AL SALAM BANK – SUDAN

(Public Company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE NINE MONTHHS ENDED
SEPTEMBER,30,2015

Allied Accountants
Bannaga & Co.
Certified Public Accountants

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Auditor's Report
Financial statement review report
Al-Salam Bank – Sudan

Review scope

We have reviewed the accompanying balance sheet of Al-Salam bank as of September .30,2015 and the related statement of income , cash flow and change in equity for the six months then ended , in accordance with standards for review services . All information included in these financial statements is representation of Al-Salam Bank management.
Review was conducted in accordance with the interim financial statements review standards which include inquiries of the bank personnel and analytical procedures applied to financial data.
Review is less in scope than audit with generally accepted auditing standards , The objective of which is the expression of opinion regarding the financial statements taken as a whole .Accordingly we do not express such opinion .

Opinion

Based on the review we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accounting standards issued by Accounting and Auditing Organization for Islamic financial institution and international reporting standard number (34).

Khartoum Moharem 7, 1437
October , 20, 2015

Adam Abdullah Hussein (CPA)
Allied Accountants – Banaga &Co

المحاسبون المتحدون بناقا وشركاه
رقم التسجيل ١٣٦٥٧
Allied Accountants Bannaga & Co. Reg. No. 13657

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At September, 30, 2015

	Notes	SEPTEMBER,30,2015 SDG Unaudited	DECEMBER,31,2014 SDG audited
Assets			
Cash and cash equivalents		**115,268,710**	124,729,632
Cash reserve with central bank		**98,965,365**	85,354,034
Sales receivables (net)		**608,455,060**	625,696,614
Investments in securities and shares held for trading	3	**73,991,575**	83,241,377
Investments in securities and shares held to maturity	4	**207,092,000**	62,802,500
Mudaraba financing	5	**305,872,771**	338,026,466
Mudaraba financing	6	**48,021,379**	62,835,811
Goods Murabaha		**6,559,900**	-
Investments in shares available for sale	7	**35,415,550**	34,718,150
Investments in real estate		**513,209,221**	506,911,690
Other Assets		**24,715,390**	33,931,611
Fixed assets		**43,150,919**	36,287,081
Total assets		**2,080,717,840**	1,994,534,966
Liabilities, unrestricted investment accounts holders and owners' equity			
Liabilities			
Current accounts		**392,514,798**	344,839,184
Other liabilities		**213,954,540**	209,302,045
Provisions		**24,599,772**	36,848,885
Total liabilities		**631,069,110**	590,990,114
Equity of unrestricted investment account holders		**429,706,788**	433,047,577
Owners' equity			
Paid up capital		**310,668,350**	310,668,350
Reserves		**549,299,539**	537,106,171
Retained earnings		**159,974,053**	122,722,754
Total owners' equity		**1,019,941,942**	970,497,275
Total liabilities, unrestricted investment accounts and owners' equity		**2,080,717,840**	1,994,534,966
Accounts Contra	12	**454,497,875**	566,359,596

The attached notes 1 to 12 form an integral part of these condensed financial statements

Elnour Agabana Iz-Alarab	Abbas Albakhiet Musa	Abdulrahman Ahmed Sinan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED INCOME STATEMENT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	For Three Months Ended 30 September		For Nine Months Ended 30 September	
	2015	2014	2015	2014
	SDG	SDG	SDG	SDG
Income				
Deferred sales	15,001,932	18,475,450	50,441,520	53,123,439
Income from investments	16,913,805	7,038,460	46,299,055	21,597,116
Unrealized re-measurement (losses) / gains on investments	(2,626,386)	(5,936,186)	-	22,828,715
Total income from finance and investments	29,289,951	19,577,724	96,740,575	97,549,270
Less: Return on unrestricted investment accounts	(4,255,016)	(6,478,587)	(19,861,327)	(19,435,747)
Bank's share in income from investments (as Mudarib and as fund owner)	25,034,335	13,099,137	76,879,248	78,113,523
Income from banking services	1,167,614	9,694,246	4,621,039	18,681,525
Gain/ loss on sale of foreign currency	215,373	120,765	441,275	319,826
Gain / (losses) from revaluation of foreign currencies	2,398,814	2,287,521	2,405,534	1,912,806
Other income	580,376	390,368	1,839,532	1,016,898
Total Bank's revenue	29,396,512	25,592,036	86,186,628	100,044,578
Expenses				
Staff cost	(6,545,376)	(7,019,301)	(20,455,953)	(18,037,303)
Operation expenses	(5,011,882)	(4,318,226)	(13,573,408)	(14,873,128)
Depreciation	(886,483)	(848,192)	(2,581,844)	(2,531,490)
Mudaraba Investment & Finance Provisions	5,305,043	-	2,566,059	-
Central Bank of Sudan penalties	-	-	(10,000)	-
Total expenses	(7,138,698)	(12,185,719)	(34,055,146)	(35,441,921)
Net operation profits	22,257,814	13,406,317	52,131,482	64,602,657
Zakah provision for the period	(2,375,310)	(2,921,232)	(6,341,757)	(8,859,125)
Business Profit Tax provision for the period	(2,894,978)	(4,339,961)	(4,399,393)	(6,876,544)
Net income for the period	16,987,526	6,145,124	41,390,332	48,866,988
Basic earning per share	0,147	0,053	0,358	0,423

The attached notes 1 to 12 form an integral part of these condensed financial statements.

Elnour Agabana Iz-Alarab	Abbas Albakhiet Musa	Abdulrahman Ahmed Sinan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	September,30, 2015	September ,30,2014
	SDG	SDG
Cash follows from operating activities	Un audited	Un audited
Net income for the period	41,390,332	48,866,988
Adjustments for:		
Depreciation of fixed assets	2,581,844	2,527,722
	43,972,176	51,394,710
Changes in operating assets, liabilities and unrestricted investment accounts:		
Cash reserve with central bank	(13,611,331)	18,103,340
Cash follows from investing activities	17,241,554	(25,510,568)
Investments	(100,929,002)	46,649,574
Other assets	9,216,221	(20,118,711)
Current accounts	47,675,614	(85,187,159)
Equity of unrestricted investment accounts	(3,340,789)	(26,072,245)
Other liabilities	4,652,495	57,798,271
Provisions	(12,249,113)	289,256
Cash (used in) operations	(51,344,351)	(34,048,242)
Net cash (used in) operating activities	(7,372,175)	17,346,468
Cash follows from investing activities		
Purchases of fixed assets	(9,445,682)	(1,097,570)
Investments in affiliates	(697,400)	557,700
Net cash (used in) investing activities	(10,143,082)	(539.870)
Cash follows from financing activities		
Reserves	8,054,335	5,091,108
Net cash from/ (used) financing activities	8,054,335	5,091,108
Decrease in cash and cash equivalents for the period	(9,460,922)	21,897,706
Cash and cash equivalents at the beginning of the period	124,729,632	147,991,348
Cash and cash equivalents at the end of the period	115,268,710	169,889,054

The attached notes 1 to 12 form an integral part of these condensed financial statements

Elnour Agabana Iz-Alarab	Abbas Albakhiet Musa	Abdulrahman Ahmed Sinan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	Property revaluation reserve SDG	Assets revaluation reserve SDG	Investment risk reserve SDG	Total SDG
Balance as at January 1, 2015	310,668,350	122,722,754	50,021,505	336,873,784	51,490,804	98,720,078	970,497,275
Net income for the period	-	41,390,332	-	-	-	-	41,390,332
Reserves	-	(4,139,033)	4,139,033	-	-	8,054,335	8,054,335
Balance as at SEPT 30, 2015	**310,668,350**	**159,974,053**	**54,160,538**	**336,873,784**	**51,490,804**	**106,774,413**	**1,019,941,942**
Balance as at January 1, 2014	310,668,350	89,819,491	45,020,219	200,954,430	36,905,459	92,363,616	775,731,565
Net income for the period	-	48,866,988	-	-	-	-	48,866,988
Reserves	-	(4,886,699)	4,886,699	-	5,091,108	-	5,091,108
Balance as at SEPT. 30, 2014	**350,668,350**	**133,799,780**	**49,906,917**	**200,954,430**	**41,996,567**	**92,363,616**	**829,689,660**

The attached notes 1 to 12 form an integral part of these condensed financial statements

Elnour Agabana Iz-Alarab
General Manager

Abbas Albakhiet Musa
Board member

Abdulrahman Ahmed Sinan
Board member

1) Incorporation and activities

Al Salam Bank (the Bank) was established as a public company with a limited liability in Khartoum on December 28, 2004 under companies law 1925 with registration certificate No. 23335. The Bank is providing commercial banking services according to Islamic rules and principles.
The Bank started its commercial operations on May 2005, Providing its services from the head office, which is located at Aljamhoria street and Alhuria street junction and Alsalam Rotana branch which is placed in Alsalam Rotana Hotel (Africa street) , Barlaman Branch at Hamza blazza Brlman Street .

2) Basis of preparation

a) Accounting Standards

The interim condensed financial statements have been prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), and the international Accounting Standard no (34) and the requirements of the Central Bank of Sudan and the banks' Shari'a Supervisory Board (SSB).

b) Accounting Policies

The interim condensed financial statements should be read with financial statements as at December 31,2014 and its attached notes. The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and also the results for the period ended 30 September 2015 are not indicative of the results that may be expected for the year ended 31 December 2015.

c) functional currency

The functional currency of these condensed financial statements is Sudanese Geneih (SDG).

3) Investments in securities and shares held for trading

	SEPTEMBER,30,2015	DECEMBER,31,2014
	SDG	SDG
	Un audited	Audited
AL Salam bank – Bahrain shares	46,908,821	45,983,790
King Abdalla city shares	9,556,108	9,362,098
	56,464,929	55,345,888
Unquoted Investments		
Aman –Dubai shares	7,711,979	6,977,614
Investment funds	2,499,550	2,647,925
Assets acquired by banks for Musharaka Finance	7,769,950	7,769,950
Inter Bank Liquidity Managment Fund	139,167	10,500,000
	17,526,646	27,895,489
	73,991,575	83,241,377

4) Investments in securities and shares held to maturity

	SEPTEMBER,30,2015	DECEMBER,31,2014
	SDG	SDG
	Un audited	Audited
Shahama securities	207,092,000	62,802,500
	207,092,000	62,802,500

5) Mudaraba Investment and Agencies

	SEPTEMBER,30,2015	DECEMBER,31,2014
	SDG	SDG
	Un audited	Audited
Mudaraba with corporate & customers	208,795,348	230,973,491
Mudaraba with financial institutions	133,553,648	142,448,909
	342,348,996	373,422,400
Less : provision for finance losses	(36,476,225)	(35,395,934)
	305,872,771	338,026,466

6) Musharka financing

	SEPTEMBER,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Musharaka	49,075,762	63,470,516
Less : provision for finance losses	(1,054,383)	(634,705)
	48,021,379	62,835,811

7) Investments in shares available for sale

	Ownership percentage	SEPTEMBER,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Alsalam Algeria Bank	5%	35,365,550	34,668,150
Al Salam Real Estate Company	50%	50,000	50,000
		35,415,550	34,718,150

8) Investments Analysis

	SEPTEMBER,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Local Investments (note 8/1)	972,311,294	884,480,450
Investments in GCC counties (note 8/2)	212,401,876	207,420,336
Foreign Investments (Al Salam Bank - Algeria)	35,365,550	34,668,150
	1,220,078,720	1,126,568,936

8/1) Local Investments

	SEPTEMBER,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
Shahama securities	**207,092,000**	62,802,500
Inter Bank Liquidity Managment Fund	**139,166**	10,500,000
Mudaraba with Local Banks	**2,000,000**	19,022,249
Mudaraba with Customers (net)	**194,029,578**	214,588,250
Net Musharaka	**48,021,379**	62,835,811
Al Salam Real Estate Company	**50,000**	50,000
Assets acquired by banks for Musharaka Finance	**7,769,950**	7,769,950
Local land	**513,209,221**	506,911,690
	972,311,294	884,480,450

8/2) Investments in GCC counties

	SEPTEMBER,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
AL Salam Bank – Bahrain shares	**46,908,821**	45,983,790
King Abdalla City shares	**9,556,108**	9,362,098
Investment funds	**2,499,550**	2,647,925
Aman –Dubai shares	**7,117,979**	6,977,614
Emirates Islamic Bank	**146,319,418**	142,448,909
	212,401,876	207,420,336

9) Gain from Investments revaluation

	JUNE,30,2015 SDG Un audited	DECEMBER,31,2014 SDG Audited
King Abdullah City shares	-	1,282,504
AL Salam Bank – Bahrain shares	-	27,482,397
	-	28,764,901

10) Segmental information

The total finance for the period ending 30,September ,2015 amounted to SDG 1,066,351,034 (December 2014: SDG(931.317.582) and it was distributed according to economic sector as follows:

	SEPTEMBER,30,2015	DECEMBER,31,2014
	SDG	*SDG*
	Un audited	Audited
Manufacturing	**19%**	25%
Transportation	**8%**	7%
Trading	**4%**	6%
Agriculture	**1%**	1%
Buildings instructions	**53%**	53%
Other sectors	**%**	8%
Total	**100%**	100%

11) Statutory reserve

As required by the Central Bank of Sudan, 10 % of net profit attributable to the shareholders for the period has been transferred to a statutory reserve. The Bank may resolve to discontinue such periodical transfers when the reserve equals 100% of the paid up share capital. 10% from the profit of the period was transferred to the statutory reserve.

12) Contra accounts

The contra accounts which are not included in the statement of financial position.

	SEPTEMBER,30,2015	DECEMBER,31,2014
	SDG	*SDG*
	Un audited	Audited
Letters of credit	**130,728,594**	178,157,982
Letters of guarantee	**323,769,281**	388,201,614
	454,497,875	566,359,596