

Stable banking sector offers golden rewards

Financial services industry is underpinning growth in Sudan

Modern, efficient and stable, the Republic of the Sudan's banking and financial services sector is well regulated and continues to attract international interest and investment, particularly from the Middle East and China.

Thanks to the industry's adherence to Sharia Law, Sudanese banks have performed well during the global economic crisis.

Responsibility for maintaining Sudan's financial and monetary stability, encouraging economic growth, creating jobs and increasing international confidence in the nation's financial system, is in the hands of the Bank of Sudan.

The Sudanese banking sector has been completely transformed over the last few years due to the central bank's policies that focused on instilling domestic and international confidence in local banks.

Actions taken by the independent entity, which liaises closely with the International Monetary Fund (IMF), have led to better inflation controls and a stable exchange rate that is encouraging foreign investors to start or increase operations there.

"Our banking sector has improved in terms of capitalization, efficiency, profitability and transparency, and sought to develop our banks' capabilities in risk management and corporate governance," said Bank of Sudan Governor and Chairman of the Board of Directors, Sabir Hassan.

From funding for large infrastructure projects such as road and information and communications technologies (ICT) networks to health and education facilities, the country's diversifying economy needs support from banks, investment agencies and financial institutions.

According to Vice President of Sudan, Ali Osman Mohamed Taha, now is the ideal time to invest in Sudan's future. "The present global economic crisis rings the bell for the West to re-examine its economic role around the world," he said. "Our economy is based on Islamic banking that concentrates on the fair handling



Vice President of Sudan Ali Osman Mohamed Taha

of resources and the sharing of revenue for the benefit of the whole community."

This positive view was shared by the former Minister of Finance and National Economy, Awad Ahmed Al-Jaz, who said: "Sudan is rich in resources other than oil, such as minerals and animal resources. We are the largest country in Africa (in



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ALI OSMAN MOHAMED TAHA
VICE PRESIDENT OF SUDAN

size), with fertile soil and an equatorial climate that grows grains and cereal, so we are also concentrating on upgrading our agricultural products."

A specialized financial services provider focused on the development of Sudan's massive livestock sector, Animal Resources Bank

(ARB) invests and finances operations in the food production — both for animals and humans — as well as the export process.

With more than 140 types of animals and millions of hectares of land, Sudan is the second-largest source of animal resources in Africa, and the number one provider of livestock among Arab countries.

ARB loans are currently being used to fund livestock-related activities, such as irrigation projects, the transportation of animals to local and foreign markets, and the purchase of vaccines to protect cattle from disease.

"All Arab countries look to Sudan for livestock, so the opportunities are vast in this sector," said ARB General Manager, Abdalla Elmuhadi Elwaseila. "We invest mainly in the production and export of animals and finance the working capital and infrastructure. ARB would welcome Chinese FDI in this very important sector and is ready to reform the facilities and finance bilateral trade."

Strengthening ties

With experience of working with Chinese firms and joint ventures like Greater Nile Petroleum Operating Company (GNPOC), Blue Nile Mashreg Bank deals with commercial, corporate and retail clients.

Established in 2003, the bank has a strong balance sheet with excellent operating profitability, including a capital ratio that places it at the top of the industry.

"We are one of the fastest growing and profitable banks in Sudan," said GNPOC General Manager Isam Osman Mahgoub.

"Our strategy is to invest in technology and increase our branch network, especially in areas where there are exportable commodities. We want to attract more Chinese firms, particularly petroleum and construction companies."

One of the oldest banks in Sudan, El Nilein Bank takes a modern approach to business as

shown when it became the first Sudanese bank to open a foreign branch — in Abu Dhabi in the United Arab Emirates.

As a government-owned commercial bank, the company finances many agricultural and industrial activities, plus value-added projects that improve economic development and increase prosperity. One of its Chinese clients is currently redeveloping ports that will boost marine trade operations.

El Nilein Bank General Manager, Osman El Toum Mohamed Elhassan, said: "We are a bank with a new vision. Sudan has very good investment opportunities and a very good banking system."

A leading financial institution, Omdurman National Bank (ONB) held nearly a third of the banking system's total deposits at the end of the 2009 financial year.

Specializing in trade exports and imports, ONB was founded

in 1993 and has partnerships with foreign banks, including Bank of China.

"We have enjoyed a relationship with Bank of China since 1997 and they are now one of our largest correspondents," said ONB General Manager Abd Alrahman Hassan Abd Alrahman. "Our paid-up capital totals more than \$180 million."

New hotel infrastructure

Senior banking officials and members of trade and state delegations visiting Sudan often stay at the luxury Burj Al-Fateh Hotel in bustling Khartoum.

The beautiful and modern five-star hotel, which opened last year and is not part of a chain, is owned by the Libyan government which invested \$80 million in its eye-catching design and excellent facilities.

Guests can choose from a wide range of international cuisine served in six comfortable restaurants, work out in a state-of-the-art fitness suite

and large indoor pool or take advantage of the hotel's conference facilities and well-equipped meeting rooms.

Popular with business and leisure travelers, the hotel employs more than 430 local and foreign staff members and offers excellent views of the Blue and White Nile. An increasingly popular choice for local guests, as well as international visitors from Europe, the Americas and Asia, the Burj Al-Fateh has several Chinese chefs.

"Since the Burj Al-Fateh Hotel went fully operational in January 2009, our occupancy rate has risen steadily and we are focusing on increasing our market share in both the local and international markets," said hotel general manager, Volker Mandlowsky.

"It has been very challenging for us to arrive at this point, but we have placed ourselves at the top of the market and with more to offer than any of the other hotels in the city, I am optimistic for the future."

Huge banking benefits for Chinese firms at ASB

Part of the global Arab Bank Group, Arab Sudanese Bank is well-placed to serve a potential market of more than 350 million people.

A significant player in the Middle East and North Africa (MENA) region, the bank is now looking to target Chinese investors operating in Sudan as it prepares for new growth. "If I ignore the Chinese area of business, I ignore the business in Sudan," says Mohamed A. Aal Khalafallah, ASB's general manager. "Around 25% of our imports are from China and 59% of our exports go there, so I plan to design a separate department to serve Chinese businesses."

Sudan benefits from many of the natural resources China needs to fuel its own development, including oil, iron ore, copper, and chromium, and Chinese construction companies are behind a clutch of important infrastructural projects in the country. This spring, China Three Gorges and the China Water and Electric Corporation secured a contract to build two dams at a combined cost of US\$838 million

in the east of Sudan. The Upper Atbara Dams project will take several years to complete and feature a lake with a storage capacity of 2.7 billion cubic meters.

Owned By Award-Winning Group

One of ASB's most attractive advantages is the fact it is fully-owned by the Arab Bank, which had assets totaling in excess of US\$50 billion at the end of 2009. With its headquarters in Amman, Jordan, the Arab Bank is an industry pioneer and a major force in the Arab World, and now enjoys a network of 500 branches spanning 30 countries in five continents.

In its 70-year history, Arab Bank has played an important role in developing Arab economies by financing a wide range of new industries, public projects and strategic infrastructural projects. In June, Arab Bank founder, the Shoman family, was recognized by prestigious international finance magazine, *Euromoney*, for its outstanding contribution to financial services in the Middle East.

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Building bridges between two continents

Ties between Chinese and Sudanese financial sectors are getting stronger

Home to a dynamic banking system featuring advanced technology and cutting-edge products and services, Sudan's financial services industry is supporting the nation's overall economic growth.

Despite lower exports and oil prices triggering a shortfall in government income last year, GDP rose nearly 4 percent and the International Monetary Fund (IMF) expects annual GDP growth of 5.5 percent in 2010 and 4.8 percent in 2011.

While those favorable forecasts may depend on continued political stability, there is no doubt that Sudan is investing billions of dollars in new infrastructure to support the country's socioeconomic development and reduce its reliance on oil revenues.

"We have performed well over the last decade and been successful to a great extent with our policies, as we have maintained a relatively low level of inflation and developed instruments that are compatible with Sharia Law," said Bank of Sudan Governor and Chairman of the Board of Directors, Sabir Hassan. "We are in close consultation with the IMF and work with them in terms of policies and reviewing our systems. The rate of return on FDI in Sudan is very high."

With roots stretching back almost a century, Bank of Khartoum is not only the oldest bank in Sudan, but also one of the largest, with an extensive portfolio of products and services that covers corporate, retail, trade finance and treasury operations.

Founded in 1913, the bank merged with Emirates and Sudan Bank in 2008 and the group now employs more than 1,000 staff members at its head office and over 50 branches across the country.

The group is backed by major financial institutions from the Middle East and its commercial activities include the acquisition, lease and sale of assets appropriate for business.

Revenues mainly come from short-term and medium-term investments, corporate banking and various retail banking operations, facilities and services.

An industry pioneer, the bank



Governor and Chairman of the Board of Directors, Bank of Sudan, Sabir Hassan

is gaining market share by expanding its range of products and breaking new ground with the terms of its financing packages that allow customers to repay financing over a longer period of time than traditionally allowed.

"We are the only bank that offers auto finance for up to six years and home finance up to 15 years. Other banks limit themselves to eight years as they don't want to take that risk," said Bank of Khartoum General Manager, Fadi Salim Al Faqih. "We are committed and that sets us apart from the competition. In the last few years, we have been the first to try new things in the market."

Focusing on the bank's solid relationship with growing numbers of Chinese companies and investors, he added: "We have issued guarantees for them and managed a lot of services for their employees and contractors. China sees a lot of potential in Sudan and Sudan requires a lot of help to develop the country, so the ties are getting stronger."

"We have performed well over the past decade and been successful to a great extent with our policies as we have maintained a relatively low level of inflation and developed instruments that are compatible with Sharia Law."

SABIR HASSAN
GOVERNOR AND CHAIRMAN OF THE BOARD OF DIRECTORS,
BANK OF SUDAN

Eradicating poverty

A government-owned microfinance bank based in Khartoum, with branches in 15 of Sudan's 26 provinces, Savings and Social Development Bank targets poor

people living in rural and urban areas.

As one of the largest and most important banks of its kind in Sudan, the financial organization is assisting the country's socioeconomic development by funding small businesses that create jobs and help eradicate poverty. Together with international non-governmental organizations, the company runs several community projects in rural areas.

"When we commence our operations in an area, we educate local people about banking and accommodate small savings and small transfers of money," explained Savings and Social Development Bank General Manager, Abdul Mahmoud Suliman.

"We also fund goods that raise people's standard of living. Sudan is vast and there is a lot of poverty here, so there is unlimited potential. We offer ourselves as a partner to people interested in bringing money into the country to help alleviate poverty."

According to the former Minister of Finance and National Economy, Awad Ahmed Al-Jaz, Sudan's banking sector has improved substantially in recent years and that has attracted fresh FDI from countries around the world.

"We are using our financial and monetary policies to encourage investment in priority sectors, such as agriculture, tourism and fisheries," he said.

"Our economy is moving forward and as we open our doors to inter-

national investors, we welcome our Chinese friends and believe they are sincerely looking for business openings.

"Sudan is a bridge between Africa and the Middle East and we are



Khartoum is the country's banking and political capital.

PROVIDED TO CHINA DAILY

working very hard to reduce any obstacles to investment and make our country an investment hub for foreign businesses."

International agreements

A private bank with paid-up capital of around \$100 million, Tadamon Islamic Bank was established in 1983 and has formed strong links with many Chinese companies, acting as an intermediary for other foreign banks with China.

Unlike other banks, Tadamon Islamic Bank has an account with Bank of China, a key factor that enables it to provide clients with various services that support Chinese and Sudanese importers and exporters.

"When we require money from them, we ask them to feed our account there in foreign currency. This is one of the good aspects of this relationship, which will help to overcome the problem of the 'fluctuating' dollar," explained Tadamon Islamic Bank General Manager, Abd Alla Nugd Alla Ahmadi. "We are here to facilitate business, both for importers and exporters."

Through its broad spectrum of retail and corporate banking services, Sudanese French Bank (SFB) has grown into one of Sudan's largest banks and ended the 2009 financial year with paid-up capital of more

than \$50 million.

Established in 1979 and given its current name in 1993, SFB has benefited immensely from the expertise and support of Bank of Beirut, which became its major shareholder three years ago.

In addition to providing assistance in foreign currency and international transactions, Bank of Beirut has invested heavily in new technology, like a central database, as well as training for SFB employees.

In 2006, SFB launched Al-Faransi Financial Services Company, which counts the country's stock exchange among its customers. SFB has 23 branches throughout Sudan and, as testament to the loyalty and commitment shown by its managers and heads of department, its 35 most senior executives have all worked for the company for at least 15 years.

SFB General Manager, Mahgoub Hassan Shabo, said: "Our Chinese customers are satisfied with the quality and services we provide and we are looking forward to meeting with other Chinese companies in the future."

SFB Deputy General Manager, Kamal Abdul Gadir Saeed, added: "We have a very broad base of customers with diversified business interests across all sectors and are

ready to accept any Chinese investor or company arriving in Sudan."

Owned by the government and the Bank of Sudan, Industrial Development Bank (IDB) is a specialized financial institution that concentrates its operations on activities that promote the country's industry development.

Established in 2005, IDB has paid up capital of \$350 million and its interests focus on four main sectors. They are: spinning and weaving, leather, drugs and medicine, and agricultural product sectors — especially oils and the food industry.

"We have worked with a lot of Chinese companies and would like to form a relationship with the Bank of China," said IDB General Manager, MUSAAD ABDELKARIM. "The economy is growing and the opportunities are there. We expect that in a few years, IDB will become a major part of the future of the industrial sector."

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The pearl of Sudan's financial infrastructure

One of the top four banks in Sudan, Sudanese French Bank is using its international focus to become the leading name in banking in the country. As well as having a strong local branch network and modern ICT and products, the bank works to strict international standards. It is looking to set up wholly corporate branches to facilitate its clients' needs. With corporate clients in China that include the prestigious China National Petroleum Corporation (CNPC), Sudanese French Bank has proved it is the name to trust in Sudan.

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