

Address by the Chairman of the Board of Directors
At the 29th Meeting of the General Assembly of Shareholders,
held on the twenty fourth of April, 2008

In the Name of God, the Merciful, the Compassionate

Our honorable Shareholders:

With the grace of God, and thanks to your support, we are holding, today, our twenty ninth meeting. I am pleased to address this meeting, where I hope, we shall review the performance of the Bank and its financial position during the year 2007, noting that the Bank's performance has been enhanced by the achievement of outstanding results in the area of Banking Technology. Our discussions will also deal with the future of the Bank, in the light of local and internal changes, in view of the fact that the Bank has regained its pioneering role among the Banks operating in the Country, and acquired a leading technological position in the Banking System . This is reflected in the evaluation of the Bank's performance carried out, in accordance with international standards, in the field of Banking Technology .



In reviewing the performance of our Institution, your participation in discussions is invited. Your advice and proposals will be helpful in the formulation of the Bank's future plans and policies.

Dear brothers, The shareholders,

Several positive indicators have been marked, which affected and shall continue to affect the process of the Bank's activities, some of those indicators are dealt with hereunder, as sheer examples:

1-Economic Indicators:

Local and international economic developments have had a positive and effective impact on the progress of your pioneering institution. At the domestic level, The Country experienced a considerable improvement in economic performance. The national economy witnessed a growth rate of 10.5% , while the average of the inflation rate reached 8.1% in 2007. The exchange rate of the Sudanese Pounds vis-à-vis foreign currencies showed continued improvement, i.e. an indication of a receptive investment environment , conducive to the inflow of foreign Capital. The outstanding technological innovations introduced by your Bank is another factor contributing to the improvement of work environment and to the Bank's leading role in modernizing Banking technology, thanks to God and to your continued support. God bless you.

2- The Development of the Bank and fulfillment of the requirements of the Central Bank of Sudan:

The Bank stepped forward towards a leading position amongst the units of the Banking System, and responded to the requirements of the Central Bank of Sudan, in order



Address by the Chairman of the Board of Directors

to cope with international Banking changes and developments, carrying out the prescribed reform and restructuring programme.

Accordingly, the following requirements have been complied with:

- Capital Adequacy Ratio reached 13.8% on 31 December 2007, which surpassed the standard adequacy Ratio of 8%. This is a positive indicator of the Bank's financial position and its strength.
- In response to the requirements of the Central Bank of Sudan, the Bank fulfilled the restructuring programme, by increasing its capital, to 70 million Pound by 31/12/2007.
- In compliance with the requirements of the Central Bank of Sudan, and coping with international developments in the sphere of Risk Management, the Bank established a special Risk Management Department and took appropriate measures to ensure propagation of the best practices, compatible with the directives of the Central Bank. Consequently, the Bank has been favored with the Commendation of the Central Bank.
- The Bank further, continued to intensify external relations with foreign banks and financial institutions, which helped broaden the area of external facilities.
- The Bank utilized modern technological devices in the services extended to customers in all sectors, strictly adhering to high professional standards and using highly advanced information technology.
- Customer felt more attracted to the Bank which is offering them prompt and efficient services, supported by an advanced network devices, including ATM, Phone Bank, FMS, as well as E.Banking, and Points of Sale.
- The introduction of such advanced Banking technology, won the appreciation of official Banking Authorities and Faisal Islamic Bank (Sudan) has been given credit of being the pioneering Bank in the field of Banking technology in Sudan.
- Proper training of "Staff members" received special attention, both locally and abroad, which largely contributed to higher levels of performance and distinguished services. Better terms of service including higher remunerations were met with, satisfaction, high morale and enhanced sense of belonging, on the part of the recipients.

In response to such realizations and, in accordance with properly drawn-up plans, the management of the Bank proceeded with mobilization of local and foreign resources for investment through reliable clients, covered by adequate guarantees. Banking investments operations were carried out with a high degree of competence. This is reflected in the Bank's financial position, in the income statement for 2007, and certified by the external auditors of the Bank in their report.

A- Statement of the Financial Status:

1- Balance Sheet Total:

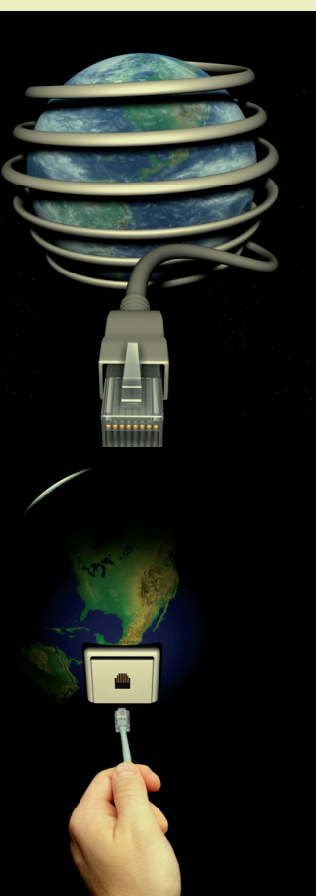
The Bank's Balance Sheet shows a total of Assets and Liabilities amounting to 1,030.9 million Pound, compared to 717 million Pound, in 2006, an increase of 313.9 million Pound (i.e. 43.8% increase). This is due to the considerable development of the Bank's resources and to the improvement in rates of profits distributed to deposits holders and to owners' equity. The outstanding contribution of technological improvement in the process of resource mobilization is another positive factor.

2- Deposits :

Total Bank deposits amounted to 741.6 million Pound, compared to 540 million Pound in



Address by the Chairman of the Board of Directors



2006, Thanks to positive mobilization of resources, rehabilitation of Branches, staff training programmes, replacement of equipment, and general improvement of working environment..

3- Owners' Equity:

Total Owners' Equity rose from 91.8 million Pound in 2006, to 106.2 million Pound (15.7% increase) which is due to the increase of the Bank's Capital, as well as a rise in profits realized during the year.

4- Investment and Financing:

Local financing in 2007 showed an increase of 49% over that in 2006. In terms of volume, it represented 88% of total deposits, noting that the average rate in Banking sector, is around 88.5%. The Bank managed to control the rate of doubtful debts, both in local and foreign currencies. The rate amounted to 6%, while the standard rate notified by the Central Bank is 6%. Control of the rate of doubtful debts is due to the Bank's strict policy of control, in dealing with financing and investment operations, to ensure a high degree of reliability of clients and provision of adequate guarantees. The committee entrusted with the collection of doubtful debts managed to regain considerable amounts of doubtful debts, which added to the improvement of the situation.

B- Income Statement:

1- Revenues:

The Bank's revenues showed an increase of 16.2%. They amounted to 78.2 million Pound, in 2007, compared to 67.3 million Pound in 2006. The increase is accounted for by a growth of investment operations which yielded a return of 63.9 million Pound in 2007, compared to 49 million Pound in 2006, (i.e. 30.4% growth rate).

Return on Banking services, also, showed a growth rate of 42.1%, since revenues in 2007 rose to 36.2 million Pound, compared to 25.5 million Pound in 2006. The increase is due to intensification of foreign trade activities.

Better staff training, improvement and rehabilitation of working environment have also had their share in the positive results attained.

2- Administrative Cost:

The rate of administrative cost (i.e. total expenses related to total revenues) amounted to 32%, which reflects some improvement, compared with a 34%, in 2006. However, the rate specified, in accordance with the directives of Central Bank of Sudan is 55%.

The low rate attained by the Bank in 2007 indicates a positive development in the Bank's performance (i.e. rationalization of expenses and profit maximization).

3- Investment Deposit Holders' Equity:

In 2007, holders' equity showed an increase of 31.2 million Pound (i.e. 91.3% increase), owing to a rise in returns on investments and growth of investment deposits. Holders of deposits received profits on their deposits at a rate of 12% of their investments, which is a good and encouraging rate .

4- Return on Capital:

Return on the Bank's paid-up capital (i.e. net profit after Zakat and taxes related to paid-up capital), amounted to 49% in 2007, compared to 47% in 2006. The rate of return attained, is a positive indicator of efficient handling of the Bank's resources, which had a favourable impact on its development.

Address by the Chairman of the Board of Directors

5-Net Profits:

Net profits, less Zakat and taxes, amounted to 34.3 million Pound, compared to 28.6 million Pound in 2006, i.e. an increase of 19.9%. Hence the Board of Directors recommended payment of profits to shareholders at a rate of 34.28% of nominal value per share.

The Bank complied with the recommendation of your esteemed assembly, for studying ways and means whereby shareholders with modest amounts of shares can fully utilize the facilities and services of the Bank, especially in investments financing. The Bank carried out a social survey of the shareholders in question and obtained the information required, which helped in the preparation and completion of a plan covering financing of certain projects. The plan will be discussed with the Central Bank of Sudan. It is hoped that the implementation of the plan will effectively contribute to the support of shareholders under reference.

The Bank also attended to the relief of the poor, the needy and the sick among shareholders and other categories of society, through a programme of social solidarity and humanitarian donations.

Financial support extended by the Bank covered health services as well as a wide range of social and cultural institutions, including universities, educational projects, higher education institutions, mosques, Quranic schools and sports clubs.

Finally, and on behalf of your General Assembly, the Board of Directors extend its thanks to the Central Bank of Sudan for continued support received through the directives issued, and for supporting our Bank in the sphere of foreign trade, which contributed significantly to the achievements of the Bank. We also thank our Bank's members of staff, and the Committee of the Board of Directors for its efforts in guiding and supervising the Executive Management, which helped achieve these results.

Thanks are due to your esteemed General Assembly for your guidance and wise counsel which helped the Bank attain higher standards of performance and development.

We also thank the Bank's clients and correspondents for their confidence in our institution. With the help of God and his grace, we hope, the Bank would attain further growth and development in the forthcoming years.

We pray for God's help and guidance

{Allah does not charge a soul except [with that within] its capacity. It will have [the consequence of] what[good] it has gained. and it will bear [the Consequence of] what[evil] it has earned. Our Lord, do not impose blame upon us if we have forgotten or erred. Our Lord, and lay not upon us a burden like that which you laid upon those before us. Our Lord, and burden us not with that which we have no ability to bear. and pardon us ; and forgive us ; and have mercy upon us. You are our protector, so give us victory over the disbelieving people{286}}*

[AL- Baquara, 286]

Mohammad Al-Faisal Al-Saoud
Chairman of the Board of Directors

• Translation of the meaning of the Quran
Translated by Saheeh International – Riyadh.

