

**AL SALAM BANK - Sudan
(Public Company)**

**UNAUDITED
FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED
MARCH 31, 2017**



Allied Accountants
Bannaga & Co.
Certified Public Accountants

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 March ,31,2017 and the related statement of income , cash flow and change in equity for the three 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).

Adam Abdullah Hussein

Khartoum Rajab 23, 1438
April, 20, 2017

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



AL SALAM BANK

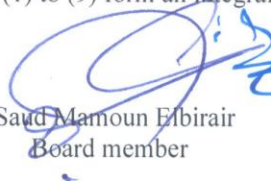
CONDENSED STATEMENTS OF FINANCIAL POSITION

As At MARCH 31, 2017

	Note	<u>March 31, 2017</u> <u>Unaudited</u> <u>SDG</u>	December 31, 2016 <u>Audited</u> <u>SDG</u>
Assets:-			
Cash and cash equivalents		292,047,760	232,093,197
Deferred sales receivables (net)		599,839,149	596,678,549
Investments held to maturity	(3)	265,040,000	259,404,000
Investments in Mudaraba	(4)	238,193,071	242,083,715
Musharaka financing	(5)	111,406,988	112,064,354
Investments available for sale	(6)	183,395,364	149,912,337
Investments in property		520,254,027	520,254,027
Other assets		63,723,496	55,328,277
Fixed assets (net)		<u>84,620,606</u>	<u>84,865,582</u>
Total Assets		<u>2,358,520,461</u>	<u>2,252,684,038</u>
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Account		579,868,875	535,574,585
Other liabilities		97,565,703	90,322,131
Provisions and accruals		<u>33,387,609</u>	<u>35,834,560</u>
Total Liabilities		<u>710,822,187</u>	<u>661,731,276</u>
Unrestricted investment accounts holders		<u>448,161,856</u>	<u>414,052,332</u>
Owners' Equity:-			
Paid up capital		323,549,000	323,549,000
Reserves		637,114,393	636,462,608
Retained earnings		<u>238,873,025</u>	<u>216,888,822</u>
Total Owners' equity		<u>1,199,536,418</u>	<u>1,176,900,430</u>
Total Liabilities, Unrestricted investment accounts and Owners' equity		<u>2,358,520,461</u>	<u>2,252,684,038</u>
Contra accounts:-	(9)	<u>64,740,521</u>	<u>71,100,587</u>

The accompanying notes (1) to (9) form an integral part of these Statements


Alnour Ajabna Izalarab
General Manager


Saud Mamoun Elbirair
Board member


Abdulrahman Ahmed Sinan
Board member

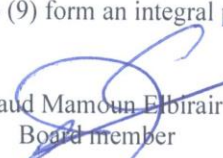
AL SALAM BANK

CONDENSED INCOME STATEMENT FOR THE THREE MONTHS ENDED MARCH 31, 2017

	March 31,2017	March 31,2016
Note	Unaudited SDG	Unaudited SDG
Income:-		
Income from deferred sales	31,093,268	19,081,250
Income from investments	12,911,443	11,268,975
Total income from finance and investments	44,004,711	30,350,225
Less: Return on unrestricted investment accounts	(9,926,011)	(7,001,267)
Bank's share in income from investments (as Mudarib and as fund owner)	34,078,700	23,348,958
Income from banking services	4,596,085	1,391,450
Gain(loss) on foreign currency transaction	26,377	82,425
Gains (losses) on valuation of foreign currencies	(2,464,012)	(42,650)
Other banking income	7,115,886	599,004
Total income	43,353,036	25,379,187
Expenses:-		
Staff cost	(8,647,064)	(7,799,008)
Operations expenses	(5,454,853)	(4,102,546)
Depreciation	(991,039)	(982,551)
Provision for Investment & Finance	-	(2,778,546)
Total expenses	(15,092,956)	(15,662,651)
Net operating profits	28,260,080	9,716,536
Provision for Zakah	(2,706,330)	(1,187,903)
Provision for Business Profit Tax	(1,126,858)	(606,050)
Net income for the period	24,426,892	7,922,583
Earning per share	0,20	0,07

The accompanying notes (1) to (9) form an integral part of these financial statements


Alnour Ajabna Izalarab
General Manager


Saud Mamoun Elbirair
Board member


Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2017

	March 31,2017	March 31,2016
	<u>Unaudited</u> <u>SDG</u>	<u>Unaudited</u> <u>SDG</u>
Cash follows from operating activities		
Net income for the period	24,426,892	7,922,583
Adjustments for:		
Depreciation of fixed assets	991,039	982,551
Provisions	<u>(2,446,951)</u>	<u>(6,485,441)</u>
	22,970,980	2,419,693
Changes in operating assets, liabilities and unrestricted investment accounts:		
Deferred sales receivables (net)	(3,160,600)	1,491,081
Investments	(1,087,990)	(72,896,360)
Other assets	(8,395,219)	(13,189,576)
Current accounts	44,294,290	14,908,856
Unrestricted investment accounts	34,109,524	17,270,988
Other liabilities	<u>7,243,572</u>	<u>(60,637,873)</u>
Cash (used in) provided by operations	<u>73,003,577</u>	<u>(113,052,884)</u>
Net cash (used in) operating activities	<u>95,974,557</u>	<u>(110,633,191)</u>
Cash follows from investing activities		
Purchases of fixed assets	(746,063)	(22,278,551)
Investments available for sales	<u>(33,483,027)</u>	<u>(517,772)</u>
Net cash (used in) investing activities	<u>(34,229,090)</u>	<u>(22,796,323)</u>
Cash follows from financing activities		
Reserves	<u>(1,790,904)</u>	<u>7,938</u>
Net cash provided (used) by financing activities	<u>(1,790,904)</u>	<u>7,938</u>
(Decrease) increase in cash and cash equivalents for the period	<u>59,954,563</u>	<u>(133,421,576)</u>
Cash and cash equivalents at the beginning of the period	<u>232,093,197</u>	<u>332,563,068</u>
Cash and cash equivalents at the end of the period	<u>292,047,760</u>	<u>199,141,492</u>

The accompanying notes (1) to (9) form an integral part of these financial statements


Alnour Ajabna Izalarab
General Manager


Saud Mamoun Elbirar
Board member

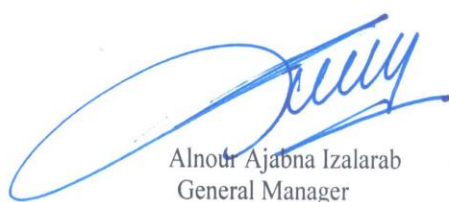

Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2017

	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, 2016	310,668,350	172,821,068	56,248,510	336,873,784	59,539,564	101,164,812	1,037,316,088
Net income for the year	-	92,225,025	-	-	-	-	92,225,025
Reserves	-	(32,595,871)	9,222,502	-	12,007,774	23,373,369	12,007,774
bonus share	15,561,400	(15,561,400)	-	-	-	-	-
Exchange Diff	-	-	-	-	-	38,032,293	38,032,293
Capital increase expenses	(2,680,750)	-	-	-	-	-	(2,680,750)
Balance as at January 1, 2017	323,549,000	216,888,822	65,471,012	336,873,784	71,547,338	162,570,474	1,176,900,430
Net income for the period	-	24,426,892	-	-	-	-	24,426,892
Reserves	-	(2,442,689)	2,442,689	-	(1,790,904)	-	(1,790,904)
Balance as at march 31, 2017	<u>323,549,000</u>	<u>238,873,025</u>	<u>67,913,701</u>	<u>336,873,784</u>	<u>69,756,434</u>	<u>162,570,474</u>	<u>1,199,536,418</u>

The accompanying notes (1) to (9) form an integral part of these financial statements


Alnour Ajabna Izalarab
General Manager


Saud Mamoun Elbirair
Board member


Abdulrahman Ahmed Sinan
Board member

AL SALAM BANK

NOTES TO CONDENCED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

(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 Brلمان 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 31,2016 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 March 31, 2017 are not indicative of the results that may be expected for the year ended December 31, 2017.

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 THREE MONTHS ENDED MARCH 31, 2017**

(3) Investments held to maturity

	<u>March 31,2017</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2016</u> <u>Audited</u> <u>SDG</u>
Shahama securities	<u>265,040,000</u> <u>265,040,000</u>	<u>259,404,000</u> <u>259,404,000</u>

(4) Mudaraba Investment and Agencies

	<u>March 31,2017</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2016</u> <u>Audited</u> <u>SDG</u>
Mudaraba with corporate & customers	<u>237,040,677</u>	<u>229,494,349</u>
Mudaraba with financial institutions	<u>30,099,100</u>	<u>45,110,286</u>
	<u>267,139,777</u>	<u>274,604,635</u>
Less : Provision for financing risk	<u>(28,946,706)</u>	<u>(32,520,920)</u>
	<u>238,193,071</u>	<u>242,083,715</u>

(5) Musharka financing

	<u>March 31,2017</u> <u>Unaudited</u> <u>SDG</u>	<u>December 31,2016</u> <u>Audited</u> <u>SDG</u>
Musharaka	<u>112,525,442</u>	<u>113,196,317</u>
Less : Provision for financing risk	<u>(1,118,454)</u>	<u>(1,131,963)</u>
	<u>111,406,988</u>	<u>112,064,354</u>

AL SALAM BANK**NOTES TO CONDENCED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2017****(6) Investments available for sale**

	Ownership percentage	<u>March 31,2017</u>	<u>December 31,2016</u>
		<u>Unaudited</u>	<u>Audited</u>
		<u>SDG</u>	<u>SDG</u>
Foreign investment funds		1,401,084	1,386,800
Assets acquired by banks for musharaka finance		11,794,470	18,419,950
Inter bank liquidity management fund		67,631,127	25,746,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		51,292,155	52,186,640
King Abdullah city		12,844,228	13,071,297
Alsalam Algeria Bank	5%	<u>38,382,300</u>	<u>39,051,650</u>
		<u>183,395,364</u>	<u>149,912,337</u>

(7)Investments Analysis

	<u>March 31,2017</u>	<u>December 31,2016</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Local Investments (note 8/1)	1,197,270,583	1,160,625,046
Investments in GCC countries (note 8/2)	82,636,567	84,041,737
Foreign Investments (Al Salam Bank - Algeria)	<u>38,382,300</u>	<u>39,051,650</u>
	<u>1,318,289,450</u>	<u>1,283,718,433</u>

(7/1) Local Investments

	<u>March 31,2017</u>	<u>December 31,2016</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Shahama securities	265,040,000	259,404,000
Inter Bank Liquidity Managment Fund	67,631,127	25,746,000
Mudaraba with Local Banks	13,000,000	27,713,286
Mudaraba with Customers (net)	208,093,971	196,973,429
Net Musharaka	111,406,988	112,064,354
Al Salam Real Estate Company	50,000	50,000
Assets acquired by banks for Musharaka Finance	11,794,470	18,419,950
Local land	<u>520,254,027</u>	<u>520,254,027</u>
	<u>1,197,270,583</u>	<u>1,160,625,046</u>

AL SALAM BANK

NOTES TO CONDENCED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017

(7/2) Investments in GCC countries

	<u>March 31,2017</u>	<u>December 31,2016</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
AL Salam Bank – Bahrain	51,292,155	52,186,640
King Abdullah City shares	12,844,228	13,071,297
Foreign investment funds	1,401,084	1,386,800
UBAF bank	<u>17,099,100</u>	<u>17,397,000</u>
	<u>82,636,567</u>	<u>84,041,737</u>

(8) 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.

(9) Contra accounts

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

	<u>March 31,2017</u>	<u>December 31,2016</u>
	<u>Unaudited</u>	<u>Audited</u>
	<u>SDG</u>	<u>SDG</u>
Letters of credit	26,145,103	26,600,602
Letters of guarantee	36,102,418	42,006,985
Shahama securities (under collection)	<u>2,493,000</u>	<u>2,493,000</u>
	<u>64,740,521</u>	<u>71,100,587</u>