AL SALAM BANK – SUDAN

UNAUDITED
FINANCIAL STATEMENS
FOR THE THREE MONTHS ENDED
31, MARCH, 2016

المحاسبون المتحدون
بانقا وشركاه
محاسبون ومراجعون قانونيون

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

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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 March,31,2016 and the related statement of income , cash flow and change in equity for the three 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).

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

Khartoum Rajab 7, 1437
April 14, 2016

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

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At MARCH, 31, 2016

	Note	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Assets:-			
Cash and cash equivalents		199,141,492	332,563,068
Deferred sales receivables (net)		566,250,677	567,741,758
Other finance		28,692,454	-
Investments held to maturity	(3)	230,669,000	225,495,500
Investments in Mudaraba	(4)	250,191,627	233,141,689
Musharaka financing	(5)	54,929,595	32,949,127
Investments available for sale	(6)	126,081,383	125,563,611
Investments in property		513,209,220	513,209,220
Other assets		45,407,024	32,217,448
Fixed assets (net)		82,668,640	61,372,639
Total Assets		**2,097,241,112**	**2,124,254,060**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		456,247,357	441,338,501
Other liabilities		107,583,924	168,221,796
Provisions and accruals		23,611,835	30,097,276
Total Liabilities		**587,443,116**	**639,657,573**
Unrestricted investment accounts holders		**464,551,387**	**447,280,399**
Owners' Equity:-			
Paid up capital		310,668,350	310,668,350
Reserves		554,626,866	553,826,670
Retained earnings		179,951,393	172,821,068
Total Owners' equity		**1,045,246,609**	**1,037,316,088**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**2,097,241,112**	**2,124,254,060**
Contra accounts:-	(9)	**153,522,176**	**309,872,251**

The accompanying notes (1) to (9) form an integral part of these Statements

Elnour Agabana Iz-Alarab General Manager	Saud Mamoun Elbirair Board member	Abdulrahman Ahmed Sinan Board member

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH, 31, 2016

	Note	March 31,2016 Unaudited SDG	March 31,2015 Unaudited SDG
Income:-			
Income from deferred sales		**19,081,250**	18,520,437
Income from investments		**11,268,975**	9,675,336
gains on valuation of investments		-	2,626,386
Total income from finance and investments		**30,350,225**	**30,822,159**
Less: Return on unrestricted investment accounts		**(7,001,267)**	(7,840,800)
Bank's share in income from investments (as Mudarib and as fund owner)		**23,348,958**	22,981,359
Income from banking services		**1,391,450**	883,339
Gain(loss) on foreign currency transaction		**82,425**	50,090
Gains (losses) on valuation of foreign currencies		**(42,650)**	165,158
Other banking income		**599,004**	331,939
Total income		**25,379,187**	**24,411,885**
Expenses:-			
Staff cost		**(7,799,008)**	(6,460,212)
Operations expenses		**(4,102,546)**	(5,819,908)
Depreciation		**(982,551)**	(891,745)
Provision for Investment & Finance		**(2,778,546)**	(2,649,392)
Total expenses		**(15,662,651)**	(15,821,257)
Net operating profits		**9,716,536**	8,590,628
Provision for Zakah		**(1,187,903)**	(4,036,735)
Provision for Business Profit Tax		**(606,050)**	(265,180)
Net income for the period		**7,922,583**	**4,288,713**
Earning per share		**0,07**	**0,037**

The accompanying notes (1) to (9) form an integral part of these financial statements

Elnour Agabana Iz-Alarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Sinan
General Manager	Board member	Board member

AL SALAM BANK
CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31 2016

	March 31,2016	March 31,2015
	Unaudited	Unaudited
	SDG	SDG
Cash follows from operating activities		
Net income for the period	**7,922,583**	4,288,713
Adjustments for:		
Depreciation of fixed assets	**982,551**	891,745
Provisions	**(6,485,441)**	(1,531,857)
	2,419,693	3,648,601
Changes in operating assets, liabilities and unrestricted investment accounts:		
Deferred sales receivables (net)	**1,491,081**	55,512,562
Investments	**(72,896,360)**	(239,375,363)
Other assets	**(13,189,576)**	4,472,186
Current accounts	**14,908,856**	36,821,028
Unrestricted investment accounts	**17,270,988**	11,374,398
Other liabilities	**(60,637,873)**	(936,881)
Cash (used in) operations	**(113,052,884)**	(132,132,070)
Net cash (used in) operating activities	**(110,633,191)**	(128,483,469)
Cash follows from investing activities		
Purchases of fixed assets	**(22,278,551)**	(289,468)
Investments in affiliates	**(517,772)**	-
Net cash (used in) investing activities	**(22,796,323)**	(289,468)
Cash follows from financing activities		
Reserves	**7,938**	156,059,964
Net cash from (used) financing activities	**7,938**	156,059,964
Decrease in cash and cash equivalents for the period	**(133,421,576)**	27,287,027
Cash and cash equivalents at the beginning of the period	**332,563,068**	119,869,643
Cash and cash equivalents at the end of the period	**199,141,492**	147,156,670

The accompanying notes (1) to (9) form an integral part of these financial statements

Elnour Agabana Iz-Alarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Sinan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH, 31, 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 year	-	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**
Net income for the period	-	7,922,583	-	-	-	-	7,922,583
Reserves	-	(792,258)	792,258	-	7,938	-	7,938
Balance as at march 31, 2016	**310,668,350**	**179,951,393**	**57,040,768**	**336,873,784**	**59,547,502**	**101,164,812**	**1,045,246,609**

The accompanying notes (1) to (9) form an integral part of these financial statements

Elnour Agabana Iz-Alarab
General Manager

Saud Mamoun Elbirair
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 31,2015 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 31 March 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

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Shahama securities	230,669,000	225,495,500
	230,669,000	225,495,500

(4) Mudaraba Investment and Agencies

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Mudaraba with corporate & customers	200,150,238	178,163,729
Mudaraba with financial institutions	85,779,400	91,411,154
	285,929,638	269,574,883
Less : Provision for financing risk	(35,738,011)	(36,433,194)
	250,191,627	233,141,689

(5) Musharka financing

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Musharaka	56,325,092	33,281,946
Less : Provision for financing risk	(1,395,497)	(332,819)
	54,929,595	32,949,127

(6) Investments available for sale

	Ownership percentage	March 31,2016	December 31,2015
		Unaudited	Audited
		SDG	SDG
Aman insurance - Bahrain		7,117,979	7,117,979
Foreign investment funds		2,513,537	2,428,229
Assets acquired by banks for musharaka finance		7,769,950	7,769,950
Inter bank liquidity management fund		14,170,527	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		11,833,116	11,825,179
Alsalam Algeria Bank	5%	35,365,550	35,365,550
		126,081,383	125,563,611

(7)Investments Analysis

	March 31,2016	December 31,2015
	Unaudited	Audited
	SDG	SDG
Local Investments (note 8/1)	985,210,519	936,950,332
Investments in GCC countries (note 8/2)	154,504,756	160,043,265
Foreign Investments (Al Salam Bank - Algeria)	35,365,550	35,365,550
	1,175,080,825	1,132,359,147

(7/1) Local Investments

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Shahama securities	230,669,000	225,495,500
Inter Bank Liquidity Managment Fund	14,170,527	13,746,000
Mudaraba with Local Banks	-	2,000,000
Mudaraba with Customers (net)	164,412,227	141,730,535
Net Musharaka	54,929,595	32,949,127
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	7,769,950	7,769,950
Local land	513,209,220	513,209,220
	985,210,519	936,950,332

(7/2) Investments in GCC countries

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
AL Salam Bank – Bahrain	47,260,724	47,260,724
King Abdullah City shares	11,833,116	11,825,179
Foreign investment funds	2,513,537	2,428,229
Aman insurance - Bahrain	7,117,979	7,117,979
UBAF bank	15,755,400	-
Abu Dhabi Islamic Bank	70,024,000	65,301,110
	154,504,756	160,043,265

(8) 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.

(9) Contra accounts

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

	March 31,2016 Unaudited SDG	December 31,2015 Audited SDG
Letters of credit	30,515,242	128,360,022
Letters of guarantee	123,006,934	181,512,229
	153,522,176	309,872,251