

ALSALAM BANK – SUDAN  
(public company)  
UNAUDITED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
JUNE 30,2019

# **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 June 30, 2019 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).



**Dr. Abdel Rahman Osman El Imam**  
**Certified Public Accountant**



**Khartoum, 16 July, 2019**

**14 Dhu al-Qa'da 1440 H**

**Audit - Tax - Consulting**

**AL SALAM BANK**

**CONDENSED STATEMENTS OF FINANCIAL POSITION**

**As At JUNE 30, 2019**

	Note	<u>June 30,2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2018</u> <u>Audited</u> <u>SDG</u>
<b><u>Assets:-</u></b>			
Cash and cash equivalents		1,506,788,202	1,947,841,618
Deferred sales receivables (net)		789,270,468	873,767,453
Investments held to maturity	(3)	498,383,055	498,383,055
Investments in Mudaraba	(4)	733,458,064	523,878,878
Musharaka financing	(5)	152,339,000	186,787,863
Investments available for sale	(6)	794,024,760	756,697,926
Investments in property		468,281,089	468,281,089
Other assets		206,915,207	99,559,807
Projects in progress		119,917,463	37,858,747
Fixed assets (net)		169,729,528	162,880,464
<b>Total Assets</b>		<b>5,439,106,836</b>	<b>5,555,936,900</b>
<b><u>Liabilities, Unrestricted investment accounts and Owners' Equity:-</u></b>			
<b><u>Liabilities:-</u></b>			
Current Accounts		1,115,761,327	933,379,721
Other liabilities		407,132,380	648,280,659
Provisions and accruals		87,371,230	114,212,585
<b>Total Liabilities</b>		<b>1,610,264,937</b>	<b>1,695,872,965</b>
<b>Unrestricted investment accounts holders</b>		<b>1,024,918,300</b>	<b>1,065,198,855</b>
<b><u>Owners' Equity:-</u></b>			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		2,221,447,216	2,288,030,608
Retained earnings		258,927,383	183,285,472
<b>Total Owners' equity</b>		<b>2,803,923,599</b>	<b>2,794,865,080</b>
<b>Total Liabilities, Unrestricted investment accounts and Owners' equity</b>		<b>5,439,106,836</b>	<b>5,555,936,900</b>
<b><u>Contra accounts:-</u></b>	(10)	<b>213,920,135</b>	<b>203,573,040</b>

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 SIX MONTHS ENDED JUNE 30, 2019

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2019 SDG	2018 SDG	2019 SDG	2018 SDG
<b>Income</b>				
Deferred sales	43,822,217	40,516,947	74,886,607	82,453,654
Income from investments	<u>71,080,880</u>	<u>33,393,596</u>	<u>91,010,773</u>	<u>37,474,257</u>
<b>Total income from financing and investments</b>	<b>114,903,097</b>	<b>73,910,543</b>	<b>165,897,380</b>	<b>119,927,911</b>
Less: Return on unrestricted investment accounts	<u>(12,000,000)</u>	<u>(14,669,894)</u>	<u>(26,000,000)</u>	<u>(22,034,991)</u>
Bank's share in income from investments (as Mudarib and as fund owner)	<b>102,903,097</b>	<b>59,240,649</b>	<b>139,897,380</b>	<b>97,892,920</b>
Income from bank's own investments	-	-	<b>16,900,000</b>	11,367,762
Income from banking services	7,764,814	3,635,302	<b>10,952,504</b>	4,980,146
Gain on exchange of foreign currency	452,759	309,309	<b>568,175</b>	366,958
(Loss) / Gain from revaluation of foreign currency	<u>(37,503,497)</u>	<u>(478,555)</u>	<u>(38,203,647)</u>	<u>391,739,959</u>
Other income	<u>5,361,869</u>	<u>12,927,166</u>	<u>18,932,628</u>	<u>24,834,958</u>
<b>Total Bank's revenue</b>	<b><u>78,979,042</u></b>	<b><u>75,633,871</u></b>	<b><u>149,047,040</u></b>	<b><u>531,182,703</u></b>
<b>Expenses</b>				
Staff cost	( 32,482,226)	( 14,710,478)	<b>(48,936,026)</b>	(30,296,487)
Operation expenses	( 14,049,018)	( 11,077,826)	<b>(27,691,648)</b>	(23,027,329)
Depreciation	( 3,260,333)	( 1,064,671)	<b>( 6,068,786)</b>	( 2,067,567)
Provision for investment & finance	-	-	-	( 2,366,523)
<b>Total expenses</b>	<b><u>(49,791,577)</u></b>	<b><u>(26,852,975)</u></b>	<b><u>(82,696,460)</u></b>	<b><u>(57,757,906)</u></b>
Profit before Zakah and Tax	<b>29,187,465</b>	48,780,896	<b>66,350,580</b>	473,424,797
Provision for Zakah	( 9,029,114)	( 2,962,913)	<b>( 19,435,678)</b>	( 10,446,048)
Provision for business Profit Tax	<u>821,169</u>	<u>( 6,284,854)</u>	<u>( 1,071,981)</u>	<u>( 7,603,193)</u>
<b>Net income for the period</b>	<b><u>20,979,520</u></b>	<b><u>39,533,129</u></b>	<b><u>45,842,921</u></b>	<b><u>455,375,556</u></b>
<b>Basic earning per share</b>	<b><u>0,17</u></b>	<b><u>0,32</u></b>	<b><u>0,38</u></b>	<b><u>3,75</u></b>

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



**AL SALAM BANK**

**CONDENSED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

	JUNE, 30,2019	JUNE, 30,2018
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
<b>Cash flows from operating activities</b>		
Net income for the period	45,842,921	455,375,556
Adjustments for:		
Provision for Zakah	19,435,678	10,446,048
Provision for business Profit Tax	1,071,981	7,603,193
Provision for financing risk	-	2,366,523
Depreciation of fixed assets	6,068,786	2,067,567
Return on unrestricted investment accounts	<u>26,000,000</u>	<u>22,034,991</u>
	98,419,366	499,893,878
<b>Changes in operating assets and liabilities:</b>		
Other assets	( 107,355,400)	( 53,107,849)
Other liabilities	( 241,148,279)	164,341,848
Provisions	( 47,349,014)	( 11,755,555)
<b>Net cash (used in) from operating activities</b>	<u>(297,433,327)</u>	<u>599,372,322</u>
<b>Cash flows from investing activities</b>		
Deferred sales receivables (net)	84,496,985	( 9,552,088)
Investments held to maturity	-	( 82,788,469)
Investments in Mudaraba	( 209,579,186)	( 169,702,386)
Musharaka financing	34,448,863	47,765,585
Investments available for sale	( 37,326,834)	( 301,036,346)
Investments in property	-	5,999,939
Projects in progress	( 82,058,716)	29,816,840
Purchases of fixed assets	( 12,917,850)	( 54,184,666)
<b>Net cash (used in) investing activities</b>	<u>(222,936,738)</u>	<u>( 533,681,591)</u>
<b>Cash flows from financing activities</b>		
Current accounts	182,381,606	71,321,439
Unrestricted investment accounts	( 66,280,555)	263,751,908
Reserves	( 36,784,402)	292,554,473
<b>Net cash from financing activities</b>	<u>79,316,649</u>	<u>627,627,820</u>
<b>Net change in cash and cash equivalents</b>	<u>( 441,053,416)</u>	<u>693,318,551</u>
Cash and cash equivalents at the beginning of the period	<u>1,947,841,618</u>	<u>466,198,136</u>
<b>Cash and cash equivalents at the end of the period</b>	<u>1,506,788,202</u>	<u>1,159,516,687</u>

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

# AL SALAM BANK


## CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Paid up capital	Retained earnings	Statutory reserve	General reserve	Property revaluation reserve	Foreign Invts valuation reserve	Foreign assets reserve	Total
	SDG	SDG	SDG		SDG	SDG	SDG	SDG
<b>Balance as at January 1, 2018</b>	<b>323,549,000</b>	<b>284,407,948</b>	<b>76,978,238</b>	<b>-</b>	<b>336,873,784</b>	<b>98,483,546</b>	<b>198,616,382</b>	<b>1,318,908,898</b>
Net income for the year	-	942,180,212	-		-	-	-	942,180,212
Reserves	-	(304,773,000)	20,365,052	284,407,948	(29,323,600)	-	-	(29,323,600)
Exchange Diff	-	(738,529,688)	-		-	563,099,570	738,529,688	563,099,570
<b>Balance as at Dec 31, 2018</b>	<b>323,549,000</b>	<b>183,285,472</b>	<b>97,343,290</b>	<b>284,407,948</b>	<b>307,550,184</b>	<b>661,583,116</b>	<b>937,146,070</b>	<b>2,794,865,080</b>
Net income for the period	-	45,842,921	-	-	-	-	-	45,842,921
Reserves	-	(8,404,657)	8,404,657	-	-	-	-	-
Exchange Diff	-	38,203,647	-	-	-	(36,784,402)	(38,203,647)	(36,784,402)
<b>Balance as at JUNE , 30, 2019</b>	<b><u>323,549,000</u></b>	<b><u>258,927,383</u></b>	<b><u>105,747,947</u></b>	<b><u>284,407,948</u></b>	<b><u>307,550,184</u></b>	<b><u>624,798,714</u></b>	<b><u>898,942,423</u></b>	<b><u>2,803,923,599</u></b>

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

## **AL SALAM BANK**

### **NOTES TO CONDENCED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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#### **(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 31,2018 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 June, 2018 are not indicative of the results that may be expected for the year ending 31 December, 2019.

##### **c) Functional currency**

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

**AL SALAM BANK****NOTES TO CONDENCED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019****(3) Investments held to maturity**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Shahama securities	<b><u>498,383,055</u></b>	<b><u>498,383,055</u></b>
	<b><u>498,383,055</u></b>	<b><u>498,383,055</u></b>

**(4) Investments in Mudaraba**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Mudaraba with corporate & customers	<b><u>383,995,703</u></b>	<b><u>419,733,885</u></b>
Mudaraba with financial institutions	<b><u>428,417,336</u></b>	<b><u>202,260,253</u></b>
	<b><u>812,413,039</u></b>	<b><u>621,994,138</u></b>
Less : Provision for financing risk	<b><u>( 78,954,975)</u></b>	<b><u>( 98,115,260)</u></b>
	<b><u>733,458,064</u></b>	<b><u>523,878,878</u></b>

Mudaraba with customers include non-performing Mudaraba with a customer for US \$ 5.3 million, which was non-performing since 25/9/2008.

**(5) Musharka financing**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Musharaka	<b><u>153,877,778</u></b>	<b><u>188,674,609</u></b>
Less : Provision for financing risk	<b><u>( 1,538,778)</u></b>	<b><u>(1,886,746)</u></b>
	<b><u>152,339,000</u></b>	<b><u>186,787,863</u></b>



**AL SALAM BANK****NOTES TO CONDENCED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019****(6) Investments available for sale**

	<b>Ownership percentage</b>	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
		<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
		<b><u>SDG</u></b>	<b><u>SDG</u></b>
Assets acquired by banks for Musharaka finance		<b>10,650,000</b>	10,650,000
Inter bank liquidity management fund		<b>120,595,236</b>	46,484,000
Al Salam Real Estate Company	<b>50%</b>	<b>50,000</b>	50,000
Alsalam bank- Bahrain		<b>331,573,287</b>	349,994,393
King Abdullah city		<b>83,037,487</b>	87,616,133
Alsalam Algeria Bank	<b>5%</b>	<b><u>248,118,750</u></b>	<b><u>261,903,400</u></b>
		<b><u>794,024,760</u></b>	<b><u>756,697,926</u></b>

**(7)Investments Analysis**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Local Investments (note 7/1)	<b>1,983,756,444</b>	1,734,514,885
Investments in GCC countries (note 7/2)	<b>414,610,774</b>	437,610,526
Foreign Investments (Al Salam Bank - Algeria)	<b><u>248,118,750</u></b>	<b><u>261,903,400</u></b>
	<b><u>2,646,485,968</u></b>	<b><u>2,434,028,811</u></b>

**(7/1) Local Investments**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Shahama securities	<b>498,383,055</b>	498,383,055
Inter Bank Liquidity Managment Fund	<b>120,595,236</b>	46,484,000
Mudaraba with Local Banks	<b>428,417,336</b>	202,260,253
Mudaraba with Customers (net)	<b>305,040,728</b>	321,618,625
Net Musharaka	<b>152,339,000</b>	186,787,863
Al Salam Real Estate Company	<b>50,000</b>	50,000
Assets acquired by banks for Musharaka Finance	<b>10,650,000</b>	10,650,000
Local land	<b><u>468,281,089</u></b>	<b><u>468,281,089</u></b>
	<b><u>1,983,756,444</u></b>	<b><u>1,734,514,885</u></b>

**AL SALAM BANK****NOTES TO CONDENCED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019****(7/2) Investments in GCC countries**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
AL Salam Bank – Bahrain	<b>331,573,287</b>	349,994,393
King Abdullah City shares	<b>83,037,487</b>	87,616,133
	<b><u>414,610,774</u></b>	<b><u>437,610,526</u></b>

**8/ capital**

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Paid up capital	<b>323,549,000</b>	323,549,000
	<b><u>323,549,000</u></b>	<b><u>323,549,000</u></b>

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 CONDENCED FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED JUNE 30, 2019**

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**(10) Contra accounts**

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

	<b><u>June 30,2019</u></b>	<b><u>December 31,2018</u></b>
	<b><u>Unaudited</u></b>	<b><u>Audited</u></b>
	<b><u>SDG</u></b>	<b><u>SDG</u></b>
Letters of credit	<b>169,060,382</b>	178,423,574
Letters of guarantee	<b><u>44,859,753</u></b>	<u>25,149,466</u>
	<b><u>213,920,135</u></b>	<u>203,573,040</u>