

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

EL IMAM

Certified Public Accountants & Consultants

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Khartoum
Sudan**

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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, 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, 17 October, 2019
18 Safar 1441 H**

Audit - Tax - Consulting

AL SALAM BANK

CONDENSED STATEMENT OF FINANCIAL POSITION


As At SEPTEMBER 30, 2019

	Note	<u>September 30, 2019</u> Unaudited SDG	December 31, 2018 Audited SDG
<u>Assets:-</u>			
Cash and cash equivalents		1,188,896,789	1,947,841,618
Deferred sales receivables (net)		942,384,716	873,767,453
Investments held to maturity	(3)	495,484,555	498,383,055
Investments in Mudaraba	(4)	737,858,146	523,878,878
Musharaka financing	(5)	141,852,637	186,787,863
Investments available for sale	(6)	780,628,034	756,697,926
Investments in property		468,281,089	468,281,089
Other assets		253,405,435	99,559,807
Projects in progress		176,241,921	37,858,747
Fixed assets (net)		<u>166,807,404</u>	<u>162,880,464</u>
Total Assets		<u>5,351,840,726</u>	<u>5,555,936,900</u>
<u>Liabilities, Unrestricted investment accounts and Owners' Equity:-</u>			
<u>Liabilities:-</u>			
Current Accounts		1,015,571,000	933,379,721
Other liabilities		393,760,201	648,280,659
Provisions and accruals		<u>78,455,556</u>	<u>114,212,585</u>
Total Liabilities		<u>1,487,786,757</u>	<u>1,695,872,965</u>
Unrestricted investment accounts holders		<u>1,062,549,438</u>	<u>1,065,198,855</u>
<u>Owners' Equity:-</u>			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		2,221,168,824	2,288,030,608
Retained earnings		<u>256,786,707</u>	<u>183,285,472</u>
Total Owners' equity		<u>2,801,504,531</u>	<u>2,794,865,080</u>
Total Liabilities, Unrestricted investment accounts and Owners' equity		<u>5,351,840,726</u>	<u>5,555,936,900</u>
<u>Contra accounts:-</u>	(10)	<u>227,281,330</u>	<u>203,573,040</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

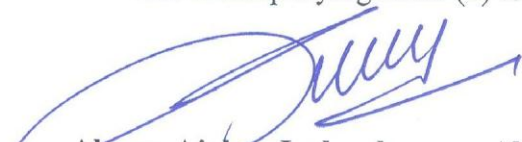

Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

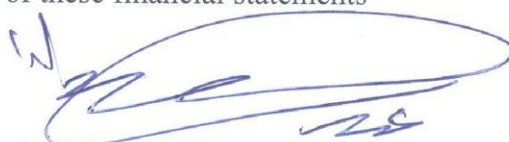
CONDENSED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	For Three Months Ended 30		For Nine Months Ended 30	
	September		September	
	2019	2018	2019	2018
	SDG	SDG	SDG	SDG
Income				
Deferred sales	43,011,432	43,212,300	117,898,039	125,665,954
Income from investments	<u>35,791,962</u>	<u>15,740,246</u>	<u>126,802,735</u>	<u>53,214,503</u>
Total income from financing and investments	78,803,394	58,952,546	244,700,774	178,880,457
Less: Return on unrestricted investment accounts	<u>(31,004,287)</u>	<u>(15,930,495)</u>	<u>(57,004,287)</u>	<u>(37,965,486)</u>
Bank's share in income from investments (as Mudarib and as fund owner)	47,799,107	43,022,051	187,696,487	140,914,971
Income from bank's own investments	3,487,440	11,987,225	20,387,440	23,354,987
Income from banking services	3,572,676	3,659,342	14,525,180	8,639,488
Gain on exchange of foreign currency	141,758	132,864	709,933	499,822
(Loss) / Gain from revaluation of foreign currency	(13,622)	(78,107)	(38,217,269)	391,661,852
Other income (loss)	<u>255,793</u>	<u>337,229</u>	<u>19,188,421</u>	<u>25,172,187</u>
Total Bank's revenue	<u>55,243,152</u>	<u>59,060,604</u>	<u>204,290,192</u>	<u>590,243,307</u>
Expenses				
Staff cost	(27,705,316)	(12,598,274)	(76,641,342)	(42,894,761)
Operation expenses	(13,887,275)	(10,821,243)	(41,578,923)	(33,848,572)
Depreciation	(3,218,451)	(1,762,081)	(9,287,237)	(3,829,648)
Provision for investment & finance	<u>(2,830,180)</u>	<u>(1,270,145)</u>	<u>(2,830,180)</u>	<u>(3,636,668)</u>
Total expenses	<u>(47,641,222)</u>	<u>(26,451,743)</u>	<u>(130,337,682)</u>	<u>(84,209,649)</u>
Profit before Zakah and Tax	7,601,930	32,608,861	73,952,510	506,033,658
Provision for Zakah	(11,066,062)	(9,878,360)	(30,501,740)	(20,324,408)
Provision for business Profit Tax	<u>1,071,981</u>	<u>(3,947,556)</u>	-	(11,550,749)
Net (loss) / income for the period	<u>(2,392,151)</u>	<u>18,782,945</u>	<u>43,450,770</u>	<u>474,158,501</u>
Basic earning per share	<u>(0.02)</u>	<u>0.15</u>	<u>0.36</u>	<u>3.9</u>

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General Manager


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Board member

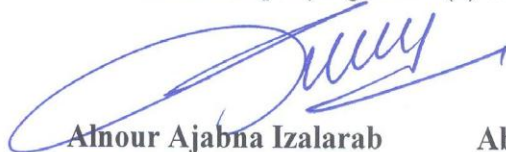

Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

	SEP. 30,2019	SEP. 30,2018
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash flows from operating activities		
Net income for the period	43,450,770	474,158,501
Adjustments for:		
Provision for Zakah	30,501,740	20,324,408
Provision for business Profit Tax	-	11,550,749
Provision for financing risk	2,830,180	3,636,668
Gain on sale of fixed assets	(2,308,751)	-
Depreciation of fixed assets	9,310,177	3,829,648
Return on unrestricted investment accounts	<u>57,004,287</u>	<u>37,965,486</u>
	140,788,403	551,465,460
Changes in operating assets and liabilities:		
Other assets	(153,845,628)	(54,545,954)
Other liabilities	(254,520,458)	176,940,635
Provisions	<u>(66,258,769)</u>	<u>(18,175,331)</u>
Net cash (used in) from operating activities	<u>(333,836,452)</u>	<u>655,684,810</u>
Cash flows from investing activities		
Deferred sales receivables (net)	(71,447,443)	(45,653,249)
Investments held to maturity	2,898,500	(148,088,670)
Investments in Mudaraba	(213,979,268)	(254,436,061)
Musharaka financing	44,935,226	(43,165,841)
Investments available for sale	(23,930,108)	(310,633,362)
Investments in property	-	5,999,939
Projects in progress	(138,383,174)	25,956,264
Proceeds from sale of fixed assets	2,354,250	-
Purchases of fixed assets	<u>(13,282,616)</u>	<u>(62,809,688)</u>
Net cash (used in) investing activities	<u>(410,834,633)</u>	<u>(832,830,668)</u>
Cash flows from financing activities		
Current accounts	82,191,279	289,109,772
Unrestricted investment accounts	(59,653,704)	241,268,682
Reserves	<u>(36,811,319)</u>	<u>292,548,261</u>
Net cash from financing activities	<u>(14,273,744)</u>	<u>822,926,715</u>
Net change in cash and cash equivalents	(758,944,829)	645,780,857
Cash and cash equivalents at the beginning of the period	<u>1,947,841,618</u>	<u>466,198,136</u>
Cash and cash equivalents at the end of the period	<u>1,188,896,789</u>	<u>1,111,978,993</u>

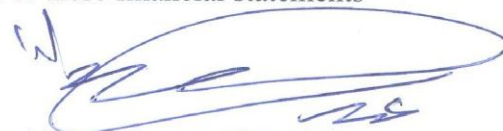
The accompanying notes (1) to (10) form an integral part of these financial statements



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General Manager



Abbas Elbakhit Musa
Board member



Abdulrahman Ahmed Senan
Board member

AL SALAM BANK

**CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 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
Balance as at January 1, 2018	323,549,000	284,407,948	76,978,238	-	336,873,784	98,483,546	198,616,382	1,318,908,898
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
Balance as at Dec 31, 2018	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 period	-	43,450,770	-	-	-	-	-	43,450,770
Reserves	-	(8,166,804)	8,166,804	-	-	-	-	-
Exchange Diff	-	38,217,269	-	-	-	(36,811,319)	38,217,269	(36,811,319)
Balance as at SEP. 30, 2019	<u>323,549,000</u>	<u>256,786,707</u>	<u>105,510,094</u>	<u>284,407,948</u>	<u>307,550,184</u>	<u>624,771,797</u>	<u>898,928,801</u>	<u>2,801,504,531</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

NOTES TO CONDENSED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

(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 September, 2019 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 CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019****(3) Investments held to maturity**

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	495,484,555	498,383,055
	<u>495,484,555</u>	<u>498,383,055</u>

(4) Investments in Mudaraba

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Mudaraba with corporate & customers	350,995,704	419,733,885
Mudaraba with financial institutions	465,817,417	202,260,253
	816,813,121	621,994,138
Less : Provision for financing risk	<u>(78,954,975)</u>	<u>(98,115,260)</u>
	<u>737,858,146</u>	<u>523,878,878</u>

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Musharaka	143,391,415	188,674,609
Less : Provision for financing risk	<u>(1,538,778)</u>	<u>(1,886,746)</u>
	<u>141,852,637</u>	<u>186,787,863</u>

AL SALAM BANK**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019****(6) Investments available for sale**

	Ownership percentage	<u>September 30,2019</u>	<u>December 31,2018</u>
		<u>Unaudited</u> <u>SDG</u>	<u>Audited</u> <u>SDG</u>
Assets acquired by banks for Musharaka finance		10,650,000	10,650,000
Inter bank liquidity management fund		95,620,236	46,484,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		343,178,478	349,994,393
King Abdullah city		83,010,570	87,616,133
Alsalam Algeria Bank	5%	<u>248,118,750</u>	<u>261,903,400</u>
		<u>780,628,034</u>	<u>756,697,926</u>

(7)Investments Analysis

	<u>September 30,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u> <u>SDG</u>	<u>Audited</u> <u>SDG</u>
Local Investments (note 7/1)	1,949,796,663	1,734,514,885
Investments in GCC countries (note 7/2)	426,189,048	437,610,526
Foreign Investments (Al Salam Bank - Algeria)	<u>248,118,750</u>	<u>261,903,400</u>
	<u>2,624,104,461</u>	<u>2,434,028,811</u>

(7/1) Local Investments

	<u>September 30,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u> <u>SDG</u>	<u>Audited</u> <u>SDG</u>
Shahama securities	495,484,555	498,383,055
Inter Bank Liquidity Management Fund	95,620,236	46,484,000
Mudaraba with Local Banks	465,817,417	202,260,253
Mudaraba with Customers (net)	272,040,729	321,618,625
Net Musharaka	141,852,637	186,787,863
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	10,650,000	10,650,000
Local land	<u>468,281,089</u>	<u>468,281,089</u>
	<u>1,949,796,663</u>	<u>1,734,514,885</u>

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

	<u>September 30,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	343,178,478	349,994,393
King Abdullah City shares	<u>83,010,570</u>	<u>87,616,133</u>
	<u>426,189,048</u>	<u>437,610,526</u>

8/ capital

	<u>September 30,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	<u>323,549,000</u>	<u>323,549,000</u>
	<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 NINE MONTHS ENDED SEPTEMBER 30, 2019**

(10) Contra accounts

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

	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	169,036,988	178,423,574
Letters of guarantee	<u>58,244,342</u>	<u>25,149,466</u>
	<u>227,281,330</u>	<u>203,573,040</u>