

**BLUE NILE MASHREG BANK
FINANCIAL STATEMENTS
AS AT 31ST DECEMBER
2020**





Mustafa Salim & Co.

Certified Accountants

مصطفى سالم وشركاه

محاسبون ومراجعون قانونيين

MS

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Blue Nile Mashreq Bank

Opinion

We have audited the financial statements of **Blue Nile Mashreq Bank** ("Co. Ltd") which comprises the statement of financial position as at 31 Dec. 2020, and the statement of comprehensive income and statement of cash flow and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 Dec. 2020, and its financial performance for the year then ended in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") and Generally Accepted Accounting Principles for items not covered by AAOIFI and Central Bank of Sudan regulations.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing and Auditing Standards issued by the Authority. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the Professional Conduct of Professional Accountants, the International Council for Standards of Professional Ethics for Accountants and the Ethics Charter issued by the Commission, and we have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Financial Accounting Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI") and Generally accepted accounting principles for items not covered by AAOIFI and Central Bank of Sudan regulations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Mustafa M. S. Bayoumi

BS C, F.C.C.A.

S.C.C.A

P.O. Box: 2988 - Khartoum - Republic of Sudan

Tel: (83) 484703 - 484713 - 484738 - Fax: (83) 484728

E-mail: mustafa_salim@hotmail.com

مصطفى محمد سالم بيومي

زميل هيئة المحاسبين القانونيين

بالمملكة المتحدة

ص.ب ٢٩٨٨ - الخرطوم - جمهورية السودان

هاتف: ٤٨٤٧٠٣ - ٤٨٤٧١٣ - ٤٨٤٧٣٨ (٨٣) فاكس: ٤٨٤٧٢٨ (٨٣)



Mustafa Salim & Co.
Certified Accountants
مصطفى سالم وشركاه
محاسبون ومراجعون قانونيين
MS

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 guarantee that the audit conducted in accordance with International Standards on Auditing, together with the Audit Standards issued by the Commission, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit conducted in accordance with the International Auditing Standards and the Audit Standards issued by the Commission, we exercise professional judgment and maintained professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Bank'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 the 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 Bank'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 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 report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- To conclude whether the preparation and presentation of the financial statements of the Bank have been made, in all material respects, in accordance with the principles of Islamic Sharia.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Mustafa M. S. Bayoumi
BS C, F.C.C.A.
S.C.C.A

P.O. Box: 2988 - Khartoum - Republic of Sudan
Tel: (83) 484703 - 484713 - 484738 - Fax: (83) 484728
E-mail: mustafa_salim@hotmail.com

مصطفى محمد سالم بيومي
زميل هيئة المحاسبين القانونيين
بالمملكة المتحدة

ص.ب ٢٩٨٨ - الخرطوم - جمهورية السودان
هاتف: ٤٨٤٧٠٣ - ٤٨٤٧١٣ - ٤٨٤٧٣٨ - فاكس: (٨٣) ٤٨٤٧٢٨ (٨٣)



Mustafa Salim & Co.

Certified Accountants

مصطفى سالم وشركاه

محاسبون ومراجعون قانونيين

MS

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the Bank or business activities within the Bank to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Bank 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 the 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.

Report on other legal and regulatory requirements

We have obtained all the clarifications and information that we considered necessary for audit purposes. The Bank maintains regular accounting records and its financial statements are consistent with those records. We have not heard of any violations of the provisions of the Companies Act of 2015, the Banking Regulatory Act of 2004 and the requirements of the Central Bank of Sudan relating to the preparation and presentation of the financial statements or items of the Bank's Articles of Association and its amendments during the year ended 31 Dec. 2020 in a manner that could have a negative impact on the Bank's activity or Financial position.

Khartoum, 24 February. 2021

Mustafa Salim & Co

Chartered Certified Accountants



Mustafa M. S. Bayoumi

BS C, F.C.C.A.

S.C.C.A

P.O. Box: 2988 - Khartoum - Republic of Sudan

Tel: (83) 484703 - 484713 - 484738 - Fax: (83) 484728

E-mail: mustafa_salim@hotmail.com

مصطفى محمد سالم بيومي

زميل هيئة المحاسبين القانونيين

بالمملكة المتحدة

ص.ب ٢٩٨٨ - الخرطوم - جمهورية السودان

هاتف: ٤٨٤٧٠٣ - ٤٨٤٧١٣ - ٤٨٤٧٣٨ - فاكس: ٤٨٤٧٢٨ (٨٣)

Blue Nile Mashreq Bank
Financial Statement As At 31st. December, 2020

<u>Particulars</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		<u>SDG.</u>	<u>SDG.</u>
<u>Assets</u>			
Cash and cash equivalents	5	15,069,783,348	6,403,374,300
Sales receivable	6	245,426,162	381,849,524
Investments	7	3,734,181,309	2,594,919,103
Long-term Investments	8	552,302,991	452,052,991
Other Assets	9	327,853,871	133,189,437
Branches under construction	10	172,777,037	118,441,966
Net fixed assets	11	<u>266,035,074</u>	<u>224,956,284</u>
Total assets		<u>20,368,359,792</u>	<u>10,308,783,605</u>
<u>Liabilities, Unrestricted investment accounts and Owners' equity: -</u>			
<u>Liabilities: -</u>			
Current Accounts and Savings Accounts	12	11,418,238,551	5,521,628,100
Accounts payable	13	610,304,732	108,206,926
Other liabilities	14	<u>1,295,667,498</u>	<u>448,555,572</u>
Total liabilities		<u>13,324,210,781</u>	<u>6,078,390,598</u>
Unrestricted investment accounts	15	<u>1,559,267,144</u>	<u>1,270,246,125</u>
Total unrestricted investment accounts		<u>14,883,477,925</u>	<u>7,348,636,723</u>
<u>Owners' Equity</u>			
Paid Up Capital	16	927,501,728	520,560,577
Legal reserve		545,280,916	310,853,234
Foreign Currency reserves		1,902,227,908	1,314,841,904
Retained earnings	17	<u>2,109,871,315</u>	<u>813,891,167</u>
Total owners' equity		<u>5,484,881,867</u>	<u>2,960,146,882</u>
Total liabilities and unrestricted investment accounts & owners' equity		<u>20,368,359,792</u>	<u>10,308,783,605</u>
<u>Contra Accounts</u>			
Letters of Credit		514,895,987	-
Letters of Guarantee		<u>143,966,058</u>	<u>12,909,958</u>
		<u>658,862,045</u>	<u>12,909,958</u>

Mohammed Ismail Mohamme
Chairman

Abdel Baqi Abdalla Hassan
Member of Board of Directors

D.Mahmoud Hassan Mohamed
General Manager

The attached notes (1) to (25) form an integral part of these financial statements



Blue Nile Mashreq Bank
Income Statement for The Year Ended 31st. December, 2020

<u>Particulars</u>	<u>Notes</u>	<u>2020</u> <u>SDG.</u>	<u>2019</u> <u>SDG.</u>
Income: -			
Deferred Sales		13,702,721	12,012,452
Investment securities revenues	18	109,591,000	129,321,380
Other investment income	19	314,007,595	230,491,113
Total		437,301,316	371,824,945
Less:			
Return on owners of unrestricted investment accounts		(143,259,852)	(101,373,358)
Bank's share of investment income as (Mudarib) and owner of the fund		294,041,464	270,451,587
Add: -			
Revenues from banking services	20	3,628,996,778	1,219,991,922
Foreign currency re-evaluation of revenue gains		587,386,004	(50,655,899)
Other revenues	21	42,556,683	15,104,843
Total income		4,552,980,929	1,454,892,453
Total			
Less:			
Staff cost	22	131,135,058	65,510,035
General and administrative expenses	23	303,028,340	116,219,068
Depreciation		28,713,475	21,528,780
Finance provision		9,992,212	2,947,252
Fines - Bank of Sudan		102,500	18,000
Total expenses		472,971,585	206,223,135
Net income before zakat and taxation		4,080,009,344	1,248,669,318
Less:			
Provision for Zakat		(139,237,969)	(57,236,592)
Provision for tax		(1,009,108,550)	(337,774,923)
Net Profit for the Year		2,931,662,825	853,657,803

Mohammed Ismail Mohamme
Chairman

Abdel Baqi Abdalla Hassan
Member of Board of Directors

D. Mahmoud Hassan Mohamed
General Manager





The attached notes (1) to (25) form an integral part of these financial statements



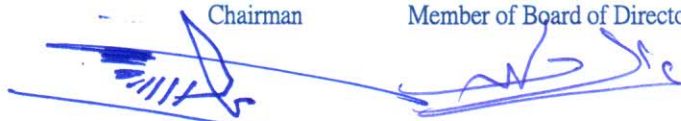
Blue Nile Mashreq Bank
Statement of Cash Flows For The Year Ended 31st. December, 2020

<u>Particulars</u>	<u>2020</u> <u>SDG.</u>	<u>2019</u> <u>SDG.</u>
<u>Cash Flows From Operations: -</u>		
Net Income	2,931,662,825	853,657,803
<u>Net income adjusted by: -</u>		
Depreciation of fixed assets	28,713,475	21,528,780
Provision for Zakat	139,237,969	57,236,592
Provision for tax	1,009,108,550	337,774,923
Tax and zakat paid	(347,236,592)	(244,985,502)
Return on unrestricted investment accounts	143,259,852	101,373,358
Provision for doubtful debts	9,992,212	2,947,252
Profit on sale of assets	(1,562,445)	(1,489,513)
Net cash flows from operations	3,913,175,846	1,128,043,693
<u>Cash Flows From Investing: -</u>		
Net increase (decrease) in deferred sales receivables	137,481,682	(354,041,116)
Increase (decrease) in investments	(1,150,312,740)	167,390,759
Increase in long-term investments	(100,250,000)	25,062,500
Sale of fixed assets	1,938,170	2,031,163
Purchase of fixed assets	(70,167,990)	(40,409,109)
Real estate construction	(54,335,071)	(32,447,900)
Net cash flows from (used in) investing activities	(1,235,645,949)	(232,413,703)
<u>Cash Flows From Financing: -</u>		
Net increase in unrestricted investment account	145,761,167	(98,712,662)
Net increase (decrease) in current accounts	5,896,610,451	1,638,540,689
Retained earnings	821,826,999	(213,651,191)
Transfer to capital	(406,941,151)	(84,478,497)
Transfer to legal reserve	(234,427,682)	(90,431,370)
Increase in foreign currency valuation reserve	(587,386,004)	50,655,899
Increase (decrease) in credit balances and banks	548,099,805	(107,003,740)
Increase (decrease) in other assets	(194,664,434)	(45,172,650)
Net cash flows from financing activities	5,988,879,151	1,049,746,478
Increase (decrease) in Cash and Cash Equivalents	8,666,409,048	1,945,376,468
Cash and cash equivalents at beginning of year	6,403,374,300	4,457,997,832
Cash and cash equivalents at the end of the year	15,069,783,348	6,403,374,300

Mohammed Ismail Mohammed
Chairman

Abdel Baqi Abdalla Hassan
Member of Board of Directors

D.Mahmoud Hassan Mohamed
General Manager



The attached notes (1) to (25) form an integral part of these financial statements



Blue Nile Mashreq Bank

Statement of Changes in Equity for the Year ended 31st. December, 2020

Particulars	Paid Up Capital		Legal Reserve		Reserves of foreign Currencies Rating		Returned Earnings (Gain / Loss)		Total
	SDG		SDG		SDG		SDG		SDG
Balance at 01.01.2020	520,560,577		310,853,234		1,314,841,904		813,891,167		2,960,146,882
Dividends	0		0		0		(406,927,840)		(406,927,840)
Net profit	0		0		0		2,931,662,825		2,931,662,825
Reserves of foreign Currencies Rating	0		234,427,682		0		(234,427,682)		0
Transferred to) reserves	0		0		587,386,004		(587,386,004)		0
Transferred to paid up capital	406,941,151		0		0		(406,941,151)		0
Balance at 12.31.2020	927,501,728		545,280,916		1,902,227,908		2,109,871,315		5,484,881,867
Balance at 01.01.2019	436,082,080		220,421,864		1,365,497,803		422,392,491		2,444,394,238
Dividends	0		0		0		(337,905,158)		(337,905,158)
Net profit	0		0		0		853,657,803		853,657,803
Reserves of foreign Currencies Rating	0		90,431,370		0		(90,431,370)		0
Transferred to) reserves	0		0		(50,655,899)		50,655,899		0
Transferred to paid up capital	84,478,497		0		0		(84,478,498)		(1)
Balance at 12.31.2019	520,560,577		310,853,234		1,314,841,904		813,891,167		2,960,146,882



Mohammed Ismail Mohammed

Chairman

Abdel Bagi Abdalla Hassan

Member of Board of Directors

D.Mahmoud Hassan Mohamed

General Manager

The attached notes (1) to (25) form an integral part of these financial statements

Mustafa Salim & Co.

Certified Accountants

P.O Box 19AA Khartoum

Tél: ٤٤٤٤٤٤٤٤ - ٤٤٤٤٤٤٤٤ Fax: ٤٤٤٤٤٤٤٤

مصطفى سالم وشركاه

محاسبين قانونيين

ص.ب. ٢٩٨٨ - الخرطوم

٤٤٤٤٤٤٤٤ - ٤٤٤٤٤٤٤٤ فاكس: ٤٤٤٤٤٤٤٤

Blue Nile Mashreq Bank
A complementary Notes to Financial Statements
for the Year Ended 31st. December, 2020

1. Foundation and the nature of the activity: -

Blue Nile Mashreq Bank was established in October Due to the merger of Mashreq Bank, Khartoum branch which was founded in 1979 into Blue Nile Bank, which was established in 1983. Capital of Mashreq Bank authorized and paid up was \$ 10 million,(Ten Million U.S. Dollar) and the authorized capital of Blue Nile Bank was \$ 20 million, ,(Twenty Million U.S.Dollar) and paid up capital was \$ 17,114,000 at the date of merger.

The Bank operates under the Bank of Sudan license, dated 01/10/2003, to doing all banking activities in accordance with the laws and guidelines of Bank of Sudan.

The Bank has a subsidiary company named Nile & Mashreq for Financial Services Co.

The Bank acquired 60% percent of its equity shares; also the Bank acquired 40 % of equity shares of another company named Nile & Mashreq for Investment Co. which now has not any activity.

2. Basis of preparation of financial statements

2.1 The financial statements have been prepared in accordance with the provisions and principles of Islamic law as determined by the Sharia Supervisory Board of the Bank, and in accordance with the standards issued by the Bank of Sudan and in consistent with accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions standards.

2.2 The Financial Statements are Prepared on a Historical Cost Basis.

The financial statements were approved by the Board of Directors

2-3 Currency of Entry and Presentation

Financial statements are presented in Sudanese Pounds currency which represents the enrollment of the bank.

2.4 Use of Estimates and Assumptions

The preparation of financial statements requires the use of estimates and assumptions affect the value of assets and contingent liabilities at the date of the financial statements, as well as the revenues and expenses during the fiscal year, and despite the fact that these estimates are prepared in accordance with the best information available to the administration about the current events And circumstances, but the final result may differ from these estimates.

3. Important Accounting Policies :-

3.1 Transactions in Foreign Currencies

The registration of foreign operations by Sudanese pound according to prevailing prices at the time they occur, the assets and liabilities in foreign currency monetary, transferred to Sudanese pound at the date of preparation of financial statements on the basis of the prevailing price at that date.

Dollar and the differences resulting from those operations transferred to the income statement for the year.

Blue Nile Mashreq Bank
A complementary Notes to Financial Statements
for the Year Ended 31st. December, 2020

- It is evaluated the balances of outstanding exchange contracts at the end of the financial period -, if any, at fair value at that date using the futures prices for the remaining periods to maturity dates of those contracts, and the different valuation recorded in the income statement within the profit (loss) item from foreign currency transactions - Swap currency contracts are recognized in the history of the relevance under "contingent liabilities and commitments" with proof of the difference between the equivalent of naughty contract swap under "debit balances and other assets" or item payables and other obligations, so as unrealized profit / losses in the relevance to history contract swap, and balances are consume over the life of contract swap plus / or discount from the item "proceed on loans and bank balances" in the income statement, while gains (losses) resulting from the execution of a contract swap in the income statement under "profit (losses) from foreign currency transactions.
- The value of the premium paid for the options of foreign exchange contracts recorded on "debit balances and other assets" and the balance of the premium to be settled in the income statement in accordance with of the outcome of the evaluation of options contracts at their fair value on "profit (loss) from foreign currency transactions.
- For option contracts purchased, to cover options contract sold to clients to cover the risks related to the nature of their activity.

The difference between the premium paid for the option contract of the buyer and the premium received for option contract are recognized as in the date issuance of the contract, in the item "credit balances and other obligations" and is this the difference will be settled in the income statement item "profit (loss) from foreign currency transactions," according to the accrual basis.

3.2 Swap Contracts Interest Rate

The balances of interest rate swap contracts existing at the end of the financial period, evaluated at fair value at that date using a return price agreed upon, in those contracts and the fair valuation differences will recorded in the income statement.

3.3 Revenue Recognition

Revenue recognized on an accrual basis with the exception of non-performing loans that are turned recognized as revenue when the uncertainty of the recovery of the value of such proceeds or principal indebtedness, and revenue of stocks & documents of investment are recognized at the declaration of distributions dividends that relating thereto, and the return of banking services are recognized in the date of the transaction.

3.4 Evaluation of the Financial held for Trading

- The financial evaluation of investments held for trading, including the government financial investments by non-managed investment funds and documents that are not issued by banks and insurance companies acquired for trading at the end of the financial period at fair value,

Blue Nile Mashreq Bank
A complementary Notes to Financial Statements
for the Year Ended 31st. December, 2020

3-7 Evaluation of Financial held to Maturity (Continued)

The adjustment of the bond book value will be done in foreign currency according to the evaluation result of the exchange rate at the valuation date, differences will be inserted on the income statement on earnings (loss) from foreign currency transactions item the evaluation of the investment documents, which the Bank is required to keep to the date of the end of the Fund as the originator bank of the Fund will be done at the cost, and in case of a decrease in recoverable amount of these documents cost the difference will be loaded to the income statement in differences assess other financial investments item, and in the event of rise it will be added to the same item within the limits of what already loaded on the income statements for the previous financial year.

3-8 Provision for Loan and Contingent Liabilities

The formation for loans and obligations of cross-alone configuration, in addition to the percentage of the public of the risks calculated from the total loans and other contingent liabilities excluding from them covered balances deposits and bank bails issued by creditworthy foreign banks in light of administration experience and detailed studies for loan balances and contingent liabilities.

Loans will be terminated in case of the futility of the actions taken the collection procedures according to the deduction against the provision, which is added to the proceeds of loans previously written off.

3-9 Contingent Liabilities and Commitments

Contingent liabilities in which the Bank is a party in addition to commitments for exchange contracts ,currency exchange ,interest rate and other outside financial position under "contingent liabilities and commitments" item do not represent actual assets or liabilities at the balance sheet date.

3.10 Cash and Cash Equivalents

For the purposes of cash flows statement preparation , cash and cash equivalents for example : cash balances and balances in Central Bank of Sudan and current account balances in other banks, as well as treasury bills balances that mature within three months from the date of acquisition included.

3-11 Depreciation and Consumption

- The depreciation of fixed assets will be done according to the straight line method using the appropriate amortization rates which determined based on the estimated useful lives of each asset, and calculated from the date of the start of the actual use and fixed assets will appear in the net value after deducting the accumulated depreciation, The following are the

Depreciation rates used: -

Building	2.5%
Furniture and equipment	10%
Vehicles	15%
Computers	33.33%

Blue Nile Mashreq Bank
A complementary Notes to Financial Statements
for the Year Ended 31st. December, 2020

-The improvements and renovations expenses for the rented bank branches will be depreciated over the estimated useful life or the lease term, whichever is less.

3-12 Investment & Finance Risk Provision

Investment risk provision is made after studying surrounding circumstances for each conversion process according to conditions, principles and rules set by the Bank of Sudan, and according to directions & instructions of Bank of Sudan. There are two provisions for doubtful & bad debt, the first one is general which represent 1% of portfolio and the second is private which depend on the percentage of debt (2% to 100 %), the provision is evaluated every three months, there are movements between the two provisions, the amount of SDG 9,992,214 was added to the finance provision in year 2020.

The Bank is not writing off any bad debt in the year 2020.

3-13 Sales Receivables and Deferred Installments: -

It is recorded in the time of their occurrence in real terms.

3-14 Processing Zakat and Taxes:

The Bank is obligated to pay Zakat and taxes according to memos issued by the Zakat Chamber and the Office of Tax in Sudan.

3-15 Employees Benefits: -

Benefits of the personnel services determined by the Bank

3-16 Sharia Supervisory Board: -

Activity of the Bank is subject to the supervision of the Sharia Supervisory Board. There are no any transactions discrepant with Islamic Sharia & there is no any deposit outside Sudan.

3-17 The basis of profits distribution between owners'equity and owners of unrestricted investment accounts

The Bank distributes monthly profits to owners' equity and owners of unrestricted investment accounts, the payments will be in advance for the restricted & unrestricted deposit,70% for the owners' of investment deposit & 30 % for the bank, from finance profits.

(4) Financial Instruments and Related Risk Management

(4/1) Financial Instruments (A) Financial instruments

Financial instruments for the bank are financial assets and liabilities, including financial assets, cash balances and current accounts and deposits with banks and financial investments and loans to customers include financial liabilities, customer deposits and due to banks and long-term loans and financial instruments also include rights and commitments included under contingent liabilities and commitments.

And it includes a note (3) of the notes to the financial statements of accounting policies in respect of recognition and measurement of the key financial instruments and their related income and expenses.

Blue Nile Mashreq Bank
A complementary Notes to Financial Statements
for the Year Ended 31st. December, 2020

(B) The Fair Value of Financial Instruments

Based on the methods used to evaluate the assets and liabilities of the bank and received the notes to the financial statements, the fair values of financial instruments are fundamentally different from their book values do not differ in the history of financial position.

(C) Deferred Contracts

The Bank does not enter into futures contracts unless to meet the necessary requirements of the foreign currency or the requirements of its customers to meet the obligations in foreign currencies arising from transactions through the Bank, all of which are characterized as short-term operations.

(4/2) risks associated with financial instruments Management

(A) Interest Rate Risk Exposed to certain financial instruments values fluctuate due to changes in interest rates by the Bank and the several measures that would reduce this risk raised to a minimum. Examples include:

- Linking the interest rate on borrowing with the rate of return on lending.
- Prevailing discount rates of different currencies when determining interest rates.

(B) Credit Risk

Loans to customers and banks and financial investments in the form of bonds, as well as current account balances and deposits with banks and the rights and obligations of third parties are considered as financial assets exposed to credit risk of the inability of the parties to repay part or all of its dues on the due dates of financial assets.

The Bank adopted several measures, including reducing the credit risk to a minimum. Examples include:

- Preparing credit studies on customers and banks before dealing with them and determining credit risk rates related thereto,
- Obtain sufficient guarantees to reduce the risks that arise in the case that the customer or the size of banks,
- The follow-up study, Journal of customers and banks in order to assess the financial and credit positions and estimate the required provisions for non-performing assets.
- The distribution of a portfolio of loans and balances with banks on the different sectors in order to avoid the concentration of risk.

(C) The Risk of Fluctuations in Foreign Currency Exchange Rate

Due to the dealing in a number of foreign currencies, according to the nature of bank activity, it may put the bank at risk of fluctuations in foreign currency exchange rates and for the purposes of reducing that risk to a minimum, the bank will take into account the balance in the foreign currency positions in accordance with instructions issued by the Central Bank of Sudan in this regard.

(D) The Risk of Net Assets & Liabilities in Foreign Currency

The Bank follow all directions & instructions issued from Bank of Sudan which related to assets and liabilities management in foreign currency, and the Bank incurred losses from these transactions, the amount of SDG (50,655,899) in year 2019 & earned profits in year 2020 amounted SDG 587,386,004 which represent foreign currency re-evaluation revenue gains transferred to currency revaluation reserve in year 2020 to be amounted SDG 1,902,227,908 to meet the risk of net assets & liabilities in foreign currency.

Blue Nile Mashreq Bank

Schedule of Depreciation of Fixed Assets for the Year Ended 31st. December 2020

Fixed Assets (1):-

Particulars	Lands	Cars	Furniture & Office Equipm.	Computers	Generators	Buildings	Computers Software	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance at 01.01.2020	74,234,735	22,804,411	31,485,820	12,845,944	4,220,064	104,913,026	43,512,851	294,016,851
Additions	5,000,000	13,802,400	6,772,675	6,192,150	0	33,110,068	5,290,297	70,167,590
Disposals	0	(1,176,500)	-	-	-	0	0	(1,176,500)
Balance at 12.31.2020	79,234,735	35,430,311	38,258,495	19,038,094	4,220,064	138,023,094	48,803,148	363,007,941
Depreciation: -								
Balance at 1.1.2020	0	8,877,139	19,175,735	9,568,786	1,787,627	9,247,705	20,403,575	69,060,567
Depreciation of year	0	3,066,174	3,160,350	2,731,017	343,388	2,622,826	13,053,855	24,977,610
Additions	0	1,035,180	566,331	926,933	0	413,876	793,545	3,735,865
Disposals	0	(800,775)	-	-	-	0	0	(800,775)
Balance at 12.31.2020	0	12,177,718	22,902,416	13,226,736	2,131,015	12,284,407	34,250,975	96,973,267
Net book value as at 12.31.2020	79,234,735	23,252,593	15,356,079	5,811,358	2,089,049	125,738,687	14,552,573	266,035,074
Net book value as at 12.31.2019	74,234,735	13,927,272	12,310,085	3,277,158	2,432,437	95,665,321	23,109,276	224,956,284

Mustafa Salim & Co.

Certified Accountants

P.O Box 1988 Khartoum

Tel: ٤٤٤٧٠٣ - ٤٤٤٧٢٨ - ٤٤٤٧١٣ Fax: ٤٤٤٧٧٨

مصطفى سالم وشركاه

محاسبون قانونيون

ص.ب. ١٩٨٨ - الخرطوم

٤٤٤٧٧٨ - ٤٤٤٧١٣ - ٤٤٤٧٢٨ فاكس: ٤٤٤٧٧٨

Blue Nile Mashreq Bank

Notes to the Financial Statements as at 31st. December, 2020

Particulars	Notes	2020	2019
		SDG. Amount	SDG. Amount
<u>Concentration of assets according to sector & geographical areas (7-2):-</u>			
Customer 1 (Khartoum Area)	Industrial	273,798,322	143,013,479
Customer 2 (Khartoum Area)	Construction	50,982,147	31,628,105
Customer 3 (Khartoum Area)	Service	2,587,154,424	22,165,708
Customer 4 (Khartoum Area)	Agriculture	419,812	9,366,401
Customer 5 (Khartoum Area)	Transport	1,007,443	1,820,185
Customer 6 (Gedarif Area)	Agriculture	374,576	1,759,840
Customer 7 (Kassala Area)	Construction	726,568	1,345,050
Customer 8 (Por-Sudan Area)	Service	60,133	241,333
Customer 9 (Obbaid Area)	Service	257,374	170,612
Total		<u>2,914,780,799</u>	<u>211,510,713</u>
<u>Long-term Investments : -</u>			
	8		
Juba Investment Company		25	25
Blue Nile Co., Ltd.		1,000	1,000
Banking Services Company		376,966	376,966
Nile and Mashreq Financial Services Company		150,000	150,000
Nile and Mashreq Investment Services Company		400,000	400,000
Blue Nile Bank - Free Zone		551,375,000	451,125,000
Total		<u>552,302,991</u>	<u>452,052,991</u>
<u>Other Assets : -</u>			
	9		
Accrued revenue		189,466,883	109,597,442
Prepayments		30,229,458	8,204,296
Staff Loans		13,910,538	11,140,676
stationery inventory		216,358	68,736
Incoming transfers (Western Union)		87,928,152	-
Checking head & branch		163,855	-
Bonus		1,114,775	2,554,605
Medical insurance		4,823,852	1,623,682
Total		<u>327,853,871</u>	<u>133,189,437</u>
<u>Branches under Construction : -</u>			
	10		
Al Damazune		1,557,998	1,542,998
Kadogli		22,842,085	5,297,742
Private bank		52,715,616	25,615,614
Port Sudan		34,599,813	16,665,887
Nyala		-	25,863,152
Aldyaeen		3,150,816	1,325,816
Al ahfad		-	2,865,452
Riyadh		57,910,709	37,743,360
Buildings		-	1,521,945
Total		<u>172,777,037</u>	<u>118,441,966</u>

The attached notes (1) to (25) form an integral part of these financial statements

Blue Nile Mashreq Bank

Notes to the Financial Statements as at 31st. December, 2020

Particulars	Notes	2020 SDG.	2019 SDG.
<u>Current Accounts and Savings Accounts: -</u>	12		
Local checking deposits		7,775,676,496	3,466,801,712
Local savings deposits		78,374,930	41,024,415
Foreign current deposits		3,553,222,193	2,007,132,103
Foreigner savings deposits		<u>10,964,932</u>	<u>6,669,870</u>
Total		<u>11,418,238,551</u>	<u>5,521,628,100</u>
<u>Accounts Payable: -</u>	13		
Margins of letters of credit		241,582,152	10,781,888
Margins of letters of guarantee		14,391,463	510,599
Adjustment Seraj system		-	985,915
Certified cheques		326,993,955	80,705,744
Social insurance		1,939,653	24,248
Unpaid dues		2,924,719	2,800,061
Stamps Duty		2,838	3,881,988
ATMs Surplus		-	91,080
Transfer notes - salary of organizations		11,849,843	486,000
Transfer (Western Union)		-	396,409
Commission of Banking Services Company		15,469	930,490
ATM adjustment		5,162,672	2,776,775
Personal income tax & free professions		<u>5,441,968</u>	<u>3,835,729</u>
Total		<u>610,304,732</u>	<u>108,206,926</u>
<u>Other Liabilities: -</u>	14		
Provision for after service benefits		50,573,689	40,139,846
Provision of certified auditors		470,000	234,000
Provision for tax		1,058,725,858	339,617,308
Provision for zakat		139,237,969	57,236,592
Other provisions		16,210,705	8,762,145
Provision for bonus		30,000,000	2,078,455
Unallocated profit		<u>449,277</u>	<u>487,226</u>
		<u>1,295,667,498</u>	<u>448,555,572</u>
<u>Rights of unrestricted investment account holders (15): -</u>			
Investment accounts - local		1,007,628,752	818,906,024
Investment accounts - foreign		<u>551,638,392</u>	<u>451,340,101</u>
		<u>1,559,267,144</u>	<u>1,270,246,125</u>
Plus: Return on equity of unrestricted investment account holders: -			
Deposit holders' share of profits		143,259,852	101,373,358
Support provided *		-	-
		143,259,852	101,373,358
Minus: - Advance payments		<u>(143,259,852)</u>	<u>(101,373,358)</u>
		<u>1,559,267,144</u>	<u>1,270,246,125</u>

* The bank does not provide any support to unrestricted investment account holders.

The attached notes (1) to (25) form an integral part of these financial statements

Blue Nile Mashreq Bank
Notes to the Financial Statements as at 31st. December, 2020

<u>Concentration of sources of unrestricted</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>Investment Accounts (15-1): -</u>	<u>Tavpe</u>	<u>SDG.</u>	<u>SDG.</u>
Client 1	Company	612,117,536	537,894,805
Client 2	Bank	551,375,000	451,125,000
Client 3	Client	394,500,216	280,500,218
Client 4	Company	1,000,000	500,000
Client 5	All	263,392	215,102
Client 6	Company	10,000	10,000
Client 7	Client	1,000	1,000
		<u>1,559,267,144</u>	<u>1,270,246,125</u>
Capital : -	16		
Nominal capital 2020			
Blue Nile Bank 540 million), the value of stock shares 1.87 per SDG		<u>1,009,800,000</u>	<u>1,009,800,000</u>
Paid up Capital:-			
(278,374,640), (233,198,973) shares, value per share 1.87 SDG		<u>927,501,728</u>	<u>520,560,577</u>
Retained earnings: -	17		
Balance at 1/1		813,891,167	422,392,490
Less: Dividends		(406,927,840)	(337,905,158)
Less: Transferred to capital		(406,941,151)	(84,478,497)
		22,176	8,835
Add : Year profits		2,931,662,825	853,657,803
Less : Foreign currency valuation reserve		(587,386,004)	50,655,899
		2,344,276,821	904,313,702
Less: Transferred to reserves		(234,427,682)	(90,431,370)
Retained earnings		<u>2,109,871,315</u>	<u>813,891,167</u>
Investment Securities: -	18		
Proceed of Shahama		96,881,446	117,214,154
Proceed of Shihab 2		10,450,000	9,500,000
Proceed of Liquidity Fund		2,259,554	2,607,226
Total		<u>109,591,000</u>	<u>129,321,380</u>
Other Investment Income : -	19		
Ijara profit		332,490	1,741,946
Long-term investment profits		-	5,197
Speculation profits		313,675,105	228,743,970
Total		<u>314,007,595</u>	<u>230,491,113</u>

The attached notes (1) to (25) form an integral part of these financial statements

Blue Nile Mashreq Bank

Notes to the Financial Statements as at 31st. December, 2020

Particulars	Notes	2020	2019
		SDG.	SDG.
Revenues From Banking Services :-	20		
Transfers commission		37,682,852	49,078,724
Letters of credit commission		3,572,299,748	1,159,432,434
Letters of guarantee commission		6,719,872	1,158,583
Proceed of ATMs Services		633,666	1,103,446
Commission of customs collection		192,003	183,999
Checks collect commission		962,464	1,014,933
Ledger Fees		10,506,173	8,019,803
Total		<u>3,628,996,778</u>	<u>1,219,991,922</u>
Other Income :-	21		
Insurance		100	-
Means of communication		547,333	194,746
Sale of fixed assets profits		1,562,445	1,489,513
Miscellaneous		40,446,805	13,420,584
		<u>42,556,683</u>	<u>15,104,843</u>
The Human Factor Cost :-	22		
Salaries and wages		48,114,395	28,772,364
Uniform allowance		7,843,610	3,929,667
Medical exps.		10,937,273	6,111,325
After service benefits		14,598,837	15,458,436
Social insurance		6,340,982	2,703,563
Staff Fund		92,700	198,500
Training		156,844	274,636
Grants and incentives-Marriage		30,000,000	-
Overtime		657,028	518,194
Special grants		5,000	-
Vacation allowance		6,710,055	3,834,205
Travelling allowance		5,678,334	3,709,145
Total		<u>131,135,058</u>	<u>65,510,035</u>

The attached notes (1) to (25) form an integral part of these financial statements

Blue Nile Mashreq Bank

Notes to the Financial Statements as at 31st. December, 2020

<u>Particulars</u>	<u>Notes</u>	<u>2020</u>	<u>2019</u>
		<u>SDG.</u>	<u>SDG.</u>
<u>General and Administrative Expenses : -</u>	23		
Travelling & transportation exps.		7,109,478	7,220,145
Audit fees		471,000	234,000
Maintenance and repairs		20,519,957	7,711,576
Insurance		3,302,075	1,882,629
Office supplies and computer expenses		13,703,936	6,425,002
Maintenance of vehicles		13,553,834	5,505,488
Subscriptions		2,315,914	1,643,132
Hospitality and gratuities		4,500,522	2,101,839
Other		5,429,403	547,150
Cost of IDP Camp Payments		19,676,509	3,589,533
Cleanness		-	175,800
Water & Electricity		2,640,347	2,621,022
Rent & rates		4,837,287	5,070,532
Commissions paid		13,265,322	5,916,854
Advertisement exps.		89,150	28,662
Telex, telephone and the Internet		5,064,609	4,950,100
Consulting & legal fees		1,520,211	319,574
Generator exps.		3,644,819	920,541
Management remuneration (Board of Directors' fees)		151,026,014	42,014,583
Commissions paid to Bank of Sudan		1,534,549	1,052,057
Automated Teller Machines exps.		4,262,086	1,249,588
Income tax		1,852,588	1,348,229
Guarding expenses		4,379,155	2,343,159
Contribute to Investment Deposit Guarantee Fund		16,210,705	8,762,145
Annual fee		2,118,870	2,585,728
Total Administrative Expenses		<u>303,028,340</u>	<u>116,219,068</u>

* Provision for board fees is calculated according to the circular issued by the Central Bank of Sudan on July 17, 2014, so that it does not exceed 5% of the net profits after zakat and taxes.

Transactions with Related Parties (24): -

<u>Statement</u>	<u>Type of Relationship</u>	<u>Size of Funding</u>	<u>Size of Funding</u>
Gapco Company	Lettre of Guarantee	76,594,460	0
Mig Agricultural	Lettre of Guarantee	10,200,750	1,365,071
Meg Exchange Company	Lettre of Guarantee	<u>520,000</u>	<u>520,000</u>

Profit contrary to the provisions of Islamic law and unlawful (25): -

illegal operations during the year 2020.

The attached notes (1) to (25) form an integral part of these financial statements

Blue Nile Mashreq Bank

Notes to the Financial Statements as at 31st. December, 2020

<u>Particulars</u>		<u>2020</u>	<u>2019</u>
		<u>SDG</u>	<u>SDG</u>
<u>Transactions with Related Parties</u>			
<u>The type of Relationship (23): -</u>			
	<u>Type of Transaction</u>	<u>Finance volume</u>	<u>Balance as at 31/Dec.</u>
Gapco	Lettre of Guarantee	76,594,460	0
Nile & Al Mashriq Co.	Lettre of Guarantee	10,200,750	1,365,071
Meg Exchange Company	Lettre of Guarantee	520,000	520,000
Total		<u>87,315,210</u>	<u>1,885,071</u>

The attached notes (1) to (25) form an integral part of these financial statements



بنك النيل الازرق المشرق
Blue Nile Mashreg Bank