

Al - Salam Bank – Sudan
(Public Limited Company)
Unaudited Financial Statements
For The Nine Months Ended
September 30, 2018

EL IMAM

Certified Public Accountants & Consultants

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Khartoum
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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 September 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, 18 October, 2018
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Audit - Tax - Consulting

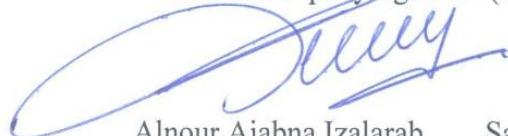
AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At SEPTEMBER 30, 2018

		September 30, 2018	December 31, 2017
	Note	Unaudited	Audited
<u>Assets:-</u>		<u>SDG</u>	<u>SDG</u>
Cash and cash equivalents		1,111,978,993	466,198,136
Deferred sales receivables (net)		778,251,205	736,234,624
Investments held to maturity	(3)	390,618,670	242,530,000
Investments in Mudaraba	(4)	460,581,684	206,145,623
Musharaka financing	(5)	206,900,702	163,734,861
Investments available for sale	(6)	496,285,406	185,652,044
Investments in property		512,172,227	518,172,166
Other assets		84,781,925	30,235,971
Projects in progress		39,179,139	65,135,403
Fixed assets (net)		143,599,802	84,619,762
Total Assets		<u>4,224,349,753</u>	<u>2,698,658,590</u>
<u>Liabilities, Unrestricted investment accounts and</u>			
<u>Owners' Equity:-</u>			
<u>Liabilities:-</u>			
Current Accounts		1,011,724,413	722,614,641
Other liabilities		281,824,635	104,884,000
Provisions and accruals		57,620,802	43,920,976
Total Liabilities		<u>1,351,169,850</u>	<u>871,419,617</u>
Unrestricted investment accounts holders		<u>787,564,243</u>	<u>508,330,075</u>
<u>Owners' Equity:-</u>			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		1,687,819,676	710,951,950
Retained earnings		74,246,984	284,407,948
Total Owners' equity		<u>2,085,615,660</u>	<u>1,318,908,898</u>
Total Liabilities, Unrestricted investment		<u>4,224,349,753</u>	<u>2,698,658,590</u>
accounts and Owners' equity			
<u>Contra accounts</u>	(10)	<u>133,726,640</u>	<u>56,177,421</u>

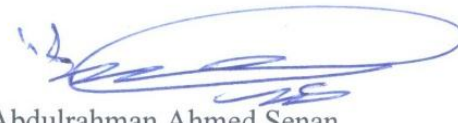
The accompanying notes (1) to (10) form an integral part of these Statements



Alnour Ajabna Izalarab
General Manager



Saud Mamoun Elbirair
Board member



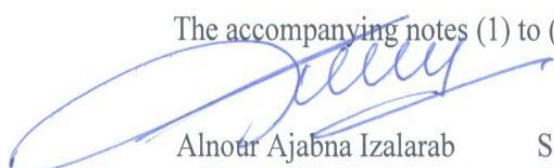
Abdulrahman Ahmed Senan
Board member

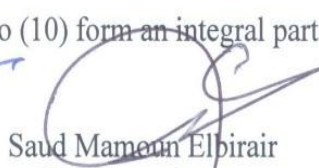
AL SALAM BANK

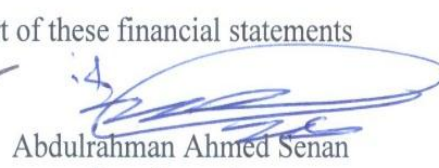
CONDENSED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	For Three Months Ended 30 September		For Nine Months Ended 30 September	
	2018	2017	2018	2017
	SDG	SDG	SDG	SDG
Income				
Deferred sales	43,212,300	24,392,840	125,665,954	75,103,257
Income from investments	<u>27,727,471</u>	<u>14,266,673</u>	<u>76,569,490</u>	<u>44,634,595</u>
Total income from financing and investments	70,939,771	38,659,513	202,235,444	119,737,852
Less: Return on unrestricted investment accounts	<u>(15,930,495)</u>	<u>(7,029,927)</u>	<u>(37,965,486)</u>	<u>(28,904,074)</u>
Bank's share in income from investments (as Mudarib and as fund owner)	55,009,276	31,629,586	164,269,958	90,833,778
Income from banking services	2,458,138	1,034,326	5,727,548	6,997,120
Gain on exchange of foreign currency	132,864	96,085	499,822	160,548
Other income	<u>1,538,433</u>	<u>3,320,452</u>	<u>28,084,127</u>	<u>11,912,548</u>
Total Bank's revenue	<u>59,138,711</u>	<u>36,080,449</u>	<u>198,581,455</u>	<u>109,903,994</u>
Expenses				
Staff cost	(12,598,274)	(9,122,857)	(42,894,761)	(27,090,796)
Operation expenses	(10,821,243)	(7,326,116)	(33,848,572)	(19,160,509)
Depreciation	(1,762,081)	(987,708)	(3,829,648)	(3,055,721)
Provision for investment & finance	<u>(1,270,145)</u>	-	<u>(3,636,668)</u>	-
Total expenses	<u>(26,451,743)</u>	<u>(17,436,681)</u>	<u>(84,209,649)</u>	<u>(49,307,026)</u>
Net operation profits	32,686,968	18,643,768	114,371,806	60,596,968
(Loss) / Gain from revaluation of foreign currency	<u>(78,107)</u>	<u>13,066,451</u>	<u>391,661,852</u>	<u>18,753,509</u>
Profit before Zakah and Tax	32,608,861	31,710,219	506,033,658	79,350,477
Provision for Zakah	(9,878,360)	(2,989,730)	(20,324,408)	(7,951,941)
Provision for business Profit Tax	<u>(3,947,556)</u>	<u>(889,089)</u>	<u>(11,550,749)</u>	<u>(4,176,884)</u>
Net income for the period	<u>18,782,945</u>	<u>27,831,400</u>	<u>474,158,501</u>	<u>67,221,652</u>
Basic earning per share	<u>0.15</u>	<u>0.23</u>	<u>3.9</u>	<u>0.55</u>

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


Alnoor Ajabna Izalarab
General Manager


Saud Mameun Elbirair
Board member


Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

	SEP. 30,2018	SEP. 30,2017
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash flows from operating activities		
Net income for the period	474,158,501	67,221,652
Adjustments for:		
Provision for Zakah	20,324,408	7,951,941
Provision for business Profit Tax	11,550,749	4,176,884
Provision for financing risk	3,636,668	-
Depreciation of fixed assets	3,829,648	3,055,720
Return on unrestricted investment accounts	37,965,486	28,904,074
	<u>551,465,460</u>	<u>111,310,271</u>
Changes in operating assets and liabilities:		
Other assets	(54,545,954)	1,860,923
Other liabilities	176,940,635	8,199,227
Provisions	(18,175,331)	(25,238,214)
Net cash from operating activities	<u>655,684,810</u>	<u>96,132,207</u>
Cash flows from investing activities		
Deferred sales receivables (net)	(45,653,249)	75,807,252
Investments held to maturity	(148,088,670)	16,849,344
Investments in Mudaraba	(254,436,061)	64,379,152
Musharaka financing	(43,165,841)	(37,950,643)
Investments available for sale	(310,633,362)	(126,896,558)
Investments in property	5,999,939	(4,979)
Projects in progress	25,956,264	(39,696,413)
Purchases of fixed assets	(62,809,688)	(2,020,174)
Net cash (used) in investing activities	<u>(832,830,668)</u>	<u>(49,533,019)</u>
Cash flows from financing activities		
Current accounts	289,109,772	129,814,248
Unrestricted investment accounts	241,268,682	67,308,383
Reserves	292,548,261	14,079,175
Net cash from financing activities	<u>822,926,715</u>	<u>211,201,806</u>
Increase in cash and cash equivalents for the period	<u>645,780,857</u>	<u>257,800,994</u>
Cash and cash equivalents at the beginning of the period	<u>466,198,136</u>	<u>232,093,197</u>
Cash and cash equivalents at the end of the period	<u>1,111,978,993</u>	<u>489,894,191</u>

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

Alnour Ajabna Izalarab
General Manager

Saud Mamoun Elbirair
Board member

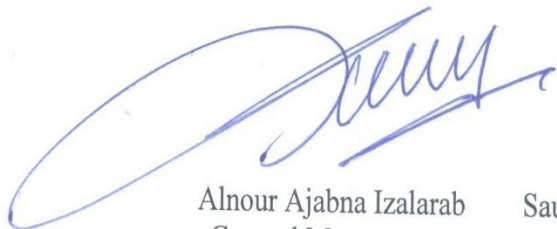
Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

**CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	474,158,501	-	-	-	-	-	474,158,501
Reserves	-	(292,657,613)	8,249,665	284,407,948	-	-	-	-
Exchange Diff	-	(391,661,852)	-	-	-	292,548,261	391,661,852	292,548,261
Balance as at Sep 30, 2018	<u>323,549,000</u>	<u>74,246,984</u>	<u>85,227,903</u>	<u>284,407,948</u>	<u>336,873,784</u>	<u>391,031,807</u>	<u>590,278,234</u>	<u>2,085,615,660</u>

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



Alnour Ajabna Izalarab
General Manager



Saud Mamoun Elbirair
Board member



Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 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 and the Omdurman Murdah street branch .

(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 (Interim Financial Reporting). The accounting policies applied in preparation of the condensed interim financial statements comply with the accounting policies applied in preparation of the annual financial statements for the year ended

31 December 2018, which are prepared in accordance with the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) 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 for the year ended 31 December 2018 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 the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Additionally, the results for the period ended 30 September, 2018 are not indicative of the expected results 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 CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(3) Investments held to maturity

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	<u>390,618,670</u>	<u>242,530,000</u>
	<u>390,618,670</u>	<u>242,530,000</u>

(4) Mudaraba Investment and Agencies

	<u>September 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>293,664,639</u>	<u>98,765,581</u>
Mudaraba with financial institutions	<u>236,552,700</u>	<u>136,540,771</u>
	<u>530,217,339</u>	<u>235,306,352</u>
Less : Provision for financing risk	<u>(69,635,655)</u>	<u>(29,160,729)</u>
	<u>460,581,684</u>	<u>206,145,623</u>

(5) Musharka financing

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Musharaka	<u>208,090,791</u>	<u>165,388,748</u>
Less : Provision for financing risk	<u>(1,190,089)</u>	<u>(1,653,887)</u>
	<u>206,900,702</u>	<u>163,734,861</u>

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018

(6) Investments available for sale

	Ownership percentage	<u>September 30,2018</u>	<u>December 31,2017</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
Foreign investment funds		-	2,000,457
Assets acquired by banks for Musharaka finance		11,207,920	11,643,103
Inter bank liquidity management fund		56,064,869	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		53,735,944	16,440,750
Alsalam Algeria Bank	5%	160,603,850	49,138,650
		<u>496,285,406</u>	<u>185,652,044</u>

(7)Investments Analysis

	<u>September 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Local Investments (note 7/1)	1,566,043,372	1,161,098,643
Investments in GCC countries (note 7/2)	339,911,467	105,997,401
Foreign Investments (Al Salam Bank - Algeria)	160,603,850	49,138,650
	<u>2,066,558,689</u>	<u>1,316,234,694</u>

(7/1) Local Investments

	<u>September 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	390,618,670	242,530,000
Inter Bank Liquidity Managment Fund	56,064,869	40,712,690
Mudaraba with Local Banks	165,000,000	114,650,971
Mudaraba with Customers (net)	224,028,984	69,604,852
Net Musharaka	206,900,702	163,734,861
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	11,207,920	11,643,103
Local land	512,172,227	518,172,166
	<u>1,566,043,372</u>	<u>1,161,098,643</u>

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

	<u>September 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	53,735,944	16,440,750
Foreign investment funds	-	2,000,457
UBAF bank	71,552,700	21,889,800
	<u>339,911,467</u>	<u>105,997,401</u>

8/ capital

	<u>September 30,2018</u>	<u>December 31,2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	323,549,000	323,549,000
	<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 CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018**

(10) Contra accounts

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	109,406,502	33,470,246
Letters of guarantee	24,320,138	21,763,175
Shahama	=	944,000
	<u>133,726,640</u>	<u>56,177,421</u>