AlSalam Bank
(Joint Stock Company)
Audited Financial Statements
31/12/2014

[2014]

Hasibeen Group
Chartered Certified Accountants
Management & Financial Consultants
Chartered Certified Accountants UK

حاسبين مجموعة
محاسبون ومراجعون قانونيون
مستشارون إداريون وماليون
زملاء الجمعية الملكية للمحاسبين القانونيين - المملكة المتحدة

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 31/12/2014 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 the 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: 26 /2 /2015

IZZELDIN ABD ALLA JUBAL
Partener
Hasibeen Group

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تلفونات : ٨٣ ٧٨٤٦٣٩ - ١٥٥١٥٤٨٨٤
فاكس : ٨٣ ٧٧٧٨٠٦ - ٨٣ ٧٧٦٨٥١
ص . ب : ٣٨٠٧ الخرطوم - السودان
المقر : شقة رقم (٢) الطابق السادس
عمارة المبارك شارع الحرية - الخرطوم

AlSalam Bank
Statement of Financial Position
As At 31 Dec 2014

	Note	2014 SDG	2013 SDG
Assets:-			
Cash & Cash equivalents	(5)	124.729.632	147.991.348
Statutory cash reserve - Central bank of Sudan	(6)	85.354.034	109.629.910
Sales receivables (net)	(7)	625.696.614	605.643.612
Investments in securities and shares held for trading	(8)	83.241.377	70.661.729
Investments in securities and shares held to maturity	(9)	62.802.500	132.833.000
Investments in Mudaraba and Wakala financing	(10)	338.026.466	333.683.907
Musharaka financing	(11)	62.835.811	98.960.297
Good Murabaha		-	4.309.164
Investments in shares available for sale	(12)	34.718.150	32.833.850
Investments in real estates	(13)	506.911.690	346.549.251
Other assets	(14)	33.931.611	20.549.106
Fixed assets (net book value)	(15)	36.287.081	38.393.093
Total Assets		**1.994.534.966**	**1.942.038.267**
Liabilities, Unrestricted investment accounts and Owners' Equity :-			
Liabilities :-			
Current Accounts	(16)	344.839.184	429.117.551
Other liabilities	(17)	209.302.045	241.525.738
Provisions	(18)	36.848.885	29.488.274
Total liabilities		590.990.114	700.131.563
Equity of Unrestricted investment accounts holders	(19)	433.047.577	466.175.139
Total liabilities & Unrestricted investment accounts		**1.024.037.691**	**1.166.306.702**
Owners' Equity :-			
Paid - up capital	(20)	310.668.350	310.668.350
Reserves	(21)	537.106.171	282.880.108
Retained earnings		122.722.754	182.183.107
Total owners' equity		970.497.275	775.731.565
Total liabilities, Unrestricted investment accounts and owners' equity		**1.994.534.966**	**1.942.038.267**
Contra accounts	(31)	**566.359.596**	**1.077.827.793**

The Attached Notes form an Integral Part of These Statements

Abbas Elbakhit Musa	Abd Elbasit Hamza Alhassan	Alnour Agabna Iz alarab
Director	Director	General Manager

AlSalam Bank

Income Statement

for the year ended 31 Dec 2014

	Note	2014 SDG	2013 SDG
Income:-			
Income from Deferred sales	(22)	73.298.064	59.844.310
Income from Investments	(23)	43.010.718	51.236.930
Losses from Investments revaluation	(24)	(1.847.330)	34.611.209
Total income from finance and Investments		114.461.452	145.692.449
Less			
Return on unrestricted investment accounts	(19-25)	(28.512.008)	(28.064.127)
Bank's share in income from investment (as Mudarib and Fund owner)		85.949.444	117.628.322
Income from banking services	(26)	27.474.271	17.055.697
Gains on sales and purchase of foreign currency		387.355	7.564.342
Gains on foreign exchange valuation		6.356.462	(7.860.521)
Other Income	(27)	1.337.508	3.710.865
Total revenue		**121.505.040**	**138.098.705**
Expenses			
Staff cost	(28)	(26.523.958)	(29.105.000)
Operations expenses	(29)	(20.965.232)	(20.783.865)
Acomulated depreciation		(3.412.245)	(3.241.029)
Mudaraba investment & finance provisions	(15)	-	(1.497.708)
BOS Penalty		(5.000)	(11.000)
Total Expenses		(50.906.435)	(54.638.602)
Net Operating income (loss) before provision for		**70.598.605**	**83.460.103**
zakah & tax	(42)	(11.534.957)	(8.238.084)
Business profit tax	(43)	(9.050.778)	(8.930.221)
Net income (loss) for the year		**50.012.870**	**66.291.798**
Earnings per share	(30)	0.433	0.574

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Abbas Elbakhit Musa	Abd Elbasit Hamza Alhassan	Alnour Agabna Iz alarab
Director	Director	General Manager

AlSalam Bank

Statement of Cash Flows

For The Year Ended 31 Dec. 2014

	Note	2014 SDG	2013 SDG
Operating activities :-			
Net income for the year		50.012.870	66.291.798
Adjusted by :-			
Depreciation of fixed assets	(15)	3.384.823	3.244.343
Provisions	(18)	7.360.611	400.660
Changes in operating assets, liabilities and Unrestricted investment accounts		60.758.304	**69.936.801**
Net cash flows provided by operations			
Central bank of Sudan - Statutory cash reserve	(6)	24.275.876	(356.526)
Sales receivables (net)	(7)	(19.905.142)	(66.537.325)
Investments		(70.589.096)	(94.113.797)
Other assets	(14)	(13.530.365)	(6.922.216)
Current accounts	(16)	(84.278.367)	22.696.432
Equity of Unrestricted investment account holders	(19)	(33.127.562)	(7.345.155)
Other liabilities	(17)	(32.223.694)	(29.518.288)
Prior year adjustments		(5.751.858)	(5.714.025)
		(235.130.208)	(187.810.900)
Net cash flows from operating activities		**(174.371.904)**	**(117.874.099)**
Investing activities:-			
Purchases of fixed assets	(15)	(1.278.811)	(6.997.854)
Available for sale investments	(12)	1.884.300	(355.115)
Net cash flows from (used in) investing activities		**605.489**	**(7.352.969)**
Financing activities:-			
Reserves	(21)	150.504.699	47.330.474
Net cash flows from financing activities		**150.504.699**	**47.330.474**
Increase (decrease) in cash & cash equivalents		**(23.261.716)**	**(77.896.594)**
Cash and cash equivalents at beginning of the year	(5)	**147.991.348**	**225.887.942**
Cash and cash equivalent at end of the year	(5)	**124.729.632**	**147.991.348**

The Attached Notes form an Integral Part of These Statements

Abbas Elbakhit Musa
Director

Abd Elbasit Hamza Alhassan
Director

Alnour Agabna Iz alarab
General Manager

Al Salam Bank
Statement of changes in Owners' Equity
year ended 31/12/2014

Description	Paid up capital	Retained Earnings	Statutory Reserve	Real estate revaluation Reserve	Foreign investment revaluation	Assets revaluation Reserve	Total
Balance as at 1/1/2014	310.668.350	182.183.107	45.020.218	200.954.430	36.905.459	-	775.731.564
Paid dividends	-	(92.363.616)	-	-	-	92.363.616	-
Net income for the year 2014	-	50.012.870	-	-	-	-	50.012.870
Reserves	-	(11.357.749)	5.001.287	135.919.354	14.585.345	6.356.462	150.504.699
Prior year adjustment	-	(5.751.858)	-	-	-	-	(5.751.858)
Balance as at 31/12/2014	310.668.350	122.722.754	50.021.505	336.873.784	51.490.804	98.720.078	970.497.275
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

The Attached Notes form an Integral Part of These Statements

Abbas Elbakhit Musa
Director

Abd Elbasit Hamza Alhassan
Director

Alnour Agabna Iz alarab
General Manager

AlSalam Bank
Notes to the financial statements
Year ended 31/12/2014

<u>1/Incorporation And Activities :-</u>

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, Almawrda street - Omdorman and AlParlman Branch at Hamza Plaza building at AlParlman street Khartoum

The Number of employees of the bank at 31/12/2014 was 173 (169 in 2013).

<u>2/Significant Accounting Polices:-</u>

<u>i/ Basis of preparation :-</u>

1- The Financial Statements are prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial 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 cost 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.

<u>ii/ Fixed assets :</u>

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 their estimated useful lives based on (2.5%-30%)

The carrying values of fixed assets are reviewed for impairment when events or change 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 their recoverable amount.

iii/ Foreign Currency   :-

~~All transactions in Foreign~~ Currencies are recorded using the exchange 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. Transfer differences resulted from bank transaction and other operation are treated in the income statement.

<u>iv/ Revenue recognition :</u>

<u>a/ Murabhaa and Istisnaa : -</u>

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 .

AlSalam Bank
Notes to the financial statements
Year ended 31/12/2014

5 - Cash and Cash equivalents

	2014 SDG	2013 SDG
Cash in hand & in ATM	18.384.582	22.814.817
Balances with Central Bank of Sudan	95.218.178	89.495.285
Cash with foreign correspondent banks	11.126.872	35.681.246
	124.729.632	147.991.348

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

	2014	2013
Local currency	61.584.438	57.411.297
Foreign currency	23.769.596	52.218.613
	85.354.034	109.629.910

7- Sales receivables net:-

	2014	2013
Murabaha	349.026.453	430.017.684
Musawama	2.086.400	2.487.756
Istisnaa	437.401.233	295.447.727
Ijarra	38.023.283	36.004.981
	826.537.369	763.958.148
Less : Deferred sales	(187.641.573)	(144.219.019)
	638.895.796	619.739.129
Less : Provision for doubtful debts (note 7/1/1)	(13.199.182)	(14.095.517)
Sales receivables (net)	625.696.614	605.643.612

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

	2014 SDG	2013 SDG
General Provision :		
Balance at 1 / 1	9.289.387	8.042.073
Provision for the year	(487.035)	1.247.314
Balance at 31/12	8.802.352	9.289.387
Specific Provision :-		
Balance at 1 / 1	39.316.579	39.459.845
Provision for the year	1.110.890	(143.266)
Balance at 31/12	40.427.469	39.316.579
Total Provision (General+ Specific) note 7/1/1	49.229.821	48.605.966

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

	2014	2013
Provision for doubtful debts (note 7)	13.199.182	14.095.517
Provision for finance losses (note 10)	35.395.934	33.510.850
Provision for finance losses (Musharaka note 11)	634.705	999.599
	49.229.821	48.605.966

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

	2014 SDG	2013 SDG
8/ Quoted Investments		
Sudatel shares	-	3.938.205
AlSalam bank - Bahrain	45.983.790	46.730.099
King Abdullah City shares	9.362.098	10.554.691
	55.345.888	61.222.995
Unquoted Investments		
Aman - Dubai shares	6.977.614	6.598.363
Foreign investment funds	2.647.925	2.840.371
Assets acquired by banks for Musharaka Finance	7.769.950	-
Inter Bank Liquidity Management Fund	10.500.000	-
	27.895.489	9.438.734
Total Investments in securities and shares held for trading	83.241.377	70.661.729

9/ Investments in securities held to maturity :-

Shahama securities (note 9/1)	62.802.500	132.833.000
Shihab securities (note 9/2)	-	-
Government Bonds (note 9/3)	-	-
Shama securities (note 9/4)	-	-
	62.802.500	132.833.000

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 :-

	2014 SDG	2013 SDG
Mudaraba with customers - Individuals	230.973.491	223.505.710
Mudaraba with Banks	142.448.909	143.689.047
	373.422.400	367.194.757
Less : Provision for finance and investment risk losses (note 7/1/1)	(35.395.934)	(33.510.850)
	338.026.466	333.683.907

11/ Musharaka financing :-

Musharaka with corporate & customers	63.470.516	99.959.896
Less : Provision for finance losses (note 7/1/1)	(634.705)	(999.599)
	62.835.811	98.960.297

12/ Investments in shares available for sale share:-

AlSalam Bank - Algeria	5%	34.668.150	32.783.850
AlSalam real estate Company	50%	50.000	50.000
		34.718.150	32.833.850

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 150.8 m SDG where is the market value as at 31 Dec. 2013 506.9 M SDG (2012: 346 M SDG) (note 21/1) .

14- Other assets :-

	2014 SDG	2013 SDG
Staff loans	2.070.627	936.947
Other receivables (note 14 -1)	22.062.047	9.746.220
Projects under process	1.051.685	916.685
Prepayments	8.747.252	8.801.394
	33.931.611	20.401.246

14- 1/ Other receivables :-

	2014 SDG	2013 SDG
Accrued income investments	22.062.047	9.746.220
Debtors (14-1-1)	-	-
	22.062.047	9.746.220

14- 1-1/ Debtors :-

	2014 SDG	2013 SDG
Aquired by the bank upon Liquidation of Alsalam real estate fund	17.774.858	16.808.751
Less provision for doubtful debts	17.774.858	16.808.751
	-	-

14- 1-1/ Debtors :-

A debit balance of $ 2.8 Million resulted for the liquidation of AlSalam real estate fund on 27/10/2011 of which 1 Million settled on 7/6/2012. Full provision is made for the balance according to Central Bank of Sudan instructions

19/ Equity of Unrestricted investment account holders :-

	2014 SDG	2013 SDG
Unrestricted investment account balances	419.695.548	448.804.032
Return on unrestricted investment accounts(note25)	28.512.008	28.064.127
Advance payment	(15.159.979)	(16.543.020)
Investment risk reserve	-	5.850.000
	433.047.577	466.175.139

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 and 32.910.350 SDG in 2013 by 5% as free share.	**310.668.350**	**310.668.350**

21/ Reserves :-

Real Estate revaluation reserve (note 21/1)	336.873.784	200.954.430
Foreign exchange investments reserve (note21/2)	51.490.804	36.905.459
Asset revaluation reserve	98.720.078	-
Statutory reserve(note21/3)	50.021.505	45.020.219
	537.106.171	282.880.108

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 2013 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:-

	2014 SDG	2013 SDG
Murabaha income	46.421.167	38.354.235
Istisnaa income	25.543.398	17.080.257
Other Finance income	105.654	4.409.818
	1.227.845	
	73.298.064	59.844.310

23/ Income from investments :-

Securities (Shahama)	9.438.645	20.201.168
Securities (Shihab)	-	191.267
Government bonds	-	-
Income from Alsalam Real Estate Fund	174.106	1.548.537
Share (Sudatal)	2.269.580	-
Mudaraba	16.883.789	19.216.973
Musharaka	13.534.356	9.207.616
Investment accounts - local banks	205.515	394.511
Investment accounts -Foreign banks	504.727	476.858
	43.010.718	51.236.930

24- Gains from Investments revaluation :-

Sudatel Company shares	-	864.862
King Abdullah city shares	(1.166.352)	4.013.125
Al Salam Bank - Bahrain shares	(680.978)	29.733.222
	(1.847.330)	34.611.209

25- Return of holders of Unrestricted Investment Accounts :-

	2014 SDG	2013 SDG
Share of profit before Mudarib share	36.630.467	36.285.108
Mudarib share of profit	(18.547.920)	(19.087.430)
Net return after Mudarib share	18.082.547	17.197.678
Investment risk reserve	-	-
The Bank donated profit	10.429.461	10.866.449
Final balance after donation (note -19)	28.512.008	28.064.127

26- Income from banking services :-

	2014 SDG	2013 SDG
Book Keeping and cheques issuance fees	1.170.127	1.410.923
Letters of credit	5.693.729	4.867.986
Letters of Guarantee	18.808.948	8.784.114
Transfers and acceptances	596.710	641.194
Administrative fees	619.120	875.293
Other bank services	171.020	107.059
SMS commission	406.344	363.309
After Sale Services commission	8.273	5.819
	27.474.271	17.055.697

27/ Other Income

	2014 SDG	2013 SDG
Income from mail and communications (swift)	18.791	28.075
Income from outward transfers	76.317	795.880
Income from incoming transfers	-	-
Other income	410.359	2.041.099
Legal income	368.540	222.866
Income from ATMs	99.711	316.046
Revaluation proporty income	17.825	95.706
Registration proporty income	375	11.100
Income from agents of insurance companies	8.700	4.185
Save box Income	135.825	87.518
Mobile services Income	127.315	108.390
Fixed assets sale Income	48.500	-
Income from electricity purchase & other electronic	25.250	-
	1.337.508	3.710.865

28/ Saff Cost :-

	2014 SDG	2013 SDG
Basic salary	11.439.705	11.420.998
Eid bonus	1.884.676	1.937.673
Nature of work allowance	288.806	255.802
Uni- form allowance	1.912.455	1.841.598
End of service benefit	905.474	1.763.740
Training	145.524	260.152
Staff performance bonus	4.159.433	7.219.241
Health Insurance	1.664.603	881.265
Social Insurance	1.577.255	1.579.848
Annual Leave allowances	2.546.027	1.944.683
	26.523.958	29.105.000

29/ Operation expenses :-

	2014 SDG	2013 SDG
Stationary & equipment	708.095	965.937
Maintenance & Repair	2.459.391	1.899.502
Telecommunications	871.906	831.039
Fuel and lubricant	215.599	146.047
Electricity & water	635.924	578.253
Insurance	193.874	151.664
Keeping expenses	528.594	541.435
Rent	52.490	1.181.418
Gardening	4.494.796	3.923.480
Legal consultants fees	36.150	28.920
Expenses of General Assembly	496.196	1.015.198
Audit fees	454.323	422.260
Shari'a Supervisory Board expenses	263.249	241.201
Board of directors meeting expenses.	246.488	217.893
Board of directors remuneration	1.447.817	1.560.117
Subscriptions	1.625.860	1.013.319
Entertainment	10.000	293.100
Cleaning	701.322	854.753
Misscellaneous	204.164	191.548
Visas and Hotels expenses	578.900	476.686
Banks charges	468.035	317.455
Donations & gifts	1.085.314	1.177.875
Deposits Guarantee Fund	38.336	42.843
Furnishing Expenses	254.876	179.798
Swift	68.336	94.636
Advertising	563.176	417.480
Professional consultancies	1.639.765	1.592.692
National switch transfer Expenses	212.808	339.935
Services Expenses	391.263	73.200
Newspapers Magazines and books	15.737	14.181
Loss on disposals of fixed assets	2.448	-
	20.965.232	20.783.865

30/ Earning Per Shares :-

	2014 SDG	2013 SDG
Net profit for the year	50.012.870	66.291.798
Number of share	115.500.000	115.500.000
Earning per share	0.433	0.574

31/ Contra accounts :-

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

	2014 SDG	2013 SDG
Letters of credit	178.157.982	472.580.582
Letters of guarantee	388.201.614	605.247.211
	566.359.596	1.077.827.793

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 :

	2014 SDG	2013 SDG
Industry	25%	20%
Transportation	%7	9%
Commercial	6%	7%
Agriculture	1%	6%
Building	53%	41%
Other sector	8%	17%
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 8.2 Million (2012 SDG 7.8 Million) 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 .

2014

34/ Balance sheet items :

	Principles Shareholders & Board of Director and their companies :	Key managers	Total at Dec 2014
Murabaha	66.743.459	24.033.251	90.776.710
Mudaraba	5.000.000	-	5.000.000
Istisnaa	2.500.000	-	2.500.000
Investment accounts	386.929.857	-	386.929.857
Current accounts	8.572.488	-	8.572.488
	4.322.355	1.160.570	5.482.925
Income statement Items :			
	176.242	720.998	897.240
Murabaha income	555.166	-	555.166
Mudaraba income	374.900	-	374.900
Top Management	25.543.393	-	25.543.393
Remuneration	1.013.319	2.018.246	3.031.565
Contra accounts			
Letters of credit	-	-	-
Letters of guarantee			

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 :			
Murabaha income	2.850.120	716.686	3.566.806
Mudaraba income	531.458	-	531.458
Mudaraba	1.056.040	-	1.056.040
Istisnaa	12.000.000	-	12.000.000
Remuneration	1.013.319	2.575.808	3.589.127
Contra accounts			
Letters of credit	19.674.112	-	19.674.112

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 2014

Assest	**Within 3 months**	**3-6 months**	**6-12 months**	**Over one year**	**Total**
Cash and cash equivalents	124.729.632	-	-		
Sales receivable	26.997.732	43.222.710	11.283.450	85.354.034	210.083.666
Investment in securities and	-	-	62.802.500	544.192.722	625.696.614
shares	314.326.860	-	11.320.110	83.241.377	146.043.877
Mudaraba	46.421.148	7.276.500	9.138.163	12.379.496	338.026.466
Musharaka	-	-	-	-	62.835.811
Investment in real estate	-	10.817.879	22.098.047	506.911.690	506.911.690
Other assets	-	-	-	1.015.685	33.931.611
Investment In affiliates	-	-	-	34.718.150	34.718.150
Fixed assets	-	-	-	36.287.081	36.287.081
Total assets	512.475.372	61.317.089	116.642.270	1.304.100.235	1.994.534.966
Owner's equity and liabilities :-					
Owner's equity	-	-	-	970.497.275	970.497.275
Current account	344.839.184	-	-	-	344.839.184
Other liabilities	10.307.816	-	136.947.372	62.046.857	209.302.045
Provisions	36.848.885	-	-	-	36.848.885
Equity of un-restricted Investment account	143.512.005	87.080.479	202.445.093	10.000	433.047.577
Total Liabilities and shareholders' equity	535.507.890	87.080.479	339.392.465	1.032.554.132	1.994.534.966

36 / liquidity risk (cont) :

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	24.817.505	14.532.765	22.566.164	543.875.038	605.791.472
Investment in securities and shares	-	27.933.500	104.899.500	70.661.729	203.494.729
Mudaraba and Wakala	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	-	9.598.360	15.112.050	-	24.710.410
Investment In affiliates	-	-	-	32.833.850	32.833.850
Fixed assets	-	-	-	38.393.093	38.393.093
Total assets	370.177.788	84.464.625	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	61.231.956	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	838.138.594	1.941.426.143

15/ Fixed assets :

Particulars	Motor Vehicles	Furniture and fixture	office Equipment	IT equipment	Freehold Land and buliding	Total
Cost at :						
January 1,2014	2.039.788	6.608.069	4.204.059	12.740.775	31.524.000	57.116.691
Additions	-	77.745	488.802	753.597	1.367	1.321.511
Disposals	-	-	42.700	-	-	42.700
December 31,2014	2.039.788	6.685.814	4.650.161	13.494.372	31.525.367	58.395.502
Depreciation :-						
Rate						
January 1,2014	647.039	2.916.204	1.363.745	10.023.753	3.772.857	18.723.598
For the period	294.108	661.738	446.526	1.346.989	674.214	3.423.575
Disposals	-	-	38.752	-	-	38.752
December 31,2014	941.147	3.577.942	1.771.519	11.370.742	4.447.071	22.108.421
Net book value at						
December 31,2014	1.098.641	3.107.872	2.878.642	2.123.630	27.078.296	36.287.081
December 31,2013	1.392.749	3.691.865	2.840.314	2.717.022	27.751.143	38.393.093

16 / Current accounts :-

	2014 SDG	2013 SDG
Local currency	307.702.698	365.887.144
Foreign currency	37.136.486	63.230.407
	344.839.184	429.117.551

17/ Other Liabilities :-

	2014 SDG	2013 SDG
Other creditors (Note 17/1)	20.605.390	4.225.848
Accrued expenses	191.507	82.777
Outstanding cheques	8.334.207	19.575.039
Dues to shareholders and others (Note 17/2)	62.046.857	61.844.080
Cash margin against letters of credit	50.827.117	176.529
Cash margin against letters of guarantee	67.296.967	34.986.157
Purchased foreign currencies	-	176.524
	209.302.045	241.525.738

17-1 / Other Creditors :-

	2014 SDG	2013 SDG
Medicine import account	96.326	203.342
Clients import account	18.535.456	821.755
National switch account	327.679	360.455
Cheques collection commission	841	2.584
Export proceed accounts	367.553	988.161
National switch commission	1.112.947	1.611.887
National switch account - sale points	125.944	193.703
Illegitimate gains	38.383	42.270
Credit information & scaring agency fees	261	1.691
	20.605.390	4.225.848

17-2/ Dues to shareholders and others

A major portion of this amount represents unclaimed Salaries and wages and shareholders unpaid dividends.

18/Provisions :-

	2014 SDG	2013 SDG
End of service benefits	-	-
Social Insurance	244.108	16.430
Board of directors remuneration	4.350.000	6.000.000
Provision for staff bonus	1.625.860	1.013.319
Sharia' supervisory board remuneration	187.600	178.821
Income tax provision	1.573.052	1.301.643
Zakah provision (note 42)	19.773.041	12.047.840
Business profit tax provision (note 43)	9.095.224	8.930.221
	36.848.885	29.488.274

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 :

	2014	**2013**
Assets	137.244.686	132.675.705
Liabilities	(53.384.467)	(59.081.044)
Net foreign Currency Position	83.860.219	73.594.661

41/ Capital adequacy :

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

	2014	2013
Core capital	518.537.127	490.258.550
Total risk weighted assets	2.114.856.484	2.069.781.829
The Banks Capital adequacy ratio	24.5%	23.7%
Minimum Capital adequacy ratio Rquired	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 2013 and provided for 2014.

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 --/--/2015.

AlSalam Bank

(Joint Stock Company)

Audited Financial Statements

31/12/2014