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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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).

الإمام محاسبون ومراجعون قانونيون
El Imam Certified Public Accountants

Dr. Abdel Rahman Osman El Imam
Certified Public Accountant

Khartoum, 18 October, 2018
9 Safar 1440 H

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At SEPTEMBER 30, 2018

	Note	September 30,2018 Unaudited	December 31,2017 Audited
Assets:-		**SDG**	SDG
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		**4,224,349,753**	**2,698,658,590**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
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		**1,351,169,850**	**871,419,617**
Unrestricted investment accounts holders		**787,564,243**	**508,330,075**
Owners' Equity:-			
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		**2,085,615,660**	**1,318,908,898**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**4,224,349,753**	**2,698,658,590**
Contra accounts	(10)	**133,726,640**	**56,177,421**

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

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	**27,727,471**	14,266,673	**76,569,490**	44,634,595
Total income from financing and investments	**70,939,771**	38,659,513	**202,235,444**	119,737,852
Less: Return on unrestricted investment accounts	**(15,930,495)**	(7,029,927)	**(37,965,486)**	(28,904,074)
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	**1,538,433**	3,320,452	**28,084,127**	11,912,548
Total Bank's revenue	**59,138,711**	36,080,449	**198,581,455**	109,903,994
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	**(1,270,145)**	-	**(3,636,668)**	-
Total expenses	**(26,451,743)**	(17,436,681)	**(84,209,649)**	(49,307,026)
Net operation profits	**32,686,968**	18,643,768	**114,371,806**	60,596,968
(Loss) / Gain from revaluation of foreign currency	**(78,107)**	13,066,451	**391,661,852**	18,753,509
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	**(3,947,556)**	(889,089)	**(11,550,749)**	(4,176,884)
Net income for the period	**18,782,945**	27,831,400	**474,158,501**	67,221,652
Basic earning per share	**0.15**	0.23	**3.9**	0.55

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

	SEP. 30,2018	SEP. 30,2017
	Unaudited	Unaudited
	SDG	SDG
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
	551,465,460	111,310,271
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	**655,684,810**	96,132,207
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	**(832,830,668)**	(49,533,019)
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	**822,926,715**	211,201,806
Increase in cash and cash equivalents for the period	**645,780,857**	257,800,994
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	**1,111,978,993**	489,894,191

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 NINE MONTHS ENDED SEPTEMBER 30, 2018

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	General reserve SDG	Property revaluation reserve SDG	Foreign Invts valuation reserve SDG	Foreign assets reserve SDG	Total 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	**323,549,000**	**74,246,984**	**85,227,903**	**284,407,948**	**336,873,784**	**391,031,807**	**590,278,234**	**2,085,615,660**

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

(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).

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

(3) Investments held to maturity

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

(4) Mudaraba Investment and Agencies

	September 30,2018	December 31,2017
	Unaudited	Audited
	SDG	SDG
Mudaraba with corporate & customers	293,664,639	98,765,581
Mudaraba with financial institutions	236,552,700	136,540,771
	530,217,339	235,306,352
Less : Provision for financing risk	(69,635,655)	(29,160,729)
	460,581,684	206,145,623

(5) Musharka financing

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

(6) Investments available for sale

	Ownership percentage	September 30,2018	December 31,2017
		Unaudited	Audited
		SDG	SDG
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
		496,285,406	**185,652,044**

(7)Investments Analysis

	September 30,2018	December 31,2017
	Unaudited	Audited
	SDG	SDG
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
	2,066,558,689	1,316,234,694

(7/1) Local Investments

	September 30,2018	December 31,2017
	Unaudited	Audited
	SDG	SDG
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
	1,566,043,372	1,161,098,643

(7/2) Investments in GCC countries

	September 30,2018 Unaudited SDG	December 31,2017 Audited SDG
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
	339,911,467	105,997,401

8/ capital

	September 30,2018 Unaudited SDG	December 31,2017 Audited 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 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.

(10) Contra accounts

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

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