AL- SALAM BANK- SUDAN
(Public Company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30 ,2023

المحاسبون المتحدون
بانقا وشركاه
محاسبون ومراجعون قانونيون

شارع عطبـــرة
عمارة التاكا - الدور الثاني
ص.ب ١٦٠٣ - الخرطوم
جمهورية السودان

هاتف : ٩١ ٧٩١ ٩٢٣ ١٥٢ ٢٤٩+
فاكس : ٩١ ٧٩١ ٩٢٢ ١٥٢ ٢٤٩+

Auditor's Report
Financial Statement Review Report
Al-Salam Bank -Sudan

<u>Review Scope: -</u>

We have reviewed the accompanying balance sheet of Al-salam bank as of June, 30,2023 and related statement of income, cash flow and change in equity for the six 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 expression of opinion regarding the financial statements taken as a whole. Accordingly, we do not express such opinion.

<u>Opinion: -</u>

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)

Wad Madany November 20, 2023

المحاسبون المتحدون بانقا وشركاه
رقم التسجيل ١٣٦٥٧
Reg. No. 13657
Allied Accountants Bannaga & Co.

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

AL SALAM BANK

CONDENSED STATEMENT OF FINANCIAL POSITION

As At JUNE 30, 2023

	Note	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Assets:-			
Cash and cash equivalents		**31,340,827,177**	26,369,528,154
Deferred sales receivables (net)		**24,945,597,467**	9,532,209,824
Investments held to maturity	(3)	**33,569,500**	33,569,500
Investments in Mudaraba	(4)	**4,408,999,032**	2,554,399,032
Musharaka financing	(5)	**543,396,309**	548,647,583
Investments available for sale	(6)	**9,962,773,756**	9,440,275,859
Investments in property		**468,281,029**	468,281,029
Other assets		**6,932,675,643**	5,354,321,387
Projects in progress		**174,051,928**	169,010,475
Fixed assets (net)		**1,026,387,165**	1,053,736,117
Total Assets		**79,836,559,006**	**55,523,978,960**
Liabilities, Unrestricted investment accounts and Owners' Equity: -			
Liabilities: -			
Current Accounts		**13,615,725,327**	16,721,597,844
Other liabilities		**15,298,426,494**	5,280,597,439
Provisions		**1,867,111,960**	1,952,275,458
Total Liabilities		**30,781,263,781**	**23,954,470,741**
Unrestricted investment accounts holders		29,070,334,799	**12,445,963,399**
Owners' Equity: -			
Paid up capital	(8)	**323,549,000**	323,549,000
Reserves		**16,970,555,607**	16,367,881,815
Retained earnings		**2,690,855,819**	2,432,114,005
Total Owners' equity		**19,984,960,426**	**19,123,544,820**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**79,836,559,006**	**55,523,978,960**
Contra accounts	(10)	**33,979,205,258**	**32,937,808,853**

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

Mohamed Ahmed Alamin	Dr.Mohamed Ali Khamis Alhosani	Abdulrahman Ahmed Abdullah Senan
Acting General Manager	Board Member	Board Member

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	For three months ended 30 June 2023 SDG	2022 SDG	For six months ended 30 June 2023 SDG	2022 SDG
Income				
Deferred sales	**171,590,802**	503,319,337	**1,054,976,882**	992,583,026
Income from investments	**209,679**	202,841,643	**106,598,724**	445,796,454
Total income from financing and investments	171,800,481	**706,160,980**	**1,161,575,606**	**1,438,379,480**
Less :				
Return on unrestricted investment accounts	**-**	(150,142,112)	**(161,145,825)**	(219,215,345)
Bank's share in income from investments (as Mudarib and as fund owner	**171,800,481**	**556,018,868**	**1,000,429,781**	**1,219,164,135**
Income from direct investments	**1,918,120**	-	**383,630,239**	267,015,683
Income from banking services	**161,415,372**	334,930,608	**920,295,892**	990,272,795
Gain on exchange of foreign currency	**45,275,040**	127,942,369	**237,499,145**	243,272,831
Other income	**837,342**	31,448,966	**3,095,543**	33,034,544
Total Bank's revenue	**381,246,355**	**1,050,340,811**	**2,544,950,600**	**2,752,759,988**
Expenses				
Staff cost	**(692,921,275)**	(463,446,003)	**(1,481,957,146)**	(901,113,310)
Operation expenses	**(33,475,022)**	(185,507,749)	**(312,027,033)**	(286,271,921)
Depreciation	-	(11,357,048)	**(27,348,952)**	(21,454,143)
Provision for financing risk	-	3,400,931	**(121,857,054)**	(15,389,463)
Total expenses	**(726,396,297)**	**(656,909,869)**	**(1,943,190,185)**	**(1,224,228,837)**
Net operation profits	**(345,149,942)**	**393,430,942**	**601,760,415**	**1,528,531,151**
Gain / (losses)from revaluation of foreign currencies	**31,814,258**	(87,411,519)	**267,783,780**	1,439,338,882
Profit before Zakah &Tax	**(313,335,684)**	**306,019,423**	**869,544,195**	**2,967,870,033**
Provision for Zakah	**(87,203,796)**	(150,371,586)	**(179,784,800)**	(260,717,343)
Provision for Tax	**129,706,121**	(42,701,430)	**(163,233,801)**	(355,953,884)
Net income (loss)for the period	**(270,833,359)**	**112,946,407**	**526,525,594**	**2,351,198,806**
Earnings per share	**(2.23)**	0.93	**4.34**	19.39

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

Mohamed Ahmed Alamin	Dr.Mohamed Ali Khamis Alhosani	Abdulrahman Ahmed Abdullah Senan
Acting General Manager	Board Member	Board Member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	June 30,2023 Unaudited SDG	June 30,2022 Unaudited SDG
Cash flows from operating activities		
Net income for the period	526,525,594	2,351,198,806
Adjustments for:		
Provision for Zakah	179,784,800	260,717,343
Provision for business Profit Tax	163,233,801	355,953,884
Provision for financing risk	121,857,054	15,389,463
Gain (loss) on valuation of foreign currencies	(267,783,780)	(1,439,338,882)
(Gains) losses of disposal of fixed assets	-	(18,094,204)
Depreciation of fixed assets	27,348,952	21,454,143
Return on unrestricted investment accounts	161,145,825	219,215,345
	912,112,246	1,766,495,898
Changes in operating assets and liabilities:		
Provisions	(254,996,032)	636,807,794
Paid Zakah and tax	(173,186,067)	(696,252,376)
Net cash from (used in) operating activities	483,930,147	1,707,051,316
Cash flows from investing activities		
Deferred sales receivables (net)	(15,535,244,697)	(125,627,627)
Investments held to maturity	-	(6,134,000)
Investments in Mudaraba	(1,854,600,000)	(193,681,111)
Musharaka financing	5,251,274	174,633,500
Investments available for sale	(522,497,897)	(1,716,534,343)
Projects in progress	(5,041,453)	938,240
Sale of fixed assets	-	18,124,230
Purchases of fixed assets	-	(12,422,054)
Net cash (used in) investing activities	(17,912,132,773)	(1,860,703,165)
Cash flows from financing activities		
Other assets	(1,578,354,256)	(1,919,885,375)
Current accounts	(3,105,872,517)	(1,031,207,479)
Other liabilities	10,017,829,055	1,060,533,290
Unrestricted investment accounts	16,463,225,575	1,317,574,364
Reserves	334,890,012	1,894,258,077
Net cash from (used in) financing activities	22,131,717,869	1,321,272,877
Increase (decrease) in cash and cash equivalents	4,703,515,243	1,167,621,028
Gain (loss) on valuation of foreign currencies	267,783,780	1,439,338,882
Cash and cash equivalents at the beginning of the period	26,369,528,154	12,861,665,764
Cash and cash equivalents at the end of the period	31,340,827,177	15,468,625,674

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

Mohamed Ahmed Alamin	Dr.Mohamed Ali Khamis Alhosani	Abdulrahman Ahmed Abdullah Senan
Acting General Manager	Board Member	Board Member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	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 1/2022	**323,549,000**	**1,080,788,468**	**197,065,846**	**284,407,948**	**307,550,184**	**6,786,529,003**	**5,536,675,345**	**14,516,565,794**
Net income for the year	-	2,553,696,986	-	-	-	-	-	2,553,696,986
Reserves	-	(126,483,154)	126,483,154	-	-	-	-	-
Exchange Diff	-	(1,075,888,295)	-	-	-	2,053,282,040	1,075,888,295	2,053,282,040
Balance as at December 31/2022	**323,549,000**	**2,432,114,005**	**323,549,000**	**284,407,948**	**307,550,184**	**8,839,811,043**	**6,612,563,640**	**19,123,544,820**
Net income for the period	-	526,525,594	-	-	-	-	-	526,525,594
Reserves	-		-	-	-		-	
Exchange Diff	-	(267,783,780)	-	-	-	334,890,012	267,783,780	334,890,012
Balance as at June 30, 2023	**323,549,000**	**2,690,855,819**	**323,549,000**	**284,407,948**	**307,550,184**	**9,174,701,055**	**6,880,347,420**	**19,984,960,426**

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

Mohamed Ahmed Alamin	Dr.Mohamed Ali Khamis Alhosani	Abdulrahman Ahmed Abdullah Senan
Acting General Manager	Board Member	Board Member

NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

(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 Africa street and the Omdurman Murdah street branch , suq shabie Omdurman and alsajana branch .

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(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 2022, 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 2022 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 30 June, 2023 are not indicative of the expected results for the year ending 31 December 2023.

c) Functional currency

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

(3) Investments held to maturity

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Shahama securities	**33,569,500**	33,569,500
	33,569,500	**33.569,500**

(4) Mudaraba Investment and Agencies

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Mudaraba with corporate & customers	**690,000,000**	250,000,000
Mudaraba with Hyper Deal	**1,130,000,000**	810,000,000
Al Baraka Fourth Investment Fund	**15,000,000**	15,000,000
Second Investment Fund – Hyper Deal	**41,220,000**	41,220,000
Animal Production Fund - Hyper Deal	**250,000,000**	250,000,000
Mudaraba with banks	**2,298,665,689**	1,198,665,689
	4,424,885,689	**2,564,885,689**
Less : Provision for financing risk	**(15,886,657)**	(10,486,657)
	4,408,999,032	**2,554,399,032**

(5) Musharka financing

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Musharaka	**567,431,461**	567,431,461
Less : Provision for financing risk	**(24,035,152)**	(18,783,878)
	543,396,309	**548,647,583**

(6) Investments available for sale

	Ownership percentage	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Alsalam bank- Bahrain	**0.98 %**	**3,959,563,678**	3,639,027,911
Alsalam Algeria Bank	**3.60 %**	**4,818,000,000**	4,649,370,400
King Abdullah city	**0.06 %**	**952,359,186**	919,026,656
Interbank liquidity management fund		**232,800,892**	232,800,892
Al Salam Real Estate Company	**50 %**	**50,000**	50,000
		9,962,773,756	**9,440,275,859**

(7)Investments Analysis

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Local Investments (note 7/1)	**5,687,096,762**	3,837,748,036
Investments in GCC countries (note 7/2)	**4,911,922,864**	4,558,054,567
Foreign Investments (Al Salam Bank - Algeria)	**4,818,000,000**	4,649,370,400
	15,417,019,626	**13,045,173,003**

(7/1) Local Investments

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Shahama securities	**33,569,500**	33,569,500
Inter Bank Liquidity Managment Fund	**232,800,892**	232,800,892
AL baraka forth fund for investment	**15,000,000**	15,000,000
Mudaraba with Customers (net)	**674,113,343**	239,513,343
Mudaraba with hyper deal Company	**1,421,220,000**	1,101,220,000
Mudaraba with Local Banks	**2,298,665,689**	1,198,665,689
Net Musharaka	**543,396,309**	548,647,583
Al Salam Real Estate Company	**50,000**	50,000
Local land	**468,281,029**	468,281,029
	5,687,096,762	**3,837,748,036**

(7/2) Investments in GCC countries

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
AL Salam Bank – Bahrain	**3,959,563,678**	3,639,027,911
King Abdullah City shares	**952,359,186**	919,026,656
	4,911,922,864	**4,558,054,567**

8/ capital

	June 30,2023 Unaudited SDG	December 31,2022 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 shares with nominal value of SDG 2.69 each.
Issued and paid 121,275,000 shares.

9/ Reserves

	June 30,2023 Unaudited	December 31,2022 Audited
Property revaluation reserve	**307,550,184**	**307,550,184**
Foreign investments revaluation reserve	**9,174,701,055**	**8,839,811,043**
Assets & liabilities foreign currencies revaluation reserve	**6,880,347,420**	**6,612,563,640**
General reserve	**284,407,948**	**284,407,948**
Statutory reserve (9/1)	**323,549,000**	**323,549,000**
	16,970,555,607	**16,367,881,815**

(9/1) 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) Contra accounts

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

	June 30,2023 Unaudited SDG	December 31,2022 Audited SDG
Letters of credit	26,853,137,952	23,286,486,021
Letters of guarantee	7,822,725	12,795,190
Restricted investment account	6,116,793,430	8,672,067,120
Debts written-off	1,001,451,151	966,460,522
	33,979,205,258	32,937,808,853