





Twenty Fourth

ANNUAL REPORT

YEAR 2007



CONTENTS

- **INTRODUCTION**
- **THE INTERNATIONAL ECONOMIC SITUATION**
- **THE NATIONAL ECONOMIC SITUATION**
- **THE STATEMENT OF THE CHAIRMAN OF THE BOARD**
 - ✓ **FINANCIAL HIGHLIGHTS**
 - ✓ **RESOURCES**
 - ✓ **FINANCINGS**
 - ✓ **RESULTS**
 - ✓ **ACTIVITIES IN FOREIGN CURRENCIES**
 - ✓ **ACTIVITIES IN TUNISIAN DINARS**

APPENDICES

- **BALANCE SHEET STATEMENT**
- **OFF BALANCE SHEET STATEMENT**
- **INCOME STATEMENT**
- **CASHFLOW STATEMENT**
- **THE AUDITORS REPORT**
 - ✓ **GENERAL REPORT**
 - ✓ **SPECIAL REPORT**
- **THE SHARIAA ADVISOR'S REPORT**
- **GENERAL ASSEMBLY RESOLUTIONS**

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 Ezzitouna Tunis 1008
Tél 216 71 200 954 Fax 216 71 200 948
- Lac Branch Rue Turkana Residence Les lilas Al Bouhaira
Tunis 1053
Tél 216 71 860 131 Fax 216 71 861 543
- Sfax Branch 6, Rue Dag Hammarskjöld 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 – GP1 –Km 5 Megrine Ryadh
2014- Ben Arous
Tél 216 71 427 827 - 216 71 427 293
Fax 216 71 426 617

- Manouba Branch 7, Avenue Habib Thameur
2010 Manouba
Tél: 71 609 309 - 71 607126
Fax: 71 609 521

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:**

<p>ALBARAKA BANK SYRIA 9 TULAYTULAH STREET, ALMALKI SQUARE DAMASCUD, SYRIA P.O.BOX 100 HIJAZ POST CENTER DAMASCUS, SYRIA TEL : 96311322-1980 FAX : 96311331-0081</p>	<p>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 : 4 Bahrain & 13 Pakistan</p>
<p>BANQUE ALBARAKA D'ALGERIE 32, RUE DES FRERES DJILLALI BIRKHADEM – ALGERIA TEL : 21321 916450-5 FAX : 21321 916457/8 Nb.Branches : 17</p>	<p>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 : 75</p>
<p>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</p>	<p>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 : 6</p>

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 : 8

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 : 16

ALBARAKA BANK SUDAN

ALBARAKA – KASR

P.O BOX 2583 KHARTOUM – SUDAN

TEL : 249183780288

FAX : 249183788585

Nb.Branches : 23

THE INTERNATIONAL ECONOMIC SITUATION

In 2007 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 "petrol 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 2006

THE NATIONAL ECONOMIC SITUATION

Despite the unfavourable and unstable international environment, in 2007 the national economic situation was marked by :

- Acceleration of economic growth in 2006 in spite of the price increase of basic imported goods (100% increase in value).
- Contained Increase of consumer prices in 2007.
- The annual industrial index is about 9.4 % in 2007 against 2.8 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 .
- Appreciation of the Tunisian Dinar against the USD and the Yen, and depreciation against the Euro in 2007.

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 2007, as well as the audited statements at 31/12/2007.

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 418.34 USD million against USD 352.401 million at end of 2006, while the deposits reached USD 342.96 million against USD 282.07 in 2006.

The Total operating income was USD24.406 million compared to the previous year's USD 19.17.

RESOURCES

Apart from the bank's equity, the other resources reached USD 342.96 million representing 81.8 % of the balance sheet. They include in foreign currencies the countervalue of USD 167.65 million, and in Tunisian dinars 181,94 million, the equivalent of USD 175.31 million.

FINANCINGS

The total amount representing the bank's financing, investments, participations, reached 396.77 USD million compared to USD 342,94 million in 2006.

RESULTS

The Bank's net profits reached 7.52 million USD against USD 8.03 million in 2006. we note that the year 2006 has recorded an exceptional profits of 2.080 million dollars due to sale of BEST RE 's shares and the profit of normal activity have reached 5.225 million dollars. if we compare the profits of the normale activity, we see an evolution of 41.6% in 2007 compared to the previous year.

Activity in foreign currency

Financing and investments in foreign currency at end 2007 were USD 225.17 million, against USD 198.47 in 2006. At the same time, deposits increased to USD 167.65 million from USD 142.22 million the previous year.

Million USD

	2006	2007
Customers deposits	20,78	33.37
Investments accounts	121,44	134.28

Profits distributions to investors (USD) were as follow :

	2006	2007
Saving accounts	1,94 %	2.00 %
Investment accounts 3 months	2,29 %	2.36 %
Investment accounts 6 months	2,65 %	2.73 %
Investment accounts 1 year plus	3,00 %	3,03 %

Activity in Tunisian Dinars

As regards the bank's activity in Tunisian Dinars, financings and Investments reached TND 209.87 million in 2007, against TND 187,38 TND million in 2006 while deposits were at TND 214.17 in 2007, against TND 182 in 2006.

TND million

	2006	2007
Customers deposits	23,97	35.12
Investments accounts	158,03	179.05

Profits distributions to investors (TND) were as follows :

	2006	2007
Tawfir accounts	2,90 %	2.83 %
Investment accounts 3 months	2,90 %	2,83 %
Investment accounts 6 months	3,48 %	3,39 %
Investment accounts 1 year plus	4,06 %	3.96 %

May God help us
The Chairman / Abdulilah SABBAHI

APPENDICIES

BALANCE SHEET
(expressed in thousands of USD)

31/12/ 2007

31/12/ 2006

ASSETS

Cash and balances at CBT, Post Office and TGT	5 422	2 964
Banks and financial institutions balances	106 323	66 396
Clients receivables	221 635	202 769
Trading securities	71 231	60 597
Investment securities	7 065	13 242
Fixed assets	4 672	4 420
Other assets	1 988	2 013
TOTAL ASSETS	418 336	352 401

LIABILITIES

Central Bank	22	20
Banks and financial institutions Deposits	20 699	15 518
Customer Deposits	325 887	266 754
Loans and special funds	103	850
Interests to be liquidated	140	80
Other liabilities	3 074	5 230
TOTAL LIABILITIES	349 925	288 452

SHAREHOLDERS' EQUITY

Capital	50 000	50 000
Reserves	10 852	5 860
Other equity	0	21
Retained earning	38	40
Net income (loss) for the year	7 520	8 028
TOTAL SHAREHOLDERS' EQUITY	68 410	63 949
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	418 336	352 401

OFF BALANCE-SHEET
(expressed in thousands of USD)

	31/12/ 2007	31/12/ 2006
<i>Contingent Liabilities</i>		
Guarantees	30 963	20 547
Letters of credit	5 038	8 482
Total Contingent Liabilities	36 001	20 029
<i>Commitments Granted</i>		
Financing commitments to customers	49 888	38 386
Total Commitments Granted	49 888	38 386
<i>Commitments Received</i>		
Guarantees received	68 666	57 684
Total Commitments Received	68 666	57 684

Income Statement
(expressed in thousands of USD)

	2007	2006
<u>Operating income</u>		
Profits and assimilated revenues	17 035	11 821
Commission income	2 520	2 340
Gains (less losses) arising from trading securities and financial operations	4 387	4 480
Income from investment securities	520	527
Total Operating Income	24 463	19 168
<u>Operating Expenses</u>		
Profits to depositors and assimilated charges	(10 674)	(7 628)
Commission expenses	(1 033)	(955)
Losses (less gains) on trading securities and financial operations	-	-
Total Operating expenses	(11 707)	(8 583)
NET BANKING INCOME	12 756	10 584
Provisions and adjustments for doubtful loans, contingent liabilities, commitments and liabilities	660	(4 090)
Provisions and adjustments on investment securities	(115)	7 042
Other operating income	70	36
Staff costs	(4 021)	(3 904)
General administrative expenses	(1 124)	(977)
Depreciation and amortisation	(682)	(639)
Operating Income	7 545	8 052
Gains (losses) from other ordinary activities	19	15
Income tax	(43)	(38)
Income On Ordinary Activities	7 520	8 028
Net Income (Loss) For The Year	7520	8 028

Cash-Flow Statement
(expressed in Thousands of USD)

<u>Operating Activities</u>	2007	2006
NET PROFIT	7 520	8 028
Adjustments for :		
Amortizations	682	639
Provisions	(660)	4 090
Profit /Sale Investment	-	(6 895)
Changes in:		
Clients and financial institution receivables	(58 984)	(102 552)
Clients Deposits	67 660	80 333
Other assets	25	(692)
Other liabilities	(2 096)	3 078
Trading securities	(10 634)	(8 927)
Net Cash Flows from operating activities	(3 513)	(22 898)
<u>Investment Activities</u>		
Acquisitions / Transfer on investment portfolio	6 177	14 792
Acquisitions / Transfer on fixed assets	(827)	(578)
Net Cash Flows for investment activities	5 350	14 214
<u>Financing Activities</u>		
Dividends paid	(3 000)	(2 500)
Net Cash Flows for financing activities	(3 000)	(2 500)
Net increase in cash and cash equivalents during the year	5 863	(11 185)
Cash and cash equivalents at the beginning of the year	(3 907)	7 278
Cash and cash equivalents at the end of the year	1 956	(3 907)

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 08, 2006, we present below our report on the financial statements of Bank Ettamwil Tounsi Saoudi for the year ended

December 31, 2007 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 of December 31, 2007. These financial statements are the responsibility of the company's management and its board of directors. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

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.

GENERAL REPORT (continued)

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 are 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

In our report signed on March 10, 2008, we had formulated the following limitation on the extent of our work: The headings "Clients Receivables" and "Trading securities" include respectively financings and trading securities via foreign banks for an amount of 86 918 KUSD and 71 155 KUSD. We note that, based on available information given by the bank, we were unable to appreciate the counterparty risk and the valuation of such assets at the end of the year.

GENERAL REPORT (continued)

Subsequently to this date, information about these assets was provided to us and related analysis consolidates the evaluation reflected within the balance sheet as of December 31, 2007. Consequently, the limitation formulated in our previous report of March 10, 2008 becomes no longer appropriate and we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bank Ettamwil Tounsi Saoudi as of December 31, 2007 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.

Without qualifying our opinion mentioned above and for comparability purposes between results of 2006 and 2007, we draw your attention to the following issue: as mentioned in the note to financial statements n°19, the bank has recognized during 2006 additional provision for an amount of 2,505 KUSD in order to increase the coverage rate of non performing loans by provisions.

GENERAL REPORT (continued)

2. Specific examinations

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

Except the issue mentioned above, 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 November 14th, 1994 as amended by the law n°2005-96 dated October 18th, 20 05, 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, March 17th, 2008

**AMC Ernst & Young
Noureddine HAJJI**

**CMC – DFK International
Chérif 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 2007.

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 42.25 % of capital. The annual rental amount is of 33 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, March 10th, 2008

**AMC Ernst & Young
Noureddine HAJJI**

**CMC – DFK International
Chefif BEN ZINA**

REPORT OF THE SHARIA ADVISOR

The honorable Mr. Sabahi, President of the General Assembly and Chairman of the board of Directors of Best Bank.

The honorable Members, peace be with you.

It is my pleasure to present you with the 2007 sharia report on the bank's activity.

I wish to record that this report expresses:

1. The cooperation existing between the staff of the bank and myself.
2. My analysis of the Auditor's report in the first point, my report does not show the way contracts are executed, as it is the responsibility of the internal auditors, Wish I remind in every audit report, it should be in the bank's structures, and the contracts auditing is the responsibility of the executive structure of the bank, up to now.

Also, this year, I have controlled the new contracts referred to me, according to the sharia and the Tunisian law and I have effected the amendments recommended by the supervising authorities to all banks in Tunisia.

This has brought the bank to a full conformity to the sharia and the Tunisian law.

In the second point, the financial reports, allow me the following observations.

The off balance sheet commissions are accounted for when received .I wish to say it must be accounted for on a flat basis with no relation to amount or duration.

REPORT OF THE SHARIA ADVISOR (Continued)

The zakat subject has not been treated in the two reports, and the investors must be informed the bank has not effected its zakat, and it is a responsibility to their own solely.

In the end I salute and convey my respects to the efforts of Mr. Issa HIDOUSSE and the staff of the Bank for the efforts and results reached by the bank.

May god help us in all our future endeavours, and we thank him for what he has given us.

Mr.Mohamed Mokthar 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 2007, and after reviewing the balance sheets, and the profits and loss, accounts as at 31 December 2007, and after listening to the Auditor's Report on the 2007 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 2007.

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 Sheikh Mohamed Mokhtar SELLAMI, the Bank's Shariaa Advisor, on the Bank's 2007 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 2007, amounting to USD 7 520 185, plus the previous profits not distributed amounting of USD 37 613, all totalling USD 7 557 798, as follows :

- Legal provision (5%)	: USD	377 890
- Profits to distribute to shareholders	: USD	4 000 000
- General provisions	: USD	2 829 908
- Social Fund	: USD	300 000
- Provision for social services	: USD	250 000
- Undistributed profits	: USD	100 000

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 Sheikh Mohamed Mokhtar SELLAMI, the Shariaa Advisor of the Bank, to spend the interest income born from the activity of the Bank, amounting to USD 140 063 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

After Board's approval on the rental contract between BEST BANK and International Leasing Services (ILS).

The General assembly agree on this deal as signed on 14/06/2005

SEVENTH 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.