المحاسبون المتحدون
بانقا وشركاه
محاسبون ومراجعون قانونيون

شارع عطبرة
عمارة التاكا - الدور الثاني
ص.ب ١٦٠٣ - الخرطوم
جمهورية السودان

هاتف: ٧٧٢٣٨٣ ٢٤٩١٨٣+
هاتف: ٧٧٢١٧٣ ٢٤٩١٨٣+
فاكس: ٧٧٢١٨٤ ٢٤٩١٨٣+

Financial statement review report
Al-Salam Bank – Sudan

Review scope

We have reviewed the accompanying balance sheet of Al-Salam bank as of June,30,2016 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 Shawal 15, 1437
July, 20, 2016

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

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At JUNE 30, 2016

	Note	June 30,2016 Unaudited	December 31,2015 Audited
Assets:-		**SDG**	SDG
Cash and cash equivalents		**200,328.741**	332,563,068
Deferred sales receivables (net)		**556,738.080**	567,741,758
Other finance		**28,397,863**	-
Investments held to maturity	(3)	**238.070,000**	225,495,500
Investments in Mudaraba	(4)	**230,680,662**	233,141,689
Musharaka financing	(5)	**79,781,671**	32,949,127
Investments available for sale	(6)	**136,256,779**	125,563,611
Investments in property		**513,209,220**	513,209,220
Other assets		**54,477,621**	32,217,448
Fixed assets (net)		**83,563,637**	61,372,639
Total Assets		**2,121,504,274**	**2,124,254,060**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		**454,570,159**	441,338,501
Other liabilities		**131,480,521**	168,221,796
Provisions and accruals		**40,972,814**	30,097,276
Total Liabilities		**627,023,494**	**639,657,573**
Unrestricted investment accounts holders		**430,306,024**	**447,280,399**
Owners' Equity:-			
Paid up capital	(8)	**326,229,750**	310,668,350
Reserves		**556,517,821**	553,826,670
Retained earnings		**181,427,185**	172,821,068
Total Owners' equity		**1,064,174,756**	**1,037,316,088**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**2,121,504,274**	**2,124,254,060**
Contra accounts:-	(10)	**116,496,705**	**309,872,251**

The accompanying notes (1) to (10) form an integral part of these Statements

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

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2016	2015	2016	2015
	SDG	SDG	SDG	SDG
Income				
Deferred sales	18,564,744	16,919,151	37,645,994	35,439,588
Income from investments	19,250,113	19,709,914	30,519,088	29,385,250
Unrealized investment gains	-	-	-	2,626,386
Total income from financing and investments	37,814,857	36,629,065	68,165,082	67,451,224
Less: Return on unrestricted investment accounts	(8,525,709)	(7,765,511)	(15,526,976)	(15,606,311)
Bank's share in income from investments (as Mudarib and as fund owner)	29,289,148	28,863,554	52,638,106	51,844,913
Income from banking services	1,578,230	2,570,086	2,969,680	3,453,425
Gain on exchange of foreign currency	4,489,709	175,812	4,572,134	225,902
Gain / (losses) from revaluation of foreign currencies	(23,038)	(158,438)	(65,688)	6,720
Other income	496,138	927,217	1,095,142	1,259,156
Total Bank's revenue	35,830,187	32,378,231	61,209,374	56,790,116
Expenses				
Staff cost	(9,097,394)	(7,450,365)	(16,896,402)	(13,910,577)
Operation expenses	(4,872,440)	(2,741,618)	(8,974,986)	(8,561,526)
Depreciation	(978,549)	(803,616)	(1,961,100)	(1,695,361)
Provision for investment & finance	3,460,155	(89,592)	681,609	(2,738,984)
Central Bank of Sudan penalties	(1,000)	(10,000)	(1,000)	(10,000)
Total expenses	(11,489,228)	(11,095,191)	(27,151,879)	(26,916,448)
Net operation profits	24,340,959	21,283,040	34,057,495	29,873,668
Provision for Zakah	(2,130,872)	70,288	(3,318,775)	(3,966,447)
Provision for business Profit Tax	(3,279,873)	(1,239,235)	(3,885,923)	(1,504,415)
Net income for the period	18,930,214	20,114,093	26,852,797	24,402,806
Basic earning per share	0.158	0.174	0.221	0.211

The accompanying notes (1) to (10) form an integral part of these financial statements

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

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	JUNE, 30,2016	JUNE, 30,2015
	Unaudited	Unaudited
	SDG	SDG
Cash follows from operating activities		
Net income for the period	**26,852,797**	24,402,806
Adjustments for:		
Depreciation of fixed assets	**1,961,100**	1,695,361
Provisions	**(7,256,887)**	(13,996,705)
	21,557,010	12,101,462
Changes in operating assets, liabilities and unrestricted investment accounts:		
Deferred sales receivables (net)	**(17,394,185)**	22,186,536
Investments	**(56,946,017)**	(140,585,873)
Other assets	**(4,127,748)**	(50,981)
Current accounts	**13,231,658**	91,832,120
Unrestricted investment accounts	**16,974,375**	8,664,995
Other liabilities	**36,741,276**	13,945,847
Cash (used in) operations	**(118,951,943)**	(4,007,356)
Net cash (used in) operating activities	**(97,394,933)**	8,094,106
Cash follows from investing activities		
Purchases of fixed assets	**(24,152,098)**	(8,052,821)
Investments in affiliates	**(10,693,168)**	-
Net cash (used in) investing activities	**(34,845,266)**	(8,052,821)
Cash follows from financing activities		
Reserves	**5,872**	6,690
Net cash from (used) financing activities	**5,872**	6,690
Decrease in cash and cash equivalents for the period	**(132,234,327)**	47,975
Cash and cash equivalents at the beginning of the period	**332,563,068**	210,083,666
Cash and cash equivalents at the end of the period	**200,328,741**	210,131,641

The accompanying notes (1) to (10) form an integral part of these financial statements

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

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	Property revaluation reserve SDG	Foreign Invts valuation reserve SDG	Foreign assets reserve SDG	Total SDG
Balance as at January 1, 2015	**310,668,350**	**119,222,754**	**50,021,505**	**336,873,784**	**51,490,804**	**98,720,078**	**966,997,275**
Net income for the period	-	62,270,053	-	-	-	-	62,270,053
Reserves	-	(8,671,739)	6,227,005	-	8,048,760	2,444,734	8,048,760
Balance as at January 1, 2016	**310,668,350**	**172,821,068**	**56,248,510**	**336,873,784**	**59,539,564**	**101,164,812**	**1,037,316,088**
Bounce Share 5%	15,561,400	(15,561,400)	-	-	-	-	-
Net income for the period		26,852,797	-	-	-	-	26,852,797
Reserves	-	(2,685,280)	2,685,280	-	5,871	-	5,871
Balance as at JUNE , 30, 2016	**326,229,750**	**181,427,185**	**58,933,790**	**336,873,784**	**59,545,435**	**101,164,812**	**1,064,174,756**

The accompanying notes (1) to (10) form an integral part of these financial statements

Elnour Agabana Iz-Alarab
General Manager

Abbas Elbakhiet Musa
Board member

Abdulrahman Ahmed Sinan
Board member

NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(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 31,2015 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,June, 2016 are not indicative of the results that may be expected for the year ended 31 December 2016.

c) Functional currency

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

(3) Investments held to maturity

	June 30,2016 Unaudited	December 31,2015 Audited
	SDG	SDG
Shahama securities	238,070,000	225,495,500
	238,070,000	225,495,500

(4) Mudaraba Investment and Agencies

	June 30,2016 Unaudited	December 31,2015 Audited
	SDG	SDG
Mudaraba with corporate & customers	200,150,238	178,163,729
Mudaraba with financial institutions	66,511,400	91,411,154
	266,661,638	269,574,883
Less : Provision for financing risk	(35,980,976)	(36,433,194)
	230,680,662	233,141,689

(5) Musharka financing

	June 30,2016 Unaudited	December 31,2015 Audited
	SDG	SDG
Musharaka	80,544,320	33,281,946
Less : Provision for financing risk	(762,649)	(332,819)
	79,781,671	32,949,127

(6) Investments available for sale

	Ownership percentage	June 30,2016	December 31,2015
		Unaudited	Audited
		SDG	SDG
Aman insurance - Bahrain		7,117,979	7,117,979
Foreign investment funds		2,465,530	2,428,229
Assets acquired by banks for Musharaka finance		18,419,950	7,769,950
Inter bank liquidity management fund		13,746,000	13,746,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		47,260,724	47,260,724
King Abdullah city		11,831,046	11,825,179
Alsalam Algeria Bank	5%	35,365,550	35,365,550
		136,256,779	125,563,611

(7)Investments Analysis

	June 30,2016	December 31,2015
	Unaudited	Audited
	SDG	SDG
Local Investments (note 8/1)	1,027,446,103	936,950,332
Investments in GCC countries (note 8/2)	135,186,679	133,933,221
Foreign Investments (Al Salam Bank - Algeria)	35,365,550	35,365,550
	1,197,998,332	1,106,249,103

(7/1) Local Investments

	June 30,2016 Unaudited SDG	December 31,2015 Audited SDG
Shahama securities	**238,070,000**	225,495,500
Inter Bank Liquidity Managment Fund	**13,746,000**	13,746,000
Mudaraba with Local Banks	**-**	2,000,000
Mudaraba with Customers (net)	**164,169,262**	141,730,535
Net Musharaka	**79,781,671**	32,949,127
Al Salam Real Estate Company	**50,000**	50,000
Assets acquired by banks for Musharaka Finance	**18,419,950**	7,769,950
Local land	**513,209,220**	513,209,220
	1,027,446,103	936,950,332

(7/2) Investments in GCC countries

	June 30,2016 Unaudited SDG	December 31,2015 Audited SDG
AL Salam Bank – Bahrain	**47,260,724**	47,260,724
King Abdullah City shares	**11,831,046**	11,825,179
Foreign investment funds	**2,465,530**	2,428,229
Aman insurance - Bahrain	**7,117,979**	7,117,979
UBAF bank	**15,752,700**	-
Abu Dhabi Islamic Bank	**50,758,530**	65,301,110
	135,186,679	133,933,221

8/ capital

	June 30,2016 Unaudited SDG	December 31,2015 Audited SDG
Paid up capital	**326,229,750**	310,668,350
	326,229,750	310,668,350

The authorized share capital of the bank comprises of 100 million share with nominal value of SDG 2,54 each ,the bank issued bonus shares amounted to SDG 23,758,000 , 32,910,350 and 15,561,400 in year 2010 , 2013 and 2016 which represent 10% , 5% and 5% of total issued numbers of shares respectively.

(9) Statutory reserve

As required by the Central Bank of Sudan, 10 % of net profit 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.

(10) Contra accounts

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

	June 30,2016 Unaudited SDG	December 31,2015 Audited SDG
Letters of credit	**24,086,412**	128,360,022
Letters of guarantee	**92,410,293**	181,512,229
	116,496,705	309,872,251