

AL SALAM BANK – SUDAN
UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
31, MARCH, 2016

هاتف: +٢٤٩١٨٣٧٧٢٣٨٣
+٢٤٩١٨٣٧٧٢١٧٣
فكس: +٢٤٩١٨٣٧٧٢١٨٤

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

المحاسبون المتحدون
بانقا وشركاه
محاسبون ومراجعون قانونيون



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

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

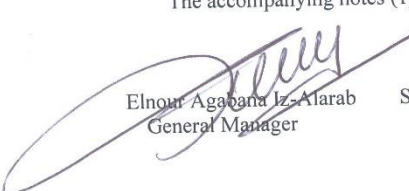
Khartoum Rajab 7, 1437
April 14, 2016

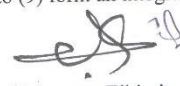


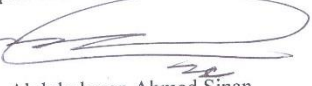
AL SALAM BANK
CONDENSED STATEMENTS OF FINANCIAL POSITION
As At MARCH, 31, 2016

		<u>March 31, 2016</u>	<u>December 31, 2015</u>
	Note	<u>Unaudited</u>	<u>Audited</u>
<u>Assets:-</u>		<u>SDG</u>	<u>SDG</u>
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		<u>2,097,241,112</u>	<u>2,124,254,060</u>
<u>Liabilities, Unrestricted investment accounts and Owners' Equity:-</u>			
<u>Liabilities:-</u>			
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		<u>587,443,116</u>	<u>639,657,573</u>
Unrestricted investment accounts holders		<u>464,551,387</u>	<u>447,280,399</u>
<u>Owners' Equity:-</u>			
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		<u>1,045,246,609</u>	<u>1,037,316,088</u>
Total Liabilities, Unrestricted investment accounts and Owners' equity		<u>2,097,241,112</u>	<u>2,124,254,060</u>
<u>Contra accounts:-</u>	(9)	<u>153,522,176</u>	<u>309,872,251</u>

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


Elnour Agabana Iz-Alarab
General Manager


Saud Mamoun Elbirair
Board member

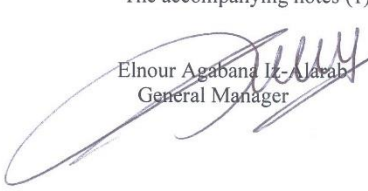

Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

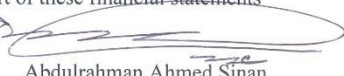
CONDENSED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH, 31, 2016

	March 31,2016	March 31,2015
Note	Unaudited SDG	Unaudited SDG
<u>Income:-</u>		
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
<u>Expenses:-</u>		
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 H. Alarab
General Manager


Saud Mamoun Elbirair
Board member


Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31 2016**

	March 31,2016	March 31,2015
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
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	<u>(113,052,884)</u>	<u>(132,132,070)</u>
Net cash (used in) operating activities	<u>(110,633,191)</u>	<u>(128,483,469)</u>
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	<u>(22,796,323)</u>	<u>(289,468)</u>
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	<u>(133,421,576)</u>	<u>27,287,027</u>
Cash and cash equivalents at the beginning of the period	<u>332,563,068</u>	<u>119,869,643</u>
Cash and cash equivalents at the end of the period	<u>199,141,492</u>	<u>147,156,670</u>

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

AL SALAM BANK

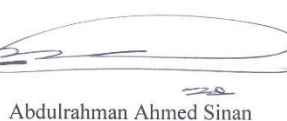
**CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH, 31, 2016**

	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	<u>310,668,350</u>	<u>179,951,393</u>	<u>57,040,768</u>	<u>336,873,784</u>	<u>59,547,502</u>	<u>101,164,812</u>	<u>1,045,246,609</u>

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

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 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 Aljamhuria 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 31,2015 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).

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH, 31, 2016**

(3) Investments held to maturity

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

(4) Mudaraba Investment and Agencies

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

(5) Musharka financing

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

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2016**

(6) Investments available for sale

	Ownership percentage	<u>March 31,2016</u>	<u>December 31,2015</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
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
		<u>126,081,383</u>	<u>125,563,611</u>

(7)Investments Analysis

	<u>March 31,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
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
	<u>1,175,080,825</u>	<u>1,132,359,147</u>

AL SALAM BANK**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH, 31, 2016****(7/1) Local Investments**

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
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	<u>513,209,220</u>	<u>513,209,220</u>
	<u>985,210,519</u>	<u>936,950,332</u>

(7/2) Investments in GCC countries

	<u>March 31, 2016</u>	<u>December 31, 2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
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	<u>70,024,000</u>	<u>65,301,110</u>
	<u>154,504,756</u>	<u>160,043,265</u>

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH, 31, 2016**

(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.

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