

## > United Capital Bank: Partners in Progress



The positive investment climate, the economic boom, and the huge natural and human resources encouraged a number of investors from Sudan, Kuwait, Egypt, Lebanon, and Bahrain to establish United Capital Bank (UCB) in 2005. The underwriters believe that Sudan is a most promising country. The bank's objective is to enable and help contribute to the development of Sudan.

The bank's capital amounts to 240 million Sudanese pounds (approximately \$111m). The shares of the Bank are divided amongst Aref (a Kuwaiti Group with 25 %), Boubian Bank (a Kuwaiti bank with 21.66%), Fransabank (a Lebanese bank with 20 %), Athman (a Kuwaiti joint trading company with 15.2 %), Financial Investment and Development Company (an Egyptian company with 6.25%), and Imtiaz Investment Company (a Kuwaiti company with 5.83%). The remaining shares are held by Sudanese investors.

The Bank aims to provide added value that enhances the economic development of Sudan via the polarisation of financial resources available in the region and by the use of portfolios and specialised investment funds in sectors like agriculture, industry, infrastructure (water, electricity, roads, and bridges), services (healthcare and education), and financial services (shares, sukuk, and other financial instruments). Additionally, the Bank wishes to help locally-registered companies reach investors through the issuance of shares.

What most distinguishes United Capital Bank from its competitors is the quality and expertise of its management comprised of an elite group of economists and bankers who were the architects of the success achieved over the last few years. The Bank is headed by CEO and General Manager Kamal Ahmed Elzubeir – a Sudanese professional well-known for his patriotism and broad economic horizon. Mr Elzubeir acquired his vast experience and expertise in banking and economic management.

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At the Bank, Mr Elzubeir is assisted in the execution of his management duties by a group of likewise experienced high-calibre economists and banking professionals.

#### THE ESTABLISHMENT

United Capital Bank (UCB) was established in August 2005 to offer a full range of banking products and services. The establishment of the Bank was driven by the shareholders' belief that Sudan is a country with significant potential wealth, experiencing at the time an unprecedented era of growth and development.

The country enjoys a number of advantages:

- Huge natural, economic, and human resources, and;
- Economic openness and favourable investment regulations.

#### MISSION STATEMENT

UCB aims to identify excellent opportunities, known to be plentiful in Sudan, and endeavours to explore these prospects for the benefit of the Sudanese economy, on one hand, and local, regional, and international investors on the other. This is best accomplished via the promotion of the share venture capital companies and the establishment and management of specialised investment funds.

United Capital Bank also aims to provide quality investment and financing services to prime corporate and government entities in order to help these attain their growth and profitability objectives. This endeavour ultimately aims to achieve the furtherance of the country's economic and social development.

The Bank realizes its objectives by adhering to a robust strategy for the mobilisation of the local, regional, and international capital resources necessary for the exploitation of Sudan's vast natural and human resources.

	2013	2014	Change
<b>Total assets</b>	1,685	1,984	18%
<b>Net profit (after tax and Zakat)</b>	61	69	13%
<b>Return on equity</b>	18.8%	16.8%	n/a

Table 1: Millions of Sudanese pounds (SDG)

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#### **UCB SERVICES**

##### **Financing Operations**

The Bank focuses on providing financing to major projects in the country in addition to fulfilling the general working capital requirements of prime corporate and government entities. For this purpose, the Bank employs various Sharia-compliant modes of finance such as Murabaha, Musharaka, Mudaraba, Salam, Ijarah, Istisnaa, amongst others.

##### **Acceptance of Deposits**

The Bank encourages its customers to invest their excess capital with UCB in safe and low-risk Sharia-compliant deposits that offer competitive returns.

##### **Banking Services**

United Capital Bank also provides a number of different banking services such as current accounts for prime corporate companies and their senior employees, local and foreign transfers through a network of correspondents worldwide, and letters of guarantee and trade finance.

##### **Investor Services**

The Bank allocates qualified and competent staff to provide dedicated services to meet the requirements of prospective investors from outside Sudan. These include:

- The provision of general economic advice
- The preparation of economic feasibility studies for proposed projects
- The registration of companies and associated legal matters.

United Capital Bank achieved significant growth rates and excellent financial results in 2014 as indicated in the above Table 1.

Over the past nine years, total assets increased from SDG 194 million (2006) to about SDG 1,984 million in 2014 – an increase of 923%. The Bank achieved a return on nominal share value of 16.8 % in 2014, compared with 5% in 2007.

It is worth mentioning that in 2014 United Capital Bank continued to fulfil its role as an engine of Sudanese economic development and offered financing arrangement to companies engaged in mining, agriculture, and industry. The Bank also facilitated financing for a number of large infrastructure projects such as the construction of electricity distribution networks, dams and projects of a social nature. ✱

## > CFI.co Meets the CEO and General Manager of United Capital Bank: Kamal Ahmed Elzubeir

An above average tolerance of adversity – and plenty of perseverance – is required from any banker conducting business in Sudan. With inflation rampant and a shaky currency, the country is perhaps not in the best of shapes. “Regrettably, we have to deal with setbacks on an almost daily basis,” says Kamal Ahmed Elzubeir, CEO and General Manager of United Capital Bank in Khartoum.

While most of his peers elsewhere in the world have it fairly easy, Mr Elzubeir has that most challenging of jobs: to ensure his bank continues to prosper regardless of any economic turbulence.

That is working out surprisingly well. United Capital Bank (UCB) is co-financier of a number of large-scale mining and agricultural projects and helps larger businesses and government entities in Sudan with a full suite of Sharia-compliant financial products.

“While the overall outlook remains sombre, things are slowly improving a tiny bit. Impressions depend mostly on the observer’s vantage point, but when compared to 2011 and the immediate aftermath of South Sudan’s independence, the country is in better shape. At the time, Sudan lost up to 75% of its oil revenues which led to inflation, a shrinking GDP, and currency devaluation.”

However, Mr Elzubeir emphasises that, while on the mend, Sudan could conceivably benefit from a little more ambition: “The current environment lacks a clear vision with attainable development goals. There are no big plans to rally the nation. It is mostly business as usual with nothing new under the sun.”

This was not always so. Mr Elzubeir remembers the excitement of the 2000s when optimism not only prevailed but was pervasive in nature. “Back then, the entire country was a beehive of activity. It was a time when most people still cherished great hopes for a more prosperous future. Also, solidarity investments reached an all-time high.”

In 2005, Mr Elzubeir was charged with setting up United Capital Bank – from scratch. Though Sudanese, Mr Elzubeir developed his skills as a banker mostly outside the country. He worked in Saudi Arabia, Qatar, Cyprus, and Bahrain as a commercial banker before returning home with a mandate from Kuwaiti, Lebanese, and Egyptian investors to set up a bank. “A licence was in place and the required capital had been deposited at the Central Bank of Sudan. On those two



CEO and General Manager: Kamal Ahmed Elzubeir

accomplishments, we erected a bank now known and respected for its solidity and agility.”

Even under the current adverse conditions, United Capital Bank has deftly managed to keep its portfolio balanced on both the asset and liabilities sides. “We are getting by, which is the best anyone can hope given the present environment. On the economic side there is, for now, not much good news to report on while – and I am speaking my mind here – the sanctions are making life more difficult. Having said all that, we are able to limit the impact of both negatives and I’m sure we will manage to do so in the future as well.”

An added difficulty is that Mr Elzubeir is not

allowed to hedge his positions and must therefore find other ways to minimise risk. Sharia Law does not permit hedging. “This can pose somewhat of a challenge. We were caught long on the euro and did not contemplate its sharp depreciation. Nor could we hedge against this possibility, and if you ask me why Euro, the answer is that we are not allowed to hold US Dollars because of the American sanctions on Sudan.”

However difficult Sudan’s predicament, the resilience of its bankers in general – and the UCB CEO in particular – is nothing short of admirable. When the going gets tough, the tough get going – and that’s perhaps the most befitting, if not elegant, description of a banker just doing his thing: committing to the long-term. ❁

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