

**Annual Report
2013**



PARTNERS IN PROGRESS

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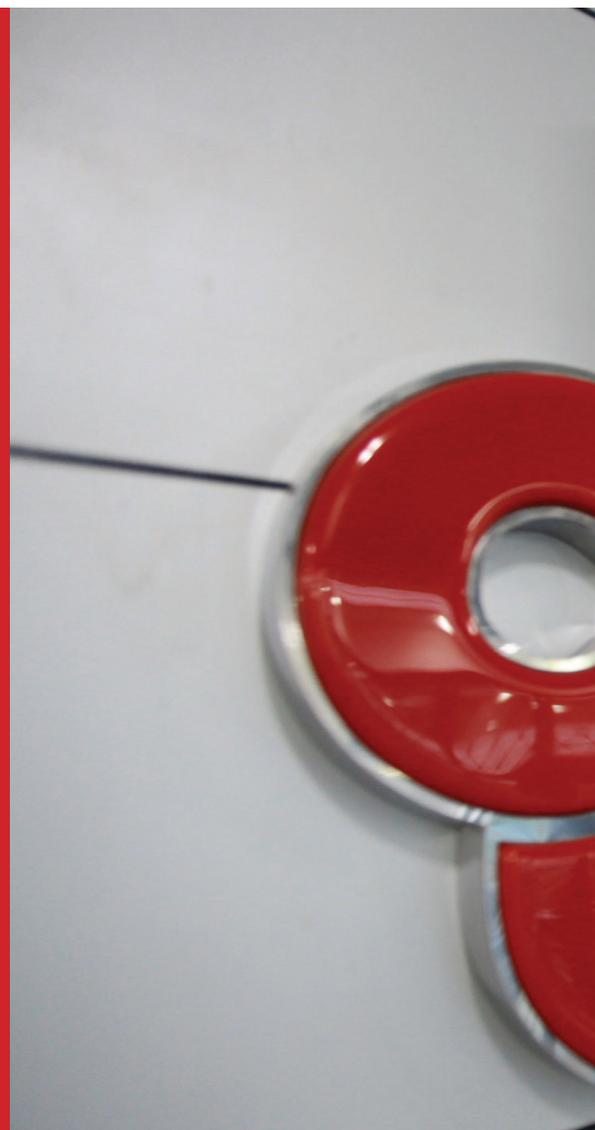
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Our Mission

UCB aims at identifying the excellent investment opportunities which are known to be in plenty in Sudan.

UCB endeavors to bring them to materialization for the benefit of the Sudanese economy on the one hand and the local, regional, and international investors on the other hand. The Bank also aims at providing quality investment and financing services to prime corporate and government entities assisting them in achieving their growth and profitability objectives.

UCB hopes to realize these objectives through a robust strategy encouraging the mobilization of local, regional and international financial resources necessary for the exploitation of Sudan's huge natural and human resources.





Board of Directors



Adel Abdul Wahab Almajed
Chairman



Mansour Qaiser Bteish
Vice-Chairman



Feras Fahad Albahar
Member



Sayid Mudhar Al-Razouqi
Member



Amira Ali Al-Alami
Member



Mohammed Khalifa Al-Adsani
Member



Ahmed Magzoub Ahmed
Member



Al-Sharef Ahmed Badur
Member



Kamal Ahmed Elzubeir
Member and General Manager



Ahmed Mohamed Khair
Board Secretary

Shariaa Committee



Ebrahim Ahmed Osman (RIP)
Chairman



Eltigani Abdel Gadir Ahmed
Member



Makhaoui Mudawi Makhawi
Member



Mommed Mahjoub Bashary
Shariah Controller
& Committee Secretary

Executive Management



Kamal Ahmed Elzubeir
Chief Executive Officer & General
Manager



Yousif Ahmed El Tinay
Deputy General Manager & Chief
Commercial Officer



Tahir Ahmed Elshazli
Chief Operations Officer

Senior Management



Shadia Elkordofani
Head, HR & Administration Affairs



Abdelgadir Mohamed
Compliance Officer



Elamin Ahmed
Chief Internal Audit Executive



Osama Alfadil
Head, Corporate Finance



Abualama Mohamed
Head, Risk Management and CAD



Salma Haroun
Head, Treasury & Int'l Banking
Relations



Ahmed Mohamed Khair
Head, Legal Department and
Board Secretary



Abdelrazag Mustafa
Head, Information Technology



Yassir Gaffer Hamed
Head, Accounts Department



Kamal Aldeen Elyass
Planning & Business Development
Manager







Chairman's Report to the 9th Annual General Meeting Khartoum, 7th May 2014

Introduction:

It gives me great pleasure to welcome you to the 9th Annual General Meeting in order to discuss the items stated on the Agenda with emphasis on the Bank's Financial Statement for the year 2013.

The year 2013 was an important year in Sudan's economic history as the country's economy witnessed various difficulties which can be summarized in the following points:

- Devaluation of the local currency in spite of the government's efforts to control such an event.
- Lack of foreign currency required to meet the increasing demand of the economy.
- Increase in the inflation rate specially after the partial decrease in fuel subsidies

In spite of these difficulties, a reasonable growth in GDP was achieved and the government continued throughout the year to execute the plans related to the Three Year Program which involves encouraging the production of goods suitable for export and the goods that are suitable for imports.

Important achievements of the Bank during the year:

During the year 2013, the Bank ascertained its exceptional position in the field of financing large corporates and in the field of project finance in addition to arranging and managing syndicated financing as follows:

Trade Finance:

The Bank continued its efforts in the field of trade finance with emphasis on financing export goods such as sesame seeds and gold and the finance of import goods such as wheat, equipment and agricultural/industrial inputs. The total value of the letters of credit issued by the Bank during the year amounted to USD 115 million.

Project Finance:

The Bank established a good reputation in the field of financing vital projects throughout its short tenure and took part in new transactions during the year, whilst following up on projects under construction from previous years.

Participation in and Arrangement and Management of Syndicated Facility :

At present, the Bank manages two long term syndicated financing facilities for White Nile Sugar Company and the Gazeera Scheme as well as managing a new portfolio for cultivating and exporting of cotton for the season 2013-2014 in the irrigated agricultural schemes owned by the government with the participation of 27 banks for total facility amount of SDG 365 million. This facility is expected to achieve a high level of success.

Vertical Expansion:

The Bank is keen on slow and well planned organic growth in a manner that facilitates achieving its role in the field of corporate finance. Along these lines; the Bank planned the establishment of a new branch in the city of Omdurman during 2013 which was opened in February 2014. The Bank now boasts having 4 branches in Khartoum, Khartoum North, Omdurman and Rabak.

In spite of the difficult economic circumstances the country is experiencing, the Bank's operations were greatly unaffected. The Bank continued its growth in a conservative and confident fashion, which was reflected in the satisfactory financial results achieved.

Financial Performance of the Bank during the year:

During the year 2013, the Bank continued its normal operations achieving growth in all financial performance indicators.

Assets increased from about SDG 1,504 million at end of 2012 to about SDG 1,685 at the end of 2013 (an increase of about 12%). The asset structure is a blend that ensures excellent returns and a high degree of liquidity.

Net income from finance and investment amounted to about SDG 91 million compared to about SDG 62 million during 2012, hence achieving an increase of 46.7%

Revenue from banking services amounted to about SDG 34 million compared to about SDG 21 million during 2012, hence achieving an increase of 62%.

However, net profit after Zakat and Tax dropped from about SDG 77 million in 2012 to about SDG 61 million in 2013 (a decrease of 21%) which was due to the exceptionally high foreign currency revaluation gains achieved in 2012 as a result of the government's decision to devalue the Sudanese Pound. In view of the big surplus of foreign currency in the Bank, this devaluation resulted in recording revaluation gains amounting to SDG 46 million in 2012 compared to SDG 2 million in 2013.

On the other hand, operating expenses recorded a modest increase as it increased from SDG 43million in 2012 to SDG 45 million in 2013 (an increase of 4.5%). Also earnings per share in 2013 amounted to about 2.5 SDG compared with 3.2 SDG in 2012.

The Bank has attained a score of 1.5 at year end according to the Central Bank of Sudan performance Score Card (CAEL) which is one of the highest scores awarded to banks.

The Bank's revenue (in SDG 000's) was diversified as follows :

	%	
	<u>2013</u>	<u>2012</u>
Revenue from finance to customers	64	61
Revenue from banking services	19	18
Revenue from securities	14	18
Revenue from deposits with banks	<u>3</u>	<u>3</u>
Total	<u>100</u>	<u>100</u>

Net direct finance portfolio in 2013 was about SDG 985 million compared to SDG 761 million in 2012 with an increase of 29%. A significant amount of this increase had been financed through deferred payment purchases operations.

On the other hand, we would like to mention that the finance provided by this portfolio was distributed among all economic sectors using different Islamic modes of finance.

The total volume of the finance portfolio after adding letters of credit and letters of guarantee amounted to SDG 1,640 million. Unpaid finance installments were 0.5% of the total portfolio.

The Bank's financial statements as at end of December 2013 reveals a high degree of liquidity as the maturity gap between assets and liabilities (in SDG millions) was as follows:

	Less than 3 Months	3 - 6 Months	6 - 12 Months	More than a Year	Total
Assets	568	204	265	648	1,685
Liabilities	861	112	228	484	1,685

I am pleased to state below, the most important financial indicators of the Bank during the period from 2008 to 2013 (in SDG millions) :

	2008	2009	2010	2011	2012	2013
Total Assets	529	778	879	1,006	1,504	1,685
Customers current accounts and investment deposits	235	464	517	577	723	737
Shareholders equity	280	285	302	323	381	420
Finance to customers	271	332	429	441	730	960
Net profit (before tax and zakat)	31	26	39	44	87	82
Net profit (after tax and zakat)	23	21	32	38	77	61
Earnings per share (SDG)	0.95	0.87	1.34	1.59	3.2	2.52

It is worth mentioning that the Bank adheres to and complies with international regularity requirements and is keen to follow the Central Bank of Sudan's directives, International Accounting Standards and AAIOFI Standards.

Furthermore, the Bank aims at providing the largest degree of transparency in displaying its financial reports, clearly highlighting all types of risks whether it be financial or operational as required by best International standards and practice.

The Bank pays special attention to training its employees through nominating them to attend specialized training programs inside and outside Sudan. A total of 102 employees were nominated to attend 73 training courses inside the Sudan and 29 training courses outside the Sudan.

At the same time, the Bank plays a distinguished social role by paying Zakat to the Bureau of Zakat and making social contributions to individuals and institutions.

During the year, the Bank sponsored a youth competition program called "Mashrouy Pioneer Business Ideas" jointly with a number of corporations. The aim of the program is to create a competition among young individuals to provide ideas for new investment projects that are innovative in nature and economically viable. This program was arranged by The British Council and the British Embassy in Khartoum and the Sudanese Young Businessmen Association.

The program was very successful and over 2,500 contestants participated in the event. The best 3 projects were awarded cash presents and a trip to the United Kingdom. The program, which was broadcasted over 10 TV episodes was very popular among the public and was commented upon in all types of media and economic sectors. It was really an added value to the Bank's reputation.

At the end, I would like to convey, on behalf of the Board of Directors, our thanks and gratitude to the Central Bank of Sudan for their valued efforts and distinguished supervisory role. We would like to equally thank all our customers and foreign correspondents for the valuable trust they bestowed on us.

The Board also wishes to convey its thanks to the Sharia Supervisory Committee for its valued and prudent guidance in all Sharia issues raised by the Bank and for their continuous assistance to the Bank's Management to ensure compliance with Sharia rules in the Bank's activities. Thanks are also extended to the External Auditors for the counsel provided and for making it possible to issue the audited financial statements in a relatively record time.

The Board records its thanks to the employees of the Bank and the Executive Management for their sincere efforts, loyalty, and diligence without which the Bank would not have achieved such impressive results.

Finally, we pray to God for continued success.

Adel Abdul Wahab Al-Majed
Chairman and Managing Director







Chief Executive & General Manager's Report

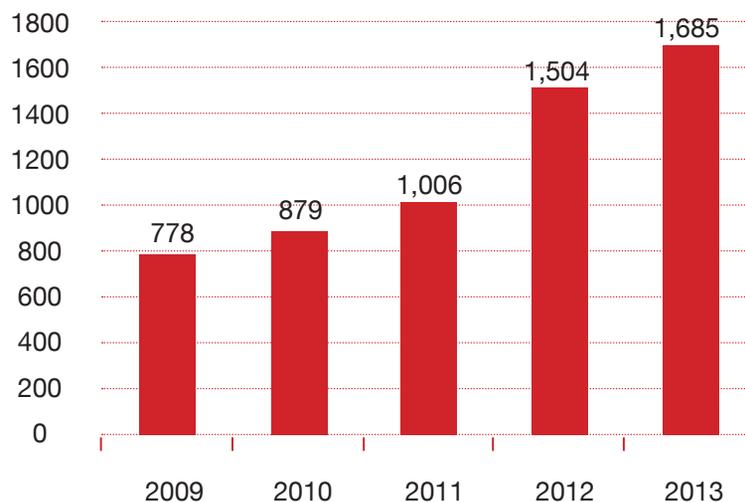
United Capital Bank (UCB) achieved significant growth during the last few years (2009-2013) as indicated below (SDG Millions):

(SDG MILLIONS)	2009	2010	2011	2012	2013
Total assets	778	879	1,006	1,504	1,685
Finance to customers	332	429	441	730	960
Shareholders' equity	285	302	323	381	420
Customers' deposits	185	221	309	341	294
Equity of investment account holders	280	296	246	382	443
Gross income	54	81	71	138	128
Net profit (before tax and zakat)	26	39	44	87	82

During this short period, the Bank was able to form an excellent customer base in both deposit placement and financing.

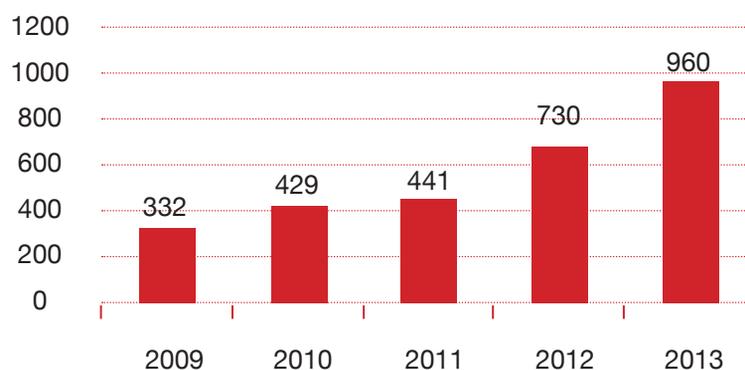
Total Assets

2009	778
2010	879
2011	1,006
2012	1,504
2013	1,685



Finance to Customers

2009	332
2010	429
2011	441
2012	730
2013	960



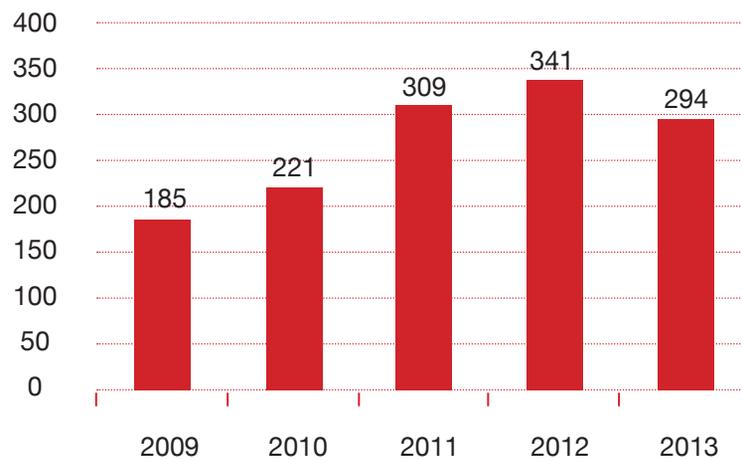
Shareholders' Equity

2009	285
2010	302
2011	323
2012	381
2013	420



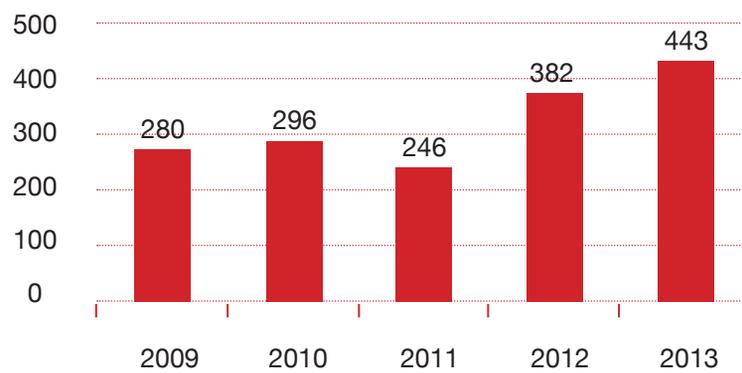
Customers' Deposits

2009	185
2010	221
2011	309
2012	341
2013	294



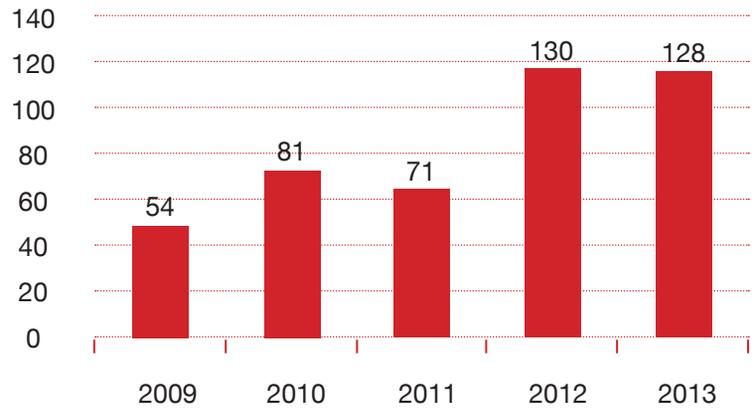
Equity of Investment Account Holders

2009	280
2010	296
2011	246
2012	382
2013	443



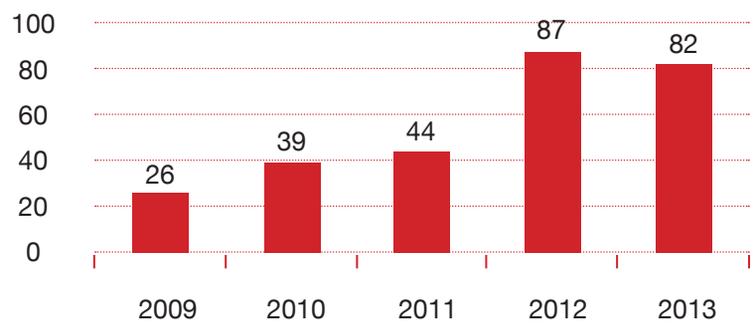
Gross Income

2009	54
2010	81
2011	71
2012	130
2013	128



Net Profit

2009	26
2010	39
2011	44
2012	87
2013	82



The Management focused during these years on the recruitment of high caliber staff at all levels. The number of staff increased gradually from 127 at the end of 2009 to 145 at the end of 2013.

The organization structure of the Bank constitutes of several departments. Each department performs its duties in accordance with best practice, at the highest level of professionalism and in complete co-ordination and teamwork spirit with other departments.





FINANCIAL STATEMENTS 2013



account holders
Foreign Exchange gain
INCOME FROM
Earnings per share

Zakat EXPENSES

account holders
Foreign Exchange gain
Fee Income

Provision for finance losses
Proceeds from sale of investment

account holders
Customer deposits
Total operating income
financial institutions

Investment with banks
Investment in securities
Total operating expenses
Return to unrestricted investments
Net income from investment and financing

Investment in Securities
Income tax expense
Customer deposits

Investment in Securities
Income tax expense
Customer deposits

Customer deposits
Foreign exchange gain, net

Foreign Exchange Gain
Fee Income

Earnings per share

Fee income

ZAKAT

INCOME FROM

Fee income

External Auditor's Report



Abdellatif, Eltayeb, Bushra & CO.
Chartered Certified Accountants, Auditors
& Financial Consultants
KPMG Correspondents
Khartoum - Sudan

عبد الطيف والطيب وبشرى وشركاهم

محاسبون ومراجعون قانونيون ومستشارون ماليون

مراسلوا كي بي إم جي

الخرطوم - السودان

INDEPENDENT AUDITOR'S REPORT

To: The Shareholders of United Capital Bank "Public Limited Company"

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Capital Bank "Public Limited Company" (the Bank) which comprise the consolidated financial position as at 31 December 2013, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the Bank's management and has been prepared and presented by them in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shariah rules and principles as determined by the Shariah Supervisory Committee of the Bank and the applicable regulations of the Central Bank of Sudan .In accordance with the requirement of AAOIFI, for matters where no AAOIFI standards exist, the Bank applies the relevant International Financial Reporting Standards (IFRS). Management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

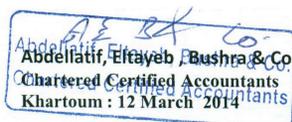
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Auditing Standards issued by (AAOIFI). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of United Capital Bank "Public Limited Company" as at 31 December 2013, and of its consolidated financial performance and its cash flows for the year then ended and are in accordance with the Financial Accounting Standards (FAS) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the Shariah rules and principles as determined by the Shariah Supervisory Committee of the Bank and the applicable regulations of the Central Bank of Sudan in accordance with the requirement of AAOIFI ,for matters where no AAOIFI standards exist ,the Bank applies the relevant International Financial Reporting Standards (IFRS).



Tel: +249 - 183238833 / 238889 / 23880 / 238717 - Fax: +249 - 83238717 - P.O.Box: 731 - Khartoum - Sudan

E-mail: info@albushra.com

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	2013 SDG	2012 SDG
ASSETS			
Cash and balances with banks and financial institutions	4	338,341,571	422,295,043
Investment with banks and financial institutions	5	86,618,516	94,044,000
Investment in securities	6	192,401,619	178,479,379
Finance to customers, net	7	959,620,883	729,951,526
Other investments	8	6,461,000	6,461,000
Other assets	9	38,657,206	20,237,361
Property and equipment, net	10	<u>63,191,258</u>	<u>52,163,097</u>
TOTAL ASSETS		<u>1,685,292,053</u>	<u>1,503,631,406</u>
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to banks and financial institutions	11	428,123,967	263,504,011
Customers' deposits	12	293,952,687	341,131,053
Other Liabilities	13	<u>100,558,102</u>	<u>135,568,048</u>
TOTAL LIABILITIES		<u>822,634,756</u>	<u>740,203,112</u>
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS			
Investment deposits of Banks and financial institutions	14	313,624,583	190,209,635
Other Investment deposits	15	<u>129,048,774</u>	<u>192,123,256</u>
TOTAL EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS		<u>442,673,357</u>	<u>382,332,891</u>
Shareholders' equity			
Share capital	16	240,000,000	240,000,000
Share premium	17	4,500,000	4,500,000
Statutory reserve	18	26,071,006	20,045,800
Fair value reserve		-	56,791
Foreign currencies revaluation reserve	19	48,247,343	46,313,188
Retained earnings		67,547,110	48,564,076
Proposed dividends	20	<u>33,600,000</u>	<u>21,600,000</u>
Total Shareholders' equity of the parent company		<u>419,965,459</u>	<u>381,079,855</u>
Non-controlling interest		<u>18,481</u>	<u>15,548</u>
TOTAL SHAREHOLDERS' EQUITY		<u>419,983,940</u>	<u>381,095,403</u>
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND SHAREHOLDERS' EQUITY		<u>1,685,292,053</u>	<u>1,503,631,406</u>
COMMITMENTS AND CONTINGENCIES	31	<u>1,210,670,995</u>	<u>1,242,134,631</u>

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on Mar 6, 2014

Adel Abdul Wahab Al-Majed
Chairman and Managing Director

Mansour Qaiser Bteish
Vice-Chairman

Kamal Ahmed Elzubei
General Manager

CONSOLIDATED INCOME STATEMENT

	Notes	2013 SDG	2012 SDG
INCOME FROM:			
Investment with banks and financial institutions	21	4,903,258	3,113,937
Investment in securities	22	24,477,869	21,493,456
Finance to customers	23	<u>112,075,670</u>	<u>70,369,139</u>
Total income from financing and investments		141,456,797	94,976,532
Less: Return to unrestricted investment account holders	24	(35,600,541)	(24,798,297)
Less : Finance Cost		<u>(14,734,709)</u>	<u>(7,653,910)</u>
Net income from investment and financing		91,121,547	62,524,325
Fee income	25	33,911,776	20,627,095
Foreign exchange gain, net	26	<u>2,620,592</u>	<u>47,235,028</u>
Total operating income		127,653,915	130,386,448
EXPENSES			
Staff cost		(21,290,982)	(21,470,523)
General and administrative expenses	27	(16,368,460)	(15,579,573)
Depreciation	10	(5,059,390)	(5,157,880)
Provision for finance losses	7,2	7,456,132	(1,590,510)
Provision for impairment		<u>(10,626,347)</u>	<u>-</u>
Total operating expenses		(45,889,047)	(43,798,486)
Net operating profit before zakat and income tax		81,764,868	86,587,962
Zakat expense		(3,114,423)	(4,966,606)
Income tax expense		<u>(18,105,117)</u>	<u>(4,724,483)</u>
Net profit		60,545,328	76,896,873
Less: net profit attributable to non-controlling interest		<u>(2,933)</u>	<u>(6,752)</u>
Net profit attributable to equity holders of the parent company		<u>60,542,395</u>	<u>76,890,121</u>
Earnings per share	28	<u>2.52</u>	<u>3.20</u>


Adel Abdul Wahab Al-Majed
Chairman and Managing Director


Mansour Qaiser Bteish
Vice-Chairman


Kamal Ahmed Elzubei
General Manager

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2013 SDG	2012 SDG
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the year		60,542,395	76,890,121
Adjustments for non-cash items:			
Depreciation and amortization		5,059,390	5,157,880
Zakat		3,114,423	4,966,606
Income tax		18,105,117	4,724,483
Provision for staff end of service benefits		(1,322,787)	1,438,754
Provision for finance losses		3,170,215	1,590,510
Unrealized gain from securities at fair value through income statement		(2,126,569)	(1,552,670)
Loss gain on disposal of property and equipment		<u>(814,999)</u>	<u>1,635,936</u>
Operating profit before working capital changes		<u>85,727,185</u>	<u>94,851,620</u>
Net (increase)/decrease in operating assets:			
Statutory cash reserve		12,202,510	(44,634,273)
Cash margin on LCs & LGs		37,793,540	(44,583,433)
Finance to customers		(232,839,572)	(290,315,337)
Other assets		(18,419,845)	2,877,580
Net increase/(decrease) in operating liabilities:			
Due to Banks and financial institutions		164,619,956	241,674,952
Customer deposits		(47,178,366)	31,949,809
Other liabilities		<u>(55,123,339)</u>	<u>19,146,552</u>
Net increase/(decrease) in operating liabilities:		<u>(53,217,931)</u>	<u>10,967,470</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		(51,561,403)	(105,168,032)
Proceeds from sale of investment		39,708,941	134,410,000
Acquisition of property and equipment		(16,542,033)	(1,144,138)
Proceeds from sale of property and equipment		<u>1,269,481</u>	<u>231,756</u>
Net cash from (used in) investing activities		<u>(27,125,014)</u>	<u>28,329,586</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in non-controlling interest		2,933	2,627
Dividends paid		(21,383,360)	(19,200,257)
Net increase in equity of unrestricted investment accounts		<u>60,340,466</u>	<u>136,375,367</u>
Net cash from financing activities		<u>38,960,039</u>	<u>117,177,737</u>
Net increase (decrease) in cash & cash equivalents		(41,382,906)	156,474,793
Cash and cash equivalents at beginning of the year		<u>407,485,026</u>	<u>251,010,233</u>
Cash and cash equivalents at end of the year	29	<u><u>366,102,120</u></u>	<u><u>407,485,026</u></u>

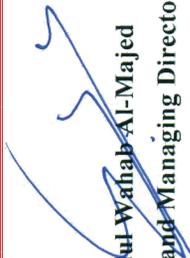

Adel Abdul Wahab Al-Majed
Chairman and Managing Director


Mansour Qaiser Bteish
Vice-Chairman


Kamal Ahmed Elzubei
General Manager

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to shareholders' of the parent company										
	Note	Share capital	Share premium	Statutory reserve	Fair value reserve	F. Currencies Fair value reserve	Retained earnings	Proposed dividends	Total	Non-controlling interest	Total Shareholders equity
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance at January 1, 2013		240,000,000	4,500,000	20,045,800	56,791	46,313,188	48,564,076	21,600,000	381,079,855	15,548	381,095,403
Net Profit for the year							60,542,395		60,542,395	2,933	60,545,328
Transfer to statutory reserve	18			6,025,206			(6,025,206)				
Net change in fair value reserve					(56,791)				(56,791)		(56,791)
Foreign Currencies revaluation	19					1,934,155	(1,934,155)				
Dividends paid								(21,600,000)	(21,600,000)		(21,600,000)
Proposed dividends	20	-	-	-	-	-	(33,600,000)	33,600,000	-	-	-
Balance at December 31, 2013		240,000,000	4,500,000	26,071,006	-	48,247,343	67,547,110	33,600,000	419,965,459	18,481	419,983,940
Balance at January 1, 2012		240,000,000	4,500,000	12,423,631			47,209,312	19,200,000	323,332,943	12,921	323,345,864
Net Profit for the year							76,890,121		76,890,121	6,752	76,896,873
Transfer to statutory reserve	18			7,622,169			(7,622,169)				
Net change in fair value reserve					56,791				56,791		56,791
Foreign Currencies revaluation	19					46,313,188	(46,313,188)				
Dividends paid								(19,200,000)	(19,200,000)	(4,125)	(19,204,125)
Proposed dividends	20	-	-	-	-	-	(21,600,000)	21,600,000	-	-	-
Balance at December 31, 2012		240,000,000	4,500,000	20,045,800	56,791	46,313,188	48,564,076	21,600,000	381,079,855	15,548	381,095,403


Adel Abdul Wahab Al-Majed
Chairman and Managing Director


Mansour Qaiser Bteish
Vice-Chairman


Kamal Ahmed Elzubeih
General Manager

1. INCORPORATION AND ACTIVITIES

United Capital Bank (the Bank) is a Public Limited Company registered in the Republic of Sudan on November 25, 2007 under the Companies' Ordinance of 1925 . The Bank was initially registered on August 8, 2005 as a private limited company and commenced banking operations on August 1, 2006.

The Bank's shares were listed for trading at the Khartoum Stock Exchange with effect from November 25, 2007.

The Bank is engaged in providing a full range of Islamic banking services to corporate and institutional customers.

The Bank operates through three branches (2012: four branches) in the Republic of Sudan. Its registered office is located at Building no. 411. Square 65. Mamoun Behairy Street, Khartoum East, Post Office Box 8210, Al-Amaarat, Khartoum, Sudan, Fax no. 00249 183 235 000, web site: www.bankalmal.net.

The Bank owns 99% of the shares of Al-Mal United for Securities Company Limited (Al-Mal), which was registered with the Company Registrar and started operations in April 2008. Al-Mal provides financial investment and brokerage services and is a licensed dealer at the Khartoum Stock Exchange. The Bank also owns 99% of the shares of Al-Mawarid Investment Company Limited (Al-Mawarid), which was registered with the Company Registrar in January 2009 and started operations in April 1, 2009. Al-Mawarid is licensed to invest in real estate development and various other economic sectors. Al-Mawarid ceased operations and remained dormant with effect from July 19, 2011.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The 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 Shariah rules and principles as determined by the Shariah Supervisory Committee of the Bank and the applicable regulations of the Central Bank of Sudan. In accordance with the requirement of AAOIFI. For matters where no AAOIFI standards exist, the Bank applies the relevant International Financial Reporting Standards (IFRS).

2.2 Basis of measurement

The consolidated financial statements are prepared on the historical cost concept except for the re-measurement at fair value of investment securities carried at fair value through income statement and equity.

2.3 Functional and presentation currency

The consolidated financial statements are presented in Sudanese Pounds (SDG) which is the Bank's functional and presentation currency.

2. BASIS OF PREPARATION (continued)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries Almal United Company limited and Almawarid Investment Co. Ltd. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank using consistent accounting policies.

The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control and continue to be consolidated until the date that such control ceases.

All inter-company balances, transactions, income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

Non-controlling interest represent the portion of profit or loss and net assets not owned by the Bank and are presented separately in the income statement and within equity in the consolidated statement of financial position, separate from parent shareholders' equity.

2.5 Critical accounting judgments and estimates

In the application of the Bank's accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2.5.1 Impairment losses on financing portfolio

The Bank reviews its financing portfolio on a monthly basis in terms of the collection from customers to determine if there is any delay in payments or any decrease in the value of the portfolio or the future cash flows which requires the establishment of a specific provision. The amount of provision is calculated in accordance with the directives of the Central Bank of Sudan. In addition, in accordance with the Central Bank of Sudan instructions, a minimum general provision of 1% is made on all finance balances not subject to specific provisions.

2.5.2 Impairment of equity-type instruments through equity

The Bank exercises judgment to consider impairment on equity-type instruments through equity. This includes determination of a significant or prolonged decline in the fair value below its cost. In making this judgment, the Bank evaluates other factors including the normal volatility in securities price, the financial health of the investee, industry sector performance and cash flows.

2.5.3 Fair value of financial instruments that are not quoted in an active market

The fair value of financial instruments that are not quoted in an active market are determined by using valuation techniques such as:

- * recent arm's length market transactions;
- * current fair value of an instrument that is substantially the same;
- * the expected cash flows discounted at current rates applicable for items with similar terms and risk characteristics.

The determination of the cash flows and discount factors for unquoted equity investments requires significant estimation. There are a number of investments where this estimation cannot be reliably determined. As a result, these investments are carried at cost less provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year. The significant policies adopted in the preparation of these consolidated financial statements are set out below:

3.1 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization and any impairment loss.

Depreciation is calculated on a straight line basis over the estimated useful lives as follow:

	Useful life (years)
* Leasehold land	50
* Bank's Building	50
* Leased Buildings (Lease tenor)	10
* IT equipment	4
* Office equipment, furniture and fixtures	5
* Motor vehicles	4
* Computer software	5

* The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position. All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

3.2 Impairment and uncollectibility of financial and tangible assets

The carrying amounts of the Bank's financial assets and tangible assets are reviewed at each balance sheet date to determine whether there is any indication or objective evidence of impairment. If any such indication or evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognized in the income statement.

3.3 Investment in securities

According to FAS 25, investment in securities are broadly classified into debt-type instruments where the investment is managed on a contractual yield basis; and equity-type investments which include instruments that evidence a residual interest in the net assets of the investee entity.

The investment securities held by the Bank fall into the equity-type category which are subject to the following policies:

3.3.1 Equity-type instruments at fair value through income statement:

These include instruments held for the purpose of generating profit from the short term market fluctuations. These are initially recognized at cost, being the fair value of the consideration given, and are subsequently re-measured at fair value. All related realized and unrealized gains or losses are included in the consolidated income statement. The profit from securities traded on an inactive financial market is recognized on the basis of the previous track record.

3.3.2 Equity-type instruments at fair value through equity:

Equity-type investments carried at fair value through equity are those equity instruments which are intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity. These are initially recognized at cost, being the fair value of the consideration given, plus transaction costs. Subsequent to acquisition, these are re-measured at fair value on individual basis. Unrealized gains or losses arising from a change in the fair value are recognized directly in owner's equity under «fair value reserve» until the investment is derecognized or determined to be impaired at which time the cumulative gain or loss previously recorded in the owners' equity is recognized in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3.3 Equity-type instruments carried at cost:

Instruments which do not have a quoted market price or other appropriate methods from which to derive reliable fair values are initially recognized and subsequently carried at cost less impairment in value. Any gain or loss on such investment is recognized in the consolidated income statement when the investment is derecognized or impaired.

3.4 Investments with banks and financial institutions

Placements in investment accounts based on the Mudaraba contract with banks and financial institutions are stated at cost less provision for impairment, if any.

3.5 Finance to customers

Deferred receivables from Murabaha, Salam, Ijarah and Istisna are stated net of deferred profit, provision for impairment and profit in suspense, if any.

Participation in syndicated financing with other banks based on the Mudaraba contract is stated at cost less impairment, if any.

Financing through Musharakah is stated at gross principal amount less any liquidation and provision for impairment, if any

3.6 Other financial assets and liabilities

With regard to other financial assets and financial liabilities, fair value is determined based on expected future cash flows or management's estimate of the amount at which an asset could be exchanged for cash on an arm's length basis or a liability settled to the satisfaction of creditors.

3.7 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as cash and balances with the Central Bank of Sudan excluding statutory cash reserve, balances and investment deposits with banks and other financial institutions that are readily convertible to known amounts of cash within ninety days.

3.8 Provisions

Provisions, other than impairment or finance loss provisions are recognized when the Bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the expenditure required to settle the obligation at the balance sheet date.

3.9 Zakat

Zakat is calculated and provided for in accordance with the regulations of the Chamber of Zakat which is a government agency responsible for collection and distribution of Zakat. Zakat is paid in full to the Chamber of Zakat.

3.10 Taxation

The Bank is subject to business profit tax at the rate of 30% of taxable profit. Zakat is allowed as deduction for income tax purposes.

3.11 Staff end of service benefits

A provision is made for amounts payable to employees for end-of-service benefits, which is calculated in accordance with the provisions of the Labour Law and the Bank's internal HR policy.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Revenue recognition

*Income from Murabaha finance is recognized on a time-apportioned basis over the period of the contract based on the outstanding balance.

*Income from Istisnaa arises from financing the contract and post-contract phases of the project. Profit from financing the contract phase of the Istisnaa project is recognized on the percentage of completion method. No profit is recognized on this phase until the project has progressed to the point where the estimate of realizable profit can be reasonably determined. Profit from financing the completed project is recognized on a time-apportioned basis over the period.

*Ijarah income is recognized on a time-apportioned basis over the lease period.

*Profit or loss from Salam finance is recognized when Salam commodity has been received and the significant risks and rewards of ownership of the Salam inventory have passed to a buyer and the amount of profit or loss is realized or can be measured reliably.

*Income from participation in syndicated facilities managed by other banks under Mudaraba contracts is recognized on an accrual basis.

* Profit from Mudaraba investments with banks and other financial institutions is recognized on an accrual basis.

* Income from Musharakah financing is recognized on cash basis if such income cannot be reliably measured.

In cases where income can be reliably measured (e.g. where the Musharakah activities are in the form of deferred sales such as Murabaha and Ijarah) then the Bank's income from such Musharakah is recognized on the accrual basis.

* Income from equity-type investment carried at cost is recognized on accrual basis.

* Dividend income is recognized when the right to receive the dividend is established.

* Fee and foreign exchange income from banking services and foreign exchange transactions are recognized when contractually earned at the time the related services are provided.

3.13 Settlement date accounting

All regular purchases and sales of financial assets are recognized on the settlement date i.e. the date on which the asset is delivered to the counterparty. Regular purchases and sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

3.14 Return to unrestricted investment account holders

Return to unrestricted investment account holders is calculated based on the income generated from all financing and investment assets after deducting the expenses related to the investment pool "Mudarib expenses". Mudarib expenses include all expenses directly attributed to the investment and financing activities and the general provision for finance losses. All general and administrative expenses of the Bank including the specific provisions for finance losses are charged to revenue allocated to the shareholders' equity. The Bank's "Mudarib Profit" is deducted from depositors' share of income before distribution.

The financing and investment income is allocated between the unrestricted investment account holders and the shareholders' equity according to the contribution of each of the two parties in the invested funds according to the Bank's standard policies approved by the Bank's Sharia Supervisory Committee.

3.15 Restricted investment accounts

Restricted investment accounts represent funds belonging to the Bank's customers for which it has assumed investment management responsibility. Such funds are invested on behalf of the customers by the Bank acting as mudarib or agent, or the funds may be invested by the Bank in its own name under the terms of a specific Mudaraba contract with the customers.

Restricted investment accounts and the attributable investment income or loss are not included in the Bank's consolidated financial statements and are directly paid to the customers after deduction of the Bank's stated commission as agent or profit share as Mudarib.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Commitments and Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. They are not disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

A contingent asset is not recognized in the consolidated financial statements, but is disclosed when an inflow of economic benefits is probable.

3.17 Foreign currency transactions

The consolidated financial statements are denominated in Sudanese Pounds (SDG). Transactions in foreign currencies are translated into SDG at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies, at balance sheet date, are translated into SDG at the exchange rates prevailing at the balance sheet date.

Realized and unrealized gains or losses on foreign exchange are credited or charged to the consolidated income statement.

4- CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS

	Notes	2013 SDG	2012 SDG
Cash in hand	4,1	9,143,155	3,534,421
Central Bank of Sudan- Current account	4,1	156,278,946	245,838,231
Local Banks-Current accounts		1,898,858	-
Foreign correspondent banks – Current accounts	4,1	<u>112,162,645</u>	<u>64,068,374</u>
Sub-total		279,483,604	313,441,026
Central Bank of Sudan- Statutory cash reserve	4,1	50,789,721	62,992,231
Cash margin on letters of credit with correspondent banks	4,1	<u>8,068,246</u>	<u>45,861,786</u>
Total		<u>338,341,571</u>	<u>422,295,043</u>

4.1 Foreign currency balances included in the above balances are as follows:

	2013 SCDG	2012 SDG
Cash in hand	330,756	1,121,789
Central Bank of Sudan- Current account	140,134,780	230,078,984
Foreign correspondent banks – Current accounts	<u>111,959,347</u>	<u>64,068,374</u>
Sub-total	252,424,883	295,269,147
Central Bank of Sudan- Statutory cash reserve	23,994,758	29,387,935
Cash margin on letters of credit with correspondent banks	<u>8,068,246</u>	<u>45,861,786</u>
Total	<u>284,487,887</u>	<u>370,518,868</u>

5- INVESTMENT WITH BANKS AND FINANCIAL INSTITUTIONS

These represent investment accounts placed with banks and financial institutions according to the Mudaraba contract for renewable periods not exceeding one month. Partial and total withdrawals are allowed without significant cost.

Balances at December 31, are as follows:	2013 SDG	2012 SDG
Local banks	83,000,000	15,000,000
Foreign banks and financial institutions	<u>3,618,516</u>	<u>79,044,000</u>
Total	<u>86,618,516</u>	<u>94,044,000</u>

6- INVESTMENTS IN SECURITIES

Comprise the following equity-type instruments:	Note	2013 SDG	2012 SDG
Securities at fair value through income statement			
Shahama Certificates - Listed	6.1	95,841,619	113,494,311
Securities at fair value through equity			
Sudatel shares- Listed	6.2	-	565,068
Securities carried at cost			
Government Investment Certificates (GIC)- Listed	6.3	-	2,000,000
Shihab Certificates - Listed	6.4	16,170,000	16,170,000
Shasha Certificates - Not listed	6.5	79,790,000	43,650,000
Global Housing Development Fund - Listed	6.6	-	2,000,000
Sudan Academy Fund- Not listed	6.7	<u>600,000</u>	<u>600,000</u>
Total		<u>192,401,619</u>	<u>178,479,379</u>

Securities at fair value through income statement:

6.1 Shahama Certificates: Represent securities issued by the Ministry of Finance and are based on the Musharaka contract. The certificates are traded at Khartoum Stock Exchange (KSE). They consistently recorded a yield not less than 12% per annum since their inception in 1999. Current year yield for redeemed securities ranged between 16% to 20%.

Investment securities at fair value through equity:

6.2 Sudatel shares: Ordinary shares issued by Sudan Telecom Company (Sudatel) which is a public company listed at the KSE.

Investment securities carried at cost:

6.3 Government Investment Certificates (GIC): Issued by the Sudan Financial Services Co. Ltd. and are based on the Mudaraba contract which is restricted in favor of the Ministry of Finance and National Economy. GIC has a tenor of 2-6 years. The underlying assets of the securities portfolio are leased assets under Ijara contracts. It distributes rental income to investors every six months. The rate of annual earnings has been ranging between 14% and 18%.

6.4 Shihab Certificates: Represent and investment based on the Mudaraba contract. in a closed-ended fund operated in favor of the Central Bank of Sudan (CBOS) maturing on May 31, 2015. The fund, being a liquidity management instrument of the CBOS, invests in properties acquired from and leased back to the CBOS. Certificates of the fund are available only to banks, government and quasi-government funds and financial institutions through the CBOS. Rental income is distributed monthly and is expected to yield between 10% to 12% per annum.

6.5 Shasha Certificates: The Bank acquired these securities on December 2012 and March 2013 in settlement of past-due financing collateralized by promissory notes issued by the Ministry of Finance. The securities represent investments based on the Mudarabah contract in a closed-ended renewable fund managed by the Sudan Financial Services Co. Ltd. The fund's contributions are allocated to acquire certain assets of Sudan Electricity Distribution Co. which are then leased back to the Ministry of Finance under an operating lease contract for a tenor of four years. At the end of the lease term the fund's assets are liquidated at market prices prevailing on liquidation date. The securities will be listed at Khartoum Stock Exchange for trading in the secondary and inter-bank market. Lease rentals at 5% p.a. are expected to be distributed annually.

6- INVESTMENTS IN SECURITIES (continued)

6.6 Global Housing Development Fund Securities: Issued and managed by the securities trading firm «Global Investment House, Sudan». The securities represent an investment in a 3 year-tenor closed-ended fund. The fund invests primarily in listed government securities. It is expected to yield between 12% to 14% per annum.

6.7 Sudan Academy for Financial and Banking Studies Fund: Represents the Bank's contribution among all commercial banks operating in Sudan in addition to the Central Bank of Sudan in a 5 year closed ended fund managed by Financial Investment Bank. The fund resources will be invested in securities quoted at the Khartoum Stock Exchange with expected returns ranging from 12% to 14% per annum. It has been agreed to allocate 55% of the fund's returns as a donation to the Sudan Academy for Financial and Banking Studies and 45% to be distributed to the fund owners.

7- FINANCE TO CUSTOMERS, NET

7.1 By type	Notes	2013 SDG	2012 SDG
Deferred sales receivables :			
Murabaha receivables		890,770,842	816,874,799
Istisna receivables		25,416,900	59,051,979
Ijara	7.1.1	195,414,244	12,107,767
Salam		6,981,319	-
LCs financing		1,916,419	2,477,259
Syndicated Mudaraba financing with banks		17,615,969	11,955,113
Musharaka financing		-	1,400,000
Staff Financing		<u>2,684,407</u>	<u>1,979,053</u>
Subtotal		1,140,800,100	905,845,970
Less : deferred profit		<u>(156,025,099)</u>	<u>(144,830,567)</u>
Total finance. net of deferred profit		984,775,001	761,015,403
Less : Income suspense-past-due accounts		(1,805,990)	(259,616)
Less : provision for finance losses	7.1.2	<u>(23,348,128)</u>	<u>(30,804,261)</u>
Total finance to customers, net		<u><u>959,620,883</u></u>	<u><u>729,951,526</u></u>
7.1.1 Ijara comprise:			
Cost of leased property		135,478,501	8,659,912
Cost of leased motor vehicles		19,999,254	1,705,919
Deferred rental		<u>39,936,489</u>	<u>1,741,936</u>
Total		<u><u>195,414,244</u></u>	<u><u>12,107,767</u></u>

7- FINANCE TO CUSTOMERS, NET (continued)

7.1.2 Movements in the provision for finance losses:	2013	2012
	SDG	SDG
The accumulated provision for finance losses is as follows:		
General Provision:		
Balance at beginning of the year	6,439,475	4,614,581
Provided during the year	<u>2,584,754</u>	<u>1,824,893</u>
Balance at the end of the year	<u>9,024,229</u>	<u>6,439,474</u>
Specific Provision:		
Balance at beginning of the year	24,364,785	24,599,169
Provided during the year	3,723,408	10,204,079
Recoveries of amounts previously provided	<u>(13,764,294)</u>	<u>(10,438,462)</u>
Balance at the end of the year	<u>14,323,899</u>	<u>24,364,786</u>
Total accumulated provision at end of the year	<u>23,348,128</u>	<u>30,804,260</u>

7.1.3 Net charge (recovery) of provision for credit losses for the year in the consolidated income statement

General Provision:	Notes	2013	2012
		SDG	SDG
Total charge of general provision	a	<u>2,584,754</u>	<u>1,824,893</u>
Specific Provision:			
Addition during the year		3,723,408	10,204,079
Recoveries of amounts previously provided		<u>(13,764,294)</u>	<u>(10,438,462)</u>
Total recovery of specific provision	b	<u>(10,040,886)</u>	<u>(234,383)</u>
Net charge (recovery) of the provision expense for the year (a+b)		<u>(7,456,132)</u>	<u>1,590,510</u>

The above provisions for finance losses are calculated in accordance with the guidelines of the Central Bank of Sudan which require a general provision of 1% to be accounted for finance to customers not subject to specific provision.

At December 31, 2013 total outstanding balances subject to specific provision amounted to SDG 38,696,457 (2012: 66,119,384) which relate to total past due installments, including profit margins, of SDG 8,216,487 (2012: 49,490,383).

7- FINANCE TO CUSTOMERS (continued)

7.2 By Industry	2013	2012
	SDG	SDG
Manufacturing	743,825,379	696,003,399
Trading	101,824,776	79,549,293
Contracting	15,752,517	15,664,317
Services	30,074,700	67,917,386
Agriculture	184,010,897	9,809,980
Transportation	1,656,286	5,791,898
Other	<u>63,655,545</u>	<u>31,109,697</u>
Total finance, gross	1,140,800,100	905,845,970
Less: Deferred profit	<u>(156,025,099)</u>	<u>(144,830,567)</u>
Total finance, net of deferred profit	984,775,001	761,015,403
Less Income suspense-past-due accounts	(1,805,990)	(259,616)
less: Provision for finance losses	7.1.2 <u>(23,348,128)</u>	<u>(30,804,261)</u>
Finance to customers, net	<u>959,620,883</u>	<u>729,951,526</u>

7.3 By Portfolio	Notes	2013	2012
		SDG	SDG
Performing finance to customers		1,132,583,613	856,355,587
Non-performing finance to customers	7.3.1	<u>8,216,487</u>	<u>49,490,383</u>
Total finance to customers		1,140,800,100	905,845,970
Less : Deferred profit		<u>(156,025,099)</u>	<u>(144,830,567)</u>
Total finance to customers, net of deferred profit		984,775,001	761,015,403
Income suspense-past-due accounts		(1,805,990)	(259,616)
General provision	7.1.2	(9,024,229)	(6,439,474)
Specific provision	7.1.2	(14,323,899)	(24,364,786)
Total provision & income suspense		<u>(25,154,118)</u>	<u>(31,063,876)</u>
Finance to customers, net		<u>959,620,883</u>	<u>729,951,527</u>

7.3.1 For the purpose of determining the percentage of past-due financing to total financing portfolio the CBOS defines past due financing as the total of past-due installments excluding profit margin. At December 31, 2013 the total of past-due installments excluding profit margins amounted to SDG 7,669,565 (2012: 28,111,358).

8. OTHER INVESTMENTS		2013	2012
		SDG	SDG
Investments in associate			
Al-Hadah Grain Silos for Investments	8,1	10,626,000	-
Less: Provision for Impairment		<u>(10,626,000)</u>	<u>-</u>
Subtotal		-	-
Equity participation	8,2	<u>6,461,000</u>	<u>6,461,000</u>
		-	-
Total		<u><u>6,461,000</u></u>	<u><u>6,461,000</u></u>

8.1 Al-Hadah Grain Silos for Investments : Represents equity shares in a private company acquired in exchange of debt.

8.2 Represents equity participation in private limited companies fully owned by the two consolidated subsidiaries of the Bank. In the opinion of Management, the fair value of these investments is not less than their carrying value at December 31, 2013.

9- OTHER ASSETS		2013	2012
		SDG	SDG
Commission receivable (Gezira Scheme Syndication)		8,226,929	8,366,512
Accrued income		18,960,100	5,060,118
Assets acquired for Murabaha financing		4,801,362	4,475,431
Prepaid expenses		1,799,935	1,337,753
Deferred expenses		821,028	620,314
Sundry receivables- SEEN flour Mills		3,389,441	-
Sundry receivables- others		586,328	341,174
Other		<u>72,083</u>	<u>36,059</u>
Total		<u><u>38,657,206</u></u>	<u><u>20,237,361</u></u>

10- PROPERTY AND EQUIPMENT, NET

	Land and Buildings		IT equipment		Office equipment, Furniture & fixtures		Motor vehicles		Intangible assets: Computer Software		Total
	SDG		SDG		SDG		SDG		SDG		
Balance at January 1, 2013	48,803,996		4,420,777		4,645,720		2,017,180		10,468,738		70,356,411
Acquisitions	13,338,250		839,460		384,317		1,969,006		11,000		16,542,033
Disposals	-		<u>(52,237)</u>		<u>(551,973)</u>		<u>(708,488)</u>		-		<u>(1,312,698)</u>
Balance at December 31, 2013	<u>62,142,246</u>		<u>5,208,000</u>		<u>4,478,064</u>		<u>3,277,698</u>		<u>10,479,738</u>		<u>85,585,746</u>
Accumulated depreciation											
Balance at January 1, 2013	4,694,316		3,481,901		2,282,542		1,363,793		6,370,762		18,193,314
Depreciation expense for the year	1,602,014		553,908		693,647		560,126		1,649,695		5,059,390
Disposals	-		<u>(52,222)</u>		<u>(277,418)</u>		<u>(528,576)</u>		-		<u>(858,216)</u>
Balance at December 31, 2013	<u>6,296,330</u>		<u>3,983,587</u>		<u>2,698,771</u>		<u>1,395,343</u>		<u>8,020,457</u>		<u>22,394,488</u>
Net book value at December 31, 2013	<u>55,845,916</u>		<u>1,224,413</u>		<u>1,779,293</u>		<u>1,882,355</u>		<u>2,459,281</u>		<u>63,191,258</u>
Net book value at December 31, 2012	<u>44,109,680</u>		<u>938,876</u>		<u>2,363,178</u>		<u>653,387</u>		<u>4,097,976</u>		<u>52,163,097</u>

11- DUE TO BANKS AND FINANCIAL INSTITUTIONS	Notes	2013	2012
		SDG	SDG
Local banks		134,628,798	2,786,331
Foreign banks		128,322,511	132,375,426
Payable to foreign banks	11.1	<u>165,172,658</u>	<u>128,342,254</u>
Total		<u>428,123,967</u>	<u>263,504,011</u>

11.1 Represents Murabaha financing payable to foreign financial institutions.

12- CUSTOMERS' DEPOSITS

		2013	2012
		SDG	SDG
Current accounts- Individuals		30,979,064	27,239,962
Current accounts- Corporate		<u>197,349,858</u>	<u>237,010,693</u>
Total current accounts	12.1	228,328,922	264,250,655
Margins- LCs, LGs & other deposits	12.1	<u>65,623,765</u>	<u>76,880,398</u>
Total		<u>293,952,687</u>	<u>341,131,053</u>

		2013	2012
		SDG	SDG
12.1- Foreign currency deposits included in customers' deposits:			
Current accounts		73,621,645	139,055,160
Margins- LCs, LGs & other deposits		<u>52,801,133</u>	<u>62,140,964</u>
Total		<u>126,422,778</u>	<u>201,196,124</u>

13- OTHER LIABILITIES

		2013	2012
		SDG	SDG
Bills payable		10,048,600	6,278,891
Zakat payable		3,114,423	4,966,606
Business profit tax payable		18,734,783	4,724,483
Provision for staff end of service benefits		2,742,886	4,065,673
Board of Directors remuneration		1,869,830	1,447,539
FX differences under settlement	13,1	2,750,744	88,771,372
Unearned commission		7,216,822	7,961,616
Accounts payable and accrued expenses		11,785,391	17,305,488
Funds collected form syndications managed by the Bank		42,223,228	-
Other		<u>71,395</u>	<u>46,380</u>
Total		<u>100,558,102</u>	<u>135,568,048</u>

13.1 FX differences under settlement

Subsequent to the change in the exchange rate of the Sudanese pound (SDG) against foreign currencies declared by the Central Bank of Sudan (CBOS) on June 25, 2012 (from SDG 2.75 to SDG 5.30 for 1 US\$); the CBOS allocated foreign currency to commercial banks at a subsidized rate of SDG 2.795 for 1 US\$ for the import of wheat. Hence the resulting differences between the official commercial rate at which foreign currencies have been revalued at year-end SDG 5.9607 for 1 US\$ (2012: SDG 5.98 for 1 US\$) and the CBOS subsidized rate will be fully reversed at the settlement dates of the respective wheat import LCs.

14. INVESTMENT DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	2013 SDG	2012 SDG
Local banks and financial institutions	256,639,047	126,000,000
Foreign banks and financial institutions	<u>44,608,978</u>	<u>56,124,272</u>
Sub-total	301,248,025	182,124,272
Return to unrestricted investment account holders	22,579,460	14,698,189
Payments on account of profit during the year	<u>(10,202,902)</u>	<u>(6,612,826)</u>
Total	<u><u>313,624,583</u></u>	<u><u>190,209,635</u></u>

15. OTHER INVESTMENT DEPOSITS

Corporations	73,628,972	119,064,103
Individuals	38,010,089	33,259,724
Quasi-government	<u>7,203,179</u>	<u>32,709,793</u>
Sub-total	118,842,240	185,033,620
Return to unrestricted investment account holders	13,021,437	10,101,139
Payments on account of profit during the year	<u>(2,742,614)</u>	<u>(2,960,693)</u>
Annual subscriptions to Deposits Guarantee Fund	<u>(72,289)</u>	<u>(50,810)</u>
Total	<u><u>129,048,774</u></u>	<u><u>192,123,256</u></u>

All Investment deposits include balances in foreign currencies equivalent to SDG 123,853,708 (2012: 106,815,526)

16- SHARE CAPITAL

	2013 SDG	2012 SDG
Authorized, issued and paid up share capital: 24 million shares of SDG 10 each (2012: 24 million shares of SDG 10 each)	<u>240,000,000</u>	<u>240,000,000</u>

17- SHARE PREMIUM

The share premium is not available for distribution and is subject to the rules governing the statutory reserve.

18- STATUTORY RESERVE

In accordance with the requirements of the Central Bank of Sudan, a minimum of 10% of the Bank's net income for the year is transferred to statutory reserve until this reserve equals the paid up capital of the Bank. This reserve is not available for distribution .

19- FOREIGN CURRENCIES REVALUATION RESERVES

In accordance with the requirements of the Central Bank of Sudan, the foreign currencies re-valuation gain must be deducted from the retained earnings and be disclosed in a separate line in the statement of financial position.

20- PROPOSED DIVIDENDS

	2013 SDG	2012 SDG
Cash dividends of SDG 1.4 per share of SDG 10 each	<u>33,600,000</u>	<u>21,600,000</u>

The Board of Directors had resolved, to recommend to the Annual General Meeting of the shareholders to approve distribution of cash dividends equal to 14% of the Bank's paid up capital as at December 31, 2013 (2012: 9%), from 2013 profits available for distribution and to supplement the shortage, if any, from prior years retained earnings, subject to approval of the Central Bank of Sudan.

21- INCOME FROM INVESTMENT WITH BANKS AND FINANCIAL INSTITUTIONS

	2013	2012
	SDG	SDG
Realized income from deposits with banks & financial institutions:		
Local banks	1,953,283	2,123,904
Foreign banks	<u>124,240</u>	<u>344,417</u>
	<u>2,077,523</u>	<u>2,468,321</u>
Accrued income from deposits with banks & financial institutions:		
Local banks	<u>2,825,735</u>	<u>645,616</u>
Total Income from investment with banks and financial institutions	<u>4,903,258</u>	<u>3,113,937</u>

22- INCOME FROM INVESTMENT IN SECURITIES

	2013	2012
	SDG	SDG
Realized income (loss) from redeemed securities:		
Shahama certificates	16,060,886	14,770,372
Shasha certificates	3,817,953	-
Shama certificates	-	588,844
Government Investment Certificates (GIC)	(7,205)	2,492,654
Shihab certificates	1,843,380	1,849,839
Emaar Fund	-	(47,862)
Global Housing Investment Fund	360,664	240,001
Sudan Academy for Financial and Banking Studies Fund	36,142	46,938
Sudatel shares	<u>239,480</u>	<u>-</u>
Total realized income from redeemed securities	<u>22,351,300</u>	<u>19,940,786</u>
Sudatel shares		
Unrealized gain/(loss) from securities at fair value through income statement:		
Shahama securities	<u>2,126,569</u>	<u>1,552,670</u>
Total	<u>24,477,869</u>	<u>21,493,456</u>

23-INCOME FROM FINANCE TO CUSTOMERS

	2013	2012
	SDG	SDG
Murabaha	90,179,613	57,285,762
Istisnaa/ Mugawala	8,079,692	9,498,711
Ijarah	12,101,382	2,556,653
Salam	-	564,938
Syndicated Mudaraba with banks	381,252	463,075
Musharakah	<u>1,333,731</u>	<u>-</u>
Total	<u>112,075,670</u>	<u>70,369,139</u>

24- RETURN TO UNRESTRICTED INVESTMENT ACCOUNT HOLDERS	Notes	2013	2012
		SDG	SDG
Unrestricted investment account holders' share of profit before the Bank's share as Mudarib		45,944,316	32,811,756
Bank's share as Mudarib		<u>(11,870,209)</u>	<u>(8,403,716)</u>
Unrestricted investments account holders' share of profit after the Bank's share as Mudarib		34,074,107	24,408,040
Support provided by the Bank from it's share as Mudarib		<u>1,526,434</u>	<u>390,257</u>
Unrestricted investments account holders' share of profit after the Bank's support		<u>35,600,541</u>	<u>24,798,297</u>
Average profit distribution rates :			
Investment accounts in Sudanese Pounds		<u>10.33%</u>	<u>10.28%</u>
Investment accounts in foreign currencies		<u>4.95%</u>	<u>4.77%</u>
25- FEE INCOME		2013	2012
		SDG	SDG
Letters of credit		20,492,059	13,015,715
Letters of guarantee		3,819,819	978,989
Administration fees		2,658,185	1,258,397
Draft cheques, transfers and remittances		1,592,457	1,271,709
Management of restricted investment accounts		269,687	1,126,441
Brokerage fees		445,462	958,653
Investment advisory services		2,257,826	1,154,927
Fee from other banking services		<u>2,376,281</u>	<u>862,264</u>
Total		<u>33,911,776</u>	<u>20,627,095</u>
26- FOREIGN EXCHANGE GAIN, NET		2013	2012
		SDG	SDG
Transaction gain, net		686,437	921,840
Revaluation gain		<u>1,934,155</u>	<u>46,313,188</u>
Total		<u>2,620,592</u>	<u>47,235,028</u>

27- GENERAL AND ADMINSTRATIVE	Notes	2013	2012
		SDG	SDG
EXPENSES			
Bank premises expense	27.1	3,192,273	3,297,229
Communications		559,215	503,998
Maintenance of equipment, furniture & motor vehicles		1,154,381	789,180
Computer expenses		2,409,079	1,698,838
Marketing & promotion		886,156	233,684
Office supplies		375,000	360,707
Business travel		318,697	312,566
Legal and consultants expenses		749,958	905,161
Training		1,308,911	1,027,290
Subscriptions		819,771	730,179
Board and General Assembly expenses		3,080,391	2,266,812
Bank charges		2,459	102,486
Donations		165,808	299,834
Cash Insurance		346,069	358,804
Central Bank of Sudan penalties		3,000	3,400
Catering Service		379,178	310,072
Loss on disposal of fixed assets	27.2	34,598	1,783,942
Other		<u>583,516</u>	<u>595,391</u>
Total		<u>16,368,460</u>	<u>15,579,573</u>

27.1- Bank premises expense

This item includes rent in addition to expenses related to security, water, electricity, cleaning and maintenance.

27.2- Loss on disposal of fixed assets

Loss on disposal of fixed assets is due to closure of a branch in 2012.

28- EARNINGS PER SHARE

	2013	2012
	SDG	SDG
Net income for the year	<u>60,542,395</u>	<u>76,890,121</u>
Weighted average number of shares outstanding	<u>24,000,000</u>	<u>24,000,000</u>
Earnings per share (in SDG)	<u>2.52</u>	<u>3.20</u>

The Bank did not issue any instruments which would have a dilutive impact on earnings per share when exercised. Therefore the calculation of diluted earnings per share is not applicable to the Bank.

29- CASH AND CASH EQUIVALENT	Notes	2013	2012
		SDG	SDG
Cash and balances with banks and financial institutions	4	279,483,604	313,441,026
Investments deposits with banks and financial institutions	5	86,618,516	94,044,000
Total		366,102,120	407,485,026

Cash and balances with banks and financial institutions are stated net of statutory cash reserve and margin deposits.

At December 31, 2013 balances with banks and financial institutions include balances in foreign currency equivalent to about SDG 252,628,181 (2012: 295,269,147) which remained outstanding for periods in excess of three months.

30- RELATED PARTY 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 close family members. Major shareholders are those holding more than 5% of the Bank's issued share capital. Key Management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Bank, directly or indirectly including Board Members. The related party transactions are governed by the regulations issued by the Central Bank of Sudan. Balances with related parties arise from commercial transactions in the normal course of business on an arm's length basis and are included within the following consolidated financial statement captions:

	2013		
	Major shareholders, directors and their affiliated entities	Key Management Personnel	Total at December 31, 2013
<u>Balance sheet items:</u>	SDG	SDG	SDG
Cash and balances with banks and financial institutions	14,015,944	-	14,015,944
Financing and investing assets	149,849	-	149,849
Due to banks and financial institutions	89,423,705	-	89,423,705
Current and investments deposits	34,894,525	1,414,473	36,308,998
Non-controlling interest	-	-	-
<u>Income statement items:</u>			
Profit from financing	24,578	-	24,578
Bank charges	3,179,605	-	3,179,605
<u>Key Management Personnel compensation:</u>			
Salaries and other benefits	-	4,346,382	4,346,382
Post-employment benefits	-	2,360,088	2,360,088

30- RELATED PARTY TRANSACTIONS (continued)

	2012		
	Major shareholders, Directors and their affiliated entities	Key Management Personnel	Total at December 31, 2012
	SDG	SDG	SDG
Balance sheet items:			
Cash and balances with banks and financial institutions	3,671,411	-	3,671,411
Financing and investing assets	269,681	-	269,681
Due to banks and financial institutions	128,505,170	-	128,505,170
Current and investments deposits	16,128,854	905,186	17,034,040
Non-controlling interest	-	15,548	15,548
Income statement items:			
Profit from financing	36,169	-	36,169
Bank charges	6,534,608	-	6,534,608
Key Management Personnel compensation:			
Salaries and other benefits	-	3,107,159	3,107,159
Post-employment benefits	-	1,994,115	1,994,115

31- COMMITMENTS AND CONTINGENCIES

Commitments and contingencies at December 31, are as follow:

	Notes	2013 SDG	2012 SDG
31.1.Financing - related commitments and contingencies :			
Letters of credit		74,527,172	347,052,574
Letters of guarantee		95,672,608	62,821,123
Acceptances		<u>484,328,182</u>	<u>366,522,338</u>
Total financing - related commitments and contingencies		654,527,962	776,396,035
31.2 Non-financing related commitments :			
Restricted investments accounts	32	<u>556,143,033</u>	<u>465,738,596</u>
Total commitments and contingencies		<u>1,210,670,995</u>	<u>1,242,134,631</u>

31- COMMITMENTS AND CONTINGENCIES (continued)

Financing related commitments and contingencies

Financing-related commitments and contingencies mainly comprise letters of credit, guarantees, acceptance and irrevocable commitments to extend credit.

The primary purpose of these instruments is to ensure that funds are available to customers when required.

Documentary letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are generally collateralized by the underlying shipments of goods to which they relate, and therefore have significantly less risk.

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of the approved credit limits, principally in the form of direct financing, guarantees and letters of credit. The Bank is not exposed to loss on these commitments since it maintains the contractual right to revoke these commitments at its sole discretion at any time.

The contractual structure of the Bank's financing-related commitments and contingencies is as follows:

2013	within 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
	SDG	SDG	SDG	SDG	SDG
Letters of credit	73,370,069	1,157,103	-	-	74,527,172
Letters of guarantee	59,577,696	557,782	35,537,130	-	95,672,608
Acceptances	219,211,012	265,117,170	-	-	484,328,182
Total	352,158,777	266,832,055	35,537,130	-	654,527,962

2012	within 3 months	3 - 12 months	1 - 5 years	over 5 years	Total
	SDG	SDG	SDG	SDG	SDG
Letters of credit	236,800,574	102,548,000	7,704,000	-	347,052,574
Letters of guarantee	14,044,181	48,776,942	-	-	62,821,123
Acceptances	205,975,348	159,923,990	623,000	-	366,522,338
Total	456,820,103	311,248,932	8,327,000	-	776,396,035

32. RESTRICTED INVESTMENT ACCOUNTS

The Bank manages restricted investment accounts on a fiduciary basis with assets totaling SDG 556.143.033 as at December 31, 2013 (2012 : SDG 465,738,596). These transactions are governed by the regulations of the Central Bank of Sudan. The financial statements of these accounts, and assets held in trust or in a fiduciary capacity, are not included in the consolidated financial statements of the Bank.

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

These accounts are invested individually as specified by the account holders and are not organized in the form of mutual fund.

Changes in restricted investment accounts and the assets in which they are invested and classified by sector as at 31 December are as follows:

	2013 SDG	2012 SDG
a) Movement during the year :		
Balance at beginning of the year	465,738,596	259,056,798
Additions	<u>90,404,437</u>	<u>206,681,798</u>
Balance at end of the year	<u>556,143,033</u>	<u>465,738,596</u>
b) By type of assets :		
Murabaha finance	403,226,006	420,353,517
Istisnaa finance	68,358,794	-
Salam finance	37,273,154	-
Musharaka finance	-	600,000
Shahama securities	46,177,500	43,677,500
Sudatel securities	<u>1,107,579</u>	<u>1,107,579</u>
Total	<u>556,143,033</u>	<u>465,738,596</u>
c) By sector :		
Banks and financial institutions	556,143,033	465,138,596
Individuals	<u>-</u>	<u>600,000</u>
Total	<u>556,143,033</u>	<u>465,738,596</u>

33. CAPITAL ADEQUACY

The Bank monitors the adequacy of its capital using the ratios and weights established by the Central Bank of Sudan which are in line with the requirements of the Islamic Financial Services Board (IFSB) and Basel Committee. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets and commitments at a weighted amount to reflect their relative risks.

	Eligible Capital		Capital Adequacy Ratio	
	2013	2012	2013	2012
	SDG	SDG	SDG	SDG
Core capital (Tier 1)	331,657,116	305,294,112	49%	44%
Core and supplementary capital (Tier 2)	340,681,345	311,759,143	51%	45%

33. CAPITAL ADEQUACY (continued)

The Central Bank of the Sudan Circular No. 6/2009 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 period/year end, less prescribed deductions.

Tier 2 Capital comprises the elements of Tere1 in addition to fair value revaluation and a prescribed amount of eligible portfolio (general) provisions less prescribed deductions.

The Bank has implemented the capital adequacy standard issued by the Islamic Financial Services Board (IFSB) (which is in line with Basel II) effective January 1, 2009 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	
	2013	2012
	SDG	SDG
Credit Risk	918,618,457	1,061,645,247
Operational risk	136,447,332	120,384,264
Market risk	<u>96,812,172</u>	<u>93,447,602</u>
Total Pillar 1 - Risk Weighted Assets	<u>1,151,877,961</u>	<u>1,275,477,113</u>

34- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

34.1 Financial instruments

Financial instruments cover all financial assets and liabilities of the Bank. Financial assets include cash and balances with banks and other financial institutions, investment in securities, financing to customers and certain other assets. Financial liabilities include customers' accounts, due to banks and other financial institutions, and certain other liabilities. Financial instruments also include unrestricted investment accounts and contingent liabilities and commitments included in off balance sheet items.

By its nature the Bank's activities are principally related to the use of financial instruments. The Bank accepts deposits from customers for various periods and seeks to earn profit by investing these funds in quality assets. The Bank also seeks to increase its profit spread by making investments in diversified products and services and by consolidating short and long-term investment strategies while maintaining sufficient liquidity to meet all claims that might fall due.

34- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

34.2 Risk management

Risk is an integral part of the Bank's business and managing it is critical to the Bank's continuing success and profitability. The essence of effective risk management is to strike an optimal balance between return and risk that lead to enhance depositors and shareholders value through business profits commensurate with the risk appetite of the Bank. The authority of risk management of the Bank is vested in the Risk and Audit Committees, whose members are nominated by the Board. The Risk Committee assists the Board of Directors and the senior Management in performing their risk management oversight function. The Committee is responsible to ensure that the Bank adopts, maintains and applies appropriate risk management policies and procedures. The process of risk management is carried out by the Risk Management Department which is mandated with identifying, quantifying and assessing all risks and setting appropriate prudential limits within the parameters of the overall risk strategy approved by the Board. The Audit Committee is responsible for monitoring compliance with the Bank's risk management policies and procedures and for reviewing the adequacy of the risk management framework. The Audit Committee is assisted in these functions by the Internal Audit and Compliance Departments. The risk management strategy in respect of each of these types of risks is set out below.

34.2.1 Profit rate risk

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

In line with the policy approved by the Board of Directors, the Bank's Assets and Liabilities Management Committee (ALCO) performs regular reviews of the assets and liabilities situation of the Bank in order to ensure that the maturity gap between assets and liabilities is maintained at a minimum level and also to ensure that financing and investments are made for quality assets at higher rates of return.

34.2.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss.

The Bank attempts to manage its credit risk exposure through diversification of its financing and investment activities to avoid undue concentration of risk with individuals/corporates or a group of customers in specific locations or economic sectors. The Bank pursues its policies to safeguard its interest and in a prudent manner obtains tangible or intangible securities and collaterals for financing investments and contingent commitments.

The Bank controls the credit risk arising from its financing and investment activities through its risk management and the approval process and use of risk control limits and monitoring procedures.

The exposure to any one customer, including banks and financial institutions, is controlled by a set of limits for each major customer covering on and off balance sheet exposures. Actual exposure of the customers is regularly monitored against the limits approved for such customers. Credit risk exposure is also managed through regular analysis of the ability of the customer to meet the repayment obligations and by making appropriate changes to the limits where needed.

Note 7.2 discloses the economic sector distribution of financing to customers.

34- FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

34.2.3 Liquidity risk

Liquidity risk is the risk of a bank being unable to meet its funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to cease immediately. To mitigate this risk, the Bank has diversified its sources of funding and maintained a diversified portfolio of high quality liquid assets, and readily marketable securities.

The maturity profile of the assets and liabilities of the Bank are disclosed below. The contractual maturities of assets and liabilities 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.

The maturity profile of the assets and liabilities at December 31, 2013 is as follows:

	2013				
	within 3 months	3- 6 months	6m- 1 year	More than 1 year	Total
	SDG	SDG	SDG	SDG	SDG
Assets					
Cash and balances with banks and financial institutions	336,972,339	1,369,232	-	-	338,341,571
Investment with banks and financial institutions	56,618,516	20,000,000	10,000,000	-	86,618,516
Investment in securities	31,232,958	6,885,229	57,723,432	96,560,000	192,401,619
Finance to customers, net	114,655,143	167,004,180	196,485,770	481,475,790	959,620,883
Other investments	-	-	-	6,461,000	6,461,000
Other assets	28,367,011	9,117,337	546,449	626,409	38,657,206
Property and equipment, net	-	-	-	63,191,258	63,191,258
TOTAL ASSETS	567,845,967	204,375,978	264,755,651	648,314,457	1,685,292,053
Liabilities and Shareholders' Equity					
Due to banks and financial institutions	248,180,400	15,406,334	144,581,624	19,955,609	428,123,967
Customers' deposits	293,952,687	-	-	-	293,952,687
Other Liabilities	73,747,127	14,649,794	9,364,455	2,796,726	100,558,102
Equity of unrestricted investment account holders	245,315,502	81,860,616	73,634,683	41,862,556	442,673,357
Non-controlling interest	-	-	-	18,481	18,481
Shareholders' equity	-	-	-	419,965,459	419,965,459
TOTAL LIABILITIES, AND SHAREHOLDERS' EQUITY	861,195,716	111,916,744	227,580,762	484,598,831	1,685,292,053

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The maturity profile of the assets and liabilities at December 31, 2012 is as follows:

	2012				
	within 3 months	3- 6 months	6m- 1 year	More than 1 year	Total
	SDG	SDG	SDG	SDG	SDG
Assets					
Cash and balances with banks and financial institutions	422,295,043	-	-	-	422,295,043
Investment with banks and financial institutions	66,378,576	10,275,729	-	17,389,695	94,044,000
Investment in securities	12,906,879	28,975,515	75,515,500	61,081,485	178,479,379
Finance to customers, net	91,388,560	119,742,881	77,787,365	441,032,720	729,951,526
Other investments	-	-	-	6,461,000	6,461,000
Other assets	7,565,516	1,611,399	4,185,226	6,875,220	20,237,361
Property and equipment, net	-	-	-	52,163,097	52,163,097
TOTAL ASSETS	600,534,574	160,605,524	157,488,091	585,003,217	1,503,631,406

Liabilities and Shareholders' Equity

Due to banks and financial institutions	263,504,011	-	-	-	263,504,011
Customers' deposits	327,477,093	13,653,960	-	-	341,131,053
Other Liabilities	118,072,640	4,089,995	2,218,093	11,187,320	135,568,048
Equity of unrestricted investment account holders	263,936,609	81,600,072	26,161,199	10,635,011	382,332,891
Non-controlling interest	-	-	-	15,548	15,548
Shareholders' equity	-	-	-	381,079,855	381,079,855
TOTAL LIABILITIES, AND SHAREHOLDERS' EQUITY	972,990,353	99,344,027	28,379,292	402,917,734	1,503,631,406

34.2.4 Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currency exchange rates. The Bank is exposed to foreign currency risk on transactions that are denominated in a currency other than the Sudanese Pound. The Bank has a set of limits to the level of exposure by currency and in total which are monitored on a daily basis to ensure that the net exposure is kept at an acceptable level.

34. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

At year end the Bank had the following significant net exposure denominated in foreign currencies in equivalence to SDG:

	Dec, 31, 2013	Dec, 31, 2012
Currency	Long (short)	Long (short)
Euro	(17,596,425)	(23,668,145)
US Dollar	<u>109,646,886</u>	<u>100,824,346</u>
Other currencies	<u>(11,468,568)</u>	<u>(12,099,950)</u>

A long position indicates that the assets in a foreign currency are higher than the liabilities in the same currency; the opposite applies to a short position.

34.2.5 Market risk

Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, a continuous appraisal of market conditions and trends and Management's estimate of long and short term changes in fair value.

The Bank is not exposed to material risk in terms of the re-pricing of its liabilities since, in accordance with Islamic Shariah, the Bank does not provide a guaranteed contractual rate of return to its depositors.

34.2.6 Risk of managing customers' investments

The Bank provides investment administration services to third parties in relation to funds provided by them. These services give rise to legal and operational risk. Such risks are mitigated through detailed daily procedures to ensure compliance.

34.2.7 Operational and other risks

Operational risk is the risk of direct or indirect loss due to an event or action causing failure of technology, process infrastructure, personnel, and other risks having an impact on the operations. The Bank seeks to minimize actual or potential losses from operational risks failure through a framework of policies and procedures that are approved by its Board of Directors and are applied to identify, assess, control and manage operational risk. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes. Other types of risks to which the Bank is exposed are regulatory risk, legal risk, and reputation risk. Regulatory risk is controlled through the framework of compliance policies and procedures. Legal risk is managed through the effective use of internal and external legal advisors. Reputation risk is controlled through regular examinations of issues that are considered to have reputation repercussions for the Bank, with guidelines and policies being issued as appropriate.

The operational risk function of the Bank is in line with the Central Bank of Sudan instructions regarding the general guidelines for internal controls and sound practices for managing and supervising operational risk in banks.

35. SEGMENTAL INFORMATION

For the years ended at December 31, 2013 and 2012 the Bank principally provided banking services, including financing and deposit taking to corporate and institutional customers with insignificant portion of its business directed to individual customers mainly having employment relationship with the Bank's institutional customers.

Therefore no primary segment information is presented since the Bank's total assets, liabilities, operating income and expenses, commitments and contingencies as reported in the consolidated financial statements at December 31, 2013 and 2012 are principally derived from the Bank's corporate and institutional business.

Also, no secondary segment information is presented as the Bank operates only in the Republic of the Sudan and does not conduct operation in other geographical segments.

36. SHARIAH SUPERVISORY COMMITTEE

The Bank's activities are subject to the supervision of a Shariah Supervisory Committee which is appointed by the General Assembly. The Committee supervises the Bank's transactions to ensure compliance with Shariah rules, prepares and submits an annual report to the General Assembly.

37. COMPARATIVE FINANCIAL STATEMENTS

Certain 2012 comparative figures have been reclassified to conform to the current year's presentation. Such reclassifications did not have an impact on the previously reported net profit or retained earnings.

List of Correspondent Banks

1	Denmark
	Danske Bank
2	Egypt
	National Bank of Egypt
	Arab Banking Corporation (ABC)
	Banque Du Caire
3	France
	Banque BIA
4	Germany
	Commerzbank
5	Italy
	Banca UBAE
6	Jordan
	Jordan Commercial Bank
7	Kingdom of Bahrain
	ABC Islamic Bank
	Alubaf Arab International Bank
	Albarka Islamic bank
	Bank Muscat International (BMI)
	Ithmaar Bank
8	Kuwait
	Boubyan Bank
9	Lebanon
	Fransabank
	Byblos Bank
	Albaraka – Lebanon
10	Sultanate of Oman
	Bank Muscat
11	Turkey
	Albaraka Turk Participation Bank
12	Qatar
	Qatar National Bank
13	United Arab of Emirates
	Abu Dhabi Islamic Bank (ADIB)
	Mashreq Bank
14	United Kingdom
	British Arab Commercial Bank (BACB)



Directory of Head Office Branches

Head Office & Main Branch

Plot 411, Square 65, Mamoun Beheiry Street.

South of The Green Square, Khartoum

P.O Pox : 8210 Al Amarat, Khartoum, Sudan

Tel : 00249 183 247700

Fax : 00249 183 235000

Website: www.bankalmal.net

E-Mail Address: almal@bankalmal.net

Swift Code :- CBSKSDKH

Khartoum North Branch

Plot 130, Square 8, Al Sinaat Street, Khartoum North

P.O Pox : 1173

Tel : 00249 185 324480

Fax : 00249 185 324001

Omdurman Branch

Plot 6, Square 54

Alarda North, South Hilal Stadium, Omdurman

P. O. Box : 1500- Omdurman

Tel : +249 183 731999

Fax : +249 183 731998

Rabak Branch

Plot 390, Square 3, Rabak

P.O Box : 203

Tel : 00249 572 829480

Fax : 00249 572 829481

Subsidiary Companies

Subsidiaries

1 **Al Mal United for Securities Co. Ltd**

Plot 411, Square 65, Mamoun
Beheiry St, South of The

Green Square, Khartoum

P .O Pox : 8210 Al Amarat,
Khartoum, Sudan

Tel : 00249 183 247700

Fax: 00249 183 235000

2 **Al-Mawarid Investment Co.Ltd**

Plot 130, Square 8,

Al Sinaat Street, Khartoum North

P.O Pox : 1173

Tel.: 00249185 324480

Fax: 00249185 324001

