Al-Salam bank- Sudan
(Public limited Company)
Unaudited Financial Statements
For The Six Months Ended
June 30, 2017

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 June ,30,2017 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 19, 1438
July, 13, 2017

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

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At JUNE 30, 2017

	Note	June 30,2017 Unaudited	December 31,2016 Audited
Assets:-		**SDG**	SDG
Cash and cash equivalents		**328,349,708**	232,093,197
Deferred sales receivables (net)		**514,008,141**	596,678,549
Investments held to maturity	(3)	**269,524,656**	259,404,000
Investments in Mudaraba	(4)	**280,121,596**	242,083,715
Musharaka financing	(5)	**149,311,557**	112,064,354
Investments available for sale	(6)	**249,634,994**	149,912,337
Investments in property		**520,259,006**	520,254,027
Other assets		**82,053,802**	55,328,277
Fixed assets (net)		**83,611,432**	84,865,582
Total Assets		**2,476,874,892**	**2,252,684,038**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		**659,867,754**	535,574,585
Other liabilities		**99,725,401**	90,322,131
Provisions and accruals		**28,278,944**	35,834,560
Total Liabilities		**787,872,099**	**661,731,276**
Unrestricted investment accounts holders		**468,493,222**	**414,052,332**
Owners' Equity:-			
Paid up capital	(8)	**323,549,000**	323,549,000
Reserves		**644,620,522**	636,462,608
Retained earnings		**252,340,049**	216,888,822
Total Owners' equity		**1,220,509,571**	**1,176,900,430**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**2,476,874,892**	**2,252,684,038**
Contra accounts:-	(10)	**57,970,019**	**71,100,587**

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

Alnour Ajabna Izalarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2017	2016	2017	2016
	SDG	SDG	SDG	SDG
Income				
Deferred sales	**19,617,149**	18,564,744	**50,710,417**	37,645,994
Income from investments	**17,456,479**	19,250,113	**30,367,922**	30,519,088
Total income from financing and investments	**37,073,628**	37,814,857	**81,078,339**	68,165,082
Less: Return on unrestricted investment accounts	**(11,948,136)**	(8,525,709)	**(21,874,147)**	(15,526,976)
Bank's share in income from investments (as Mudarib and as fund owner)	**25,125,492**	29,289,148	**59,204,192**	52,638,106
Income from banking services	**1,366,709**	1,578,230	**5,962,794**	2,969,680
Gain on exchange of foreign currency	**38,086**	4,489,709	**64,463**	4,572,134
Gain / (losses) from revaluation of foreign currencies	**8,151,070**	(23,038)	**5,687,058**	(65,688)
Other income	**1,476,210**	3,956,293	**8,592,096**	1,776,751
Total Bank's revenue	**36,157,567**	39,290,342	**79,510,603**	61,890,983
Expenses				
Staff cost	**(9,320,875)**	(9,097,394)	**(17,967,939)**	(16,896,402)
Operation expenses	**(6,379,540)**	(4,872,440)	**(11,834,393)**	(8,974,986)
Depreciation	**(1,076,974)**	(978,549)	**(2,068,013)**	(1,961,100)
Central Bank of Sudan penalties	**-**	(1,000)	**-**	(1,000)
Total expenses	**(16,777,389)**	(14,949,383)	**(31,870,345)**	(27,833,488)
Net operation profits	**19,380,178**	24,340,959	**47,640,258**	34,057,495
Provision for Zakah	**(2,255,881)**	(2,130,872)	**(4,962,211)**	(3,318,775)
Provision for business Profit Tax	**(2,160,937)**	(3,279,873)	**(3,287,795)**	(3,885,923)
Net income for the period	**14,963,360**	18,930,214	**39,390,252**	26,852,797
Basic earning per share	**0.123**	0.158	**0.325**	0.221

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

Alnour Ajabna Izalarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	JUNE, 30,2017	JUNE, 30,2016
	Unaudited	Unaudited
	SDG	SDG
Cash follows from operating activities		
Net income for the period	39,390,252	26,852,797
Adjustments for:		
Depreciation of fixed assets	2,068,013	1,961,100
Provisions	(7,555,616)	(7,256,887)
	33,902,649	21,557,010
Changes in operating assets, liabilities and unrestricted investment accounts:		
Deferred sales receivables (net)	82,670,408	(17,394,185)
Investments	(85,410,719)	(56,946,017)
Other assets	(26,725,525)	(4,127,748)
Current accounts	124,293,169	13,231,658
Unrestricted investment accounts	54,440,890	(16,974,375)
Other liabilities	9,403,270	(36,741,276)
Cash (used in) operations	158,671,493	(118,951,943)
Net cash (used in) operating activities	192,574,142	(97,394,933)
Cash follows from investing activities		
Purchases of fixed assets	(813,863)	(24,152,098)
Investments available for sale	(99,722,657)	(10,693,168)
Net cash (used in) investing activities	(100,536,520)	(34,845,266)
Cash follows from financing activities		
Reserves	4,218,889	5,872
Net cash from (used) financing activities	4,218,889	5,872
Decrease in cash and cash equivalents for the period	96,256,511	(132,234,327)
Cash and cash equivalents at the beginning of the period	232,093,197	332,563,068
Cash and cash equivalents at the end of the period	328,349,708	200,328,741

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

Alnour Ajabna Izalarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2017

	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, 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		92,225,025	-	-	-	-	92,225,025
Reserves		(32,595,871)	9,222,502	-	12,007,774	23,373,369	12,007,774
bounce share	15,561,400	(15,561,400)	-	-	-	-	-
Exchange Diff		-	-	-	-	38,032,293	38,032,293
Capital increase expenses	(2,680,750)	-	-	-	-	-	(2,680,750)
Balance as at January 1, 2017	323,549,000	216,888,822	65,471,012	336,873,784	71,547,338	162,570,474	1,176,900,430
Net income for the period	-	39,390,252	-	-	-	-	39,390,252
Reserves	-	(3,939,025)	3,939,025	-	4,218,889	-	4,218,889
Balance as at JUNE , 30, 2017	323,549,000	252,340,049	69,410,037	336,873,784	75,766,227	162,570,474	1,220,509,571

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

Alnour Ajabna Iz-Alarab	Saud Mamoun Elbirair	Abdulrahman Ahmed Senan
General Manager	Board member	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) .

(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 31.2016 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. 2017are not indicative of the results that may be expected for the year ended 31 December 2017.

c) Functional currency

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

(3) Investments held to maturity

	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Shahama securities	**269,524,656**	259,404,000
	269,524,656	259,404,000

(4) Investment in Mudaraba

	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Mudaraba with corporate & customers	**237,987,103**	229,494,349
Mudaraba with financial institutions	**72,024,097**	45,110,286
	310,011,200	274,604,635
Less : Provision for financing risk	**(29,889,604)**	(32,520,920)
	280,121,596	**242,083,715**

(5) Musharka financing

	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Musharaka	**150,801,811**	113,196,317
Less : Provision for financing risk	**(1,490,254)**	(1,131,963)
	149,311,557	**112,064,354**

(6) Investments available for sale

	Ownership percentage	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Foreign investment funds		1,541,153	1,386,800
Assets acquired by banks for Musharaka finance		11,794,471	18,419,950
Inter bank liquidity management fund		127,720,895	25,746,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		54,299,742	52,186,640
King Abdullah city		13,595,833	13,071,297
Alsalam Algeria Bank	5%	40,632,900	39,051,650
		249,634,994	149,912,337

(7)Investments Analysis

	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Local Investments (note 7/1)	1,340,681,381	1,160,625,046
Investments in GCC countries (note 7/2)	87,537,528	84,041,737
Foreign Investments (Al Salam Bank - Algeria)	40,632,900	39,051,650
	1,468,851,809	1,283,718,433

(7/1) Local Investments

	June 30,2017 Unaudited SDG	December 31,2016 Audited SDG
Shahama securities	269,524,656	259,404,000
Inter Bank Liquidity Managment Fund	127,720,895	25,746,000
Mudaraba with Local Banks	53,634,064	27,436,153
Mudaraba with Customers (net)	208,386,732	197,250,562
Net Musharaka	149,311,557	112,064,354
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	11,794,471	18,419,950
Local land	520,259,006	520,254,027
	1,340,681,381	1,160,625,046

(7/2) Investments in GCC countries

	June 30,2017 Unaudited	December 31,2016 Audited
	SDG	SDG
AL Salam Bank – Bahrain	54,299,742	52,186,640
King Abdullah City shares	13,595,833	13,071,297
Foreign investment funds	1,541,153	1,386,800
UBAF bank	18,100,800	17,397,000
	87,537,528	84,041,737

8/ capital

	June 30,2017 Unaudited	December 31,2016 Audited
	SDG	SDG
Paid up capital	323,549,000	323,549,000
	323,549,000	323,549,000

The authorized share capital of the bank comprises of 200 million share with nominal value of SDG 2,69 each ,issued and paid shares 121,275,000 .

(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.