





Twenty Third

ANNUAL REPORT

YEAR 2006



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INTRODUCTION TO BEST BANK

BANK ETTAMWIL TOUNSI SAUDI

Aims : to mobilize resources for profitable investments in Tunisia and in other countries

Encourages : trade among countries in its areas of intervention

Participates : in the structuring and financing of profitable development projects

Offers : an ideal base for joint business ventures in its geographic area.

LEGAL FRAMEWORK

Founded in 1983, Bank Ettamouil Tounsi Saoudi (B.E.S.T BANK) is established under Tunisian legislation, notably law N° 76/63 of July 12, 1976, later amended by law N°85/108 of December 6, 1985, regulating financial and banking institutions that operate mainly with non residents.

CAPITALISATION

US\$ 50 million subscribed and paid up, distributed as follows :

10 %	Tunisian State, Republic of Tunisia
10 %	National Social Security Office of Tunisia
78,4 %	Al Baraka Banking Group - Kingdom of Bahrain.
1,6 %	Private Investors – Kingdom of Saudi Arabia



BOARD OF DIRECTORS

Sheikh Salah ABDULLAH KAMEL	: Honorary Chairman
Mr Abdulilah SABBABI	: Chairman
Mr Aïssa HIDOUSSE	: Vice President and General manger
Mr Hedi BENCHEIKH	: Member
Mr Adnan Ahmed YOUSSEF	: Member
Mr Chedly OUNIS	: Member
Mr Moncef ZAAFRANE	: Member

SHARIAA ADVISOR

Sheikh Mohamed Mokhtar SELLAMI

AUDITOR

Mr Nouredine HAJJI - AMC - ERNST & YOUNG – TUNIS
Mr Cherif BEN ZINA - CMC – DFK - International

BEST BANK BRANCHES

- Head office Branch 88, Avenue Hédi Chaker - Tunis 1002
Tél 216 71 790 000
Fax 216 71 780 235 - 216 71 791 613
- Zitouna Branch 106 -108 Rue Jemaa Zitouna Tunis 1008
Tél 216 71 200 954 Fax 216 71 200 948
- Lac Branch Les lilas Building Al Bouhaira Tunis 1053
Tél 216 71 860 131 Fax 216 71 861 543
- Sfax Branch 6, Rue Dag Hammarcksjoeld Sfax 3000
Tél 216 74 296 401 Fax 216 74 296 402
- Sfax Al Jadida Branch Avenue des martyrs Im.Palmarium Sfax 3000
Tél 216 74 404 990 - 216 74 404 991
Fax 216 74 296 402
- Sousse Branch Korniche 67, Ave.Abdelhamid Khadhi.4001 Sousse
Tél 216 73 201 023 - 216 73 201 021
Fax 216 73 201 022

Megrine Ryadh Branch

El Mootez Building – Megrine Ryadh Km 5
Tél 216 71 427 827 - 216 71 427 293
Fax 216 71 426 617

Manouba Branch

Creation in process

E-mail : bestmail@bestbank.com.tn

**BEST BANK belongs to ALBaraka Banking Group established in Kingdom of Bahrain
P.O.Box 1882 – Manama-Tel : 97317 541 122 – Fax : 97317 536 533
and which owns 10 banks:**

AL AMIN BANK

P.O.BOX 3190
MANAMA – KINGDOM OF BAHRAIN
TEL : 97317 540 000
FAX : 97317 537 551
Site web : www.alamanbank.com

ALBARAKA ISLAMIC BANK BAHRAIN

ALBARAKA TOWER
P.O. BOX 1882 MANAMA – KINGDOM OF BAHRAIN
TEL : 97317 535300
FAX : 97317 530695
Site web : www.barakaonline.com
Nb. Branches : 2 Bahrain & 9 Pakistan

BANQUE ALBARAKA D'ALGERIE

32, RUE DES FRERES DJILLALI
BIRKHADEM – ALGERIA
TEL : 21321 916450-5
FAX : 21321 916457/8
Nb.Branches : 11

ALBARAKA TURKISH FINANCE HOUSSE

BUYUKDERE CAD N°.78
80290 MECIDIYEKOY - ISTANBUL – TURKEY
TEL : 90212 2749900
FAX : 90212 2724470
Site web : www.albarakaturk.com.tr
Nb.Branches : 29

ALBARAKA BANK LTD.

1ST FLOOR,134 COMMERCIAL ROAD
DURBAN – SOUTH AFRICA
TEL : 2731 3072 972
FAX : 2731 3052 631
Site web : www.albaraka.co.za
Nb.Branches : 6

ALBARAKA BANK – LEBANON

VERDUN COMMERCIAL CENTER,VEDUN STREET
BEIRUT – LEBANON
TEL : 9611 808 008
FAX : 9611 806 499
Site web: www.al-baraka.com
Nb.Branches : 5

JORDAN ISLAMIC BANK

P.O.BOX 926225

AMMAN – JORDAN

TEL : 9626 5677377

FAX : 9626 5666326

Site web : www.islamicbank.com.jo

Nb.Branches : 66

BANK ETAMWIL TOUNSI SAUDI

88 AVENUE HEDI CHAKER

1002 TUNIS - TUNISIA

TEL :21671 790000

FAX : 21671 780235

E-mail : bestmail@bestbank.com.tn

Nb.Branches : 7

THE EGYPTIAN SAUDI FINANCE BANK

60 Mohie El-Deen Abou El-Ezz Str.

P.O.BOX 455 DOKKI CAIRO – EGYPT

TEL : 202 7481 222

FAX : 202 7611 436

Nb.Branches : 15

ALBARAKA BANK SUDAN

ALBARAKA – KASR

P.O BOX 2583 KHARTOUM – SUDAN

TEL : 249183780288

FAX : 249183788585

Nb.Branches : 22

THE INTERNATIONAL ECONOMIC SITUATION

In 2006 the International environment was marked by :

- The consolidation of the world economic growth, which moved up from 4,9 to 5,1%, in spite of energy prices reaching new records to USD 78 P.B.
- Tightening of monetary policies, especially in the industrialised countries, in the wake of inflationary pressures, and the vitality of stocks and foreign exchange. Therefore releasing the pressure on inflation.
- Appreciation of the Euro, against the USD and the yen, and growth of the main stock indices.
- A similar face of growth of the emerging economies as the previous year, 7.3% against 7.4%, with the exceptional growth of the chinese economy at 10.6% against 10.4% in 2005

THE NATIONAL ECONOMIC SITUATION

In 2006 the national economic situation was marked by :

- Acceleration of economic growth in 2006 in spite of the price increase of basic imported goods.
- Increase of consumer prices in 2006.
- Improvement of Banks' treasury in the last 3 months of 2006, and control of the growth of M3 aggregate, especially in the last 4 months of 2006 .
- Return of companies to public savings with a consolidation of volume of transactions, and an increase in stocks indices in 2006.
- Important surplus in the general balance of payments, in spite of the increase of the energy deficit .
- Appreciation of the Tunisian Dinar against the USD, and depreciation against the Euro in 2006.

The Statement of the Chairman of the Board



Dear Shareholders,

In the name of the Board of Directors, I am pleased to present to you the Bank's activity report for 2006, as well as the audited statements at 31/12/2006.

The Bank is continuing laying the foundations and rules needed by the compliance regulation and Basle II requirements.

Thus, the Bank is carrying on efficiently the business plan taking aim the top position among similar banks in conformity with Al Baraka Banking Group's strategy.

Thanks to God, the figures hereafter show a significant progress of bank's activity and results :

FINANCIAL HIGHLIGHTS

The total balance reached 352.40 USD million against USD 248,80 million at end of 2005, while the deposits reached USD 282.07 million against USD 186,95 in 2005.

Total operating income was USD19.17million compared to the previous year's USD 12,52.

RESOURCES

Apart from the bank's equity, the other resources reached USD 282,07 million representing 80,04 % of the balance sheet. They include in foreign currencies the countervalue of USD 141,8 million, and Tunisian dinars 181,94 million, the equivalent of USD 140,27 million.

FINANCINGS

The total amount representing the bank's financing, investments, participations, reached 342,94 USD million compared to USD 238,52 million in 2005.

RESULTS

The Bank's net profits reached 8,03 million USD against USD 3,97 million in 2005, an increase of 102,2 % thanks to an improvement of the quality of assets diminishing the needs for provisions. The return on Equity (ROE) also increased from 7,9 % to 16 %.

Activity in foreign currency

Financing and investments in foreign currency at end 2006 were USD 198.47million, against USD 136,26 in 2005. At the same time, deposits increased to USD 142.22 million from USD 81,50 million the previous year.

Million USD

	2005	2006
Customers deposits	20,26	20,78
Investments accounts	61,24	121,44

Profits distributions to investors (USD) were as follow :

	2005	2006
Saving accounts	1,36 %	1,94 %
Investment accounts 3 months	1,61 %	2,29 %
Investment accounts 6 months	1,85 %	2,65 %
Investment accounts 1 year plus	2,02 %	3,00 %

Activity in Tunisian Dinars

As regards the bank's activity in Tunisian Dinars, financings and Investments reached 187,38 TND million in 2006, against TND 139,71 million in 2005 while deposits were at TND 144,3 in 2005, against TND 182,0 in 2006.

TND million

	2005	2006
Customers deposits	23,70	23,97
Investments accounts	120,60	158,03

Profits distributions to investors (TND) were as follows :

	2005	2006
Tawfir accounts	2,86 %	2,90 %
Investment accounts 3 months	2,86 %	2,90 %
Investment accounts 6 months	3,43 %	3,48 %
Investment accounts 1 year plus	4,00 %	4,06 %

May God help us
The Chairman / Abdulilah SABBAHI

APPENDICIES

BALANCE SHEET
(expressed in thousands of USD)

31/12/ 2006

31/12/ 2005

ASSETS

Cash and balances at CBT, Post Office and TGT	2 964	4 437
Banks and financial institutions balances	66 396	44 840
Clients receivables	202 769	119 505
Trading securities	60 597	51 464
Investment securities	13 242	22 709
Fixed assets	4 420	4 481
Other assets	2 013	1 347
TOTAL ASSETS	352 401	248 783

LIABILITIES

Central Bank	20	132
Banks and financial institutions Deposits	15 518	5 834
Customer Deposits	266 754	181 702
Loans and special funds	850	325
Interests to be liquidated	80	36
Other liabilities	5 230	1 826
TOTAL LIABILITIES	288 452	189 855

SHAREHOLDERS' EQUITY

Capital	50 000	50 000
Reserves	5 860	4 428
Other equity	21	491
Retained earning	40	38
Net income (loss) for the year	8 028	3 971

TOTAL SHAREHOLDERS' EQUITY

63 949 **58 928**

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

352 401 **248 783**

OFF BALANCE-SHEET
(expressed in thousands of USD)

	31/12/ 2006	31/12/ 2005
<i>Contingent Liabilities</i>		
Guarantees	20 547	5 413
Letters of credit	8 482	10 632
Total Contingent Liabilities	20 029	16 045
<i>Commitments Granted</i>		
Financing commitments to customers	38 386	37 810
Total Commitments Granted	38 386	37 810
<i>Commitments Received</i>		
Guarantees received	57 684	48 198
Total Commitments Received	57 684	50 903

Income Statement
(expressed in thousands of USD)

	2006	2005
<u>Operating income</u>		
Profits and assimilated revenues	11 821	7 727
Commission income	2 340	1 882
Gains (less losses) arising from trading securities and financial operations	4 480	1 831
Income from investment securities	527	1 082
Total Operating Income	19 168	12 522
<u>Operating Expenses</u>		
Profits to depositors and assimilated charges	(7 628)	(3 910)
Commission expenses	(955)	(810)
Losses (less gains) on trading securities and financial operations	-	-
Total Operating expenses	(8 583)	(4 720)
NET BANKING INCOME	10 584	7 802
Provisions and adjustments for doubtful loans, contingent liabilities, commitments and liabilities	(4 090)	109
Provisions and adjustments on investment securities	7 042	154
Other operating income	36	30
Staff costs	(3 904)	(2 725)
General administrative expenses	(977)	(764)
Depreciation and amortisation	(639)	(646)
Operating Income	8 052	3 960
Gains (losses) from other ordinary activities	15	18
Income tax	(38)	(7)
Income On Ordinary Activities	8 028	3 971
Net Income (Loss) For The Year	8 028	3 971

Cash-Flow Statement
(expressed in Thousands of USD)

<u>Operating Activities</u>	2006	2005
NET PROFIT	8 028	3 971
Adjustments for :		
Amortizations	639	646
Provisions	4 090	
Profit /Sale Investment	(6 895)	(1 262)
Changes in:		
Clients and financial institution receivables	(102 552)	(9 114)
Clients Deposits	80 333	36 897
Other assets	(692)	94
Other liabilities	3 078	(613)
Trading securities	(8 927)	(30 767)
Net Cash Flows from operating activities	(22 898)	(148)
<u>Investment Activities</u>		
Acquisitions / Transfer on investment portfolio	14 792	498
Acquisitions / Transfer on fixed assets	(578)	(1 065)
Net Cash Flows for investment activities	14 214	(567)
<u>Financing Activities</u>		
Dividends paid	(2 500)	(2 380)
Net Cash Flows for financing activities	(2 500)	(2 380)
Net increase in cash and cash equivalents during the year	(11 185)	(3 095)
Cash and cash equivalents at the beginning of the year	7 278	10 373
Cash and cash equivalents at the end of the year	(3 907)	7 278

THE AUDITOR'S REPORTS

GENERAL REPORT

To the Shareholders of Bank Ettamwil Tounsi Saoudi

In compliance with the assignment entrusted to us by your General Meeting held in March 8, 2006, we present below our report on the financial statements of Bank Ettamwil Tounsi Saoudi for the year ended December 31st, 2006 and on the specific procedures as prescribed by law and professional standards.

1 . Opinion on the financial statements

We have audited the accompanying financial statements of Bank Ettamwil Tounsi Saoudi as at December 31, 2006. These financial statements are the responsibility of the company's management and its Board of Directors. This responsibility includes designing, implementation and maintaining internal control relevant to the preparation and fair presentation of financial statements, that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Tunisian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

AMC Ernst & Young Opinion

As mentioned in the notes to financial statements N°18, in addition to the provision calculated according to Cental Bank memorandum N° 91-24, the bank has recognized additional provision for an amount of 2,505 kUSD in order to comply with the Tunisian Central Bank requirements that consist in reaching a coverage rate of 70% toward 2009.

Although this treatment denotes a prudence mindset in the financial reporting and improves the non-performing loans coverage rate, the additional provision was not made according to well-defined method, to be applied continuously by the bank in order to assure the comparability of the financial statements.

In our opinion, except for the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Bank Ettamwil Tounsi Saudi as at December 31, 2006 and of the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Tunisia.

CMC-DFK International Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of « BANK ETAMWIL TOUNSI SAUDI » BEST Bank as of December 31, 2006 and of the results of its operations and its cash flows for the year ended, according to accounting principles generally accepted in Tunisia.

Without qualifying our opinion we draw attention to the following matters :

- During 2006, and according to the decision of the Shareholders General Meeting held in March 08, 2006, The special revaluation reserves that became available for distribution in 2005, for an amount of 470 Thousands USD, had been reallocated as provision on clients' receivables;

- As mentioned in note to financial statements n°18, the bank has recognized additional provision for an amount of 2 960 Thousands USD (including 470 Thousands USD by reallocation of special revaluation reserves). This provision, not subject to pre-defined allocation rule by financial year, is related to the improvement of the coverage risk rate of non-performing loans according to Tunisian Central Bank requirements that consist in reaching a coverage rate of 70% toward 2009.

The additional provision enabled the bank to raise its coverage rate to 63.6% as of December 31, 2006 . Moreover, and based on the level of non-performing loans as of December 31, 2006, a supplementary provision for an amount of 1 650 Thousand USD permit the bank to reach a coverage rate of 70%.

GENERAL REPORT (continued)

2. Specific examinations

We have also carried out the specific procedures prescribed by Law and professional standards.

We have nothing to report on with respect to the consistency of the financial information included in the Board of Directors' report with the financial statements, except for the matters referred to above.

We have also reviewed, in connection with our audit, the internal control procedures related to the financial information processing and reporting. We report, based on our review and as required by the article 3 of the Law n° 94-117 dated 14th, 1994 as amended by the Law n° 2005-96 dated October 18th, 2005, that we have not pointed out major weaknesses which might affect our opinion on the financial statement.

Furthermore, in accordance with the article 19 of the decree 2001-2728 dated November 20, 2001, we have performed the required examination and have no observation regarding the conformity of BEST Bank with the regulatory requirements relating to securities accounts.

Tunis, February 27th, 2007

**AMC Ernst & Young
Noureddine HAJJI**

**CMC – DFK International
Chefif BEN ZINA**

SPECIAL REPORT

To the Shareholders of Bank Ettamwil Tounsi Saoudi,

I - In accordance with the article 29 of the Law n° 2001-65 dated July 10th, 2001, relating to credit institutions and articles 200 and followings of the Companies Law, we inform you that we have not been informed of any operations relating to these articles and realized in 2006.

II - Besides, we have been informed that the following agreement, concluded during the previous years, is still in force :
BEST Bank rents administrative premises to BEST Lease in which it holds 34.7% of capital. The annual rental amount is of 29 KUSD.

Apart from the above-mentioned operation , our audit has not revealed the existence of other operations concerned by the article 29 of the Law n° 2001-65 dated July 10th, 2001, relating to credit institutions and articles 200 and followings of the companies Law.

Tunis, February 27th, 2007

**AMC Ernst & Young
Noureddine HAJJI**

**CMC – DFK International
Chefif BEN ZINA**

THE SHARIAA ADVISOR'S REPORT

In the name of God the Merciful ,

Mr. Abdulilah SABBAHI / Chairman

Mr. Aissa HIDOUSSE / Vice Chairman and General Manager

Gentlemen, Members of the General Assembly ,

It is my pleasure to present to you the annual shariaa report on BEST Bank's activity for the year ending 31/12/2006, and wish to declare to the assembly, the following :

1) We had the occasion to update some contracts in order to comply with Central Bank's instructions in relation with some banking activity aspects in Tunisia. We achieve successfully this mission with the Legal Departement collaboration and the amended contracts are in compliance with shariaa and Legal requirements.

Thus, we have fixed the shariaa rules that allow the bank to contribute in the insurance activities and we hope they will be beneficiary.

2) We have read the two financial auditors reports which are fully true.

THE SHARIAA ADVISOR'S REPORT (continued)

- 3) The financial statements had separated « halal profit » from other incomes that cannot be earned. And this is the right way mentioned in the last annual report. It is well known that these incomes must be used in social donations and, as usual, katatib fund will share 50% of these amounts.
- 4) Zakat does not appear on the financial statements because the bank is not mandated by the other parties to achieve this duty on their behalf. Every Shareholder and every Investor has to do it for himself.
- 5) Investors' shares in the profit are in conformity with the safe audited contracts.
- 6) Internal shariaa auditing procedure must be implemented in order to certify that operations are executed in conformity with the terms of the audited contracts .

Finally, congratulations for the high results thanks to God and thanks to Mr. Aïssa Hidoussi and his management staff
Pray that God help us to be successful both in life and in next world.

SHEIKH MOHAMED MOKHTAR SELLAMI

GENERAL ASSEMBLY RESOLUTIONS

FIRST RESOLUTION

After reviewing the report of the Board of Directors on the Bank's activity and its financial situation for the year 2006, and after reviewing the balance sheets, and the profits and loss, accounts as at 31 December 2006, and after listening to the Auditor's Report on the 2006 accounts, the Ordinary General Assembly agreed on all the above, and released all the members of the Board of Directors, including the President and the Vice President from any responsibility without any reserve, for the year 2006.

The resolution is adopted unanimously.

SECOND RESOLUTION

The Ordinary General Assembly has reviewed the special report of the Auditors, regarding the operation subject to articles 200 and article 29 of the Law n° 2001-65 dated July 10th, 2001, relating to credit institutions.

The resolution is adopted unanimously.

THIRD RESOLUTION

The Ordinary General Assembly has reviewed the Shariaa Advisor's Report, addressed to the shareholders, by the respected Cheikh Mohamed Mokhtar SELLAMI, the Bank's Shariaa Advisor, on the Bank's 2006 activity, and it thanks him for his efforts and advises , enabling the Bank to act in conformity with the shariaa.

The resolution is adopted unanimously.

FOURTH RESOLUTION

The Ordinary General Assembly has decided, upon proposal from the Board of Directors, the distribution of the profits resulted from the activity of 2006, amounting to USD 8 028 549, plus the previous profits not distributed amounting of USD 40 491 , all totalling USD 8 069 040, as follows :

- Legal provision (5%)	: USD	401 427
- Profits to distribute to shareholders	: USD	3 000 000
- General provisions	: USD	4 250 000
- Social Fund	: USD	300 000
- Provision for social services	: USD	80 000
- Undistributed profits	: USD	37 613

The Ordinary General Assembly has delegated the General Management to decide the date of distribution of the profits to the shareholders.

The resolution is adopted unanimously.

FIFTH RESOLUTION

The Ordinary General Assembly, has decided, upon recommendation from the respected Cheikh Mohamed Mokhtar SELLAMI, the Shariaa Advisor of the Bank, to spend the interest income born from the activity of the Bank, amounting to USD 80 089 to the public benefit as in the past.

And The Ordinary General Assembly has delegated the President of the Board of Directors to set these expenses to the public benefit in Tunisia and to develop research in the Islamic Economy and Bank activities.

The resolution is adopted unanimously.

SIXTH RESOLUTION

The Ordinary General Assembly delegates all the powers to the holder of the copies of these resolutions to affect all the registration and publishing required by law.

The resolution is adopted unanimously.