ALSALAM BANK – SUDAN
(public company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31,2020

EL IMAM

Certified Public Accountants & Consultants

P. O. Box 7096
Khartoum
Sudan

Tel. +249912648943

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 March 31, 2020 and the related statement of income, cash flow and change inequity for the three months then ended,in accordance with the standards forreview 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

Abdel Rahman Osman El Imam, PhD, CPA

Khartoum, 19April, 2020
26Shaban1441 H

Audit - Tax - Consulting

AL SALAM BANK

CONDENSED STATEMENT OF FINANCIAL POSITION

As At March 31, 2020

	Note	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Assets:-			
Cash and cash equivalents		**1,473,070,531**	1,261,782,105
Deferred sales receivables (net)		**1,468,313,211**	1,187,225,476
Investments held to maturity	(3)	**472,615,795**	417,883,555
Investments in Mudaraba	(4)	**927,287,143**	715,727,872
Musharaka financing	(5)	**243,185,379**	258,953,561
Investments available for sale	(6)	**844,748,894**	774,924,629
Investments in property		**468,281,029**	468,281,029
Other assets		**225,668,363**	179,136,519
Projects in progress		**210,196,373**	196,797,219
Fixed assets (net)		**163,236,638**	166,437,492
Total Assets		**6,496,603,356**	**5,627,149,457**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts		**1,496,664,364**	1,293,727,330
Other liabilities		**485,499,998**	393,505,703
Provisions and accruals		**90,163,385**	71,847,653
Total Liabilities		**2,072,327,747**	**1,759,080,686**
Unrestricted investment accounts holders		**1,245,423,081**	**1,031,701,927**
Owners' Equity:-			
Paid up capital	(8)	**323,549,000**	323,549,000
Reserves		**2,523,976,474**	2,224,592,780
Retained earnings		**331,327,054**	288,225,064
Total Owners' equity		**3,178,852,528**	**2,836,366,844**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**6,496,603,356**	**5,627,149,457**
Contra accounts	(10)	**254,753,693**	**216,549,677**

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	Note	March 31,2020	March 31,2019
		Unaudited	Unaudited
Income:-		SDG	SDG
Income from deferred sales		**66,040,138**	31,064,390
Income from investments		**53,493,559**	19,929,893
Total income from finance and investments		**119,533,697**	50,994,283
Less: Return on unrestricted investment accounts		**(14,579,342)**	(14,000,000)
Bank's share in income from investments (as Mudarib and as fund owner)		**104,954,355**	36,994,283
Income from bank's own investments		-	16,900,000
Income from banking services		**6,679,636**	3,187,690
Gain on foreign currency transaction		**117,941**	115,416
Other banking income		**264,261**	13,570,759
Total income		**112,016,193**	70,768,148
Expenses:-			
Staff cost		**(25,512,388)**	(16,453,800)
Operations expenses		**(13,731,849)**	(13,642,630)
Depreciation		**(3,307,854)**	(2,808,453)
Provision for Investment & Finance		**(7,413,002)**	-
Total expenses		**(49,965,093)**	(32,904,883)
Net operating income		**62,051,100**	37,863,265
Gain (loss) on valuation of foreign currencies		**144,901,320**	(700,150)
Profit before Zakah and business profit tax		**206,952,420**	37,163,115
Provision for Zakah		**(11,320,000)**	(10,406,564)
Provision for Business Profit Tax		**(2,840,000)**	(1,893,150)
Net income for the period		**192,792,420**	24,863,401
Earnings per share		**1.59**	.21

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2020

	MARCH 31,2020	MARCH 31,2019
	Unaudited	Unaudited
	SDG	SDG
Cash flows from operating activities		
Net income for the period	**192,792,420**	24,863,401
Adjustments for:		
Provision for Zakah	**11,320,000**	10,406,564
Provision for business Profit Tax	**2,840,000**	1,893,150
Provision for financing risk	**7,413,002**	-
Gain on sale of fixed assets	-	(2,308,751)
Depreciation of fixed assets	**3,307,854**	2,808,451
Return on unrestricted investment accounts	**14,579,342**	14,000,000
	232,252,618	51,662,815
Changes in operating assets and liabilities:		
Other assets	**(46,531,844)**	(41,826,609)
Other liabilities	**91,994,295**	(176,232,692)
Provisions	**4,155,732**	(55,154)
Net cash from (used in) operating activities	**281,870,801**	(166,451,640)
Cash flows from investing activities		
Deferred sales receivables (net)	**(288,500,737)**	(113,950,156)
Investments held to maturity	**(54,732,240)**	-
Investments in Mudaraba	**(211,559,271)**	(129,304,003)
Musharaka financing	**15,768,182**	(51,353,595)
Investments available for sale	**(69,824,265)**	(22,146,520)
Projects in progress	**(13,399,154)**	(81,737,626)
Proceeds from sale of fixed assets	-	2,354,250
Purchases of fixed assets	**(107,000)**	(12,963,352)
Net cash (used in) investing activities	**(622,354,485)**	(409,101,002)
Cash flows from financing activities		
Current accounts	**202,937,034**	103,144,978
Unrestricted investment accounts	**199,141,812**	(131,009,511)
Reserves	**149,693,264**	22,776
Net cash from (used in) financing activities	**551,772,110**	(27,841,757)
Net Increase (decrease) in cash and cash equivalents	**211,288,426**	(603,394,399)
Cash and cash equivalents at the beginning of the period	**1,261,782,105**	1,947,841,618
Cash and cash equivalents at the end of the period	**1,473,070,531**	1,344,447,219

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	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, 2020

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	General reserve SDG	Property revaluation reserve SDG	Foreign investments revaluation reserve SDG	Assets & liabilities foreign currencies revaluation reserve SDG	Total SDG
Balance as at January 1, 2019	**323,549,000**	**183,285,472**	**97,343,290**	**284,407,948**	**307,550,184**	**661,583,116**	**937,146,070**	**2,794,865,080**
Net income for the year	-	78,308,251	-	-	-	-	-	78,308,251
Reserves	-	(11,659,955)	11,659,955	-	-	-	-	-
Exchange Diff	-	38,291,296	-	-	-	(36,806,487)	(38,291,296)	(36,806,487)
Balance as at January 1, 2020	**323,549,000**	**288,225,064**	**109,003,245**	**284,407,948**	**307,550,184**	**624,776,629**	**898,854,774**	**2,836,366,844**
Net income for the period	-	192,792,420	-	-	-	-	-	192,792,420
Reserves	-	(4,789,110)	4,789,110	-	-	-	-	-
Exchange Diff	-	(144,901,320)	-	-	-	149,693,264	144,901,320	149,693,264
Balance as at March 31, 2020	**323,549,000**	**331,327,054**	**113,792,355**	**284,407,948**	**307,550,184**	**774,469,893**	**1,043,756,094**	**3,178,852,528**

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	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 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 2019, 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 2019 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 31 March, 2020 are not indicative of the expected results for the year ending 31 December 2020.

c) Functional currency

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

(3) Investments held to maturity

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Shahama securities	**472,615,795**	417,883,555
	472,615,795	**417,883,555**

(4) Mudaraba Investment and Agencies

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Mudaraba with corporate & customers*	**448,906,974**	370,995,703
Mudaraba with Dam Company	**300,000,000**	180,000,000
Mudaraba with financial institutions	**256,924,070**	243,276,070
	1,005,831,044	794,271,773
Less : Provision for financing risk	**(78,543,901)**	(78,543,901)
	927,287,143	**715,727,872**

* Mudaraba with customers include non-performing Mudaraba with a customer for US $ 1.66 million, which was non-performing since 25/9/2008.

(5) Musharka financing

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Musharaka	**245,599,051**	261,367,233
Less : Provision for financing risk	**(2,413,672)**	(2,413,672)
	243,185,379	**258,953,561**

(6) Investments available for sale

	Ownership percentage	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Inter bank liquidity management fund		**20,693,000**	100,562,000
Al Salam Real Estate Company	**50%**	**50,000**	50,000
Alsalam bank- Bahrain		**419,440,362**	343,178,478
King Abdullah city		**101,309,282**	83,015,401
Alsalam Algeria Bank	**5%**	**303,256,250**	248,118,750
		844,748,894	**774,924,629**

(7)Investments Analysis

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Local Investments (note 7/1)	**2,132,112,346**	1,961,458,017
Investments in GCC countries (note 7/2)	**520,749,644**	426,193,879
Foreign Investments (Al Salam Bank - Algeria)	**303,256,250**	248,118,750
	2,956,118,240	**2,635,770,646**

(7/1) Local Investments

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Shahama securities	**472,615,795**	417,883,555
Inter Bank Liquidity Managment Fund	**20,693,000**	100,562,000
Mudaraba with Customers (net)	**370,363,073**	292,451,802
Mudaraba with Dam Company	**300,000,000**	180,000,000
Mudaraba with Local Banks	**256,924,070**	243,276,070
Net Musharaka	**243,185,379**	258,953,561
Al Salam Real Estate Company	**50,000**	50,000
Local land	**468,281,029**	468,281,029
	2,132,112,346	**1,961,458,017**

(7/2) Investments in GCC countries

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
AL Salam Bank – Bahrain	**419,440,362**	343,178,478
King Abdullah City shares	**101,309,282**	83,015,401
	520,749,644	**426,193,879**

8/ capital

	March 31,2020 Unaudited SDG	December 31,2019 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 position:

	March 31,2020 Unaudited SDG	December 31,2019 Audited SDG
Letters of credit	**206,595,717**	169,032,860
Letters of guarantee	**46,441,446**	45,800,287
Debts written-off	**1,716,530**	1,716,530
	254,753,693	**216,549,677**