

Annual Report 2012



*« Our values and beliefs
are our Bridge to Partnerships »**

**Mr Fraj Zaag
General Manager*



CONTENTS

- About Al Baraka Bank
- Economic Context
- Activity Report
- Report of auditors
- Report of the Sharia Supervisory board



YourPartnerBank



About Al Baraka Bank



Throughout the world, Al Baraka Bank subsidiaries shares the same values , vision and mission. Here are the highlights of our new brand, a vision that we want to promote within the company and in the local and foreign market.



Vision

We believe society needs a fair and equitable financial system: one which rewards effort and contributes to the development of the community.



Mission

To meet the financial needs of communities across the world by conducting business ethically in accordance with our beliefs, practicing the highest professional standards and sharing the mutual benefits with the customers, staff and shareholders who participate in our business success.



Our values

Partnership

Our shared beliefs create strong bonds that form the basis of long-term relationships with customers and staff.

Social contribution

By banking with us our customers make a positive contribution to a better society; their growth and our growth will benefit the world around us.

Neighbourly

We value and respect the communities we serve. Our doors are always open; our customers always experience a warm-hearted, hospitable welcome and accommodating service.

Our Positioning

What is the story we want to tell over the short-term? Our intimate knowledge of our customers, communities and local markets, combined with our geographic reach and international influence make it possible for us to build lasting partnerships and create more value for the businesses, families and communities we serve.

Driven

We have the energy and perseverance it will take to make an impact in our customers' lives and for the greater good of society.

Peace of mind

Our customers can rest assured that their financial interests are being managed by us to the highest ethical standards.



Our Branch

Central Branch

Hajer Trabelsi

88, AV Hedi Chaker

1002 Tunis

Tel : 71 790 000

Lac Branch

Raida Sellami

Lac, Rue Turkana

1053 Tunis

Tel : 71 860 131

Mégrine Branch

Anis Maaouia

Immeuble Mootaz,

Km 5, GP1.

Fax : 71 426 617

Sousse branch

Mohamed Salah Abass

Av. Taib Mehiri,

Rue de la corniche,

imm Hassayoune - Sousse.

Tel : 73 201 021

Manouba Branch

Nasreddine Dekli

7, Av Habib Thameur,

2010, Manouba

Tel : 71 609 309

Sfax Beb Bhar Branch

Siham Koubaa

6, Rue Dag Hammarjoeld

3000, Sfax

Tel : 74 296 400

Zitouna branch

Slah Dhouibi

Rue jemaa ezzitouna 1008,

Tunis

Tel : 71 200 948

Sfax el Jadida Branch

Habib Baccar

AV, Des Martyrs

3000, le Palmarium Sfax

Tel : 74 404 990



About Us

First Islamic bank in Tunisia, led by Mr Fraj Zaag. Al Baraka Bank Tunisia occupies a special place in the Tunisian banking market. Al Baraka Bank Tunisia is dedicated promoting growth and development through providing high-quality products and services based on Islamic economic principles. Within Tunisia, Al Baraka Bank Tunisia provides finance in respect of agricultural, industrial, tourism, and export industries. The bank currently has 8 branches serviced by 157 employees. In terms of relative size, it holds about 13% of the Tunisian Offshore Banks Sector's total assets and about 27% of its total deposits. With over 27 years of Islamic banking experience in Tunisia, Al Baraka Bank Tunisia has developed a wide range of Shari'a compliant products and services to cater all investment and finance needs.

The objectives of the bank :

Aims : To attract investment and to mobilize resources in order to serve the national economy.

Encourages : Trade among countries.

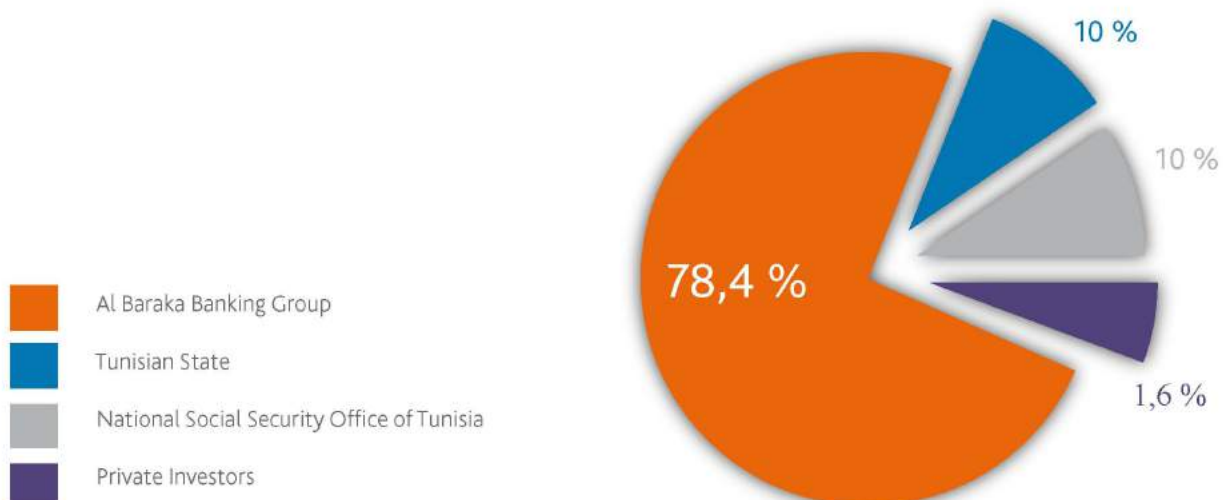
Participates : To finance economic development projects.

Al Baraka banking Group :

Al Baraka Banking, Group is a Bahrain Joint Stock Company listed on Bahrain and NASDAQ Dubai stock exchanges. It is a leading international Islamic bank with Standard & Poor's long and short-term credit ratings of BBB and A-3 respectively.

Al Baraka Banking Group offers retail, corporate, investment banking and treasury services strictly in accordance with the principles of the Islamic Shari'a. The authorized capital of Al Baraka Banking Group is US\$1.5 billion, while total equity amounts raise to about US\$1.7 billion. The Group has a wide geographical presence in the form of subsidiary banking units and representative offices in twelve countries, which in turn provide their services through more than 300 branches. These banking Units are Jordan Islamic Bank, Al Baraka Islamic Bank Bahrain, Al Baraka Islamic Bank Pakistan, Banque Al Baraka D'Algerie, Al Baraka Bank Sudan, Al Baraka Bank Limited - South Africa, Al Baraka Bank Lebanon, Al Baraka Bank Tunisia, Al Baraka Bank Egypt, Al Baraka Turk Participation Bank, Al Baraka Bank Syria and a Group representative office in Indonesia.

Shareholding Structure :





Directorate



Fraj ZAAG

Board Member & General Manager

He was born in Ksar Hellal in 1955. He graduated from the faculty of economics and management at Sfax University. He started his professional career as depositors' chief accounting for «Banque de l'Habitat» in 1978. In 1984, he began working as a head of Accounting Department in Al Baraka Bank Tunisia. In 1988, Mr. Zaag was appointed as the Manager of Finance Department later becoming Senior Manager in the same department in 1992. In 1994, He joined Al Baraka Bank Djibouti as Deputy General Manager. In 1996, he returned to Al Baraka Bank Tunisia as Senior Manager of international operations. He was promoted as Senior Manager of on shore and off shore operations in 1997 and as Deputy General Manager in 2009. He has been the General Manager of Al Baraka Bank Tunisia and Board Member since May 2011.



Mahmoud MANSOUR

Deputy General Manager

He was born in Ouardanine in 1954. He graduated from the «Institut Supérieur de Gestion de Tunis», later he obtained the advanced certificate of auditing in 1984. Then he was graduated as a chartered accountant in 1998. He worked for CNRPS between 1976 and 1977 as account-table financial service. Then he worked for «Société Tunisienne d'Acconage et de Manutention» between 1977 and 1988 as a head of department. Later he worked for an accounting firm «Deloitte and Touche» as associate Director of Mission until 1991. He became Manager of Internal Audit at «Banque de l'Habitat» for 3 years. He has been working for Al Baraka Bank Tunisia since 1994. After several positions held, he was appointed as General Secretary in 2010 and has been Deputy General Manager since 2011.



Dalila BEN SALAH

Senior Manager –International Ope-rations

She was born in Tunis in 1958. She graduated in 1982 from the Department of Economics, University of Law and Economics, Tunis. She has completed her master in 1984 at the Institute of Development Financing Maghreb Arab (IFID), Tunis .Her professional career started at AlBaraka Bank in the International Department (1985-1997) and continued at the internal audit and organization(1997-2005). She was promoted as manager of the central branch in 2005and she became senior manager of international operations in 2011.



Fayçal HOURIA

Human Resources and Administration

He was born in Tunis in 1958. He received his degree in 1983 from the institute of high commercial studies. He began to work in a chartered ac-countant office (1986-1989). From 1989 to 1997 he moved to Al Baraka Bank in the internal audit department. He worked as agency's chief from 1997 to 1999. He held the position of deputy general manager at the Best Lease between 2006 and 2008. Then, he worked at the organization department at Al Baraka Bank Tunisia (2008-2010). He was promoted senior manager of human resources and administrative in 2011.



Lotfi MNAOUAR
Senior Manager – Risk Management

He was born in Tunis in 1960. He graduated as engineer from the "Grandes Ecoles Françaises : Ecole des Mines".

He worked for a Tunisian-Danish company between 1984 and 1989 as consulting engineer in Techno economic and Finance. He began to work at Al Baraka Bank Tunisia in 1990 as financial analyst. In 2008 he was promoted manager of risk management and in 2011 he was appointed as Senior Manager.



Rachida TOUMI
Senior manager of branches, Marketing and Electronics Banking

She was born in 1959 in Teboulba. Mrs Toumi was graduated from the «institut des hautes etudes commerciales de carthage» in 1982. She started her career by joining «entreprise tunisienne des activités pétrolière» in 1982. She started working in Al Baraka Bank Tunisia in 1984 as the head of finance department till 1986. she worked as head of financial and accounting department between 1986 and 1988. she became deputy manager in 1988 and manager in 1994 of the financial and accounting affairs. She has been working as the senior manager of treasury since 2002.



Sahbi ZAABOUB
Senior Manager IT

He was born in Sousse in 1956. He graduated as engineer from the "Faculté des sciences de Tunis". He worked for "société arabo africaine des etudes et formations" between 1982 and 1989 as consulting engineer. He began to work at Al Baraka Bank Tunisia in 1989. He managed the project "Globus T24" and other projects. In 2011 he was appointed as Senior Manager.



Sonia BERRACHED
Senior Manager- Internal Audit and Inspection

She was born in 1966. She graduated from the Institute of High Commercial studies in Cartage where she received Masters of Accounting Management in 1988. Then she completed her postgraduate in the same institute and received the high Certificate of Audit in 1990. In 1998 she received the Diploma of National expert accounting. She started her career in accounting and auditing firms where she has been trainee from October 1988 to June 1990 and then missions head from 1990 to 1994, essentially for banking and financial institutions. In 1994 she was appointed at Al Baraka Bank as head of the internal audit and inspection department. She became the head of internal and inspection unit in 2006 and the senior manager of internal and inspection since 2011. In addition she has been teaching tax system at «Professional Association of Bank» between 1999 and 2000.



Neziha KHALFAOUI
Senior Manager- Operations

Mrs Khalfaoui was born in 1960 in Nebeur-Le Kef. She graduated from the Institute of High Commercial Studies in Carthage in 1984. She started her career by joining Al Baraka Bank Tunisia in July 1984 and became the head of treasury department in 1986. She worked as head of Organization Department from May 2008 to January 2010 and became Head of Exchange and Treasury Investment Management from Jan 2010 to June 2012. She has been working as the Senior Manager of Operations since June 2012.



Jilani BELLAGHA
Finance and Investment Manager

Mr Bellagha was born in Jerba in 1957. he obtained his master degree in finance in 1982 from ISG (institut supérieur de gestion de Tunis). His career can be defined as follow: From 1983 to 1984, he began to work as Financial Analyst at the "Banque du Sud". And between 1984- 1991 he was appointed as Manager of several branches. In 1991 He began to work with Al Braka Bank Tunisia as Manager of Sfax Branch until 2004. Between 2004 and 2010 he was appointed as manager of Marketing, Electronics Banking and Branches at the head office of Al Baraka bank Tunisia. In 2011, he was promoted senior manager of branches, Marketing and Electronics Banking.



Wassila BAK ALI
Senior manager of the accounting and Financial

Control she received her degree in economics from University of Sfax in 1985. She started her professional career by many training with local and offshore banks. She joined Al Baraka bank in 1988. From 1993 to 2010 she has been responsible of the accounting department. In 2010 she was pro-moted as Senior Manager of Accounting and Financial control.



Kamel OUERTANI
Juridical conflicts Manager

He was born in 1967 in Kairouan. He graduated from law and political Faculty at Sousse University in 1992. He started his career as a school teacher, and he joined Al Baraka Bank Tunisia in 1993. He was appointed as juridical conflicts manager in 2011



Abderrasek BEN TILI
Legal Affairs Manager & Organization

He was born in Tunis in 1964. He graduated from the faculty of law at Tunis University in 1989. He was ap-pointed as lawyer in the department of legal affairs at Al Baraka Bank. He became head of Department in 2005 and manager in 2011.



Habib CHAKER
Manager – Compliance General Officer

He was born in 1960 in ZAGHOUAN. He graduated from the « Insti-tute of High Commercial Studies» and he obtained the « Certified Islamic Banker Certificate » delivered by CIBAFI in 2010. He joined Al Baraka Bank in 1989 as Chief Accountant. Then, he worked in the Internal Audit Department until 1997. After that, he was assigned in a newly created investment company (BEST INVEST) as Head of Financial and Administrative Department. He had elaborated the procedure manual and developed the relationship between the com-pany and the Tunisian regulators. He has received a « License of Monito-ring the Compliance of Transactions with the Regulations » from the Financial Market Council – CMF. In 2003, he was appointed as Head of Financial and Administrative Affairs in BEST LEASE. In 2009, he joined AL BARAKA BANK TUNISIA and worked in the Internal Audit and Inspection Direction. In 2010, he was appointed as a Compliance General Officer by the Board of Directors.



Economic Context



In 2012, the world economy continues to witness a slowdown, particularly in the euro zone where several countries are severely hit by the sovereign debt crisis and by its negative impacts on economic activities. Recent estimates of the international monetary fund (IMF) expect a drop in the world growth by 3.5% in the year involved (-0.3% in the euro zone against 1.4% in 2011) despite an expected improvement in the USA (2.1% against 1.7%) and in Japan (2% against -0.7%).

The economic recovery that was initiated in 2010 in developed countries, after a year of recession, did not continue in 2011, particularly due to fiscal austerity measures that were adopted in several countries and that have strongly impacted domestic demand, to inflation increase caused by the surge in commodity world prices and by the persistent difficulties of the bank and financial sectors. Thus, economic growth in these types of countries was therefore limited to 1.6% against 3.2% in 2010.

National Context:

In 2011, the Tunisian economy has gone through a very difficult environment, as a result of the events witnessed by the country after the Revolution, of the impact of the war in Libya and of the downturn, of the foreign demand coming from the European union during the last months of the year, where several countries are facing a severe crisis in their sovereign debt. This situation has impacted economic activities, particularly in the mining sector, phosphate and derivatives, energy, tourism and transportation. On the other hand, the sector of agriculture and fishing has witnessed a significant recovery, mainly thanks to a good grain crop.

Furthermore, this unfavorable environment has led to the decrease of private investments, both national and foreign, to the worsening of unemployment and to the downturn of exports as well as to the drop in tourist income, thus increasing the current account deficit and causing a decline in foreign currency assets. For 2012, a growth target of 3.5 has been set up within the context of the updated economic budget forecast, but the implementation of such a target will depend on the recovery of normal activities for the sectors that suffered the most in 2011, like the phosphate sector and its by-products, energy and tourism, and on the development of the international context, particularly in the European Union countries.

The new Government that was formed on 24 December 2011 after the election of the National Constituent Assembly on 23 October, has announced in March 2012 an economic agenda including an action plan for the year 2012 as well as a development strategy for the period covering 2012-2016, that integrates a set of structural reforms, calling for a national dialogue.

The actions and measures to be taken by the Government in 2012 aim at stimulating the economy recovery after a year of recession, whereas the strategic orientations and the structural reforms expected by 2016, aim at speeding up, as of 2013, the economic growth trend so as to reach the highest possible levels, that would allow to find solutions to unemployment and disparity issues.

Action plan for 2012

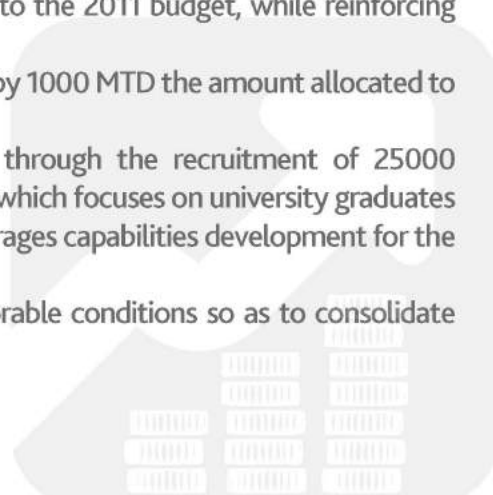
This plan provides for measures aimed at ensuring the recovery of economic activities, namely through:

☐ Increasing investment public expenditures by 34% compared to the 2011 budget, while reinforcing their share to reach 25% of the total State expenditures.

- Consolidating the regional development effort while increasing by 1000 MTD the amount allocated to investment in the hinterland.

- Reinforcing vocational training and employment programs through the recruitment of 25000 employees in the civil service, and replacing the "Amal" program which focuses on university graduates by a new program entitled "Promoting employment" that encourages capabilities development for the recipients through state and private vocational training centers.

At the same time, it is planned to set up financing lines at favorable conditions so as to consolidate private initiatives and businesses.





**Activity Report
And Financial Statement
As Of 31 December 2012**



In the name of God, the merciful, the compassionate

And blessings and peace be upon our prophet Mohammad

Dear shareholders,

We are pleased to submit to you the bank activity report for the financial year ending 31 December 2012.

Undoubtedly, banking activities are necessarily impacted by financial and economic developments that are characterized by the slow economic growth rates, both internally and externally, which led to a decrease in investments and to an irregularity in the work and activities of customers, and this had an indirect impact on the bank activities. Despite these difficult economic and social conditions, the bank had succeeded in maintaining its position in the Tunisian market and in consolidating its activities through developing the volume of deposits and through striving to make them yield profits in the best possible way. It has also been working to develop and diversify the financing and investment portfolio throughout 2012 by introducing new financing approaches in its banking services such as Ijara and Mudaraba while focusing on improving and developing the quality of bank services by integrating new products so as to keep the pace with state-of-the-art technologies such as mobile phone services through short messages service (sms) in order to bring services closer to customers and to ensure their satisfaction. Taking into account such developments, the bank has succeeded in obtaining satisfactory results, nearly as projected for 2012, since the total general balance on 31 December 2012 amounted to 617 million dollars against 590 million dollars in 2011, which represents an increase by 4.57%.

The gross balance of investment, financing and shares operations amounted to \$598 million against \$566 million in 2011, representing an increase by 5.65% and against \$612 million projected, which represents an implementation rate of 97.71%.

The volume of overhead management expenditures has recorded an increase by \$9.30 million against \$8.23 million in the previous year, representing an increase of 13% and against \$8.03 million projected, representing a deviation by 15.81%. Such an increase is particularly due to the general wage raises that were decided by the local authorities as well as by coverage of the premium that is disbursed upon retirement of the staff, in addition to the increase in the maintenance charges of the buildings and equipment, added to the increase in auditors' fees and other charges of the Board of Directors meetings and the various committees thereof.

As a contrast, the operational income of the bank has witnessed a positive development with a total amount of \$27.95 million by the end of December 2012 against \$27.1 million at the end of December 2011 and against \$26.56 million projected.

In compliance with the provisions of the central bank circular published on 6 December 2012 specifying that 1.25% of the outstanding amounts should be reserved to cover the financing portfolio that is not categorized as NPLs, and on the basis of the Board decision during its meeting on 10 May 2012 providing that a provision amounting to 50% of the investment deposit that was deposited at Arcapita Bank, Bahrain in the amount of 2.7 million Euros, a risk reserve amount of 3.6 million US dollars was set up.

Investment shares interest decreased by 655 thousand dollars, as many companies did not distribute profits.

As a result of the above, the profits reached as of 31/12/2012 \$US 5.48 million dollars against 7.06 in the previous year, representing a drop by 22.38 % and against 8.9 million dollars expected for the same period, that is an implementation rate of approximately 61.57%

As for depositors' profit, it had reached 8.020 million dollars by 31/12/2012 against 8.246 million dollars at the end of 2011, that is a drop by 2.74% distributed as follows:



million dollars

	2011	2012	Growth %
Profits to restricted deposits	3.568	3.492	-2.13
Profits to unrestricted saving deposits	4.674	4.528	-3.12

Thus profits to be distributed are as follows:

million dollars

	2011	2012
1. Tunisian Dinar:		
- Balance ratio	210 022	231 238
- Dividends	6422	6296
- Investors' profit ratio		
Savings	2.32%	2.14%
Investment	3.24%	3.00%
2. Dollar:		
- Balance ratio	24 105	21 515
- Dividends	136	129
- Investors' profit ratio		
Savings	0.47%	0.44%
Investment	0.65%	0.61%
3. Euro:		
- Balance ratio	18 313	23 626
- Dividends	241	171
- Investors' profit ratio		
Savings	0.78%	0.55%
Investment	1.09%	0.76%

We are highlighting hereinafter the details of the budget items:

DEPOSITS:

Deposits in Tunisian Dinar have recorded an increase in comparison with the previous year, as their balance amounted to 409 against 394 million dinars by the end of December 2011, representing a growth by 3.81, and against 421 million dinars expected, which represents an implementation rate of 97.15% (table1). The exchange rate of the Dinar against the dollar had a negative impact on this increase, as the total amount of deposits in Dinar converted to dollar has maintained approximately the same amount as the previous year, which is 264 million dollars by the end of December 2012 against 263 million dollars at the end of December 2011.

Deposits in other currencies have recorded 254 million dollars at the end of December 2012 against 224 million dollars at the end of 2011, showing an increase by 13.39%, and against 273 million dollars expected, which represents an implementation rate of 93.03% (table 2).

Thus, the total amount of deposits converted to dollars amounts to 518 million dollars against 487 million dollars at the end of 2011, showing an increase by 31 million dollars despite the negative impact of the exchange rate of the Dinar against the dollar, for the totality of the deposits, which is estimated around 9 million dollars. With regards the forecast, the implementation rate for the totality of deposits represented 98.10% (table3).

**Table 1: Deposits in Dinar**

million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Sight deposits	87	96	85	+10.34	+ 12.94
Unrestricted investment deposits	287	277	293	- 3.48	-5.46
Restricted investment deposits	20	36	43	+ 80	-16.28
TOTAL	394	409	421	+ 3.81	-2.85

Table 2: Deposits in other currencies converted in dollar

million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Sight deposits	98	84	111	- 14.28	- 24.32
Unrestricted investment deposits	92	143	117	+55.43	+ 22.22
Restricted investment deposits	34	27	45	-20.59	-40
TOTAL	224	254	273	+ 13.39	-6.96

Table 3: Total deposits converted in dollar

million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Sight deposits	155	145	162	- 6.45	- 10.49
Unrestricted investment deposits	284	322	295	+13.38	+ 9.15
Restricted investment deposits	48	51	71	+ 6.25	- 28.17
TOTAL	4.87	518	528	+ 6.36	-1.89

Financing and investments:

Financing and investment funds in Dinar have recorded an increase in comparison with the previous year. Their volume reached 416 million dinars in comparison with 403 million dinars in 2011, representing a growth by 3.22%. This development led to a growth in al murabaha volume by 15% and in deferred sales by 42%, whereas lease certificates have maintained the same level as the total Dinar financing volume reached an implementation rate of 98.81% (table 4). As for financing and investment in foreign currencies, their volume amounted to 330 million dollars at the end of December 2012, recording an increase by 11.11% against the previous year which reached 297 million dollars. Thus, the global implementation rate represents 92.18% (table 5). Therefore, the total gross volume of financing, investment and participation converted to dollar amounts to 598 million dollars against 566 million dollars in the previous year, representing an increase by 5.65%, and against 612 million dollars expected, which represents an implementation rate of 97.71% (table 6).



Table 4: Financing and investment in Dinar

Million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Murabaha in goods	61	48	126	- 21.31	-
Leasing certificates	254	254	220	-	+ 15.45
Murabaha	40	46	35	+ 15	+ 31.43
Deferred sale	48	68	40	+ 41.67	+ 70
Financing and investment gross total	403	416	421	3.22	-1.18

Table 5: Financing and investments in foreign currency converted to dollars

Million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Mudaraba with banks	87	109	155	+ 25.28	-29.68
Murabaha in goods	31	6	58	- 80.64	- 89.65
Murabaha	101	89	85	-11.88	+ 4.70
Deferred sale	67	95	50	+ 41.79	+ 90
Ijara	-	19	-	-	-
Investments	11	12	10	+ 9.09	+ 20
Financing and investment gross total	297	330	358	+ 11.11	-7.82

Table 6: Financing and investments converted to dollars

Million dollars

	Actual December 2011	Actual December 2012	Forecast December 2012	Growth %	
				Actual 2011/2012	Actual/estimate
Mudaraba with banks	87	109	155	+ 25.28	-29.68
Murabaha in goods	72	37	134	- 48.61	- 72.39
Murabaha	128	119	106	-7.03	+ 12.26
Deferred sale	67	95	50	+ 41.79	+ 90
Leasing certificates	169	163	133	-3.55	+ 22.55
Ijara	-	19	-	-	-
Investments	11	12	10	+ 9.09	+ 20
Financing and investment gross total	566	598	612	+ 5.65	-2.28

This table suggests that the structure of financing has been diversified, and some products have witnessed an important activity like Mudabara or deferred sales and Ijara, whereas al murabaha in commodities has declined.

As for NPLs, their volume has increased by 7.94% to reach 16.776 million dollars against 15.542 million dollars at the end of 2011, excluding the deposit at Arcapita Bahrain, and the Bank has strived to improve the rate of coverage of all these NPLs by reserves and retained earnings, in compliance with the circular of the central bank NO. 20 of 2012, which provides for the setting up of general purpose reserves aiming at covering the risks of current commitments, and those that need a particular monitoring.



As for the provisions that have been transferred from general reserves upon decision of the Board and the General Assembly, in the amount of 5 million dollars, with the aim of covering potential financing and investment risks, the Central Bank refused to consider them as risk provisions, and therefore, they have been considered as other reserves entitled to the rights of shareholders, until the Board decides upon them.

In compliance with the General Assembly decision, pertaining to allocate 2.3 million dollars from 2011 profits to consolidate the reserves of the financing and investment portfolio of that year, so that the coverage would reach 70% in conformity with central bank circular NO. 24/91 and the mail addressed to banks dated 19/01/2007, the Bank has applied the appropriate accounting adjustments to apply that decision through activating the accounting standard NO. 11.

Revenues:

The total revenues have reached 27.95 million dollars against 27.12 in, 2011 and against a forecast of 26.56 million dollars for 2012, recording an increase by 3.06%. This increase is due to the rise in financing profits and revenues by 2.31%, which reached 22.97 million dollars at the end of 2012 against 22.45 million dollars at the end of 2011, and against 21.98 million dollars expected. As for profits arising from exchange operations, they have increased in volume to reach approximately 534 thousand dollars on 31 December 2012 against 283 thousand dollars in 2011 and a forecast of 530 thousand dollars in 2012

Expenses:

Total expenses have amounted to 9.305 million dollars on 31/12/2012 against 8.228 in 2011, and against a forecast of 8.034 million dollars, recording an increase by 13.09%, covering mainly staff charges and general management and administrative charges as highlighted in the following table:

Charges	2011	2012	Increase %
Staff charges	5680	6383	12.37
General management charges	1939	2291	18.15

This increase in staff charges was the result of the legal raise in wages and the coverage of staff retirement premium.

As for general management charges, they have increased by 352 thousand dollars, due to the increase in maintenance costs, auditors' fees, and expenses of the meetings of the Board and the committees thereof.

Income:

The net income of the Bank has reached an increase by 5.39%, as it reached at the end of December 2012 the amount of 18.97 million dollars against 18 million dollars in 2011 and against a forecast of 18.23 million dollars.

Operational income has, nevertheless, recorded a drop by 11.75%, reaching 5.93 million dollars at the end of 2012, against 6.72 million dollars in 2011, and against a forecast of 9.8 million dollars. Such a drop was due to reserving 3.9 million dollars, which were not provided for, to cover the risks, as imposed by the central bank which did not accept the provisions reserved from 2011 profits.

Therefore, the profits recorded on 31/12/2012 amounted to 5.24 million dollars against 7.04 million dollars in 2011, and against a forecast of 8.9 million dollars.





Report of Auditors



Undoubtedly, banking activities are necessarily impacted by financial and economic developments that are characterized by the slow economic growth rates, both internally and externally, which led to a decrease in investments and to an irregularity in the work and activities of customers, and this had an indirect impact on the bank activities. Despite these difficult economic and social conditions, the bank had succeeded in maintaining its position in the Tunisian market and in consolidating its activities through developing the volume of deposits and through striving to make them yield profits in the best possible way. It has also been working to develop and diversify the financing and investment portfolio throughout 2012 by introducing new financing approaches in its banking services such as Ijara and Mudaraba while focusing on improving and developing the quality of bank services by integrating new products so as to keep the pace with state-of-the-art technologies such as mobile phone services through short message service (sms) in order to bring services closer to customers and to ensure their satisfaction. Taking into account such developments, the bank has succeeded in obtaining satisfactory results, nearly as projected for 2012, since the total general balance on 31 December 2012 amounted to 617 million dollars against 590 million dollars in 2011, which represents an increase by 4.57%.

As for deposits, they totaled \$516 million against \$487 million in 2011, recording a growth of 5.95%. The gross balance of investment, financing and shares operations amounted to \$596 million against \$566 million in 2011, representing an increase by 5.30%.

The volume of overhead management expenditures has recorded an increase which allowed it to reach \$9.30 million against \$8.23 million in the previous year, representing an increase of 11.78%. Such an increase is particularly due to the general wage raises as well as by coverage of the premium that is disbursed upon retirement of the staff, in addition to the increase in the maintenance charges of the buildings and equipment.

As a contrast, the operational income of the bank has witnessed a positive development with a total amount of \$27.95 million by the end of December 2012 against \$27.12 million at the end of December 2011.

In addition, an additional provision aiming at covering categorized and current (uncategorized) financing portfolio risk has been reserved at the amount of 3.9 million dollars. Thus, the risk coverage ratio reached 72.78% of the total categorized debts.

Investment shares interest decreased by 655 thousand dollars, as many companies in which the bank is a shareholder did not distribute profits.

As a result of the above, the profits reached as of 31/12/2012 \$US 5.24 million dollars.

We are highlighting hereinafter the details of the budget items:

DEPOSITS:

Deposits in Tunisian Dinar have recorded an increase in comparison with the previous year, as their balance amounted to 406 against 394 million dinars by the end of December 2011, representing a growth by 3.04. The exchange rate of the Dinar against the dollar had a negative impact on this increase, as the total amount of deposits in Dinar converted to dollar has maintained approximately the same amount as the previous year, which is 262 million dollars by the end of December 2012 against 263 million dollars at the end of December 2011.

Deposits in other currencies have recorded 254 million dollars at the end of December 2012 against 224 million dollars at the end of 2011, showing an increase by 13.39%.

Thus, the total amount of deposits converted to dollars reached 516 million dollars against 487 million dollars at the end of 2011, showing an increase by 29 million dollars despite the negative impact of the exchange rate of the Dinar against the dollar, for the totality of the deposits.



Financing and investments:

Financing and investment funds in Dinar have recorded an increase in comparison with the previous year. Their volume reached 416 million dinars against 403 million dinars in 2011, representing a growth by 3.22%. This development led to a growth in al murabaha volume by 15% and in deferred sales by 42%, whereas lease certificates have maintained the same level as the previous year, and al murabaha in commodities has decreased by 21%.

As for financing and investment in foreign currencies, their volume amounted to 328 million dollars at the end of December 2012, recording an increase by 10.44% against the previous year which reached 297 million dollars.

Therefore, the total gross volume of financing, investment and participation converted to dollar amounts to 596 million dollars against 566 million dollars in the previous year, representing an increase by 5.30%.

As for NPLs, their volume increased to 7.94%, reaching the amount of 16.776 million dollars against 15.542 million dollars at the end of 2011.

The Bank has improved its coverage of NPLs by provisioning and by putting aside profits, in compliance with the central bank circular NO. 9 of 2012. This circular provides that general reserves have to be made to cover the risks of current commitments, and those that require a particular monitoring.

As for provisions that have been transferred from general reserves, upon decision of the Board and the General Assembly, at the amount of 5 million dollars, with the aim of covering potential risks for financing and investment, the central bank has refused to consider them as risk provisions.

In compliance with the General Assembly decision, pertaining to allocate 2.3 million dollars from 2011 profits to consolidate the reserves of the financing and investment portfolio of that year, so that the coverage would reach 70% in conformity with central bank circular NO. 24/91 and the mail addressed to banks dated 19/01/2007, the Bank has applied the appropriate accounting adjustments to apply that decision through activating the accounting standard NO. 11.

Revenues:

The total revenues have reached 27.95 million dollars against 27.12 in 2011, recording an increase by 3.06%. This increase is due to the rise in financing profits and revenues by 2.31%, which reached 22.97 million dollars at the end of 2012 against 22.45 million dollars at the end of 2011. As for commissions, they have witnessed an increase, reaching 4.24 million dollars at the end of December 2012 against 3.54 million dollars at the end of 2011.

Profits arising from exchange operations have increased in volume to reach approximately 534 thousand dollars on 31 December 2012 against 283 thousand dollars in 2011.

In contrast, the income of the investment portfolio has recorded a drop, reaching 199 thousand dollars at the end of 2012, against 854 thousand dollars in 2011, because some companies in which the Bank is a shareholder did not distribute dividends.

Expenses:

Total expenses have amounted to 9.200 million dollars on 31/12/2012 against 8.228 in 2011, recording an increase by 11.78%, in particular due to staff charges and general management and administrative charges. The rise in staff charges is due to the general legal wage increase and the retirement premiums. As for general administrative charges, they have increased by 352 thousand dollars.

Income:

The net income of the Bank has reached an increase by 5.39%, as it reached at the end of December 2012 the amount of 18.97 million dollars against 18 million dollars in 2011.



Operational income has, nevertheless, recorded a drop by 11.75%, reaching 5.93 million dollars at the end of 2012, against 6.72 million dollars in 2011.

Such a drop was due to reserving 3.9 million dollars, which were not provided for, to cover the risks, as imposed by the central bank which did not accept the provisions reserved from 2011 profits. Therefore, the profits recorded on 31/12/2012 amounted to 5.24 million dollars against 7.04 million dollars in 2011.

FINANCIAL STATEMENT AS OF 31 DECEMBER 2012

(Unit: 1000 US dollars)

Assets				Forecast
	Item	31/12/2012	31/12/2011	31/12/2012
Cash and balance at the TCB, the post office and the national treasury	1	12274	8262	3809
Banks and financial institutions receivables	2	185650	199115	152215
Clients receivables	3	290252	274758	301023
Trading securities	4	109068	86704	155500
Investment securities	5	12215	11140	10000
Fixed assets	6	6540	6439	7578
Other assets	7	3065	3604	1800
TOTAL ASSETS		619064	590022	631925
LIABILITIES				
The Central bank and the post office		1935	2702	-
Deposits and financial institutions funds	8	93827	60826	54016
Customer deposits	9	424330	426179	474572
Special income		25	251	300
Other liabilities	10	5355	7289	3203
Interest to be	10	138	108	-
TOTAL LIABILITIES		525610	497355	532091
EQUITY				
Capital		50000	50000	50000
Provisions		37968	37758	40933
Accounting adjustment		-	150	-
Carried over results		-	-	-
Annual outcome		5486	7059	8901
TOTAL EQUITY	11	93454	92667	99834
TOTAL LIABILITIES AND EQUITY		619064	590022	631925



FINANCIAL STATEMENT AS OF 31 DECEMBER 2012

(Unit: 1000 US dollars)

Bank operating income				Forecast
	Item	31/12/2012	31/12/2011	31/12/2012
Profits and assimilated revenues	12	21173	20312	21263
Commissions income	13	4242	3538	3855
Gains from trading securities and financial operations	14	2332	2421	1244
Income from investment portfolio	15	199	854	200
TOTAL OPERATING INCOME		27946	27125	26562
OPERATING CHARGES				
Profits to depositors and assimilated charges	16	8020	8246	7601
Commissions		954	871	728
TOTAL CHARGES		8974	9117	8329
NET BANK INCOME				
Provisions and adjustments for doubtful loans, Off-balance elements and litigations	17	3585	3124	300
Provisions and adjustments on investment Securities	18	24	9	100
Other operating income		88	73	-
Staff charges		6383	5680	5611
General administration charges	19	2291	1939	1722
Amortization and deposits on fixed assets		631	609	700
TOTAL OPERATING INCOME		6194	6720	9800
Gains/losses from other ordinary activities	20	130	365	1
Income tax		838	26	900
INCOME ON ORDINARY ACTIVITIES		5486	7059	8901
Loss/gain balance from contingent factors				
NET INCOME		5486	7059	8901





Appendix 3

	2011	2012
Client receivables	471	535
Other receivables	274059	289692
Financing under special resources	228	25
Total	274758	290252

(1) This item is distributed as follows:

	2011	2012
Murabaha	111783	104330
Murabaha in commodities	67605	35988
Related receivables	3212	3795
Deferred sale	90574	125078
Related receivables	1161	1630
Ijara		18550
Related receivables		628
Qardh hassan	603	538
NPLs and legal charges	10017	11118
Other receivables	119	351

Other receivables Total	285067	302006
Other receivables	471	535
Financing on equity	25	228
Gross total	285766	302491
Reserved profits	(891)	(884)
Savings	(10117)	(11355)
Net total	274758	290252

We can analyze the client receivables as follows:

Items	Ordinary receivables	Category 1 receivables	Cat. 2 receivables	Cat. 3 receivables	Cat. 4 receivables	Total
Clients receivables (gross)	243282	42719	297	4873	10835	302006
Off balance commitments	65680	24	86	269	71	66130
Total clients commitments	308962	42744	383	5142	10906	368136
Ratio of categorized commitments			4.46%			
Reserved profits	(8)	(29)	(14)	(30)	(806)	(884)
Savings	(630)		(66)	(3433)	(7226)	(11355)
Coverage ratio for categorized commitments			70.45%			

Appendix 4

Trading securities portfolio

The balance of the trading securities portfolio is distributed as follows:

	2011	2012
Trading securities	86363	108881
Unpaid maturities on investment deposits	-	147
Related receivables	381	72
Savings	(40)	(32)
Total	86704	109068

Placement	Gross value 2012	Gross value 2011	Savings 2012	Savings 2011	Net value 2012	Net value 2011
Al Baraka Bahrain	58000	64696	-	-	58000	64696
Related receivables	565	343	-	-	565	343
Al Baraka Lebanon	7923	-	-	-	7923	-
Related receivables	58	-	-	-	58	-
Modern leasing	54	127	-	-	54	127
Al Baraka Turkey	25090	12967	-	-	25090	12967
ICF	40	40	-	(6)	40	34
Batam	32	33	(32)	(33)	-	-
Central Bank of Bahrain	7500	7500	-	-	7500	7500
Related receivables	37	35	-	-	37	35
Abu Dhabi Islamic bank	1000	1000			1000	1000
Related receivables	3	3			3	3
ALIF	2013	-	-	-	2013	-
Related receivables	-	-	-	-	-	-
Ministry of eco&dev Gov	3771	-	-	-	3771	-
Related receivables	29	-	-	-	29	-
Samir Co.	2845	-	-	-	2845	-
Related receivables	3	-	-	-	3	-
Rania Bouchiba	85	-	-	-	85	-
TOTAL	109099	86744	(32)	(40)	109068	86704





Appendix 5

Investment portfolio

The investment portfolio is analyzed as follows:

	2011	2012
Investment securities	86363	108881
Savings	(3118)	(3140)
Net Total	12215	11140

Placement	Gross value 2012	Gross value 2011	Savings 2012	Savings 2011	Net value 2012	Net value 2011
Best lease	4901	3815	-	-	4901	3815
SPLT	1282	1282	-	-	1282	1282
Medi Loisir	1023	1023	(831)	(873)	192	150
IIBU	559	559	(561)	(561)	-	-
SOFOMECA	994	994	(994)	(994)	-	-
IIICF	530	530	-	-	530	530
Al Kimia	448	448	(148)	(179)	300	269
PAE de Bizerte	411	411	-	-	411	411
TGA	137	137	(137)	(137)	-	-
I M Maghreb	191	191	(94)	(88)	97	103
FIT	121	121	(23)	(10)	98	111
Best Informatique systemes	100	100	(100)	(100)	-	-
Bacofil	85	85	(85)	(85)	-	-
Modern leasing	978	978	(53)	-	925	978
Houissa & Co.	32	33	(32)	(33)	-	-
Sté Monétique Tunisie	39	39	-	-	39	39
SOTUSCI	34	34	(34)	(34)	-	-
Polyver	24	24	(24)	(24)	-	-
Sibtel	55	55	(7)	-	48	55
ATID	42	30	(17)	-	25	30
Prochimica	1330	1330	-	-	1330	1330
Sté Meshkat	2040	2040	-	-	2040	2040
TOTAL	15355	14258	(3140)	(3118)	12215	11140

A- Al Baraka Bank holds 34.77% of Best lease capital, and this share is considered according to accounting standard NO. 36, as a participation in the capital of an enterprise.

The following table summarizes the impact of valuation by equating, according to paragraph 24 of the standard 36, the value of these shares and their yield, in case the bank publishes a consolidated financial statement.

We also underline that the following details have been realized on the basis of the financial statement as of 31 December 2012 before the audit of Best Lease:

shareholder	Historic value	Proportion of share	Equity before outcome on 31/12/2012	Results of December 2012	Value of shares by equation	Difference in accounting value on 31 Dec. 2012	Impact of valuation by equating on 2012 outcome
Best lease	4901	34.77%	13866	1502	4821	-80	522
Total	4901	34.77%	13866	1502	4821	-80	522

Appendix 6

Fixed assets

The volume of this item reached on 31 December 2012 the amount of 6540 thousand dollars, with the following breakdown:

	2011	2012
Intangible fixed assets	111783	104330
Amortization	67605	35988
Net intangible fixed assets	3212	3795
Gross value of material fixed assets	90574	125078
Amortization	1161	1630
Net value of material fixed assets (1)		18550
Net value at the end of the year	285067	302006

Fixed assets are broken down as follows:

	2011	2012
Land	622	696
Buildings	1285	1127
Fixed assets outside operations	1936	1762
Fixture and fittings	1230	1299
Swift equipment	8	6
Transportation equipment	78	49
Computer equipment	471	608
Office furniture and equipment	178	177
Automatic cash dispenser	73	59
Other equipment	1	1
Net total	5883	5784

Appendix 7

Other assets

The item "other assets" amounted to 3065 thousand dollars on 31 December 2012, broken down as follows:

	2011	2012
Suspense and settlement accounts	111783	104330
Prepaid charges	67605	35988
Staff loans	3212	3795
Gross value of tangible fixed assets	90574	125078
Other assets	1161	1630
Net total	285067	302006



**Appendix 8****Banks and financial institutions deposits**

The balance of this heading as of 31 December 2012 amounted to 93827 thousand dollars, broken down as follows:

	2011	2012
Banks deposits (1)	49611	84282
Financial institutions deposits	11215	9545
Total	60826	93827

(1) Bank deposits are distributed as follows :

	2011	2012
Deposit banks	20862	16646
Off - shore banks	28699	65637
Other deposits	50	1999
Total	49611	84282

Appendix 9**customer deposits**

On 31 December 2012, this item totaled 424330 thousand dollars, broken down as follows:

	2011	2012
Deposit accounts (1)	144322	141535
Other customers deposits	281857	282795
Net total	426179	424330

(1) This item is distributed as follows:

	2011	2012
Call accounts	130493	129399
Savings accounts	13829	14136
Total	144322	141535

(2) This item is distributed as follows:

	2011	2012
Unrestricted Deposits (A)	188583	201740
Related debts	4585	4193
Restricted deposits (B)	78898	65746
Related debts	865	637
Unavailable accounts	4059	4688
Other dues (C)	4866	5790
Total	281857	282795

(A) The funds available in unrestricted accounts are used for investment and their profitability is computed on the basis of the profits of such investments. Thus, after deduction of

The balance of this account is distributed as follows:

	2011	2012
From 3 to 6 months	30030	30793
From 6 to 9 months	487	1677
More than 9 months	158066	169270
Total	188583	201740

(B) Restricted deposits are allocated to investments agreed with depositors. The allocation should be indicated in the deposit contract. The redemption of these deposits depends on the reimbursement of the related investment.

(C) This amount corresponding to the sums blocked and waiting for realization of operation in process as of December 31st, 2010 is detailed as follows:

	2011	2012
PRG/ Letters of credit	1206	126
PRG/ Letters of guarantee	1143	1660
PRG/ unpaid and certified checks	529	754
Other	1988	3250
Total	4866	5790

Appendix 10

other liabilities

The balance of this heading as of December 31, 2012 totaled 5493 thousand dollars, broken down as follows:

	2011	2012
Suspense and settlement accounts	5066	1374
Accrued expenses	1463	3109
Provisions for risk	-	87
Liquidation interests (1)	108	138
Other liabilities	760	785
Total	7397	5493

(1) This heading includes interests on overdue and other revenues prohibited by the Chariaa that should not be included in the result of the Bank.



**Appendix 11**

Equity

Shareholder's equity is detailed as follows:

	2011	2012
Capital	50000	50000
Reserves (1)	35758	35968
Accounting adjustment	(150)	-
Profit	7059	5486
Total	92667	93454

(1) This heading is analyzed as follows:

	2011	2012
Unrestricted deposits	27534	27534
Legal Reserve	5000	5000
Social fund	1865	2115
Investment reserve	1359	3319
Total	35758	37968

Appendix 12

Profits and assimilated revenues

Profits and assimilated revenues are analyzed as follows:

	2011	2012
Leasing certificates	7737	7950
Murabaha	5273	5402
Deferred sale	3540	5078
Murabaha in commodities	3742	2111
Ijara	-	628
Other	20	4
Total	20312	21173

Appendix 13

Profits and assimilated revenues

Profits and assimilated revenues are analyzed as follows:

	2011	2012
Study, management and commitment commission	778	1210
Bonds and checks commission	258	288
Transfer and cash commissions	903	862
E-banking commissions	751	966
Current account commissions	233	202
Foreign trade commissions	593	622
Other	22	92
Total	3538	4242

Appendix 14

Gains arising from trading securities and financial operations

Gains arising from trading securities and financial operations are analyzed as follows:

	2011	2012
Exchange gains (1)	283	534
Gain on trading securities (2)	2138	1798
Total	2421	2332

They are distributed as follows:

	2011	2012
Investment Deposit profit	2155	1861
Provisions on trading securities	-	(70)
Reversal of provisions on trading securities	-	7
Dividends from trading securities	7	-
Losses on trading securities	(23)	-
Exchange gains	283	534
Total	2421	2332

Appendix 15

Investment portfolio income

This heading is broken down as follows:

	2011	2012
BEST LEASE	305	161
IITFC	-	7
P.A.E. de Bizerte	28	31
SPLT	433	-
SMT	1	-
Modern leasing	57	-
FIT	30	-
Total	854	199*

The amount of 132 US dollars has been excluded from the investment portfolio income as it is considered as a profit that is not in compliance with shariaa.

Appendix 16

Profits to depositors and assimilated charges

Profits to depositors and assimilated charges are analyzed as follows:

	2011	2012
Profits to unrestricted and saving deposits (1)	4675	4528
Profits to restricted deposits	3568	3492
Other charges	3	-
Total	8246	8020



(1) Profits to unrestricted and saving deposits are calculated on the basis of profits generated from financing after deducting of reserved profits, provisions and, if need be, contribution to cover the write-off.

Profits indicators to be paid out for unrestricted and saving deposits, that are the result of the sharing out of profits generated from the bank financing activities, are presented as follows:

currency		2011	2012
Tunisian Dinar	Savings accounts	2.320%	2.140%
	Unrestricted deposits	3.240%	3.002%
US Dollar	Savings accounts	0.470%	0.440%
	Unrestricted deposits	0.650%	0.610%
Euro	Savings accounts	0.780%	0.550%
	Unrestricted deposits	1.090%	0.760%

Appendix 17

Provisions and adjustments for doubtful loans, off-balance items and disputes

This heading can be summarized as follows:

	2011	2012
Provisions on clients commitments	(3353)	(3898)
Reversal of provisions	611	328
Provisions for other risks	-	-
Losses on clients operations	(382)	(15)
Total	(3124)	(3585)

Appendix 18

Provisions and adjustments on investment securities

Provisions and adjustments on investment securities are detailed as follows:

	2011	2012
Provisions	(79)	(53)
Reversal of provisions	89	77
Gain on transfer of equity	321	-
Losses on investment portfolio	(19)	-
Total	(9)	24

Appendix 19

General administrative expenses

General administrative expenses are detailed as follows:

	2011	2012
Communications	326	387
External services	178	175
Maintenance	343	462
Advertising and public relations	137	51
Fees	212	350
Salaries of staff and management	596	693
Taxes and duties	89	83
ATM rental at airport	6	6
Other	51	84
Total	1939	2291

Appendix 20**Gains/Losses from other ordinary activities**

This heading is detailed as follows:

	2011	2012
Ordinary losses	(12)	(9)
Ordinary gains	377	139
Total	365	130

Appendix 21**Cash and cash equivalents**

Cash and cash equivalents are analyzed as follows:

	2011	2012
Cash and balances at CBT, Post Office and TGT (appx 1)	8262	12274
Deposits at banks	17203	13058
Money of the central bank and post office (liabilities)	(2702)	(1935)
Banks and financial institutions deposits (less than 3 months)	(49611)	(84282)
Total	(22289)	(60885)

Appendix 22**Balance sheet by Maturity**

ASSETS	Less than 3 months	3-6 months	6 months-1 year	1-3 years	More than 3 years	TOTAL
Cash and balances at CBT, Post Office and TGT	12274	-	-	-	-	12274
Banks and financial institutions receivables	95585	18257	37544	23999	10166	185650
Customer receivables	39121	29003	59349	82973	79805	290252
Trading securities	84164	14255	5282	1867	3500	109068
Investment securities	-	-	-	-	12215	12215
Fixed assets	-	-	-	-	6540	6540
Other assets	1078	-	-	-	1987	3065
Total assets	232222	61615	102175	108839	114213	619064
Liabilities						
Central bank and post office	1935	-	-	-	-	1935
Banks and financial institutions Deposits	76702	1516	4221	3793	7595	93827
Customer deposits	166973	47142	93345	108360	8510	424330
Special resources	25	-	-	-	-	25
Other liabilities	5493	-	-	-	-	5493
Total liabilities	251128	48658	97566	112153	16105	525610
Equity						
Capital	-	-	-	-	50000	50000
Reserves	-	-	-	-	37968	37968
Retained earning	-	-	-	-	-	-
Deferred outcome	-	-	-	-	-	-
Annual outcome	-	5486	-	-	-	5486
Total equity	-	5486	-	-	87968	93454
Total liabilities and equity	251128	54144	97566	112153	104073	619064

**Appendix 23****Transactions with related parties**

The related parties are as follows:

Parent companies:**Share in the capital**

Parent company	location	2012
Best lease	Tunis	34.77%

Other parties:

Other parties	location	relationship
Al Baraka Bank ing Group	Bahrein	Major shareholder
Al Baraka Islamic Bank	Bahrein	Member of the Group
Al Baraka Jeddah	Saudi Arabia	Member of the Group
ALIF	Saudi Arabia	Member of the Group
Al Baraka Turk Participation Bank	Turkey	Member of the Group
Al Baraka Egypt	Egypt	Member of the Group
ALIF Trading Company	France	Member of the Group
Al Tawfeeq Investment	Saudi Arabia	Member of the Group
Al Baraka Lebanon	Lebanon	Member of the Group
Dallah Al Baraka Holding	Saudi Arabia	Member of the Group
Al Baraka Algeria	Algeria	Member of the Group
A.S.L.	Saudi Arabia	Member of the Group
Al Baraka Immobiliere	Tunisia	Member of the Group
S.P.L.T.	Tunisia	Member of the Group

The outstanding amounts of transactions performed with related parties are detailed as follows:

	receivables			liabilities			revenues			expenses
	(1)	(2)	(3)	(4)	(5)	(6)	commissions	profits	lease	Unrestricted accounts
Best Lease	48806	-	-	117	-	-	16	1894	-	-
ALIF	2014	-	-	179	2060	4	1	32	-	110
Al Tawfeeq Investment	2806	-	-	-	-	-	-	370	-	-
Al Baraka Turk Participation Bank	27117	-	-	-	-	-	31	691	-	-
Al Baraka Egypt	-	1	-	-	3794	-	-	-	-	162
ALIF Trading Company	-	34	-	55	-	8	6	-	-	-
Dallah al Baraka	-	-	-	24	-	-	-	-	-	-
Al Baraka Islamic Bank	61574	-	-	-	-	-	-	1198	-	-
Al Baraka Lebanon	7981	-	-	-	-	-	-	176	-	-
Dallah Al Baraka Holding	-	-	-	1229	-	917	-	-	-	26
Al Baraka Banking Group	-	-	-	63	-	-	-	-	-	-
Al Baraka Algeria	-	7428	-	2146	-	-	248	-	-	-
A.S.L.	-	-	-	-	2067	1042	-	-	-	95
Al Barak Immob	4567	-	-	13	-	3326	-	125	-	-
SPLT	1282	-	-	598	-	3150	2	-	-	-
Total	161147	7463	-	4424	7921	8447	304	4486	-	393

- (1) Balance sheet commitments
- (2) Off-balance sheet commitments
- (3) Current accounts
- (4) Debtors' accounts
- (5) Restricted deposits
- (6) Unrestricted deposits





Report of Shariaa



Honorable Professor Abdul Ilah Al Subahi

Chairman of the General Assembly and of Al Baraka Bank Board of Directors, Tunisia.

The General Manager

Dear members,

May Peace and the Mercy and Blessings of Allah Be Upon You.

I am pleased to submit to you the Shari'a Report of Al Baraka Bank, Tunisia for the 2012 financial year.

I have based my report on the financial statement, which veracity lies within the responsibility of those who prepared it, as well as on the follow up and reports submitted by the Al Baraka Shari'a auditors team. I would like to highlight the following:

- Shari'a consultations: Shari'a consultations as well as communications and reviews took place continuously at the same pace of my relationship with the bank. All consultations were submitted to the shari'a board members, who approved and adopted them.
- The Shari'a auditor's team noted that some employees tend to expedite matters by submitting to the customer blank documents for signature, which makes the operation arbitrary. Therefore, if the operation takes place after, receipt, and in compliance with the procedures set out in the guidelines, and in accordance with the shari'a consultations, this would be considered as an error that should be signaled and avoided. If the error actually takes place and the operation happens once, the profits made by such operations would be considered as a sinful usury that should be disposed of in favor of public interest.
- I pay tribute to the efforts of the senior staff of the bank in separating very clearly in financial statement non-halal funds, while reserving the profits that are incurred, to public interest. I particularly noted that in page 22, \$ 132 were reserved separately from investment portfolio income, a matter I had highlighted in my report for the year 2009, under item 5.
- In P. 14, subsection 2, paragraph -*- the balance displays a medium-term loan. Islamic banks only give proper loans. Therefore, such an operation should be clearly highlighted in the report, so as to avoid misinterpreting it as a loan with interest, or as a loan without interest to the Zitouna Bank, as this would not be an acceptable behavior on the part of Al Baraka management, since it would not be in the interest of those they represent.
- In P. 19, subsection 9 (2), paragraph A states that the Bank and investors share together investment risks. The bank plays the role of a broker on behalf of investors, and therefore, it should not bear any losses if they ever happen, and only investors should assume the losses. The Bank, on its part, loses the effort it had made.
- I have noticed a drop in the volume of call, accounts, as compared to 2011, and I compared this outcome with the content of P. 23, subsection 19, stating that expenses for advertising and public relations dropped from 137 to -51, therefore this could be one of the causes and I request that an objective and scientific survey of advertising be made, and spend accordingly to ensure success.
- I pay tribute to the efforts made by the management and by the staff, as what has been accomplished despite the global situation in general, and the post-revolution environment in Tunisia in particular, reflects a lot of care and success. I thank them warmly.

Finally, I wish full success to Al Baraka Bank in its endeavors, hoping that the future would be more prosperous.



**Project of resolutions to be submitted
To the General Assembly scheduled
FOR 14 May 2013**



First Resolution:

The ordinary General Assembly:

- After having listened to the report of the board of Directors relating to the bank's activities and the financial situation of 2012.
 - After having examined the balance sheet, the financial statement and the rest of accounts as of December 31, 2012.
 - After having examined the Auditor's general report relating to 2012 financial statement
- Approves the budget and the financial statement, and gives consequently full discharge to all members of the board of directors, without any reservation, for the financial year in question.

Second Resolution

The ordinary general assembly, approves the special report made by the two auditors, pertaining to the operations mentioned in article 29 of the law n°2001/65 dated 10 July 2001 related to lending companies and the article 71 of the law n° 2009-64 dated 12 July 2009 related to the code of nonresident financial services providers and articles 200 and thereafter and 475 of the commercial business code.

Third Resolution:

The ordinary general assembly examined the report of the consultative shari'a supervisory board, which was pre-sented to the shareholders, by its chairman Cheikh Mohamed Mokhtar Essallami, about the activity of the bank throughout 2012, and it warm thanks to the board members for the help they offer to enlighten the staff of the bank.

The General Assembly also notes with great satisfaction the respect that the bank demonstrates to comply with the precepts of Islamic shari'a and its principles.

Fourth Resolution:

The ordinary general assembly decides, upon proposal of the board of directors, based on the implementation of the central bank instructions dated 3 January 2013, and on accounting standards, to cancel the decision of including the amount of \$ 2.309 million dollars in the item entitled "Provisions and adjustments on investment securities" and to include it under "retained earnings" so that the balance of this item amounts to \$ 2.609 million dollars, and approves the accounting corrective measures thereof.

Fifth Resolution:

The ordinary general assembly, decide, upon the board of directors suggestion, to distribute the net profits for 2012 amounting to 5 241 000 Dollars as follows:

Dividends (6%) 3 000 000 Dollars

Social fund 320 000 Dollars

Social services' allocations 220 000 Dollars

Re-investment reserve 1 881 000 Dollars

Retained earnings 2 429 000 Dollars

The general assembly authorizes the administrative board to determine a date to distribute the dividends to the sha-reholders.

Sixth Resolution:

The ordinary general assembly decides, upon the recommendation made by the consultative shari'a supervisory board, to distribute the income resulting from the late delivery penalties amounting to 138 000 equally the " katatib funds" and the "Nafaa El aam account ".

Seventh Resolution:

Approval of designation of a member of the Board

In compliance with article 21 of Tunis Al Baraka Bank bylaws, the ordinary general assembly approves the decision of the Board of Directors, at its 113th session on 8 February 2013 pertaining to the designation of Mr. Salah Gharsallah as a member of

Tunis Al Baraka Bank Board of Directors for the remaining part of the mandate of the Board of Directors which ends at the date of the ordinary General Assembly which reviews the financial statement of 2014, in his quality of Tunisian Party representative, in replacement of Mr. Mohamed Ali Ayed.

Eighth Resolution:

The general assembly grants all the power of attorney to the holder of the copies and the content of these resolu-tions to carry out all registration and publishing operations as required by law.

Al Baraka Bank Tunisia

88 Avenue Hedi Chaker 1002 - Tunis - Tunisie
tél.: +216 71 790 000 - Fax : +216 71 780 235
www.albarakabank.com.tn