

AL SALAM BANK – SUDAN
UNAUDITED
FINANCIAL STATEMENTS
FOR THE NINE MONTHHS ENDED
SEPTEMBER 30, 2016



المحاسبون المتحدون
بانقا وشركاه
محاسبون ومراجعون قانونيون

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

Auditor's Report
Financial statement review report
Al-Salam Bank – Sudan

Review scope

We have reviewed the accompanying balance sheet of Al-Salam bank as of September ,30,2016 and the related statement of income , cash flow and change in equity for the nine 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 the expression of opinion regarding the financial statements taken as a whole .Accordingly we do not express such opinion .

Opinion

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).

Khartoum Moharem 11, 1438
October , 12, 2016

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



AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At SEPTEMBER 30, 2016

	Note	September 30,2016	December 31,2015
		<u>Unaudited</u>	<u>Audited</u>
Assets:-		SDG	SDG
Cash and cash equivalents		192,259,857	332,563,068
Deferred sales receivables (net)		606,799,250	567,741,758
Other finance		25,441,433	-
Investments held to maturity	(3)	249,458,500	225,495,500
Investments in Mudaraba	(4)	245,636,834	233,141,689
Musharaka financing	(5)	57,475,025	32,949,127
Investments available for sale	(6)	132,252,266	125,563,611
Investments in property		519,388,500	513,209,220
Other assets		49,231,903	32,217,448
Fixed assets (net)		83,419,623	61,372,639
Total Assets		<u>2,161,363,191</u>	<u>2,124,254,060</u>
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		502,627,640	441,338,501
Other liabilities		124,476,295	168,221,796
Provisions and accruals		24,622,028	30,097,276
Total Liabilities		<u>651,725,963</u>	<u>639,657,573</u>
Unrestricted investment accounts holders		<u>414,683,267</u>	<u>447,280,399</u>
Owners' Equity:-			
Paid up capital	(8)	326,229,750	310,668,350
Reserves		566,981,157	553,826,670
Retained earnings		201,743,054	172,821,068
Total Owners' equity		<u>1,094,953,961</u>	<u>1,037,316,088</u>
Total Liabilities, Unrestricted investment accounts and Owners' equity		<u>2,161,363,191</u>	<u>2,124,254,060</u>
Contra accounts:-	(10)	<u>109,128,450</u>	<u>309,872,251</u>



Elnour Agabana Iz-Alarab
General Manager



Saud Mamoun Elbirair
Board member



Abdulrahman Ahmed Sinan
Board member

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

AL SALAM BANK

CONDENSED INCOME STATEMENT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	For Three Months Ended 30 September		For Nine Months Ended 30 September	
	2016 <u>SDG</u>	2015 <u>SDG</u>	2016 <u>SDG</u>	2015 <u>SDG</u>
Income				
Deferred sales	19,305,409	15,001,932	56,951,403	50,441,520
Income from investments	11,433,439	16,913,805	41,952,527	46,299,055
Unrealized re-measurement (losses) / gains on investments	-	(2,626,386)	-	-
Total income from finance and investments	30,738,848	29,289,951	98,903,930	96,740,575
Less: Return on unrestricted investment accounts	(7,589,132)	(4,255,016)	(23,116,108)	(19,861,327)
Bank's share in income from investments (as Mudarib and as fund owner)	23,149,716	25,034,335	75,787,822	76,879,248
Income from banking services	6,212,612	1,167,614	9,182,292	4,621,039
Gain/ loss on sale of foreign currency	6,027,295	215,373	10,599,429	441,275
Gain / (losses) from revaluation of foreign currencies	3,578,073	2,398,814	3,512,385	2,405,534
Other income	3,592,349	580,376	4,687,491	1,839,532
Total Bank's revenue	42,560,045	29,396,512	103,769,419	86,186,628
Expenses				
Staff cost	(8,220,336)	(6,545,376)	(25,116,738)	(20,455,953)
Operation expenses	(5,153,532)	(5,011,882)	(14,128,518)	(13,573,408)
Depreciation	(865,724)	(886,483)	(2,826,824)	(2,581,844)
Mudaraba Investment & Finance Provisions	787,442	5,305,043	1,469,051	2,566,059
Central Bank of Sudan penalties	-	-	(1,000)	(10,000)
Total expenses	(13,452,150)	(7,138,698)	(40,604,029)	(34,055,146)
Net operation profits	29,107,895	22,257,814	63,165,390	52,131,482
Zakah provision for the period	(1,703,742)	(2,375,310)	(5,022,517)	(6,341,757)
Business Profit Tax provision for the period	(4,830,967)	(2,894,978)	(8,716,890)	(4,399,393)
Net income for the period	22,573,186	16,987,526	49,425,983	41,390,332
Basic earning per share	0.19	0.147	0.41	0.358





Elnour Agabana Iz-Alarab Saud Mamoun Elbirair Abdulrahman Ahmed Sinan
 General Manager Board member Board member

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

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	September,30, 2016	September ,30,2015
	<u>SDG</u>	<u>SDG</u>
	<u>Un audited</u>	<u>Un audited</u>
Cash follows from operating activities		
Net income for the period	49,425,983	41,390,332
Adjustments for:		
Depreciation of fixed assets	2,826,824	2,581,844
	<u>52,252,807</u>	<u>43,972,176</u>
Changes in operating assets, liabilities and unrestricted investment accounts:		
Cash follows from investing activities	(39,057,492)	17,241,554
Investments	(92,604,756)	(100,929,002)
Other assets	(17,014,455)	9,216,221
Current accounts	61,289,139	47,675,614
Equity of unrestricted investment accounts	(32,597,132)	(3,340,789)
Other liabilities	(43,745,501)	4,652,495
Provisions	(5,475,248)	(12,249,113)
Cash (used in) operations	<u>(169,205,445)</u>	<u>(37,733,020)</u>
Net cash (used in) operating activities	(116,952,638)	6,239,156
Cash follows from investing activities		
Purchases of fixed assets	(24,873,808)	(9,445,682)
Investments in affiliates	(6,688,655)	(697,400)
Net cash (used in) investing activities	(31,562,463)	(10,143,082)
Cash follows from financing activities		
Reserves	8,211,890	8,054,335
Net cash from/ (used) financing activities	8,211,890	8,054,335
(Decrease) Increase in cash and cash equivalents for the period	(140,303,211)	4,150,409
Cash and cash equivalents at the beginning of the period	<u>332,563,068</u>	<u>111,118,301</u>
Cash and cash equivalents at the end of the period	<u>192,259,857</u>	<u>115,268,710</u>





Elnour Agabana Iz-Alarab Saud Mamoun Elbirair Abdulrahman Ahmed Sinan
 General Manager Board member Board member

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AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

	Paid up capital	Retained earnings	Statutory reserve	Property revaluation reserve	Foreign Invts valuation reserve	Foreign assets reserve	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at January 1, 2015	310,668,350	119,222,754	50,021,505	336,873,784	51,490,804	98,720,078	966,997,275
Net income for the period	-	62,270,053	-	-	-	-	62,270,053
Reserves	-	(8,671,739)	6,227,005	-	8,048,760	2,444,734	8,048,760
Balance as at January 1, 2016	310,668,350	172,821,068	56,248,510	336,873,784	59,539,564	101,164,812	1,037,316,088
Bounce Share 5%	15,561,400	(15,561,400)	-	-	-	-	-
Net income for the period	-	49,425,983	-	-	-	-	49,425,983
Reserves	-	(4,942,598)	4,942,598	-	8,211,890	-	8,211,890
Balance as at SEPT , 30, 2016	<u>326,229,750</u>	<u>201,743,053</u>	<u>61,191,108</u>	<u>336,873,784</u>	<u>67,751,454</u>	<u>101,164,812</u>	<u>1,094,953,961</u>



Elnour Agabana Iz-Alarab
General Manager



Saud Mamoun Elbirair
Board member



Abdulrahman Ahmed Sinan
Board member

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

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

(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 Alsalam Rotana branch which is placed in Alsalam Rotana Hotel (Africa street) , Barlaman Branch at Hamza blazza Brlman Street .

(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 31,2015 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, 2016 are not indicative of the results that may be expected for the year ended 31 December 2016.

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 NINE MONTHS ENDED SEPTEMBER 30, 2016

(3) Investments held to maturity

	<u>September 30,2016</u> Unaudited	<u>December 31,2015</u> Audited
	<u>SDG</u>	<u>SDG</u>
Shahama securities	249,458,500	225,495,500
	<u>249,458,500</u>	<u>225,495,500</u>

(4) Mudaraba Investment and Agencies

	<u>September 30,2016</u> Unaudited	<u>December 31,2015</u> Audited
	<u>SDG</u>	<u>SDG</u>
Mudaraba with corporate & customers	179,432,579	178,163,729
Mudaraba with financial institutions	<u>102,656,973</u>	<u>91,411,154</u>
	282,089,552	269,574,883
Less : Provision for financing risk	<u>(36,452,718)</u>	<u>(36,433,194)</u>
	<u>245,636,834</u>	<u>233,141,689</u>

(5) Musharka financing

	<u>September 30,2016</u> Unaudited	<u>December 31,2015</u> Audited
	<u>SDG</u>	<u>SDG</u>
Musharaka	58,152,573	33,281,946
Less : Provision for financing risk	<u>(677,548)</u>	<u>(332,819)</u>
	<u>57,475,025</u>	<u>32,949,127</u>

AL SALAM BANK

NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016

(6) Investments available for sale

	Ownership percentage	<u>September 30,2016</u>	<u>December 31,2015</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
Aman insurance - Bahrain		7,260,226	7,117,979
Foreign investment funds		2,544,276	2,428,229
Assets acquired by banks for Musharaka finance		18,419,950	7,769,950
Inter bank liquidity management fund		7,636,000	13,746,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		48,205,188	47,260,724
King Abdullah city		12,064,326	11,825,179
Alsalam Algeria Bank	5%	36,072,300	35,365,550
		<u>132,252,266</u>	<u>125,563,611</u>

(7)Investments Analysis

	<u>September 30,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Local Investments (note 8/1)	1,030,234,809	936,950,332
Investments in GCC countries (note 8/2)	137,904,016	133,933,221
Foreign Investments (Al Salam Bank - Algeria)	36,072,300	35,365,550
	<u>1,204,211,125</u>	<u>1,106,249,103</u>

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

(7/1) Local Investments

	<u>September 30,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	249,458,500	225,495,500
Inter Bank Liquidity Managment Fund	7,636,000	13,746,000
Mudaraba with Local Banks	34,826,973	2,000,000
Mudaraba with Customers (net)	142,979,861	141,730,535
Net Musharaka	57,475,025	32,949,127
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	18,419,950	7,769,950
Local land	519,388,500	513,209,220
	<u>1,030,234,809</u>	<u>936,950,332</u>

(7/2) Investments in GCC countries

	<u>September 30,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	48,205,188	47,260,724
King Abdullah City shares	12,064,326	11,825,179
Foreign investment funds	2,544,276	2,428,229
Aman insurance - Bahrain	7,260,226	7,117,979
UBAF bank	16,065,000	-
Abu Dhabi Islamic Bank	51,765,000	65,301,110
	<u>137,904,016</u>	<u>133,933,221</u>

AL SALAM BANK

**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

8/ Capital

	<u>September 30,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Paid up capital	<u>326,229,750</u>	<u>310,668,350</u>
	<u>326,229,750</u>	<u>310,668,350</u>

The authorized share capital of the bank comprises of 100 million share with nominal value of SDG 2,54 each ,the bank issued bonus shares amounted to SDG 23,758,000 , 32,910,350 and 15,561,400 in year 2010 , 2013 and 2016 which represent 10% , 5% and 5% of total issued numbers of shares respectively.

(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.

(10) Contra accounts

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

	<u>September 30,2016</u>	<u>December 31,2015</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	<u>24,563,930</u>	128,360,022
Letters of guarantee	<u>84,564,520</u>	<u>181,512,229</u>
	<u>109,128,450</u>	<u>309,872,251</u>