

**Al-Salam bank- Sudan
(Public limited Company)
Unaudited Financial Statements
For The Six Months Ended
June 30, 2018**

EL IMAM

Certified Public Accountants & Consultants

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Auditor's Report

Financial Statements Review Report

Al-Salam Bank – Sudan

Review Scope

We have reviewed the accompanying balance sheet of Al-Salam Bank as of June 30, 2018 and the related statement of income, cash flow and change in equity for the three months then ended, in accordance with the standards for review services. All the information included in these financial statements is the representation of Al-Salam Bank's management.

Review was conducted in accordance with the interim financial statements' review standards, which include enquires of the bank personnel and analytical procedures applied to financial data.

Review is less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Opinion

Based on the review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the accounting standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions and the International Accounting Standard number (34).



Dr. Abdel Rahman Osman El Imam
Certified Public Accountant



Khartoum, 15 July, 2018

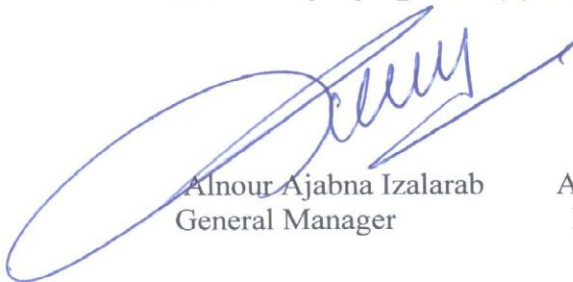
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AL SALAM BANK**CONDENSED STATEMENTS OF FINANCIAL POSITION****As At JUNE 30, 2018**

	Note	<u>June 30,2018</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2017</u> <u>Audited</u> <u>SDG</u>
<u>Assets:-</u>			
Cash and cash equivalents		1,159,516,687	466,198,136
Deferred sales receivables (net)		743,420,189	736,234,624
Investments held to maturity	(3)	325,318,469	242,530,000
Investments in Mudaraba	(4)	375,848,009	206,145,623
Musharaka financing	(5)	115,969,276	163,734,861
Investments available for sale	(6)	486,688,390	185,652,044
Investments in property		512,172,227	518,172,166
Other assets		83,343,820	30,235,971
Projects in progress		35,318,563	65,135,403
Fixed assets (net)		<u>136,736,860</u>	<u>84,619,762</u>
Total Assets		<u>3,974,332,490</u>	<u>2,698,658,590</u>
<u>Liabilities, Unrestricted investment accounts and</u>			
<u>Owners' Equity:-</u>			
<u>Liabilities:-</u>			
Current Accounts		793,936,080	722,614,641
Other liabilities		269,225,848	104,884,000
Provisions and accruals		<u>50,214,661</u>	<u>43,920,976</u>
Total Liabilities		<u>1,113,376,589</u>	<u>871,419,617</u>
Unrestricted investment accounts holders		<u>794,116,974</u>	<u>508,330,075</u>
<u>Owners' Equity:-</u>			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		1,686,017,890	710,951,950
Retained earnings		<u>57,272,037</u>	<u>284,407,948</u>
Total Owners' equity		<u>2,066,838,927</u>	<u>1,318,908,898</u>
Total Liabilities, Unrestricted investment		<u>3,974,332,490</u>	<u>2,698,658,590</u>
accounts and Owners' equity			
<u>Contra accounts:-</u>	(10)	<u>137,347,534</u>	<u>56,177,421</u>

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


Alnour Ajabna Izalarab
General Manager


Abbas Elbakhit Musa
Board member


Saud Mamoun Elbirair
Board member

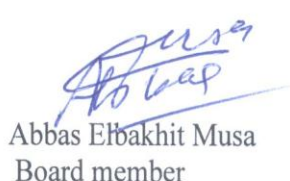
AL SALAM BANK

CONDENSED INCOME STATEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2018

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2018 SDG	2017 SDG	2018 SDG	2017 SDG
Income				
Deferred sales	40,516,947	19,617,149	82,453,654	50,710,417
Income from investments	33,393,596	17,456,479	48,842,019	30,367,922
Total income from financing and investments	73,910,543	37,073,628	131,295,673	81,078,339
Less: Return on unrestricted investment accounts	(14,669,894)	(11,948,136)	(22,034,991)	(21,874,147)
Bank's share in income from investments (as Mudarib and as fund owner)	59,240,649	25,125,492	109,260,682	59,204,192
Income from banking services	1,924,566	1,366,709	3,269,410	5,962,794
Gain on exchange of foreign currency	309,309	38,086	366,958	64,463
Other income	14,637,902	1,476,210	26,545,694	8,592,096
Total Bank's revenue	76,112,426	28,006,497	139,442,744	73,823,545
Expenses				
Staff cost	(14,710,478)	(9,320,875)	(30,296,487)	(17,967,939)
Operation expenses	(11,077,826)	(6,379,540)	(23,027,329)	(11,834,393)
Depreciation	(1,064,671)	(1,076,974)	(2,067,567)	(2,068,013)
Provision for investment & finance	-	-	(2,366,523)	-
Total expenses	(26,852,975)	(16,777,389)	(57,757,906)	(31,870,345)
Net operation profits	49,259,451	11,229,108	81,684,838	41,953,200
(Loss) / Gain from revaluation of foreign currency	(478,555)	8,151,070	391,739,959	5,687,057
Profit before Zakah and Tax	48,780,896	19,380,178	473,424,797	47,640,258
Provision for Zakah	(2,962,913)	(2,255,881)	(10,446,048)	(4,962,211)
Provision for business Profit Tax	(6,284,854)	(2,160,937)	(7,603,193)	(3,287,795)
Net income for the period	39,533,129	14,963,360	455,375,556	39,390,252
Basic earning per share	0,326	0,123	3,755	0,325

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


Alnour Ajabna Izalarab
General Manager


Abbas Elbakhit Musa
Board member

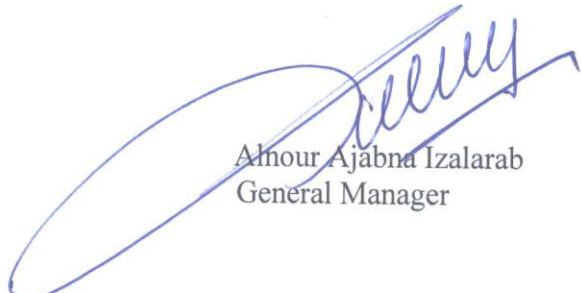

Saud Mamoun Elbirair
Board member

AL SALAM BANK

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018**

	JUNE, 30,2018	JUNE, 30,2017
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash follows from operating activities		
Net income for the period	455,375,556	39,390,252
Adjustments for:		
Provision for Zakah	10,446,048	4,962,211
Provision for business Profit Tax	7,603,193	3,287,795
Provision for financing risk	2,366,523	-
Depreciation of fixed assets	2,067,567	2,068,013
Return on unrestricted investment accounts	<u>22,034,991</u>	<u>21,874,146</u>
	499,893,878	71,582,417
Changes in operating assets and liabilities:		
Other assets	(53,107,849)	(48,549,252)
Other liabilities	164,341,848	9,403,270
Provisions	<u>(11,755,555)</u>	<u>(15,805,622)</u>
Net cash from operating activities	<u>599,372,322</u>	<u>16,630,813</u>
Cash follows from investing activities		
Deferred sales receivables (net)	(9,552,088)	60,796,262
Investments held to maturity	(82,788,469)	(10,120,656)
Investments in Mudaraba	(169,702,386)	(38,037,881)
Musharaka financing	47,765,585	(37,247,203)
Investments available for sale	(301,036,346)	(99,722,657)
Investments in property	5,999,939	(4,979)
Projects in progress	29,816,840	21,823,727
Purchases of fixed assets	<u>(54,184,666)</u>	<u>(813,863)</u>
Net cash (used) in investing activities	<u>(533,681,591)</u>	<u>(103,327,250)</u>
Cash follows from financing activities		
Current accounts	71,321,439	124,293,169
Unrestricted investment accounts	263,751,908	54,440,890
Reserves	<u>292,554,473</u>	<u>4,218,889</u>
Net cash from financing activities	<u>627,627,820</u>	<u>182,952,948</u>
Increase in cash and cash equivalents for the period	693,318,551	96,256,511
Cash and cash equivalents at the beginning of the period	466,198,136	232,093,197
Cash and cash equivalents at the end of the period	<u>1,159,516,687</u>	<u>328,349,708</u>

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


Alhour Ajabna Izalarab
General Manager


Abbas Elbakhit Musa
Board member


Saud Mamoun Elbirair
Board member

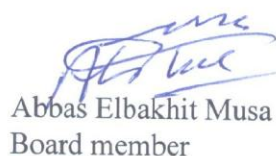
AL SALAM BANK

**CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2018**

	Paid up capital	Retained earnings	Statutory reserve	General reserve	Property revaluation reserve	Foreign Invts valuation reserve	Foreign assets reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
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 year	-	115,072,260	-	-	-	-	-	115,072,260
Reserves	-	(11,507,226)	11,507,226	-	-	-	-	-
Exchange Diff	-	(36,045,908)	-	-	-	26,936,208	36,045,908	26,936,208
Balance as at January 1, 2018	323,549,000	284,407,948	76,978,238	-	336,873,784	98,483,546	198,616,382	1,318,908,898
Net income for the period	-	455,375,556	-	-	-	-	-	455,375,556
Reserves	-	(290,771,508)	6,363,560	284,407,948	-	-	-	-
Exchange Diff	-	(391,739,959)	-	-	-	292,554,473	391,739,959	292,554,473
Balance as at JUNE , 30, 2018	<u>323,549,000</u>	<u>57,272,037</u>	<u>83,341,798</u>	<u>284,407,948</u>	<u>336,873,784</u>	<u>391,038,019</u>	<u>590,356,341</u>	<u>2,066,838,927</u>

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


Alnour Ajabna Izalarab
General Manager


Abbas Elbakhit Musa
Board member


Saud Mamoun Elbirair
Board member

AL SALAM BANK

NOTES TO CONDENCED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2018

(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 Rotana branch which is placed in 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 31,2017 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, 2018 are not indicative of the results that may be expected for the year ended 31 December 2018.

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 SIX MONTHS ENDED JUNE 30, 2018****(3) Investments held to maturity**

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	<u>325,318,469</u>	<u>242,530,000</u>
	<u>325,318,469</u>	<u>242,530,000</u>

(4) Mudaraba Investment and Agencies

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Mudaraba with corporate & customers	<u>254,937,038</u>	<u>98,765,581</u>
Mudaraba with financial institutions	<u>190,546,626</u>	<u>136,540,771</u>
	<u>445,483,664</u>	<u>235,306,352</u>
Less : Provision for financing risk	<u>(69,635,655)</u>	<u>(29,160,729)</u>
	<u>375,848,009</u>	<u>206,145,623</u>

(5) Musharka financing

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Musharaka	<u>117,140,682</u>	<u>165,388,748</u>
Less : Provision for financing risk	<u>(1,171,406)</u>	<u>(1,653,887)</u>
	<u>115,969,276</u>	<u>163,734,861</u>

AL SALAM BANK**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018****(6) Investments available for sale**

	Ownership percentage	<u>June 30,2018</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2017</u> <u>Audited</u> <u>SDG</u>
Foreign investment funds		-	2,000,457
Assets acquired by banks for Musharaka finance		11,643,103	11,643,103
Inter bank liquidity management fund		46,026,458	40,712,690
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		214,622,823	65,666,394
King Abdullah city		53,742,156	16,440,750
Alsalam Algeria Bank	5%	<u>160,603,850</u>	<u>49,138,650</u>
		<u>486,688,390</u>	<u>185,652,044</u>

(7)Investments Analysis

	<u>June 30,2018</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2017</u> <u>Audited</u> <u>SDG</u>
Local Investments (note 8/1)	1,315,480,242	1,161,098,643
Investments in GCC countries (note 8/2)	339,912,279	105,997,401
Foreign Investments (Al Salam Bank - Algeria)	<u>160,603,850</u>	<u>49,138,650</u>
	<u>1,815,996,371</u>	<u>1,316,234,694</u>

(7/1) Local Investments

	<u>June 30,2018</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2017</u> <u>Audited</u> <u>SDG</u>
Shahama securities	325,318,469	242,530,000
Inter Bank Liquidity Managment Fund	46,026,458	40,712,690
Mudaraba with Local Banks	51,783,831	114,650,971
Mudaraba with Customers (net)	252,516,878	69,604,852
Net Musharaka	115,969,276	163,734,861
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	11,643,103	11,643,103
Local land	<u>512,172,227</u>	<u>518,172,166</u>
	<u>1,315,480,242</u>	<u>1,161,098,643</u>

AL SALAM BANK**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018****(7/2) Investments in GCC countries**

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	214,622,823	65,666,394
King Abdullah City shares	53,742,156	16,440,750
Foreign investment funds	-	2,000,457
UBAF bank	<u>71,547,300</u>	<u>21,889,800</u>
	<u>339,912,279</u>	<u>105,997,401</u>

8/ capital

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	<u>323,549,000</u>	<u>323,549,000</u>
	<u>323,549,000</u>	<u>323,549,000</u>

The authorized share capital of the bank comprises of 200 million share with nominal value of SDG 2,69 each.

Issued and paid 121,275,000 shares.

(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.

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2018****(10) Contra accounts**

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

	<u>June 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	109,398,245	33,470,246
Letters of guarantee	27,949,289	21,763,175
Shahama	-	<u>944,000</u>
	<u>137,347,534</u>	<u>56,177,421</u>