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Bank of Khartoum's Gulf owners bet on Sudan growth

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By [Ulf Laessing](#)

KHARTOUM (Reuters) - Bank of Khartoum, Sudan's oldest bank, plans to more than triple its capital as its Gulf investors fund an expansion in the resource-rich country, betting that peace with South Sudan will hold, its general manager said on Tuesday.

Plagued by wars, poverty and a decade-long conflict with South Sudan, Sudan has largely missed out on the large-scale foreign investments that other Arab countries have enjoyed in recent years.

With U.S. sanctions against Sudan in place over its human rights record since 1997, most Western firms shun the country, even though it is rich in farmland, livestock and minerals such as gold and chromium.

But Gulf Arab investors have become more upbeat since Sudan agreed in September to end hostilities with South Sudan, which became independent last year. Sudan will resume within the next few months handling oil exports from its neighbor.

Firms from Kuwait and Qatar, countries that have been doing business in Sudan for decades, have announced small deals such as forming joint venture banks and making mineral exploration investments since the South Sudan agreement was announced.

Now investors in Bank of Khartoum, which is mostly owned by Gulf banks including Dubai Islamic Bank DISB.DU, Sharjah Islamic Bank SIB.AD and Abu Dhabi Islamic Bank ADIB.AD, will increase the lender's capital within two years to 1 billion Sudanese pounds (\$225 million according to the official exchange rate) from 300 million pounds, General Manager Fadi Faqih said.

"Sudan is very promising," he told the Reuters Middle East Investment Summit. "We will be expanding our retail and corporate business. Sudan has many resources. There is a huge potential in agriculture, livestock and minerals, gold."

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One focus of the Islamic bank will be to help fund agricultural and mineral production for export, a priority for the government as it seeks to raise dollars to offset the loss of three quarters of Sudan's oil output following South Sudan's independence.

Sudan has been boosting its exports of gold and hopes to earn around \$2.5 billion this year, up from \$1.5 billion last year. Exports of cattle to Gulf countries such as Saudi Arabia and Egypt have also been rising.

"We are looking at livestock ...(for export) to the Gulf, Egypt and the Levant," Faqih said, declining to give details.

The bank, which says it is the second-largest local bank by assets, plans to have around 90 branches across Sudan by the end of next year.

"We will add seven branches this year to have 66 in total this year," Faqih said.

Meanwhile, thanks to rising customer deposits and a windfall gain on its dollar holdings because of a devaluation of the pound, the bank expects to make a profit of over 200 million pounds this year, up from 63 million pounds last year.

"Next year we plan another increase," Faqih said, adding that the bank's total assets would rise to around 7.5 billion pounds this year, up from around 5.3 billion pounds last year.

Bank of Khartoum is the most prominent foreign-funded bank, owning the country's only shopping mall in the capital Khartoum and also a stake in a large sugar plant.

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