



Twenty First

ANNUAL REPORT

YEAR 2004

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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 :

80 % AL BARAKA Investment and Development Company, Kingdom of Saudi Arabia.

10 % Tunisian State, Republic of Tunisia

10 % National Social Security Office of Tunisia



BOARD OF DIRECTORS

Sheikh SALAH ABDULLAH KAMEL	: Honorary Chairman
Mr Abdulilah SABBAHI	: Chairman
Mr Aïssa HIDOUSSE	: Deputy Chairman and General manger
Mr Hedi BENCHEIKH	: Member
Mr Abderrahmen RUWAITAH	: Member
Mr Farid BENBOUZID	: Member
Mr Adnan Abdulaziz AL BAHR	: Member

SHARIAA ADVISOR

Sheikh Mohamed Mokhtar SELLAMI

AUDITOR

Mr Nouredine HAJJI - AMC - ERNST & YOUNG

BEST BANK BRANCHES

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

<p>AL AMIN BANK P.O.BOX 3190 MANAMA – KINGDOM OF BAHRIAN TEL : 97317 540 000 FAX : 97317 537 551 Site web : www.alaminbank.com</p>	<p>ALBARAKA ISLAMIC BANK BAHREIN ALBARAKA TOWER P.O.BOX 1882 MANAMA – KINGDOM OF BAHRIAN TEL : 97317 535300 FAX : 97317 530695 Site web:www.barakaonline.com Nb. Branches : 2 Bahrain & 9 Pakistan</p>
<p>BANQUE ALBARAKA D'ALGERIE 32, RUE DES FRERES DJILLALI BIRKHADEM – ALGERIA TEL : 21321 916450-5 FAX : 21321 916457/8 Nb.Branch es: 11</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 : 29</p>
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Nb.Branches : 66

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FAX : 21671 780235

E-mail : bestmail@bestbank.com.tn

Nb.Branches : 5

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

The world economic situation during 2004 was notable with the following most important features.

- World economic growth by 5 %, compared to 3,9 % during 2003. In China this percentage growth was 9 %, while it was 4,3 % in the USA and 4,4% in Japan.
- The revolution of the Euro against the US dollars, to reach a record 1,36 in december 2004. with the corralary advantage resulting to the US and Asian export products.
- Increase of energy prices taking the oil barrel to over USD 50, following world demand increase by 3,2 %.



THE NATIONAL ECONOMIC SITUATION

- In an unstable International environment, the Tunisian Economy continued its growth path recording a 5,8 % figure, benefitting from a good agricultural sector behaviour, and an increased activity of the Industry, notably manufacturing industries, inspite of the textile sector crisis.
- Personal income increased only by 6,9 % in 2004 to reach over US Dollars 3000.
- The 2004 budget deficit increased only by 0,7 % from 2003, to reach 2,5% of GDP.
- Inflation increased from 2,7% in 2003 to 3,6% in 2004 , due to increase in prices of raw materials and energy.
- The monetary policy remained unchanged. The money market rate remained at an average of 5%.
- In 2004, exports increased by 16,6% while imports grew by 13%, with the cover reaching 76%.
- Foreign exchange reserves reached the countervalue of TND 4741 million at the end of 2004, representing 108 days imports against TND 3503 million in 2003, or 90 days Imports.
- As regards the Tunisian Dinar, it has decreased by 6,4% against the Euro and gained 1,6% against the USD.



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 with the Bank's activity report for 2004, as well as the audited financial report as at 31/12/2004.

The Bank's activity was based especially on the following areas :

- Improvement of the profitability of the financings portfolio by reviewing the structure of utilisation to improve the income without adding any new risk. Therefore the bank's major part of liquidity was invested in leasing certificates and Bank Al Amine issues.
- Increase the customers base by adding new depositors and increasing the bank's share of deposits with Tunisian Banks, as well as obtaining the authorisation to open two new branches in Sfax and Sousse.
- Consolidating the correspondent Bank's network in Europe.

- Developing the Bank's foreign resources through new facilities established by the Islamic Development Bank or the Saudi Development Fund (Saudi Export Program), and developing the International operations within the Al Baraka Group Units or other institutions.
- Managing risk of operations and services, by adopting a prudent credit policy and choosing secure financings with acceptable profits, avoiding supplementary provisions and collection follow up.
- A new risk control unit was set up independently from the General Control and Audit.

After this main titles I exposed to you , allow me to go through the main figures of the financial reports as at 31/12/2004.



FINANCIAL HIGHLIGHTS

The total balance reached USD 207,8 million against USD 195 million at end of 2003, while the deposits reached USD 145,1 million against USD 133,1 in 2003.

Total incomes was USD 11,3 million compared to the previous year's USD 10,8 while the net income reached USD 6,5 million against USD 6 million in 2003.

RESOURCES

Apart from the bank's equity, the other resources reached USD 145,1 million representing 69,8 % of the balance sheet. They include in foreign currencies the countervalue of USD 54,3 million, and Tunisian dinars 108,4 million, the equivalent of USD 90,8 million.

FINANCINGS

The total amount representing the bank's financing, investments, participations, reached USD199 million compared to USD186,3 million in 2003.

RESULTS

The Bank's net profits reached USD 2,627 million against USD 2, 265 million in 2003, an increase of 16 % thanks to an improvement of the quality of assets diminishing the needs for provisions. The return on Equity (ROE) also increased from 4,5% to 5,25%.



Activity in foreign currency

Financing and investments in foreign currency at end 2004 were at USD 107,86 million, against USD 105,69 in 2003. At the same time, deposits increased to USD 54,3 million from USD 48,41 million the previous year.

Million USD

	2003	2004
Customers deposits	11,4	14,4
Investments accounts	37,0	39,9

Profits distributions to investors (USD) were as follows :

	2003	2004
Saving accounts	0,88 %	1,039 %
Investment accounts 3 months	1,04 %	1,42 %
Investment accounts 6 months	1,20 %	1,53 %
Investment accounts 1 year plus	1,36 %	1,61 %

Activity in Tunisian Dinars

As regards the bank's activity in Tunisian Dinars, financings and Investments reached TND 108,8 million in 2004, against TND 97,4 million in 2003 while deposits were at TND108,4 in 2004, against TND 102,3 in 2003.

TND million

	2003	2004
Customers deposits	13,9	15,63
Investments accounts	88,4	92,77

Profits distributions to investors (TND) were as follows :

	2003	2004
Tawfir accounts	4,28 %	4,01 %
Investment accounts 3 months	2,95 %	2,76 %
Investment accounts 6 months	4,01 %	3,76 %
Investment accounts 1 year plus	4,82 %	4,51 %

The bank has prepared an ambitious five years plan (2005-2009) which aims to perform return on capital and increase the profit to reach 10 % at the end of year 2009.



APPENDICIES

BALANCE SHEET
(expressed in thousands of USD)

31/12/ 2004

31/12/ 2003

ASSETS

Cash and balances at CBT, Post Office and TGT	3 104	2 570
Banks and financial institutions balances	47 820	41 107
Clients receivables	107 697	119 358
Trading securities	20 677	5 173
Investment securities	22 999	20 789
Fixed assets	4 062	4 734
Other assets	1 440	1 284
TOTAL ASSETS	207 799	195 015

LIABILITIES

Central Bank	22	23
Banks and financial institutions Deposits	259	574
Customer Deposits	145 099	133 111
Loans and special funds	32	32
Other liabilities	2 300	1 827
TOTAL LIABILITIES	147 712	135 567

SHAREHOLDERS' EQUITY

Capital	50 000	50 000
Reserves	6 868	6 754
Other equity	550	384
Retained earning	42	45
Net income (loss) for the year	2 627	2 265
TOTAL SHAREHOLDERS' EQUITY	60 087	59 448
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	207 799	195 015

OFF BALANCE-SHEET
(expressed in thousands of USD)

31/12/ 2004

31/12/ 2003

Contingent Liabilities

Guarantees	5 268	5 048
Letters of credit	9 894	4 672
Total Contingent Liabilities	15 162	9 720

Commitments Granted

Financing commitments to customers	44 733	21 636
Total Commitments Granted	44 733	21 636

Commitments Received

Guarantees received	43 393	37 604
Total Commitments Received	43 393	37 604



Income Statement
(expressed in thousands of USD)

	2004	2003
<u>Operating income</u>		
Profits and assimilated revenues	6 564	6 644
Commission income	2 018	1 621
Gains (less losses) arising from trading securities and financial operations	1 350	1 193
Income from investment securities	926	752
Total Operating Income	10 858	10 210
<u>Operating Expenses</u>		
Profits to depositors and assimilated charges	(3 757)	(3 695)
Commission expenses	(575)	(517)
Losses (less gains) on trading securities and financial operations	-	-
Total Operating expenses	(4 332)	(4 212)
NET BANKING INCOME	6 526	5 998
Provisions and adjustments for doubtful loans, contingent liabilities, commitments and liabilities	(66)	(305)
Provisions and adjustments on investment securities	98	112
Other operating income	29	65
Staff costs	(2 474)	(2 038)
General administrative expenses	(847)	(791)
Depreciation and amortisation	(631)	(625)
Operating Income	2 635	2 416
Gains (losses) from other ordinary activities	13	(131)
Income tax	(21)	(20)
Income On Ordinary Activities	2 627	2 265
Net Income (Loss) For The Year	2 627	2 265

Cash-Flow Statement
(expressed in Thousands of USD)

<u>Operating Activities</u>	2004	2003
NET PROFIT	2 627	2 265
Adjustments for :		
Amortizations	635	616
Provisions	(82)	183
Changes in:		
Clients and financial institution receivables	1 815	(7 565)
Clients Deposits	11 988	9 521
Other assets	(156)	(53)
Other liabilities	439	(440)
Trading securities	(15 381)	2 593
Net Cash Flows from operating activities	1 885	7 120
<u>Investment Activities</u>		
Acquisitions / Transfer on investment portfolio	(1 931)	850
Acquisitions / Transfer on fixed assets	36	(1 173)
Net Cash Flows for investment activities	(1 895)	(323)
<u>Financing Activities</u>		
Dividends paid	(2 120)	(2 120)
Net Cash Flows for financing activities	(2 120)	(2 120)
Net increase in cash and cash equivalents during the year	(2 130)	4 678
Cash and cash equivalents at the beginning of the year	12 503	7 825
Cash and cash equivalents at the end of the year	10 373	12 503

THE AUDITOR'S REPORTS

GENERAL REPORT

To the Shareholders of Bank Ettamwil Tounsi Saoudi

In our capacity as statutory auditors, we present below our report on the financial statements of Bank Ettamwil Tounsi Saoudi for the year ended December 31st, 2004 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, 2004. These financial statements are the responsibility of the company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bank Ettamwil Tounsi Saoudi as at December 31, 2004 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.

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. 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 8, 2005

AMC Ernst & Young

Noureddine HAJJI

SPECIAL REPORT

To the Shareholders of Bank Ettamwil Tounsi Saoudi,

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.

Furthermore, our audit has not revealed the existence of such operations.

Tunis, February 8, 2005

**AMC Ernst & Young
Noureddine HAJJI**

THE SHARIAA ADVISOR'S REPORT

In the name of God the Mercyful ,
Mr. Abdulilah SABBAHI / Chairman
Mr. Aissa HIDOUSI / Deputy Chairman and General Manager
Gentlemen, Members of the General Assembly ,

It is my pleasure to present you the annual shariaa report on BEST Bank's activity for 2004, and would like to start first by expressing my satisfaction for the success recorded by the management of the Bank , as shown by the positive points realised by the officers who manage the Bank, and which was expected by me in my last year's message.

My report is based on three points :

- The Chairman's report

- The Auditor's General and special reports

- The Shariaâ opinions that I provided during this financial year

THE SHARIAA ADVISOR'S REPORT(continued)

Firstly : The Chairman's Report

The report's presentation in the six articles, and the five ambitious year plan lead to satisfaction as to what was accomplished this year , and to optimism for the future, especially that I have been insisting for the past years on the marketing and entering the market, and which has now been clearly adopted by the bank's management, as part of its strategy, and starting to bear its fruits .

Secondly : The Auditor's Report

I thank the auditors for their efforts. This is the first time they present their report in Arabic, as per the second part of the circular dated 19/10/1999 requiring the use of the Arabic language between and inside the institutions.

THE SHARIAA ADVISOR'S REPORT (continued)

Thirdly : The Shariaâ opinions

The activity which appeared in other areas was due to shariaâ opinions, and the revision of previous contracts continued , and new types of contracts were studied which resulted in finding new solutions to enable the Bank to act in conformity with the good shariaâ.

Given that the role of the shariaâ opinion is to audit the contracts content so as to conform the shariaâ in the application, it is necessary, so as to avoid any non conformity, to establish a shariaâ audit with the shariaâ opinion. And I would suggest the same solution I suggested to the IDB which was adopted : the shariaâ controller revises every end of month all the contracts entered into by the bank during that month, with a report to the management, with a final yearly report at year end.

May God help the management endeavour to further growth of its bank, and may you be well each year.

**The Shariaâ Advisor
Sheikh Mohamed Mokhtar SELLAMI**

GENERAL ASSEMBLY RESOLUTIONS

FIRST RESOLUTION

Ordinary General Assembly, after listening to the report of the Board of Directors, relating to the Bank's activity and financial situation for the year 2004, and after reading the balance sheet, and the profits and loss, as well as the remaining accounts as at 31 December 2004, and after listening to the Auditor's Report on the 2004 accounts, has approved both these reports, and the Balance Sheet and the profits and loss report, and as a result liberates totally and fully, the responsibility of the Board of Directors, including the Chairman and the Deputy Chairman, for the year 2004.

The resolution is adopted unanimously.

SECOND RESOLUTION

The Ordinary General Assembly has recorded the special report of the Auditors, regarding the operation subject to articles 200 and 203 of the trading law.

The resolution is adopted unanimously.

THIRD RESOLUTION

The Ordinary General Assembly has read the Shariaa Auditor's Report, addressed to the shareholders, by the respected Cheikh Mohamed Mokhtar SELLAMI, the Bank's Shariaa Advisor, regarding the Bank's 2004 activity, and it thanks him for the counsel he provides to the Bank, and records with pleasure the conformity of the Bank's activity with the Islamic Shariaa.

The resolution is adopted unanimously.

FOURTH RESOLUTION

The Ordinary General Assembly has decided to add the provisionned amount of USD 19 685 representing the Board Members fees decided at the the Ordinary General Assembly held on 12 May 2004 , to the retained profits of 2003 being USD 420173 . The new total retained profits for 2003 is USD 61 858.

The resolution is adopted unanimously.

FIFTH RESOLUTION

Upon proposal from the Board of Directors, The Ordinary General Assembly has decided to distribute the profits resulting from the activity of 2004, being USD 2 627,334 and the year 2003 undistributed profits of USD 61 858 all totalling USD 2 689 192, as follows :

- Legal Reserve (5%)	: USD	131 336
- Shareholders' dividends(4%)	: USD	2 000 000
- Shareholders'additional dividends (0.8%)	: USD	400 000
- Reserve for social services	: USD	60 000
- Social Fund	: USD	60 000
- Retained profits	: USD	37 826

and The Ordinary General Assembly has delegated to the Board of Directors to set the date of distribution of the profits to the shareholders.

The resolution is adopted unanimously.

SIXTH RESOLUTION

Upon proposal from the Board of Directors, the ordinary General Assembly has decided to transfer the general reserve of USD 2 627 739.14, to a specific reserve As provision avals for doubtfull financing.
The resolution is adopted unanimously.

SEVENTH RESOLUTION

The Ordinary General Assembly, has decided, upon recommandation 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 27 471 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.

EIGHTH RESOLUTION

The Ordinary General Assembly has decided to increase the Director's presence fees
from USD 400 to USD 1000, for each meeting
The resolution is adopted unanimously.

NINTH 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.