ALSALAM BANK – SUDAN
(public company)
UNAUDITED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30,2020

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 June 30, 2020 and the related statement of income, cash flow and change inequity for the three months then ended,in accordance with the standards forreview 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).

الإمام محاسبون ومراجعون قانونيون
El Imam Certified Public Accountants

Dr.Abdel Rahman Osman El Imam
Certified Public Accountant

Khartoum, 28July, 2020
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Audit - Tax - Consulting

AL SALAM BANK

CONDENSED STATEMENTS OF FINANCIAL POSITION

As At JUNE 30, 2020

	Note	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Assets:-			
Cash and cash equivalents		**1,493,865,724**	1,261,782,105
Deferred sales receivables (net)		**1,499,250,328**	1,187,225,476
Investments held to maturity	(3)	**472,615,795**	417,883,555
Investments in Mudaraba	(4)	**907,802,009**	715,727,872
Musharaka financing	(5)	**243,143,061**	258,953,561
Investments available for sale	(6)	**824,212,564**	774,924,629
Investments in property		**468,281,029**	468,281,029
Other assets		**259,519,032**	179,136,519
Projects in progress		**213,558,605**	196,797,219
Fixed assets (net)		**160,472,753**	166,437,492
Total Assets		**6,542,720,900**	**5,627,149,457**
Liabilities, Unrestricted investment accounts and Owners' Equity:-			
Liabilities:-			
Current Accounts		**1,349,135,848**	1,293,727,330
Other liabilities		**541,623,007**	393,505,703
Provisions and accruals		**122,881,982**	71,847,653
Total Liabilities		**2,013,640,837**	**1,759,080,686**
Unrestricted investment accounts holders		**1,303,569,364**	**1,031,701,927**
Owners' Equity:-			
Paid up capital	(8)	**323,549,000**	323,549,000
Reserves		**2,528,839,473**	2,224,592,780
Retained earnings		**373,122,226**	288,225,064
Total Owners' equity		**3,225,510,699**	**2,836,366,844**
Total Liabilities, Unrestricted investment accounts and Owners' equity		**6,542,720,900**	**5,627,149,457**
Contra accounts:-	(10)	**253,078,214**	**216,549,677**

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	For Three Months Ended 30 June		For Six Months Ended 30 June	
	2020	2019	2020	2019
	SDG	SDG	SDG	SDG
Income				
Deferred sales	**66,840,228**	43,822,217	**132,880,366**	74,886,607
Income from investments	**68,508,127**	71,080,880	**122,001,686**	91,010,773
Total income from financing and investments	**135,348,355**	114,903,097	**254,882,052**	165,897,380
Less: Return on unrestricted investment accounts	**(39,605,611)**	(12,000,000)	**(54,184,953)**	(26,000,000)
Bank's share in income from investments (as Mudarib and as fund owner)	**95,742,744**	102,903,097	**200,697,099**	139,897,380
Income from bank's own investments	**12,000,000**	-	**12,000,000**	16,900,000
Income from banking services	**5,887,958**	7,764,814	**12,567,594**	10,952,504
Gain on exchange of foreign currency	**146,872**	452,759	**264,813**	568,175
Other income	**127,760**	5,361,869	**392,021**	18,932,628
Total Bank's revenue	**113,905,334**	116,482,539	**225,921,527**	187,250,687
Expenses				
Staff cost	**(29,149,874)**	(32,482,226)	**(54,662,262)**	(48,936,026)
Operation expenses	**(9,458,634)**	(14,049,018)	**(23,190,483)**	(27,691,648)
Depreciation	**(3,216,385)**	(3,260,333)	**(6,524,239)**	(6,068,786)
Provision for investment & finance	**-**	-	**(7,413,002)**	-
Total expenses	**(41,824,893)**	(49,791,577)	**(91,789,986)**	(82,696,460)
Net operating income	**72,080,441**	66,690,962	**134,131,541**	104,554,227
Gain/(loss) on valuation of foreign currencies	**62,421**	(37,503,497)	**144,963,741**	(38,203,647)
Profit before Zakah and Tax	**72,142,862**	29,187,465	**279,095,282**	66,350,580
Provision for Zakah	**(16,154,371)**	(9,029,114)	**(27,474,371)**	(19,435,678)
Provision for business Profit Tax	**(9,486,990)**	821,169	**(12,326,990)**	(1,071,981)
Net income for the period	**46,501,501**	20,979,520	**239,293,921**	45,842,921
Basic earning per share	**0.38**	0.17	**1.97**	0.38

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

CONDENSED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	JUNE, 30,2020	JUNE, 30,2019
	Unaudited	Unaudited
	SDG	SDG
Cash flows from operating activities		
Net income for the period	**239,293,921**	45,842,921
Adjustments for:		
Provision for Zakah	**27,474,371**	19,435,678
Provision for business Profit Tax	**12,326,990**	1,071,981
Provision for financing risk	**7,413,002**	-
Depreciation of fixed assets	**6,524,239**	6,068,786
Return on unrestricted investment accounts	**54,184,953**	26,000,000
	347,217,476	98,419,366
Changes in operating assets and liabilities:		
Other assets	**(80,382,513)**	(107,355,400)
Other liabilities	**148,117,304**	(241,148,279)
Provisions	**11,232,968**	(47,349,014)
Net cash from (used in) operating activities	**426,185,235**	(297,433,327)
Cash flows from investing activities		
Deferred sales receivables (net)	**(319,437,854)**	84,496,985
Investments held to maturity	**(54,732,240)**	-
Investments in Mudaraba	**(192,074,137)**	(209,579,186)
Musharaka financing	**15,810,500**	34,448,863
Investments available for sale	**(49,287,935)**	(37,326,834)
Investments in property	-	-
Projects in progress	**(16,761,386)**	(82,058,716)
Purchases of fixed assets	**(559,500)**	(12,917,850)
Net cash (used in) investing activities	**(617,042,552)**	(222,936,738)
Cash flows from financing activities		
Current accounts	**55,408,518**	182,381,606
Unrestricted investment accounts	**217,682,484**	(66,280,555)
Reserves	**149,849,934**	(36,784,402)
Net cash from financing activities	**422,940,936**	79,316,649
Net Increase (decrease) in cash and cash equivalents	**232,083,619**	(441,053,416)
Cash and cash equivalents at the beginning of the period	**1,261,782,105**	1,947,841,618
Cash and cash equivalents at the end of the period	**1,493,865,724**	1,506,788,202

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

AL SALAM BANK

CONDENSED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2020

	Paid up capital SDG	Retained earnings SDG	Statutory reserve SDG	General reserve	Property revaluation reserve SDG	Foreign Invts valuation reserve SDG	Foreign assets reserve SDG	Total SDG
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 year	-	78,308,251	-	-	-	-	-	78,308,251
Reserves	-	(11,659,955)	11,659,955	-	-	-	-	-
Exchange Diff	-	38,291,296	-	-	-	(36,806,487)	(38,291,296)	(36,806,487)
Balance as at Dec 31, 2019	**323,549,000**	**288,225,064**	**109,003,245**	**284,407,948**	**307,550,184**	**624,776,629**	**898,854,774**	**2,836,366,844**
Net income for the period	-	**239,293,921**	-	-	-	-	-	**239,293,921**
Reserves	-	**(9,433,018)**	**9,433,018**	-	-	-	-	-
Exchange Diff	-	**(144,963,741)**	-	-	-	**149,849,934**	**144,963,741**	**149,849,934**
Balance as at JUNE 30, 2020	**323,549,000**	**373,122,226**	**118,436,263**	**284,407,948**	**307,550,184**	**774,626,563**	**1,043,818,515**	**3,225,510,699**

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

Alnour Ajabna Izalarab	Abbas Elbakhit Musa	Abdulrahman Ahmed Senan
General Manager	Board member	Board member

(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 31,2019 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, 2020 are not indicative of the results that may be expected for the year ending 31 December, 2020.

c) Functional currency

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

(3) Investments held to maturity

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Shahama securities	**472,615,795**	417,883,555
	472,615,795	417,883,555

(4) Investments in Mudaraba

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Mudaraba with corporate & customers	**448,994,748**	370,995,703
Mudaraba with Dam Financial Investment	**300,000,000**	180,000,000
Mudaraba with financial institutions	**256,279,296**	243,276,070
	1,005,274,044	794,271,773
Less : Provision for financing risk	**(97,472,035)**	(78,543,901)
	907,802,009	715,727,872

Mudaraba with customers include non-performing Mudaraba with a customer for US $ 1.66 million, which was non-performing since 25/9/2008.

(5) Musharka financing

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Musharaka	**245,599,051**	261,367,233
Less : Provision for financing risk	**(2,455,990)**	(2,413,672)
	243,143,061	258,953,561

(6) Investments available for sale

	Ownership percentage	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Inter bank liquidity management fund		-	100,562,000
Al Salam Real Estate Company	50%	50,000	50,000
Alsalam bank- Bahrain		419,440,362	343,178,478
King Abdullah city		101,465,952	83,015,401
Alsalam Algeria Bank	5%	303,256,250	248,118,750
		824,212,564	774,924,629

(7)Investments Analysis

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Local Investments (note 7/1)	2,091,891,894	1,961,458,017
Investments in GCC countries (note 7/2)	520,906,314	426,193,879
Foreign Investments (Al Salam Bank - Algeria)	303,256,250	248,118,750
	2,916,054,458	2,635,770,646

(7/1) Local Investments

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Shahama securities	472,615,795	417,883,555
Inter Bank Liquidity Managment Fund	-	100,562,000
Mudaraba with Customers (net)	351,522,713	292,451,802
Mudaraba with Dam Financial Investment	300,000,000	180,000,000
Mudaraba with Local Banks	256,279,296	243,276,070
Net Musharaka	243,143,061	258,953,561
Al Salam Real Estate Company	50,000	50,000
Local land	468,281,029	468,281,029
	2,091,891,894	1,961,458,017

(7/2) Investments in GCC countries

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
AL Salam Bank – Bahrain	**419,440,362**	343,178,478
King Abdullah City shares	**101,465,952**	83,015,401
	520,906,314	426,193,879

8/ capital

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Paid up capital	**323,549,000**	323,549,000
	323,549,000	323,549,000

The authorized share capital of the bank comprises 200 million shares with nominal value of one USD each equivalent to SDG 2.69.
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.

(10) Contra accounts

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

	June 30,2020 Unaudited SDG	December 31,2019 Audited SDG
Letters of credit	**206,590,213**	169,032,860
Letters of guarantee	**44,771,471**	45,800,287
Debts written-off	**1,716,530**	1,716,530
	253,078,214	216,549,677