AL SALAM BANK - Sudan
(Public Company)

UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2018

Allied Accountants
Bannaga & Co.
Certified Public Accountants

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 ,31,2018 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).

Khartoum Shaaban 6, 1439
April, 22, 2018

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

Reg. No. 13657
Allied Accountants
Bannaga & Co.

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION
As At MARCH 31, 2018

	Note	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
Assets:-			
Cash and cash equivalents		**1,323,486,559**	466,198,136
Deferred sales receivables (net)		**588,775,560**	736,234,624
Investments held to maturity	(3)	**323,518,259**	242,530,000
Investments in Mudaraba	(4)	**344,076,705**	206,145,623
Musharaka financing	(5)	**179,732,361**	163,734,861
Investments available for sale	(6)	**488,197,034**	185,652,044
Investments in property		**518,172,166**	518,172,166
Other assets		**97,841,290**	30,235,971
Projects in progress		**78,541,930**	65,135,403
Fixed assets (net)		**83,628,316**	84,619,762
Total Assets		**4,025,970,180**	**2,698,658,590**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		**854,599,554**	722,614,641
Other liabilities		**264,746,798**	104,884,000
Provisions and accruals		**60,405,917**	43,920,976
Total Liabilities		**1,179,752,269**	**871,419,617**
Unrestricted investment accounts holders		**813,713,117**	**508,330,075**
Owners' Equity:-			
Paid in capital		**323,549,000**	323,549,000
Reserves		**1,403,286,324**	710,951,950
Retained earnings		**305,669,470**	284,407,948
Total Owners' equity		**2,032,504,794**	**1,318,908,898**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**4,025,970,180**	**2,698,658,590**
Contra accounts:-	(9)	**131,889,237**	**56,177,421**

The accompanying notes (1) to (9) 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 THREE MONTHS ENDED MARCH 31, 2018

	Note	March 31,2018	March 31,2017
		Unaudited	Unaudited
Income:-		SDG	SDG
Income from deferred sales		41,936,707	31,093,268
Income from investments		15,448,423	12,911,443
Total income from finance and investments		57,385,130	44,004,711
Less: Return on unrestricted investment accounts		(7,365,097)	(9,926,011)
Bank's share in income from investments (as Mudarib and as fund owner)		50,020,033	34,078,700
Income from banking services		1,344,844	4,596,085
Gain(loss) on foreign currency transaction		57,649	26,377
Gains (losses) on valuation of foreign currencies			(2,464,012)
Other banking income		12,250,156	7,115,886
Total income		63,672,682	43,353,036
Expenses:-			
Staff cost		(15,586,009)	(8,647,064)
Operations expenses		(11,949,503)	(5,454,853)
Depreciation		(1,002,896)	(991,039)
Provision for Investment & Finance		(2,708,887)	-
Total expenses		(31,247,295)	(15,092,956)
Net operating profits		32,425,387	28,260,080
Gain on devaluation of local currency		392,218,514	-
Profits before Zakah and tax		424,643,901	28,260,080
Provision for Zakah		(7,483,135)	(2,706,330)
Provision for Business Profit Tax		(1,318,339)	(1,126,858)
Net income for the period		415,842,427	24,426,892
Earning per share		3,4	0,20

The accompanying notes (1) to (9) 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 THREE MONTHS ENDED MARCH 31, 2018

	March 31,2018	March 31,2017
	Unaudited	Unaudited
	SDG	SDG
Cash flows from operating activities:		
Net income for the period	**415,842,427**	**24,426,892**
Adjustments to reconcile net income to net cash:		
Provision for Zakah	**7,483,135**	2,706,330
Provision for Business Profit Tax	**1,318,339**	1,126,858
Provision for Investment & Finance	**2,708,887**	-
Depreciation of fixed assets	**1,002,896**	991,039
Return on unrestricted investment accounts	**7,365,097**	9,926,011
	435,720,781	**39,177,130**
Changes in operating assets, liabilities:		
Other assets	**(67,605,319)**	(8,395,219)
Other liabilities	**159,862,798**	7,243,572
Provisions	**7,683,467**	(6,280,139)
Net cash from operating activities	**535,661,727**	**31,745,344**
Cash flows from investing activities:		
Deferred Sales receivables	**144,750,177**	(3,160,600)
Investments held to maturity	**(80,988,259)**	-
Investments in Mudaraba	**(137,931,082)**	-
Musharaka financing	**(15,997,500)**	(1,087,990)
Investments available for sale	**(302,544,990)**	(33,483,027)
Projects in progress	**(13,406,527)**	-
Purchases of fixed assets	**(11,450)**	(746,063)
Net cash (used in) investing activities	**(406,129,631)**	**(38,477,680)**
Cash flows from financing activities:		
Current accounts	**131,984,913**	44,294,290
Unrestricted investment accounts	**298,017,945**	24,183,513
Reserves	**297,753,469**	(1,790,904)
Net cash from financing activities	**727,756,327**	**66,686,899**
Increase (Decrease) in cash and cash equivalents	**857,288,423**	59,954,563
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	**1,323,486,559**	**292,047,760**

The accompanying notes (1) to (9) 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 THREE MONTHS ENDED MARCH 31, 2018

	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, 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	-	415,842,427	-	-	-	-	415,842,427
Reserves	-	(2,362,391)	2,362,391	-	-	-	-
Exchange Diff		(392,218,514)	-		297,753,469	392,218,514	297,753,469
Balance as at march 31, 2018	**323,549,000**	**305,669,470**	**79,340,629**	**336,873,784**	**396,237,015**	**590,834,896**	**2,032,504,794**

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

Alnour Ajabna Izalarab	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 Africa street and ALmowrada 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) 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. 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 March 31, 2018 are not indicative of the results that may be expected for the year ended December 31, 2018.

c) Functional currency

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

(3) Investments held to maturity

	March 31,2018 Unaudited	December 31,2017 Audited
	SDG	SDG
Shahama securities	323,518,259	242,530,000
	323,518,259	242,530,000

(4) Mudaraba Investment and Agencies

	March 31,2018 Unaudited	December 31,2017 Audited
	SDG	SDG
Mudaraba with corporate & customers	280,361,125	98,765,581
Mudaraba with financial institutions	148,210,871	136,540,771
	428,571,996	235,306,352
Less : Provision for financing risk	(84,495,291)	(29,160,729)
	344,076,705	206,145,623

(5) Musharaka financing

	March 31,2018 Unaudited	December 31,2017 Audited
	SDG	SDG
Musharaka	181,547,839	165,388,748
Less : Provision for financing risk	(1,815,478)	(1,653,887)
	179,732,361	163,734,861

(6) Investments available for sale

	Ownership percentage	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
Foreign investment funds		**6,118,322**	2,000,457
Assets acquired by banks for musharaka finance		**11,643,103**	11,643,103
Inter bank liquidity management fund		**41,386,344**	40,712,690
Al Salam Real Estate Company	**50%**	**50,000**	50,000
Alsalam bank- Bahrain		**214,638,258**	65,666,394
King Abdullah city		**53,745,607**	16,440,750
Alsalam Bank - Algeria	**5%**	**160,615,400**	49,138,650
		488,197,034	**185,652,044**

(7)Investments Analysis

	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
Local Investments (note 7/1)	**1,347,019,038**	1,161,098,643
Investments in GCC countries (note 7/2)	**346,062,087**	105,997,401
Foreign Investments (Al Salam Bank - Algeria)	**160,615,400**	49,138,650
	1,853,696,525	**1,316,234,694**

(7/1) Local Investment

	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
Shahama securities	**323,518,259**	242,530,000
Inter Bank Liquidity Managment Fund	**41,386,344**	40,712,690
Mudaraba with Local Banks	**76,650,971**	114,650,971
Mudaraba with Customers (net)	**195,865,834**	69,604,852
Net Musharaka	**179,732,361**	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	**518,172,166**	518,172,166
	1,347,019,038	**1,161,098,643**

(7/2) Investments in GCC countries

	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
AL Salam Bank – Bahrain	**214,638,258**	65,666,394
King Abdullah City shares	**53,745,607**	16,440,750
Foreign investment funds	**6,118,322**	2,000,457
UBAF bank	**71,559,900**	21,889,800
	346,062,087	**105,997,401**

(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.

	March 31,2018 Unaudited SDG	December 31,2017 Audited SDG
Letters of credit	**109,417,511**	33,470,246
Letters of guarantee	**22,471,726**	21,763,175
Shahama securities (under collection)	-	944,000
	131,889,237	**56,177,421**