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EFFICIENCY OF RESOURCE UTILIZATION
BY
THE SUDANESE PRIVATE BANKS

A case Study of

Export Development Bank 1993-2001
Formerly, (Elgharb Islamic Bank)

A thesis submitted in partial fulfillment of requirements for the degree of M. Sc. (Economics)

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DEDICATION

To :

The soul of

My father

And elder sister Hawaa

God forgive them

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الخلاصة

تناول هذا البحث موضوع "الكفاءة في استخدام الموارد ببنوك القطاع الخاص السودانية عبر دراسة حالة بنك تنمية الصادرات (بنك الغرب الاسلامى سابقا) خلال الفترة من 1993 وحتى 2001، وقد انتهج البحث الأسلوبين التحليلي والمقارن في معالجة مشكلات البحث.

قام البحث على افتراضين، الأول أن بنك تنمية الصادرات و رغم أنه من أقدم البنوك السودانية الخاصة إلا انه اقلهم كفاءة في استخدام موارده المتاحة مما نجم عنه خسائر متراكمة للبنك خلال الفترة من 1995 وحتى 2001.أما الافتراض الثاني فيقوم على عجز البنك على تجاوز الأزمات والصدمات بسبب الضعف المتكرر في الأداء المالي.

استعان الباحث ببعض المؤشرات المالية التقليدية في دراسة موقف البنك خلال فترة الدراسة مقارنة ببنوك القطاع الخاص وقد شملت المؤشرات المالية نسب السيولة، نسب المصروفات/ الإيرادات، العائد على حقوق المساهمين، العائد على الأصول، جودة الأصول وأخيرا نسبة الديون إلى حقوق الملكية.

استخدم الباحث أسلوب المتوسطات البسيطة لحساب مؤشر الصناعة لأي من المؤشرات المشار إليها كمعيار للمقارنة وقد جاءت المفارقة كبيرة بين متوسط مؤشرات البنك ومتوسط مؤشرات المجموعة خلال فترة الدراسة لصالح المجموعة فيما عدا نسبة الديون إلى حقوق الملكية التي تميزت بها البنك نتيجة للزيادة الكبيرة في راس المال و الذي قفز من 327931 ألف دينار إلى 2506769 ألف دينار في عام 2001م مثلا، متوسط مؤشر المجموعة في السيولة 74% بينما متوسط البنك 231%، متوسط مؤشر المصروفات / الإيرادات 88% لدى المجموعة بينما لدى البنك 219%..الخ.وقد أجرى الباحث اختبارات إحصائية لاختبار الفروق اللازمة ما بين متوسط مؤشرات المجموعة ومتوسط مؤشرات البنك وقد دلت النتائج على وجود فروق جوهرية ما بين المؤشرات.

بناءا على نتائج البحث التي جاءت متسقة مع فروض البحث أوصى الباحث بحزمة توصيات اقتصادية وإدارية وفنية وتقنية لمعالجة الموقف المالي بالبنك ومن أهمها:-

1. تقوية المركز المالي للبنك بزيادة رأس المال وبناء الاحتياطيات اللازمة أو من خلال الدمج.
2. استخدام الموارد المتاحة في المشروعات المنتجة ذات الضمانات الكافية وبناءا على دراسات جدوى مكتملة.
3. الاستعانة بالكفاءات المصرفية المعترف بها للإدارة العليا.
4. توزيع القوى العاملة وفق الخبرة والمؤهلات مع تكليف المناسب منهم بالقيادة.
5. الاهتمام بالتدريب والتأهيل.
6. إدخال نظام الشبكة المصرفية.
7. تقوية نظام الرقابة الداخلية.

A B S T R A C T

The issue of this research is " efficiency of resource utilization by the Sudanese private banks with reference to the case of Export Development Bank, (formerly, Elgharb Islamic Bank) for the period 1993 to 2001. The hypothesis of the research are the following:

Firstly, although EDB is one of the early Sudanese private banks, but also it is the least one in utilizing its resources, and the consequences were the accumulated losses during the period (1995-2001).

Secondly, because of the weak repetitive financial performance overtime, the bank is inefficient to overcome any shocks or probable crises.

In order to test the research hypothesis, traditional financial ratios such as :liquidity, expenses/revenues, return on shareholders equity, return on assets, assets quality and debt-equity were used in comparison with that of the private banks. Simple average method is used for purposes of calculating the industry indicators necessary for comparison, and the statistical results have assured the existence of significant differences between the EDB average ratio (which were the worse ratios except that of the debt- equity ratios as a result of increase of capital in 2001 from SD.D 327931 thousand to SD.D 2506769 thousand) and the corresponding average in private banks. For example, the industry average ratio for liquidity was 74%, while that of the EDB was 231%. The expenses/revenues ratio of the industry was 88%, where as the EDB ratio was 219% ..etc.

According to the findings of the research, the following economical, managerial, technological and technical recommendations has to be taken in to consideration:

1. *The necessity of strengthening the financial position of the bank through the increase of capital, building of reserves or merger.*
2. *The utilization of the available resources in the productive projects which have sufficient guarantees and according to sufficient feasibility studies.*
3. *The appointment of provisional bankers as top management.*
4. *The distribution of labor force according to experiences and qualifications with charging the suitable one for leadership.*
5. *The enhancement of training and rehabilitation of employees.*

6. *The necessity of developing the network system to overcome traditional practices.*
7. *The strengthening of internal control system.*

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CHAPTER ONE

Introduction

1-1 General background

The banks play the role of intermediaries between the savers and investors in the society, through offering the sufficient financing for the productive sectors to help raise the national produce to allow for a balanced growth, which would reflect positively in the national economy.

Banking in general has two main functions, the depositing of savings of the societies and how best they can be utilized in profitable activities of the banks in particular and of the society in general.

This study is an evaluation of Export Development Bank (EDB), formerly, El Gharb Islamic Bank[i](a public limited company, incorporated in Sep. 1984) during the period 1993-2001).

The importance of this study comes from the following :

1. *It is one of the early Sudanese Islamic Banks and was established mainly to deposit the savings of the Western Sudan, a wealthy part of the country, and to make the most of the mass resources of that area.*
2. *To offer the banking and investment services, in particular to the Western regions and to the entire country in general, given that the productive areas are preferable.*

According to the above mentioned objectives, EDB was established 13th September 1981 in accordance to the memorandum letter of the Bank of Sudan No.BS/RA/23 dated 22/9/1980[1] concerning the tentative acceptance of the Minister of Finance and National Economy.

The Bank started its activities in 1984 with great ambitious and performed well, but unfortunately after only a decade the bank was the victim of the most famous financial and banking violation in the Sudan, known as the Saggr Gouriesh (Abdel Latief Hassan Mahadi, an Iraqi investor,entered Sudan in

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(1) EDB, Memorandum of Association, Khartoum, 2003, p2.

1992 and constituted gang with some senior staff in the EDB, through which they practiced across firing cheques) Case.

Such was the gravity of the case that it threatened the bank's position and almost resulted in its liquidation in accordance with the regulations of the Central Bank, which briefly state either: the need for increase of capital to keep the bank afloat or a merger or liquidation.

The consequences of the mentioned violation resulted in: the decline in the volume of deposits, huge increases in the volume of non performing loans, the repetitive exit of the bank from the clearing house in the Central Bank because of the liquidity shortage and the accumulated losses (SDD.1757373 thousand) since 1995 up to 2001, the end of the study.

These shortcomings have led to a decline in the concept of 'bank safety'. Bank safety can be summarized to mean[(1)]; the protection of depositors, the minimizing investment risks, the ability to meet promptly depositors demand for money, the ability to meet customer credit needs, the ability to maintain public confidence and to adhere to Islamic principles in banking

This painful deterioration and the miserable conditions at the bank has constituted a corner stone in the researcher's thought and led to the selection and study of the case of EDB .

In order to test the hypothesis of the study, the researcher have chosen 1993-2001 as 'period of study' to examine to what extend the resources of the bank (i.e. current deposits, saving deposits, investment deposits, deposits in central bank and other banks including correspondents, cash margin against the letter of guarantees, cash margin against the letter of credits, profit and loss accounts, paid up capital, the reserves and the special deposits such as the investment portfolios) have been utilized in the optimum way.

[(1)] Adam, Ahmed I. "The Banking Safety in The Sudan", M.Sc.,School of Business Administration, Department of Business,U.Of K.,1995.p1.

Concerning this, the researcher will concentrate on the bank performance in comparison with the group banks during the period of the study through the financial management ratios. In particular, liquidity, expenses/ revenues, return on shareholders equity, return on equity, return on assets, capital assets adequacy and debt-equity ratios

For the purposes of ratios calculation and how far the calculated ratios are appropriate or not, the researcher will calculate the industry average from the average of the whole Sudanese private banks excluding only three banks which are NIMA (Nile Mare Association Bank, formerlythe National Bank for Peoples Development), Elsafa and Algadarief investment bank. The reason behind the neglecting of the above three mentioned banks is due to the difficulties in collecting its data, especially of the liquidated banks (NIMA & Alsafa which were liquidated in 1999 and 2000 successively. At the same time, Algadarief Investment is neglected, because it is a mere small regional bank with few branches located in the eastern states only with head office in Algadarief town, and has no tangible effect on the center or the banking market share.

On the other hand, it will be very interesting if the labor force were tackled from staffing, training, and promotion point of view, in order to improve the bank performance, but for the finiteness of this research as a partial fulfillment, the research would satisfy with the financial resources only, on condition that comprehensive study will cover the two sides in the future.

1-2 Statement of the problem

The problem of this research can be summarized in two essential points: firstly, (EDB) had not earned any profit since the year 1995[(1)] *and as a result there has been no stock dividends since that time. In addition the bank has continuously failed to raise its capital despite the successive capital*

(1) The EDB, annual reports, op. cit., 1995 – 2001.

campaigns organized for this purpose during 1995-2001. These problems had reflected negatively on the deposits volume, investments and the growing volume of non-performing loans. These problems also had created a severe scarcity in liquidity, continuous exit of the bank from the central bank clearing house and the decline of public confidence.

Secondly, it is the view of the researcher that the bank does not use its resources optimally, because if the opposite were true, there would not be continuous successive losses during the period (1995 – 2001).

1-3 The objectives

This study aims to investigate how the EIB is utilizing its resources. However, specifically the study aims:

1. *to test how far the EIB utilized and allocated its resources efficiently during the study period.*
2. *to explore the design of optimal ways and measures to allocate and utilize resources in EIB.*
3. *To investigate the adequate means to activate the role of the internal control system to be capable and efficient enough to predict early any potential probable problems.*

1-4 The hypothesis

The hypothesis of the study is based on the following:-

Firstly, although EDB is one of the early Sudanese private banks, but also it is the least one in utilizing its resources among the sample group, and the consequences were the accumulated losses during the period (1995-2001).

Secondly, because of the weak repetitive financial performance over time, the bank is inefficient to over come any shocks and probable crises,

1-5 The methodology

The methodology used in this research is both analytical and comparative, with special use of SPSS (Statistical Packages For Social Sciences) program for further analysis. The main indicators to be used in the analysis are the financial ratios, in addition to the six most well-know indicators often used in similar studies, and summarized in one word 'CAMELS,[1]' which includes capital adequacy, asset quality, management soundness, earnings adequacy, liquidity adequacy and sensitivity to market risks.

1-6 The organization of the study

The research is divided into four chapters. Chapter one is an introduction which covers the problem of the research, the hypothesis, the objectives, the methodology and the organization of the study. While chapter two covers the EDB foundation and development, where in details, the Islamic economic system, the Islamic banking system, the Islamic banking objectives, salient features of Islamic banking, the financial sources of Islamic banks, the resources utilized by the Islamic banks and the EDB progress and development are discussed. In addition to the concept of efficiency and resource utilization with reference to financial management ratios and CAMELS indicators. Chapter three examines the EDB experience in resource uses during the period of the study. While the research conclusion and recommendations are in chapter four

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(1) Shiekh Musa , Abdel wahab O." The Methodology of Economic Reform in The Sudan", Sudan company for printing currency, Khartoum, Sept.2001, pp 137-144.

CHAPTER TWO

Foundation and Development of EDB

2-1The Islamic economic system

The Islamic economic system is derived and conceived in the light of a comprehensive system of morals and principles. The person who is working for another person or an institution is ordained by God to do his work with efficiency and honesty. Thus, the economic concept of Islam is based on solid foundations and divine instructions. For instance, earning of one's living through decent labor is not only a duty but is also a great virtue. Once work is done, the worker is entitled to a fair wage for his services. Failure by the employer to pay a just wage or attempts to cut it down and waver on it is a punishable act.

Business transactions in Islam enjoy a great deal of attention. Honest trade is permitted and blessed by Allah, while cheating; hiding defects of merchandise from the dealers, exploiting the needs of customers, monopolies etc. are all sinful acts.

Islam respects all kinds of work so long as there is no indecency or wrong involved. At the same time, the status of honest workers cannot be lowered because of the kind of work they do. Yet the unemployed have an unlimited scope for improving the standard of living and rising their social standing as much as possible. They have equal opportunities at their disposal and enjoy freedom of enterprise.

What an individual makes or earns through lawful means, is his private concern. Neither the State nor anyone else has the right to intervene or *deny. In return private ownership, has to fulfill certain obligations to the society for example, paying certain taxes to the State. When this is done, he has full rights of protection from the State and his freedom of enterprise is secured and guaranteed.*

To avoid cheating and exploitation, in business practice, Islam encourages decent work and forbids usury; taking of interest in return for lending money to the needy as reveal in the holly **Qurãn***:*

> ***"Those who devour usury will not stand except as stands one whom the Evil one by his touch has driver to madness. That is because they say :" trade is like usury" . But God has permitted trade and forbidden usury. Those who, after receiving direction from their Lord, desist , shall be pardoned for the past; their case is for God (to judge). But those who repeat (the offence) are companions of the Fire; they will abide there in (for ever) .God will deprive usury of all blessing, but will give increase for deals of charity; for He loves not creatures ungrateful and wicked".*** (Albagrah), verses 274 – 276.

2-2 The Islamic banking system

The Islamic financial systems has an old history. Muslims were used to establish their financial systems without using interest policy for mobilizing resources to finance productive activities. The system proved to work quite effectively during the early Muslim state (Al-khilafa Al-rashida). Then the Islamic system has been gradually removed from application. Recently, the tendency towards the implication of Islamic rules of economic uses began to increase. There has been a significant revival of interest in developing a modern version of the historic Islamic financial system. Some Muslim states notably, Iran, Pakistan and Sudan started to eliminate the role of interest mechanism from their financial systems[(1)]. Other countries, have allowed the establishment of Islamic banks along side with the conventional banks.

[(1)] Munawar Igbal and David T. Llewellyn, "Islamic Bank and Finance : New Perspectives on Profit – Sharing and Risk" ,Edward Elgar publishing limited, U.K. 2002, P1.

Now almost more than 200 Islamic financial institutions around the globe are working according to Islamic financial system. Even in secular countries where legal systems do not allow establishment of Islamic banks, Muslim communities have succeeded to establish Islamic financial institutions to fulfill their needs in accordance with their faith.

2-3 The Islamic banking objectives

Four key roles are common to both conventional and Islamic based systems, but the difference arise in how these roles are performed? These key roles are-

1)*Provision of financial intermediation services.*

2)*Provision of a wide range of other financial services not immediately related to financial intermediation such as payment services, insurance, fund management and so on.*

3)*Creation of a wide range of assets and liabilities, each of which has different characteristics for instance, liquidity, maturity and risk sharing.*

4)*Creation of incentives for an efficient allocation of resources with in an economy and the allocation of scarce financial and real resources between competing ends.*

Islamic banks operate according to the economic principles of Islamic Sharia Code. Therefore, the objectives of Islamic banks can be summarized in the following[1]*:-*

1. *The embattling of savings and secure its flow through the different banking tools .*
2. *The provision of banking services according to the Sharia Laws (basis).*
3. *The movement to achieve numerous investment goals through paying attention to the infant investors, especially those who have experience but having no guarantees often needed by the*

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[1] Ibid, pp. 1 -14

conventional banks. Therefore, it is the role of the Islamic banks to support the weak investors to transform them from employers to owners and raise their share in the national product.

4. *The response to finance the vital projects liable to push the driving wheel of the economy and social development in the Islamic societies within the context of optimal operation of the resources, raise the opportunities of the economy and the expansion of the production base.*
5. *The developing of proper banking awareness and the bringing up of new generation liable to embrace the virtue of saving and stabilizing the direct relation between the work and the gain from one side and the wealth distribution to distribute its risk and return in fairness basis to stop the oppressiveness of each group to another from the other side .*
6. *The support of the under-privileged and the needy in the society.*
7. *The aim to establish an economic system which based on the partnership and not on the debt instrument*
8. *Prohibition of interest in all forms of transactions .*
9. *Undertaking business and trade activities on the basis of fair and legitimate (halal) profits .*
10. *The enablement of Islamic religious beliefs to be reflected in financial arrangements and transactions, thereby fulfilling the financial needs of Muslims in accordance with their faith.*
11. *The allocation of finance based on profit/loss- sharing to give maximum weight to the profitability of investment, whereas an interest based allocation gives it to creditworthiness.*
12. *Giving of Zakat.*
13. *Prohibition of monopoly.*
14. *Co-operation for the benefit of society and development of all (Halal) aspects of business that are not specifically prohibited by the Islam.*

2-4 Salient features of Islamic banking

The main salient features of the Islamic banking system are that[1]*:*

a) *Savings are mobilized through new developed modes non of which involves interest such as Murabaha, Musharakah.. etc.while in conventional system interest bases is the dominant.*
b) *Development of Jualah, Takaful and Musharkah have assisted in performing the function of providing other financial services like payment services, insurance, fund management and so on. . However, in conventional systems such financial services are performed on interest bases.*
c) *Islamic banks though prohibit interest but this does not mean non-capital reward ness or non-risk pricing. i. e. Islamic banks have both fixed and variable return modes to price the capital and add risk premium according to the degree of risk. While in conventional systems, efficient allocation of resources requires creation of wide variety of instruments and incentives with creation of an accurate assessment and efficient pricing of risk through interest.*

2-5 The financial sources of Islamic banks

The goals and objectives of the Islamic banks cannot be achieved except through huge financial resources with an accelerated development and redistribution of the finance origins to meat the different needs of financing.

An Islamic bank needs to broaden its capital base, originate successive increase in such resources to support its financial resources, which is useful for long-term investments.

Islamic commercial banks have three categories of deposits[1]*. The demand or current deposits, with primary transactional motive, saving deposits with primary precautionary motive and time deposits with*

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(1) Ibid, pp. 1 -14

(1) Adam, the Banking Safety in The Sudan, op.cit.,p.29

investment or finance motive. These deposits can be classified according to their nature as follows:

2-5-1 Demand deposits

They are funds kept by their owners in commercial banks, and can be withdrawn from or added by the use of cheques. These deposits also constitute a medium of exchange and Islamic Bank do not pay any kind of interest or any kind of return on these deposits are made. However, the bank obtains the explicit permission of the account holder to use his/her funds for other business activities[1] *.*

Concerning these deposits, banks must always be ready for the repayment of such deposits promptly when they requested. There fore, banks should preserve sufficient liquid assets (cash) to honor such obligations.

2-5-2 Time deposits

These types of deposits cannot convert into cash as easily as demand deposits[2]*. They normally carry specific maturing dates before which they can not be withdrawn without some penalty, or sometimes a notification of withdraw intention must be given for a minimum time period before actual withdrawal may be affected*[3]*. The minimum required time limits range between one to five years. The Islamic speculative documents (soukouk Al-Mudarabah Al- Islamia such as*[4] *the Islamic Mudarabaha for Financial Institutions/ individuals, New Islamic Mudarabaha for private investment portfolio, Islamic Mudarabaha Investment Renewable, the Islamic*

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(1) Elfath Shaaeldin and Richard Brown, " Towards an Understanding of Islamic Banking in Sudan : The Case of Faisal Islamic Bank", DSRC, faculty of economic and social studies, U. of K. Dec. 1984, p 18.

(2) Thomas, Rolling G. " Our Modern Banking and Monetary System", 3rd edition, Prentice – Hall, INC, U.S.A., 1959, p. 112.

(3) Adam, the Banking Safety in The Sudan, op.cit.,p29

(4) Ausaf Ahmed and Tariqullah Khan, "Islamic Financial Instruments for Public Sector Resource Mobilization", Islamic Research & training Institute, Islamic Development Bank, Jeddah, 2000, p. 114

Mudarabaha for private Investment and Real and Estate Investment Mudarabaha) in the Islamic banking are the example. Time deposits are less liquid and more risky than demand deposits. Therefore, they constitute a source of more stable investment funds for Islamic banks.

2- 5 – 3 Saving deposits

Saving deposits or accounts are only different from current deposits in that, they do not carry a service charge. There are no restrictions and can be drawn on without notice. However, the saver is entitled to special borrowing facilities.

2-5-4 Investment deposits

This deposit earn, a share of the bank's profits for the holder, provided the deposit has been held in the account for a period of specific time (at least three months). Thus minimum deposit that invested by the bank in a 12 months joint venture with a borrower. The bank then claims a specific percent of the net profit on the client's investment account[1].

Investment deposits are Islamic bank's counterparts of term deposits or time deposits in the conventional system. They can be distinguished from traditional fixed term deposits in the following manner:

1. *Fixed term deposits in the conventional system operate on the basis of interest, while investment accounts in Islamic banks operate on the basis of profit sharing. Instead of promising deposits a predetermined fixed rate of return on their investment, the bank tells them only the ratio in which it will share the profits with them. How much profit each depositor earns depends on the final outcome of the bank's own investment.*
2. *Fixed term deposits are usually distinguished each other basis of their maturities; while investment deposits can be distinguished on*

[1] Ahmed, Ausaf, "Contemporary Practices of Islamic Financing Techniques", Islamic Development Bank, Islamic Research & Training Institute, Jeddah, 1993 Research Paper No. 20, p.27

the basis of maturity as well as on the basis of purposes it is possible to give special instructions to the bank to invest a particular deposit in a specified project or trade.

Islamic banks also depend on capital as a source that composed of shares.

2 - 6 Resource utilization by Islamic banks

As charging of interest is prohibited in Islam, Islamic banks have developed several alternative modes of resources mobilization in accordance with Islamic teachings. These modes include[(1)]:

2-5-2 Bay ál-salam

It is a sale in which the buyer makes payment in advance and the seller defers the delivery of the goods.

2-5-3 Istisnã

It refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a well-described goods (or premise) at a given price on a given date in the future. As against Salam, it may be paid in installments in step with the preferences of the parties or partly at the front end and the balance later on as agreed.

2-5-4 Mudarabah

It is a contract between two parties, capital owner(s) or financier(s) (called rabb- almal) and an investment manager (called mudarib). Profit is, distributed between the two parties in accordance with the ratio upon which they agree at the time of the contract. Financial loss is borne only by the financier(s). The entrepreneur's loss lies in not getting any reward for his services.

2-6-4 Murabahah

It is a sale at specified profit margin. The term, however, is now used to refer to a sale agreement where by the seller purchases the goods desired by the buyer and sells them at an agreed marked - up price, the payment being

[(1)] Munawar Igbal and David T. Llewellyn, "Islamic Bank and Finance : New Perspectives on Profit – Sharing and Risk", op. cit. pp.1 – 14.

settled within an agreed period, either installments or in a lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. Murabahagh is also referred to as (bay muajjal.)

2-6-5 Musãqh

Musãqh is a contract in which the owner of a garden agrees to share its produce with someone in an agreed proportion in return for the latter's services in irrigating and looking after the garden.

Under this contract, banks provide farmers with orchards, gardens or trees which they own or which are otherwise in their position. This is done for the purpose of gathering the harvest of the orchard or garden and dividing it in a specified ratio. The harvest may be fruits, leaves, flowers, etc. of the plants and trees in the orchard or garden.

2-6-6 Musharaka

A musharaka contract is similar to a mudarabah contract, with the difference that in the former, both the partners participate in the management and the provision of capital, and share in profit and loss. Profits are distributed between the partners in accordance with the ratios initially set, where as loss is distributed in proportion to each one's share in capital.

2-6-7 Muzãrah

It is a contract between an owner of a piece of agricultural land and a farmer for farming it in return of a percentage of its crops[(1)]*.*

Muzãrah according to Hanafi (School that refers to Imam Mohammad and Imam Abu Yousuf) and Hanbali (School that refers to Imam Ahmed Ibn Hanbal) is considered in its first stage as leasing operation either for the usufruct of the labor (efforts) exerted in the agriculture process. If the seed are supplied by the land owner then the subject matter of Muzarah is the

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(1) Ausaf Ahmed and Tariqullah Khan, "Islamic Financial Instruments for Public Sector Resource Mobilization", Islamic Research & training Institute, Islamic Development Bank, Jeddah, 2000, pp. 85-86

usufruct of the labor and vice versa. In the final stage, the Muzarah is considered, however as a partnership between the owner of the land and the farmer, where both of them share the total output.

Due to Hanafi school, Muzãrah could be legitimate in any of the following three cases[1]*:*

1. *that the land and the seeds are provided by one partner while labor (effort) and animal (or equipment) are contributed by the other partner,*
2. *the land is provided by one partner while labor, seeds and animal provided by the other partner,*
3. *that land, seeds and animal from one partner while labor from the other.*

2-6-8 Qard or qard ãl – hasan

It is a loan extended without interest or any other compensation from the borrower. The lender expects a reward only from Allah

2-6 EDB progress and development

Export Development Bank (EDB) was established in 13/9/1980 as Sudanese Shareholding Company under the name of "The Islamic Bank for Western Sudan" in accordance with the guidance of Islam, and fundamental orders of Islamic Sharia which restrict usury (Riba).The main objectives of EDB according to the Memorandum of Association can be summarized in the following fields:

(1) To carry out the business of banking, which are transacted by Islamic banks in the realm of trade, distribution, industry, mining, agriculture and to participate in establishing insurance companies, transport companies and all economic and construction services and development schemes.

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[1] ibid, p. 86

(2) *The bank carries out its business in Sudan or other countries if it deems that will benefit the bank and for that purpose to establish branches and agencies.*

(3) The bank is to carry out its business as principal or partner through agents or in the capacity of trustees or care- takers.

(4) To accept deposits of all kinds for the purpose of keeping it as deposits or to invest, to accept or pay, orders and all bills of value and to deal in foreign currencies.

(5) To draw, make, accept, endorse and issue cheques, whether paid in Sudan or abroad, bills of lading or any negotiable or assignable instruments provided that the dealings in all these instruments shall be in accordance with the rules of Islamic Sharia.

(6) To advance good faith loans or (Qard Hassan) according to its rules and regulations.

(7) To own and invest in movable and immovable property and to improve or otherwise dispose of such property in any other way and it shall hire any movable or immovable property the bank deems essential for its purposes. The bank should insure its immovable and movable properties and the properties of third persons under its control and property that it hires or rents or which it uses to suit its purposes or as security for its rights.

(8) The bank may participate or co-ordinate in any way with any other party carrying on objects resembling the objects of the bank for the purpose of achieving its objects.

(9) To finance all commercial dealings, and other different activities of the clients carrying business in all economic sectors and for that purpose the bank may open letters of credit and issue security bonds and to give advises in all realms of its dealings to the clients,

corporations, central and local governments whenever the bank is asked for such advises.

(10) To accept donations and gifts and dispose of the same according to the wishes of the donors and accept zakat and dispose of it according to the rules of the sharia.

(11) The bank may purchase or acquire all or any part of the property, good-will or corporate and to exercise all necessary powers to administer or dispose of shares offered by other companies against a certain percentage to be paid in cash or by the allotment of shares at the date of executing the purchase contract of shares offered by the company offering the shares.

(12) The bank may carry out researches or feasibility studies for schemes and projects, the bank may think of establishing or to advice its clients and others about. In general the bank may establish a specialized body for researches, feasibility studies and statistics. And for that purpose or the purposes of establishing the bank, the bank may seek the assistance of experts and consultants other than the bank's personnel and pay the appropriate fees of such experts and consultants either in cash or by allotting fully or partially paid shares. The bank may charge fees from the persons whom it furnishes with the above mentioned researches or studies carried out by the bank or the information collected by the bank.

(13) The bank may grant gratuity or pension to its employees as part of their terms of service.

(14) The bank may establish social institutions or help such institutions to advance help to the charity institutions (bir) and other voluntary and charitable avenues or institutions.

(15) The bank may join the Islamic banking association or any other organizations and exchange experiences with them.

(16) The bank may form a Sharia Supervisory Board consisting of able and capable sharia scholars to be endorsed by the general meeting for giving advice in the way the bank works and how such work is carried out according to the rules of sharia. The advice of this board will be binding to the bank; alternatively it also has the right to join a unified organ for sharia advisory as alternative to Sharia Supervisory Board.

(17) The bank may establish a zakat fund and allot to that fund part of its annual profits.

In general, the bank may do all or any of the above functions and all such other activities which it may deem conducive to the attainment of any of its objects which enhance directly or indirectly the value of its assets, investments, or profits.

In order for the bank to achieve, its goals and objectives as mentioned above, continuous amendments were made in the Memorandum of Association. These amendments represented in changing the name of the bank for more than once. Firstly, the name was changed from the Islamic Bank for Western Sudan to Elgharb Islamic Bank in 1994 in order to get rid of regional and narrow domain as appears from the name and the public think to national and wider domain. Secondly, the name was also changed from Elgharb Islamic Bank to Export Development Bank in 2003 for the purposes of being an opened institution and in order to delete the negative impacts and consequences of Sugger Gouriesh case. Continuous amendments also covered the capital of the bank which started by eight hundred Sudanese dinars only at the date of establishment divided in to ten million shares. The final amendment in capital raised it to three billion Sudanese Dinars divided into 300000000 shares(three hundred million) of SD.D. (ten Sudanese dinars) each or its equivalent in U.S. Dollars or any other convertible currency.

According to the last amendment in the memorandum of association , the bank is bided by the regulations and conditions of the Banking" business" organization Act 1991 and administrative and financial penalties regulations of banking violations or any subsequent amendments thereof. the bank is also bide by Khartoum stock exchange Act 1994 and any subsequent amendments thereof.

2-8 Efficiency and resource utilization

2- 8-1 The concept of efficiency

To economists, efficiency is a relationship between ends and means. When we call a situation inefficient[1]*, we are claiming that we could achieve the desired ends with less means, or that means employed could produce more of the ends desired. Less and more in this context necessarily refer to less and more value. Thus economic efficiency is measured not by the relation ship between the physical quantities of ends and means, but by the relation between the value of ends and the value of the means. Economic efficiency makes use of monetary evaluations. It refers to the relation ship between the monetary value of means.*

In a broader sense, economic starts from issues of economic efficiency which have positive environmental benefits.

To me, efficiency in banking means the maximum utilization of the available resources (material and human) in a certain period to achieve the expected maximum profits. Thus, the balance sheets and the income statements of the bank during the period of the study will be examined in the concepts that have relations with efficiency. i. e. the appropriate financial ratios and the index indicators.

The balance sheet of any institution is the mirror which reflects the financial position of those institution at ascertain period of time, that is

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[1] David R. Henderson, Ph.D. "The Fortune Encyclopedia of Economics". A time Warner Company, U. S. A. P 9.

through the assets, liabilities and owner equity. However, the income statement represents the net operation of the institution during a given year.

In order to study the EDB efficiency in utilization its resources, we shall analyze the financial position of the bank through examination of its balance sheet items and the income statement during the period of the study (1993-2001).

The most important tools used in financial analysis are, the ratio analysis or what is termed the financial ratios, which are widely used. These ratios cover the liquidity, the leverage, the profitability and the activity ratios[(1)]*.*

In details, we define each one of the above mentioned ratios in addition to some important ratios related to banking system.

2-8-2- Liquidity ratios

Liquidity ratios measure the firm's ability to fulfill short-term commitments out of its liquid assets. Assets are liquid if they are either cash or relatively easy to convert into cash. Short-term creditors are generally very interested in the liquidity ratios. The current ratios and quick ratios are most commonly used liquidity ratios. There are two criterion in measuring liquidity ratios

1. **current ratio**

The current ratio equals current assets divided by current liabilities. i.e current ratio = current assets / current liabilities.

Current assets are viewed as relatively liquid, which means they can generate cash in a relatively short period of time. Current liabilities are the debts that will require settlement within a year. If the current ratio is too low, the firm may have difficulty in meeting short-run commitments as they mature. If the ratio is too high, the firm may have an excessive investment in current assets or be underutilizing short-term credit.

2. **Quick or acid - test ratio**

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(1) Lawrence D. Schall & Charles Haley, " Introduction to Management " 4th edition, p. 383

The quick, or acid test ratio measures the firm's ability to meet short-term obligations from its most liquid assets. In this case, inventory is not included with other current assets, because it is generally less liquid than the other current assets. The quick ratio equals current assets excluding inventory divided by current liabilities.

i.e. quick ratio = current assets – inventory / current liabilities

This ratio will be neglected in our study, because bank inventories almost in a form of stationary which seems very minor in the balance sheets.

In banking, and in this study we calculate the liquidity ratio by dividing investments (loans) over deposits i.e.

liquidity ratio = investments (loans) / deposits(1)*.*

The appropriate international liquidity ratio is (35% - 40%)(2)*but the researcher has computed 74% as an average liquidity ratio among the Sudanese private banks during the period (1993 – 2001) as an indicator to be used in our study.*

3. Profitability ratios

Profitability ratios measure the success of the firm in earning a net return on sales or on investment. Since profit is the ultimate objective of the firm, poor performance indicates a basic failure that if not corrected would probably result in the firm's going out of business.

The profitability ratios are gross margin, net operating margin and profit margin on sales.

2-8-4 Expenses / revenues ratio

(1) Ul – Hassan, Irfan, " Analysis of The Balance Sheets of Commercial Banks", Unpublished, Habib Bank LTD, Khartoum, (No Date Given).

(2) Sheikh Musa, Abdel wahab O. " Banking Safety and Economic Stability", : An Analytical Study of The Interrelated Relations Between The Economic Polices and The Performance of The Banking Sector", (دار مصحف إفريقيا), Khartoum, April 2003. , p. 148. (in Arabic).

This ratio shows the relationship between the firm's expenses and revenues i.e. expenses / revenues ratio = expenses / revenues. In other words, it reflects the ratio of the operating cost.

In our study we will depend on the computed average 88% of the Sudanese private banks during the period (1993 – 2001) as an average indicator in our study.

2-8-5 Shareholders equity ratio

It is the ratio between the net profit and the actual paid capital. i.e. shareholders' equity ratio = net profit / paid up capital.

The Sudanese private banks' average shareholders' equity ratio for the period of (1993 – 2001) is 282%.

2- 8-6 Return on equity ratio

This ratio equals the net income available to common stock holders (i.e. net income minus dividends on any preferred stock) divided by the common stockholders' equity.

i.e. return on equity ratio = net profit / shareholders' equity.

Management's objective is to generate the maximum return on shareholders' investment in the firm.

The average return on equity for the Sudanese private banks during the period (1993 - 2001) is 11%.

2-8-7 Return on assets ratio

Return on assets equals net income plus interest on debt, divided by totals assets. Return on total assets = net income + interest expenses / total assets or net profit(income) / total assets.

Return on total assets is the total after corporate – tax return to stockholders and lenders on total investment that they have in the firm. It is the rate of return earned by the firm as a whole for all its investors including lenders. Return on assets in brief, indicates how effectively the firm is using its assets. It is an activity ratio.

The average return on assets for the Sudanese private banks during the period (1993 - 2001) is (0.1%).

2 -8- 8 Capital asset adequacy ratio

Capital asset adequacy ratio reflects the relation ship between the shareholders' equity and the total assets.i.e. Capital asset adequacy = shareholders equity / total assets.

The average of the capital asset adequacy ratio for the Sudanese private banks during the period (1993 – 2001) is 10%.

2-8-9 Leverage ratios (Debt - equity ratio)

Leverage ratios measure the extent of the firm's total debt burden. They reflect the company's ability to meet its short- and long-term debt obligations. The ratios are computed either by comparing fixed charges and earnings from the income statement or by relating the debt and equity (stockholders investment) items from the balance sheet. In our study we shall depend on the latter one. i.e.

Debt equity ratio = total debts / stockholders (shareholders) equity, where debts refer to the investments.

Leverage ratios are important to creditors, since they indicate whether or not the firm's revenues can support interest and other fixed charges, as well as whether or not there are sufficient assets to pay off the debt if the firm liquidates.

Shareholders too, are concerned with leverage since interest is a company expense that increases with greater debt. If borrowing and interest are excessive, the company may become bankrupt.

The average debt - equity ratio of the Sudanese private banks for the period (1993 – 2001) is 494%.

2-8 CAMELS Indicators

bide by Khartoum stock exchange Act 1994 and any subsequent amendments thereof.

2-8 Efficiency and resource utilization

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The balance sheet of any institution is the mirror which reflects the financial position of those institution at ascertain period of time, that is through the assets, liabilities and owner equity. However, the income statement represents the net operation of the institution during a given year.

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[1] David R. Henderson, Ph.D. "The Fortune Encyclopedia of Economics". A time Warner Company, U. S. A. P. 9, 1993.

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The most important tools used in financial analysis are, the ratio analysis or what is termed the financial ratios, which are widely used. These ratios cover the liquidity, the leverage, the profitability and the activity ratios[1].

In details, we define each one of the above mentioned ratios in addition to some important ratios related to banking system.

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5. **Quick or acid - test ratio**

The quick, or acid test ratio measures the firm's ability to meet short-term obligations from its most liquid assets. In this case, inventory is not included with other current assets, because it is generally less liquid than the

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[1] Lawrence D. Schall & Charles Haley, "Introduction to Management" New York, McGraw –Hill. 2nd edition 1988.

otherThese indicators refer to capital adequacy, assets quality, management soundness, earning profit adequacy, liquidity adequacy and finally the sensitivity indicator to market risks.

In brief, we can summarize these indicators as follows
:

2-9-1 Capital adequacy indicator

Capital adequacy and efficiency prevent financial institutions from shock which are related to the fluctuation of the foreign currency, exchange rates, and credits resistance.

2-9-2 Asset quality indicator

This indicator concerned with the adequacy and efficiency of capital given that the effectiveness of any asset components means that the capital is efficient and liable to resist any probable financial crisis of the corporation.

What is important is that the goodness of any assets depends on the areas where the resources of the industry are utilized and on which these resources are used and distributed between the different sectors. A concentration of finance on any specific economic sector or activity will make those assets vulnerable to any unexpected activity if the firm faces financial crises.

Quality of assets in any bank comes from the following:

The concentration of finance on a narrow domain of clients and in a broader sense a closed financial base, plus the diversification into activities related to financing.

The entrance in investment and financing operations without sufficient feasibility studies, especially in export and agricultural activities in some Sudanese banks utilized the deposit of foreign currencies and issued guarantees against external credits in foreign currency. The final results were losses in the financial statements of these banks. This led to the depreciation of assets and retreats in the good will and profitability.

Another important reason beyond the decline in assets quality indicator was the decision of the state in canceling the policy in the export resource which resulted into the inability of those banks to cover the balances calculated from the deposits in foreign currency. It also contributed to the worsening of the deficit because of the deterioration in the value of the national currency equivalent to the US dollar.

2-9-3 Management Soundness Indicator

The efficiency of any financial institution depends mainly on the management efficiency. However, when there is a weakness in the management process, different problems arise concerning the capital adequacy and capital depreciation and the deterioration in the value of the assets in addition to the retreat in profitability. When the expenditure rate exceeds that of the revenue, this means that management is lacking and unqualified.

The average managerial expenditure on average revenues for Sudanese banks is estimated to be more than 70%[1] the weakness of management soundness for the following reasons:

1. *Surplus of labor and inflation of Chapter one*
2. *Misuse of the available liquidity characterized in deposits despite its insufficiency (few) optimally by some banks.*

One of the most important indicators of management soundness of each institution is the average share of each employer in the revenues of the institution. There is no approach to calculate this, but in general, the indicator is that the weakness of total revenues in comparison with large and surplus volumes of labor. Another important indicator of the weakness of management efficiency is that the low efficiency performance of the

(1) Shiekh Musa,. "The Methodology Of Economic Reform in Sudan", op.cit., pp.137-144

workers because of insufficient training especially on the modern technologies related to the banking industry.

We will see later on each employers share in revenue of the EIB and the training level and quality they accept.

2-9-4 Earning and profit indicator

Revenues of each institution depend mainly on assets return the actual resources for both the long and short run. It is very difficult for any institution to avoid the risks of financial crisis if there is no stability in profitability for a suitable period.

At the same time, building the reserves and accumulating profits for the sake of revenue to subsidize capital adequacy and the reservation for the negative probable evolution is a matter of importance while this is an issue in its totality and refers to the management in the said institution. Management soundness indicators is said to be in earning and profit adequacy indicator and the way in which assets and capital adequacy are utilized.

2-9-5 Liquidity adequacy indicator

These indicators are used for the purposes of examining whether the available liquidity in the financial institution is within the image of the liquidity safety or not?. Later on, we will see the average liquidity in EDB during the period of 1993 – 2000

Liquidity is composed of capital reserves, deposits and Loans from central and local banks. Lower level of liquidity in the banking system gives an indication of insolvency and leads to decline in public confident. Therefore, how much the average liquidity at EDB during the period of the study? If it is lower than 35 - 40% then what are the reasons behind the poor performance.

The efficiency in utilizing the available resources in an optimum way because the weakness of the management efficiency availability cause some *obstacles in either macro-economic indicator or monetary policy or financing policies adopted by the Central Bank.*

A big obstacle in front of Sudanese Banks to utilize liquidity is the determination of sector ceiling for financing Central Bank policies. This is especially true with regard to the specification of a large ceiling for the agricultural sector because of its long export financing especially, the livestock sector because of the above-mentioned reasons, and Sudanese stopped financing these two sectors to remove the non-performance risks.

2-9-6 Sensitivity indicator to market risks

This indicator has no obvious impact in the case of the Sudanese economy for the following reasons:

1. *The absence of regular stock market securities*
2. *The absence of exchange rates prices indicators. Thus, these indicators should be ignored.*

The importance of these indicators emerge from its ability to evaluate the position of each institution separately in addition to its ability to reach the position of different financial institutions collectively through the accumulation of its different indexes of indicators and to reach to the overall average of each indicator separately. Another advantage of these indicators is in brief:

1. *The evaluation of numerous financial statements and its ability to provide the resources need for sustainable growth.*
2. *Acquiring general knowledge about the financial position in any country through the collection of the averages of these indicators.*
3. *The capability to test the bank's ability to absorb a probable blockage.*

Although these indicators are important, but we could not use it in our study for the difficulties around its calculation, and the abstinent of the

Sudanese banks to offer any data related to their restructuring system. Thus, we should satisfy by the financial management ratios in our analysis.

CHAPTER THREE

The EDB Experience in Resource Uses

This part is intended to assess how effectively the EDB was using its resources. For this purpose we have chosen the period (1993-2001) to evaluate the performance of the EDB in comparison with the group banks in certain aspects related to efficiency. The researcher has collected data from fourteen Sudanese private banks as appeared in appendices (1-15) then he derived the necessary ratios as considered in chapter two for the following analysis:

3-1 Liquidity ratios:

Referring to the liquidity ratio table No. (3 - 1), which reflects the EDB liquidity ratios during the period of the study in comparison with the group banks, we conclude to the following:-

The EDB liquidity ratios during the period 1993-1995, were approximately around the group banks ratios during the same period. i.e. the EDB liquidity ratios were ranged between (40%- 59%), while the ratios of the group banks were on average ranged between (52%- 59%).These ratios were also approximately around the standard level which ranged between (35%-40%), but during the period (1996-2001) and due to the consequences of Sugger Gouriesh case when the debts of the cross firing cheques were considered as a non approved investments, and then added to the bank investment ceiling, the EDB liquidity ratios turned to be very high when ranged between (230% - 519%) in comparison with the group banks ratios which ranged between (66%-112%). Sugger Gouriesh operations itself, emerged as a result of lack in internal control system accompanied with the absence of an accurate reading to the daily financial position and the absence of honesty among some employees plus the absence of periodical job rotations. In addition to the absence of perfect planning to absorb the negative impacts of Sugger Gouriesh operations through the period of the cries (1995-2001). The general average of the EDB during the *period of the study was 231% in comparison with the group banks for the same period which was only 74%.*

Table (3 -1): Liquidity ratios

year	EDB	Group Banks*
1993	43%	52%
1994	59%	52%
1995	40%	59%
1996	393%	66%
1997	241%	98%
1998	256%	68%
1999	519%	112%
2000	303%	71%
2001	230%	86%
average	231%	74%

Source: Adopted from appendices (16-29)

** Group Banks refers to the selected banks of the study*

An important note arise from this analysis that is the EDB average in liquidity ratio during the period 1995-2001 is realized to be over 100%, and this is due to the over draft which took place in the EDB account in the central bank and through the clearing house as a result of the cross firing cheques, and the question here a rise, how the central bank allow drawings through the clearing house amounts exceed the bank deposits and owners equity?.

By applying the SPSS program on the EDB liquidity ratios in comparison with the group banks, the following results were obtained:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average of liquidity in private banks	9	.7392	.2094	.0698

One-Sample Test

	Test Value = 2.31					
					95% Confidence terval of the Differen	
	t	df	Sig. (2-tailed)[1]	Mean Difference	Lower	Upper
Average of liquidity in private banks	-22.507	8	.000	-1.5708	-1.7318	-1.4099

1. ***Result: there is a significant difference between the EDB mean average liqiudity and th average in private banks.***

- *Annual rate of growth of the average liquidity ratio = 7.1%*
- *There is a significant difference between the EDB average liquidity ratio and the corresponding banks.*
- *The annual rate of growth in the liquidity ratios of the group banks is 7.1%.*
- *The average liquidity ratio for the Sudanese private banks is over the standard (35-40%).*

Figure (3 -1): Trend of average liquidity ratio in private banks for the period 1993 - 2001

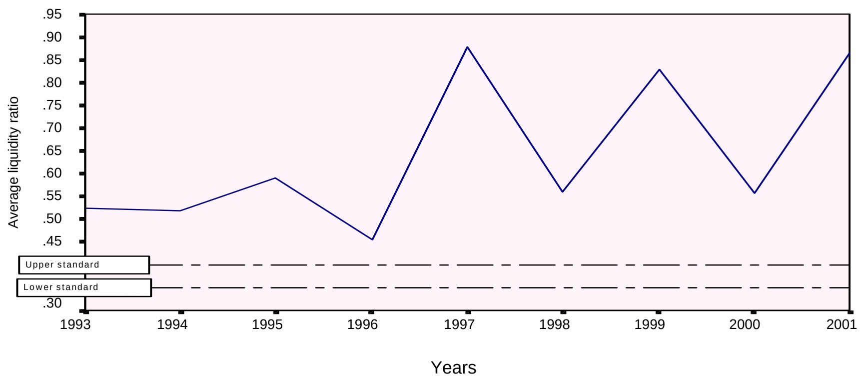
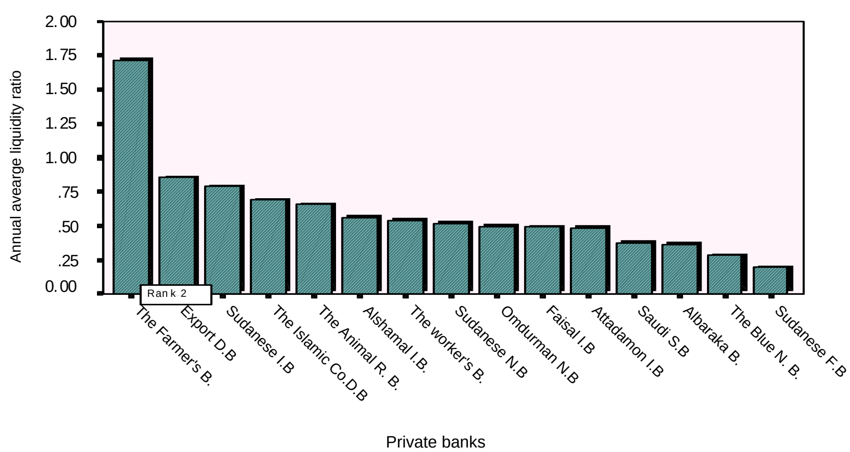


Figure (3 -2): Annual average liquidiry ratio among private banks



3-2 Expenses/revenues ratio:

From the above table, we conclude that the EDB average expenses/revenues ratios in 1993 and 1994 were not high, but relatively over the group banks ratios for the same period. i.e. the EDB average in 1993 was 88% while the average ratio of the group banks was84%. In 1994 the EDB ratio was 92% while the average of the group banks was 76%, but after 1994 the EDB average expenses/revenues ratio started to rise beyond the group banks average, reaching to an odd figures for example, 324%, 375%, and 366% in 1997, 2000 and 2001 successively. The general EDB average for the period 1993-2001 was 219%while the group banks average for the same period was 88%.

The reasons behind the increase in the EDB expenses/revenues ratio can also be referred to the consequences of Sugeer Gouriesh case which resulted in reducing the bank revenues as a direct effect of stopping the bank by the central bank from dealing in the foreign trade particularly in the letters of credits and due to the correspondents desire. In addition to the stopping of investments for along period of time and the growing rate of expenses beside the inflation and the absence of an effective plan to over come the impacts of the genuine problem.

Table (3 -2): Expenses/ revenues ratios

year	EDB	Group Banks
1993	88%	84%
1994	92%	76%
1995	162%	81%
1996	206%	72%
1997	324%	94%
1998	148%	84%
1999	214%	91%
2000	375%	99%
2001	366%	116%
average	219%	88%

Source: As for table 1.

The SPSS has given the following results about the EDB average expenses/revenues in comparison with the group banks:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average expense revenue ratio	9	.8864	.1359	.0453

One-Sample Test

	Test Value = 2.19					
	t	df	Sig. (2-tailed)[1]	Mean Difference	95% Confidence Interval of the Difference Lower	Upper
Average expense / revenue ratio	-28.783	8	.000	-1.3036	-1.4080	-1.1992

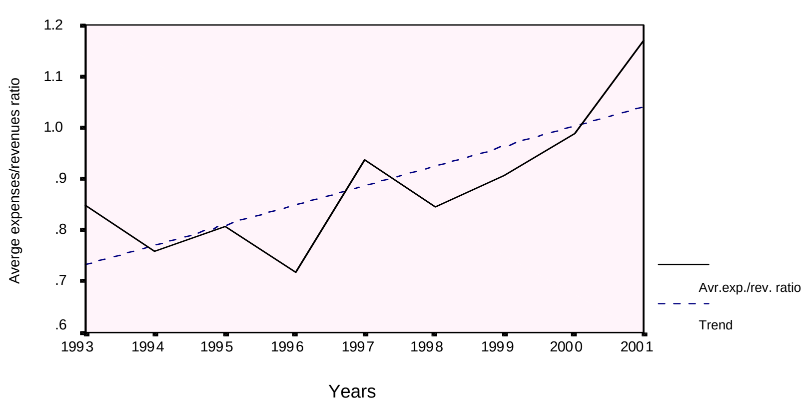
1. Result: there is a significant difference between the EDB mean average expense/revenue rat the corresponding average in private banks.

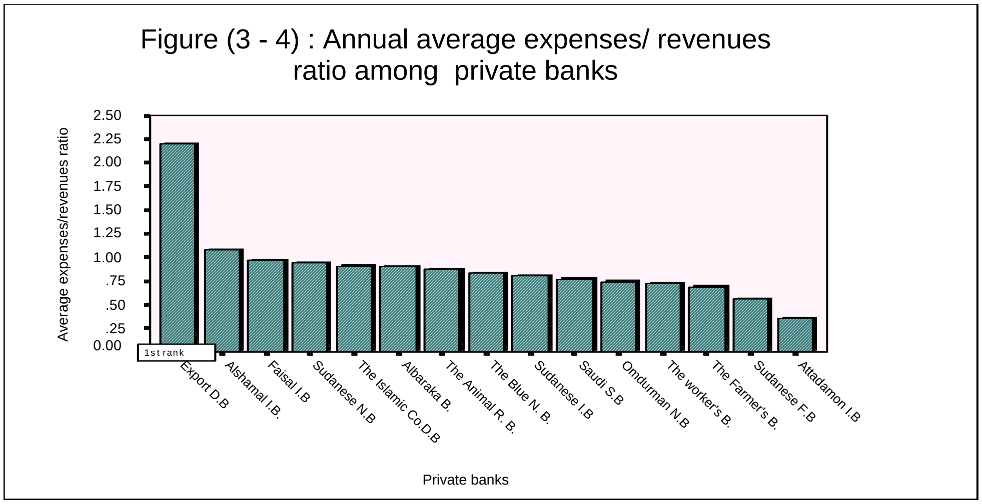
- *Annual rate of growth of the average expense/revenue ratio = 4.13%*

In brief the results are:

- *There is significant difference between the EDB mean average expenses/revenues ratio and the corresponding average in private banks.*
- *The annual rate of growth in the average expenses/revenues ratio was 4.13% during the period of the study.*

Figure (3 -3): Trend of expenses/ revenues ratio
For the private banks





3-3 Return on shareholders equity ratio:

Concerning the EDB shareholders equity ratios as displayed in table (3-3) below, we realize that except in the years 1993 and 1994 when the EDB average return on shareholders equity ratio was 9% and 4% successively, the return on shareholders equity in the rest of years since 1995 up 2001 was negative, and the overall average of the EDB return on shareholders equity during the period of the study was negative by 115%. In comparison the group banks average ratio was 49% in 1993 and 60% in 1994, but this ratio was improved in 1995 by 164% then rose to 579% in 1996 and to 936% in 2000 with an overall average 282% for the period of the study.

The reasons mentioned above concerning the increase in the liquidity and expenses/revenues ratios were the same reasons behind the negative return on shareholders equity ratio.

Table (3-3): Return on shareholders equity ratios

Year	The EDB	Group Banks
1993	9%	49%
1994	4%	60%
1995	(91%)	264%
1996	(171%)	579%
1997	(287%)	232%
1998	(169%)	317%
1999	(199%)	(72%)
2000	(111%)	936%
2001	(17%)	177%
average	(115%)	282%

Source: As for table 1.

The SPSS program has registered the following points concerning the EDB average return on shareholders equity ratio in comparison with the group banks:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Share holders' equity	9	2.8244	3.0820	1.0273

One-Sample Test

	Test Value = -1.146666					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)[1]	Mean Difference	Lower	Upper
Share holders' equity	3.865	8	.005	3.9711	1.6021	6.3401

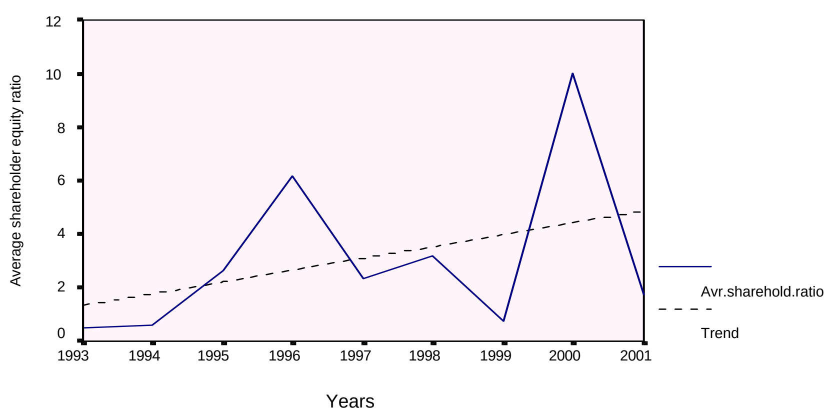
1. ***Result: there is a significant difference between the EDB mean shareholders equity ratio and the corresponding average in private banks.***

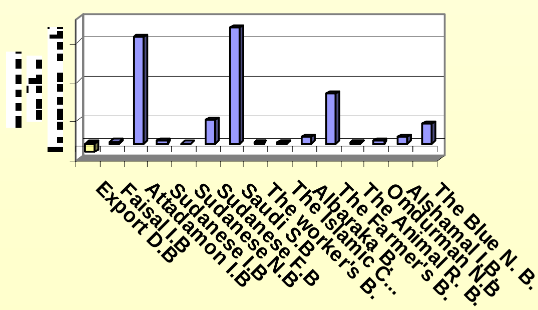
- *Annual rate of growth of the average share holder equity ratio = 16.96%*

i.e.

- *There is an existence of significant difference between the EDB average shareholders equity ratio and the average of the corresponding banks.*
- *The annual rate of the average growth in the shareholders equity ratio was 16.96%.*

Figure (3 – 5): Trend of average shareholders equity ratio in private banks for the period 1993 - 2001





Figure(3- 6): Annual average share holders equity ratio in private banks

3-4 Return on equity ratio (ROE):

Referring to the table No. (3-4), and as a result of the losses registered in the EDB financial position during the period (1995 – 2001), the EDB average return on equity ratio for the same period was negative by 40% in comparison with the average of the group banks which was 11%. But even before the bank cries and particularly in 1993 and 1994, the EDB average return on equity was below the industry average for the same period. i.e. the EDB average in 1993 was 7% in comparison with the group banks average, which was 15%, while the EDB average in 1994 was 4% and the average of the group banks was 5%.

The return on equity ratios of the EDB for the years 1996 – 2000 were registered positive from mathematical point of view only , but the real position was negative due to the accumulated losses which resulted from the impacts of Sugger Gouriesh operations.

Statistically, the SPSS has reflected the following results about the EDB average return on equity ratios and the group banks:

Table (3-4): Return on equity ratios

year	EDB	Group Banks
1993	7%	15%
1994	4%	5%
1995	(629%)	(33%)
1996	129%	37%
1997	68%	27%
1998	34%	13%
1999	35%	8%
2000	42%	13%
2001	(49%)	14%
average	(40%)	11%

Source: As for table 1.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Return on equity ratio	9	.1100	.1919	.0640

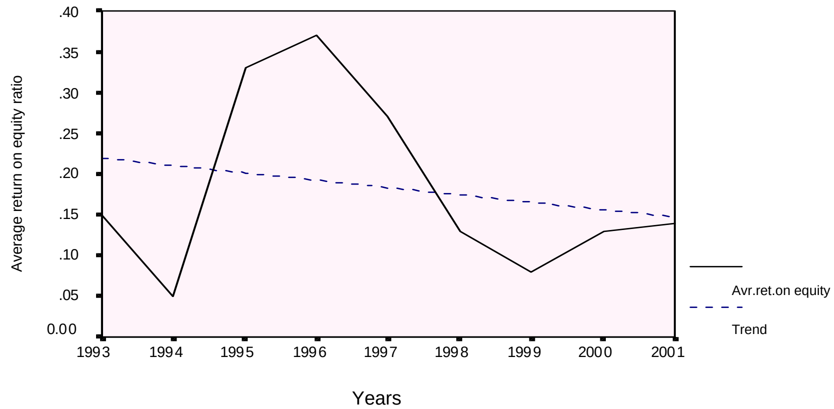
One-Sample Test

	Test Value = -.40					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)[1]	Mean Difference	Lower	Upper
Return on equity r	7.973	8	.000	.5100	.3625	.6575

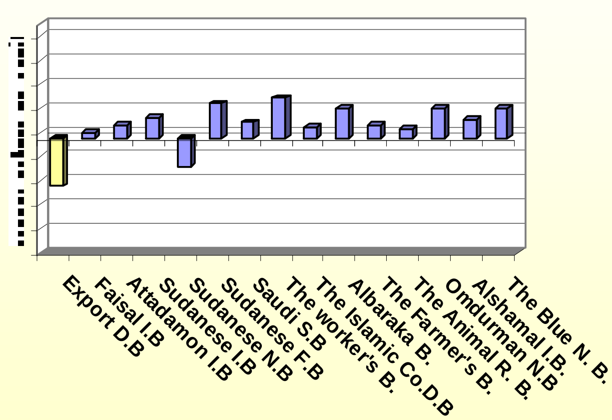
1. ***Result: there is a significant difference between the EDB average return on equity the corresponding average in private banks.***

- *Annual rate of growth of the average return on equity ratio = -* ***2.5%****i.e.*
- *The existence of significant difference between the EDB mean average return on equity ratio and the corresponding banks as appear in the figures (3-7) and (3-8)*
- *The rate of growth for the return on equity ratio was (2.5%).*

Figure (3 - 7): Trend of average return on equity ratio
in private banks for the period 1993 - 2001



Figure(3- 8): Annual average return on equity ratio
in private banks



3-5 Return on assets ratio (ROA):

Referring to the table No. (3-5), the EDB return on assets ratio in 1993 and 1994 was 1% for each year, while the same ratio for the group banks was 1% in 1993 and (2%) in 1994 reflecting that EDB average return on assets ratio was better than that of the group banks during this period. But this position and due to the deterioration in the bank position according *to the reasons mentioned previously, the return on assets for the EDB turned to the minus ratios since 1995 and up to 2001 with an average of (4%)for the period of the study in comparison with the corresponding banks which was (0.4%).*

The SPSS has stated the following results:

Table (3-5): Return on assets ratios

Year	EDB	Group Banks
1993	1%	1%
1994	1%	(2%)
1995	(5%)	1%
1996	(4%)	3%
1997	(5%)	(2%)
1998	(3%)	-
1999	(5%)	-
2000	(9%)	-
2001	(5%)	(2%)
average	(4%)	(0.4%)

Source: As for table 1.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average return on assets ratio	9	-.0046	.0217	.0072

One-Sample Test

	Test Value = -0.03778					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)[1]	Mean Difference	Lower	Upper
Average return on assets ratio	4.584	8	.002	.0332	.0165	.0499

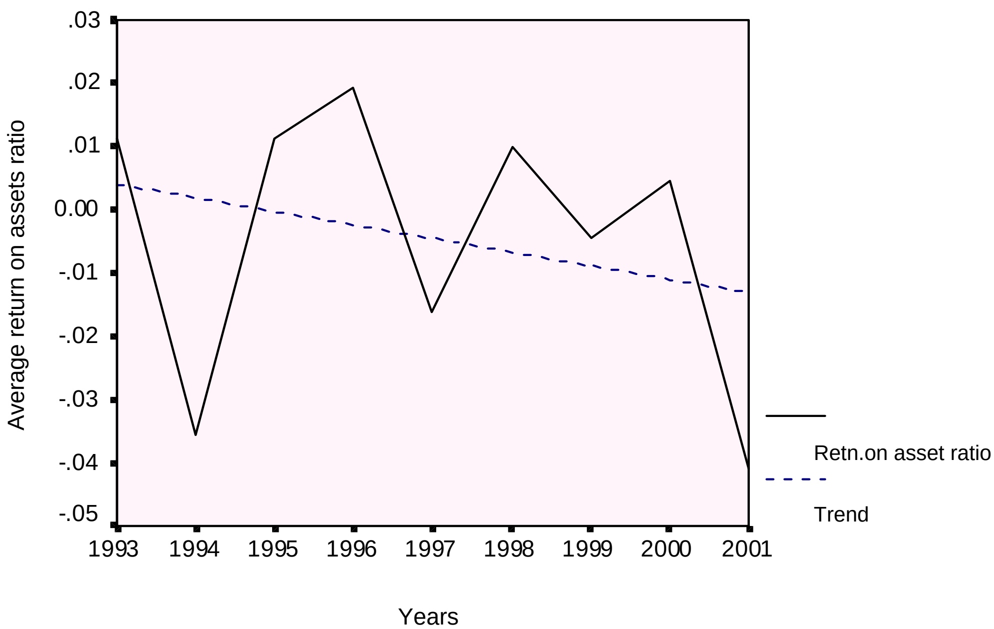
1. ***Result: there is a significant difference between the EDB average return on assets ratio and th corresponding average in private banks.***

- *Annual rate of growth of the average return on assets ratio = -5.7%*

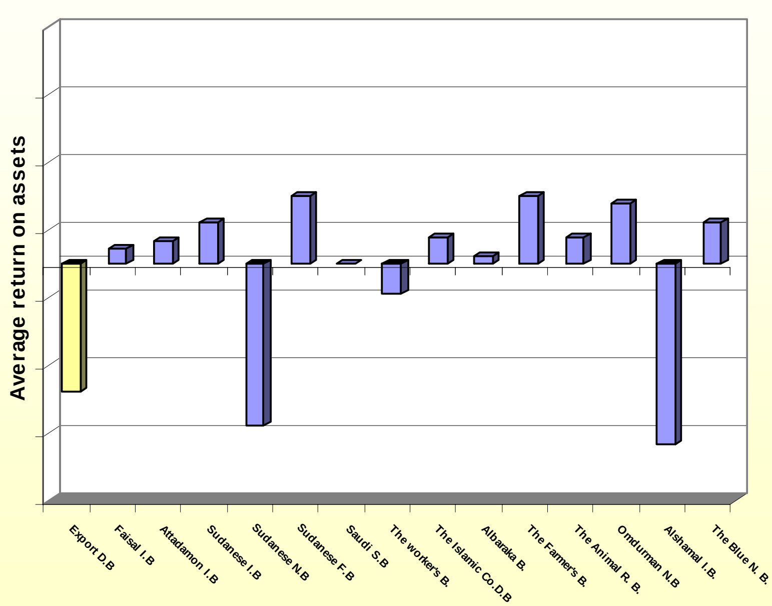
  i.e.
- *There is significant difference between the EDB average return on assets ratio and the average of the group banks for the same period.*

- *The rate of growth for the return on assets during the period of the study was (5.7%).*

Figure (3 - 9): Trend of average return on assets ratio in private banks for the period 1993 - 2001



Figure(3 -10): Annual average return on assets ratio in private banks



3-6 Capital adequacy ratio :

Referring to table No. (3-6), we realize that the EDB capital adequacy ratio in 1993 and in 1994 was 7% in each year, while the group banks ratios were 14% and 10% in 1993 and 1994 successively. But the EDB ratios of the capital adequacy after 1994 turned to a diminishing return started from 1% and began to diminish annually until reached its peak in 2000 when it was (21%) while the average capital adequacy ratio of the group banks did not register any minus signs , and the EDB general average for the period of the study was (5%) in comparison with the group banks general average which was 10%.

In 2001, and due to the improvement in the paid up capital of the EDB , the EDB capital adequacy ratio improved to 9% for the first time during the period of the study but still below the general average of the private banks for the same year which was 20% in 2001. The reasons behind the deterioration in the capital adequacy ratio were the same reasons behind the general deterioration in the bank position which mentioned previously.

Table (3-6): Capital adequacy ratios

year	EDB	Group Banks
1993	7%	14%
1994	7%	10%
1995	1%	9%
1996	(3%)	15%
1997	(13%)	3%
1998	(14%)	6%

1999	(16%)	8%
2000	(21%)	7%
2001	9%	20%
average	(5%)	10%

Source: As for table 1.

The SPSS has stated the following results concerning the EDB average capital adequacy ratios and the group banks:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Average capital adequacy ratios	9	.1022	.0524	.0175

One-Sample Test

	Test Value = -0.047778					
	t	df	Sig. (2-tailed) [1]	Mean Difference	95% Confidence Interval of the Difference Lower	95% Confidence Interval of the Difference Upper
Average capital adequacy ratios	8.590	8	.000	.1500	.1097	.1903

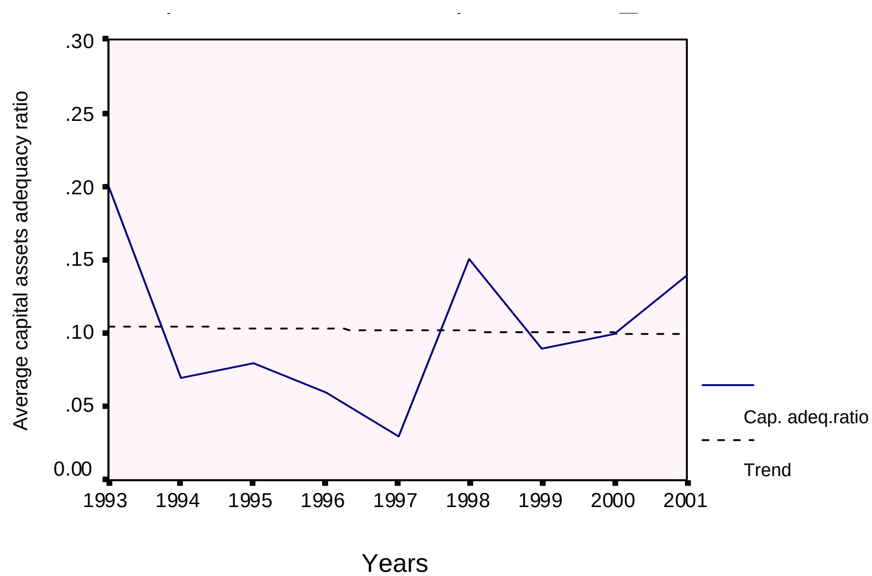
1. *Result: there is a significant difference between the EDB average capital adequacy ratio and the corresponding average in private banks.*

- *Annual rate of growth of the average capital adequacy ratio =1.3%*

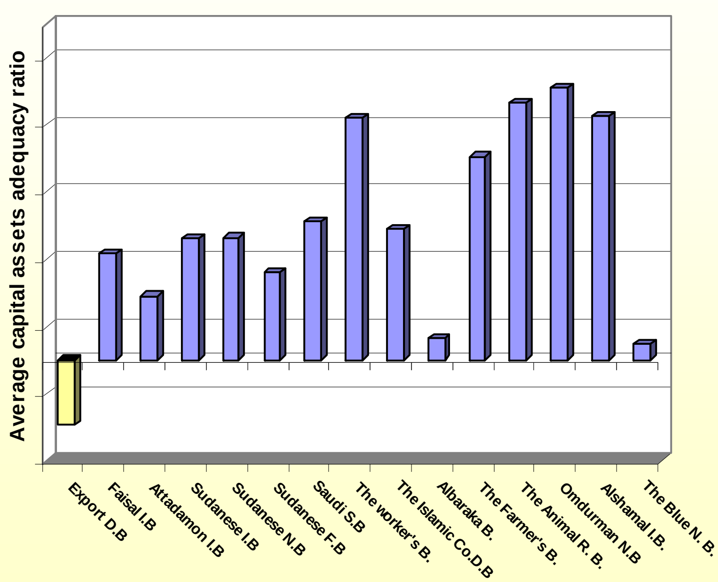
  i.e.

- *The existence of highly significant difference between the EDB average capital adequacy ratio and that of the group banks.*
- *The rate of growth in the capital adequacy ratio during the period of the study was (1.3%).*

Figure (3 -11): Trend of average capital assets adequacy ratio in private banks for the period 1993 - 2001



Figure(3-12): Annual average capital assets adequacy ratio in private banks



3-7 Debt – equity ratios:

From table No. (3-7) below, we realize that the debts of the Sudanese banks (investments) exceed their shareholders equity by 4.94 times during the period of the study while the EDB average for the same period and according to the contraction in the investment activities accompanied with the considerable injection in the bank capital, the EDB average was 10% .

Table (3 -7): Debt-equity ratios

year	EDB	Group Banks
1993	343%	603%
1994	479%	448%
1995	2538%	727%
1996	(1910%)	431%
1997	(550%)	374%
1998	(487%)	548%
1999	(398%)	340%
2000	(332%)	400%
2001	407%	583%
average	10%	494%

Source: As for table 1.

Referring to the table we also realize that the EDB average ratio was 393% in 1993 and 479% in 1994 in comparison with that of the group banks which was 603% and 448% successively, and this means that all the Sudanese banks are surrounded by risks in case of the shareholders equity. i.e. they invest by more than the owners equity.

In 1995 the EDB debt – equity ratio raised to 2538% as a result of adding the debts of the cross firing cheques to the investment ceiling which was increasing, then after that the ratio went in negative signs till 2001 when turned to positive by 407% due to the improvement in the bank shareholders equity.

The SPSS has reflected the following results about the EDB average debt – equity ratios and the group banks:

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Debt_equity ratios	9	4.9489	1.2749	.4250

One-Sample Test

	Test Value = 0.10					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)[1]	Mean Difference	Lower	Upper
Debt_equity ratios	11.410	8	.000	4.8489	3.8689	5.8289

1. Result: there are significant differences between the EDB average debt_equ corresponding average in private banks.

- *Annual rate of growth of the debt equity ratio = 2.92%*
- *There is a significant difference between the EDB average debt – equity ratio and the corresponding banks.*
- *The annual rate of growth was (2.92%).*

Figure (3 -13): Trend of average debt- equity ratios in private banks

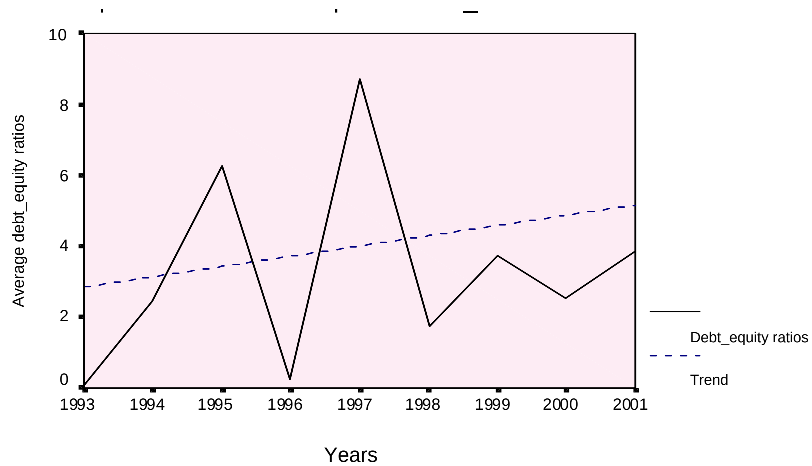
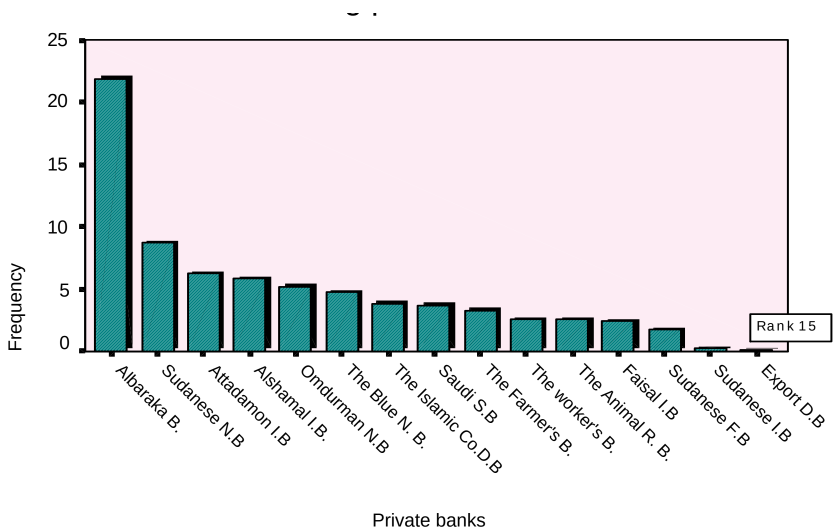


Figure (3 -14) : Annual average debt- equity ratio among private banks



CHAPTER FOUR

4- Conclusion and Recommendations

4-1 Conclusion:-

The findings and conclusion of this research can be summarized in the following:-

- *The general financial position of the EDB during the period of the study was very weak. This was represented in shortage of liquidity, highly operating cost, negative returns on shareholders equity, negative returns on equity, negative return on assets and the weakness in the capital assets adequacy. The only advantage was in the debt – equity ratio, that reflected from the increase of the capital in 2001 from SD.D327931 thousand to SD.D2506769 thousand. These shortcomings were due to negative consequences of the cross firing cheques concerning Sugger Gouriesh operations which resulted in closing many branches, and the failure of the bank to overcome these shortcomings despite repetitive efforts of remedy since 1996 until 2001 when new injection of capital happened, and a reform program concerning managerial, organizational and financial aspects was adopted.*
- *The average liquidity ratio of the Sudanese private banks during the period of the study was over the standard level. i.e. it was 74%, in comparison with the standard average ratio(35%- 40%) . while the EDB average during the same period was 231%. This was quite consistent with the bank position at that time, when it failed to meet promptly depositors for money or meet customers' credits needs and the result was decline of the bank public confidence. The reason was the large amount of the EDB investments which includes Sugger Gouriesh operations during this period in comparison with the limited deposits.*

- *While the average expenses/revenues ratio of the group banks during the period of the study was 88%, the EDB average ratio was 219%, and the reason behind this difference refers to the growing expenses of the bank in comparison with the revenues.*
- *The average return on shareholders equity ratio of the group banks during the period of the study was 293%, but that of the EDB was (115%), which means negative return on shareholders equity as a result of the accumulative losses of the bank during 1995 – 2001.*
- *The average return on equity ratio of the EDB during the period of the study was (40%), while the standard average ratio of the group banks was11%.*
- *The average return on assets for the group banks during the period of the study was negative by (0.1%)compared with decreasing rate of(4%) for the EDB.*
- *The average capital assets adequacy ratio of the group banks during the period of the study was 10%, while that of the EDB was (5%).*
- *The average debt - equity ratio of the group banks during the period of the study was 494% in comparison with that of EDB which was 10%, and the reason behind this difference refers to the tangible improvement in the EDB shareholders equity through the mass injection of the bank paid up capital.*

4-2 Recommendations:-

The following economic, administrative and technical recommendations evolved from the results of the study, and it will be suitable for the Sudanese private banks in general and for the EDB in particular to adopt.

1. *the necessity of increasing and strengthening the financial position of the bank through increasing the capital, and building of reserves or through merger.*
2. *the necessity of activating and expansion of the correspondents in order to escort the movements in the internal market.*
3. *the utilization of the available resources in the most productive projects which have sufficient guarantees and sufficient feasibility studies.*
4. *the appointment of provisional bankers as top management.*
5. *there must be some restrictions concerning the membership of the board of directors. i.e. the chair man of the board must be at least high school graduate.*
6. *the distribution of labor force according to their experiences and qualifications with charging the suitable one for leadership.*
7. *the necessity of enhancing training and rehabilitation programs.*
8. *strengthening of internal control system through capable employees who have at least 10 years of experience in banking and have covered all the banking sections. In addition to the necessity of continuous and sudden inspection and auditing which help in detecting any deviations as early as possible.*
9. *the dependency on promotion according to employee's performance plus the existence of vacant jobs, and not on time - period method particular for new employees in order to reduce self reliance in the work.*
10. *the creation of new approaches for banking marketing through appointment of eligible staff of public relations.*

11. *the necessity of developing and expansion of the network system to link the bank branches and overcome the traditional practices.*
12. *an improvement of the labor contracts agreements in order to create an attractive environment for existing employees and encourage new eligible ones to joint the bank.*
13. *the concrete restriction towards the master budget and the elimination of the off-balance sheet disbursement.*
14. *for better administration of liquidity, there must be a liquidity unit in the bank with strong delegations and it will be better if followed directly to deputy general manager.*

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. *Appendix (1)*

Partial Financial Position of the (EDB) 1993- 2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	473915	594229	15177823	3986969	3044862	4079643	4538871	4141584	9278744
Cash & cash equivalents	232803	241325	54839	331366	323615	681643	500413	520048	1529152
S.t. investments	98472	142492	215710	2369764	221517	224663	133763	80973	713678
L.t. investments	21939	63177	117648	30426	32528	32528	32528	32528	2859187
C.M.C certificates									
Sagger Gouriesh operations	-	-	10816		1835778	2526700	2744434	2739110	-
Total investments	120411	205669	344174	2400190	2187521	2783891	2910725	2852611	3572865
Fixed assets	62217	70535	119010	139895	135518	119724	157386	195441	372015
Deposits + cash margins	278654	346858	866458	610164	907824	1087935	561044	940327	1552510
Bank payables	-	-	141109	2205678	1667104	2271702	3199046	2960172	2493986
Paid up capital	28978	36234	93985	94439	94441	115184	125103	327931	2506769
Reserves	4095	4628	4628	27359	26825	26825	26825	26825	26835
Income :-	42060	71554	124485	152550	121228	317480	217802	132446	161700
Investments	24838	41213	61638	45837	12361	95495	66552	7468	5701
Banking services	15833	28045	59103	72713	108399	174552	114839	108962	115645
Others	1389	2296	3742	34000	468	47433	36411	16016	40354
Expenditures:-	36986	65950	202115	314492	392404	471175	466249	497039	592569
Employees	18565	32648	48588	81000	126115	229195	240181	228587	319360
Ad. & Gen. Expenditures	18421	33302	153527	233492	266289	241980	226068	268452	273209
Income B/F Tax & Zakat	5074	5604	(77630) *	(161942)	(150176)	(144907)	(248447)	(364593)	(430869)
Net profits	2612	1598	(85357)	(162024)	(271176)	(194907)	(248447)	(364593)	(430869)
Non performing loans	36447	96000	861000	63411	63411	-	1020000	49202	-
Bank of Sudan penalties		672	7726			41211			
Stationary	8723	8953	9170	7346	10348	11617	11531	9593	9125
Owner's equity	35087	42875	13560	(125623)	(397291)	(571495)	(713571)	(859354)	876777

Source:- *Annual Reports of EDB, (1993-2001)*

* *Figures between brackets mean negative values.*

Appendix (2)

Partial Financial Position of Fisal Islamic Bank (FIB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993 *	1994 *	1995	1996	1997	1998	1999	2000	2001
Budget volume			4345816	7776763	10889247	8643002	9814415	12952950	13696456
Cash & cash equivalents			930835	2617951	3940225	2155799	4482160	5378960	4853730
Total investments :-			934276	1743725	2953788	3151229	2890759	4623082	5255085
S.t. investments			478735	928196	28654554	2606741	2346271	3678594	4610597
L.t. investments			455541	815529	927748	54488	544488	544488	544488
C.M.C certificates								400000	100000
Fixed assets			1267901	1229613	1181307	1291119	1271813	1052482	1097174
Deposits + cash margins			1713619	3772289	6201500	597307	7503134	9160433	9564736
Bank payables			2950						
Paid up capital			86088	175819	175859	174087	174087	975000	1000000
Reserves			559565	509996	540883	503842	814449	227361	111317
Income :-			420200	508698	691178	1476853	1047636	1203140	1312161
Investments			140700	106630	138415	583681	1417845	588350	587461
Banking services			94900	105118	286786	597012	256721	369165	499097
Others			184600	296950	265977	296160	355957	245625	225603
Expenditures:-			421000	443511	610661	1414443	1183039	1188732	1246182
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat				115938	85736	62410	234806	14408	65979
Net profits				101950	74341	46247	114482	2560	58153
Owner's equity			645654	707707	741644	843007	1187250	1205449	1295470

Source:- *Annual Reports of EIB, (1993-2001)*

- *The balance sheets and the income statements of FIB for the years 1993 and 1994 were due to heijrey calendar and not in 31/12.(The end of the year)*, thus ignored.

.Appendix (3)

Partial Financial Position of Tdamon Islamic Bank (TIB) 1993- 2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	753131	2064118	4431342	7763150	11637423	30283386	83483561	20882549	22119571
Cash & cash equivalents	357707	1247292	2324510	5228847	7901574	3635752	4593107	6506082	5965539
Total investments :-	190009	264611	565368	939261	1199178	2260627	10062187	10766187	12279719
S.t. investments	181687	252324	552679	921124		2017714	9996657	10623079	12226611
L.t. investments	8322	12287	12689	18137		37813	50530	53108	53108
C.M.C certificates						205100	15000	90000	-
Fixed assets	69623	120642	199249	268357	1215836	1221534	1361017	1293162	1168422
Deposits + cash margins	572433	1510052	3310336	5970724	7871094	5767558	6868957	9510275	11294041
Bank payables		49007	-	-	-	364116	304319	511622	18803
Paid up capital	4973	4973	4973	4973	4973	4973	4973	4973	1042253
Reserves	10118	20868	58340	136699		1347193	1393435	1574355	877830
Income :-	72467	209853	321924	593996	645361	905827	1013557	1394827	1607038
Investments	48130	122336	182078	323365	316338	433212	422678	630909	
Banking services	19484	66424	106971	215481	254246	411374	502860	62409	721212
Others	4853	21093	32875	55150	30282	151667	146105	309883	156303
Expenditures:-	45458	149682	201859	63018	9807	15590	153920	349846	1033591
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	72010	60172	120066	228161	122082	314418	300622	492965	379477
Net profits	853	152	4662	55150	74777	61241	88019	364233	375248
Owner's equity	15947	25995	67978	204693	1311756	1467695	1498563	1741206	2034030

Source:- *Annual Reports of TIB, (1993-2001).*

.Appendix (4)

Partial Financial Position of the Sudanese Islamic Bank (SIB) 1993-2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	1237400	2042800	2144400	4275000	5650000	7809000	10100000	12087000	14182000
Cash & cash equivalents	421800	536700	657700	2109300	3333400	4454000	5488000	6838000	589000
Total investments :-	336800	400700	617200	1157900	1264200	1983000	2035000	2701000	3314000
S.t. investments									
L.t. investments									
C.M.C certificates									
Fixed assets	98000	130700	130000	227000	307000	366000	1732000	1690000	1613000
Deposits + cash margins	565300	918800	1264200	2913500	4335600	5475400	6316000	7829000	8751000
Bank payables									
Paid up capital	14000	23700	49800	151000	231000	265000	318000	443000	906000
Reserves	14400	8200	10200	89300	74000	129000	1506000	1477000	1629000
Income :-	54200	206400	208600	593200	703100	944000	1173000	1406000	1888000
Investments									
Banking services									
Others									
Expenditures:-	39500	186700	193100	366100	553100	794000	903000	1342000	1343000
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	14700	19700	15500	227100	150000	150000	270000	270000	545000
Net profits	7800	3800	8000	116000	71000	52000	126000	146000	467000
Owner’s equity	29100	38700	72600	286500	353900	431000	1920000	2031000	2786000

Source:- *Annual Reports of SIB, (1993-2001).*

.Appendix (5)

Partial Financial Position of the Sudanese National Bank (SNB) 19932001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	1156020	98763	1981679	2827664	4013490	6661247	8542535	10829674	12734481
Cash & cash equivalents	642491	483375	696401	947846	1271483	2482137	3551913	4731016	4685779
Total investments :-	239493	163531	455177	684954	871810	1619065	4085046	4096130	6227056
S.t. investments	224466	163527	451422	681199	868056	1615311	4066292	3689376	5696013
L.t. investments	15027	4	3755	3755	3755	3755	3755	3755	3755
C.M.C certificates								15000	403000
Fixed assets	20697	2390	25742	23842	115285	135518	145263	272831	328943
Deposits + cash margins	590043	861443	1485786	2050693	1465471	22461085	5428731	6649379	8303863
Bank payables	112655	37337	172317	348647	329972	471089	866336	1045987	-
Paid up capital	3916	77446	82960	82960	149527	175079	182021	182098	592961
Reserves	2332	2332	2332	2332	106926	286919	377428	144220	313631
Income :-	67121	54499	116359	237760	336508	591122	1061283	1198625	1270969
Investments	21286	10930	36367	98925	164009	275018	227216	450606	500458
Banking services	33846	38667	62094	110732	133509	290600	761204	652601	683655
Others	11989	4902	17898	28103	38990	25504	72863	95418	86856
Expenditures:-	58186	96223	120292	217792	329575	527173	658892	749677	959864
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	8935	(41723)	(3932)	19967	6932	63949	44117	176509	311105
Net profits	1905	(43248)	(44785)	(27818)	(20885)	43063	44117	105553	232084
Owner's equity	8644	38925	40507	57474	235568	505062	646631	802425	1208063

Source:- *Annual Reports of SNB, (1993-2001).*

Appendix (6)

Partial Financial Position of the Sudanese French Bank (SFB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	2551010	3680076	7053151	12575114	18273148	24407286	28832815	31279011	39861994
Cash & cash equivalents	1884202	2638106	3852316	7895879	11347387	16321069	19401884	18574558	22553599
Total investments :-	272393	454789	434891	1622289	2481248	2953202	3057198	4724098	7844520
S.t. investments	254878	452578	432680	1601623	2449307	2906836	2828832	4440371	7601943
L.t. investments	17515	2211	2211	20666	31941	46366	61366	108577	242577
C.M.C certificates									
Fixed assets	58638	93720	139834	186444	1135873	1108931	1119803	2769705	2700334
Deposits + cash margins	1400236	2216895	4229506	8377933	12088373	16348196	18993020	19462067	29019414
Bank payables									
Paid up capital	30068	50645	50645	50645	101291	101291	101291	1114204	2228408
Reserves	26789	112121	178342	378342	1300481	1632558	2098028	1363346	909150
Income :-	152305	352247	575684	1302830	1871643	2735534	2898628	3147153	3537731
Investments	35636	113646	165930	377934	524833	698542	689225	558079	589720
Banking services	115712	212542	386832	897763	1306195	2012069	2173055	2476445	112481
Others	957	26059	22922	27133	40615	24923	36348	1121629	558536
Expenditures:-	69767	188570	332333	677335	1004140	1426987	1800821	1935809	2276994
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	82538	163677	243350	625495	867502	1308548	1097808	1211344	1260736
Net profits	36038	6731	121866	328445	415696	617406	521573	746258	909150
Owner’s equity	111443	205416	271445	471445	1436534	1671485	2099954	3223809	3758857

Source:- *Annual Reports of SFB, (1993-2001).*

.Appendix (7)

Partial Financial Position of the Saudi Sudanese Bank (SSB) 1993-2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	622467	895701	2928319	4789653	6831242	10583937	1053553	12785013	14830429
Cash & cash equivalents	376487	445413	1526952	2718367	3765459	4802467	5361469	5947776	5286529
Total investments :-	122930	216275	639542	969191	3765459	1096324	1362937	3814793	6308424
S.t. investments									
L.t. investments									
C.M.C certificates									
Fixed assets	23126	31861	51870	57364	311964	312968	366915	269159	265401
Deposits + cash margins	502780	611742	1738624	2730746	5211603	3275598	7501285	9307316	10422953
Bank payables									
Paid up capital	2500	2500	2500	2500	3318	3000	3000	3000	3000
Reserves	62848	78756	148110	325153	285703	292166	294917	314442	822531
Income :-	61531	106686	304643	589154	722107	897283	892821	1228753	1852188
Investments	35696	61563	116446	289980	343415	441668	332071	556568	826609
Banking services	24612	45123	120631	210238	278132	438476	523260	613971	975550
Others	1223	-	67566	93644	100559	17139	37490	58214	50029
Expenditures:-	44102	76202	140285	285272	589641	739773	1008584	1122048	1471164
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	17429	30483	164358	303881	132466	36636	(115761)	106706	381024
Net profits	1829	12911	87189	145789	57534	12019	(118947)	87279	313864
Owner's equity	71906	94883	193696	476673	444155	801894	346123	433474	1118197

Source:- *Annual Reports of SSB, (1993-2001).*

Appendix (8)

Partial Financial Position of the Workers' National Bank (WNB) 1993-2001

In thousand Sudanese Dinars .

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	145730	299517	502472	81599	75045	1020543	1611017	2617358	3618484
Cash & cash equivalents	70156	154862	199766	338189	290145	453596	732452	816584	1067537
Total investments :-	41741	68660	201788	382220	367425	368764	591854	1314329	1143062
S.t. investments	41233	67819	199396	373342	359623	358949	533009	1271195	1100927
L.t. investments									
C.M.C certificates									
Fixed assets	19348	26765	46354	86152	80442	78871	94606	96664	364524
Deposits + cash margins	99467	176491	352123	638635	654181	625352	1122062	1820739	2284704
Bank payables									
Paid up capital	8856	26524	60524	60872	85504	117231	176229	306327	672017
Reserves	2214	7598	17171	15422	15422	14751	14751	33454	88364
Income :-	19775	33400	76047	160496	164453	184988	209222	341734	462640
Investments	8068	20823	46713	89679	103330	111647	110305	218136	104697
Banking services	6284	9552	18320	60331	56506	61394	59264	74515	321501
Others	5423	6025	11014	10486	4617	11947	39653	49083	36442
Expenditures:-	10161	25773	46242	107855	187812	174538	212853	264536	354035
Employees	5127	13480	21701	57941		104523	127471	137227	164898
Ad. & Gov. Expenditures	5034	12293	24540	49914		70015	85382		
Income B/F Tax & Zakat	8672	10626	29804	52640	(23358)	4763	(8065)	77198	108605
Net profits	7677	236	986	18215	(30846)	3114	(8838)	56109	105853
Owner's equity	21387	41411	83354	97860	(30846)	114216	164640	369549	79390

Source:- *Annual Reports of WNB, (1993-2001).*

Appendix (9)

Partial Financial Position of the Islamic Cooperative Development Bank (ICDB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993 *	1994 *	1995 *	1996 *	1997 *	1998	1999	2000	2001
Budget volume	588840	807236	1298057	2760427	4251634	5307671	6771180	9691035	9347754
Cash & cash equivalents	273526	403018	829753	1278041	1778841	2801841	2294590	3761069	3301408
Total investments :-	231184	283914	474218	1179661	1570161	1722786	1827064	3946986	3606674
S.t. investments	226000	274618	464922	1165588	1555592	1707517	1808236	3928158	3577970
L.t. investments	5184	9296	9296	14073	14569	15269	18828	18828	28704
C.M.C certificates									
Fixed assets									
Deposits + cash margins	354511	472438	946054	1806301	2426162	2307668	2788948	4190512	4445730
Bank payables	23691								
Paid up capital	12599	26159	88366	270618	300445	317654	410326	470326	843279
Reserves	22911	29045	31330	72779	90864	93854	97465	102293	470888
Income :-	67048	107475	205779	609352	628469	764579	800886	1170787	1110296
Investments	8638	78280	122616	473644	454997	490616	470052	661658	571637
Banking services	52642	2128	34761	31375	167843	273876	318836	503793	529208
Others	5768	27067	48402	104333	5629	87	11998	5336	9451
Expenditures:-	55543	96578	179349	469062	542243	745568	782484	1143476	1083964
Employees	9808	43022	64624	185178	234278	384842	391299	418143	576243
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	11504	10896	26429	140290	86225	19011	18402	27311	26332
Net profits	11438	9558	12394	65652	39033	6249	7845	13650	22615
Owner's equity	43594	62653	134326	372201	413692	416079	512027	952685	1329762

Source:- *Annual Reports of ICDB, (1993-2001)*

- *Budget volumes for the years 1993 -1997 were computed by adding the current assets to the long term investments and fixed assets.*

Appendix (10)

Partial Financial Position of Albaraka Bank (ALBB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	715908	1151985	1537505	3191408	4815955	6361343	6765026	10005497	11497846
Cash & cash equivalents	288752	452208	698648	1914299	2698791	3274986	3395234	4887280	4965217
Total investments :-	171285	2029319	290977	680258	1260498	2107361	1730554	2355225	4574330
S.t. investments	5984	2023335	284993	674274	1254522	2101398	1724591	2347974	4567079
L.t. investments	165301	5984	5984	5984	5976	846876	5963	7251	7251
C.M.C certificates	-	-	-	-	-	-	-	-	-
Fixed assets	78446	130330	149279	145201	146706	210163	240587	214464	239925
Deposits + cash margins	495206	778989	1203673	2577404	4010707	4019621	4549679	6900434	7606730
Bank payables	-	32781	29606	7005	22094	-	-	-	175571
Paid up capital	5534	5534	5534	5534	5534	5534	173872	204058	204058
Reserves	3763	5339	5463	8089	11222	13356	15514	16631	39842
Income :-	51754	99156	124111	283859	399246	632670	827350	941916	12899211
Investments	33550	51898	57718	95095	184902	260421	393218	293268	484581
Banking services	16689	36180	115631	162488	173440	340660	391588	553241	725844
Others	1515	11078	8480	26276	40904	31589	42544	95407	79496
Expenditures:-	33250	85847	119839	250378	361612	604832	812281	927041	1176822
Employees	11101	-	-	-	-	-	-	-	-
Ad. & Gov. Expenditures	22149	-	-	-	-	-	-	-	-
Income B/F Tax & Zakat	18503	13310	4271	33580	37634	27837	15069	14877	113099
Net profits	5082	6305	494	10424	12534	8533	8635	4464	92844
Owner's equity	13103	12512	13007	23431	36044	44577	221550	230515	323360

Source:- *Annual Reports of ALBB, (1993-2001).*

Appendix (11)

Partial Financial Position of the Farmer's Commercial Bank (FCB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993 *	1994 *	1995 *	1996 *	1997 *	1998 *	1999 *	2000 *	2001 *
Budget volume	398059	1075695	1421320	3800850		10128108	14533381	18763041	23559976
Cash & cash equivalents	20842	82742	160513	413802	861763	3887602	4832651	7785613	6750683
Total investments :-	212587	476813	618476	1642638	1675425	3021008	5738721	5724390	11223534
S.t. investments	74587	336711	419010	1417168	1442822	2731839	5542139	5498592	10977254
L.t. investments	138000	140102	199466	225470	232603	289169	196582	225798	246280
C.M.C certificates									
Fixed assets	151070	210303	152813	442624	282759	578806	636951	690265	2347760
Deposits + cash margins	74712	192707	171290	1959482	1042917	4148662	4103578	6127453	11267632
Bank payables			359400	399998		462000	3170233		
Paid up capital	66126	109588	325583	351884	438711	3343	3345	3345	971482
Reserves	676	10203	628712	98083	62871	153651	227332	276393	1581068
Income :-	18374	147564	354746	736260	1045049	1890822	1186896	1674809	1621521
Investments	11935	51978	295431	499255	545693	698003	315945	743065	578592
Banking services	6281	53259	36391	159237	335476	1173615	770264	867782	889876
Others	158	42327	22924	77768	163880	19204	100687	63962	153053
Expenditures:-	9156	43310	159532	451219	804184	1593266	1178112	1401112	1431085
Employees	3467	18565	67537	153210	245308	521059	650286	499760	623502
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	7044	84013	195213	285041	240864	297556	8781	273697	190436
Net profits	2716	38107	88156	122513	140851	74701		110239	116236
Owner's equity	75946	207697	469765	588810	758594	1052544	945900	1104800	2723984

Source:- *Annual Reports of FCB, (1993-2001)*

** Data of 1993 up to 1997 is for the Farmer's Bank for investment & rural development, while that of the period (1998-2001)is of the Farmer's Commercial Bank which resulted from the merger of the two mentioned banks.*

** Budget volumes for the years 1993 -1997 were computed by adding the current assets to the long term investments and fixed assets.*

. *Appendix (12)*

Partial Financial Position of the Animal Resources Bank (ARB) 1993- 2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	368000	782000	1312000	2740000	4236000	7127000	11682000	18111000	21237000
Cash & cash equivalents	9201	157680	573497	850878	1153458	2176876	3141415	6470749	8541447
Total investments :-	4455	129829	348472	1282215	1603086	3378260	4831327	9024621	9721125
S.t. investments									
L.t. investments									
C.M.C certificates									
Fixed assets	19654	189552	22858	201598	275268	361767	598490	705484	908578
Deposits + cash margins	101488	260844	1043596	2721596	3043369	5110186	7645908	14010007	4592801
Bank payables									
Paid up capital	43006	155754	238257	440452	469909	862456	906894	1135940	2031901
Reserves									
Income :-	6703	63696	150406	578637	635948	756954	1217657	1725318	1520710
Investments	2745	30197	49454	265249	252413	343622	546568	329037	787799
Banking services	3645	18207	86062	299173	375983	412486	571077	728869	624212
Others	313	15292	14890	14215	7552	846	100012	667412	108699
Expenditures:-	10146	63558	129893	301414	602915	678443	936008	996443	1271091
Employees	6799	26678	43710	86807	225880	269558	363683	406524	490023
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	(3443)	138	20512	277222	33033	78510	281649	728875	249619
Net profits	(3443)	(78)	7102	120000	13009	36446	109152	480327	215499
Owner's equity	191000	155000	245000	568000	642000	1107000	1203000	2034000	2262000

Source:- *Annual Reports of ARB, (1993-2001).*

Appendix (13)

Partial Financial Position of Omdurman National Bank (ONB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	259719	1282573	4330297	5563569	15481989	21363517	24412099	46140740	7090548
Cash & cash equivalents	142639	643110	1655125	2031405	8079814	8183726	10813470	17919356	68214644
Total investments :-	70154	483498	2207155	2470124	3640285	6055570	4435266	16906949	37380821
S.t. investments	70154	483298	2206955	2462924	3633085	6045870	4425566	16895938	37346194
L.t. investments		200	200	7200	7200	9700	9700	11011	34627
C.M.C certificates									
Fixed assets	184674	203556	243558	551557	683003	808117	1058414	3338670	4009983
Deposits + cash margins	196431	1088176	3627348	7254701	8187757	7779951	17262259	36139680	28500435
Bank payables	60000	325162							
Paid up capital	184664	186714	190464	500000	500000	500000	500000	1293129	1893129
Reserves		13327	56266	109205	213040	384194	710792	2271732	2334108
Income :-	2038	153482	414460	857493	1321778	2139142	3339874	3224442	3729598
Investments	678	51316	152731	395630	375642	644109	1277008	782013	356038
Banking services	1329	100371	256005	445015	884983	440447	1336571	2124936	3067957
Others	31	1795	5724	16848	61153	203662	726295	317493	305603
Expenditures:-	3940	44936	226799	462284	850623	1361141	1839494	2264811	3096841
Employees	1092	9507			167971	284419	429595	719354	922396
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	(1901)	108546	187661	395209	471155	778001	1500380	959631	632757
Net profits	(1901)	39083	90223	211757	197528	366696	454726	366854	286840
Owner's equity	182763	236993	314398	768023	345617	659216	1674767	4231715	4857367

Source:- *Annual Reports of ONB, (1993-2001).*

Appendix (14)

Partial Financial Position of Alshamal Islamic Bank (AISB) 1993- 2001

In thousand Sudanese Dinars .

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	3741316	4267500	7568129	6566298	11814474	13548590	15964676	16346745	1582026
Cash & cash equivalents	1929017	740434	1789941	2127906	2113971	3196194	3224862	3815569	1479801
Total investments :-	633440	358189	921820	2002775	4277365	3677384	5207983	5629913	4333662
S.t. investments									
L.t. investments									
C.M.C certificates									
Fixed assets	73184	221974	152851	304694	898701	856263	861710	815230	1281859
Deposits + cash margins	2745736	1971949	3952913	3479593	7447254	4575090	6235119	6871402	5443690
Bank payables									
Paid up capital	23828	29297	29297	37367	491846	495580	494204	1000000	1025932
Reserves	25844	51548	55879	140117	734271	209793	222794	791111	777182
Income :-	157489	319514	399774	717113	983943	1076630	1402580	1619758	427606
Investments	27712	155846	207816	437940	483723	317286	246155	266227	90752
Banking services	126089	149320	191498	272855	385421	379792	454789	675800	299210
Others	3688	14348	460	6318	114799	379552	701636	677731	37644
Expenditures:-	111117	257418	343464	466895	877775	1047378	1272560	1417395	1295970
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	83215	61881	57161	237413	106168	29252	130019	167740	(868364)
Net profits	21421	29835	20917	127701	66750	29252	130019	167740	(868364)
Owner's equity	54915	112847	88542	178350	1259169	1227161	1205162	1791111	1805907

Source:- *Annual Reports of ALSB, (1993-2001).*

.Appendix (15)

Partial Financial Position of the Blue Nile Bank (BNB) 1993- 2001

In thousand Sudanese Dinars

Details	1993	1994	1995	1996	1997	1998	1999	2000	2001
Budget volume	368000	782000	1312000	2740000	4236000	7127000	11682000	18111000	21237000
Cash & cash equivalents	9201	157680	573497	850878	1153458	2176876	3141415	6470749	8541447
Total investments :-	4455	129829	348472	1282215	1603086	3378260	4831327	9024621	9721125
S.t. investments									
L.t. investments									
C.M.C certificates									
Fixed assets	19654	189552	22858	201598	275268	361767	598490	705484	908578
Deposits + cash margins	101488	260844	1043596	2721596	3043369	5110186	7645908	14010007	4592801
Bank payables									
Paid up capital	43006	155754	238257	440452	469909	862456	906894	1135940	2031901
Reserves			4734	111515	165561	154566	223114	578417	112924
Income :-	6703	63696	150406	578637	635948	756954	1217657	1725318	1520710
Investments	2745	30197	49454	265249	252413	343622	546568	329037	787799
Banking services	3645	18207	86062	299173	375983	412486	571077	728869	624212
Others	313	15292	14890	14215	7552	846	100012	667412	108699
Expenditures:-	10146	63558	129893	301414	602915	678443	936008	996443	1271091
Employees									
Ad. & Gov. Expenditures									
Income B/F Tax & Zakat	(3443)	138	20512	277222	33033	78510	281649	728875	249619
Net profits	(3443)	(78)	7102	120000	13009	36446	109152	480327	215499
Owner's equity	191000	155000	245000	568000	642000	1107000	1203000	2034000	2262000

Source:- *Annual Reports of BNB, (1993-2001).*

Appendix No. (16)

EDB financial ratios (1993-2001)

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**43%**	**59%**	**40%**	**393%**	**241%**	**256%**	**519%**	**303%**	**230%**
Expense revenue	**Expenses/Rev.**	**88%**	**92%**	**162%**	**206%**	**324%**	**148%**	**214%**	**375%**	**366%**
Return on shareholders equity.	**Net Profit/paid up capital**	**9%**	**4%**	**(90%)**	**(171%)**	**(287%)**	**(169%)**	**(199%)**	**(111%)**	**(17%)**
Return on equity (ROE)	**Net profit/shareholders equity**	**7%**	**3%**	**(629%)**	**129%**	**68%**	**34%**	**35%**	**42%**	**(49%)**
Capital asset adequacy	**Shareholders equ./total assets**	**7%**	**7%**	**1%**	**(3%)**	**(13%)**	**(14%)**	**(16%)**	**(21%)**	**(9%)**
Return on assets(ROA)	**Net profit/total assets**	**1%**	**1%**	**(5%)**	**(4%)**	**(5%)**	**(3%)**	**(5%)**	**(9%)**	**(5%)**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**343%**	**479%**	**2538%**	**(1910%)**	**(550%)**	**(487%)**	**(398%)**	**(332%)**	**407%**

Source: *Adopted from appendix No. (1)*

<u>Appendix No. (17)</u>

FIB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	-	-	**54%**	**46%**	**48%**	**53%**	**38%**	**50%**	**55%**
Expense revenue	**Expenses/Rev.**			**100%**	**87%**	**88%**	**96%**	**113%**	**99%**	**95%**
Return on shareholders equity.	**Net Profit/paid up capital**	-	-	-	**58%**	**42%**	**27%**	**66%**	-	**6%**
Return on equity (ROE)	**Net profit/shareholders equity**	-	-	-	**14%**	**10%**	**5%**	**10%**	-	**4%**
Capital asset adequacy	**Shareholders equ./total assets**	-	-	**15%**	**9%**	**7%**	**10%**	**12%**	**9%**	**9%**
Return on assets(ROA)	**Net profit/total assets**	-	-	-	**1%**	**1%**	**1%**	**1%**	-	-
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	-	-	**145%**	**246%**	**398%**	**374%**	**243%**	**383%**	**406%**

Source: *Adopted from appendix No. (2)*

<u>Appendix No. (18)</u>

TIB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**33%**	**18%**	**17%**	**16%**	**15%**	**39%**	**146%**	**47%**	**109%**
Expense revenue	**Expenses/Rev.**	**63%**	**71%**	**63%**	**11%**	**2%**	**3%**	**15%**	**25%**	**64%**
Return on shareholders equity.	**Net Profit/paid up capital**	**17%**	**3%**	**94%**	**1109%**	**699%**	**1231%**	**1770%**	**7322%**	**36%**
Return on equity (ROE)	**Net profit/shareholders equity**	**5%**	**1%**	**7%**	**27%**	**6%**	**5%**	**6%**	**21%**	**18%**
Capital asset adequacy	**Shareholders equ./total assets**	**2%**	**1%**	**2%**	**3%**	**11%**	**5%**	**2%**	**8%**	**9%**
Return on assets(ROA)	**Net profit/total assets**	-	-	-	**1%**	**1%**	-	-	**2%**	**2%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**1191%**	**1017%**	**632%**	**459%**	**91%**	**154%**	**671%**	**618%**	**604%**

Source: *Adopted from appendix No. (3)*

Appendix No. (19)

SIB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**60%**	**44%**	**49%**	**48%**	**33%**	**41%**	**363%**	**34%**	**38%**
Expense revenue	**Expenses/Rev.**	**73%**	**90%**	**92%**	**62%**	**79%**	**84%**	**77%**	**95%**	**71%**
Return on shareholders equity.	**Net Profit/paid up capital**	**56%**	**16%**	**16%**	**77%**	**31%**	**20%**	**40%**	**33%**	**51%**
Return on equity (ROE)	**Net profit/shareholders equity**	**27%**	**10%**	**11%**	**40%**	**20%**	**12%**	**7%**	**7%**	**17%**
Capital asset adequacy	**Shareholders equ./total assets**	**2%**	**2%**	**3%**	**7%**	**6%**	**5%**	**19%**	**17%**	**20%**
Return on assets(ROA)	**Net profit/total assets**	**1%**	**-**	**-**	**3%**	**1%**	**1%**	**1%**	**1%**	**3%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**27%**	**20%**	**29%**	**27%**	**22%**	**25%**	**20%**	**22%**	**23%**

Source: *Adopted from appendix No. (4)*

Appendix No. (20)

SNB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**41%**	**19%**	**31%**	**33%**	**59%**	**72%**	**75%**	**62%**	**75%**
Expense revenue	**Expenses/Rev.**	**87%**	**176%**	**103%**	**92%**	**98%**	**89%**	**62%**	**62%**	**75%**
Return on shareholders equity.	**Net Profit/paid up capital**	**49%**	**(56%)**	**(54%)**	**(33%)**	**(14%)**	**9%**	**24%**	**58%**	**39%**
Return on equity (ROE)	**Net profit/shareholders equity**	**22%**	**(111%)**	**(111%)**	**(48%)**	**(9%)**	**9%**	**7%**	**13%**	**19%**
Capital asset adequacy	**Shareholders equ./total assets**	**1%**	**39%**	**2%**	**2%**	**6%**	**8%**	**8%**	**7%**	**9%**
Return on assets(ROA)	**Net profit/total assets**	**-**	**(44%)**	**(2%)**	**(1%)**	**(1%)**	**1%**	**1%**	**1%**	**2%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**481%**	**2770%**	**420%**	**1123%**	**1191%**	**370%**	**320%**	**631%**	**515%**

Source: *Adopted from appendix No. (5)*

Appendix No. (21)

SFB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**19%**	**21%**	**10%**	**19%**	**21%**	**18%**	**16%**	**24%**	**27%**
Expense revenue	**Expenses/Rev.**	**46%**	**53%**	**58%**	**52%**	**54%**	**52%**	**62%**	**61%**	**64%**
Return on shareholders equity.	**Net Profit/paid up capital**	**120%**	**13%**	**241%**	**648%**	**410%**	**609%**	**515%**	**67%**	**41%**
Return on equity (ROE)	**Net profit/shareholders equity**	**2%**	**3%**	**45%**	**70%**	**29%**	**40%**	**25%**	**23%**	**24%**
Capital asset adequacy	**Shareholders equ./total assets**	**4%**	**11%**	**4%**	**4%**	**8%**	**7%**	**7%**	**10%**	**9%**
Return on assets(ROA)	**Net profit/total assets**	**1%**		**2%**	**3%**	**3%**	**3%**	**2%**	**2%**	**2%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**11%**	**221%**	**160%**	**344%**	**173%**	**177%**	**145%**	**146%**	**208%**

Source: *Adopted from appendix No. (6)*

Appendix No. (22)

SSB financial ratios 1993 – 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**24%**	**35%**	**37%**	**35%**	**33%**	**33%**	**42%**	**41%**	**60%**
Expense revenue	**Expenses/Rev.**	**72%**	**71%**	**46%**	**48%**	**81%**	**82%**	**113%**	**100%**	**79%**
Return on shareholders equity.	**Net Profit/paid up capital**	**73%**	**516%**	**3487%**	**5831%**	**1734%**	**401%**	**(3965%)**	**2909%**	**2294 %**
Return on equity (ROE)	**Net profit/shareholders equity**	**2%**	**14%**	**45%**	**30%**	**13%**	**2%**	**(34%)**	**20%**	**28%**
Capital asset adequacy	**Shareholders equ./total assets**	**11%**	**11%**	**7%**	**10%**	**6%**	**5%**	**33%**	**3%**	**7%**
Return on assets(ROA)	**Net profit/total assets**	**-**	**1%**	**3%**	**3%**	**1%**	**-**	**(11%)**	**1%**	**2%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**171%**	**228%**	**330%**	**203%**	**391%**	**218%**	**394%**	**880%**	**564%**

Source: *Adopted from appendix No. (7)*

Appendix No. (23)

WNB financial ratios1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**42%**	**39%**	**57%**	**60%**	**56%**	**59%**	**53%**	**72%**	**50%**
Expense revenue	**Expenses/Rev.**	**51%**	**8%**	**61%**	**67%**	**114%**	**94%**	**102%**	**77%**	**77%**
Return on shareholders equity.	**Net Profit/paid up capital**	**87%**	**1%**	**2%**	**30%**	**(36%)**	**3%**	**(5%)**	**18%**	**16%**
Return on equity (ROE)	**Net profit/shareholders equity**	**36%**	**1%**	**2%**	**19%**	**100%**	**3%**	**(5%)**	**15%**	**133%**
Capital asset adequacy	**Shareholders equ./total assets**	**15%**	**14%**	**17%**	**120%**	**(41%)**	**11%**	**10%**	**14%**	**2%**
Return on assets(ROA)	**Net profit/total assets**	**5%**	**-**	**-**	**22%**	**(41%)**	**-**	**1%**	**2%**	**3%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**195%**	**166%**	**242%**	**391%**	**(1191%)**	**323%**	**359%**	**356%**	**1440%**

Source: *Adopted from appendix No. (8)*

Appendix No. (24)

ICDB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**65%**	**60%**	**50%**	**65%**	**65%**	**75%**	**65%**	**94%**	**81%**
Expense revenue	**Expenses/Rev.**	**83%**	**90%**	**87%**	**77%**	**86%**	**97%**	**98%**	**98%**	**98%**
Return on shareholders equity.	**Net Profit/paid up capital**	**91%**	**36%**	**14%**	**24%**	**13%**	**2%**	**2%**	**3%**	**3%**
Return on equity (ROE)	**Net profit/shareholders equity**	**26%**	**15%**	**9%**	**18%**	**9%**	**2%**	**2%**	**1%**	**2%**
Capital asset adequacy	**Shareholders equ./total assets**	**7%**	**8%**	**10%**	**13%**	**10%**	**8%**	**8%**	**10%**	**14%**
Return on assets(ROA)	**Net profit/total assets**	**2%**	**1%**	**1%**	**2%**	**1%**	**-**	**-**	**-**	**-**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**530%**	**453%**	**353%**	**317%**	**379%**	**414%**	**357%**	**414%**	**271%**

Source: *Adopted from appendix No. (9)*

<u>Appendix No. (25)</u>

ALBB financial ratios (ALBB)1993 – 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**35%**	**29%**	**24%**	**26%**	**31%**	**52%**	**38%**	**34%**	**60%**
Expense revenue	**Expenses/Rev.**	**64%**	**87%**	**96%**	**88%**	**91%**	**96%**	**98%**	**98%**	**91%**
Return on shareholders equity.	**Net Profit/paid up capital**	**92%**	**114%**	**9%**	**188%**	**226%**	**154%**	**5%**	**2%**	**45%**
Return on equity (ROE)	**Net profit/shareholders equity**	**39%**	**51%**	**4%**	**44%**	**35%**	**19%**	**4%**	**2%**	**29%**
Capital asset adequacy	**Shareholders equ./total assets**	**2%**	**1%**	**1%**	**1%**	**1%**	**1%**	**3%**	**2%**	**3%**
Return on assets(ROA)	**Net profit/total assets**	**1%**	**1%**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**1307%**	**1785%**	**2237%**	**2903%**	**3479%**	**4727%**	**781%**	**1021%**	**1414%**

Source: *Adopted from appendix No. (10)*

<u>Appendix No. (26)</u>

FCB financial ratios 1993 - 2001

Ratio	Ratio formula	1993 *	1994 *	1995 *	1996 *	1997 *	1998 *	1999 *	2000 *	2001 *
Liquidity	**Investments/Deposits**	**284%**	**247%**	**361%**	**84%**	**161%**	**73%**	**140%**	**93%**	**99%**
Expense revenue	**Expenses/Rev.**	**50%**	**29%**	**45%**	**61%**	**77%**	**84%**	**99%**	**84%**	**88%**
Return on shareholders equity.	**Net Profit/paid up capital**	**4%**	**35%**	**37%**	**35%**	**32%**	**2234%**	**-**	**3305%**	**12%**
Return on equity (ROE)	**Net profit/shareholders equity**	**3%**	**18%**	**19%**	**21%**	**18%**	**7%**	**-**	**10%**	**4%**
Capital asset adequacy	**Shareholders equ./total assets**	**19%**	**19%**	**33%**	**15%**	**17%**	**10%**	**6%**	**6%**	**11%**
Return on assets(ROA)	**Net profit/total assets**	**1%**	**3%**	**6%**	**3%**	**3%**	**1%**	**-**	**1%**	**-**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**279%**	**229%**	**131%**	**278%**	**220%**	**287%**	**606%**	**518%**	**412%**

Source*:* *Adopted from appendix No. (11)*

** The Farmer's bank for investment & rural development was merged with the Sudanese commercial bank in 1998 under the name of the Farmer's bank. Thus, data of 1998 – 2001 is data of the merged bank.*

Appendix No. (27)

ARB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**4%**	**50%**	**33%**	**47%**	**52%**	**66%**	**63%**	**64%**	**212%**
Expense revenue	**Expenses/Rev.**	**151%**	**99%**	**86%**	**52%**	**95%**	**89%**	**77%**	**57%**	**83%**
Return on shareholders equity.	**Net Profit/paid up capital**	**(8%)**	**-**	**3%**	**31%**	**3%**	**4%**	**16%**	**56%**	**10%**
Return on equity (ROE)	**Net profit/shareholders equity**	**(2%)**	**-**	**3%**	**21%**	**2%**	**3%**	**9%**	**23%**	**9%**
Capital asset adequacy	**Shareholders equ./total assets**	**52%**	**20%**	**18%**	**21%**	**15%**	**15%**	**10%**	**11%**	**10%**
Return on assets(ROA)	**Net profit/total assets**	**(1%)**	**-**	**-**	**4%**	**-**	**-**	**1%**	**2%**	**1%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**2%**	**84%**	**142%**	**225%**	**249%**	**305%**	**401%**	**443%**	**429%**

Source: *Adopted from appendix No. (12)*

Appendix No. (28)

ONB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**36%**	**44%**	**65%**	**34%**	**44%**	**79%**	**26%**	**47%**	**76%**
Expense revenue	**Expenses/Rev.**	**193%**	**29%**	**55%**	**54%**	**64%**	**64%**	**55%**	**70%**	**83%**
Return on shareholders equity.	**Net Profit/paid up capital**	**(1%)**	**21%**	**47%**	**42%**	**39%**	**73%**	**91%**	**28%**	**15%**
Return on equity (ROE)	**Net profit/shareholders equity**	**(1%)**	**16%**	**29%**	**28%**	**57%**	**56%**	**27%**	**9%**	**6%**
Capital asset adequacy	**Shareholders equ./total assets**	**70%**	**2%**	**7%**	**14%**	**2%**	**3%**	**7%**	**9%**	**68%**
Return on assets(ROA)	**Net profit/total assets**	**(1%)**	**3%**	**2%**	**4%**	**1%**	**2%**	**2%**	**1%**	**4%**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**38%**	**204%**	**702%**	**322%**	**1053%**	**919%**	**264%**	**399%**	**770%**

Source: *Adopted from appendix No. (13)*

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Appendix No. (29)

Alshamal Islamic Bank financial ratios (AlSB)1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**23%**	**18%**	**23%**	**58%**	**57%**	**80%**	**84%**	**82%**	**80%**
Expense revenue	**Expenses/Rev.**	**71%**	**81%**	**86%**	**65%**	**89%**	**97%**	**91%**	**87%**	**303%**
Return on shareholders equity.	**Net Profit/paid up capital**	**90%**	**102%**	**71%**	**342%**	**14%**	**6%**	**26%**	**17%**	**85%**
Return on equity (ROE)	**Net profit/shareholders equity**	**39%**	**26%**	**24%**	**72%**	**5%**	**2%**	**11%**	**9%**	**(48%)**
Capital asset adequacy	**Shareholders equ./total assets**	**2%**	**3%**	**2%**	**3%**	**11%**	**9%**	**8%**	**11%**	**114%**
Return on assets(ROA)	**Net profit/total assets**	**1%**	**1%**	**-**	**2%**	**1%**	**-**	**1%**	**1%**	**(55%)**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**1153%**	**317%**	**1041%**	**1123%**	**340%**	**300%**	**432%**	**314%**	**240%**

Source: *Adopted from appendix No. (14)*

Appendix No. (30)

BNB financial ratios 1993 - 2001

Ratio	Ratio formula	1993	1994	1995	1996	1997	1998	1999	2000	2001
Liquidity	**Investments/Deposits**	**24%**	**34%**	**53%**	**25%**	**18%**	**18%**	**18%**	**20%**	**44%**
Expense revenue	**Expenses/Rev.**	**93%**	**86%**	**72%**	**55%**	**65%**	**91%**	**85%**	**94%**	**103%**
Return on shareholders equity.	**Net Profit/paid up capital**	**8%**	**39%**	**97%**	**488%**	**581%**	**152%**	**527%**	**346%**	**22%**
Return on equity (ROE)	**Net profit/shareholders equity**	**5%**	**28%**	**41%**	**68%**	**45%**	**5%**	**15%**	**9%**	**11%**
Capital asset adequacy	**Shareholders equ./total assets**	**5%**	**3%**	**4%**	**5%**	**7%**	**7%**	**6%**	**5%**	**3%**
Return on assets(ROA)	**Net profit/total assets**	**-**	**1%**	**2%**	**4%**	**3%**	**-**	**1%**	**-**	**-**
Leverage ratio (Debt-equity).	**Total debts/stockholders equ.**	**431%**	**649%**	**903%**	**354%**	**172%**	**173%**	**201%**	**313%**	**1048%**

Source: *Adopted from appendix No. (15)*

Appendix No. (31)

The liquidity Ratios of the Group Banks

1993 - 2001

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	43%	59%	40%	393%	241%	256%	519%	303%	230%
Faisal I.B	- *	- *	54%	46%	48%	53%	38%	50%	55%
Attadamon I.B	33%	18%	17%	16%	15%	39%	146%	47%	109%
Sudanese I.B	60%	44%	49%	48%	33%	41%	363%	34%	38%
Sudanese N.B	41%	19%	31%	33%	59%	72%	75%	62%	75%
Sudanese F.B	19%	21%	10%	19%	21%	18%	16%	24%	27%
Saudi S.B	24%	35%	37%	35%	33%	33%	42%	41%	60%
The worker's B.	42%	39%	57%	60%	56%	59%	53%	72%	50%
The Islamic Co.D.B	65%	60%	50%	65%	65%	75%	65%	94%	81%
Albaraka B.	35%	29%	24%	26%	31%	52%	38%	34%	60%
The Farmer's B.	284%	247%	361%	84%	161%	73%	140%	93%	99%
The Animal R. B.	4%	50%	33%	47%	52%	66%	63%	64%	212%
Omdurman N.B	36%	44%	61%	34%	44%	79%	26%	47%	76%
Alshamal I.B.	23%	18%	23%	58%	57%	80%	84%	82%	80%
The Blue N. B.	24%	34%	53%	25%	18%	18%	18%	20%	44%
The average	52%	52%	59%	66%	98%	68%	112%	71%	86%

Source: *Adopted from appendices (16-30)*

***** *FIB data started from 1995,thus averages of 1993&1994 were calculated from 14 banks only*.

Appendix No. (32)

The Expenses/ Revenues Ratios of the Group Banks (1993 – 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	88%	92%	162%	206%	324%	148%	214%	375%	366%
Faisal I.B	-	-	100%	87%	88%	96%	113%	99%	95%
Attadamon I.B	63%	71%	63%	11%	2%	3%	15%	25%	64%
Sudanese I.B	73%	90%	92%	62%	79%	84%	77%	95%	71%
Sudanese N.B	87%	176%	103%	92%	98%	89%	62%	62%	75%
Sudanese F.B	46%	53%	58%	52%	54%	52%	62%	61%	64%
Saudi S.B	72%	71%	46%	48%	81%	82%	113%	100%	79%
The worker's B.	51%	8%	61%	67%	114%	94%	102%	77%	77%
The Islamic Co.D.B	83%	90%	87%	77%	86%	97%	98%	98%	98%
Albaraka B.	64%	87%	96%	88%	91%	96%	98%	98%	91%
The Farmer's B.	50%	29%	45%	61%	77%	84%	99%	84%	88%
The Animal R. B.	151%	99%	86%	52%	95%	89%	77%	57%	83%
Omdurman N.B	193%	29%	55%	54%	64%	64%	55%	70%	83%
Alshamal I.B.	71%	81%	86%	65%	89%	97%	91%	87%	303%
The Blue N. B.	93%	86%	72%	55%	65%	91%	85%	94%	103%
The average	84%	76%	81%	72%	94%	84%	91%	99%	116%

Source: *Adopted from appendices (16-30)*

Appendix No. (33)

The Return on shareholders equity Ratios Of The Group Banks(1993 – 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	9%	4%	(91%)	(171%)	(287%)	(169%)	(199%)	(111%)	(17%)
Faisal I.B	-	-	-	58%	42%	27%	66%	-	6%
Attadamon I.B	17%	3%	94%	1109%	699%	1231%	1770%	7322%	36%
Sudanese I.B	56%	16%	16%	77%	31%	20%	40%	33%	51%
Sudanese N.B	49%	(56%)	(54%)	(33%)	(14%)	9%	24%	58%	39%
Sudanese F.B	120%	13%	241%	648%	410%	609%	515%	67%	41%
Saudi S.B	73%	516%	3487%	5831%	1734%	401%	(3965%)	2909%	2294%
The worker's B.	87%	1%	2%	30%	(36%)	3%	(5%)	18%	16%
The Islamic Co.D.B	91%	36%	14%	24%	13%	2%	2%	3%	3%
Albaraka B.	92%	114%	9%	188%	226%	154%	5%	2%	45%
The Farmer's B.	4%	35%	37%	35%	32%	2234%	-	3305%	12%
The Animal R. B.	(8%)	-	3%	31%	3%	4%	16%	56%	10%
Omdurman N.B	(1%)	21%	47%	42%	39%	73%	91%	28%	15%
Alshamal I.B.	90%	102%	71%	342%	14%	6%	26%	17%	85%
The Blue N. B.	8%	39%	97%	488%	581%	152%	527%	346%	22%
The average	49%	60%	264%	579%	232%	317%	(72%)	936%	177%

Source: *Adopted from appendices (16-30)*

Appendix No. (34)

The Return on Equity Ratios of the Group Banks (1993 – 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	7%	4%	(629%)	129%	68%	34%	35%	42%	(49%)
Faisal I.B	-	-	-	14%	10%	5%	10%	-	4%
Attadamon I.B	5%	1%	7%	27%	6%	5%	6%	21%	18%
Sudanese I.B	27%	10%	11%	40%	20%	12%	7%	7%	17%
Sudanese N.B	22%	(111%)	(111%)	(48%)	(9%)	9%	7%	13%	19%
Sudanese F.B	2%	3%	45%	70%	29%	40%	25%	23%	24%
Saudi S.B	2%	14%	45%	30%	13%	2%	(34%)	20%	28%
The worker's B.	36%	1%	2%	19%	100%	3%	(5%)	15%	133%
The Islamic Co.D.B	26%	15%	9%	18%	9%	2%	2%	1%	2%
Albaraka B.	39%	51%	4%	44%	35%	19%	4%	2%	29%
The Farmer's B.	3%	18%	19%	21%	18%	7%	-	10%	4%
The Animal R. B.	(2%)	-	3%	21%	2%	3%	9%	23%	9%
Omdurman N.B	(1%)	16%	29%	28%	57%	56%	27%	9%	6%
Alshamal I.B.	39%	26%	24%	72%	5%	2%	11%	9%	(48%)
The Blue N. B.	5%	28%	41%	68%	45%	5%	15%	9%	11%
The average	15%	5%	(33%)	37%	27%	13%	8%	13%	14%

Source: *Adopted from appendices (16-30)*

Appendix No. (35)

The Return On Assets Ratios Of The Group Banks (1993 – 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	1%	1%	(5%)	(4%)	(5%)	(3%)	(5%)	(9%)	(5%)
Faisal I.B	-	-	-	1%	1%	1%	1%	-	-
Attadamon I.B	-	-	-	1%	1%	-	-	2%	2%
Sudanese I.B	1%	-	-	3%	1%	1%	1%	1%	3%
Sudanese N.B	_	(44%)	(2%)	(1%)	(1%)	1%	1%	1%	2%
Sudanese F.B	1%	-	2%	3%	3%	3%	2%	2%	2%
Saudi S.B	-	1%	3%	3%	1%	-	(11%)	1%	2%
The worker's B.	5%	-	-	22%	(41%)	-	1%	2%	3%
The Islamic Co.D.B	2%	1%	1%	2%	1%	-	-	-	-
Albaraka B.	1%	1%	-	-	-	-	-	-	-
The Farmer's B.	1%	3%	6%	3%	3%	1%	-	1%	-
The Animal R. B.	(1%)	-	-	4%	-	-	1%	2%	1%
Omdurman N.B	(1%)	3%	-	4%	1%	2%	2%	1%	4%
Alshamal I.B.	1%	1%	-	2%	1%	-	1%	1%	(55%)
The Blue N. B.	-	1%	2%	4%	3%	-	1%	-	-
The average	1%	(2%)	1%	3%	(2%)	-	-	-	(2%)

Source: *Adopted from appendices (16-30)*

Appendix No. (36)

The Capital Adequacy Ratios Of The Group Banks (1993 – 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	7%	7%	1%	(3%)	(13%)	(14%)	(16%)	(21%)	9%
Faisal I.B	-	-	15%	9%	7%	10%	12%	9%	9%
Attadamon I.B	2%	1%	2%	3%	11%	5%	2%	8%	9%
Sudanese I.B	2%	2%	3%	7%	6%	5%	19%	17%	20%
Sudanese N.B	1%	39%	2%	2%	6%	8%	8%	7%	9%
Sudanese F.B	4%	6%	4%	4%	8%	7%	7%	10%	9%
Saudi S.B	11%	11%	7%	10%	6%	5%	33%	3%	7%
The worker's B.	15%	14%	17%	120%	(41%)	11%	10%	14%	2%
The Islamic Co.D.B	7%	8%	10%	13%	10%	8%	8%	10%	14%
Albaraka B.	2%	1%	1%	1%	1%	1%	3%	2%	3%
The Farmer's B.	19%	19%	33%	15%	17%	10%	6%	6%	11%
The Animal R. B.	52%	20%	18%	21%	15%	15%	10%	11%	10%
Omdurman N.B	70%	2%	7%	14%	2%	3%	7%	9%	68%
Alshamal I.B.	2%	3%	2%	3%	11%	9%	8%	11%	114%
The Blue N. B.	5%	3%	4%	5%	7%	7%	6%	5%	3%
The average	14%	10%	9%	15%	3%	6%	8%	7%	20%

Source: *Adopted from appendices (16-30)*

Appendix No. (37)

The Debt Equity Ratios Of The Group Banks (1993 - 2001)

Bank	1993	1994	1995	1996	1997	1998	1999	2000	2001
Export D.B	343%	479%	2538%	(1910%)	(550%)	(487%)	(398%)	(332%)	407%
Faisal I.B	-	-	145%	246%	398%	374%	243%	383%	406%
Tadamon I.B	1191%	1017%	832%	459%	91%	154%	671%	618%	604%
Sudanese I.B	27%	20%	29%	27%	22%	25%	20%	22%	23%
Sudanese N.B	2770%	420%	1123%	1191%	370%	320%	631%	510%	515%
Sudanese F.B	11%	221%	160%	344%	173%	177%	145%	146%	208%
Saudi S.B	171%	228%	330%	203%	391%	218%	394%	880%	564%
The worker's N. B.	195%	166%	242%	391%	(1191%)	323%	359%	356%	1440%
The Islamic Co.D.B	530%	453%	353%	317%	379%	414%	357%	414%	271%
Albaraka B.	1307%	1785%	2237%	2903%	3497%	4727%	781%	1021%	1414%
The Farmer's C. B.	279%	229%	131%	278%	220%	287%	606%	518%	412%
The Animal R. B.	2%	84%	142%	225%	249%	305%	401%	443%	429%
Omdurman N.B	38%	204%	702%	322%	1053%	919%	264%	399%	770%
Alshamal I.B.	1153%	317%	1041%	1123%	340%	300%	432%	314%	240%
The Blue N. B.	431%	649%	903%	354%	172%	173%	201%	313%	1048%
The average	603%	448%	727%	431%	374%	548%	340%	400%	583%

Source: *Adopted from appendices (16-30)*