



Arab Sudanese Bank
Sudanese Private Ccompany LTD

Financial Statements for Year 2018

Arab Sudanese Bank
Statement of Financial Position
As at 31/12/2018

	Note	2018 SDG'000	2017 SDG'000
Assets			
Cash and Cash Equivalent	5	6,523,351	1,217,925
Investment deposits with other banks	6	10,000	20,000
Sales Receivables	7	415,742	363,859
Financial assets at fair value – through P&L	8	3,567	–
Financial assets at fair value – through OCI	9	46,051	29,042
Other Financial assets at amortized cost	10	20,000	90,972
Financing in Other Islamic Modes	11	414,209	158,487
Intangible Assets	12	3,532	714
Fixed Assets– Net	13	42,698	36,119
Other Assets	14	26,745	24,191
Total Assets		7,505,895	1,941,309
Liabilities, Unrestricted Investments Accounts and Owners' Equity			
Liabilities			
Customers Current Accounts	15	478,899	418,983
Cash Margin	16	767,717	242,846
Other Liabilities	17	145,960	188,537
Provisions	18	29,281	25,301
Total Liabilities		1,421,857	875,668
Unrestricted Investments Accounts	19	5,470,927	793,262
Owners' Equity			
Paid up Capital	20	117,515	117,515
Reserves	21	30,695	28,057
Foreign Currencies Positions Revaluation Income		423,753	67,729
Retained Earnings		41,147	59,079
		613,110	272,379
Total Liabilities, Unrestricted Investments		7,505,895	1,941,309
Accounts and Owners' Equity		7,505,895	1,941,309
Contingent Liabilities	32	1,882,849	430,865

Arab Sudanese Bank

Income Statement

For the year ended 31 December 2018

	Note	2018 SDG'000	2017 SDG'000
Revenues			
Deferred sales	22	60,875	51,576
Investments	23	38,432	46,987
		<u>99,306</u>	<u>98,564</u>
Less: Return on Unrestricted Investments A/C's		<u>(112,636)</u>	<u>(22,901)</u>
Bank's Share in Income From Investments (as a		(13,329)	75,663
Mudarib and Funds Owner			
Revenues From Banking Services	24	60,673	37,493
Foreign Exchange Profits		41,794	6,665
Foreign Currencies' positions revaluation income		356,024	18,340
Other Revenues	25	81,943	20,808
Total Revenues		<u>527,105</u>	<u>158,969</u>
Less:			
Staff Expenses	26	(67,981)	(23,120)
Other Operating Expenses	27	(37,789)	(18,724)
Depreciation & Amortization		(6,061)	(4,485)
Indemnity provision		(4,324)	(663)
Central Bank of Sudan Penalties		(11)	(5)
Specific Financing Provisions		0	-
General Financing Provisions	34	(3,162)	(384)
Total Expenses		<u>(119,328)</u>	<u>(47,381)</u>
Net Income Before Tax & Zakat		407,777	111,588
Zakat Provision	28	(13,706)	(3,769)
Income Tax Provision	29	(10,744)	(21,756)
Net Income		<u>383,327</u>	<u>86,063</u>
Earning Per Share	30	<u>76.665</u>	<u>17.213</u>

Arab Sudanese Bank

Cash Flows for the year ended 31st , December 2018, 2017

	2018	2017
	SDG'000	SDG'000
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit	383,327	86,063
Adjustments for:		
Depreciation & Amortization	6,061	4,485
Provision for Zakat	13,706	3,769
Provision for Tax	10,744	21,756
Provision for Indemnity	4,324	663
General Financing Provisions	3,162	384
Zakat & Tax Paid	(1,269)	(374)
Indemnity paid	(23,525)	(9,443)
Return on unrestricted investments accounts	(112,636)	(22,901)
Gain on sale of fixed assets	(290)	-
Proceeds from sale of fixed assets	290	-
Purchase of fixed assets	(12,104)	(6,198)
Purchase of intangible assets	(3,354)	(601)
	<u>(114,891)</u>	<u>(8,460)</u>
Net Cash flow provided by operations	<u>268,437</u>	<u>77,603</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Investment deposits with other banks	10,000	55,000
Financial assets at fair value – through OCI	(16,978)	(22,784)
Financing in Other Islamic Modes	(258,305)	(30,758)
Deferred Sales Receivables	(52,463)	(86,322)
Investments in Financial Assets	67,405	(15,541)
Net Cash Flow From Investing Activities	<u>(250,341)</u>	<u>(100,406)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
(Increase)/ decrease in other assets	(2,553)	(7,373)
Decrease in other Liabilities	(42,577)	162,877
Unrestricted Investments Accounts	4,790,302	193,348
Net increase in current account	59,916	21,181
Cash margins	524,871	152,381
Profit Transferred to Arab Bank plc.	(42,628)	(31,756)
Net Cash Flow Provided by Financing Activities	<u>5,287,330</u>	<u>490,657</u>
Net (decrease)/ increase in cash and cash equivalents	<u>5,305,426</u>	<u>467,854</u>
Cash and cash equivalents at the beginning of the year	<u>1,217,925</u>	<u>750,071</u>
Cash & Cash Equivalent at end of Year	<u>6,523,351</u>	<u>1,217,925</u>

Arab Sudanese Bank

Statement of Changes in Owners' Equity

For the year ended 31 December 2018

	Authorized & Paid Up Capital	Legal Reserve	Change In Fair Value Reserve	Foreign Currencies Positions Revaluation Reserve	Retained Earnings	Total
	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>
As at 31 Jan 2017	117,515	19,289	4	49,389	31,756	217,953
Net Income	-	-	-	-	86,063	86,063
Transferred to Reserves	-	8,645	-	-	(8,645)	-
Profit Transferred to Arab Bank plc.	-	-	-	-	(31,756)	(31,756)
Gain(loss) Foreign Currencies revaluatio	-	-	-	18,340	(18,340)	-
Cumulative change in fair Value	-	-	119	-	-	119
As at 31 Dec 2017	117,515	27,934	123	67,729	59,079	272,379
As at 31 Jan 2018	117,515	27,934	123	67,729	59,079	272,379
Net Income	-	-	-	-	383,327	383,327
Transferred to Reserves	-	2,730	-	-	(2,730)	-
Profit Transferred to Arab Bank plc.	-	-	-	-	(42,628)	(42,628)
Gain(loss) Foreign Currencies revaluatio	-	-	-	356,024	(356,024)	-
Cumulative change in fair Value	-	-	31	-	-	31
Realised profit transferred to RE	-	-	(123)	-	123	-
As at 31 Dec 2018	117,515	30,664	31	423,753	41,147	613,110

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

1- INCORPORATION AND ACTIVITIES

• Arab Sudanese Bank was established as a Sudanese private limited company on the 13th of August 2008 under the Companies Act of 1925 registered at the Registrar General, Ministry of Justice, Republic of the Sudan, under an incorporation certificate number 33253, whereas Arab Sudanese Bank obtained a license from the Central Bank of Sudan to conduct banking operations as full fledged commercial bank on the 30th of April 2009 vide Central Bank of Sudan's letter No. CBS /23 and officially commenced business on 11 June 2009.

• Arab Sudanese Bank is fully owned by Arab Bank (PLC) – A Jordanian public shareholding limited company, which conducts banking operations through its network of branches in Jordan and abroad as well as through its subsidiary companies.

• Arab Sudanese Bank offers all banking services to individuals, companies and institutions in accordance with virtuous Islamic Sharia and Laws and requirements governing banking and Financial in Sudan .

The Bank operates from its headquarters in Khartoum and its three branches in the capital .

• Total Arab Sudanese Bank staff 82 in Head Office and branches

2-Basis of preparation

a- The financial statements are prepared in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (the "AAOIFI"), International Financial Reporting Standards (IFRSs) , the Shari'a rules and principles as determined by the Shari'a Supervisory Board of the bank and the Sudan Companies Act 1925.

b- The Sudanese Pound is the currency of financial reporting and represents the prime currency for the Bank.

c- Financial Statements are prepared in accordance with the historical cost convention, with the exception of financial assets available for trading or available for sale (if any), which appears at fair value on the date of the financial statements.

d- The Bank follows accrual accounting to record its assets, liabilities, revenues and expenses.

3- Statement of Significant Accounting Policies

A- Fixed assets

Fixed assets are stated at cost net of accumulated depreciation amount. "Straight-line" method is used for calculation of depreciation over the expected useful life of the assets, using the following annual ratios:

Asset Type	%
Furniture	10%
Fixture & Equipment	25%-10%
Vehicles	15%
Computers & Software	30%
Telecommunication Equipment	20%

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Notes to the Financial Statements

For the year ended 31 December 2018

3- Statement of Significant Accounting Policies (cont.)

A- Fixed assets(cont.)

Listed fixed assets values are reviewed in terms of the decrease in cases indicate that the carrying value may not be recoverable . Assets at recoverable value are re- inserted in cases where the listed value is higher than the recoverable amount . increase resulting from the revaluation treated by decreasing the revaluation reserve in equity .

B- Impairment in the Value of the Financial Assets

- The Bank reviews The values of The financial statements in order to determine if there are any indications of impairment in their value, individually or in The form of a portfolio. financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after The initial recognition of The financial asset The impairment in the financial assets is determined as follows:

(A) Assets carried at amortized cost, impairment determined based on the expected cash flows discounted at the original profit rate.

(B) Assets carried at Fair value, impairment will be the difference between Fair value and cost.

(C) Assets carried at Cost, impairment will be the present value of future cash flows discounted by current market price of similar financial asset.

In the case of investments in equity securities available for sale, the revocation impairment losses are added to the cumulative changes in fair value in the Statement of Owner Equity.

C- Uncertain estimation

The key assumptions concerning the future and other key sources of uncertain estimation at the balance sheet date , and which have a significant risk of substantial reason to modify the values of assets and liabilities within the next financial year and the associated impairment of financial assets are described below :

Financing Provisions

The Bank reviews its doubtful finances on a monthly basis to assess whether it should record impairment provision in the income statement. In particular, the task of the management require to estimate the amounts and dates of future cash flows when determining the level of provisions required . Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty , and actual results may differ , resulting in future changes to such provisions.

Evaluation of unquoted investments

The fair value of unquoted funds are based on the assessments provided by the fund / investment managers.

There are some investments that can not determine the reliability of estimates and resulted in the inclusion at cost .

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

3- Statement of Significant Accounting Policies (cont.)

D- Foreign Currencies

Transactions in foreign currencies during the year are recorded at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the date of the financial statements using the exchange rate prevailing at the date of the financial statement. Gains or losses resulting from foreign currency translation are recorded in the statement of income.

E- Revenue Recognition of Investment Transactions

(a) Murabaha profits

Profit\loses of Murabaha are recognized on maturity basis .

(b) Mudaraba financing

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

(c) Musharaka financing

The profits from Musharaka and Salam transactions are recognized at the time of the liquidation or declaration or when reasonably determined. .

(d) Income from banking services

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

(e) Sukuk & Shares Income

Profit is recognized upon declaration or when reasonably determinable

F- Doubtful Debt Provisions

A provision for doubtful debts is made after examining the circumstances surrounding the collection of each debt separately in accordance with the principles and regulations established by the Central Bank of Sudan , as well as the Bank's policies .

G- Cash and cash equivalents

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

H- Indemnity Provision

The End of service indemnity calculated according to the regulations of the Bank which is consistent with Sudanese labor law.

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

3- Statement of Significant Accounting Policies (cont.)

I- Measurement of Finance and Investments at the end of Period

(a) Deferred sales receivables

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

(b) Mudaraba financing

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

(c) Musharaka financing

Musharaka is recognized at historical cost less the related provision for investment risk (if any).

(d) Investments in securities held to maturity

Investments in securities held to maturity are initially recognized at cost, including acquisition charges associated with the investment. At the balance sheet date securities held to maturity are measured at cost less impairment in value if any.

(e) Investments in securities available for sale

Investments which are classified as available for sale are initially recognized at cost. These investments are subsequently measured at fair value unless value cannot be determined.

J- Tax & Zakat

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

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

the Deferred tax is the tax expected to be paid or recovered as a result of temporary timing differences

between the value of assets in the financial statements and the value that the tax is calculated based on

K- Unrestricted investment accounts holders (UIAH)

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

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

3- Statement of Significant Accounting Policies (cont.)

L- Impairment and uncollectibility of financial assets

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

M- Liabilities

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

4- SHARI'A SUPERVISORY BOARD

The Bank's business activities are subject to supervision of a three members Shari'a Supervisory Board. The Shari'a Supervisory Board has been appointed by the shareholders for three years term commencing 2018. The Shari'a Supervisory Board has the power to direct, review and supervises the activities of the Bank to ensure that they are in compliance with Shari'a rules and principles. This include issuing an annual report to the shareholders.

Arab Sudanese Bank

Notes to the Financial Statements

For the period ended 31 December 2018

	2018	2017
	SDG'000	SDG'000
5- Cash and Cash Equivalent		
Cash in Vault, Safe and ATMs	6,001	12,929
Current Accounts with Central Bank- Local Currency	83,734	290,021
Current Accounts with Central Bank- Foreign Currency (Note 5/1)	5,650,021	809,505
Balances with Banks & Financial Institutions	548,463	8,835
Statutory Reserve with Central Bank – Local Currency	141,281	92,528
Statutory Reserve with Central Bank – Foreign Currency	93,851	4,107
	<u>6,523,351</u>	<u>1,217,925</u>

	2018	2017
	SDG'000	SDG'000
5/1- Current Accounts with Central Bank- Foreign Currency		
USD	6,925	8,536
GBP	1	1
EUR	14,029	14,253
AED	347,115	234,344
SAR	4,433	4,433

	2018	2017
	SDG'000	SDG'000
6- Investment Deposits with Banks		
Murabaha to The Purchaser Order	10,000 #	-
Less: Deferred Revenues	-	# 20,000
Sales Receivables – Net	<u>10,000</u>	<u>20,000</u>

	2018	2017
	SDG'000	SDG'000
7- Sales Receivables		
Murabaha to The Purchaser Order	459,958	393,076
Less: Deferred Revenues	(40,716)	(26,297)
General Provision (Note 34)	(3,500)	(2,920)
Specific Provision (Note 34)	0	0
Sales Receivables – Net	<u>415,742</u>	<u>363,859</u>

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Notes to the Financial Statements

For the period ended 31 December 2018

	2018	2017
	SDG'000	SDG'000
8- Financial assets at fair value – through P&L		
Investment in Governmental Musharaka Sukuk (Shahama)	3,567	-

	2018	2017
	SDG'000	SDG'000
9- Financial assets at fair value – through OCI		
Liquidity Fund Sukuk – Basic Contribution (Note 9\1)	11,521	9,687
Liquidity Fund Sukuk – Additional Contribution (Note 9\1)	34,530	19,355
	<u>46,051</u>	<u>29,042</u>

9\1- Liquidity Management Fund

The bank contributes with 11490 Sukuk in liquidity management fund, the nominal value of each Sukuk is 1000 Sudanese pounds represents as the basic contribution of the bank's in liquidity management fund between banks under the Central Bank of Sudan instructions. The bank invested additional funds for short periods within the liquidity management policy of the bank.

	2018	2017
	SDG'000	SDG'000
10- Financial Securities- Sukuk at amortized cost		
Shahama Sukuk – Own Financing	20,000	90,972
	<u>20,000</u>	<u>90,972</u>

	2018	2017
	SDG'000	SDG'000
11- Financing in Other Islamic Modes		
Musharaka	265,598	112,005
Mudaraba Financing (Note 11/1)	152,795	48,083
Less: General Provision (Note 34)	(4,184)	(1,601)
	<u>414,209</u>	<u>158,487</u>

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Notes to the Financial Statements

For the period ended 31 December 2018

	2018	2017
	SDG'000	SDG'000
<u>111 – Mudaraba Investment</u>		
Corporate Customers	<i>101,924</i>	–
Irada For Micro Finance	<i>13,200</i>	<i>13,200</i>
Ibdaa Bank –Micro Finance	<i>20,000</i>	<i>17,000</i>
Family Bank – Micro Finance	<i>12,000</i>	<i>12,000</i>
Industrial Bank – Oil Portfolio	<i>1,000</i>	<i>1,000</i>
Farmer Bank – Graduates Portfolio	<i>4,000</i>	<i>4,000</i>
UCB Bank – AL Jazera Project Portfolio	<i>671</i>	<i>883</i>
	<u><u>152,795</u></u>	<u><u>48,083</u></u>

12- Intangible Assets

	2018	2017
	SDG'000	SDG'000
Being Application Software:		
<u>Cost</u>		
Beginning Balance	1,360	759
Additions	3,354	601
Disposal		
Total	<u>4,714</u>	<u>1,360</u>
<u>Amortization</u>		
Beginning Balance	646	434
Amortization of the year	536	212
Disposal		
Total	<u>1,181</u>	<u>646</u>
<u>Net Book Value</u>	<u>3,532</u>	<u>714</u>

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31st , December 2018, 2017

13- Fixed Assets	Leased Lands	Furniture, Fixture and Equipment	Computer Equipment	Motor Vehicle	Leaseholds Improvements	Total
<u>Cost</u>	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
Balance at 1st January 2018	23,487	16,049	3,734	4,742	3,914	51,926
Additions	-	761	8,002	3,342	-	12,104
Disposals	-	-	-	(144)	-	(144)
Balance at 31 st December 2018	23,487	16,810	11,736	7,940	3,914	63,886
<u>Depreciation</u>						
Balance at 1st January 2018	1,068	7,789	3,221	1,440	2,290	15,807
Additions	267	2,402	1,606	859	390	5,525
Disposals	-	-	-	(143)	-	(143)
Balance at 31 st December 2018	1,334	10,191	4,827	2,156	2,680	21,189
<u>Net Book Value</u>						
31-Dec-18	22,152	6,618	6,909	5,785	1,234	42,698

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31st , December 2018, 2017

13- Fixed assets (Cont.)	Leased Lands	Furniture, Fixture and Equipment	Computer Equipment	Motor Vehicle	Leaseholds Improvements	Total
<u>Cost</u>	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000	SDG'000
Balance at 1st January 2017	23,487	13,920	3,421	985	3,914	45,727
Additions	-	2,129	313	3,757	-	6,198
Disposals	-	-	-	-	-	-
Balance at 31 st December 2017	23,487	16,049	3,734	4,742	3,914	51,926
<u>Depreciation</u>						
Balance at 1st January 2017	801	5,405	2,601	827	1,900	11,534
Additions	267	2,384	619	612	390	4,273
Disposals	-	-	-	-	-	-
Balance at 31 st December 2017	1,068	7,789	3,221	1,440	2,290	15,807
<u>Net Book Value</u>						
31-Dec-17	22,419	8,260	513	3,302	1,624	36,119

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Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
14- Other Assets	SDG'000	SDG'000
Free Loan- Staff	5,970	2,355
Revenues Receivables	14,081	16,450
Prepaid Staff Expenses	544	413
prepaid Expenses – Rents	3,081	1,136
prepaid Expenses – Assets & Cash Insurance	354	203
prepaid Expenses – Maintenance Contracts	1,124	224
Down Payment to Suppliers	525	529
CBOS Claims – FC Purchases	-	2,296
Office Supplies, Stationary Inventory & Cheque	556	366
Books paper (stock)		
Prepaid Taxes	510	219
	<u>26,745</u>	<u>24,191</u>

15- Customers' Accounts

	2018	2017
	SDG'000	SDG'000
Current Accounts – Local Currency	456,020	412,853
Current Accounts – Foreign Currencies	22,879	6,130
	<u>478,899</u>	<u>418,983</u>

	2018	2017
16-Cash Margins	SDG'000	SDG'000
Cash Margins against Letters of Credit	656,515	132,559
Cash Margins against other Facilities *	111,201	110,287
	<u>767,717</u>	<u>242,846</u>

* Cash margins against direct Finance & other Collections

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Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
17- Other Liabilities	SDG'000	SDG'000
Payment Papers	12,891	8,507
Revenues & Commissions Received in advance	9,874	3,030
Board of Directors Remunerations	1,520	1,085
External Auditors Fees	289	101
Staff Salaries Zakat Collected	501	15
Staff Tax & Social Insurance	770	136
Stamps & Other collected fees	5,512	2,070
ATM settlement Accounts	141	269
Dormant Accounts Balances – More than 5 Years	197	1
Due Expenses	13,165	3,699
Untransformed Dividends – 2016	69,520	39,859
Deposits Insurance Fees	1,437	1,206
Exports Proceeds	1,082	203
Imports Accounts	-	468
Due to Central Banks	9,806	1,682
Due s for Suppliers & Individuals	-	243
Other Claims Related to Financed Deferred Wheat	19,254	120,980
Expatriate Transfers' Incentive	-	4,984
	<u>145,960</u>	<u>188,537</u>

* Obligations to Correspondent banks originated due to Financed Deferred LC for wheat im

	2018	2017
18- Provisions	SDG'000	SDG'000
Provision for Zakat	13,706	1,769
Provision for Income Tax	10,744	21,756
Provision for Indemnity (Note 18\1)	4,832	1,777
	<u>29,281</u>	<u>25,301</u>

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
18/1 – <u>Provision for Indemnity</u>	SDG'000	SDG'000
Beginning Balance	1,777	1,487
Additions of the Year	4,324	663
Paid During the Year	<u>(1,269)</u>	<u>(374)</u>
Ending Balance	<u><u>4,832</u></u>	<u><u>1,777</u></u>

	2018	2017
19– <u>Unrestricted Investments Accounts</u>	SDG'000	SDG'000
Saving Deposits	35,281	34,559
Term Deposits – Customers	194,196	111,301
Term Deposits – Banks (Note 19\1)	5,232,930	644,690
Return on Unrestricted Investments A/C's (Note 19\1)	112,636	22,901
Paid During the Year	<u>(104,115)</u>	<u>(20,190)</u>
	<u><u>5,470,927</u></u>	<u><u>793,262</u></u>

19\1 – <u>Term Deposits – Banks</u>	2,018	2,017
Arab Bank plc	5,107,930	644,690
Qatar National Bank	95,000	–
Qatar Islamic Bank	30,000	–
	<u><u>5,232,930</u></u>	<u><u>644,690</u></u>

19\2 – Distributed Profits in 2018

Saving Accounts : from 3.25 %

Monthly Term Deposits : from 8.23 to 8.8%

Other Term Deposits : from 6.8 to 9.2%

* Banks Profit support from Owner Equity by SDG 13.3m 2018

	2018	2017
20–Capital	SDG'000	SDG'000
Authorized Capital*	<u><u>117,515</u></u>	<u><u>117,515</u></u>

*The subscribed and paid-up capital amounted to SDG 117,515k (\$50,000K) divided on 5 million Shares (each share \$10)

Paid up Capital	<u><u>117,515</u></u>	<u><u>117,515</u></u>
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Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
	SDG'000	SDG'000
21- Reserves		
Statutory reserve	30,664	27,934
Financial assets revaluation reserve – FVTOCI	31	123
	<u>30,695</u>	<u>28,057</u>
22- Deferred Sales Income		
Profit income from financing by Murabaha mode		
	SDG'000	SDG'000
Auto Loan	1,946	1,839
Real State	590	461
Goods Financing	58,275	49,072
Furniture & Textures	64	204
	<u>60,875</u>	<u>51,576</u>
	2018	2017
	SDG'000	SDG'000
23- Investments Revenues		
Sukuk Profits – Shahama	4,187	9,071
Sukuk Profits – Sold Shahama	-	1,858
Liquidity Fund Sukuk Distributed Profits	430	493
Liquidity Fund Sukuk Sold Profits	1,355	7,742
Financing Portfolios Revenues	5,323	3,572
Mudaraba Revenues	-	-
Musharaka Revenues	20,177	20,292
Local Banks Placements' Profits	6,959	3,960
	<u>38,432</u>	<u>46,987</u>

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
	SDG'000	SDG'000
24-Revenues From Banking Services		
Transfers Commissions	373	39
Clearing Commissions	61	36
LCs Commissions	57,394	35,200
LGs Commissions	-	33
Communications Commissions	33	90
ATM Commissions	257	334
Other Commissions	2,555	1,761
	<u>60,673</u>	<u>37,493</u>

	2018	2017
	SDG'000	SDG'000
25- Other Revenues		
Safe Boxes Rental	177	136
Expenses Restored*	81,447	20,587
Fixed Assets Sale\Disposal income	289	32
Others	30	52
	<u>81,943</u>	<u>20,808</u>

* Delay cost paid by CBOS related to Wheat

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
26- Staff Expenses	SDG'000	SDG'000
Wages & Salaries	37,816	14,508
Social Insurance	5,324	2,166
Medical Expenses	936	689
Indemnity expenses	26	0
Eids Rewards	2,629	1,569
Performance Rewards	18,625	3,316
Life Insurance	131	131
Training Expenses	1,513	296
Housing Expenses	204	98
Tickets Allowance	538	281
School Expenses	141	61
Recruitment Expenses	97	5
	67,981	23,120

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
27- Other Operating Expenses	SDG'000	SDG'000
Rent	11,096	3,814
Security & Guarding	714	609
Repairs & Cleaning	2,322	2,612
Insurance Expenses	401	339
Utilities	1,365	752
New Sites\Branches Preparation Expenses	144	69
Communications Expenses	906	311
Travel, Transportation & Accommodation	3,117	929
Advertising Expenses	93	140
Stationary & Prints	333	578
Entertainment Expenses	1,472	1,284
Staff Texture Expenses	253	102
Fees & Subscriptions	1,615	666
Legal Consultation Fees and Expenses	5,652	2,270
Deposit Insurance fees	863	697
Donations	5	-
Information Technology Expenses	4,234	1,790
Board of Directors Remunerations	1,899	1,507
External Auditors Fees	439	176
Commissions' expenses	865	78
Operating Losses	1	-
	<u>37,789</u>	<u>18,724</u>

28- Provision for Zakat

Calculated as per Sudanese Zakat Chamber instructions – Net invested Funds

29- Income Tax Provision

The Bank made income tax provision for the year 2018, Management believe there will be no material difference from banks estimates after deducting non taxable revenues

	2018	2017
Components of Income Tax Provision	SDG'000	SDG'000
Income tax of the year	<u>10,744</u>	<u>21,756</u>
	<u>10,744</u>	<u>21,756</u>

	2018	2017
30- Earning Per Share	SDG'000	SDG'000
Net Income of the Year	383,327	86,063
Number of shares ('000)	<u>5,000</u>	<u>5,000</u>
Earning Per Share (SDG)	<u>76.665</u>	<u>17.213</u>

31- Finance Per Sector	2018	2017
Sector	100%	100%
Agriculture	6%	6%
Industrial	69%	62%
Transportation	5%	4%
Trade Finance	9%	13%
Local Trade	0%	0%
Real Estate	0%	0%
Others	<u>10%</u>	<u>15%</u>
	<u>100%</u>	<u>100%</u>

Arab Sudanese Bank

Notes to the Financial Statements

For the year ended 31 December 2018

	2018	2017
32- <u>Contingent Liabilities</u>	SDG'000	SDG'000
Letter of Credit	<u>1,882,849</u>	<u>430,865</u>
	<u>1,882,849</u>	<u>430,865</u>

Documentary letters of credit which are written undertakings by the Bank on behalf of 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.

33-Transactions with Related Parties

There are no transactions with related parties and there are no subsidiaries

Arab Sudanese Bank

34- Financing Provisions

For the year ended 31st , December 2018

	Defered Sales Provisions		Mudaraba	Musharaka	Total	
	General	Specific	Provisions	Provisions	General	Specific
	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>	<i>SDG'000</i>
Balance at 1st January 2017	2,844	-	271	1,022	4,138	-
Additions	76	-	210	98	384	-
Recovery	-	-	0	-	-	-
Balance at 31 st December 2017	2,921	-	481	1,120	4,522	-
Balance at 1st January 2018	2,921	-	481	1,120	4,522	-
Additions	579	-	1,047	1,536	3,162	-
Recovery	-	-	0	-	-	-
Balance at 31 st December 2018	3,500	-	1,528	2,656	7,684	-

Arab Sudanese Bank

Notes to the Financial Statements

35- Liquidity Risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity risk in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The following Table summarizes assets\liabilities classified according to maturity dates.

	SDG'000						الإجمالي	
	Less than one month	From 1 month to 3 months	From 3 months to 6 months	From 6 months to one year	From one year to 3 years	More than 3 Years		Not tied to Maturity
Assets								
Cash and Cash Equivalent	-	-	-	-	-	-	6,523,351	6,523,351
Investment deposits with other banks		10,000						10,000
Sales Receivables	30,662	86,831	154,048	104,678	12,605	26,919	-	415,742
Financial assets at fair value - through P&L	-	-	-	3,567	-	-	-	3,567
Financial assets at fair value - through OCI	-	-	-	-	-	-	46,051	46,051
Other Financial assets at amortized cost	-	-	-	20,000	-	-	-	20,000
Financing in Other Islamic Modes	-	100,068	164,079	117,734	32,327	-	-	414,209
Intangible Assets	-	-	-	-	-	-	3,532	3,532
Fixed Assets- Net	-	-	-	-	-	-	42,698	42,698
Other Assets	-	-	-	-	-	-	26,745	26,745
Total assets	30,662	196,899	318,127	245,980	44,932	26,919	6,642,377	7,505,895
Liabilities								
Customers Current Accounts	-	-	-	-	-	-	478,899	478,899
Cash Margin	-	-	-	-	-	-	767,717	767,717
Provisions	-	-	-	-	-	-	29,281	29,281
Other Liabilities	-	19,254	-	-	-	-	126,706	145,960
Total liabilities	-	19,254	-	-	-	-	1,402,603	1,421,857
Unrestricted Investments Accounts	5,329,934	88,958	6,416	1,817	-	-	43,802	5,470,927
Owners' Equity	-	-	-	-	-	-	613,110	613,110
Total Liabilities, Unrestricted Investments Accounts and Owners' Equity	5,329,934	108,212	6,416	1,817	-	-	2,059,515	7,505,895

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Notes to the Financial Statements

36- Financial Instruments Fair Value

A fair value is the amount that could be exchanged with an asset or to settle a liability between the parties with a awareness and a willingness to deal and the terms of trade which is not a preference. And it may result in differences between the carrying and fair values and fair value.

The fair values of other financial instruments items included in the statement of financial position is not materially different from the carrying values included in the financial statements .

37- Credit & Concentration Risks

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank attempts to control credit risk by monitoring credit exposures continuously.

The Bank seeks to manage its credit risk exposure through the diversification of financing and investment activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate.

***Credit Risk**

Financing contracts primarily include Sales Receivables and Musharaka Financing

*** Deferred Sales Receivables**

The Bank finances these transactions through the purchase of the item , which is the subject of Murabaha and then re- sold at a profit of murabeh (beneficiary) . The selling price (cost plus profit margin) is repaid in installments by the Customer under the agreed period. Sometimes transactions be guaranteed by the subject of Murabaha (in the case of the mortgage) and at other times a set of guarantees to ensure the facilities given to the client .

*** Musharaka Financing**

Agreements between the bank and customers to contribute to some of the investment projects , whether new or existing , or ownership of some property either permanently or according to the order of diminishing Musharaka , which ends the customer to purchase the entire property . Profit is distributed under the Convention , which developed between the two parties while the loss is distributed under the percentage of their shares in the capital or project.

Notes to the Financial Statements

37- Credit & Concentration Risks (continue)

Concentration Risk

Credit Concentration Risk arises when a group of parties are engaged in similar activities or commercial activities in the same geographical area , or when they have similar economic features that would affect their ability to meet contractual obligations in the event of changing economic, political or any other changes . Concentration risk indicates the relative sensitivity on the Bank's performance to developments affecting a particular geographic area or a particular economic sector . The Bank manages credit risk through financing granted distribution in order to avoid the concentration of risk in some customers , or items in some locations or business .

38- Market Risk

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

The Treasury department to monitor and analyze the market risk on an ongoing basis to mitigate the impact of market volatility on the profitability of the bank through the following:

- Cooperation with the asset and liability management (ALCO) to monitor market risk associated ceilings and reviewed periodically and make the necessary treatments in a timely manner.
- Are closely monitoring foreign currency positions and control of each currency position separately, and FX rates especially unstable currencies .
- Seek to maintain a balanced basket of foreign currencies according to guidelines of the commission of AICO

Notes to the Financial Statements

39- Operating Risk

It is the risk of losses resulting from inadequate or failed internal processes, people , systems or from external events , This definition includes legal risk and the risk of non- adherence to Sharia (in addition to reputational risk and strategic risk) , examples of operational risks which might be exposed to the bank :

1. Internal / External fraud.
2. System errors .
3. Disasters.

During 2018, numerous tasks related to the operational risk management were conducted. Some of the most important tasks are as follows:

- o The Business Impact Analysis (BIA) was conducted, encompassing all ASB departments. The processes of each department were identified and analyzed, which enabled us to determine the criticality of each process, and therefore, the criticality of the related department in case of sudden disruption occurs. One of the most important outcomes of the BIA is the identification of the Recovery Time Objective (RTO) of each process, in addition to identifying the resources required to perform them (employees, systems, devices...etc.)
- o The Business Continuity Plan live test was successfully performed, which confirmed the ability for ASB critical departments to resume critical business processes from H.Q or from the Business Alternative Site (BAS). Disruptions may be caused by external factors, such as security disturbances or natural disasters, or may be caused by a failure in the main data center that requires to switch-over to the Disaster Recovery Site (DRS).
- o The Risk Appetite Statement was developed. It defines various qualitative and quantitative limits that collectively state the amount of risk ASB is willing to take on credit risk, operational risk and liquidity risk. All related parties are obliged to adhere to the Risk Appetite Statement since its approval by the board of directors.
- o During 2018, the topic of information security had been given a great deal of attention. The Risk During the year 2018, there were a number of customers complaints can be summerised as follows:
 - Monthly and annual fees deducted from some customers.
 - statements of accounts delivery
 - appreciation of some ASB Staff for bank services.

Related parties contacted customers and clarified all aspects

Notes to the Financial Statements

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. This ratio 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.

Capital Adequacy Ratio	13.2%
Minimum Capital Adequacy Ratio required by Central Bank Of Sudan	12%

The central Bank of 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%)

40 Date Of Authorisation For Issue

These financial statements were authorised for issue by the Chairman, member of BOD, CFO and CEO of Arab

Sudanese Bank in their meeting held on