

ALSALAM BANK – SUDAN
(public company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31,2019

EL IMAM

Certified Public Accountants & Consultants

P. O. Box 7096
Khartoum
Sudan

Tel. +249912648943

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, 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).



Abdel Rahman Osman El Imam, PhD, CPA



Khartoum, 16 April, 2019
11 Shaban 1440 H

Audit - Tax - Consulting

AL SALAM BANK

CONDENSED STATEMENT OF FINANCIAL POSITION

As At March 31, 2019

	Note	March 31,2019 Unaudited SDG	December 31,2018 Audited SDG
Assets:-			
Cash and cash equivalents		1,344,447,219	1,947,841,618
Deferred sales receivables (net)		987,717,609	873,767,453
Investments held to maturity	(3)	498,383,055	498,383,055
Investments in Mudaraba	(4)	653,182,881	523,878,878
Musharaka financing	(5)	238,141,458	186,787,863
Investments available for sale	(6)	778,844,446	756,697,926
Investments in property		468,281,089	468,281,089
Other assets		141,386,416	99,559,807
Projects in progress		119,596,373	37,858,747
Fixed assets (net)		172,989,866	162,880,464
Total Assets		5,402,970,412	5,555,936,900
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts		1,036,524,699	933,379,721
Other liabilities		472,047,967	648,280,659
Provisions and accruals		126,457,145	114,212,585
Total Liabilities		1,635,029,811	1,695,872,965
Unrestricted investment accounts holders		948,189,344	1,065,198,855
Owners' Equity:-			
Paid up capital	(8)	323,549,000	323,549,000
Reserves		2,289,909,589	2,288,030,608
Retained earnings		206,292,668	183,285,472
Total Owners' equity		2,819,751,257	2,794,865,080
Total Liabilities, Unrestricted investment accounts and Owners' equity		5,402,970,412	5,555,936,900
Contra accounts	(10)	209,404,136	203,573,040

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 THREE MONTHS ENDED MARCH 31, 2019

	Note	March 31,2019 <u>Unaudited</u> SDG	March 31,2018 <u>Unaudited</u> SDG
<u>Income:-</u>			
Income from deferred sales		31,064,390	41,936,707
Income from investments		<u>19,929,893</u>	<u>15,448,423</u>
Total income from finance and investments		50,994,283	57,385,130
Less: Return on unrestricted investment accounts		<u>(14,000,000)</u>	<u>(7,365,097)</u>
Bank's share in income from investments (as Mudarib and as fund owner)		36,994,283	50,020,033
Income from bank's own investments		16,900,000	-
Income from banking services		3,187,690	1,344,844
Gain(loss) on foreign currency transaction		115,416	57,649
Gains (losses) on valuation of foreign currencies		<u>(700,150)</u>	392,218,514
Other banking income		<u>13,570,759</u>	<u>12,250,156</u>
Total income		<u>70,067,998</u>	<u>455,891,196</u>
<u>Expenses:-</u>			
Staff cost		<u>(16,453,800)</u>	<u>(15,586,009)</u>
Operations expenses		<u>(13,642,630)</u>	<u>(11,949,503)</u>
Depreciation		<u>(2,808,453)</u>	<u>(1,002,896)</u>
Provision for Investment & Finance		=	<u>(2,708,887)</u>
Total expenses		<u>(32,904,883)</u>	<u>(31,247,295)</u>
Profits before Zakah and tax		37,163,115	424,643,901
Provision for Zakah		<u>(10,406,564)</u>	<u>(7,483,135)</u>
Provision for Business Profit Tax		<u>(1,893,150)</u>	<u>(1,318,339)</u>
Net income for the period		<u>24,863,401</u>	<u>415,842,427</u>
Earnings per share		<u>.21</u>	<u>3.43</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 CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019

	MARCH 31,2019	MARCH 31,2018
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash flows from operating activities		
Net income for the period	24,863,401	415,842,427
Adjustments for:		
Provision for Zakah	10,406,564	7,483,135
Provision for business Profit Tax	1,893,150	1,318,339
Provision for financing risk	-	2,708,887
Gain on sale of fixed assets	(2,308,751)	-
Depreciation of fixed assets	2,808,451	1,002,896
Return on unrestricted investment accounts	<u>14,000,000</u>	<u>7,365,097</u>
	51,662,815	435,720,781
Changes in operating assets and liabilities:		
Other assets	(41,826,609)	(67,605,319)
Other liabilities	(176,232,692)	159,862,798
Provisions	<u>(55,154)</u>	<u>7,683,467</u>
Net cash (used in) from operating activities	<u>(166,451,640)</u>	<u>535,661,727</u>
Cash flows from investing activities		
Deferred sales receivables (net)	(113,950,156)	144,750,177
Investments held to maturity	-	(80,988,259)
Investments in Mudaraba	(129,304,003)	(137,931,082)
Musharaka financing	(51,353,595)	(15,997,500)
Investments available for sale	(22,146,520)	(302,544,990)
Projects in progress	(81,737,626)	(13,406,527)
Proceeds from sale of fixed assets	2,354,250	-
Purchases of fixed assets	<u>(12,963,352)</u>	<u>(11,450)</u>
Net cash (used in) (used in) investing activities	<u>(409,101,002)</u>	<u>(406,129,631)</u>
Cash flows from financing activities		
Current accounts	103,144,978	131,984,913
Unrestricted investment accounts	(131,009,511)	298,017,945
Reserves	<u>22,776</u>	<u>297,753,469</u>
Net cash (used in) from financing activities	<u>(27,841,757)</u>	<u>727,756,327</u>
(Decrease) increase in cash and cash equivalents	<u>(603,394,399)</u>	<u>857,288,423</u>
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>1,344,447,219</u>	<u>1,323,486,559</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 THREE MONTHS ENDED MARCH 31, 2019

	Paid up capital	Retained earnings	Statutory reserve	General reserve	Property revaluation reserve	Foreign Invt valuation reserve	Foreign assets reserve	Total
	SDG	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 January 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 period	-	24,863,401	-	-	-	-	-	24,863,401
Reserves	-	(2,556,355)	2,556,355	-	-	-	-	-
Exchange Diff	-	700,150	-	-	-	22,776	(700,150)	22,776
Balance as at March 31, 2019	<u>323,549,000</u>	<u>206,292,668</u>	<u>99,899,645</u>	<u>284,407,948</u>	<u>307,550,184</u>	<u>661,605,892</u>	<u>936,445,920</u>	<u>2,819,751,257</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 THREE MONTHS ENDED MARCH 31, 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, 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 2018, 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 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 the Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). Additionally, the results for the period ended 31 March, 2019 are not indicative of the expected results 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 THREE MONTHS ENDED MARCH 31, 2019**

(3) Investments held to maturity

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

(4) Mudaraba Investment and Agencies

	<u>March 31, 2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31, 2018</u> <u>Audited</u> <u>SDG</u>
Mudaraba with corporate & customers	<u>409,575,192</u>	419,733,885
Mudaraba with financial institutions	<u>331,967,336</u>	<u>202,260,253</u>
	<u>741,542,528</u>	621,994,138
Less : Provision for financing risk	<u>(88,359,647)</u>	<u>(98,115,260)</u>
	<u>653,182,881</u>	<u>523,878,878</u>

(5) Musharka financing

	<u>March 31, 2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31, 2018</u> <u>Audited</u> <u>SDG</u>
Musharaka	<u>240,546,927</u>	188,674,609
Less : Provision for financing risk	<u>(2,405,469)</u>	<u>(1,886,746)</u>
	<u>238,141,458</u>	<u>186,787,863</u>

AL SALAM BANK**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019****(6) Investments available for sale**

	Ownership percentage	<u>March 31,2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2018</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		68,607,744	46,484,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		349,994,393	349,994,393
King Abdullah city		87,638,909	87,616,133
Alsalam Algeria Bank	5%	<u>261,903,400</u>	<u>261,903,400</u>
		<u>778,844,446</u>	<u>756,697,926</u>

(7)Investments Analysis

	<u>March 31,2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2018</u> <u>Audited</u> <u>SDG</u>
Local Investments (note 7/1)	1,937,296,227	1,734,514,885
Investments in GCC countries (note 7/2)	437,633,302	437,610,526
Foreign Investments (Al Salam Bank - Algeria)	<u>261,903,400</u>	<u>261,903,400</u>
	<u>2,636,832,929</u>	<u>2,434,028,811</u>

(7/1) Local Investments

	<u>March 31,2019</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2018</u> <u>Audited</u> <u>SDG</u>
Shahama securities	498,383,055	498,383,055
Inter Bank Liquidity Managment Fund	68,607,744	46,484,000
Mudaraba with Local Banks	331,967,336	202,260,253
Mudaraba with Customers (net)	321,215,545	321,618,625
Net Musharaka	238,141,458	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>1,937,296,227</u>	<u>1,734,514,885</u>

AL SALAM BANK

**NOTES TO CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019**

(7/2) Investments in GCC countries

	<u>March 31,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	349,994,393	349,994,393
King Abdullah City shares	<u>87,638,909</u>	<u>87,616,133</u>
	<u>437,633,302</u>	<u>437,610,526</u>

8/ capital

	<u>March 31,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	323,549,000	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, 2019**

(10) Contra accounts

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

	<u>March 31,2019</u>	<u>December 31,2018</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	178,423,574	178,423,574
Letters of guarantee	<u>30,980,562</u>	<u>25,149,466</u>
	<u>209,404,136</u>	<u>203,573,040</u>