

UNITED CAPITAL BANK
(Public Limited Company)

Consolidated
Financial Statements
December 31, 2024

Elmamoun Hamid & Co.

Certified Accountants & Consultants



المأمون حامد وشركاه

محاسبون قانونيون ومستشارون

UNITED CAPITAL BANK

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In the Name of Allah, Most Gracious, Most Merciful

Sharia Supervisory Board-United Capital Bank

**Sharia Supervisory Board's Report for the General Assembly
of Shareholders of United Capital Bank**

For the Period: (01 Jan 2024- 31 Dec 2024)

Corresponding to (19 Jumada II, 1445 AH - 30 Jumada II 1446 AH)

Pursuant to the Control Standard for Islamic Financial Institutions No. (1) of the Sharia Supervisory Board (SSB) issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and pursuant to the Licensing Regulations for Practicing Banking for the Year 2004, issued by the Central Bank of Sudan, and pursuant to the Central Bank of Sudan Circular (8/2022) Implementing Risk-Based Supervision: **The Sharia Supervisory Board present to the General Assembly the following report:**

1. The SSB reviewed the executed credit contracts submitted to it by the bank's management based on its random selection of those contracts, and gave such advices and directives that might render them sound from a Sharia point of view.
2. The SSB has viewed the External Auditor's report, the Statement of Financial Position, the Income statement, the Cash Flow statement, and the notes thereof for the year ended Dec 31, 2024, and has listened to the answers of the bank's officers on the questions posed thereon, as well as the final accounts for Almal for Securities Company limited and Almawarid Investment Company limited.

3. The SSB draws the attention to the fact that it's the responsibilities of the bank management to ensure that the bank acts in compliance with the provisions of the Sharia; and the SSB's responsibility is only to give an independent opinion on the bank activities according to its own surveillance, and in making a report thereon.
4. In light of the above, and based on online monitoring of the bank's operations during the year 2024, the Authority decides the following:
 - A. The contracts, operations and transactions executed by the bank within the year ended Dec 31, 2024 and reviewed by the SSB have been in accordance with the provisions and principles of the Sharia.
 - B. The distribution of profits and charging of losses on the investment accounts are consistent with the provisions and principles of Sharia.
 - C. The Zakat calculation has been in accordance with the Zakat Law and the Chamber of Zakat circulars.
 - D. The prohibited revenue was not existed during the year ended Dec 2024.
5. The SSB extends its thanks to the bank's officers for their cooperation in achieving its mission, supplicating to enhance and keep them in their right path.

Sharia Supervisory Board:

1. Prof. Abdalla Elzubair Abdelrahman

Chairman, SSB



2. Dr. Mohamed Ali Yousif Ahmed

Member, SSB



3. Dr. Mohamed Elrasheed Saeed

Member, SSB



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Capital Bank (Public Limited Company)

Opinion

We have audited the consolidated financial statements of United Capital Bank (the "Bank/UCB") and its two subsidiaries (together, the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statements of income, cash flows, changes in equity and changes in restricted investments for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Financial Accounting Standards ("FASs") issued by The Accounting and Auditing Organization for Islamic Institutions ("AAOIFI"), as modified by the Central Bank of Sudan, and the applicable requirements of the Central Bank of Sudan set out in Note (2.2.1) to the consolidated financial statements.

Basis for Opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI. 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 AAOIFI's Code of Ethics for Accountants and Auditors of Islamic Financial Institutions (AAOIFI Code), and we have fulfilled our other ethical responsibilities in accordance with the AAOIFI 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)

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2.2 to the consolidated financial statements, which describe the negative effects of the military operations ongoing in Sudan since April 15, 2023 on the Group's operations. These events or conditions, along with other matters described in Note 2.2.2 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern should the scope of military operations expand to include the safe locations where the Group currently conducts its operations. However, in the opinion of the Group's management, as long as such expansion in the scope of war does not occur, the Group is expected to continue its operations. Accordingly, the attached consolidated financial statements have been prepared on the going concern basis. Our opinion is not modified in respect of this matter.

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 matter that we considered and how we addressed each matter in the context of our audit:

Provision for finance losses

The Bank's financing portfolio represents approximately 59% of the Group's total assets as of December 31, 2024. Accordingly, this portfolio and the related provisions for financing losses have been identified as a key audit matter, particularly in the context of the operating environment described in Note (2.1) to the consolidated financial statements. The management addressed the resulting losses in Note (2.1) to the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

Key Audit Matters (continued)

The 2024 consolidated financial statements reflect an increase in financing loss provisions of about SDG 12.8 billion compared to December 2023, where provisions stood at SDG 9.3 billion. This increase, based on the criteria outlined in Note 2.1, represents 23% of the total financing portfolio.

Our audit procedures included verifying that UCB is complying with Central Bank of Sudan's directives on the recognition of impairment for financing losses, noting that, UCB does not apply AAOIFI standards in this respect, as outlined in Note (2.2.1). Furthermore, we reviewed the recalculation of provisions for financing losses in accordance with the Central Bank's revised guidelines issued on July 25, 2024, as well as the Group's internal policies set out in Note (2.1) to these consolidated financial statements.

Other Information Included in the Group's Annual Report for year 2024

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. We have nothing to report in this regard.

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 ("FASs") issued by The Accounting and Auditing Organization for Islamic Institutions ("AAOIFI") as modified by the Central Bank of Sudan (Central Bank), and the applicable requirements of the Central Bank of Sudan as stated in Note (2.2.1) of the financial statements, 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 Auditing Standards for Islamic Financial Institutions issued by AAOIFI will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

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

As part of an audit in accordance with Auditing Standards for Islamic Financial Institutions issued by AAOIFI, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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.

INDEPENDENT AUDITOR'S REPORT (continued)

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

- 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.

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 & Co.



Elmamoun Hamid Abdelrahman, CPA, CGMA
License No. 1020

Date: February 24, 2025



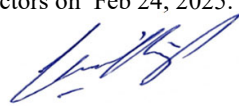
UNITED CAPITAL BANK

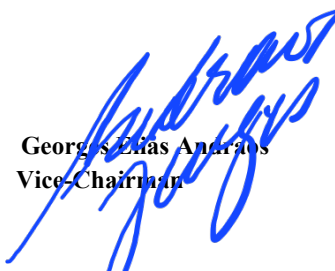
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Notes	2024 SDG	2023 SDG
ASSETS			
Cash and balances with banks and financial institutions	4	40,028,062,887	27,359,957,133
Investments with banks and financial institutions	5	7,075,078,396	4,828,891,048
Investments in securities	6	-	-
Deffered sales receiveable, net	7	63,223,556,589	33,394,786,891
Mudarabah and Musharakah, net	8	7,129,731,872	11,144,681,793
Other investments	9	-	-
Other assets	10	1,751,031,986	1,587,995,577
Property and equipment, net	11	914,697,911	843,580,771
TOTAL ASSETS		120,122,159,641	79,159,893,213
LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND			
LIABILITIES			
Due to banks and financial institutions	12	1,037,455,688	445,906,244
Customers' deposits	13	34,564,280,245	34,255,926,910
Other Liabilities	14	21,827,272,535	4,745,829,908
TOTAL LIABILITIES		57,429,008,468	39,447,663,062
EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS			
Investment deposits -banks and financial institutions	15	8,192,969,629	9,984,786,612
Investment deposits-other	16	19,000,719,387	14,910,995,440
TOTAL EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS		27,193,689,016	24,895,782,052
SHAREHOLDERS' EQUITY			
Share capital	17	240,000,000	240,000,000
Share premium	18	4,500,000	4,500,000
Reserves	19	35,535,709,257	16,277,831,581
Accumulated losses		(280,771,910)	(1,705,908,578)
Total Shareholders' equity of the parent company		35,499,437,347	14,816,423,003
Non-controlling interest		24,810	25,096
TOTAL SHAREHOLDERS' EQUITY		35,499,462,157	14,816,448,099
TOTAL LIABILITIES, EQUITY OF UNRESTRICTED INVESTMENT ACCOUNT HOLDERS AND SHAREHOLDERS' EQUITY		120,122,159,641	79,159,893,213
COMMITMENTS AND CONTINGENCIES	34	4,019,788,617	891,699,691

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on Feb 24, 2025.


Yousif Ahmed El-Tinay
CEO


Georges Elias Andraos
Vice Chairman


Algaily Tagelden Abushama
Chairman

UNITED CAPITAL BANK

CONSOLIDATED INCOME STATEMENT

For the year ended December 31, 2024

	Notes	2024 SDG	2023 SDG
INCOME FROM :			
Investments with banks and financial institutions	20	287,202,536	142,017,227
Investments in securities	21	–	39,910
Income from deferred sales receiveable	22	5,309,077,555	4,277,679,636
Income from Mudarabah and Musharakah finance	23	398,319,521	233,907,527
Other investments	24	264,978,832	–
Total income from financing and investments		6,259,578,444	4,653,644,300
Less: Return to unrestricted investment account holders	25	(1,023,375,808)	(1,278,439,160)
Net income from investments and finance		5,236,202,636	3,375,205,140
Fee income	26	2,695,594,444	950,650,024
Other income	27	171,037,643	186,481,348
Net gain (loss) from foreign exchange transactions		2,074,546,558	(151,231,724)
Foreign currency revaluation gain	28	32,156,540,727	10,577,392,207
Total operating income		42,333,922,008	14,938,496,995
EXPENSES			
Staff cost		(3,228,242,271)	(1,625,189,330)
General and administrative expenses	29	(4,022,989,251)	(2,048,347,497)
Depreciation	11	(179,571,333)	(173,518,828)
Total operating expenses		(7,430,802,855)	(3,847,055,655)
Total operating profit before provisions, unusual item, zakat and income tax		34,903,119,153	11,091,441,340
Provision for finance losses	7.2	(12,765,448,450)	(9,259,364,042)
Provision for impairment and doubtful debts	30	36,220,465	(488,544,649)
Net operating profit before unusual item, zakat and income tax		22,173,891,168	1,343,532,649
Unusual item - War Losses	31	–	(2,462,338,516)
Zakat expense		(946,898,490)	(118,981,040)
Income tax expense		(543,978,619)	(156,078)
Net profit/(loss)		20,683,014,059	(1,237,942,985)
Less: net profit attributable to non-controlling interest		285	144
Net profit attributable to equity holders of the parent		20,683,014,344	(1,237,942,841)
Earnings per share	32	861.79	(51.58)


Yousif Ahmed El-Tinay
CEO


Georges Enas Andouss
Vice-Chairman


Algaily Tagelden Abushama
Chairman

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

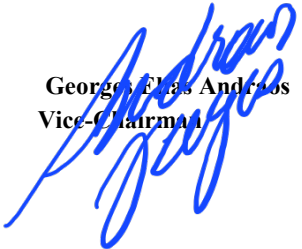
UNITED CAPITAL BANK

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

	Notes	2024 SDG	2023 SDG
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit/(loss) for the year		20,683,014,344	(1,237,942,841)
Adjustments to reconcile net profit:			
Depreciation and amortization		179,571,333	173,518,828
Zakat		946,898,490	118,981,040
Income tax		543,978,619	156,078
Provision for staff end of service benefits		157,521,353	1,614,604
Provision for finance losses		12,765,448,450	9,259,364,042
Provision for doubtful debts		(36,220,465)	880,336,847
Provision for staff bonus		1,309,716,943	-
Return to unrestricted investment account holders		1,023,375,808	1,278,439,160
Net loss (gain) on disposal of property and equipment		-	138,603,841
Net cash flow from operating activities		37,573,304,875	10,613,071,599
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments		-	(19,488,814)
Proceeds from sale of investment		-	1,000,000
Investments with banks and financial institutions		(2,246,187,348)	(3,725,619,235)
Acquisition of property and equipment		(250,688,477)	(251,302,225)
Proceeds from sale of property and equipment		-	22,245,000
Deferred sales receivables		(41,683,184,930)	(14,901,771,048)
Mudaraba financing		3,214,737	(400,000,000)
Musharaka financing		3,100,701,966	(1,066,376,230)
Net cash flow from investment activities		(41,076,144,052)	(20,341,312,552)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net (increase)/decrease in operating assets:			
Other assets		(163,036,405)	136,292,211
Due to banks and financial institutions		591,549,444	(7,119,812)
Customers deposits		308,353,335	3,592,276,567
Other liabilities		14,159,547,686	(422,114,569)
Net movement in non-controlling interest		(285)	(144)
Net increase in equity of unrestricted investment accounts		1,274,531,156	8,339,348,422
Net cash flow from financing activities		16,170,944,931	11,638,682,675
Net increase in cash & cash equivalents		12,668,105,754	1,910,441,722
Cash and cash equivalents at beginning of the year		27,359,957,133	25,449,515,411
Cash and cash equivalents at end of the year	4	40,028,062,887	27,359,957,133


Yousif Ahmed El-Tinay
CEO


George Elias Andros
Vice-Chairman


Algaily Tagelden Abushama
Chairman

Attached notes 1 to 40 form an integral part of these consolidated financial statements.

For the year ended December 31, 2024


Yousif Ahmed El-Tinay
CEO

George S. Tsamis
Vice-Chairman


Algaily Tagelden Abushama
Chairman

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

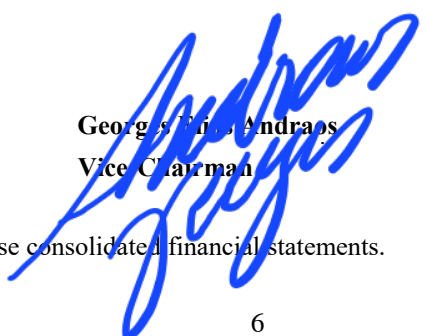
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CONSOLIDATED STATEMENT OF CHANGES IN RESTRICTED INVESTMENTS

For the year ended December 31, 2024

		White Nile Sugar Portfolio	Arab Investment Corporation	Mudaraba Portfolio	Total
	Note	SDG	SDG	SDG	SDG
Balance at January 1, 2024	35	-	267,027,712	11,704,562	278,732,274
Additions during period		-	-	22,141,337,406	22,141,337,406
Cash withdrawal during period		-	-	(22,428,335,475)	(22,428,335,475)
Investment profit		-	-	286,998,069	286,998,069
Balance at December 31, 2024	35	-	267,027,712	11,704,562	278,732,274
Balance at January 1, 2023	35	3,337,958,456	267,027,712	19,460,778	3,624,446,946
Additions during period		-	-	7,482,305	7,482,305
Cash withdrawal during period		(3,337,958,456)	-	(15,238,521)	(3,353,196,977)
Investment profit		-	-	-	-
Balance at December 31, 2023	35	-	267,027,712	11,704,562	278,732,274


Yousif Ahmed El-Tinay
CEO


Georges El-Andraous
Vice Chairman


Algaily Tagelden Abushama
Chairman

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

Year ended December 31, 2024

1. INCORPORATION AND ACTIVITIES

United Capital Bank (the Group -UCB) 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 four branches (2023: four branches) in the Republic of Sudan. The 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 in Port Sudan city is located at Jabal Al-Sit Tower, Building No 1,Block (D/10) West, Othman Digna Street, Greek District

As of December 31, 2024, the bank employed 39 employees (2023: 37 employees).

The Bank more than 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 the Republic of Sudan 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 more than 99% of the shares of Al-Mawarid Investment Company Limited (Al-Mawarid), which was registered with the Company Registrar in the Republic of Sudan 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.(the two subsidiaries).

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

2. OPERATING ENVIRONMENT AND BASIS OF PREPARATION

2.1 OPERATING ENVIRONMENT

Since mid-April 2023, Khartoum State and several other states in Sudan have witnessed large-scale military conflict between the Sudanese Army and the Rapid Support Forces. This military conflict has led to a cessation of both government and private sector activities in Khartoum and other war-affected states, bankruptcy of some institutions, and the displacement of the majority of residents. Massive depreciation of the national currency, unemployment rates have surged, and inflation has accelerated significantly to un-precedented hyper-inflation levels. Properties and both private and public facilities have been subjected to looting, burning, and destruction, affecting the Group's assets, including main and subsidiary cash vaults and safe boxes, as well as property and equipment.

The war has resulted in the suspension of the Group's activities until management was able to relocate its critical systems, equipment and programs to the city of Port Sudan located in the Red-Sea State. The Bank was able to resume the operations of the Head office and all its branches in Khartoum in addition to the new branch in Port Sudan in October 2023.

The negative impact of the war on the activities of clients was proportionally reflected in the quality of banks' loan portfolio and losses from the realization of credit risk.

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

2.1 OPERATING ENVIRONMENT (continued)**Central Bank of Sudan (“CBoS”) post-war directives on treatment of war losses and finance loss provisions:**

On 25 July 2024, CBoS issued temporary directives to all banks operating in Sudan Subject to certain restrictions which can be summarized as follows :

- (a) To allow treatment of direct war losses represented in loss of cash, property and equipment and other assets, as deferred losses to be charged to income over a period of 8 to 10 years.
- (b) To allow extension of the maturities of past-due financing facilities outstanding before outbreak of the war on 15 April 2023 for 18 additional months and, hence to start booking provisions with effect from 15 October 2025.

Central Bank of Sudan (CBoS) post-war directives on treatment of war losses and finance loss provisions (co

However, the Group has fully charged all the war-related losses of cash, property and equipment, and other assets which the Group has recognized as fully impaired (stolen or totally damaged), amounting to SDG 2,462,338,516 to the consolidated income statement for 2024. Additionally, a provision for impairment of SDG 485,684,886 has been charged to income for investment in securities and receivables by 100% Therefore, there are no war-related losses that has been charged to the financial statements for the year 2024..

With reference to the temporary policy issued by the Central Bank concerning the method of calculating credit losses provisions as outlined in paragraph "1.5.3" the Group has charged to income for the year 2024, general and specific provisions for finance loss totaling 12,765,448,450 SDG (2023 SDG 9,259,320,065) for certain defaulting customers were based on the following criteria:

- (a) Customers with no indicators for their disability to repay their obligation when it falls due. Provision 1%
- (b) Customers who have reached a settlement and the repayment due date has not yet become due. Provision 2-20%
- (c) Customers who have reached a settlement but have not adhered to the payment schedule. Provision 50%
- (d) Customers who were contacted, but did not show any response to the Group's call for remedial action. Provision 100%

The management focuses on maintaining the Group's stable operations, which corresponds to the existing circumstances. However, against the background of the current situation, the possibility of the emergence of external factors that may have a negative impact on the stability of the banking system in general, and therefore on the results of operations and financial condition of the Group, the nature and consequences of which cannot be determined at the present time, is not excluded.

*Year ended December 31, 2024***2.2 BASIS OF PREPARATION :****2.2.1 Statement of compliance**

The consolidated financial statements have been prepared in accordance with the regulations for banks as issued by the Central Bank of Sudan ("CBoS"). These regulations require banks and other financial institutions regulated by the CBoS to adopt the Financial Accounting Standards ("FASs") issued by the Accounting and Auditing Organization for Islamic Financial institutions ("AAOIFI"), as modified by the CBoS. One of these modifications is the implementation by banks of the CBoS circular no. (1/2008), giving directives about "granting finance and establishment of provisions" in place of FAS 30 on "Impairment, credit losses and onerous commitments" issued by AAOIFI. Banks operating in Sudan including UCB have consistently adopted CBoS policy per circular 1/2008 in prior years (see note 2.2.5.1).

2.2.2 Going Concern

These consolidated financial statements were prepared on a going concern basis. During the preparation of the financial statements, the Group's management assessed the Group's ability to continue its operations in future, taking into account hostilities in Sudan, which have already caused and continue to cause significant negative consequences for the economy of the country as a whole and for the Group's customers as described in Note 2.1

As at 31 December 2024, the total amount of cash and cash equivalents is SDG 40,028,062,887 (2023 SDG 27,359,957,133) Also, the Group has not yet observed significant outflows from clients' accounts (deposit and current) compared to this date.

Management and those charged with governance in the Group monitor the development of the current situation in Sudan caused by the military operations, and takes measures, if necessary, to minimize any negative consequences as much as possible and provide a full range of banking service. There is still a material uncertainty, due to the unpredictable impact of ongoing hostilities and the spread of the military operation to safe states particularly the Red Sea State may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it will not be able to realize its assets and repay its liabilities in the ordinary course of business.

Based on the going concern assessment and confirmation described above, management has concluded that the Bank will be able to continue as a going concern.

2.2 Basis of measurement

The financial statements are prepared on the historical cost concept except for :

- 1- The re-measurement at fair value of investment securities carried at fair value through income statement and equity.
- 2- The fixed assets revaluated in 2018 which include Land & Building, Motor vehicles and Corebanking system

2.2 BASIS OF PREPARATION (continued)

2.2.3 Functional and presentation currency

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

2.2.4 Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Bank and its subsidiaries , Almal United Company Limited and Almarawid 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Bank obtains control, and continues 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 the equity in the consolidated statement of the financial position, separate from parent shareholders' equity.

2.2.5 Critical accounting judgments and estimates

In the application of the **Group'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.

2.2.5.1 Impairment losses on financing portfolio

The Group 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 , minimum general provision of 1% is made on all finance balances not subject to specific provisions.

2.2 BASIS OF PREPARATION (continued)**2.2.5.2 Impairment of equity-type instruments through equity**

The Group 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 Group evaluates other factors including the normal volatility in securities price, the financial health of the investee, industry sector performance and cash flows.

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

The fair values 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.

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

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:

	<u>Useful life (years)</u>
• Land & Building :	
– Group's Building	40
– Leased Buildings (Lease tenure)	10
• IT equipment	4
• Office equipment, furniture and fixtures	5
• Motor vehicles	4
• Computer software & Corebanking system	4-8

The assets' residual values and useful life 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. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.2 Impairment and uncollectibility of assets**

The carrying amounts of the Group's financial assets and tangible assets are reviewed at each balance sheet date to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in the income statement.

3.3 Investment in securities

According to FAS 25, investments 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 Group fall into the equity-type category which are subject to the following policies:

3.3.1 Equity-type instruments at fair value through equity:

Those are 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 owners' equity is recognized in the consolidated income statement.

3.3.2 Equity-type instruments carried at cost:

Those are have a quoted market price as they are not listed in the market or do not have an active market or their fair value cannot be determined in any other appropriate method, are recognized at cost less any impairment in value –if any. Any gain on such investment is calculated on the lowest profit's rate distributed in the last three years.

Gain or Loss on these investments is recognized when these investments are disinvested.

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, Istisna and Ijarah are stated net of deferred profit, credit loss provision and suspended profit - if any.

Financing through Mudaraba contract is stated at cost less credit loss provision and provision impairment - if any.

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

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.5.1 Impairment provisions on financing portfolio**

Past due and impaired facilities are monitored as irregular facilities and are classified into the following categories which are then used to determine the provisions.

Category	Criteria	Specific Provisions
Watch list	Past due less than 90 days	2%
Substandard	past due for 91 – 180 days	20%
Doubtful	past due for 181 – 365 days	50%
Bad	Past due in excess of 365 days	100%

3.5.1 Impairment provisions on financing portfolio (continued)

The group may also include a credit facility in one of the above categories based on management's judgement of a customer's financial and/or non-financial circumstances.

In addition to the specific provisions, a general provision of 1% is made on all applicable facilities (net of certain restricted categories of collateral) which are not subject to specific provisioning.

Moreover the group is following more conservative approach by excluding any collaterals and suspended portion of the income for all default deals subject to specific provision.

Temporary Change of accounting policy:

On 25 July 2024, the CBoS issued a circular on "Temporary Controls for Addressing War Losses and Formation of Financing Provisions". Which allowed banks to extend the maturities of credit facilities granted before outbreak of the war for 18 months effective from 15 April 2023 through 14 October 2025.

The Bank has adopted the change and, hence, recalculated the provisions for 2024 accordingly. expect for certain defaulting customers who were subjected to specific provision ranging from 50% to 100% from the commitment.

"Renegotiated and/or modified financing to customers

Under certain circumstances, the Bank seeks to restructure financing to customers rather than taking possession of collateral. This may involve extending the repayment arrangements and the agreement of new terms and conditions for a credit facility.

The rescheduled facility will be subject to the classification criteria set by Central Bank of Sudan. Management continuously reviews modified financing to customers to ensure that all criteria are met and that future payments are likely to occur. Management also assesses whether there has been significant increase in credit risk. The non-performing financing for which the bank has entered into a settlement with the customer, remains classified as non-performing. this classification is based on the original due date, in accordance with the guidelines set by the Central Bank of Sudan. The provision for finance losses is calculated according the rates specified in the Central Bank of Sudan Circular No. (1/2008) based on the new due dates following the rescheduling

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporary policy adjustment post-war: In line with the Central Bank of Sudan Circular dated 24/07/2024, banks are allowed to defer the maturities of credit facilities granted before outbreak of the war, including the rescheduled facilities. consequently, the provision is calculated based on the new due dates by applying the rates specified in Central Bank of Sudan Circular No. (1/2008). The management has adopted a more conservative approach by increasing provision on certain customers deemed to have relatively high credit risk under the prevailing wartime conditions, in alignment with Central Bank of Sudan's directives.

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, balances with the Central Bank of Sudan 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 Group 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.

Provision for finance losses is based on the assessment of collectability of each debt separately, in accordance with the directives of the Central Bank of Sudan and the Group's policy

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 the collection and distribution of Zakat. Zakat is paid in full to the Chamber of Zakat.

3.10 Taxation

The Group 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

End-of-service benefits provision for subsidiaries is calculated in accordance with the provisions of the Sudanese Labor Law and the internal policy of the subsidiaries .

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.12 Revenue recognition**

Income from Murabaha finance is recognized on a time proportion basis over the period of the contract based on the outstanding balance, where profits are allocated between financial periods within the contract term using the effective rate of return method. Assets available for sale after acquisition on the basis of Murabaha to the purchase orderer shall be measured at their historical cost. In the cases where the assets value declines below cost due to damage, destruction or any other unfavorable circumstances, such a decline shall be reflected in the evaluation of the assets at the end of the financial period.

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 Group'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. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expense related to the investment pool “Mudarib expense”. 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 deducting of the Bank’s stated commission as agent or profit share as Mudarib.

3.16 Commitments and Contingencies

Contingent liabilities are not recognized in the consolidated financial statements, but are disclosed in the notes when the possibility of an outflow of economic resources is reasonable.

Contingent assets are not recognized in the consolidated financial statements, but are 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.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

	<i>Notes</i>	2024 <i>SDG</i>	2023 <i>SDG</i>
4- CASH AND BALANCES WITH BANKS AND FINANCIAL INSTITUTIONS			
Cash in hand	4.1	1,103,557,747	252,567,966
Central Bank of Sudan - Current account	4.1	14,965,126,083	17,058,650,694
Local Banks -Current accounts		270,542,174	10,366,742
Foreign correspondent banks – Current accounts	4.1	15,880,241,998	1,329,411,060
Sub-total		32,219,468,002	18,650,996,462
Central Bank of Sudan - Statutory Cash Reserve	4.1	7,807,580,028	8,708,455,875
Cash margin on letters of credit with correspondent banks	4.1	1,014,857	504,796
Total		40,028,062,887	27,359,957,133

	2024 <i>SDG</i>	2023 <i>SDG</i>
4.1 Foreign currency balances included in the above balances are as follows:		
Cash in hand	1,075,675,057	201,455,145
Central Bank of Sudan - Current account	13,897,978,205	15,791,079,446
Foreign correspondent banks – Current accounts	15,880,241,998	1,329,411,060
Sub-total	30,853,895,260	17,321,945,651
Central Bank of Sudan - Statutory cash reserve	5,546,015,891	4,548,351,501
Cash margin on letters of credit with correspondent banks	1,014,857	504,796
Total	36,400,926,008	21,870,801,948

5- INVESTMENTS WITH BANKS AND FINANCIAL INSTITUTIONS

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

Balances at December 31, are as follows:

	2024 <i>SDG</i>	2023 <i>SDG</i>
Local banks	55,854,646	54,123,228
Foreign banks and financial institutions	7,019,223,750	4,774,767,820
Total	7,075,078,396	4,828,891,048

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

6- INVESTMENTS IN SECURITIES

Comprise the following equity-type instruments:	Note	2024 SDG	2023 SDG
Securities at fair value through equity			
Liquidity Management Fund- Not listed	6.1	82,789,687	82,789,687
Less : provision for Liquidity Management Fund impairment		(82,789,687)	(82,789,687)
Securities carried at cost			
Shahama Certificates - Listed	6.2	1,962,000	1,962,000
Less : provision for shahama impairment		(1,962,000)	(1,962,000)
Total		<u>-</u>	<u>-</u>

Investment securities at fair value through equity:

6.1 Liquidity Management Fund: This is a Fund concerned with the liquidity management among banks , where all banks operating in Sudan are obligated to contribute in. The Fund is managed by Financial Investment Bank with a capital of SDG 1000 Million divided into 6,000,000 Share (*Sukuk*) with nominal value of one thousand SDG .These *Sukuk* are not traded in Khartoum Stock Exchange (KSE).The objective of this fund is to recover the over draft current account with Central Bank of Sudan in local currency for all the participating banks with specific regulations ,not only but also the Fund invests excess money in Shahama certificates.

The Shares (*Sukuk*) invested in this Fund are valued on a daily basis and profits are distributed on a semi-annual basis.

Investment securities carried at cost:

6.2 Shahama Certificates: Represents 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 14% per annum since their inception in 1999.

7- DEFFERED SALES RECEIVEABLE,NET

	Notes	2024 SDG	2023 SDG
Deferred sales receivables :			
Murabaha receivables		96,134,383,261	43,541,675,128
Istisna receivables		2,737,099,862	3,050,172,518
LCs Over due		-	109,022,884
Total deferred sales receivables		<u>98,871,483,123</u>	<u>46,700,870,530</u>
Less : deferred profit		(11,806,451,286)	(3,250,799,799)
Income suspense		(944,069,074)	(1,831,616,280)
Less : provision for finance losses	7.1	(22,897,406,174)	(8,223,667,560)
Total deferred sales receivables, net of deferred profit		<u>63,223,556,589</u>	<u>33,394,786,891</u>

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

7.1 MOVEMENTS IN THE PROVISION FOR FINANCE LOSSES:

The accumulated provision for finance losses is as

		2024		
	Note	Mudaraba and Musharakah SDG	Deferred sales receivables SDG	Total SDG
General Provision for :				
Balance at beginning of the year		15,280,000	213,161,740	228,441,740
Provided during the period		(5,239,693)	62,850,554	57,610,861
FX Changes		–	312,175,579	312,175,579
Balance at the end of the year		10,040,307	588,187,873	598,228,180
Specific Provision:				
Balance at beginning of the year		1,487,086,866	8,010,461,843	9,497,548,709
Provided during the year	7.1.1	916,272,911	11,791,564,678	12,707,837,589
Bad debts written-off		–	–	–
FX Changes		–	2,507,191,780	2,507,191,780
Balance at the end of the year		2,403,359,777	22,309,218,301	24,712,578,078
Total accumulated provision at end of the year		2,413,400,084	22,897,406,174	25,310,806,258

7.1 MOVEMENTS IN THE PROVISION FOR FINANCE LOSSES (continued):

The accumulated provision for finance losses is as follows:

		2023		
	Note	Mudaraba and Musharakah SDG	Deferred sales receivables SDG	Total SDG
General Provision for :				
Balance at beginning of the year		110,726,723	309,047,743	419,774,466
Provided during the period	7.1.1	(95,446,723)	(132,645,481)	(228,092,204)
FX Changes		–	36,759,478	36,759,478
Balance at the end of the year		15,280,000	213,161,740	228,441,740
Specific Provision:				
Balance at beginning of the year		–	10,136,440	10,136,440
Provided during the year	7.1.1	1,487,086,866	8,000,369,380	9,487,456,246
Bad debts written-off		–	–	–
Balance at the end of the year		1,487,086,866	8,010,505,820	9,497,592,686
Total accumulated provision at end of the year		1,502,366,866	8,223,667,560	9,726,034,426

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

7.1.1 Net provided (recovery) of provision for credit losses for the year in the consolidated income statement

	Notes	2024 SDG	2023 SDG
General Provision:			
Addition during the period		57,610,861	(228,092,204)
Recoveries of amounts previously provided		-	-
Total recovery of general provision	a	57,610,861	(228,092,204)
Specific Provision:			
Provided during the year		12,707,837,589	9,487,456,246
Recoveries of amounts previously provided		-	-
Total provided of specific provision	b	12,707,837,589	9,487,456,246
Net provided of the provision expense for the year (a+b)		12,765,448,450	9,259,364,042

7.2 FINANCE TO CUSTOMERS BY INDUSTRY

Finance to customers include Deferred sales receivables, Mudaraba and Musharakah.

	2024 SDG	2023 SDG
Industrial	3,689,834,518	2,470,757,318
Export	7,726,286,315	12,843,342,808
Service	775,376,674	1,087,867,900
Micro Finance & Social Dimension	3,382,452,048	4,118,500,160
Mining	175,945,125	263,497,435
Real-State	25,144,415	28,039,001
Import	85,868,625,574	33,557,940,819
Transportation	3,082,109,859	3,088,155,967
Agriculture	3,688,840,551	1,889,817,781
Total Finance to customers	108,414,615,079	59,347,919,189
Less: deferred profit	(11,806,451,286)	(3,250,799,799)
Total finance to customers, net of deferred profit	96,608,163,793	56,097,119,390
Less Income suspense	(944,069,074)	(1,831,616,280)
less: Provision for finance losses	7.1 (25,310,806,258)	(9,726,034,426)
Finance to customers, net	70,353,288,461	44,539,468,684

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

	<i>Notes</i>	2024 <i>SDG</i>	2023 <i>SDG</i>
7.3 FINANCE TO CUSTOMERS BY PORTFOLIO			
Performing finance to customers (Deferred sales receivables, Modaraba and Maharajah)		57,267,647,476	59,347,919,189
Non-performing finance to customers	7.3.1	51,146,967,603	–
Total finance to customers		108,414,615,079	59,347,919,189
Less : deferred profit		(11,806,451,286)	(3,250,799,799)
Income suspense		(944,069,074)	(1,831,616,280)
Total finance to customers, net of deferred profit		95,664,094,719	54,265,503,110
General provision	7.1	(598,228,180)	(228,441,740)
Specific provision	7.1	(24,712,578,078)	(9,497,592,686)
Total provision		(25,310,806,258)	(9,726,034,426)
Finance to customers , net		70,353,288,461	44,539,468,684

7.3.1 The amount of defaulted financing installments as of December 31, 2024, SDG 51,146,967,603 (Dec 31, 2023: was zero).

	<i>Notes</i>	2024 <i>SDG</i>	2023 <i>SDG</i>
8 - MUDARABA & MUSHARAKA			
Modaraba financing		2,036,785,263	2,040,000,000
Mutharika financing		7,506,346,693	10,607,048,659
Total Modaraba and Maharajah		9,543,131,956	12,647,048,659
Less : provision for finance losses	7.1	(2,413,400,084)	(1,502,366,866)
Total Modaraba and Maharajah, net		7,129,731,872	11,144,681,793
9. OTHER INVESTMENTS			
Investments in companies			
Al-Hadal Grain Silos for Investments	9.1	10,705,738	10,705,738
Less: Provision for Impairment		(10,705,738)	(10,705,738)
Subtotal		–	–
Equity participation			
Microfinance Guarantee Agency	9.2	1,316,000	1,316,000
Less: Provision for Impairment		(1,316,000)	(1,316,000)
Subtotal		–	–
Total		–	–

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. OTHER INVESTMENTS (continued):

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

9.2 Represents the bank's share in Microfinance Guarantee Agency (Tessier), which was established by the government to expand microfinance services through covering part of the risk of the Microfinance Finance Institutions (MFIs) by letter of guarantee issued according to specific conditions. The agency's capital is about SDG 550 million, in which banks contribute about SDG100 million, distributed equally to banks by SDG 2.632 thousand for each bank to be paid in four equal installments, the value of each installment is about SDG 658 thousand. The bank's management decided to build a provision of 100% for this contribution due to the high risk of recovery.

10. OTHER ASSETS	Notes	2024 SDG	2023 SDG
Sundry receivables	10.1	51,297,813	24,402,480
Deferred expenses	10.2	55,001,985	97,148,242
Prepaid expenses	10.3	211,039,333	195,461,518
Accrued income		27,545,525	52,464,424
Staff Loans		370,417,510	454,377,862
Assets aquired for financing		–	136,805,567
Sundry receivables - CBOS	10.4	285,881,577	411,546,163
Fund under settlement (petty cash float)		167,097,394	215,789,321
Other		582,750,849	–
Total		1,751,031,986	1,587,995,577

10. OTHER ASSETS (continued)

10.1 Sundry receivables

10.1. The balance represents trading accounts receivable in subsidiaries' records.

10.2 Deferred expenses:

The bank grant cars to some of the senior staff according to specific conditions, the bank bears 80-85% of its value while the employee bears 15-20%. The car's ownership is registered in the employee's name and being mortgaged in favor of the bank, provided that the employee continues to work with the bank for a period of 5 years . The deferred expenses represent the outstanding balance of the cars, which will be amortized over the contracted period (5 years) of each employee.

10.3 Prepaid expenses:

Represents the annual support for the core banking system, insurance, lease contracts, advertisement and promotion expenses paid in advance, and are amortized within the operating expenses as per the accrual basis.

10.4 Sundry receivables - CBOS:

Represents the counter value of the Central Bank of Sudan's purchases of 70% of foreign currencies, It is paid immediately by credited our accounts at the Central Bank when the process of credited of foreign currency completed.

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2024

11. PROPERTY AND EQUIPMENT, NET

	Land and Buildings	IT equipment	Office equipment, Furniture & fixtures	Motor vehicles	Intangible assets: Computer Software	Total
	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>	<i>SDG</i>
Cost						
Balance at January 1, 2024	910,634,080	330,607,302	210,083,307	36,093,651	135,131,429	1,622,549,769
Acquisitions	30,430,000	59,347,170	159,111,307	1,800,000	–	250,688,477
Disposals / write off	–	601,986	1,164,629	512,956	–	2,279,571
Balance at December 31, 2024	941,064,080	390,556,458	370,359,243	38,406,607	135,131,429	1,875,517,817
Accumulated depreciation and amortization						
Balance at January 1, 2024	37,898,232	160,056,382	88,882,846	23,909,541	76,429,799	387,176,800
Depreciation expense for the year	28,900,513	76,808,711	47,943,177	6,812,830	19,106,103	179,571,334
Disposals / write off	–	601,987	1,164,630	512,957	–	2,279,574
Balance at December 31, 2024	66,798,745	237,467,080	137,990,653	31,235,328	95,535,902	569,027,708
Net book value at December 31, 2024	874,265,335	153,089,378	232,368,590	7,171,279	39,595,527	1,306,490,109
Provisoin for impairment	(206,715,422)	(110,737,805)	(74,338,971)	–	–	(391,792,198)
Net book value after provision at December 31, 2024	667,549,913	42,351,573	158,029,619	7,171,279	39,595,527	914,697,911
Net book value at December 31, 2023	666,020,426	59,813,115	46,861,490	12,184,110	58,701,630	843,580,771

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

	Notes	2024	2023
		SDG	SDG
12. DUE TO BANKS AND FINANCIAL INSTITUTIONS			
Local banks		18,697,390	10,622,215
Foreign banks		1,018,758,298	435,284,029
Total		1,037,455,688	445,906,244
		2024	2023
		SDG	SDG
13. CUSTOMERS' DEPOSITS			
Current accounts - Corporate		20,241,079,486	22,892,306,859
Current accounts - Individuals		11,035,592,619	8,969,985,528
Saving accounts		3,185,339,829	1,388,582,913
Total current accounts	13.1	34,462,011,934	33,250,875,300
Margins of LCs & LGs	13.1	102,268,311	1,005,051,610
Total		34,564,280,245	34,255,926,910
		2024	2023
		SDG	SDG
13.1- Foreign currency deposits included in customers' deposits:			
Current accounts		23,916,219,135	17,072,040,379
Margins of LCs & LGs		102,268,311	968,877,976
Total		24,018,487,446	18,040,918,355
		2024	2023
		SDG	SDG
14. OTHER LIABILITIES			
Bills payable		8,026,183,046	1,068,350,633
Zakat payable		1,477,970,689	515,595,338
Business profit tax payable		774,092,148	317,090,390
Provision for Staff end of service benefits		164,625,469	7,104,116
Board of Directors remuneration		1,018,775,951	217,396,859
Provision for annual bonus		1,309,716,943	135,099,486
Guarantees against legal cases		263,258,854	263,258,854
Unearned commissions		35,880,752	16,270,949
Dividends payable		26,278	26,278
Payable on parallel Istisnaa		2,748,748	2,748,748
Accounts payable		3,663,001,398	1,315,589,527
Accrued expenses		818,099,032	325,157,505
Stamp Duties		3,417,373,195	97,650,045
Unclaimed cheque Payable		57,015,029	50,578,194
Unclaimed Account balances		685,382,957	331,636,861
Purchase of foreign currencies for the CBOS		11,185,790	-
Others		101,936,256	82,276,125
Total		21,827,272,535	4,745,829,908

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

15 INVESTMENT DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

	Notes	2024 SDG	2023 SDG
Local banks and financial institutions		7,804,490,000	9,104,685,680
Foreign banks and financial institutions		17,380,000	17,380,000
Sub-total	15.1	7,821,870,000	9,122,065,680
Return to Unrestricted Investment Account Holders		570,533,785	895,166,822
Payments on account of profit during the year		(199,434,156)	(32,445,890)
Total		8,192,969,629	9,984,786,612

15.1 CONCENTRATION OF INVESTMENT DEPOSITS OF BANKS AND FINANCIAL INSTITUTIONS

Customer "1"	3,404,490,000	3,254,685,680
Customer "2"	1,550,000,000	2,050,000,000
Customer "3"	1,700,000,000	2,000,000,000
Other	1,167,380,000	1,817,380,000
Total	7,821,870,000	9,122,065,680

16. OTHER INVESTMENT DEPOSITS

Corporations	14,718,563,936	10,501,697,919
Individuals	2,104,635,994	2,580,192,751
Quasi-government	1,740,507,412	1,481,151,192
Sub-total	18,563,707,342	14,563,041,862
Return to Unrestricted Investment Account holders	437,012,045	397,245,358
Payments on account of profit during the year	-	(49,291,780)
Total	19,000,719,387	14,910,995,440

16.1 CONCENTRATION OF OTHER INVESTMENT DEPOSITS

Customer "1"	6,098,185,419	3,065,946,433
Customer "2"	3,641,456,244	3,000,000,000
Customer "3"	3,000,000,000	1,811,284,482
Other	5,824,065,679	6,685,810,947
Total	18,563,707,342	14,563,041,862

All investment deposits (in note "15" and "16" above) include balances in foreign currencies equivalent to SDG 11,487,664,797 (2023: 7,191,916,663)

	2024 SDG	2023 SDG
17. SHARE CAPITAL		
Authorized, issued and paid up share capital :		
24 million shares of SDG 10 each (2023: 24 million shares of SDG 10 each)	240,000,000	240,000,000

18. SHARE PREMIUM

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

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

	<i>Notes</i>	2024	2023
19. RESERVES		<i>SDG</i>	<i>SDG</i>
Statutory reserve	19.1	240,000,000	240,000,000
Fixed assets revaluation surplus	19.2	755,053,492	755,053,492
Foreign currencies revaluation reserve	19.3	34,540,655,765	15,282,778,089
Total		35,535,709,257	16,277,831,581

19.1 - 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 .

19.2 - FIXED ASSETS REVALUATION SURPLUS

As a result of the significant devaluation in the SDG against the foreign currencies, UCB's Board of Directors decided in November 2018 to re-evaluate the fixed assets of the bank after obtaining the Central Bank of Sudan approval. The evaluation was conducted on December 20, 2018, and led to a surplus of about SDG 897 million at that time.

	2024	2023
	<i>SDG</i>	<i>SDG</i>
Balance at 1/1	755,053,492	776,302,506
Transfer of surplus for assets sold/write off	-	(21,249,014)
Balance at 31/12	755,053,492	755,053,492

19.3 - FOREIGN CURRENCIES REVALUATION RESERVES

In accordance with the directives of the Central Bank of Sudan, the foreign currencies revaluation gains must be deducted from retained earnings and be disclosed in a separate line in the statement of financial position.

	<i>Notes</i>	2024	2023
<i>The details of foreign currencies revaluation reserves :</i>		<i>SDG</i>	<i>SDG</i>
Opening balance		15,282,778,089	8,376,177,934
Foreign currencies revaluation gain for the year	28	32,067,500,405	10,575,154,930
Realized gain from foreign currency position during the year		(12,809,622,729)	(3,668,554,775)
Net movement during the year		19,257,877,676	6,906,600,155
Closing balance		34,540,655,765	15,282,778,089

20. INCOME FROM INVESTMENT WITH BANKS AND FINANCIAL INSTITUTIONS

	2024	2023
	<i>SDG</i>	<i>SDG</i>
Local banks	11,395,763	8,586,461
Foreign banks	275,806,773	133,430,766
Total Income from investment with banks and financial institutions	287,202,536	142,017,227

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

	Notes	2024 SDG	2023 SDG
21. INCOME FROM INVESTMENT IN SECURITIES			
Sudan Academy for Financial and Banking Studies		–	39,910
Total		–	39,910
22. INCOME FROM DEFERRED SALES RECEIVABLES			
		2024 SDG	2023 SDG
Murabaha		3,891,311,761	5,053,277,251
Istisnaa/ Mugawala		14,599,627	772,752,476
Ijarah		–	45,502,893
Subtotal		3,905,911,388	5,871,532,620
Income Suspense		1,403,166,167	(1,593,852,984)
Total		5,309,077,555	4,277,679,636
23. INCOME FROM MUDARABA AND MUSHARAKAH			
Mudaraba		375,919,521	–
Musharakah		22,400,000	233,907,527
Total		398,319,521	233,907,527
24. OTHER INVESTMENTS			
Represents profits of trading and investment activities in subsidiary companies.			
		2024 SDG	2023 SDG
25. RETURN TO UNRESTRICTED INVESTMENT ACCOUNT HOLDERS			
Unrestricted investment account holders' share of profit before the Bank's share as Mudarib		940,755,083	1,287,775,784
Bank's share as Mudarib		(275,712,535)	(360,397,744)
Unrestricted Investment Account Holders' share of profit after the Bank's share as Mudarib		665,042,548	927,378,040
Shareholders' cession		342,503,280	351,061,120
FX Changes		15,829,980	–
Unrestricted Investment Account Holders' share of profit , net		1,023,375,808	1,278,439,160
Average profit distribution rates :			
Investment accounts in local currency (SDG)		4.60%	6.10%
Investment accounts in foreign currencies		0.20%	0.00%

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

	2024 SDG	2023 SDG
26. FEE INCOME		
Letters of credit	443,724,619	23,824,329
IBC & OBC documentary commissions	1,406,011,549	277,261,351
Letters of guarantees	63,139,463	69,134,249
Visa Card commissions	355,013,252	209,914,134
Administration fees	17,890,197	135,882,712
Draft cheques, transfers and remittances	343,255,930	106,658,027
Ledger Fees	24,315,161	31,124,989
Portfolio Managed by Bank	–	75,031,299
Fee from other banking services	42,244,273	21,818,934
Total	2,695,594,444	950,650,024
27. OTHER INCOME		
Gain on Sale of Fixed Assets	–	21,207,989
Miscellaneous Other Income	171,037,643	165,273,359
Total	171,037,643	186,481,348

28. FOREIGN CURRENCY REVALUATION GAIN

After the Central Bank of Sudan's decision to liberalize the exchange rate in 2022 and due to the war in Sudan the declared price at which all banking transactions are executed and the revaluation of the financial assets and liabilities are carried out had increased to about SDG 1,997 against the US Dollar as at Dec 31, 2024 (Dec 31, 2023 : SDG 937 against the US Dollar). This resulted in a revaluation gain of about SDG 32,156 million.

	Notes	2024 SDG	2023 SDG
29. GENERAL AND ADMINSTRATIVE EXPENSES			
Bank premises expense	29.1	634,865,655	405,492,153
Communications		267,982,229	49,475,048
Maintenance of equipment, furniture & motor vehicles		181,418,055	159,387,176
Computer expenses		550,280,664	237,702,504
Marketing & promotion		9,712,301	102,945,532
Office supplies		22,541,378	20,673,255
Business travel		485,149,192	185,875,200
Legal and consultants expenses		67,503,429	348,940,781
Training		–	6,732,197
Subscriptions		87,542,321	111,170,853
Board and General Assembly expenses		168,985,975	36,866,143
Board Remunerations		1,018,775,951	–
Bank charges		20,941,787	15,070,866
Donations		7,500,000	580,000
Cash Insurance		13,739,017	7,518,215
Cash Sorting		46,362,100	40,329,381
Catering Service		10,934,800	25,401,820
Visa expenses		354,662,260	254,809,200
Government dues		7,071,000	137,563
Banking Service Expenses		16,180,405	11,750,631
Other		50,840,732	27,488,979
Total		4,022,989,251	2,048,347,497

29.1- Bank premises expense

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

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

	2024	2023
	SDG	SDG
30. PROVISION FOR IMPAIRMENT AND DOUBTFUL DEBTS		
Provision for doubtful debts in subsidiaries	(36,220,465)	403,836,835
Provision for securities impairment	–	84,707,814
Total	(36,220,465)	488,544,649

	2024	2023
	SDG	SDG
31. WAR LOSSES		
31.1 Derecognized assets: The following assets have been written-off the books based on evidence obtained and accepted by management that they are stolen and/or damaged:		
Stolen cash from vaults, ATMs and cash in transit	–	1,475,698,727
Fixed assets losses (Stolen and damaged)	–	209,638,573
Other assets losses (Custodies & inventories, Head of department)	–	117,094,679
War losses in subsidiaries		268,114,339
Total assets derecognised	–	2,070,546,318
31.2 Provision for impairment of fixed assets 31.1	–	391,792,198
Total	–	2,462,338,516

31.2.1 Represent 50% of the net book value of all assets in HQ's building, excluding the value of land.

	2024	2023
	SDG	SDG
32. EARNINGS PER SHARE		
Net Profit (loss) for the year	20,683,014,344	(1,237,942,841)
Weighted average number of shares outstanding	24,000,000	24,000,000
Earnings per share (in SDG)	861.79	(51.58)

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.

33. 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:

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

33. RELATED PARTY TRANSACTIONS (continued)

2024

	Major shareholders, directors and their affiliated entities	Key Management Personnel	Total at December 31, 2024
<u>Balance sheet items:</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Cash and balances with banks and financial institutions	94,257,747	-	94,257,747
Financing and investing assets	46,541,758,411	95,959,430	46,637,717,841
Current and investments deposits other liabilities	6,062,104,621	451,452,875	6,513,557,496
<u>Income statement items:</u>			
Profit from financing	1,606,922,803	464,387	1,607,387,190
Fees income	171,126,287	-	171,126,287
<u>Key Management Personnel Compensation:</u>			
Salaries and other benefits	1,168,314,075	1,440,196,891	2,608,510,966
Social Insurance	-	402,316,045	402,316,045

2023

	Major shareholders, Directors and their affiliated entities	Key Management Personnel	Total at December 31, 2023
<u>Balance sheet items:</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Cash and balances with banks and financial institutions	52,140,825	-	52,140,825
Financing and investing assets	22,026,098,178	176,380,550	22,202,478,728
Current and investments deposits other liabilities	1,239,823,813	67,425,541	1,307,249,354
<u>Income statement items:</u>			
Profit from financing	368,975,015	487,329	369,462,344
Fees income	66,509,761	-	66,509,761
<u>Key Management Personnel Compensation:</u>			
Salaries and other benefits	16,040,408	466,616,093	482,656,501
Social Insurance	-	124,468,393	124,468,393

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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34. COMMITMENTS AND CONTINGENCIES

Commitments and contingencies as at December 31, as follows :

	<i>Notes</i>	2024 <i>SDG</i>	2023 <i>SDG</i>
34.1.Financing - related commitments and contingencies :			
Letters of credit		-	-
Letters of guarantees		3,741,056,343	612,967,417
Total financing - related commitments and contingencies		3,741,056,343	612,967,417
34.2 Non-financing related commitments :			
Restricted investment accounts	35	278,732,274	278,732,274
Total commitments and contingencies		4,019,788,617	891,699,691

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 as 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:

2024	within 3 months	3-6 months	6m- 1 year	More than 1 year	Total
	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Letters of credit	-	-	-	-	-
Letters of guarantee	3,741,056,343	-	-	-	3,741,056,343
Total	3,741,056,343	-	-	-	3,741,056,343

2023	within 3 months	3-6 months	6m- 1 year	More than 1 year	Total
	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Letters of credit	-	-	-	-	-
Letters of guarantee	607,967,417	5,000,000	-	-	612,967,417
Total	607,967,417	5,000,000	-	-	612,967,417

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

35. RESTRICTED INVESTMENT ACCOUNTS

The Bank manages restricted investment accounts, on a fiduciary basis, with assets totaling SDG 278,732,274 as at December 31, 2024 (2023: SDG 278,732,274). 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 financial statements of the Bank.

The maximum Bank's 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.

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

	<i>2024</i>	<i>2023</i>
	<i>SDG</i>	<i>SDG</i>
a) By type of assets :		
Mudaraba Finance	11,704,562	11,704,562
Shahama Securities	265,788,000	265,788,000
Sudatel Shares	1,239,712	1,239,712
Total	<u>278,732,274</u>	<u>278,732,274</u>
b) By sector :		
Banks and financial institutions	267,027,712	267,027,712
Corporates	11,704,562	11,704,562
Total	<u>278,732,274</u>	<u>278,732,274</u>

UNITED CAPITAL BANK

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36. 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	
	2024	2023	2024	2023
	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Core capital (Tier 1)	11,799,463,000	(1,010,159,875)	16%	-1%
Core and supplementary capital (Tier 2)	14,275,142,408	6,133,309,576	19%	8%

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 period/year end, less prescribed deductions.

Tier 2 Capital comprises the elements of Tire1 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	
	2024 <u>SDG</u>	2023 <u>SDG</u>
Credit Risk	33,796,929,104	48,914,148,542
Operational risk	14,537,532,043	14,537,532,043
Market risk	39,997,692,721	17,623,735,525
Total Pillar 1 - Risk Weighted Assets	<u>88,332,153,868</u>	<u>81,075,416,110</u>

Year ended 31 December 2024

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

37.1 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.

37.2 Risk management

Risk is an integral part of the Bank's business and 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:

37.2.1 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 Committee Management (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 minimum level and also to ensure that financing and investments are made for qualified assets at higher rates of return.

35. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

37.2.2 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 or 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 off 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.

37.2.3 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.

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37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The maturity profile of the assets and liabilities at December 31, 2024 is as follows:

	2024				
	within 3 months	3-6 months	6m- 1 year	More than 1 year	Total
	SDG	SDG	SDG	SDG	SDG
Cash and balances with banks and financial institutions	40,028,062,887	-	-	-	40,028,062,887
Investments with banks and financial institutions	6,276,093,396	-	798,985,000	-	7,075,078,396
Investments in securities	-	-	-	-	-
Deffered sales receiveable, net	10,894,235,518	11,252,762,540	30,366,193,822	10,710,364,709	63,223,556,589
Mudarabah and Musharakah, net	900,000,000	500,000,000	4,894,991,611	834,740,261	7,129,731,872
Other investments	-	-	-	-	-
Other assets	1,068,770,692	209,926,552	314,889,828	157,444,914	1,751,031,986
Property and equipment, net				914,697,911	914,697,911
TOTAL ASSETS	59,167,162,493	11,962,689,092	36,375,060,261	12,617,247,795	120,122,159,641

Liabilities and Shareholders' Equity

Due to banks and financial institutions	229,870,600	807,585,088	-	-	1,037,455,688
Customers' deposits	34,564,280,245	-	-	-	34,564,280,245
Other Liabilities	5,165,808,786	724,093,092	914,068,034	15,023,302,623	21,827,272,535
Investment deposits of banks and financial institutions	3,595,364,577	1,380,225,052	600,000,000	2,617,380,000	8,192,969,629
Investment deposits-Other	5,701,547,729	819,026,195	2,469,757,595	10,010,387,868	19,000,719,387
Non-controlling interest	-	-	-	24,810	24,810
Shareholders' equity				35,499,437,347	35,499,437,347
TOTAL LIABILITIES, AND SHAREHOLDERS' EQUITY	49,256,871,937	3,730,929,427	3,983,825,629	63,150,532,648	120,122,159,641

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

UNITED CAPITAL BANK

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

The maturity profile of the assets and liabilities at December 31, 2023 is as follows:

Assets	2023				
	within 3 months	3-6 months	6m- 1 year	More than 1 year	Total
	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>	<u>SDG</u>
Cash and balances with banks and financial institutions	27,359,957,133	-	-	-	27,359,957,133
Investments with banks and financial institutions	2,489,889,894	1,964,267,821	374,733,333	-	4,828,891,048
Investments in securities	-	-	-	-	-
Deffered sales receiveable, net	2,219,615,920	1,384,089,552	810,732,604	28,980,348,815	33,394,786,891
Mudarabah and Musharakah, net	1,574,082,607	1,219,615,261	3,070,062,994	5,280,920,931	11,144,681,793
Other investments	-	-	-	-	-
Other assets	914,281,374	73,112,113	146,224,228	454,377,862	1,587,995,577
Property and equipment, net				843,580,771	843,580,771
TOTAL ASSETS	34,557,826,928	4,641,084,747	4,401,753,159	35,559,228,379	79,159,893,213

Liabilities and Shareholders' Equity

Due to banks and financial institutions	445,906,244	-	-	-	445,906,244
Customers' deposits	34,213,259,083	500,000	-	42,167,827	34,255,926,910
Other Liabilities	780,813,760	1,040,296,367	428,459,826	2,496,259,955	4,745,829,908
Investment deposits of banks and financial institutions	8,034,786,612	1,950,000,000	-	-	9,984,786,612
Investment deposits-Other	2,655,072,464	4,043,686,701	3,001,089,209	5,211,147,066	14,910,995,440
Non-controlling interest	-	-	-	25,096	25,096
Shareholders' equity				14,816,423,003	14,816,423,003
TOTAL LIABILITIES, AND SHAREHOLDERS' EQUITY	46,129,838,163	7,034,483,068	3,429,549,035	22,566,022,947	79,159,893,213

37.2.4 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.

The attached notes 1 to 40 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2024

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

37.2.4 Foreign currency risk (continued)

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

Currency	Dec. 31, 2024	Dec. 31, 2023
	Long (short)	Long (short)
Euro	3,336,361,704	589,903,230
US Dollar	(16,217,703,115)	(1,986,001,467)
Other currencies	<u>56,737,022,609</u>	<u>25,574,384,445</u>
Net FC position (Long position)	<u>43,855,681,198</u>	<u>24,178,286,208</u>

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

The following are the exchange prevailing rates for the major currencies at year end under which all the financial assets and liabilities foreign currencies are valued :

Currency	Dec. 31, 2024	Dec. 31, 2023
Euro	2,078.56	612.61
US Dollar	1,997.46	580.67
Emirates dirham (AED)	562.10	158.11
Saudi riyal (SAR)	532.52	153.94

37.2.5 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.

37.2.6 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.

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

37.2.7 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 such as 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.

38. SEGMENTAL INFORMATION

For the years ended at December 31, 2024 and 2023 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, 2024 and 2023 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 operations in other geographical segments. The bank operates through four branches (2023 four branches)

39. 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 annual report to the General Assembly.

40. COMPARATIVE FINANCIAL STATEMENTS

Certain 2023 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.