

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 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).



Abdel Rahman Osman El Imam, PhD, CPA



Khartoum, 19 April, 2020
26 Shaban 1441 H

Audit - Tax - Consulting

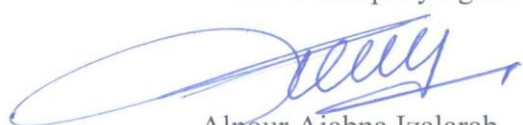
AL SALAM BANK

CONDENSED STATEMENT OF FINANCIAL POSITION

As At March 31, 2020

	Note	<u>March 31,2020</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2019</u> <u>Audited</u> <u>SDG</u>
<u>Assets:-</u>			
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
<u>Liabilities, Unrestricted investment accounts and Owners' Equity:-</u>			
<u>Liabilities:-</u>			
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
<u>Owners' Equity:-</u>			
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
<u>Contra accounts</u>	(10)	254,753,693	216,549,677

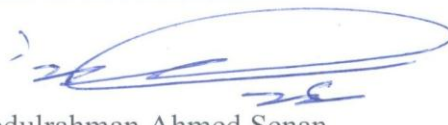
The accompanying notes (1) to (10) form an integral part of these Statements



Alnour Ajabna Izalarab
General Manager



Abbas Elbakhit Musa
Board member



Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

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

	Note	March 31, 2020	March 31, 2019
		<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
<u>Income:-</u>			
Income from deferred sales		66,040,138	31,064,390
Income from investments		<u>53,493,559</u>	<u>19,929,893</u>
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)		<u>104,954,355</u>	<u>36,994,283</u>
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		<u>264,261</u>	<u>13,570,759</u>
Total income		<u>112,016,193</u>	<u>70,768,148</u>
<u>Expenses:-</u>			
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		<u>144,901,320</u>	<u>(700,150)</u>
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		<u>192,792,420</u>	<u>24,863,401</u>
Earnings per share		<u>1.59</u>	<u>.21</u>

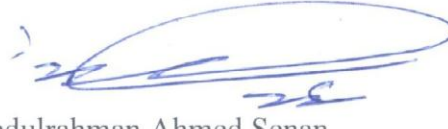
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AL SALAM BANK

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

	MARCH 31, 2020	MARCH 31, 2019
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
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
	<u>232,252,618</u>	<u>51,662,815</u>
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	<u>281,870,801</u>	<u>(166,451,640)</u>
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	<u>(622,354,485)</u>	<u>(409,101,002)</u>
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	<u>551,772,110</u>	<u>(27,841,757)</u>
Net Increase (decrease) in cash and cash equivalents	<u>211,288,426</u>	<u>(603,394,399)</u>
Cash and cash equivalents at the beginning of the period	<u>1,261,782,105</u>	<u>1,947,841,618</u>
Cash and cash equivalents at the end of the period	<u>1,473,070,531</u>	<u>1,344,447,219</u>

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



Alnour Ajabna Izalarab
General Manager



Abbas Elbakhit Musa
Board member



Abdulrahman Ahmed Senan
Board member

AL SALAM BANK
**CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2020**

	Paid up capital	Retained earnings	Statutory reserve	General reserve	Property revaluation reserve	Foreign investments revaluation reserve	Assets & liabilities foreign currencies revaluation reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	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	<u>323,549,000</u>	<u>331,327,054</u>	<u>113,792,355</u>	<u>284,407,948</u>	<u>307,550,184</u>	<u>774,469,893</u>	<u>1,043,756,094</u>	<u>3,178,852,528</u>

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



Alnour Ajabna Izalarab
General Manager



Abbas Elbakhit Musa
Board member



Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

(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).

AL SALAM BANK**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020****(3) Investments held to maturity**

	<u>March 31,2020</u>	<u>December 31,2019</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	<u>472,615,795</u>	<u>417,883,555</u>
	<u>472,615,795</u>	<u>417,883,555</u>

(4) Mudaraba Investment and Agencies

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

* 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

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

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

(6) Investments available for sale

	Ownership percentage	<u>March 31,2020</u>	<u>December 31,2019</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
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
		<u>844,748,894</u>	<u>774,924,629</u>

(7)Investments Analysis

	<u>March 31,2020</u>	<u>December 31,2019</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
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
	<u>2,956,118,240</u>	<u>2,635,770,646</u>

(7/1) Local Investments

	<u>March 31,2020</u>	<u>December 31,2019</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
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
	<u>2,132,112,346</u>	<u>1,961,458,017</u>

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

(7/2) Investments in GCC countries

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

8/ capital

	<u>March 31,2020</u>	<u>December 31,2019</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	<u>323,549,000</u>	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 THREE MONTHS ENDED MARCH 31, 2020****(10) Contra accounts**

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

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