



بنك فيصل الإسلامي السوداني

Faisal Islamic Bank (Sudan)

We are the pioneers

The Annual Report

2011

In the name of God the Most Gracious, Most Merciful

Allah says in the holy Qur`an:

«O you who believe; be afraid of Allah and give up what remains (as due money to you) from usury, if you are really believers. (278)» If you don`'t do so, be notified that a war from Allah and His Messenger (shall be declared on you), but if you repent, you shall have your capital sums. Don`'t treat others unjustly; and you shall not be dealt with unjustly. (279)» if the debtor is in insolvency, (has no money or in difficulty) then give him time till it is easy for him to repay, but if you remit it by means of charity, that shall be better for you, if you really know (280)»*
(Al-Baquara, 278 – 280)

*** Translation of the Meaning of the
Translated by Saheeh International - Riyadh**

Bank Branches

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The Bank Branches in Khartoum Ştate:

No.	Branch	Telephone Direct	Network Telephone
1	El-Fayha	+ 249 183 773566	+249 183 741326 -226
2	El-Mahatta El-Wusta (Central Station-Khartoum)	+ 249 183 781767	+249 183 741326 - 741
3	University of Khartoum	+ 249 183 774479	+249 183 741326 - 742
4	El-Suk El-Arabi (Arabic Market- Khartoum)	+ 249 183 774603	+249 183 741326 - 740
5	El-Sajana	+ 249 183 467758	+249 183 741326 - 745
6	El-Suk El-Shaabi (Popular Market- Khartoum)	+ 249 183 475656	+249 183 741326 - 744
7	Industrial Area Khartoum	+ 249 183 471895	+249 183 741326 - 743
8	El-Suk El-Mahali (Local Market- Khartoum)	+ 249 183 425827	+249 183 741326 - 746
9	Alzebaier Basha	+ 249 183 811962	+249 183 741326 - 735
10	National Ribat University Cash Office	+ 249 183 774479	+249 183 741326 - 714
11	Khartoum Airport Customs Cash Office	+ 249 183 811962	+249 183 741326 - 767
12	Saad Qshra (Market) Khartoum North	+ 249 185 331910	+249 183 741326 - 754
13	Hilat Coco (Khartoum North)	+ 249 185 380155	+249 183 741326 - 756
14	Khartoum North Industrial Area	+ 249 185 330411	+249 183 741326 - 755
15	Garry Free Zone	+ 249 120 716883	+249 183 741326 - 757
16	El-Mahatta El-Wusta (Central Station- Omdurman)	+ 249 187 551971	+249 183 741326 - 747
17	El-Suk El-Shaabi Omdurman (Omdurman Popular Market)	+ 249 187 553518	+249 183 741326 - 752
18	Suk Libya(Libya Market)	+ 249 187 591631	+249 183 741326 - 753
19	Islamic University (ALI-Thawra)	+ 249 187 431977	+249 183 741326 - 749
20	Islamic university AL-Ardah)	+ 249 187 555345	+249 183 741326 - 750
21	Islamic University (Abusaied)	+ 249 187 529242	+249 183 741326 - 748
22	Almawrada	+ 249 187 578999	+249 183 741326 - 739
23	Customs container Soba Cash Office	+ 249 183 425827	+249 183 741326 - 764



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Bank Branches

The Bank Branches in Federal States:

No	Branch	Direct Telephone	Network Telephone
24	Port Sudan	+ 249 311 824651	+249 183 741326 - 863
25	El-Gadref	+ 249 441 843503	+249 183 741326 - 860
26	Kassala	+ 249 411 822050	+249 183 741326 - 862
27	Kosti	+ 249 571 822711	+249 183 741326 - 866
28	Medani	+ 249 511 843151	+249 183 741326 - 869
29	Atbara	+ 249 211 822367	+249 183 741326 - 868
30	El-Obeid	+ 249 611 823125	+249 183 741326 -865
31	El-Fasher	+ 249 731 842238	+249 183 741326 -861
32	Niyala	+ 249 711 832013	+249 183 741326 - 867
33	Dama-Dama Cash Office	+ 249 311 824651	+249 183 741326 - 823
34	Alebaideya Cash Office	+ 249 211 822367	+249 183 741326 - 868

Locations of the ATM

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- 1 El-Fayha1
- 2 El-Fayha2
- 3 El-Fayha3
- 4 Royal care hospital-burri
- 5 University of Khartoum1
- 6 University of Khartoum2
- 7 University of Khartoum3
- 8 University of Khartoum4
- 9 El-Sajjana
- 10 Sudan University for Sciences & Technology
- 11 Khartoum Industrial Area Branch
- 12 National Pension Fund (HQ)
- 13 National Pension Fund – Khartoum state- Al-hur-
reya Street
- 14 Queens Pharmacy – Riyadh
- 15 Investigations and Criminal Evidence - Borri
- 16 Khartoum2 Market
- 17 Menshia (1)
- 18 Menshia (2)
- 19 National Corporation Electricity (1)
- 20 National Corporation Electricity (2)
- 21 Ministry of finance
- 22 El Khabeer Islamic Complex – Arkaweet
- 23 Faculty of Pharmacy - U of K
- 24 El Bahrain International Hotel
- 25 Al A'marart – Street 15
- 26 Ministry of Interior
- 27 General Authority for Medical Supplies
- 28 Police Academy – Elsaafa Zalut Street
- 29 Ministry of Energy and Mining
- 30 Sudan Airways (HQ)
- 31 Burri –Omak street
- 32 EL-Kalakla-central reserve-jabal awleya s.t
- 33 EL-Kalakla turn
- 34 Shaabi Khartoum Market Branch
- 35 Shaabi Omdorman Market Branch
- 36 Alzubair basha branch
- 37 Sudan radio building
- 38 The National Ribat University
- 39 Africa street canar building
- 40 International University of Africa
- 41 Mecca Hospital – Riyadh
- 42 Dental Hospital
- 43 Lana Pharmacy – Sinkat Street
- 44 Ministry of Education
- 45 General Administration of Customs (HQ)



Locations of the ATM

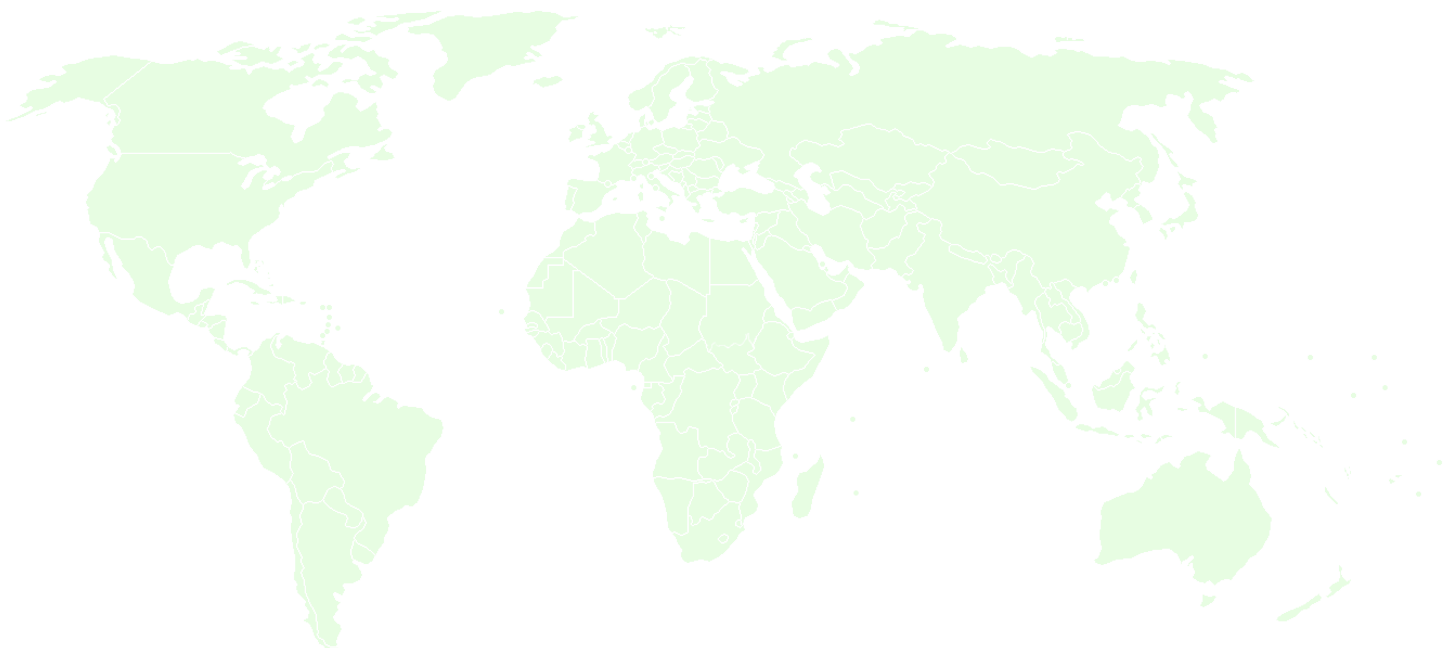
- | | | | |
|----|--|----|--|
| 46 | General Administration of Customs (HQ) – internal machine | 67 | Almaoona street |
| 47 | General Administration of Customs – Khartoum Airport | 68 | Caforey kasala street cnpc station 1 |
| 48 | Gubra – Nile Petroleum – Near Bilal Mosque | 69 | Faculty of Veterinary – sudan university of science & technology |
| 49 | Omdurman Islamic University (Abu sied) | 70 | Shumbat South |
| 50 | Central Station Branch - Omdurman | 71 | Mirghania Pharmacy |
| 51 | Omdurman Islamic University (El-Thawra) | 72 | Almaoona street-saad Geshra Market-UAE Exchange |
| 52 | National Pension Fund – Omdurman | 73 | AL-zaeem AL-Azhari street cross with Almughtar-been street |
| 53 | Omdurman Islamic University (El-Ardah) | 74 | Free Zone - Garri |
| 54 | Faculty of Education (North) – U. of K – Omdurman | 75 | Central Station Branch - khartoum |
| 55 | Faculty of Education (South) – U. of K – Omdurman | 76 | Al-Engaz Street-2 – Khartoum North |
| 56 | Omdurman (Alarbaeen street) entrance to Omdurman Passports | 77 | Caforey Street 2 |
| 57 | Youth and Children>s Palace | 78 | Univerty of Red Sea - Portsudan |
| 58 | Mohammed Saeed Pharmacy- 1– Omdurman | 79 | General Administration of Customs - Portsudan |
| 59 | Mohammed Saeed Pharmacy- 2– Omdurman | 80 | Kasala |
| 60 | Mawrada Branch | 81 | Gadarif |
| 61 | Alshuhada- Omdurman | 82 | Madani |
| 62 | Rawda Area - Algamaair | 83 | Atbara |
| 63 | Al-Engaz Street-1 – Khartoum North | 84 | Kosti |
| 64 | Saad Gishra Branch | 85 | Alfashir |
| 65 | Khartoum North Industrial Area Branch | 86 | Alobaied |
| 66 | Faculty of Agriculture U. of K. | | |

Correspondents

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1.	British Arab Commercial Bank	London	18.	Banca Ubae -Italy	Roma
2.	National Commercial Bank	Jeddah	19.	Korea Exchange Bank	Seoul
3.	Riyad Bank	Riyadh	20.	Bank Of Beirut	Beirut
4.	Alrajhi Banking Co	Riyadh	21.	Bank Muscat	Muscat
5.	Saba Islamic Bank	Sanaa	22.	Fransa Bank	Beirut
6.	Qatar Islamic Bank	Doha	23.	BCP Bank	Geneva
7.	The Arab Banking Corporation	Manama	24.	Fim Bank Plc	Malta
8.	The Arab Investment Co	Manama	25.	Alubaf Arab International Bank Bahrain	Manama
9.	Arab Bank For Investment & Foreign Trade	Abu Dhabi	26.	Jordan Islamic Bank For Finance And Investment Amman	Amman
10.	Mashreq Bank	Dubai	27.	Byblos Bank 1	Beirut
11.	Abu Dhabi Islamic Bank	Abu Dhabi	28.	Al Baraka Islamic Bank	Manama
12.	Kuwait Finance House	Kuwait	29.	Ithmar Bank	Manama
13.	Bank Saderat Iran	Tehran	30.	Muscat Bank	Manama
14.	Faisal Private Bank-Geneva	Geneva	31.	Al Baraka Turk	Istanbul
15.	Faisal Islamic Bank Of Egypt	Cairo	32.	QNB	Doha
16.	North Africa Commercial Bank	Beirut			
17.	Commerz Bank Frankfurt	Frankfurt			





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Our Vision

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Faisal Islamic Bank (SUDAN)
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An Islamic Bank, of Islamic orientation, Sudanese features, adhering to quality and excellence in performance, satisfaction of customers, confidence in suppliers, and community development, takes care of owners' equity and the welfare of employees.



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Our Mission

A bank with both Islamic face and Sudanese features, aiming to assume the best financial position through its efficiency and outstanding institution contemporary legal banking products, processing foreign relations, modern techniques, with a working term of high esteem, committed and sincere, trained and skillful, competent and knowledgeable transparent and aim to please the workers, the owners and the society)..

The 10 Values

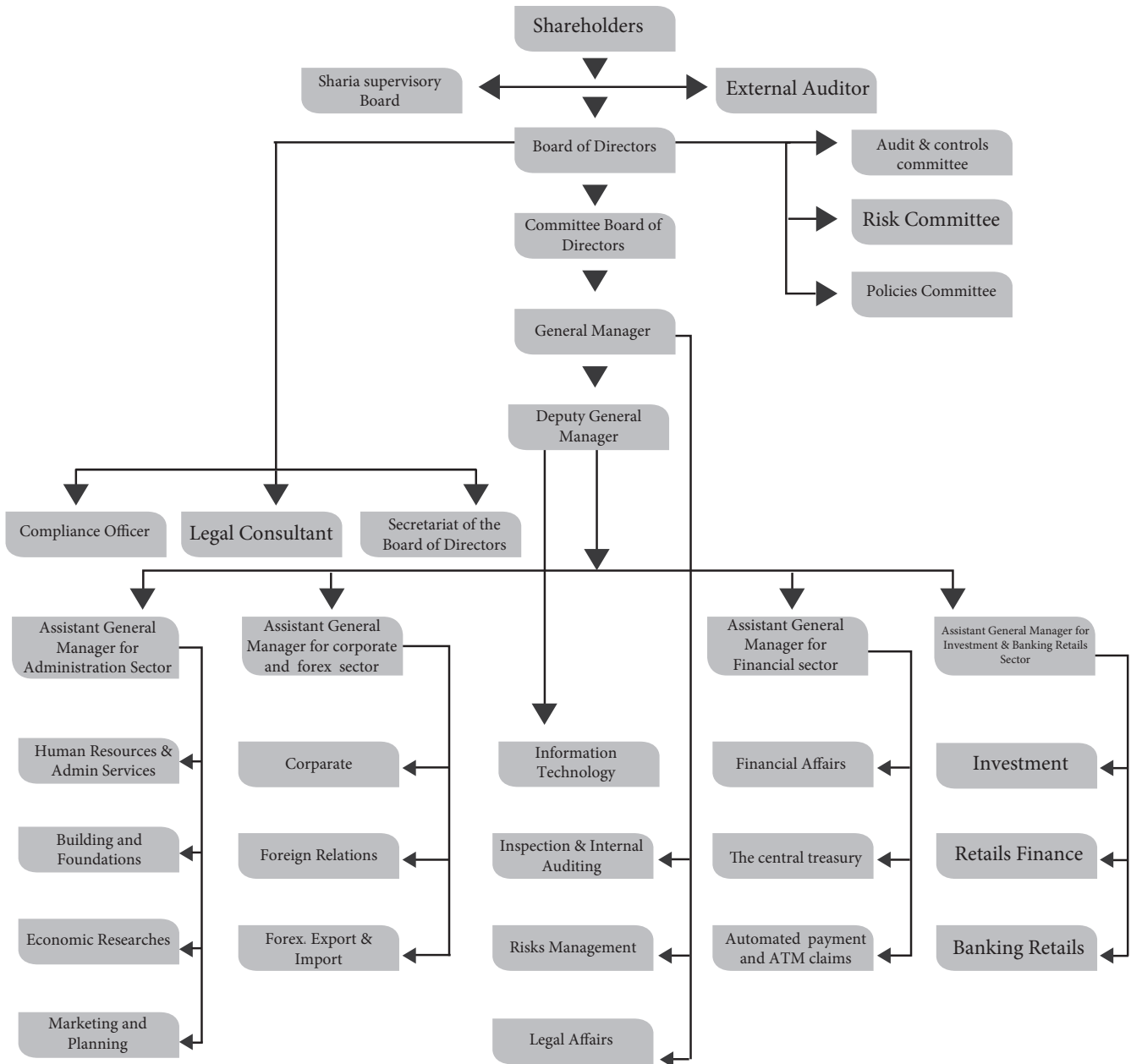
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- Legitimacy of the Transactions.
- Leadership.
- Excellence in the Transactions.
- Professionalism.
- Teamwork.
- Continuous improvement.
- Transparency in Transactions and Relationships.
- Customer Satisfaction.
- Cooperation with partners.
- Partnership with the community



Organizational Chart





Establishment:

- Faisal Islamic Bank was established in accordance with Temporary Order No. (09) (1977) dated 04/ 04/ 1977.
- In May 1977, 86 Sudanese and Saudi founders as well as other nationals of some Islamic States, met and adopted the idea of establishing the Bank. They prescribed and paid up half of the authorized capital.
- On 18 / 8 / 1977 , Faisal Islamic Bank was registered as a public limited Company. according to the Co. Ordinance 1925.
- The bank commenced operations in May 1978.

The Bank Capital :

- Authorized capital 500 Millions SDG.
- Paid-up capital 200 Millions SDG.

Activities:

- To conduct all forms of banking activities, financial, commercial, investment as well as participation in economic development and social projects. To promote transactions and cooperation in the field of foreign trade, in conformity with Islamic Shari'a law, and advanced modern developed banking techniques.



Basic information and financial ratios

Year	2011	2010	2009	2008	2007	2006
Branches	31	31	29	28	30	30
ATM	91	80	72	64	59	37
Employees	905	886	805	789	723	644
Percentage of profits distribution to Shareholders	73%	55.1%	45.5%	40%	34.3%	36.7%
Percentage of deposits to depositors	10%	10%	10%	10%	12%	12%
Growth rate of Assets	25%	40.1%	57%	50%	44%	64%
Growth rate of Deposits	24%	40%	60.6%	54.1%	48%	74%
Growth rate of Income	40%	48.6%	57%	49%	16%	76%
Return on Assets	4%	3%	3%	3.1%	3.5%	4.3%
Return on Equity	39.1%	35.8%	42.7%	37%	34%	34%
Operational Cost Ratio	24.7%	27.9%	22.6%	26.4%	32%	34%

• Head-quarter address:

El-Fayha Commercial Centre – Ali Abdellatif Street
Khartoum – Sudan – P. O. box 10143 Khartoum
Telex: 22519 - 22164
Fax: +249 -183 - 771714, 780193
Tel.: +249 -183 – 777920 , 781848, 741326
Swift: FISBSDKH
E-Mail: fibsudan@fibsudan.com
Web Site: www. fibsudan.com

• Subsidiary Companies:

- 1- The Islamic Trading & Services Co.
- 2- The Islamic Insurance Co.
- 3- Al-Faisal Financial Transactions Co.
- 4- Al-Faisal Real Estate Co.

The Board of Directors

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Chairman of The Board of Directors

His Highness

Prince /Dr. Mohamed Al-Faisal Al-Saud



The Board of Directors

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His Highness

Prince / Amr Mohamed Al-Faisal Al-Saud



Prof /

Abdel Aziz Abdalla
El - Fadda



Ustaz /

Dafa`alla El- Haj Yousuf
Medani



Mr.

Mustafa Abu - Baker
Mohamed Azzam



Mr.

Ali Abdalla Yagoub



Mr.

EL-baqer Yosef
Mudawe



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The Board of Directors



Dr.
Mohamed Fouad El – Sarraf
(as representative of Faisal
Egyptian Islamic Bank)



Mr.
Mohamed Hassan Nayer



Dr.
Osman El – Hadi Ibrahim



Secretary of the Board of Directors:

Mr.
Shurahbeel Ali El- Tayeb



Executive Management

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General Manager

Mr. Ali Omer Ibrahim Farah



Executive Management

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Deputy General Manager
Mr. Ahmed Osman Taj EL-Deen



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Executive Management

Assistants General Manager:



Mr. Abdalla Ali Mohamed
Assistant General Manager for
Administration Sector



Mr. Jamal Ibrahim Mohamed
Assistant General Manager for
Investment & Banking Retails
Sector.



Mr. El-Bagir Ahmed Al-Nori
Assistant General Manager
for corporate and forex
sector.



Mr. Ali Ibrahim Osman
Assistant General Manager for
Financial sector.

Executive Management

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departments Managers

Mr.

Mohamed El-Sheikh El-Bakheit

Inspection & Internal Auditing

Mr.

Basheir Ali Abdel Karim

Retails Finance Department

Mr.

Abdelrahim Yasin Abdelrahim

Investment Department

Mr.

Ali Yousuf Babiker

Building and Foundations

Dr.

Ahmed Siddig Gibreel

Risks Management Department

Mr.

El-Sheikh Idris Mohamed

Human Resources & Admin Services

Eng.

Gaafar Omer Ahmed

Information Technology Department

Mr.

Omer Babiker El-Mekki

Legal Affairs Department



departments Managers

Mr.

Husham Bashir Al-siddig

Financing institutions and companies

Mr.

Khogali Ahmed Khogali

Foreign Relations Department

Mr.

Muzamel Abdelrahman Abubker

Financial Affairs Department

Mr.

Khalid Mohamed zain

Marketing and Planning Department

Mr.

Mohamed Eltahir Etayeb

Economic Researches Department

Mr.

EL-Badri Ali EL-Badri

Forex, Export & Import

Mr.

Ahmed Alhag Dahab

The central treasury Department

Mr.

Mohamed Omer Hamed

Banking Retails Department

Mr.

Abdu Adam Ibrahim

Automated payment and ATM claims

Shari` a Supervisory Board

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Chairman :

1- prof/ Yousuf Al – khalifa Abu- Baker

Members :

2- prof/ Al Siddig Mohamed Al- Amin Al – Darir

3- Dr. Abdel Rahman Al – Siddig dafa alla

4- Dr. Ibrahim Ahmed Osman

5- Prof/ Mohamed Al- Fateh Hamed

Sharia adviser :

Ustaz/Hassan Gafaar Alhafian

Auditors and Compliance Officer

Auditors :

Mubarak ALawad & co.

Compliance Officer:

Mr. Abd Elnabi Eltieb Eljailani



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Address by the Chairman of the Board of Directors

At the 33rd Meeting of the General Assembly of Shareholders, held on 22nd of March, 2012

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 thirty third 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 2011, 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 of great value. Your advice and proposals will be helpful in the formulation of the Bank's future plans and policies.

Dear brothers, Shareholders,

Several 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 here-under, as sheer examples:

1- Economic Indicators:

The World Economic and Financial Institutions have recently experienced a severe drawback, which directly affected International Capital Markets, Banks, Trading Companies as well as other, Financial and Social institutions. Primary reports on the performance of the World Economic System, indicate decline rate of 4.4% of the International GDP in 2011 compare to a fall rate of 5% in 2010.

As recent events in the Arab region a clear effect in the high inflation rates, as was the debt crisis of the European countries influence apparent in the low growth rates of the global economy.

At the local level the growth rate of GDP in 2011 2.8% versus 5% in the year 2010 as a result of the performance of the economy affected by a decline of oil exports after the seperation of South Sudan.

At the bank level 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.

Address by the Chairman of the Board of Directors

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

Accordingly, the following requirements have been complied with:

Capital Adequacy Ratio reached 12.8% on 31 December 2011, which exceeds the capital adequacy ratio sets by the Central Bank of Sudan which is 12% which shows the Bank's financial status strength.

In response to the requirements of the Central Bank of Sudan, the Bank fulfilled the restructuring program, by increasing its capital, to 200 million Sudanese Pound by 31/ 12/ 2011.

- 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 recommendations 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, Points of Sales, Mobile Banking and online registration for Universities students.
- 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 loyalty, 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 the year 2011, and certified by the external auditors of the Bank in their attached report.



Address by the Chairman of the Board of Directors

• Statement of the Financial Status:

• Balance Sheet:

The Bank's Balance Sheet shows a total of Assets and Liabilities amounting to 3,822.7 million Pound, compared to 3,051.9 million Pound, in 2010, with an increase of 770.9 million Pound i.e. (25% 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 owner's equity. The outstanding contribution of technological improvement in the process of resource mobilization is another positive factor.

• Deposits :

Total Bank deposits amounted to 3,331.5 million Pound, compared to 2,677.2 million Pound in 2010, that's refer to effective and efficient mobilization of resources, rehabilitation of Branches, staff training programs, replacement of equipment, and general improvement of working environment.

• Owners' Equity:

The total owners equity rose by 53 % to reach an amount of 375.2 million against 245.7 million pound in 2010 this is due to the gross of capital, reserves and profits.

• Investment and Finance

The size of the domestic finance rate increased by 37%, despite the increasing amount of funding , the bank managed to reduce defaulting in both local and foreign, the proportion of defaulting 2.11%, and the ratio identified by the Central Bank of Sudan amounting to 6%, and this due to tighten control over the granting of funding and investment with clients who have good capabilities, also a considerable effort for the follow-up and recovery of bad debts committee which contributed to the decline of this ratio, as they collected debts of large sums.

• Income Statement:

1- Revenues:

The Bank's revenues showed an increase of 40%. which amounted to 296.7 million Pound in 2011, compared to 212.5 million Pound in 2010. The increase is accounted for by a growth of investment operations, where return on investment amounted to 368.6 million pound in 2011 against 226.6 million pound in 2010. Banking services showed revenues of 72.8 million Pound, compared to 93.3 million Pound in 2010.

2-Operational Cost:

The percentage of operational cost was 24.7% against 27.9% in 2010 which is the percentage of total expense to total revenue, where the maximum required percentage by the central bank of Sudan is 55%. This low rate of operational cost reflects the continues improvement in the bank performance in terms of maximizing returns and rationalization of expenses.

Address by the Chairman of the Board of Directors

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3- Investment Deposit Holders' Equity:

Investment Deposit holders' equity showed an increase of 33% where the share of Investment Deposit Holders' amounted to 164.4 million pound , showing a rise in returns on investments and growth of investment deposits. Holders of deposits received profits on their deposits at a rate of 10% of their investments, which is an encouraging rate .

4- Return on Capital:

Return on the Bank's paid-up capital (i.e. net profit after Zakat and taxes to paid-up capital), amounted to 73% in 2011, compared to 63% in 2010. The rate of return attained, is a positive indicator of efficient handling of the Bank's resources, which had a favorable impact on its development.

5- Net Profits:

Net profits after Zakat and taxes amounted to 146.6 million Pound compared to 87.9 million Pound in 2010 i.e. an increase of 67% Hence the Board of Directors recommended payment of profits to shareholders at a rate of 73 % of the 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. 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 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.



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Address by the Chairman of the Board of Directors

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-Saud Chairman of the Board of Directors

* Translation of the meaning of the Quran

Translated by Saheeh International – Riyadh.

Resolutions of the Thirty- third Meeting of Shareholders, held on 22nd March 2012

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1- The General Assembly of Shareholders approved, at their ordinary annual meeting No. 33, which was held on the evening of Thursday, 22 March 2012, the Report of the Board of Directors, the Report of Shari'a Supervisory Board, the Report of the External Auditor, the Audited Statement of the Bank's Financial status, the Income and Expenditure Statement, the Provisions and Reserves, as well as the remuneration of the Board of Directors and Employees, for the year ended 31 December 2011.

The General Assembly commended the performance, the effort made and results achieved by the Board of Directors, Management and Employees.

2-The General Assembly of Shareholders approved, at their ordinary annual meeting No. 33, which was held on the evening of Thursday, 22 March 2012, the Recommendation adopted by the Board of Directors to distribute profits for the year ended 31/ December/2011 which amounting to (131,933,161) Sudanese pounds, that contribute 65.96% of the paid up Capital of the

Bank, for the year ended 31 December 2011, as follows:

A- To distribute, in cash, the sum of (50,000,000) Sudanese pounds representing (25%) of the paid-up Capital of the Bank, as at 31/ December/ 2011. For shareholders according to the share of each shareholder.

B- To capitalize, the sum of (80,000,000) Sudanese pounds, by granting Shareholders Bonus shares, amounting to (40%) of the Sudanese pounds, calculated on pro-rata basis for each shareholder , to increase the paid-up Capital of the Bank from (200,000,000) Sudanese pound to (280,000,000) Sudanese pound. and authorize the Board of Directors for the treatment of fractures that would result from the distribution of shares by shares of each shareholder by selling the output of the collected fractions in the secondary market (Khartoum Stock Exchange) and add a nominal value of shares will be sold to complete the capital paid to (280) million Sudanese pounds, and add the difference between nominal value and market value of the shares sold to the profits of shareholders.

C- Retained an amount of (1,933,161) SDG representing 0.96% of the paid up capital as retained profits.

3- In accordance with the Statute of the Bank the general assembly of shareholders in Faisal Islamic Bank, at its thirty-third annual meeting which was held on the evening of Thursday, 22 / March 2012 authorized the Board of Directors for the appointment of the External Auditor to the Bank for the year 2012 and determine his fees.



World Economy:

Global economy is facing challenges of ongoing negative effects of the global financial crisis, along with some of the issues in some countries, such as low rates of employment, high debt, were also affected by all the world markets. Reports indicate that the global economy enters a new phase which could lead to new development strategies in-order to avoid any negative effects in the future, especially as the economies of many countries are in a weaker position than it was during their response to the crisis past in 2008, as the debt of these countries became larger and hence more budget deficits.

Preliminary data show a decrease in the indicators of the global economy during the year 2011, where it shows decreased in the growth rate of global GDP to 4.4% compared with the year 2010 which stood at the 5% and is expected to continue this decline for up to 4% in 2012. Reports indicate the presence of a slight decline in the economies of developing countries compared to the economies of developed countries, where the rate of growth of economies in developing countries was 6.5% in 2011 compared to a growth rate of 7.1% in 2010 and is expected to reach 6% in 2012. While the rate of growth of economies in developed countries was 2.5% for 2011 compared to a growth rate of 3% in the year 2010.

Unemployment rates are Still obsessed in most countries and that the economies of these countries has not yet led to the expansion of adequate employment opportunities, and the number of unemployed nearly 205 million people worldwide during 2010 and this figure is equivalent to 6.2% of the force working in the world. The unemployment rate fell as much as a simple during the year 2011, to reach 6.1%. And projections indicate that the number of unemployed in the year 2012 could reach 203.3 million people.

world oil prices in 2011 ended at a level close to 100 U.S.D a barrel, and it was the unrest witnessed by the Arab world contribution to the instability of the global economy where the average price of oil increased by 19.6% during the year 2011, up to 94.9 U.S. dollars per barrel, at the same time, world demand for oil grew at a rate of 1.04% in 2011. The increased demand in emerging countries, especially China, in this growth, as recent events in the Arab region a clear effect in the high oil price of West Texas Intermediate to a higher level of 110 U.S.D a barrel in the second quarter of 2011, and this is due to the fears and threats to stop oil supply, especially in Libya. Also the European debt crisis has a clear effect of low growth rates of world economy.

Domestic Economy:

- The growth rate of GDP in 2011 was 2.8% versus 5% in the year 2010 this decline due to the impact of reducing the oil exports returns after separation of south Sudan.
- The year 2011 shows an average inflation rate of 18% compared to 15.4% in 2010, the lowest inflation rate was recorded in June 15% while the highest inflation rate was 21.2% recorded in August of the same year.

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- The public revenues and grants of the state amounted to 22.6 billion pounds in 2011 compared to 20.7 billion pounds in 2010, with an increase of 9%, as was public expenditure during the year were 27.6 billion pounds compared to 24.2 billion pounds for the year 2010, showing an increase of 14%, accordingly budget deficit increased to (5) billion pounds compared to (3.5) billion in the year 2010.
- On the other hand the exchange rate of the Sudanese pound against the convertible currencies in December 2011 amounted to 2.67 pounds to US dollar compared to 2.5 pounds to US dollar in December 2010.
- Total money supply amounted to 41.9 billion pounds in December 2011 while it was 35.5 billion pounds by the end of 2010, by an increased percentage of 18.4%. This is due to increase of Deposits on demand by 22.4% and quasi-money by 9% and the currency with the public by 27.7%.
- Total assets of banks amounted to 46.5 billion pounds in December of 2011 compared to 43 billion pounds by the end of 2010, with an increase of 3.5 billion pounds and percentage of 8.1%. and total bank financing in December 2011 amounted to 20.2 billion pounds compared to 21.2 billion pounds by the end of 2010 reflecting a decrease by -2.3%, and the percentage of bank financing to total deposits ratio was 73% compared to 80% in 2010.
- Total deposits in local currency in the banking system amounted to 22.7 billion pounds in December 2011 compared to 20.8 billion pounds in 2010, with an increase of 1.9 billion pounds, reflecting a percentage of 9.1%. The foreign currency deposits fell to 1.9 billion us dollar in December of 2011 as compared to 2.3 billion us dollar in December 2010, with a decrease of 400 million us dollar, with declining a percentage of -17%.

Awards and ratings obtained by the Bank:

Despite of the global and local variables, the bank is showing an outstanding results in all areas of banking services which has been reflected in the advanced ratings obtained by the Bank among other Islamic and Arab Banks at the regional and global levels• an example of such Classification was declares by Financial Times Foundation in London: where the bank was rated as the second in the list of top 1000 bank in the world's in terms of return on capital for the year 2010. The bank was also rated in the twenty-fifth place among the top 1000 bank in the world of the same institution, according to the standard rate of return on assets for the year 2010. The bank also ranked first in Sudan, according to the rate of return on capital and the rate of return on assets by the same institution.

- Classification of Economy and Business Group in Beirut where the Bank ranked first in the list of 150 best bank in the Arab world in terms of return on average shareholder's equity.
- The Faisal Islamic Bank of Sudan's won first place prize in the banking technology at the level of Sudanese banks prepared by the Union of Bank of Sudan in December 2010 and contested by 32 banks in Sudan, where he scored Bank ranked first in the banking technology during the last 10



years that have passed on the history of banking technology in Sudan. Bank has been a pioneer of the banking business and technical in the country and thanks to God and then to the senior management effort and the bank employees and the continued support of the Board of Directors and shareholders.

In our view that these ratings and awards are among the best in the banking sector at the global, regional and local levels reflect the bank's ability to meet all banking requirements, despite the strength of competition and the challenges and show very clearly an outstanding performance, and we expect to achieve more strong presence in the coming years, for the sac of development of all stakeholders and economic well-being and all sectors of society.

The Bank's Financial Indicators:

Consolidated Balance Sheet:

The Bank's Consolidated Balance Sheet rose to a total of 3,822.7 million Pounds, compared to 3,051.8 million Pounds in 2010, i.e. an increase of 770.9 million Pounds (25% increase). This is due to a considerable rise in Bank deposits, which reached 24% and the growth of owners equity at a rate of 53%.

The improvement in the rate of profits distributed to holders of deposit accounts, and those credited to owners equity, re-affirmed confidence in dealing with the Bank, in view of the fact that stability of Bank deposits facilitated the attainment of a high degree of utilization of resources which helped maintain a balance of liquidity and profit maximization.

Hence the total volume of cash and cash equivalent showed a growth rate of 40% and total Bank investments grew at a rate of 23%. The outstanding technological development achieved by the Bank contributed to the improvement of resource allocation in items intended to attain the objectives of liquidity and profitability.

Owners' Equity:

The Bank's paid-up capital was increased from 140 million Pounds, in 2010 to 200 million Pounds, over the Directives of Central Bank of Sudan. The shareholders positive response to the call of the Central Bank, reflects a keen interest in the consolidation of the Bank's financial position.

Total reserves of the Bank reached 43.2 million Pounds, compared to 28.5 million Pounds in 2010.

Total Owner's equity increased to 375.1 million Pounds, against 245.7 million Pounds in 2010. (an increase of 129.5 million Pounds i.e. 53% increase. The increase is due to retained profits, and to the increase of paid-up capital, and reserves.

Bank Deposits:

The Bank's total deposits amounted to 3,331.5 million Pounds, compared to 2,677.3 million Pounds, in 2010, i.e. an increase of 654.2 million Pounds (24% increase). The increase is due to the intensification of resource mobilization, to the remarkable improvement of Bank services, as a whole, and to the impact of electronic services, in particular.

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The Balance of local currency deposits showed a total of 2,769.5 million Pounds, compared to 2,133.9 million Pounds in 2010, i.e. an increase of 635.6 million Pounds (30% increase).

Deposits in foreign currencies increased to 562.1 million Pounds against 543.4 million Pounds in 2010, i.e. an increase of 18.7 million Pounds (3% increase).

Investments:

Short-term Investments:

Short-term investments (Deferred sales claims and other forms of investments), showed a total of 1,923.7 million Pounds, compared to 1,400.5 million Pounds in 2010, i.e. an increase of 523.2 million Pounds (37% increase). The increase is due to the growth of resources which have been invested in good products by distinguished customers, and covered by adequate guarantees.

Investments in stocks and securities amounted to 770.4 million Pounds, compared to 680.6 million Pounds in 2010, i.e. an increase of 89.8 million Pounds (13%). The increase is a result of the growth of the Bank resources which have been well invested in good products to help profit maximization. It is also due to continued sound management of liquidity, which serves as a safeguard against financial and liquidity fluctuation.

Long-term Investments:

Total long-term investments abroad amounted to 15.8 million Pounds, Without increasing, Moreover, the investment in subsidiaries and sister companies amounted 48.5 million pounds against 41.5 million pounds in 2010, an increase of 17%. this is due to increasing capital for the subsidiaries companies.

Net Fixed Assets:

The value of net fixed assets amounted 151.6 million Pounds, compared to 104.8 million Pounds in 2010, i.e. an increase of 46.8 million Pounds (45% increase). This is due to the expenditure involved in the rehabilitation and modernization of the Head Office and branches of the Bank (i.e. furniture, transport facilities) and the development of banking technology.

Income Statement:

Income from deferred sales and other modes of investments rose to 368.6 million Pounds, compared to 226.6 million Pounds in 2010, i.e. an increase of 142 million Pounds (63% increase). This is due to the increase and improvement of productivity as well as decreasing of operational risk, and investing in selected products of high profitability.

The share of unrestricted investment deposits holders rose to 164.4 million Pounds, compared to 123.3 million Pounds, in 2010, i.e. an increased ratio of 33%, due to higher investment profits.

The share of the Bank, as a "Modarib" – Fund owner – rose to 204.2 million Pounds, compared to 103.2 million Pounds, in 2010, i.e. an increased ratio of 98%.

Revenues from Banking Services rose to 72.8 million Pounds, compared to 93.3 million Pounds in 2010, i.e. an decrease of -22% As a result of the loss of the country's oil revenues.



Executive Management Report

Total Bank Revenues rose to 296.7 million Pounds, compared to 212.5 million Pounds in 2010, i.e. an increase of 84.2 million Pounds (40% increase).

General Administrative Expenses amounted to 114 million Pounds, compared to 93.8 million Pounds, in 2010, i.e. an increased ratio of 21.5%, which is due to continued improvement of salaries of employees and increase of Administrative expenses.

Profits – after Zakat and taxes – rose to 146.6 million Pounds, compared to 87.9 million Pounds, in 2010, showing an increase of 58.7 million Pounds, and an increased ratio of 67%. This increase is a result of considerable improvement in the performance of the Bank in all aspects of investment and Banking Services.

The following tables show the most important indicators of the Bank performance in 2011:

Millions SDG

Statement	2011	2010	Increase %
Total Assets	3,822.7	3,051.9	25.3%
Investments	3,337.4	2,708.9	23.2%
Total deposits	3,331.5	2,677.3	24.4%
Owners' Equity	375.2	245.7	52.7%

Millions SDG

Statement	2011	2010	Increase %
Return on Banking Services	72.8	93.3	- 22%
Return on Bank investment	204.2	103.2	97.9%
Other returns	8.8	9.8	- 10.2%
General and administrative expenses	114	93.8	21.5%
Profit before zakat and taxes	148.4	90.7	63.6%

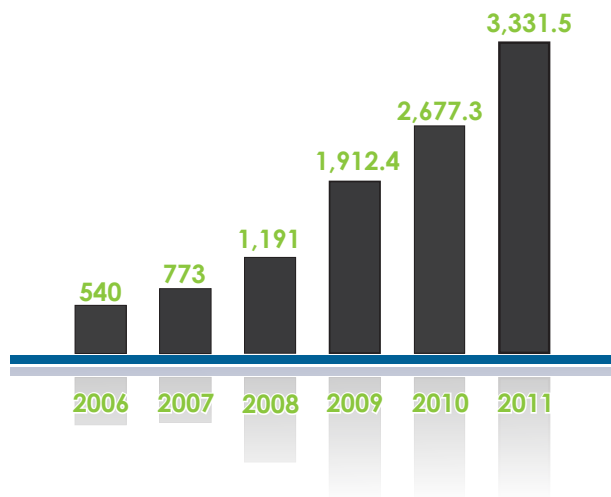
Executive Management Report

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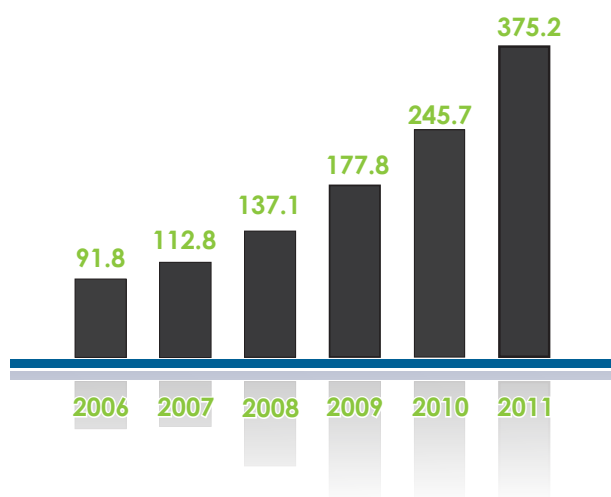
Deposits

Millions SDG



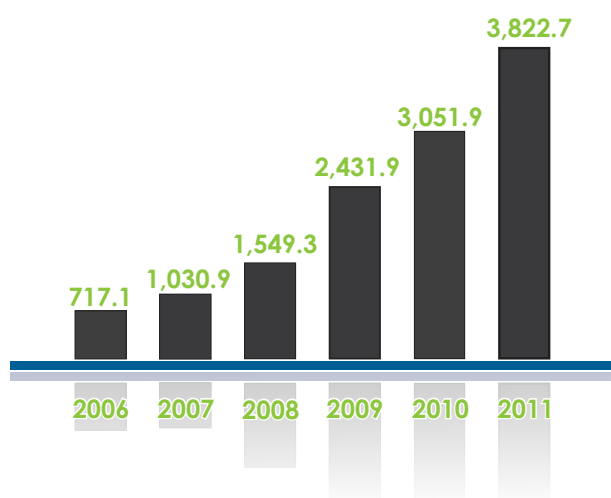
Owner`s Equity

Millions SDG



Assets

Millions SDG



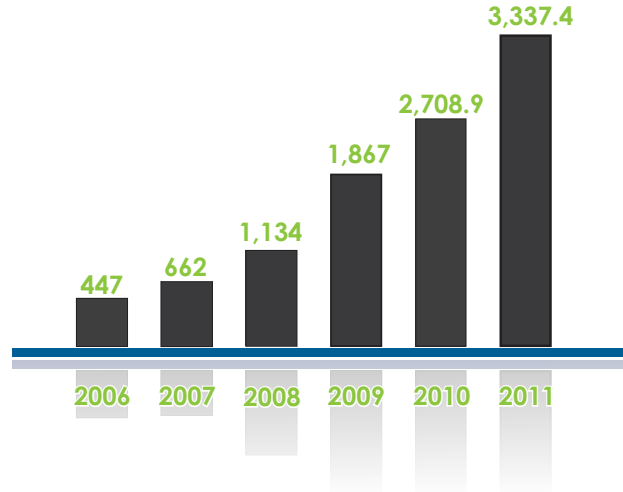


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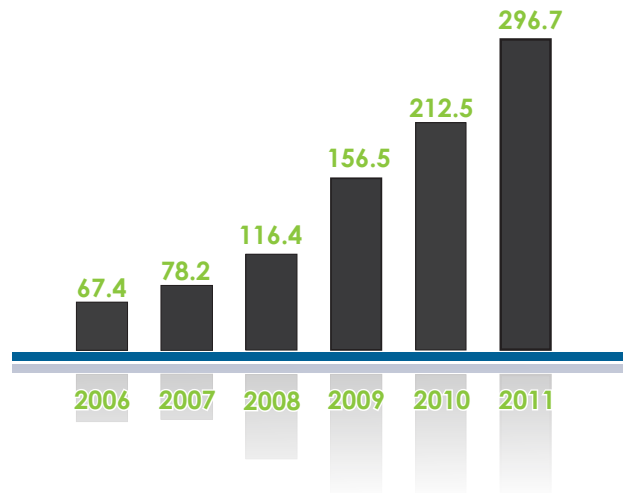
Investments

Millions SDG

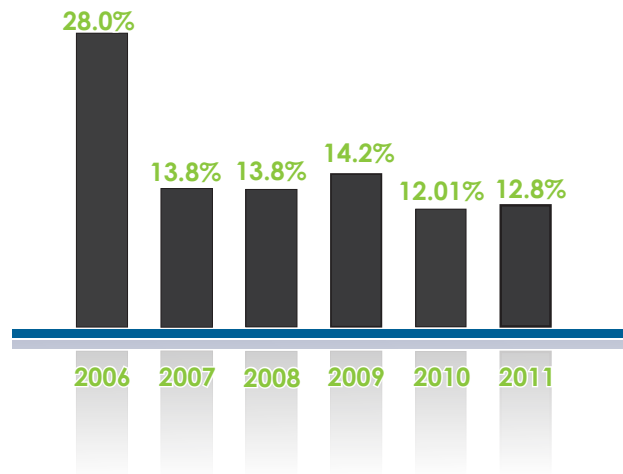


Income

Millions SDG



Capital Adequacy Ratio



Executive Management Report

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Revenues

Millions SDG

Statement	2011	2010	2009	2008	2007	2006
Returns on deferred sales and investments	204.2	103.2	99.7	60.9	31.9	32.7
Returns on direct investments	11	6.7	-	0.4	3.6	0.8
Returns on Banking services	72.7	93.3	48.7	49.6	36.2	25.5
Other returns	8.8	9.3	8.1	5.5	6.5	8.4
Total Returns	296.7	212.5	156.5	116.4	78.2	67.4

Assets

Millions SDG

Statement	2011	2010	2009	2008	2007	2006
Cash and Cash Equivalent	333.8	238.2	380	268.3	247	194.8
Current Assets	3,337.3	2,708.9	1,978.4	1,216.3	731.3	483.2
Fixed Assets	151.6	104.8	73.5	64.7	52.6	39.1
Total Assets	3,822.7	3051.9	2,431.9	1,549.3	1,030.9	717.1

Liabilities

Millions SDG

Statement	2011	2010	2009	2008	2007	2006
Current Deposits	1,300.2	1,009.1	805.2	513.9	444.3	317.5
Time Deposits	2,031.3	1,668.2	1,107.2	619.9	297.2	222.5
Other Liabilities	116.1	128	328.1	287.1	183.1	85.2
Total Liabilities	3,447.6	2,805.3	2,240.5	1,420.9	924.6	625.2

Owners' Equity

Millions SDG

Statement	2011	2010	2009	2008	2007	2006
Paid-up Capital	200	140	110	80	70	60
Reserves	43.2	28.5	17.8	12.1	8.5	8.6
Retained Profits	131.9	77.2	50	45	34.3	23.2
Total	375.1	245.7	177.8	137.1	112.8	91.8



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Report of The Shari'a Supervisory Board

Date: 17th Raby` al-awal 1433 AH 9 th
February 2012

In the Name of Allah, the Most Beneficent, the Compassionate
Faisal Islamic Bank Sudan

Report of The Shari'a Supervisory Board to the General Assembly of Shareholders, Faisal Islamic Bank (SUDAN) for the year: 1st. January – 31st. December 2011

[16th. Muharram 1432 A.H. – 6th .Safar 1433 A.H.]

Praise be to Allah, prayer and peace be upon the prophet Mohamed and upon all other prophets and Apostles.

In accordance with article 73(4) of the Memorandum of Association of Faisal Islamic Bank and in application to the regulatory standard No. (1) for Islamic financial institutions of the Organization for accounting and Auditing of Islamic Financial Institutions – Bahrain, the Shari'a Supervisory Board submits the following report to the Shareholders Annual Meeting:

- 1- The Board convened (23) meetings where it issued a number of shari'a opinions (Fatwa`s) and directives in response to various references made to it by the bank staff, recorded in the minutes.
 - 2- The Board revised all contracts signed by the bank and submitted to the Board.
 - 3- The Board looked into subjects submitted by some of the Departments of the Bank and issued the relevant directives.
 - 4- The Board convened a meeting in February 2012 where it reviewed external auditors report, income account, cash flows and the table of changes in owners' equity for 2011.
 - 5- The Board reports with pleasure that:
 - a- All contracts and operations conducted during the year ended 31 December 2011 were in compliance with Islamic jurisprudence.
 - b- Profits distribution and charging losses to investment accounts is in conformity with the bases approved by the Board in accordance with Islamic jurisprudence.
 - c- Zakat is computed in accordance with Islamic jurisprudence.
 - 6- The Board thanks all bank management staff for their cooperation which helped the Board in carrying out its assignment and thanks Allah who enabled all to participate in this great Islamic deed and pray to Allah to lead all concerned, on the right path for progress and success.
- 1- Professor/Yousuf Al-Khalifa Abu-Baker, Chairman of the 'Shari'a Supervisory Board.
 - 2- Professor/Al- Siddig Mohamed Al-Amin Al-Dareer, Member of the 'Shari'a Supervisory Board.
 - 3- Dr. Abdel Rahman Al-Siddig Dafa`alla, member of the 'Shari'a Supervisory Board.
 - 4- Dr. Ibrahim Ahmed Osman, member of the 'Shari'a Supervisory Board.
 - 5- Professor/ Mohamed Alfatih Hamid, member of the 'Shari'a Supervisory Board.

Auditors Report

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

FAISAL ISLAMIC BANK (SUDAN) - JOINT STOCK COMPANY

«We have audited the accompanying financial statements of Faisal Islamic Bank - Sudan, which comprise the statements of financial position as at 31 December 2011 and the statements of income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of Director's Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards of the Accounting And Auditing Organization For Islamic Financial Institutions. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. «

«Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

«An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

«We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Bank as of 31 December 2011 and of its financial performance and its cash flows for the year then ended in accordance with accounting standards of the Accounting and Auditing Organization For Islamic Financial Institutions - Bahrain , and are in compliance with the requirements of the Companies Act 1925.

Mubarak El-Awad Mohamed - Partner

Khartoum

15 January, 2012



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Statement of Financial Position As at 31 Dec 2011

Assets :

Cash and cash equivalents
Central Bank of Sudan - statutory cash reserve
Sales receivables (net)
Musharaka financing
Mugawala and istisnaa
Investment funds and finance portfolios
Investments in securities held to maturity
Mudaraba
Investments (various)
Investments in shares available for sale
Foreign investments
Other receivables
Other assets
Long term investments
Fixed assets

Total Assets

Liabilities, unrestricted investment accounts and owners' equity

Liabilities

Current and saving accounts
Credit balances
Other liabilities
Total liabilities
Equity of unrestricted investment account holders

Total liabilities, unrestricted investment accounts

Owners' equity

Paid up capital
Reserves
Retained earnings
Total owners' equity

Total liabilities, unrestricted investment accounts and owners' equity

Contra accounts

Note	2011 SDG	2010 SDG
5	213,044,629	142,572,501
6	120,729,386	95,657,298
7	878,406,050	757,831,807
8	105,145,317	19,704,486
9	400,066,320	394,919,905
10	62,849,000	52,207,144
11	770,411,668	680,642,491
12	453,420,000	474,000,000
13	320,959,026	79,516,916
14	-	18,840,225
15	15,763,394	15,763,394
16	40,045,343	37,642,083
17	241,837,260	136,305,723
18	48,484,268	41,484,268
19	151,572,260	104,794,647
	3,822,733,920	3,051,882,888
20	1,118,114,883	805,458,769
21	257,953,786	307,317,928
22	40,168,475	25,167,787
	1,416,237,145	1,137,944,484
23	2,031,359,569	1,668,251,807
	3,447,596,713	2,806,196,291
24	200,000,000	140,000,000
25	43,204,046	28,544,807
	131,933,161	77,141,790
	375,137,207	245,686,597
	3,822,733,920	3,051,882,888
26	2,564,962,325	2,120,536,184

The attached notes form an integral part of these statements

A. Daffalla Alhag Yosif

Member of the Board of Directors

Mr. Ali Abdalla Yagoob

Member of the Board of Directors

Mr. Ali Omer Ibrahim Farah

General Manager

Statement of comprehensive Income For the year ended 31 Dec 2011

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Income

Income from deferred sales
Income from other investments

Less: return on unrestricted investment accounts
Net income from deferred sales and other investments
Income from banking services
Bank's income from bank's own investments
Other income

Total bank's revenue

Expenses

Staff cost
General and administration expenses
Depreciation
post service benefits
Amortization of old receivables
Investment & finance provisions
Total expenses
Income before tax and zakat
Zakat for the year
Business profits tax for the year
Net profit after tax and zakat
Earnings per share

Note	2011 SDG	2010 SDG
27	142,847,662	92,420,354
28	225,755,663	134,169,761
	368,603,325	226,590,115
23 /29	(164,419,400)	(123,348,167)
	204,183,925	103,241,948
30	72,756,978	93,263,679
31	10,962,388	6,719,231
32	8,834,115	9,313,070
	296,737,405	212,537,928
33	(35,953,164)	(33,518,454)
34	(78,092,409)	(60,284,722)
19	(11,690,663)	(8,920,857)
	(9,600,000)	-
35	-	(8,077,112)
36	(13,000,000)	(11,000,000)
	(148,336,236)	(121,801,145)
	148,401,169	90,736,783
48	-	(2,795,307)
49	(1,808,767)	-
	146,592,402	87,941,476
37	73%	44%

The attached notes form an integral part of these statements

A. Daffalla Alhag Yosif

Member of the Board of Directors

Mr. Ali Abdalla Yagoob

Member of the Board of Directors

Mr. Ali Omer Ibrahim Farah

General Manager



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Statement of Cash Flow For the year ended 31 Dec 2011

1/ Operating activities

Net income for the year

Adjusted by:

Depreciation of fixed assets

Provision for doubtful debts

Amortization of old receivables balances

Changes in operating assets, liabilities and equity of unrestricted investment accounts holders

Central Bank of Sudan - cash reserve

Net deferred sales receivables

Musharakat

Mugawala and Istisnaa

Investment funds and finance portfolios

Investments in securities held to maturity

Investment Deposits with other banks

Investments (various)

Investments available for sale

Accounts receivable

Other assets

Current accounts

Equity of unrestricted investment account holders

Other

Accounts payables

Net cash flows (used in) / from operating activities

2/ Cash flows from investments activities

Purchase of fixed assets

Return on disposal of fixed assets

Investments available for sale

Net cash flows from investments activities

3/ Cash flows from financing activities

Capital increase

Reserves

Dividends

Net cash flows from financing activities

Net increase / decrease in cash

Cash and cash equivalents at beginning of year

Cash and cash equivalents by the end of the year

2011 SDG	2010 SDG
146,592,401	87,941,476
11,690,663	8,920,857
15,000,688	11,709,343
-	(8,077,112)
173,283,752	100,494,564
(25,072,088)	(37,055,917)
(120,574,243)	(382,750,599)
(85,440,831)	(6,518,637)
(5,146,415)	(160,339,230)
(10,641,856)	6,621,431
(89,769,177)	(224,585,455)
20,580,000	(209,820,516)
(241,442,110)	(55,479,966)
18,840,225	-
(2,403,260)	(56,382,768)
(105,531,537)	-
312,656,114	112,654,931
363,107,762	561,029,875
32,800	-
(49,364,142)	233,613,179
(20,168,758)	(219,013,672)
153,114,994	(118,519,108)
(61,930,949)	(41,978,043)
3,429,873	1,725,376
(7,000,000)	-
(65,501,076)	(40,252,667)
60,000,000	30,000,000
14,659,240	10,799,686
(91,801,030)	(60,844,456)
(17,141,790)	(20,044,770)
70,472,128	(178,816,545)
142,572,501	321,389,046
213,044,629	142,572,501

The attached notes form an integral part of these statements

A. Daffalla Alhag Yosif

Member of the Board of Directors

Mr. Ali Abdalla Yagoob

Member of the Board of Directors

Mr. Ali Omer Ibrahim Farah

General Manager

Statement of Changes in Owners' Equity For the year ended 31 Dec 2011

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Description	Paid up capital	Surplus re-evaluation of fixed assets	General reserve	Statutory reserve	Retained earnings	Total
Balance as at January 1, 2011	140,000,000	6,111,669	9,226,398	13,206,740	77,141,790	245,686,597
Net income for the Year					146,592,401	146,592,401
Transfer to reserves				14,659,240	(14,659,240)	-
Capitalized profits	60,000,000				(60,000,000)	-
Distributions to shareholders					(17,141,790)	(17,141,790)
Balance as at December 31, 2011	200,000,000	6,111,669	9,226,398	27,865,980	131,933,161	375,137,208
Balance as at January 1, 2010	110,000,000	6,111,669	9,226,398	2,407,054	50,044,770	177,789,891
Net income for the year					87,941,476	87,941,476
Transfer to reserves				10,799,686	(10,799,686)	-
Capitalized profits	30,000,000				(30,000,000)	-
Distributions to shareholders					(20,044,770)	(20,044,770)
Balance as at December 31, 2010	140,000,000	6,111,669	9,226,398	13,206,740	77,141,790	245,686,597

The attached notes form an integral part of these statements

A. Daffalla Alhag Yosif

Member of the Board of Directors

Mr. Ali Abdalla Yagoob

Member of the Board of Directors

Mr. Ali Omer Ibrahim Farah

General Manager



1- INCORPORATION AND ACTIVITIES

Faisal Islamic Bank - Sudan (the bank) was established in Khartoum by Faisal Sudanese Islamic Bank Law for 1977 dated 4 April, 1977, as a public company with a limited liability under the Companies Act 1925 with registration certificate No. 1408 date 18 august 1977.

The bank is providing commercial banking services according to Islamic rules and principles. From its head office, which is located at Al-Faiha Building – Ali Abdulatif Road – Khartoum.

The total number of employees at end of 2011 was 905 (2010: 886). It has 31 branches as at 31 December 2011 (2010: 31), all operating in Sudan.

i) Basis of preparation

1. The financial statements are prepared in accordance with the standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as required by the Central Bank of Sudan and Shari' a Supervisory Board (SSB) requirements.
2. The functional currency is Sudanese Geneih, financial statements have been presented in Sudanese Geneih (SDG) .
3. The financial statement were prepared in compliance with the historical cost concept as amended, except for the revaluation of securities classified as held for trading , available for sale and real estates which are valued at fair value at the end of the year .
4. The bank uses the historical cost concept, the accrual basis in recording its assets, liabilities, revenues and expenses.
5. The accounting policies used this year are consistent with those used last year.

ii) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any permanent impairment in value.

Depreciation of fixed assets is calculated on a straight line basis over their estimated useful lives based on Chamber of Taxation notes, as follows:

Motor vehicles	15%
Office equipment	10%
Furniture and fixtures	10%
Building	2.5%
IT equipment	15%
Decoration	15%

Additions and disposals during the year are depreciated at 50% of the standard rate irrespective of the date of purchase / disposal.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

Notes to the financial statements

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iii) Impairment and uncollectibility of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss is recognised in the income statement.

Impairment of each asset is determined based on the nature of the related asset.

SIGNIFICANT ACCOUNTING POLICIES (continued)

iv) Foreign currencies

All transactions in foreign currencies are recorded using the exchange rate at the date in which they were incurred. Assets and liabilities which were recorded in foreign currency are translated to Sudanese Geneih at the rate of exchange at the financial statements date which was, at end of 2011, for one US Dollar (2010:2.6453) . Exchange differences resulting from the bank investment balances and transactions in foreign currencies have been recognised in the foreign exchange investments reserve. Transfers differences resulted from bank transactions and other operation are treated in the income statement.

iiv) Revenue recognition

a. Murabaha and istisnaa

The profits from murabaha and istisnaa transactions are recognized on a proportionate basis over the period of the credit.

b. Mudaraba financing

Mudaraba financing is recognized in the income statement at the time of liquidation or to extent of profits being distributed or at declaration date or when such profits can reasonably be estimated.

c. Musharaka and salam financing

The profits from Musharaka and Salam transactions are recognized at the time of the liquidation.

d. Income from banking services

Income from banking services is recognized at the time the related services are provided and the amount of revenue can be measured reliably

h. Investments income

Dividend income and profit from bonds is recognized when declared or when such profits can reasonably be estimated.

vi) Cash and cash equivalents

For the purpose of preparation of the statement of cash flows, cash and cash equivalents consist of cash with banks (current accounts) and balances with Central Bank of Sudan and cash in hand

vii) Provisions

Provisions are recognized when the bank has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

SIGNIFICANT ACCOUNTING POLICIES (continued)



Notes to the financial statements

viii) Measurement of investments & finance at the end of the year

a. Sales receivable

Sales receivable are initially recorded at cost, at the end of the financial period sales receivables are measured at their net realizable value

b. Mudaraba

Mudaraba is measured by the amount paid or the amount placed under the disposition of the Mudarib less the portion of the Mudaraba capital recovered from the Mudarib (if any)».

c. Musharaka

Musharaka is measured by the historical cost less provision for finance losses (if any)».

d. Available for sale investments

Available for sale investments are measured at fair value which is the difference (surplus or deficits) between the book value and fair value recognised at the revaluation reserve until its nil then any deficit will recognised at the income statement

g. Investments in securities and shares held for trading purposes

Investments which are classified "for trading" are initially recognized at cost, including acquisition charges associated with the investments. At the end of the period, held for trading securities and shares are re-measured at fair value, unless fair value cannot be reliably determined in which case they are measured at cost less impairment. The gains or losses resulting from the re-measurement at fair value are reported as "re measurement gains or losses on investments" in the income statement.

h. Investments in securities held to maturity

Investments in securities held to maturity are initially recognized at cost, including acquisition charges associated with the investment. At the balance sheet date securities held to maturity are measured at cost less impairment in value if any.

x) Zakah and Tax treatment

The bank is subject to the Zakah and Tax regulations prescribed by the Sudanese authorities.

The bank is subject to Business Profit Tax after excluding non-taxable profits from investments such as Shahama's bonds.

xi) Return on unrestricted investment account holders

The return on unrestricted investment accounts is calculated on a yearly basis. The bank allows the investment account holders to withdraw funds from their investment accounts before the agreed period with a condition of losing the right to profits. However, in case of mudaraba for a fixed period the bank (as mudarib) have a right not to allow them to withdraw funds from their investment accounts until the end of agreed period .

Profits are allocated between the unrestricted investment account holders and the equity owner's according to the contribution of each of the two parties. The unrestricted investment account holder's profits are credited to their accounts after the approval of Shari' a Supervisory Board and the regulators.

Notes to the financial statements

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xii) Liabilities

Liabilities are recognised for amounts to be paid in the future for materials and services received, whether billed by the supplier or not. These are carried at cost, which is the fair value of the consideration to be paid in the future for amounts payable.

v) Provision for doubtful debts

The provision for doubtful debt is based on the assessment of collectability of each debt and in accordance with the directives of the Central Bank of Sudan and the bank policy.

x) Salam inventory

Salam inventory is carried at the lower of cost or market value.

i) Earnings prohibited by shari`a

The bank is committed to avoid recognising any income generated from non-Islamic source. Accordingly, all non-Islamic income is credited to a charity account where the bank uses these funds for various social and welfare activities.

3) Regulatory and supervisory agency

The bank's activities are subject to the Central Bank of Sudan Law for 2002 and the banking regulations law for 2004. The Bank complies with the rules and circulars issued by the Central Bank of Sudan.

4) Shari` a Supervisory Board (SSB)

The bank's business activities are subject to the supervision of the Shari'a Supervisory Board, which has been appointed by the shareholders. The Shari'a Supervisory Board has the power to direct, review and supervise the activities of the bank to ensure that they are in compliance with shari'a rules and principles. This includes issuing an annual report to the shareholders.



Notes to the financial statements

5. Cash and cash equivalents

Treasury cash (local)	
Treasury cash (foreign)	
Central Bank of Sudan - local current account	
Central Bank of Sudan - foreign current account	
Cash - foreign correspondents	

2011 SDG	2010 SDG
59,802,920	36,610,769
331,728	694,550
80,677,333	54,496,769
62,493,640	14,198,205
9,739,007	36,572,208
213,044,629	142,572,501

6. Central Bank of Sudan - statutory cash reserve

Local currency	
Foreign currency	

117,100,579	86,617,629
3,628,807	9,039,669
120,729,386	95,657,298

7. Sales receivables (net)

Murabaha	
Deferred profits	
Financing risk provision	
Total murabaha sales receivables (net)	

1,207,210,612	1,143,552,839
(296,360,601)	(355,170,487)
(32,443,962)	(30,550,545)
878,406,050	757,831,807

8. Musharaka financing

Musharaka	
Financing risk provision (Note 36)	

Total musharaka financing (net)

109,890,599	22,348,734
(4,745,282)	(2,644,248)
105,145,317	19,704,486

9- Contracting and istisnaa

Contracting	
Istisnaa	
Deferred profits	
Financing risk provision (Note 36)	
Total contracting and istisnaa financing (net)	

529,913,974	394,850,011
-	69,894
(127,916,542)	-
(1,931,112)	-
400,066,320	394,919,905

10- Investment funds and financing portfolios

Investment funds	
Portfolios financing	
Financing risk provision (Note 36)	
Total investment funds and portfolios financing (net)	

38,000,000	38,000,000
25,100,000	14,207,144
(251,000)	-
62,849,000	52,207,144

11- Investments in securities held to maturity

Financial securities portfolio	
--------------------------------	--

770,411,668	680,642,491
770,411,668	680,642,491

12. Investment in mudaraba

Deposits with other banks	
---------------------------	--

453,420,000	474,000,000
453,420,000	474,000,000

Notes to the financial statements

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13. Other investments

Mudaraba
Direct investment
Other
Letters of credit (defaulted)
Documents under settlement
Financing risk provision (Note 36)

Total other investments

14. Investments held for sale

Assets of Murabahat

Total Investments held for sale

15. Investments abroad

Advisory Group
Faisal Islamic Bank of Egypt

16. Accounts Receivable

Exchange
Staff loans

17. Other Assets

Income from investment deposits paid in advance
Paid Obligations of the bank guarantees
Prepaid rents
Accrued income
Indebtedness of Ministry of Finance (sugar)
Debts under the settlement
Guarantees paid pending settlement
National switch - commissions
Staff leavers end of service benefits
Letters of credit financing and goods fund (charges)
Prepaid expenses
Rent checks due - Faiha Centre
Stocks
Other receivables
Prepaid expenses - new banking system

2011 SDG	2010 SDG
22,647,205	6,591,786
-	972,842
255,591,160	14,833,469
15,700,084	15,378,910
37,053,503	46,625,937
(10,032,926)	(4,886,028)
320,959,026	79,516,916

	18,840,225
-	18,840,225

367,400	367,400
15,395,994	15,395,994
15,763,394	15,763,394

(236)	-
40,045,579	37,642,083
40,045,343	37,642,083

6,132,880	12,997,262
21,410	-
2,018,185	1,986,044
182,094,972	116,406,217
40,919,451	-
94,500	-
2,012,990	2,069,150
180,553	15,521
-	753,048
6,280,405	-
315,331	1,275,902
253,728	686,949
882,843	-
630,012	-
-	115,630
241,837,260	136,305,723



Notes to the financial statements

18 - long-term investments

Investments in subsidiaries (note 18 /1)

Investments in associates and others (note 18 /2)

(18 /1) Investments in subsidiaries: -

Islamic Corporation for Trade and Services

Islamic Insurance Company (Ltd)

Al-Faisal for the financial transactions

Al-Faisal, Real Estate

(18 /2) and other sister companies: -

Grain Mills - Atbara

Electronic Banking Services Company

Infosys Banking and Finance Ltd.

2011 SDG	2010 SDG
47,504,075	40,504,075
980,192.92	980,193
48,484,268	41,484,268
8,000,000	8,000,000
10,000,000	10,000,000
22,500,000	15,500,000
7,004,075	7,004,075
47,504,075	40,504,075
200,968	200,968
65,225	65,225
714,000	714,000
980,193	980,193

Notes to the financial statements

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19. Fixed Assets

Cost at :	The comprehensive banking system	Motor vehicles motor and cycles	Decoration of buildings	Furniture and equipments	Information technology equipments	Constructions	Freehold land and buildings	Total
	SDG	SDG	SDG	SDG	SDG	SDG	SDG	SDG
January 1, 2011	3,709,858	10,476,002	5,958,857	16,361,158	29,042,165	9,335,390	66,288,881	141,172,311
Additions	-	4,564,767	3,913,442	2,572,120	14,394,895	29,902,273	6,583,452	61,930,949
Disposals	-	(356,650)	-	(57,583)	(68,718)	(2,934,135)	(12,787)	(3,429,873)
December 31, 2011	3,709,858	14,684,119	9,872,299	18,875,695	43,368,342	36,303,528	72,859,546	199,673,387
Depreciation at :								
January 1, 2011	2,513,430	6,543,375	1,274,375	6,287,729	13,985,717	-	5,772,666	36,377,292
For the year	370986	1,913,758	1,187,337	1,764,722	5,435,942	-	1,050,719	11,723,464
Disposals	-	-	-	-	-	-	-	-
December 31, 2011	2,884,416	8,457,133	2,461,712	8,052,451	19,421,659	-	6,823,385	48,100,756
Net book value at :								
December 31, 2011	825,442	6,226,986	7,410,587	10,823,244	23,946,683	36,303,528	66,036,161	151,572,631
December 31, 2010	1,196,428	3,932,255	4,684,482	10,073,429	15,056,448	9,335,390	60,516,215	104,794,647



Notes to the financial statements

20. Current and savings accounts

Local currency - demand
Foreign currency - demand
Domestic savings
foreign savings

2011 SDG	2010 SDG
837,754,431	574,829,412
71,897,201	83,926,665
208,237,797	146,549,978
225,453	152,714
1,118,114,882	805,458,769

21. Other creditors

Margins of letters of credit
Margins of letters of guarantee
Local payment orders
Foreign payment orders
Creditors
Outbound transfers
Transfers, for customers who do not have accounts
Electronic clearing service charges
Checks - Head office
None – sharia complaint income
Accrued expenses
Central Bank of Sudan - deposit
Tax due
Bank of Sudan incentive (for exports)
Tills surplus
Stamps
Return on restricted deposit-SudadneseJazeera Bank
investments deposits owners share
For demand deposits
Payments by customers to face their obligations
Magnetic cheques
Zakat to whom referred to public interest
Pafalo Bank Agency
Payable under liquidation
National Switch claims (EBS)
Unpaid transfers

168,295,865	183,027,626
13,769,821	20,958,003
28,481,414	16,081,550
3,860,231	867,986
8,523,333	5,093,247
-	4,623,766
2,049,394	2,888,204
583	3,405
2,246,496	14,934,950
-	20,626
415,032	906,412
-	35,000,479
52,000	-
790,061	-
7,818	7,318
21,392	-
3,665,555	-
97,457	-
1,761,814	2,701,762
13,471,181	8,274,970
108,945	89,787
43,130	-
31,191	3,855,577
8,224,243	7,439,017
1,962,058	543,243
74,773	-
257,953,787	307,317,929

Notes to the financial statements

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22. Other liabilities

Provision for post service benefits
Audit fees
Zakat provision
Board of directors reward
Value added tax
Staff bonus
Profits tax provision

2011 SDG	2010 SDG
14,600,000	5,000,000
104,000	23,974
-	2,802,733
8,600,061	5,260,078
-	24,000
15,055,646	12,057,002
1,808,767	-
40,168,474	25,167,787

23. Equity of unrestricted investment account holders

Investment deposits - local currency
Investment deposits - foreign currency
Unrestricted investment accounts holders – income

1,566,950,216	1,283,488,292
299,989,953	261,415,348
164,419,400	123,348,167
2,031,359,569	1,668,251,807

24. Capital

Authorized capital
paid up capital

500,000,000	500,000,000
200,000,000	140,000,000

The authorized capital of 500 million Sudanese pounds is divided into 500 million shares, the value per share is one Sudanese pound.

The paid up capital was increased at the beginning of 2011 by 60 million Sudanese pounds through the capitalization of profits and the legal proceedings are in process.

25. Reserves

Statutory reserve (note 25 /1)
Revaluation reserve (note 25 /2)
General reserve (note 25 /3)

2011 SDG	2010 SDG
27,865,980	13,206,740
6,111,669	6,111,669
9,226,398	9,226,398
43,204,047	28,544,807



25 /1.Statutory Reserve

As required by the Banking Regulation Law of 2003 and the Central Bank of Sudan Circular dated 7 April 2007, 10% of net profit has been transferred to a statutory reserve. The bank may resolve to discontinue such annual transfers when the reserve equals 100% of the paid up share capital.

25 /2.Real Estate revaluation reserve

The lands held for investment purposes by the bank were revaluated by a Sudanese Consultancy Firm licensed by the Organizing Council for Consultancy Firms (OCCF) at 31 December 2011 resulting in a re-valuation surplus for both unrestricted investment accounts and the shareholders each according to their share percentage of the investment portfolio. The unrestricted investment holders share of the reserve was SDG 7.8 Million at end of 2011.

25 /3. General reserve

«Gains of the foreign exchange from investments are excluded from income statements and included in the equity as foreign exchange investments reserve.

This reserve relates to investments in foreign currencies at the date of the financial statements . The reserve belongs to both the shareholders and investment depositors according to the share of each in the investment portfolio.

The investment depositors share at end of 2010 was SDG12.7 million.»

26. Contra accounts

Obligations of documentary credits
Bills for collection - Investment
Bills Dishonored Investment
Letters of credit financing and goods fund
Letters of guarantee
Bad dabts – written off

2011 SDG	2010 SDG
676,824,625	815,490,459
1,712,559,199	1,234,173,392
36,831,471	(62,395,621)
41,554,894	38,544,601
84,810,006	81,999,226
12,382,129	12,724,127
2,564,962,325	2,120,536,184

27. Income from deferred sales

Murabaha

142,847,662	92,420,354
142,847,662	92,420,354

28. Other income from investments

Securities
Musharaka
Mugawala
Modaraba
Portfolios (various)
Foreign investment funds income (head office)

154,554,437	105,797,872
1,973,567	765,537
68,696,983	26,195,101
353,866	-
165,721	1,388,015
11,089	23,236
225,755,663	134,169,761

Notes to the financial statements

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29. Return of holders of unrestricted investment accounts

Return on unrestricted investment account holders before the bank's share as owner and mudarib - in local currency		
Bank's share as owner and mudarib - in local currency	(99,056,383)	(68,484,697)
Return on unrestricted investment account holders in local currency	142,762,986	108,082,666
Return on unrestricted investment account holders before the bank's share as owner and mudarib - in foreign currency	36,682,760	50,022,752
Bank's share as owner and mudarib - in foreign currency	(15,026,346)	(34,757,251)
Return on unrestricted investment account holders in foreign currency	21,656,414	15,265,501
Return on the owners of unrestricted investment accounts in both local and foreign currencies	164,419,400	123,348,167

2011 SDG	2010 SDG
241,819,369	176,567,363
(99,056,383)	(68,484,697)
142,762,986	108,082,666
36,682,760	50,022,752
(15,026,346)	(34,757,251)
21,656,414	15,265,501
164,419,400	123,348,167

30. Income from banking services

Letters of credit	
Collections fees	
Transfers, foreign	
Letters of Guarantee	
Return on foreign currency	

53,780,457	46,393,505
6,309,422	6,450,432
7,066,412	8,695,824
3,692,996	2,199,515
1,907,692	29,524,403
72,756,978	93,263,679

31 . Bank's income from its own investments

Profits from local capital participations	
Profits from foreign capital participations	

10,962,388	5,419,231
-	1,300,000
10,962,388	6,719,231

32. Other income

Rents of real estates owned by the bank	
Miscellaneous income	

7,814,951	7,558,551
1,019,164	1,754,519
8,834,115	9,313,070

33. Staff cost

Salaries and wages	
Wages - overtime	
Air tickets	
Staff uniform	
Eids bonus	
Staff medical care expenses	
Transportation and deputation	
Training	
Marriage grant	
Post service benefit	
Total staff cost	

13,492,334	12,605,343
353,062	468,254
7,250,227	6,268,593
5,025,777	4,943,731
4,142,880	4,028,266
2,391,385	2,208,168
-	-
-	-
162,000	189,980
3,135,500	2,806,119
35,953,164	33,518,454



Notes to the financial statements

34. Operations expenses

Rent
Electricity & water
Board of directors expenses
Vehicles maintenance & repairs
Security
Maintenance
Post and telegraph and telephone
Penalties- Central Bank of Sudan
Subscriptions
Stationery & printing
Workers uniform
Gasoline for generator
Meals subsidy
Insurance
Government dues and fees
ATM expenses
Banks expenses
Expenses cash
Expenses of the central archive
Computer
Advertising
Audit fees
Expenses of the annual general meeting
Travel and accommodation of the internal auditor
Hospitality
Sharia Supervisory Board expenses
Swift expenses
Deposits Guarantee Fund
Donations
Operation and maintenance of motor cycles
Courts fees
Cleaning
Staff training
Staff Travel expenses
Travel and accommodation of the external auditor

2011 SDG	2010 SDG
6,331,249	5,761,994
1,349,075	1,341,889
1,050,218	844,668
1,095,645	810,540
1,066,925	1,047,177
753,884	754,795
408,744	385,129
5,590	-
379,419	338,485
449,896	390,562
1,139,028	1,138,183
150,917	156,835
686,002	681,076
1,616,560	1,372,011
382,471	351,327
6,066,653	4,452,990
2,127,126	72,195
772,868	403,505
190,507	95,855
1,227,266	634,648
4,974,993	4,287,813
208,000	160,000
323,269	291,153
126,241	104,171
353,686	215,467
99,996	99,999
55,325	4,000
6,742,332	5,391,897
4,144,313	4,421,839
10,845	4,645
969,676	377,494
650,162	510,203
3,367,609	3,075,581
1,297,834	917,011
-	11,675

Notes to the financial statements

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Operating costs of clearing and treasury
Value added tax
Contributions and expenses of the banking network
board of directors remuneration
Incentive workers
Expenses to recover doubtful debts
Total operations expenses

2011 SDG	2010 SDG
1,061,116	725,944
1,113,816	24,000
1,737,502	1,362,322
8,600,061	5,260,078
15,000,000	12,000,000
-	5,569
78,092,409	60,284,722

35. Amortization of old receivable balances

Debit balances

-	8,077,112
-	8,077,112

This amount represents amortization of old receivables such as exchange differences, letters of credit, over-due bills, prior years taxes, end of service benefits, correspondents long outstanding balances and the National Electricity Board as at 31 December 2008 are amortized (written off) over a period of 3 years ending 31 December 2010. This amortization (written off) was approved by the Central Bank of Sudan.

36. Investment and financing risk provision

	Murabaha	Musharaka	Contracting and istisnaa	Investment funds and financing portfolios	Other investments	Total
	SDG	SDG	SDG	SDG	SDG	SDG
Balance as at 1 January 2011	30,144,952	1,947,633	1,523,380	-	2,788,317	36,404,282
Charged during the year	2,299,010	2,797,613	407,732	251,000	7,244,645	13,000,000
Balance at 31 December 2011	32,443,962	4,745,246	1,931,112	251,000	10,032,962	49,404,282
Notes	7	8	9	10	13	



Notes to the financial statements

37. Earning per share

Net profit for the year
Number of shares
Earnings per share

2011 SDG	2010 SDG
146,592,401	87,944,476
200,000,000	200,000,000
73%	44%

38. Concentration of investments – economic sector

The total investments for 2011 amounted to SDG 3,257,816,613 (2010: SDG 2,908,556,367) and it was distributed according to economic sectors as follows:

Agriculture
export
Industrial
Transportation
services
Trade
real state
micro finance
Other sectors
Total

2011	2010
5.2%	3.9%
4.0%	0.5%
6.6%	3.6%
5.3%	5.7%
6.7%	22.4%
4.8%	12.8%
13.1%	0.6%
13.8%	5.7%
40.5%	44.8%
100%	100%

(See note 41)

39. Social responsibility

With regard to the bank's role in supporting the needy and poor people, the bank has allocated Zakat for this year the amounting to SDG 4.5 Million (2010: SDG 3.5 Million). Moreover, during the year the bank has discharged its social responsibilities by training the employees and by donations payments.

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40. Related party transactions

These represent transactions with related parties, i.e. shareholders , board of directors and senior management of the Bank, and companies of which they are principal shareholders. These transactions are conducted on an arm length basis.

Significant balances with related parties included in the financial position and income statements as at the year end were as follows

2011			
	Principal shareholders & board of directors and their companies	TOP management	Total at December 31, 2011
	SDG	SDG	SDG
Financial position items :			
Murabaha			-
Mugawala	441456		441,456
			-
Investment accounts			-
Current accounts			-
Income statement items :			
Murabaha income			-
Mudaraba income			-
Top management remuneration			
Remuneration			-
Contra accounts :			
Letters of credit			-
Letters of guarantee			-



40. Related party transactions (cont)

2010			
	Principal shareholders & board of directors and their companies	Top management	Total at December 31, 2010
	SDG	SDG	SDG
Financial position items :			
Murabaha			-
Mugawala	923,044		923,044
Investment accounts			-
Current accounts			-
Income statement items :			
Murabaha income			
Mudaraba income			-
Top management remuneration			
Remunerations			-
Contra accounts :			
Letters of credit			-
Letters of guarantee		-	-

41. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The bank attempts to control credit risk by monitoring credit exposures continuously.

The Bank seeks to manage its credit risk exposure through the diversification of financing and investment activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate.

Analysis of investments concentration by economic sector is provided in note 38»

42. Liquidity risk

Liquidity risk is the risk that the bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the balance sheet date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

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The maturity profile of the bank's assets and liabilities is as follows:

For 2011					
Assets	Within 3	3 to 6	6 to 12	Over one	Total
	months	months	months	year	
	SDG	SDG	SDG	SDG	SDG
Cash and cash equivalents	213,044,629	-	-	-	213,044,629
Cash reserve with the Central Bank of Sudan	120,729,386	-	-	-	120,729,386
Sales receivable	105,408,726	114,192,786	263,521,815	395,282,722	878,406,050
Stock	-	-	-	62,849,000	62,849,000
Different Investments	38,515,083	41,724,673	96,287,708	144,431,562	320,959,026
Musharaka	12,617,438	13,668,891	31,543,595	47,315,393	105,145,317
Contracting and Istisna	48,007,958	52,008,622	120,019,896	180,029,844	400,066,320
Investments in securities to maturity	-	-	-	770,411,668	770,411,668
Deposits by other banks	453,420,000	-	-	-	453,420,000
Investments abroad	-	-	-	15,763,394	15,763,394
Receivables	4,805,441	5,205,895	12,013,603	18,020,404	40,045,343
Other Assets	241,837,260	-	-	-	241,837,260
Long-term investments	-	-	-	48,484,268	48,484,268
Fixed assets	-	-	-	151,572,260	151,572,260
Total Assets	1,238,385,922	226,800,867	523,386,617	1,834,160,515	3,822,733,920
Owner's equity and liabilities					
Owner's equity	-	-	-	375,137,207	375,137,207
Current accounts	1,118,114,883	-	-	-	1,118,114,883
Other liabilities	25,464,475	-	-	14,600,000	40,064,475
Provisions	30,954,454	33,533,992	77,490,136	116,079,204	258,057,786
Equity of un-restricted investments account	243,763,148	264,076,744	609,407,871	914,111,806	2,031,359,569
Total liabilities and shareholders' equity	1,418,296,961	297,610,736	686,898,006	1,419,928,217	3,822,733,920

43. Market risk

«Market risk is the risk that the value of an asset will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.

Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long and short term changes in fair value.



44. Shares prices risk

Shares prices risk is a risk that the value of the shares will fluctuate as a result of changes in the market prices of the shares. The board of directors of the bank sets limits on the amounts and types of shares to be acquired for investments purposes. The investments committee of the Bank regularly monitors these limits.

45. Profit rate risk

The profit rate risk refers to the risk due to change of profit rates, which might affect the future earnings of the Bank. Exposure to profit rate risk is managed by the bank through diversification of assets portfolio and by matching the maturities of assets and liabilities.

In line with the policy approved by the board of directors, the assets and liabilities committee performs regular review of the assets and liabilities in order to ensure that the maturity gap between assets and liabilities is maintained at minimum levels and also to ensure that financing and investments are made for quality assets at higher rate of return.

46. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Currency risk is managed on the basis of limits determined by the bank's board of directors. These limits are monitored continuously to ensure that the net exposure is kept to an acceptable level.

Assets and liabilities in foreign currency are mainly denominated in US Dollars and other foreign currencies. The bank foreign currencies net position was as follows:-

	2011 USD	2010 USD
Assets	287,336,830	315,740,025
Liabilities	273,052,686	299,323,763
Net foreign currency position	14,284,144	16,416,262

47. Capital adequacy

The bank monitors the risks of its assets in accordance with the requirements issued by Central Bank of Sudan.

	2011 SDG	2010 SDG
Core capital	176,377	105,345
Total risk weighted assets (on and off – balance sheet)	1,376,347	877,440
The bank's capital adequacy ratio	12.81%	12.01%
Minimum capital adequacy ratio required	12.00%	12.00%

48 Zakat

The bank paid its zakat liabilities up to 2010 and provided for 2011 zakat liability.

49. Business profit tax

The bank obtained final tax clearance certificate up to 2009 and provided for 2010 and 2011.

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50. Comparative figures

Certain of the comparative amounts have been re-classified to conform with current year classification. These re-classification did not affect the comparative year profits or equity.

51. Approval of financial statements

The financial statements were approved by the board of directors at its meeting held on 23/ 2 / 2012.