# ALSALAM BANK – SUDAN
(public company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
Sep 30,2020

# EL IMAM

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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, 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, 15October, 2020**
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AL SALAM BANK

## CONDENSED STATEMENT OF FINANCIAL POSITION

## As At SEPTEMBER 30, 2020

| | Note | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>SDG |
|---|---|---|---|
| **Assets:-** | | | |
| Cash and cash equivalents | | **1,808,491,471** | 1,261,782,105 |
| Deferred sales receivables (net) | | **1,287,868,309** | 1,187,225,476 |
| Investments held to maturity | (3) | **479,240,053** | 417,883,555 |
| Investments in Mudaraba | (4) | **917,501,655** | 715,727,872 |
| Musharaka financing | (5) | **223,767,410** | 258,953,561 |
| Investments available for sale | (6) | **1,090,963,286** | 774,924,629 |
| Investments in property | | **468,281,029** | 468,281,029 |
| Other assets | | **235,261,671** | 179,136,519 |
| Projects in progress | | **209,963,988** | 196,797,219 |
| Fixed assets (net) | | **165,277,752** | 166,437,492 |
| **Total Assets** | | **6,886,616,624** | **5,627,149,457** |
| **Liabilities, Unrestricted investment accounts and Owners' Equity:-** | | | |
| **Liabilities:-** | | | |
| Current Accounts | | **1,516,386,710** | 1,293,727,330 |
| Other liabilities | | **477,541,876** | 393,505,703 |
| Provisions and accruals | | **168,690,929** | 71,847,653 |
| **Total Liabilities** | | **2,162,619,515** | **1,759,080,686** |
| **Unrestricted investment accounts holders** | | **1,364,314,037** | **1,031,701,927** |
| **Owners' Equity:-** | | | |
| Paid up capital | (8) | **323,549,000** | 323,549,000 |
| Reserves | | **2,542,378,241** | 2,224,592,780 |
| Retained earnings | | **493,755,831** | 288,225,064 |
| **Total Owners' equity** | | **3,359,683,072** | **2,836,366,844** |
| **Total Liabilities, Unrestricted investment accounts and Owners' equity** | | **6,886,616,624** | **5,627,149,457** |
| **Contra accounts:-** | (10) | **243,450,987** | **216,549,677** |

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

| | | |
|---|---|---|
| **Alnour Ajabna Izalarab**<br>**General Manager** | **Abbas Elbakhit Musa**<br>**Board member** | **Abdulrahman Ahmed Senan**<br>**Board member** |

## AL SALAM BANK

### CONDENSED INCOME STATEMENT
### FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

| | For Three Months Ended 30 September | | For Nine Months Ended 30 September | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | SDG | SDG | SDG | SDG |
| **Income** | | | | |
| Deferred sales | **70,299,486** | 43,011,432 | **203,179,852** | 117,898,039 |
| Income from investments | **66,089,889** | 35,791,962 | **188,091,575** | 126,802,735 |
| **Total income from financing and investments** | **136,389,375** | 78,803,394 | **391,271,427** | 244,700,774 |
| Less: | | | | |
| Return on unrestricted investment accounts | **(22,365,581)** | (31,004,287) | **(76,550,534)** | (57,004,287) |
| Bank's share in income from investments (as Mudarib and as fund owner) | **114,023,794** | 47,799,107 | **314,720,893** | 187,696,487 |
| Income from bank's own investments | **138,553,752** | 3,487,440 | **150,553,752** | 20,387,440 |
| Income from banking services | **10,394,730** | 3,572,676 | **22,962,324** | 14,525,180 |
| Gain on exchange of foreign currency | **69,488** | 141,758 | **334,301** | 709,933 |
| Other income | **324,218** | 255,793 | **716,239** | 19,188,421 |
| **Total Bank's revenue** | **263,365,982** | 55,256,774 | **489,287,509** | 242,507,461 |
| **Expenses** | | | | |
| Staff cost | **( 46,138,738)** | ( 27,705,316) | **(100,801,000)** | (76,641,342) |
| Operation expenses | **( 16,058,803)** | ( 13,887,275) | **(39,249,286)** | (41,578,923) |
| Depreciation | **( 3,263,619)** | ( 3,218,451) | **( 9,787,858)** | ( 9,287,237) |
| Provision for investment & finance | **(9,137,536)** | (2,830,180) | **(16,550,538)** | (2,830,180) |
| **Total expenses** | **(74,598,696)** | (47,641,222) | **(166,388,682)** | (130,337,682) |
| **Net operating income** | **188,767,286** | 7,615,552 | **322,898,827** | 112,169,779 |
| Gain/(loss) on valuation of foreign currencies | **129,512** | (13,622) | **145,093,253** | (38,217,269) |
| Profit before Zakah and Tax | **188,896,798** | 7,601,930 | **467,992,080** | 73,952,510 |
| Provision for Zakah | **(12,399,073)** | ( 11,066,062) | **( 39,873,444)** | ( 30,501,740) |
| Provision for business Profit Tax | **(42,330,874)** | 1,071,981 | **( 54,657,864)** | - |
| **Net (loss) / income for the period** | **134,166,851** | (2,392,151) | **373,460,772** | 43,450,770 |
| **Basic earning per share** | **1.11** | (0.02) | **3.08** | 0.36 |

The accompanying notes (1) to (10) form an integral part of these financial 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

| | SEP. 30,2020 | SEP. 30,2019 |
|---|---|---|
| | Unaudited | Unaudited |
| | SDG | SDG |
| **Cash flows from operating activities** | | |
| Net income for the period | **373,460,772** | 43,450,770 |
| Adjustments for: | | |
| Provision for Zakah | **39,873,444** | 30,501,740 |
| Provision for business Profit Tax | **54,657,864** | - |
| Provision for financing risk | **16,550,538** | 2,830,180 |
| Gain on sale of fixed assets | - | (2,308,751) |
| Depreciation of fixed assets | **9,787,858** | 9,287,237 |
| Return on unrestricted investment accounts | **76,550,534** | 57,004,287 |
| | **570,881,010** | 140,765,463 |
| **Changes in operating assets and liabilities:** | | |
| Other assets | **( 56,125,152)** | ( 153,845,628) |
| Other liabilities | **84,036,173** | ( 254,520,458) |
| Provisions | **2,311,968** | ( 66,258,769) |
| **Net cash from (used in) operating activities** | **601,103,999** | (333,859,392) |
| **Cash flows from investing activities** | | |
| Deferred sales receivables (net) | **(117,193,371)** | (71,447,443) |
| Investments held to maturity | **(61,356,498)** | 2,898,500 |
| Investments in Mudaraba | **(201,773,783)** | ( 213,979,268) |
| Musharaka financing | **35,186,151** | 44,935,226 |
| Investments available for sale | **(316,038,657)** | ( 23,930,108) |
| Projects in progress | **(13,166,769)** | ( 138,383,174) |
| Proceeds from sale of fixed assets | - | 2,354,250 |
| Purchases of fixed assets | **( 8,628,118)** | ( 13,259,676) |
| **Net cash (used in) investing activities** | **(682,971,045)** | (410,811,693) |
| **Cash flows from financing activities** | | |
| Current accounts | **222,659,380** | 82,191,279 |
| Unrestricted investment accounts | **256,061,576** | ( 59,653,704) |
| Reserves | **149,855,456** | ( 36,811,319) |
| **Net cash from (used in) financing activities** | **628,576,412** | (14,273,744) |
| **Net change in cash and cash equivalents** | **546,709,366** | ( 758,944,829) |
| 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** | **1,808,491,471** | 1,188,896,789 |

The accompanying notes (1) to (10) form an integral part of these financial 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 NINE MONTHS ENDED SEPTEMBER 30, 2020

| | Paid up capital<br>SDG | Retained earnings<br>SDG | Statutory reserve<br>SDG | General reserve | Property revaluation reserve<br>SDG | Foreign Invts valuation reserve<br>SDG | Foreign assets reserve<br>SDG | Total<br>SDG |
|---|---|---|---|---|---|---|---|---|
| **Balance as at Jan. 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 Dec. 31, 2019** | **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 | - | **373,460,772** | - | - | - | - | - | **373,460,772** |
| Reserves | - | **(22,836,752)** | **22,836,752** | - | - | - | - | - |
| Exchange Diff | - | **(145,093,253)** | - | - | - | **149,855,456** | **145,093,253** | **149,855,456** |
| **Balance as at SEP. 30, 2020** | **323,549,000** | **493,755,831** | **131,839,997** | **284,407,948** | **307,550,184** | **774,632,085** | **1,043,948,027** | **3,359,683,072** |

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

**Alnour Ajabna Izalarab**
**General Manager**

**Abbas Elbakhit Musa**
**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. The bank provides its services from its Head Office, which is located at Aljamhoria street and Alhuria street junction, Rotana branch which is located at Africa street and Omdorman branch which is located at Almawrada street - Omdorman .

## (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 31,2019 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 Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and also the results for the period ended 30 September, 2020 are not indicative of the results that may be expected 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

| | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>SDG |
|---|---|---|
| Shahama securities | **479,240,053** | 417,883,555 |
| | **479,240,053** | **417,883,555** |

## (4) Investments in Mudaraba

| | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>SDG |
|---|---|---|
| Mudaraba with corporate & customers | **446,994,747** | 370,995,703 |
| Mudaraba with Dam Financial Investment | **210,000,000** | 180,000,000 |
| Mudaraba with Hyper Deal Financial Co. | **120,000,000** | - |
| Mudaraba with financial institutions | **238,526,486** | 243,276,070 |
| | **1,015,521,233** | **794,271,773** |
| Less : Provision for financing risk | **( 98,019,578)** | ( 78,543,901) |
| | **917,501,655** | **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

| | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>SDG |
|---|---|---|
| Musharaka | **226,027,687** | 261,367,233 |
| Less : Provision for financing risk | **( 2,260,277)** | (2,413,672) |
| | **223,767,410** | **258,953,561** |

## (6) Investments available for sale

| | Ownership percentage | September 30,2020 | December 31,2019 |
|---|---|---|---|
| | | Unaudited | Audited |
| | | SDG | SDG |
| Inter bank liquidity management fund | | **128,901,450** | 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 | | **101,471,474** | 83,015,401 |
| Alsalam Algeria Bank | | **441,100,000** | 248,118,750 |
| | | **1,090,963,286** | **774,924,629** |

## (7)Investments Analysis

| | September 30,2020 | December 31,2019 |
|---|---|---|
| | Unaudited | Audited |
| | SDG | SDG |
| Local Investments (note 7/1) | **2,217,741,597** | 1,961,458,017 |
| Investments in GCC countries (note 7/2) | **520,911,836** | 426,193,879 |
| Foreign Investments (Al Salam Bank - Algeria) | **441,100,000** | 248,118,750 |
| | **3,179,753,433** | **2,635,770,646** |

## (7/1) Local Investments

| | September 30,2020 | December 31,2019 |
|---|---|---|
| | Unaudited | Audited |
| | SDG | SDG |
| Shahama securities | **479,240,053** | 417,883,555 |
| Inter Bank Liquidity Managment Fund | **128,901,450** | 100,562,000 |
| Mudaraba with Customers (net) | **348,975,169** | 292,451,802 |
| Mudaraba with Dam Financial Investment | **210,000,000** | 180,000,000 |
| Mudaraba with Hyper Deal Financial Company | **120,000,000** | - |
| Mudaraba with Local Banks | **238,526,486** | 243,276,070 |
| Net Musharaka | **223,767,410** | 258,953,561 |
| Al Salam Real Estate Company | **50,000** | 50,000 |
| Local land | **468,281,029** | 468,281,029 |
| | **2,217,741,597** | **1,961,458,017** |

## (7/2) Investments in GCC countries

| | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>SDG |
|---|---|---|
| AL Salam Bank – Bahrain | 419,440,362 | 343,178,478 |
| King Abdullah City shares | 101,471,474 | 83,015,401 |
| | 520,911,836 | 426,193,879 |

## 8/ capital

| | September 30,2020<br>Unaudited<br>SDG | December 31,2019<br>Audited<br>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.

| | September 30,2020 | December 31,2019 |
|---|---|---|
| | Unaudited | Audited |
| | SDG | SDG |
| Letters of credit | **206,612,231** | 169,032,860 |
| Letters of guarantee | **35,122,226** | 45,800,287 |
| Debts written-off | **1,716,530** | 1,716,530 |
| | **243,450,987** | **216,549,677** |