

ALSALAM BANK – SUDAN
(public company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31,2021

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 March 31, 2021 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



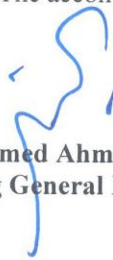
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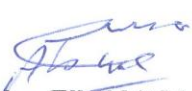
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AL SALAM BANK
CONDENSED STATEMENT OF FINANCIAL POSITION
As At March 31, 2021

	Note	<u>March 31, 2021</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31, 2020</u> <u>Audited</u> <u>SDG</u>
Assets:-			
Cash and cash equivalents		9,662,280,385	2,044,482,669
Deferred sales receivables (net)		2,586,033,862	1,800,202,681
Investments held to maturity	(3)	670,816,000	670,816,000
Investments in Mudaraba	(4)	708,050,484	688,070,176
Musharaka financing	(5)	378,568,336	290,344,937
Investments available for sale	(6)	6,874,188,339	1,163,486,065
Investments in property		468,281,029	468,281,029
Other assets		2,946,700,995	472,725,788
Projects in progress		278,604,855	223,581,075
Fixed assets (net)		164,469,893	167,549,080
Total Assets		<u>24,737,994,178</u>	<u>7,989,539,500</u>
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts		3,896,910,025	2,309,361,437
Other liabilities		3,592,183,580	521,472,100
Provisions and accruals		360,497,252	258,490,119
Total Liabilities		<u>7,849,590,857</u>	<u>3,089,323,656</u>
Unrestricted investment accounts holders		<u>3,438,467,607</u>	<u>1,587,141,095</u>
Owners' Equity:-			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		12,595,760,752	2,537,822,213
Retained earnings		530,625,962	451,703,536
Total Owners' equity		<u>13,449,935,714</u>	<u>3,313,074,749</u>
Total Liabilities, Unrestricted investment accounts and Owners' equity		<u>24,737,994,178</u>	<u>7,989,539,500</u>
Contra accounts	(10)	<u>1,454,469,845</u>	<u>231,092,252</u>

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


Mohammed Ahmed Alamein
 Acting 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, 2021

	March 31, 2021	March 31, 2020
Note	Unaudited SDG	Unaudited SDG
Income:-		
Income from deferred sales	124,593,784	66,040,138
Income from investments	129,586,189	53,493,559
Total income from finance and investments	254,179,973	119,533,697
Less: Return on unrestricted investment accounts	(31,892,630)	(14,579,342)
Bank's share in income from investments (as Mudarib and as fund owner)	222,287,343	104,954,355
Income from bank's own investments	78,330,704	-
Income from banking services	14,762,862	6,679,636
Gain on foreign currency transaction	3,513,733	117,941
Gain (loss) on valuation of foreign currencies	4,296,776,409	144,901,320
Other banking income	1,301,867	264,261
Total income	4,616,972,918	256,917,513
Expenses:-		
Staff cost	(49,682,555)	(25,512,388)
Operations expenses	(26,626,674)	(13,731,849)
Depreciation	(3,774,487)	(3,307,854)
Provision for Investment & Finance	(8,213,333)	(7,413,002)
Total expenses	(88,297,049)	(49,965,093)
Profit before Zakah and business profit tax	4,528,675,869	206,952,420
Provision for Zakah	(102,885,530)	(11,320,000)
Provision for Business Profit Tax	(41,322,345)	(2,840,000)
Net income for the period	4,384,467,994	192,792,420
Earnings per share	36.15	1.59

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


Mohammed Ahmed Alamein
Acting General Manager


Abbas Elbakhit Musa
Board member

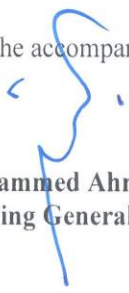

Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

**CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021**

	March 31, 2021	March 31, 2020
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash flows from operating activities		
Net income for the period	4,384,467,994	192,792,420
Adjustments for:		
Provision for Zakah	102,885,530	11,320,000
Provision for business Profit Tax	41,322,345	2,840,000
Provision for financing risk	8,213,333	7,413,002
Depreciation of fixed assets	3,774,487	3,307,854
Return on unrestricted investment accounts	31,892,630	14,579,342
	<u>4,572,556,319</u>	<u>232,252,618</u>
Changes in operating assets and liabilities:		
Other assets	(2,473,975,207)	(46,531,844)
Other liabilities	3,070,711,480	91,994,295
Provisions	(42,200,742)	4,155,732
Net cash from (used in) operating activities	<u>5,127,091,850</u>	<u>281,870,801</u>
Cash flows from investing activities		
Deferred sales receivables (net)	(794,044,514)	(288,500,737)
Investments held to maturity	-	(54,732,240)
Investments in Mudaraba	(19,980,308)	(211,559,271)
Musharaka financing	(88,223,399)	15,768,182
Investments available for sale	(5,710,702,274)	(69,824,265)
Projects in progress	(55,023,780)	(13,399,154)
Purchases of fixed assets	(695,300)	(107,000)
Net cash (used in) investing activities	<u>(6,668,669,575)</u>	<u>(622,354,485)</u>
Cash flows from financing activities		
Current accounts	1,587,548,588	202,937,034
Unrestricted investment accounts	1,819,433,882	199,141,812
Reserves	5,752,392,971	149,693,264
Net cash from (used in) financing activities	<u>9,159,375,441</u>	<u>551,772,110</u>
Net increase (decrease) in cash and cash equivalents	<u>7,617,797,716</u>	<u>211,288,426</u>
Cash and cash equivalents at the beginning of the period	<u>2,044,482,669</u>	<u>1,261,782,105</u>
Cash and cash equivalents at the end of the period	<u>9,662,280,385</u>	<u>1,473,070,531</u>

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


Mohammed Ahmed Alamein
Acting General Manager


Abbas Elbakhit Musa
Board member

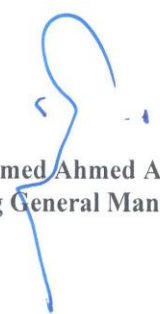

Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31,
2021

	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, 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 year	-	326,804,137	-	-	-	-	-	326,804,137
Reserves	-	(18,164,275)	18,164,275	-	-	-	-	-
Exchange Diff	-	(145,161,390)	-	-	-	149,903,768	145,161,390	149,903,768
Balance as at January 1, 2021	323,549,000	288,225,064	127,167,520	284,407,948	307,550,184	774,680,397	1,044,016,164	3,313,074,749
Net income for the period	-	4,384,467,994	-	-	-	-	-	4,384,467,994
Reserves	-	(8,769,159)	8,769,159	-	-	-	-	-
Exchange Diff	-	(4,296,776,409)	-	-	-	5,752,392,971	4,296,776,409	5,752,392,971
Balance as at March 31, 2021	<u>323,549,000</u>	<u>530,625,962</u>	<u>135,936,679</u>	<u>284,407,948</u>	<u>307,550,184</u>	<u>6,527,073,368</u>	<u>5,340,792,573</u>	<u>13,449,935,714</u>

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


Mohammed Ahmed Alamein
Acting 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, 2021

(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 2020, 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, 2021 are not indicative of the expected results for the year ending 31 December 2021.

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, 2021****(3) Investments held to maturity**

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	<u>670,816,000</u>	<u>670,816,000</u>
	<u>670,816,000</u>	<u>670,816,000</u>

(4) Mudaraba Investment and Agencies

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Mudaraba with corporate & customers*	661,727,170	119,528,216
Mudaraba with Dam Company	210,000,000	210,000,000
Mudaraba with Dam Company	220,000,000	220,000,000
Mudaraba with financial institutions	<u>251,518,309</u>	<u>231,518,309</u>
	1,343,245,479	781,046,525
Less : Provision for financing risk	<u>(635,194,995)</u>	<u>(92,976,349)</u>
	<u>708,050,484</u>	<u>688,070,176</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 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Musharaka	382,392,259	293,309,532
Less : Provision for financing risk	<u>(3,823,923)</u>	<u>(2,964,595)</u>
	<u>378,568,336</u>	<u>290,344,937</u>

AL SALAM BANK**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021****(6) Investments available for sale**

	Ownership percentage	<u>March 31,2021</u>	<u>December 31,2020</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
Inter bank liquidity management fund		72,455,600	192,477,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		3,044,704,199	428,339,279
King Abdullah city		702,870,540	101,519,786
Alsalam Algeria Bank	5%	3,054,108,000	441,100,000
		<u>6,874,188,339</u>	<u>1,163,486,065</u>

(7)Investments Analysis

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Local Investments (note 7/1)	2,298,221,449	2,310,039,142
Investments in GCC countries (note 7/2)	3,747,574,739	529,859,065
Foreign Investments (Al Salam Bank - Algeria)	3,054,108,000	441,100,000
	<u>9,099,904,188</u>	<u>3,280,998,207</u>

(7/1) Local Investments

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	670,816,000	670,816,000
Investment funds	72,455,600	192,477,000
Mudaraba with Customers (net)	26,532,175	26,551,867
Mudaraba with Dam Company	210,000,000	210,000,000
Mudaraba with Hyper Deal	220,000,000	220,000,000
Mudaraba with Local Banks	251,518,309	231,518,309
Net Musharaka	378,568,336	290,344,937
Al Salam Real Estate Company	50,000	50,000
Local land	468,281,029	468,281,029
	<u>2,298,221,449</u>	<u>2,310,039,142</u>

AL SALAM BANK

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021

(7/2) Investments in GCC countries

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	3,044,704,199	428,339,279
King Abdullah City shares	<u>702,870,540</u>	<u>101,519,786</u>
	<u>3,747,574,739</u>	<u>529,859,065</u>

8/ capital

	<u>March 31,2021</u>	<u>December 31,2020</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, 2021****(10) Contra accounts**

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

	<u>March 31,2021</u>	<u>December 31,2020</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	1,430,592,225	206,590,213
Letters of guarantee	22,161,090	22,785,509
Debts written-off	<u>1,716,530</u>	<u>1,716,530</u>
	<u>1,454,469,845</u>	<u>231,092,252</u>