

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 – Bannaga & Co.

Allied Accountants Bannaga & Co.
Reg. No 13657

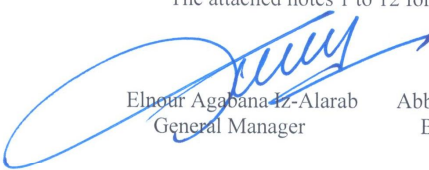
AL SALAM BANK

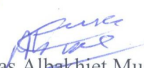
CONDENSED STATEMENTS OF FINANCIAL POSITION

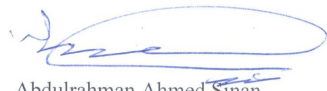
As At September, 30, 2015

	Notes	<u>SEPTEMBER, 30, 2015</u>	<u>DECEMBER, 31, 2014</u>
		<u>SDG</u>	<u>SDG</u>
		<u>Unaudited</u>	<u>audited</u>
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
General Manager


Abbas Albakheet Musa
Board member


Abdulrahman Ahmed Sinan
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	5,305,043	-	2,566,059	-
Provisions	-	-	-	-
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.

Elmour Agabana Iz-Alarab
General Manager

Abbas Albakhiet Musa
Board member

Abdulrahman Ahmed Siman
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	September,30, 2015	September ,30,2014
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Un audited</u>
Cash follows from operating activities		
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	<u>(51,344,351)</u>	<u>(34,048,242)</u>
Net cash (used in) operating activities	<u>(7,372,175)</u>	<u>17,346,468</u>
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	<u>(10,143,082)</u>	<u>(539,870)</u>
Cash follows from financing activities		
Reserves	8,054,335	5,091,108
Net cash from/ (used) financing activities	<u>8,054,335</u>	<u>5,091,108</u>
Decrease in cash and cash equivalents for the period	<u>(9,460,922)</u>	<u>21,897,706</u>
Cash and cash equivalents at the beginning of the period	<u>124,729,632</u>	<u>147,991,348</u>
Cash and cash equivalents at the end of the period	<u>115,268,710</u>	<u>169,889,054</u>

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

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AL SALAM BANK

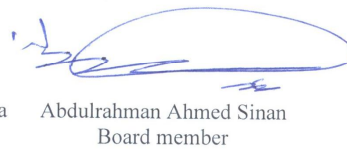
CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	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	<u>310,668,350</u>	<u>159,974,053</u>	<u>54,160,538</u>	<u>336,873,784</u>	<u>51,490,804</u>	<u>106,774,413</u>	<u>1,019,941,942</u>
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	<u>350,668,350</u>	<u>133,799,780</u>	<u>49,906,917</u>	<u>200,954,430</u>	<u>41,996,567</u>	<u>92,363,616</u>	<u>829,689,660</u>

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


Elmour Agabana Iz-Alarab
General Manager


Abbas Albakhiet Musa
Board member


Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

NOTES TO CONDENCED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

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 Brلمان 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).

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NOTES TO CONDENCED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

3) Investments in securities and shares held for trading

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
AL Salam bank – Bahrain shares	46,908,821	45,983,790
King Abdalla city shares	9,556,108	9,362,098
	<u>56,464,929</u>	<u>55,345,888</u>
<u>Unquoted Investments</u>		
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
	<u>17,526,646</u>	<u>27,895,489</u>
	<u>73,991,575</u>	<u>83,241,377</u>

4) Investments in securities and shares held to maturity

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

5) Mudaraba Investment and Agencies

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
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)
	<u>305,872,771</u>	<u>338,026,466</u>

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

6) Musharka financing

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

7) Investments in shares available for sale

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

8) Investments Analysis

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
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
	<u>1,220,078,720</u>	<u>1,126,568,936</u>

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015**

8/1) Local Investments

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
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	7,769,950	7,769,950
Finance		
Local land	513,209,221	506,911,690
	<u>972,311,294</u>	<u>884,480,450</u>

8/2) Investments in GCC counties

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
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
	<u>212,401,876</u>	<u>207,420,336</u>

9) Gain from Investments revaluation

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

AL SALAM BANK**NOTES TO CONDENCED FINANCIAL STATEMENTS**

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

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:

	<u>SEPTEMBER,30,2015</u>	<u>DECEMBER,31,2014</u>
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Audited</u>
Manufacturing	19%	25%
Transportation	8%	7%
Trading	4%	6%
Agriculture	1%	1%
Buildings instructions	53%	53%
Other sectors	<u>%</u>	<u>8%</u>
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.

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