AlSalam Bank

(Joint Stock Company)

Audited Financial Statements

31/12/2013

AUDITORS' REPORT

To: Members
ALSalam Bank - Sudan

We have audited the financial statements of ALSalam Bank - Sudan - on pages 2 to 24 which have been prepared under the historical cost convention and the accounting policies set in note (2).

The bank's management is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit on those statements and to report that opinion to you.

We conducted our audit in accordance with international auditing standards.

Our audit includes examination, on a test bases, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the bank's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion, the financial statements give a true and fair view of the Financial Position of the bank as at 31/12/2013 and of the results of its operations and its cash flows and changes in owners' equity for the financial year then ended in accordance with Shari'a Rules and Principles as determined by the Shari'a Board and the accounting standards of AAOIFI and comply with the companies ordinance 1925.

Hasibeen Group
Certified Accountants & Management Consultants

Date: 25 /3 /2014

IZZELDIN ABD ALLA JUBAL
Partener
Hasibeen Group

AlSalam Bank
Statement of Financial Position
As At 31 Dec 2013

	Note	2013 SDG	2012 SDG
Assets:-			
Cash & Cash equivalents	(5)	147.991.348	225.887.942
Statutory cash reserve - Central bank of Sudan	(6)	109.629.910	109.273.384
Sales receivables (net)	(7)	605.643.612	539.106.287
Investments in securities and shares held for trading	(8)	70.661.729	35.964.813
Investments in securities and shares held to maturity	(9)	132.833.000	160.368.000
Investments in Mudaraba and Wakala financing	(10)	333.683.907	347.546.013
Musharaka financing	(11)	98.960.297	49.455.475
Good Murabaha		4.309.164	-
Investments in shares available for sale	(12)	32.833.850	32.478.735
Investments in real estates	(13)	346.549.251	299.549.250
Other assets	(14)	20.549.106	13.626.890
Fixed assets (net book value)	(15)	38.393.093	34.639.582
Total Assets		**1.942.038.267**	**1.847.896.371**
Liabilities, Unrestricted investment accounts and Owners' Equity :-			
Liabilities :-			
Current Accounts	(16)	429.117.551	406.421.119
Other liabilities	(17)	241.525.738	271.044.026
Provisions	(18)	29.488.274	29.087,614
Total liabilities		700.131.563	706.552.759
Equity of Unrestricted investment accounts holders	(19)	466.175.139	473.520.294
Total liabilities & Unrestricted investment accounts		**1.166.306.702**	**1.180.073.053**
Owners' Equity :-			
Paid - up capital	(20)	310.668.350	277.758.000
Reserves	(21)	282.880.108	228.920.454
Retained earnings		182.183.107	161.144.864
Total owners' equity		775.731.565	667.823.318
Total liabilities, Unrestricted investment accounts and owners' equity		**1.942.038.267**	**1.847.896.371**
Contra accounts	(31)	**1.077.827.793**	**1.060.409.300**

The Attached Notes form an Integral Part of These Statements

Mohamed Omair Ben Yousof	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman	Director	General Manager

AlSalam Bank

Income Statement

for the year ended 31 Dec 2013

	Note	2013 SDG	2012 SDG
Income:-			
Income from Deferred sales	(22)	59.844.310	68.093.120
Income from Investments	(23)	51.236.930	53.463.241
Losses from Investments revaluation	(24)	34.611.209	14.278.394
Total income from finance and Investments		145.692.449	135.834.755
Less			
Return on unrestricted investment accounts	(19-25)	(28.064.127)	(21.833.260)
Investments Risk Reseve	(19)	-	(5.850.000)
Bank's share in income from investment (as Mudarib and Fund owner)		117.628.322	108.151.495
Income from banking services	(26)	17.055.697	18.060.020
Gains on sales and purchase of foreign currency		7.564.342	9.003.777
Gains on foreign exchange valuation		(7.860.521)	124.984.731
Other Income	(27)	3.710.865	2.725.109
Total revenue		**138.098.705**	**262.925.132**
Expenses			
Staff cost	(28)	(29.105.000)	(27.550.432)
Operations expenses	(29)	(20.783.865)	(19.308.336)
Acomulated depreciation		(3.241.029)	(2.919.025)
Mudaraba investment & finance provisions	(15)	(1.497.708)	(20.181.601)
BOS Penalty		(11.000)	(20.200)
Total Expenses		(54.638.602)	(69.979.594)
Net Operating income (loss) before provision for		**83.460.103**	**209.835.997**
zakah & tax	(42)	(8.238.084)	(7.809.757)
Business profit tax	(43)	(8.930.221)	(10.441.929)
Net income (loss) for the year		**66.291.798**	**174.693.852**
Earnings per share	(30)	0.574	1.588

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Mohamed Omair Ben Yousof	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman	Director	General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 31 Dec. 2013

	Note	2013 SDG	2012 SDG
Operating activities :-			
Net income for the year		66.291.798	174.693.852
Adjusted by :-			
Depreciation of fixed assets	(15)	3.244.343	2.803.039
Provisions	(18)	400.660	15.248.850
Changes in operating assets, liabilities and Unrestricted investment accounts		**69.936.801**	**192.745.741**
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve	(6)	(356.526)	(68.961.992)
Sales receivables (net)	(7)	(66.537.325)	(259.207.297)
Investments		(94.113.797)	(66.877.598)
Other assets	(14)	(6.922.216)	8.789.507
Current accounts	(16)	22.696.432	96.953.979
Equity of Unrestricted investment account holders	(19)	(7.345.155)	(197.633.869)
Dividends paid		-	(30.303.900)
Other liabilities	(17)	(29.518.288)	206.696.564
Prior year adjustments		(5.714.025)	(7.146.358)
Cash used in operations		(187.810.900)	(317.690.964)
Net cash flows from operating activities		**(117.874.099)**	**(124,945,223)**
Investing activities:-			
Purchases of fixed assets	(15)	(6.997.854)	(3,836,705)
Available for sale investments	(12)	(355.115)	(17,498,521)
Net cash flows from (used in) investing activities		**(7.352.969)**	**(21,335,226)**
Financing activities:-			
Reserves	(21)	47.330.474	153,303,809
Net cash flows from financing activities		**47.330.474**	**153,303,809**
Increase (decrease) in cash & cash equivalents	(5)	**(77.896.594)**	**7,023,360**
Cash and cash equivalents at beginning of the year		**225.887.942**	**218,864,582**
Cash and cash equivalent at end of the year	(5)	**147.991.348**	**225,887,942**

The Attached Notes form an Integral Part of These Statements

Mohamed Omair Ben Yousof	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman	Director	General Manager

Al Salam Bank
Statement of changes in Owners' Equity
year ended 31/12/2013

Description	Paid up capital	Retained Earnings	Statutory Reserve	Real estate revaluation Reserve	Foreign investment revaluation	Total
Balance as at 1/1/2013	277.758.000	161.144.864	38.391.039	153.954.430	36.574.985	667.823.318
Paid dividends	32.910.350	(32.910.350)	-	-	-	-
Net income for the year 2013	-	66.291.798	-	-	-	66.291.798
Reserves	-	(6.629.180)	6.629.180	47.000.000	330.474	47.330.474
Prior year adjustment	-	(5.714.025)	-	-	-	(5.714.025)
Balance as at 31/12/2013	310.668.350	182.183.107	45.020.219	200.954.430	36.905.459	775.731.565
Balance as at 1/1/2012	277.758.000	41.370.655	20.921.654	28.103.280	9.122.326	377.275.915
Paid dividends	-	(30.303.900)	-	-	-	(30.303.900)
Net income for the year 2012	-	174.693.852	-	-	-	174.693.852
Reserves	-	(17.469.385)	17.469.385	125.851.150	27.452.659	153.303.809
Prior year adjustment	-	(7.146.358)		-	-	(7.146.358)
Balance as at 31/12/2012	277.758.000	161.144.864	38.391.039	153.954.430	36.574.985	667.823.318

The Attached Notes form an Integral Part of These Statements

Mohamed Omair Ben Yousof	Saud Mamoun Al Burair	Osman Mokhtar Ahmed
Chairman	Director	General Manager

AlSalam Bank
Notes to the financial statements
Year ended 31/12/2013

1/Incorporation And Activities :-

Al Salam Bank (the bank) was established as a public company with a limited liability in Khartoum in December 28- 2004 under companies Act 1925 with registration certificate number 23335. The bank is providing commercial banking services accounting to islamic rules and principles.
The Bank started its commercial operations in May 2005, providing its services from its head office, which is located at Al Jamhoria Street and Al Huria Street junction and Al Salam Rotana branch which is operating from Al Salam Rotana hotel (Africa Street) and Omdorman branch which is located at, Al-mawrda street - Omdorman.

2/Significant Accounting Polices:-

i/ Basis of preparation :-

1- The Financial Statements are prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial in Institutions (AAOIFI) as required by the central bank of Sudan shari'a Supervisory Board (SSB) requirement.
2- The Financial Currency is Sudanese Geneih, financial statements have been presented in Sudanese Geneih (SDG),
3- The Financial Statements were prepared in compliance with the historical post concept as amended, except for the revaluation of securities classified as held for trading, available for sale and real state which are valued at fair value at the end of the year.
4- The Bank uses the accrual basis in recording its assets, liabilities revenues and expenses.
5- Accounting policies used this year consistent with those used last year.

ii/ Fixed assets :

Fixed assets are stated at cost less accumulated depreciation and any permanent impairment in value. Depreciation of Fixed assets is calculated on straight line bases over there estimated useful lives based on (2.5%-30%)
The carrying values of fixed assets are reviewed for impairment when events or changes circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to there recoverable amount.

iii/ Foreign Currency :-

All transactions in Foreign Currencies are recorded using the exchanges rate at the date in which they were incurred. Assets and liabilities which were recorded in Foreign Currency are translated to Sudanese Geneih at the rate of exchange at the financial statements date.
Exchange differences resulting from the bank investment balances and transaction in Foreign Currency have been recognised in the foreign exchange investment reserve. Transfers differences resulted from bank transaction and other operation are treated in the income statement.

iv/ Revenue recognition :

a/ Murabhaa and Istisnaa : -

The profits from Murabhaa and istisnaa transaction are recognized on proportionate basis over the period of the credit.

b/Mudaraba Financing : -
Mudaraba Financing is recognized in the income statements at the time of liquidation or the extent of profit being distributed or at declaration date or when such profits can reasonably be estimated.

c/Musharak a and Salam Financing : -
The profit from Musharaka and Salam transactions are recognized at the time of the liquidation.

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

h/ Dividends income profit bonds :-
Dividend income profit bonds is recognized when declared or when such profits can reasonably be estimated.

V/ Provisions for doubtful debts :-
Provision for doubtful debt is based on the assessment of collectability of each debt and in accordance with the directives of the Central Bank of Sudan.

vi/ Cash and Cash equivalents :-
For the purpose of preparation of the statement of cash flows, Cash and Cash equivalents consist of each with banks (Current Accounts) and balances with Central Bank of Sudan and cash in hand.

vii/ Provisions :-
Provisions are recognized when the bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

viit/ Employees end of service benefits :-
End of service benefits payable to employees are provided for in accordance with Sudanese labour low .

ix/ Measurement of investments & finance at the end of the period

a/ Sales receivable:
Sales receivable are initially recorded at cost , at the end of the financial period sales receivables are measured at their net realizable value .

b/ Mudaraba :-
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) .

b/ Musharka :-
Musharka is measured by the historical cost less provision for finance losses (if any)

d/ Available for sale investments
Available for sale investment are measured at fair value the difference (surplus or deficits) between the book value and fair value is recognised in the revaluation reserve until its nil deficit is recognised in the income statement .

g /Investment in securities and shares held for trading purposes:-
Investment which are classified "for trading" are initially recognized at cost , including acquisition charges associated with the investments. At the period , held for trading securities and shares are re-measured at fair value unless fair value con not be reliably determined in which case they are measured at cost less impairment . The gains or losses resulting from the re-measurement at fair value, are reported as "Re measurement gains or losses on investments" in the income statement.

h /Investment in securities held to maturity

Investment 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 .

x /Zakah and Tax treatment

The Bank is subject to the Zakah and Tax regulations prescribed by the Sudanese authorities .
The Bank is subject to business profit Tax after excluding the relieved profits from investment in shahama bonds and sudatel shares.

xi /Return on unrestricted investment account holders

The Return on unrestricted investment account is calculated on a yearly basis . The Bank allows the investment account holders to withdraw funds from their investment accounts before the agreed period with a condition of losing the right on profits , However at the mudaraba for fixed period the banks (as mudarib) have right to allow them to withdraw funds from their investment accounts until the end of agreed period .
Profits are allocated between the unrestricted investment account holders and the owners equity according to the contribution of each of the two parties .Those profit added to their accounts after the approval of shari'a Supervisory Board and the regulators.

xii /Investment and uncollectability 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 recognised in the income statement .

xiii / Liabilities

Liabilities are recognised for amount 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 .

3/ Supervisory

4/ Shari'a Supervisory Board (SSB)

The Bank's business activities are subject to the supervision of the Shari'a Supervisory Board , which has been appointed by the shareholders . The shari'a supervisory Board has the power to direct, review and supervise the activities of the Bank to ensure that they are in compliance with Shari'a rules and principles. sThis including issuing an annual report to the shareholders .

5 - Cash and Cash equivalents

	2013 SDG	2012 SDG
Cash in hand & in ATM	22.814.817	19.753.614
Balances with Central Bank of Sudan	89.495.285	114.803.591
Cash with foreign correspondent banks	35.681.246	91.330.737
	147.991.348	225.887.942

6 - Central bank of Sudan - statutory cash reserve :-

Local currency	57.411.297	60.609.098
Foreign currency	52.218.613	48.664.286
	109.629.910	109.273.384

7- Sales receivables net:-

Murabaha	430.017.684	328.587.349
Musawama	2.487.756	-
Istisnaa	295.447.727	289.163.255
Ijarra	36.004.981	61.726.455
	763.958.148	679.477.059
Less : Deferred sales	(144.219.019)	(127.166.754)
	619.739.129	552.310.305
Less : Provision for doubtful debts (note 7/1/1)	(14.095.517)	(13.204.018)
Sales receivables (net)	605.643.612	539.106.287

7/1 / Provision for finance and investment doubtful debts :-

	2013 SDG	2012 SDG
General Provision :		
Balance at 1 / 1	8.042.073	4.206.297
Provision for the year	1.247.314	3.835.776
Balance at 31/12	9.289.387	8.042.073
Specific Provision :-		
Balance at 1 / 1	39.459.845	22.874.989
Provision for the year	(143.266)	16.584.856
Balance at 31/12	39.316.579	39.459.845
Total Provision (General+ Specific) note 7/1/1	48.605.966	47.501.918

7/1/1 / Total Provisions for finance and investment doubtful debts (General+ Specific) :-

Provision for doubtful debts (note 7)	14.095.517	13.204.018
Provision for finance losses (note 10)	33.510.850	33.798.350
Provision for finance losses (Musharaka note 11)	999.599	499.550
	48.605.966	47.501.918

8/ Investments in securities and shares held for trading :-

	2013 SDG	2012 SDG
8/ Quoted Investments		
Sudatel shares	3.938.205	3.073.344
AlSalam bank - Bahrain	46.730.099	16.996.877
King Abdullah City shares	10.554.691	6.540.746
	61.222.995	26.610.967
Unquoted Investments		
Aman - Dubai shares	6.598.363	6.623.824
Foreign investment funds	2.840.371	2.730.022
	9.438.734	9.353.846
Total Investments in securities and shares held for trading	70.661.729	35.964.813

9/ Investments in securities held to maturity :-

	2013	2012
Shahama securities (note 9/1)	132.833.000	118.714.500
Shihab securities (note 9/2)	-	2.000.000
Government Bonds (note 9/3)	-	30.000.000
Shama securities (note 9/4)	-	9.653.500
	132.833.000	160.368.000

9/1 / Shahama securities :-

This is government certificates issued from Ministry of Finance on behalf of Sudan government and marketed by Sudan Financial Services Company based on Musharaka contract , They are exchanged at Khartoum Stock Market, the average annual return on these certificates is 18%.

9/2 / Shihab securities :-

These are sukuk issued by Sudan Financial Services Company to investors to invest in central bank building assets fund. The relation between the Sudan Financial Services Company and the investors is based on agency agreement.

9/3/ Government Bonds :-

These bonds are issued by ministry of finance and are marketed by Sudan Financial Services Company , the average annual return on these bonds is 15%.

9/4/ Shama Securities :-

This is government certificates issued from Ministry of Finance on behalf of Sudan government and marketed by Sudan Financial Services Company based on Musharaka contract , They are exchanged at Khartoum Stock Market, the average annual return on these certificates is 15%.

10/ Investments in Mudaraba :-

	2013 SDG	2012 SDG
Mudaraba with customers - Individuals	223.505.710	240.187.611
Mudaraba with Banks	143.689.047	141.156.752
Wakala with Banks	-	-
	367.194.757	381.344.363
Less : Provision for finance and investment risk losses (note 7/1/1)	(33.510.850)	(33.798.350)
	333.683.907	347.546.013

11/ Musharaka financing :-

	2013 SDG	2012 SDG
Musharaka with corporate & customers	99.959.896	49.955.025
Less : Provision for finance losses (note 7/1/1)	(999.599)	(499.550)
	98.960.297	49.455.475

12/ Investments in shares available for sale share:-

		2013 SDG	2012 SDG
AlSalam Bank - Algeria	5%	32.783.850	32.428.735
AlSalam real estate Company	50%	50.000	50.000
		32.833.850	32.478.735

13/ Investments in real estate :-

Represent Investments in 6 lands fully owned by the bank in Khartoum and Khartoum North cities also there are 28 lands in Ajman UAE lumed ownership to Salam Bank after liquidation of AlSalam real state fund, the cost of these lands is 138 m SDG where is the market value as at 31 Dec. 2013 346 M SDG (2012: 299M SDG) (note 21/1) .

14- Other assets :-

	2013 SDG	2012 SDG
Staff loans	936.947	1.448.033
Other receivables (note 14 -1)	9.894.080	5.407.228
Projects under process	916.685	3.560.444
Prepayments	8.801.394	3.211.185
	20.549.106	13.626.890

14- 1/ Other receivables :-

Accrued income investments	9.746.220	5.407.228
Receivable	147.860	-
	9.894.080	5.407.228

AlSalam Bank

Year ended 31/12/2013

Notes to the financial statements

15/ Fixed assets :

Particulars	Motor Vehicles	Furniture and fixture	office Equipment	IT equipment	Land and buliding	Total
Cost at :						
January 1,2013	1.750.288	5.694.394	2.925.990	9.842.564	29.905.601	50118837
Additions	289.500	913.675	1.278.069	2.898.211	1.618.399	6997854
Disposals	-	-	-	-	-	-
December 31,2013	2.039.788	6.608.069	4.204.059	12.740.775	31.524.000	57.116.691
Depreciation :-						
Rate						
January 1,2013	362.419	2.299.695	991.383	8.716.547	3.109.211	15.479.255
For the period	284.620	616.509	372.362	1.307.206	663.646	3.244.343
Disposals	-	-	-	-	-	-
December 31,2013	647.039	2.916.204	1.363.745	10.023.753	3.772.857	18.723.598
Net book value at						
December 31,2013	1.392.749	3.691.865	2.840.314	2.717.022	27.751.143	38.393.093
December 31,2012	1.387.869	3.394.699	1.934.607	1.126.017	26.796.390	34.639.582

16 - Current accounts :-

	2013 SDG	2012 SDG
Local currency	365.887.144	345.733.604
Foreign currency	63.230.407	60.687.515
	429.117.551	406.421.119

17/ Other Liabilities :-

	2013 SDG	2012 SDG
Other creditors	4.225.848	2.403.747
Accrued expenses	82.777	116.000
Outstanding cheques	19.575.039	8.184.317
Dues to shareholders and others (Note 17/1)	61.844.080	69.622.101
Cash margin against letters of credit	176.529	169.671
Purchased foreign currencies	34.986.157	36.958.943
Cash margin against letters of guarantee	120.635.308	153.589.247
	241.525.738	271.044.026

17/1. Dues to shareholders and others
Amajor portion of this amount represents unclaimed Salaries and wages and shareholders unpaid dividends.

18/Provisions :-

	2013 SDG	2012 SDG
End of service benefits	-	426.825
Social Insurance	16.430	530.898
Board of directors remuneration	6.000.000	6.000.000
Provision for staff bonus	1.013.319	1.620.000
Sharia' supervisory board remuneration	178.821	180.000
Income tax provision	1.301.643	2.078.205
Zakah provision (note 42)	12.047.840	7.809.757
Business profit tax provision (note 43)	8.930.221	10.441.929
	29.488.274	29.087.614

19/ Equity of Unrestricted investment account holders :-

	2013 SDG	2012 SDG
Unrestricted investment account balances	448.804.032	450.676.087
Return on unrestricted investment accounts(note25)	28.064.127	21.833.260
Advance payment	(16.543.020)	(4.839.053)
Investment risk reserve	5.850.000	5.850.000
	466.175.139	473.520.294

20/ Capital :-

Authorized and paid up	**254.000.000**	**254.000.0000**

The authorized share capital of the Bank comprises 100,000,000 shares of nominal value of SDG 2.54 each .
Authorized and paid up

Paid up capital:

Paid up capital 254.000.000 SDG added by 23.758.000 SDG as the year 2010 by 10 percent as free share	**310.668.350**	**277.758.000**

21/ Reserves :-

Real Estate revaluation reserve (note 21/1)	200.954.430	153.954.430
Foreign exchange investments reserve (note21/2)	36.905.459	36.574.985
Statutory Reserve(note21/3)	45.020.219	38.391.039
	282.880.108	228.920.454

21-1/ Real Estate revaluation reserve :-

The lands held for investments purposes by the Bank were revaluated by a Sudanese Consultancy firm licensed by Organizing Council for Consultancy Firms (OCCF) at 31 December 2011 resulting in a re-valuation surplus for both the owners of unrestricted investment accounts and the shareholders each according to their share percentage of the investment portfolio. The owners of unrestricted investment accounts share in this reserve 66.5 M SDG.

21-2 / Foreign exchange investments reserve :-

Gains of the foreign exchange from investment are excluded from income statements and included in the equity as foreign exchange investments reserve it was for both the owners of unrestricted investment accounts and the shareholders each according to their share percentage of the investment portfolio. The owners of unrestricted investment accounts share in this reserve 12.2 M SDG.

21-3 / Statutory Reserve :-

As required by the Banking Regulation law of 2003 and the Central Bank of Sudan Circular dated 7 April 2007 10% of net profit has been transferred to statutory reserve. The bank may resolve to discontinue such annual transfers when the reserve equals 100% of the paid up share capital.

22- Income from Deferred sales:-

	2013 SDG	2012 SDG
Murabaha income	38.354.235	26.869.618
Istisnaa income	17.080.257	40.272.702
Other Finance income	4.409.818	950.800
	59.844.310	68.093.120

23/ Income from investments :-

	2013	2012
Securities (Shahama)	20.201.168	25.627.588
Securities (Shihab)	191.267	228.000
Government bonds	-	5.400.000
Income from Alsalam Real Estate Fund	1.548.537	-
Share (Sudatal)	-	359.482
Mudaraba	19.216.973	14.329.707
Musharaka	9.207.616	4.133.610
Investment accounts - local banks	394.511	1.073.392
Investment accounts -Foreign banks	476.858	2.311.462
	51.236.930	53.463.241

24- Gains from Investments revaluation :-

	2013	2012
Sudatel Company shares	864.862	308.876
King Abdullah city shares	4.013.125	3.877.757
Al Salam Bank - Bahrain shares	29.733.222	10.091.761
	34.611.209	14.278.394

25- Return of holders of Unrestricted Investment Accounts :-

	2013 SDG	2012 SDG
Share of profit before Mudarib share	36.285.108	40.434.179
Mudarib share of profit	(19.087.430)	(16.386.088)
Net return after Mudarib share	17.197.678	24.048.091
Investment risk reserve	-	(5.850.000)
The Bank donated profit	10.866.449	3.635.169
Final balance after donation (note -19)	28.064.127	21.833.260

26- Income from banking services :-

	2013 SDG	2012 SDG
Book Keeping and cheques issuance fees	1.410.923	1.324.843
Letters of credit	4.867.986	8.328.857
Letters of Guarantee	8.784.114	6.442.945
Transfers and acceptances	641.194	120.792
Administrative fees	875.293	1.737.236
Other bank services	107.059	99.747
SMS commission	363.309	-
After Sale Services commission	5.819	5.600
	17.055.697	18.060.020

27/ Other Income

	2013 SDG	2012 SDG
Income from mail and communications (swift)	28.075	24.835
Income from outward transfers	795.880	1.037.889
Income from incoming transfers	-	36
Other income	2.041.099	978.640
Legal income	222.866	213.153
Income from ATMs	316.046	191.975
Revaluation proporty income	95.706	69.828
Registration proporty income	11.100	23.884
Income from agents of insurance companies	4.185	19.175
Save box Income	87.518	69.980
Mobile services Income	108.390	41.468
Fixed assets sale Income	-	54.282
	3.710.865	2.725.109

AlSalam Bank

Notes to the financial statements

Year ended 31/12/2012

28/ Saff Cost :-

	2013 SDG	2012 SDG
Basic salary	11.420.998	10.284.036
Eid bonus	1.937.673	2.586.502
Nature of work allowance	255.802	197.473
Uni- form allowance	1.841.598	1.433.869
End of service benefit	1.763.740	1.434.246
Training	260.152	58.914
Staff performance bonus	7.219.241	7.233.004
Health Insurance	881.265	878.194
Social Insurance	1.579.848	1.522.975
Annual Leave allowances	1.944.683	1.921.219
	29.105.000	27.550.432

29/ Operation expenses :-

	2013 SDG	2012 SDG
Stationary & equipment	965.937	1.671.752
Maintenance & Repair	1.899.502	2.738.363
Telecommunications	831.039	822.307
Fuel and lubricant	146.047	76.179
Electricity & water	578.253	533.229
Insurance	151.664	210.816
Keeping expenses	541.435	408.160
Rent	3.923.480	1.964.664
Gardening	28.920	35.000
Legal consultants fees	1.015.198	758.713
Expenses of General Assembly	422.260	261.364
Audit fees	241.201	249.000
Shari'a Supervisory Board expenses	217.893	248.191
Board of directors meeting expenses.	1.560.117	1.360.449
Board of directors remuneration	1.013.319	1.620.000
Subscriptions	854.753	823.777
Entertainment	191.548	244.710
Cleaning	476.686	356.207
Misscellaneous	317.455	249.098
Visas and Hotels expenses	1.177.875	1.079.585
Banks charges	42.843	96.027
Donations & gifts	179.798	347.042
Swift	94.636	92.962
Advertising	417.480	1.297.382
Deposits Guarantee Fund	1.592.692	1.167.418
National switch transfer Expenses	339.935	374.529
Newspapers Magazines and books	14.181	15.728
Furnishing Expenses	1.181.418	205.684
Professional consultancies	293.100	-
Services Expenses	73.200	-
	20.783.865	19.308.336

30/ Earning Per Shares :-

	2013 SDG	2012 SDG
Net profit for the year	66.291.798	174.693.852
Number of share	115.500.000	110.000.000
Earning per share	0.574	1.588

31/ Contra accounts :-

Contra accounts are not included in the financial statements of the bank as follow :

	2013 SDG	2012 SDG
Letters of credit	472.580.582	404.935.908
Letters of guarantee	605.247.211	655.473.392
	1.077.827.793	1.060.409.300

32/ Concentration of investments - Economic sector :-

The total Investments for 2012 amounted to SDG 420,392,952 (2011: SDG421,142,112) and it was distributed according to economic sector as follows :

	2013 SDG	2012 SDG
Industry	44%	44%
Commercial	9%	1%
Transportation	7%	6%
Agriculture	6%	3%
Other sector	34%	46%
Total	100%	100%

33/ Social responsibility :-

With regard to the Banks role in supporting the needy and poor people the Bank has allocated Zakat for this year the amounting to SDG 7.8 Million (2011 SDG 4.7 1Million) moreover, during the year the Bank has discharged its social responsibilities by training the employees and by donations payments .

34/ Related party trasactions :-

These represent transactions with related parties i.e shareholders , board of directors and senior management of the Bank , and companies of which they are principal shareholders . These transactions are conducted in an arm length basis .

34/ Balance sheet items :

2013

	Principles Shareholders & Board of Director and their companies :	Key managers	Total at Dec 2013
Murabaha	32.518.000	23.889.562	56.407.562
Mudaraba	6.250.000	-	6.250.000
Istisnaa	11.700.000	-	11.700.000
Investment accounts	209.336.314	-	209.336.314
Current accounts	7.795.417	-	7.795.417
	4.308.299	1.232.994	5.541.293
Income statement Items :			
	2.850.120	716.686	3.566.806
Murabaha income	531.458	-	531.458
Mudaraba income	1.056.040	-	1.056.040
Top Management	12.000.000	-	12.000.000
Remuneration			
Contra accounts	1.013.319	2.575.808	3.589.127
Letters of credit	-	-	-
Letters of guarantee	19.674.112	-	19.674.112

Balance sheet items : 2012

	Principles Shareholders & Board of Director and their companies:	Key managers	Total at Dec 2012
Murabaha	2.475.000	16.570.945	19.045.945
Mudaraba	10.700.000	-	10.700.000
Istisnaa	139.726.379	-	139.726.379
Investment accounts	5.086.145	-	5.086.145
Current accounts	4.614.008	1.161.161	5.775.169
Income statement Items :			
Murabaha income	222.750	497.128	719.878
Mudaraba income	1.070.000	-	1.070.000
Remuneration			
Contra accounts	1.620.000	2.140.992	3.760.992
Letters of credit	-	-	-
Letters of guarantee	455.271	-	455.271

35 /Credit risk :-

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 financial 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.

Analysis of investment concentration by economic sector is provided in note 32.

36/ Liquidity risk :-

Liquidity risk is the risk market that the Bank credit will be unable to meet its net funding requirements . Liquidity risk can be caused by disruptions or downgrades , which may cause certain sources of funding to dry up immediately .
To mitigate this risk . management has diversfied funding sources of funding sources and assets are managed with liquidity in mind , maintaining a healthy balance of cash, cash equivalents . and readily marketable securities .
The contractual maturities of assets and liabilities have been determined on the bassis of the remaining period at the balance sheet date to the contractual maturity date . Management monitors the maturity profit to ensure that adequate liquidity is maintained .

The maturity profile of the Bank's assets and liabilities is as follows:-

For 2013

Assest	Within 3 months	3-6 months	6-12 months	Over one year	Total
Cash and cash equivalents	147.991.348	-	-	109.629.910	257.621.258
Sales receivable	24.669.645	14.532.765	22.566.164	543.875.038	605.643.612
Investment in securities and shares	-	27.933.500	104.899.500	70.661.729	203.494.729
Mudaraba	185.714.000	700.000	5.600.000	141.669.907	333.683.907
Musharaka	11.654.935	31.700.000	32.175.000	23.430.362	98.960.297
Investment in real estate	-	-	-	346.549.251	346.549.251
Other assets	-	9.746.220	15.112.050	-	24.858.270
Investment In affiliates	-	-	-	32.833.850	32.833.850
Fixed assets	-	-	-	38.393.093	38.393.093
Total assets	370.029.928	84.612.485	180.352.714	1.307.043.140	1.942.038.267
Owner's equity and liabilities :-					
Owner's equity	-	-	-	776.896.638	776.896.638
Current account	429.117.551	-	-	-	429.117.551
Other liabilities	24.060.193	-	155.621.465	61.844.080	241.525.738
Provisions	28.014.718	-	-	-	28.014.718
Equity of un-restricted Investment account	119.819.220	92.595.079	254.059.323	10.000	466.483.622
Total Liabilities and share-holders' equity	601.011.682	92.595.079	409.680.788	838.750.718	1.942.038.267

36 / liquidity risk (cont) :

For 2012

Assest	Within 3 months	3-6 months	6-12 months	Over one year	Total
Cash and cash equivalents	225.887.942		- -	109.273.384	335.161.326
Sales receivable	202.021.640	38.626.460	105.163.813	195.294.374	539.106.287
Investment in securities and shares	7.700.500	35.337.500	75.676.500	77.618.313	196.332.813
Mudaraba and Wakala	28.000.000		31.713.610	287.832.403	347.546.013
Musharaka	405.506	10.800.000	3.600.000	34.649.969	49.455.475
Investment in real estate	-		- -	299.549.250	299.549.250
Other assets	12.066.446	-	-	-	30.500.499
Investment In affiliates	-	-	-	32.478.735	32.478.735
Fixed assets	-	-	-	34.639.582	34.639.582
Total assets	476.082.034	84.763.960	216.153.923	1.071.336.010	1.864.769.980
Owner's equity and liabilities :-					
Owner 's equity	-	-	-	701.203.156	701.203.156
Current account	406.421.119	-	-	-	406.421.119
Other liabilities	12.873.735	-	190.548.190	67.622.101	271.044.026
Provisions	17.472.767	-	-	426.825	17.899.592
Equity of un-restricted Investment account	202.047.782	67.599.843	198.544.462	10.000	468.202.087
Total Liabilities and share-holders' equity	638.815.403	67.599.843	389.092.652	769.262.082	1.864.769.980

37. Market risk :

Market risk is the risk that value of an asset will fluctuate as a result of change in market prices, whether those change are caused by factors specific to the individual investment or its issuer or factor affecting all investment traded in market.
Market risk is managed on the basis of pre- deter mind asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and managements estimate of long and short term changes in fair value .

38. Shares Prices risk :

Shares prices risk that the value of the shares will fluctuate as result of changes in the market prices of the share . The Board of Directors put the limits on the amounts and types of shares to be acquired for investments purposes . The investments committee of the Bank regularly monitors these limits .

39. 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 assets and liabilities committee performs regular review of the assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained at minimum levels and also to ensure that financing and investments are made for quality assets at higher rate of returns .

40. Currency risk :

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchanges rates .
Currency risk is managed on the basis of limits determined by the Bank Board of Directors. These limits are monitored continuously to ensure that the net exposure is kept to an acceptable level .

Assets and liabilities in foreign currency are mainly denominated in US Dollars and other foreign currencies . The bank foreign currencies net position was as follows :

	2013	2012
Assets		
liabilities	132.675.705	147.702.634
Net foreign Currency Position	(59.081.044)	(80.950.997)
	73.594.661	66.751.637

41. Capital adequacy :

The Bank monitions the adequacy of its capital using the ratios established by central Bank of Sudan.

	2012	2013
Core capital	490.258.550	395.795.961
Total risk weighted assets	2.069.781.829	2.187.220.516
The Banks Capital adequacy ratio	24%	18%
Minimum Capital adequacy ratio erquired	12%	12%

42. Zakat :

The Bank Paid its zakat liabilities up to 2012 and provided for 2013 zakat liability .

43. Business Profit Tax :

The Bank paid its tax up to 2012 and provided for 2013 .

44. Comparative Figures :

Certain of the comparative amounts have been re- classifies to conform with current year classification.
These re-classification not did affects the comparative year profits or equity .

45. Bank Financial Statements Approval :-

The Financial Statements Approved by the bank Board of Directors meeting on 24/3/ 2014.