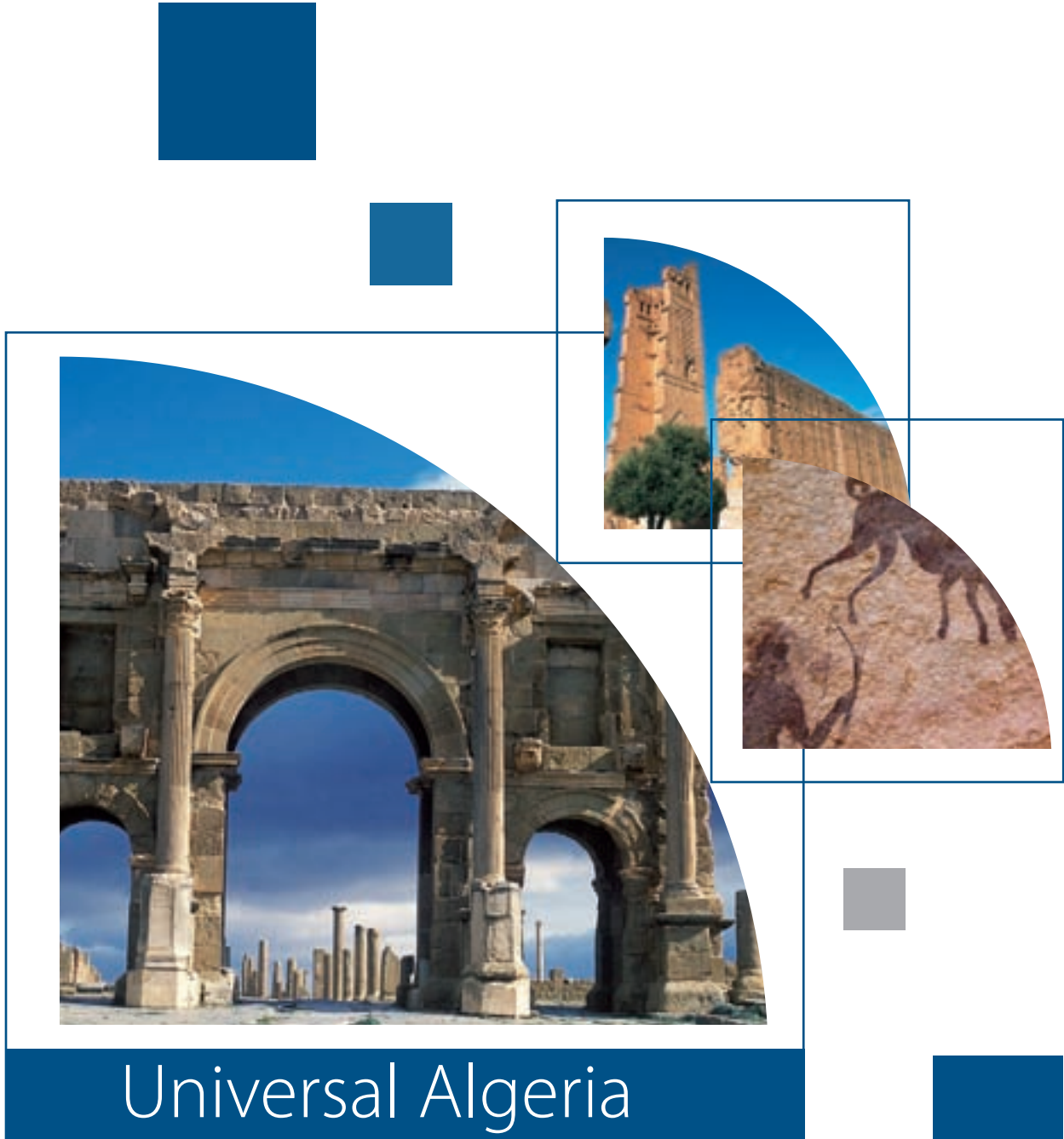


بنك الخليج الجزائر  
Gulf Bank Algeria



Universal Algeria

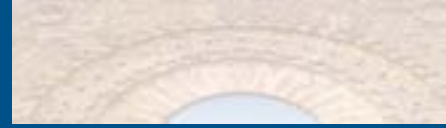
Annual Report 2008

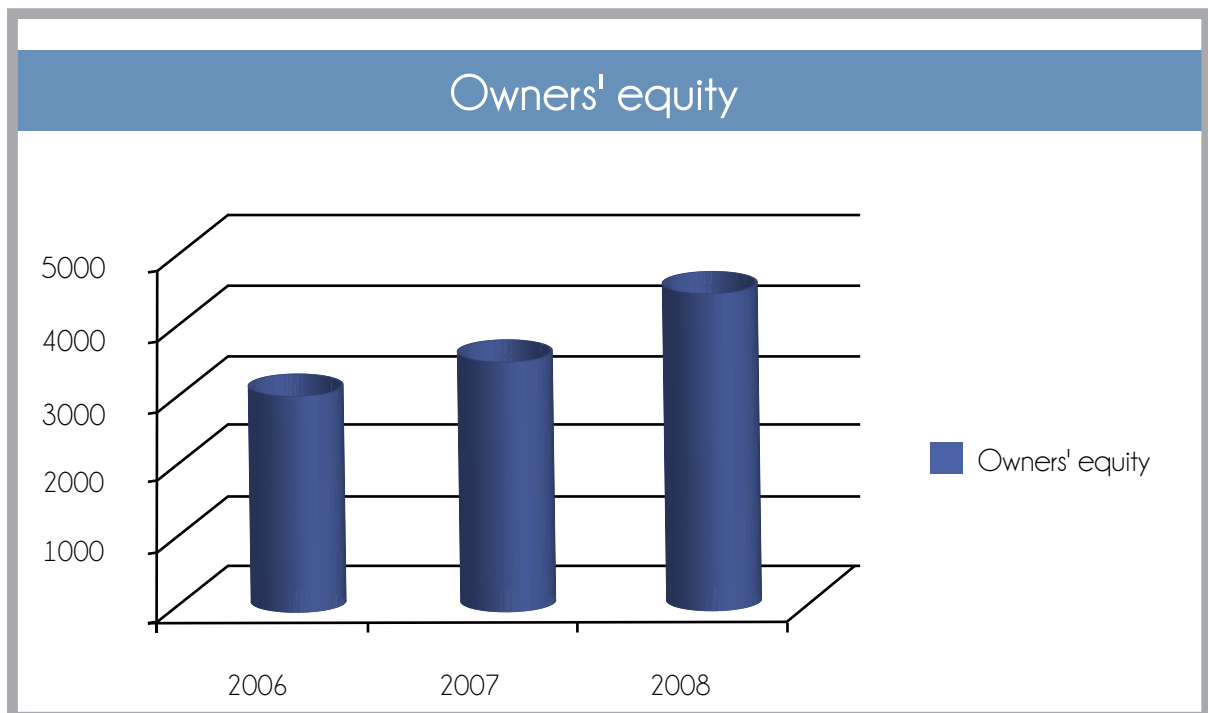
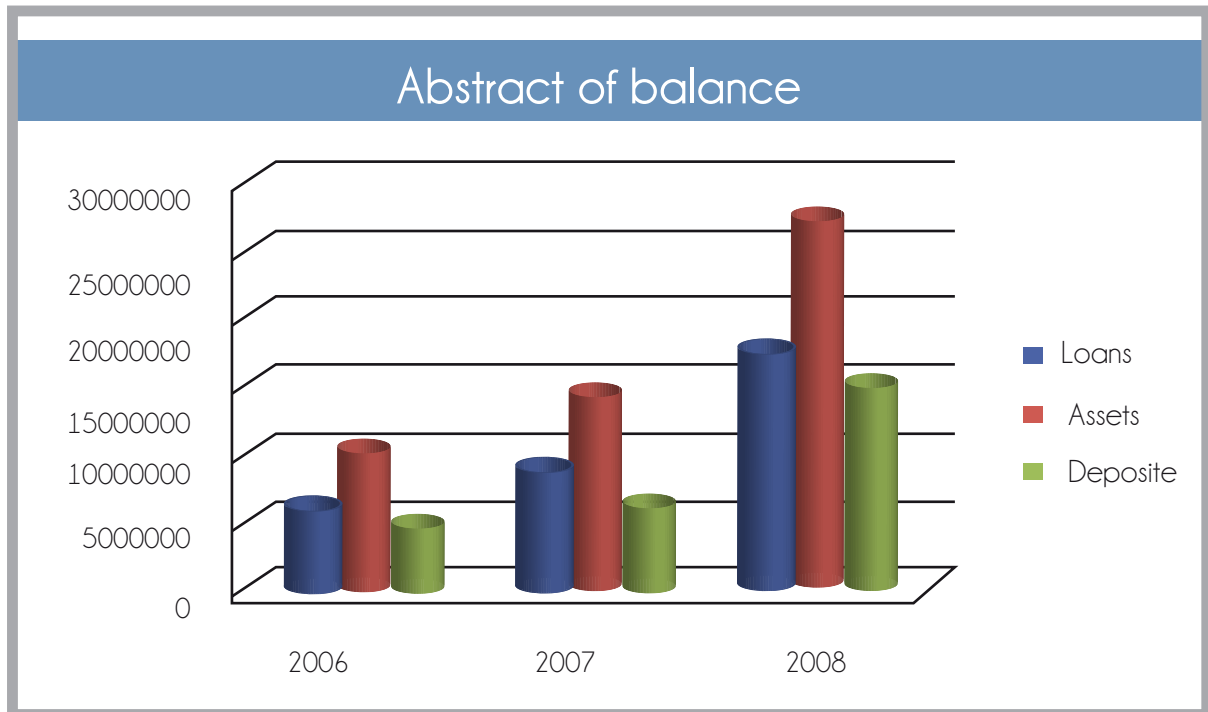
بنك الخليج الجزائر  
Gulf Bank Algeria



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## BANK KEY FIGURES

BALANCE SHEET	2006	2007	2008
Cash Assets	2 262 002	2 981 229	4 077 402
Credit	5 984 849	8 749 428	17 848 631
Other Assets	1 845 255	2 714 610	5 574 151
<b>Total Assets</b>	<b>10 092 106</b>	<b>14 545 267</b>	<b>27 500 183</b>
Clients Deposits	3 319 403	4 009 846	13 329 931
Other Deposits	1 365 218	2 200 875	1 520 834
Other Liabilities	5 407 485	8 334 546	12 649 418
<b>Total Liabilities</b>	<b>10 092 106</b>	<b>14 545 267</b>	<b>27 500 183</b>
INCOME STATEMENTS	2006	2007	2008
Banking Operating Income	828 337	1 219 220	2 419 222
Other Operating Income	12 935	48 466	157 577
Operating Costs	253 218	382 537	907 027
<b>Net Bank Incomes</b>	<b>588 054</b>	<b>885 149</b>	<b>1 669 772</b>
Provision	(164 090)	(158 514)	(217 298)
<b>Net Results before Corporate Tax</b>	<b>423 964</b>	<b>726 635</b>	<b>1 452 474</b>
Corporate Tax to Pay	(90 429)	(203 035)	(374 006)
<b>Net Income for the year</b>	<b>333 535</b>	<b>523 599</b>	<b>1 078 468</b>
Owners Equity	2006	2007	2008
	2 866 128	3 330 900	4 478 890
Ratios	2006	2007	2008
Total Credit Assets	59.3%	60.15%	64.79%
Equity / Total Assets	28.4 %	22.90%	16.26%
Equity/ Credit	47.9 %	38.07%	25.09%
ROA (Return on Assets)	3.3 %	3.60%	3.91%
ROE (Return on Equity)	11.6 %	15.73%	24%
Gross Income / Credit	7.1 %	8.31%	8.13%
Gross Income / Equity	14.8 %	21.82%	32.42%

## THE BANK IN 2008

The year 2008 was teeming with successful events for Gulf Bank Algeria.

The year 2008 saw the launching of retail products under their two forms, both traditional and Islamic, in keeping with the charia.

Through this new activity, the Bank has gained acceptance in the retail market and thus conveys AGB's strong wish to cover the full range of the market sectors by offering a wide and varied array of products under their two dimensions: conventional and in conformity with Islamic charia.

The second event, linked to the first one, concerns the opening of branches in the main cities of Algeria. The year 2008 can therefore be called the year the Bank's network building. No fewer than twelve have opened their doors to clients in 2008 alone.

Through the expansion of its network, the Bank has made a reality the second part of its objectives, namely getting closer to its clients.

Other branches will become operational during the year 2009 thus making the presence of the Bank more strongly felt.

These two achievements amongst others have allowed AGB to consolidate its share of the market and to strengthen its position both in the corporate and the household sectors.

That can be checked through the main aggregates of the bank which have witnessed a notable increase.

The Gulf Bank Algeria recorded a net profit increase of 106% in comparison with 2007, and an ROE of over 24%.

Our clients, the Bank's partners, have also benefited from this process on the one hand through a significant lowering of the interest rates and the margins calculated respectively over conventional loans and over financings in keeping with the charia, and on the other hand an important increase of the progressive profits related to deposits and which are among the most interesting available.

The year 2009 will see a continuation of the expansion of the network over the national territory. No fewer than 16 new branches are currently being launched.

Along with this and in order to support the growth of Gulf Bank Algeria, a new information system will be developed within the next financial year.

Beyond and over the above, in our continued effort to offer new products to our clients, new services will be launched all along the coming year.

Finally, the Bank is starting the year 2009 with a restructuration of its organisation to meet the challenges of not only its expansion and the development of its operations, but also satisfying its clients and providing full support to its decentralised structures.

The year 2009 will also be devoted to the upgrading of the management of its human resources through the implementation of a new management system of performances and competences.

# ORGANISATION

## Board of Directors

**Abdulkarim EI KABARITI:** President  
**Masaud Jawhar HAYAT :** Vice President  
**William Lukens KHOURY :** Member  
**Mohamed FEKIH AHMED:** Member  
**Hadj Ali GHOZALI :** Member

**Fatma MEROUANI**  
 Head of Credit Administration Department

**Hadhami KHATIR**  
 Head of Support and Sale Department

## Executive Management

**Mohamed LOUHAB**  
 Director General

**Hamid OUIKENE**  
 In Charge of Audit Cell

**Mourad DAMARDJI**  
 Deputy Director General  
 Administration, Finance & Operations

**Kamel HAMADOU**  
 Head of System, Network and Computing  
 Security Department

**André Guy BEYROUTHI**  
 Deputy Director General  
 Credit, Network, Marketing & Development

**Mohamed LAHLOU**  
 In Charge of Specific duties

## Management

**Yassine KADDOUR**  
 Assistant General Manager  
 Credit

**Nadia YACEF**  
 Head of Recovery Department

**Rabia NECIB**  
 Head of Legal Department

**Kamal BENDAMARDJI**  
 Assistant General Manager  
 Organisation, Information System, Operations  
 & Accounting

**Samir REZAK**  
 Head of Accounting Department

**Smail GUELLALA**  
 Head of Retail Credit Department

**Abdelmouneim OTHMANI**  
 Director of Operations

**Toumi GUERMACHE**  
 In Charge of Human Resources and General  
 Administration

**Ahcene CHAABANE**  
 Head of Development Department

**Wahiba GHANEM**  
 Head of Internal Control Department

**Djamila DALI**  
 Head of Electronic Banking Department

# NATIONAL ECONOMIC SITUATION FOR THE YEAR 2008

In size, the economic fundamentals for the year 2008 inform us of the continuation of the growth. GDP rose by 2.4%, as against 3% in 2007, budget surplus increases by 83%, or DZD 835.9 billion, the balance of payments indicates a global balance of US\$ 36.99 billion, an increase of 25.2%, and unemployment records a drop of 0.5 point at 11.3% of the active population, but it still remains high.

In 2008, the non-oil sector recorded a growth of 6.1% thus representing 55% of total PIB; this is due to the important public investment program which continues to support the activity in the Tertiary Sector and Building.

## *Industrial Production increasing by 2.2%*

With an increase of 4.4% at DZD 483 billion as against 0.8% in 2007, the industrial sector recorded in 2008 a growth superior to that of the GDP, ending thus a two decade long declining trend.

In addition, that allowed the public food processing sector to record its first positive result, after five years of continued decline, indicating a growth of 6.8%.

## *Investment in figures*

The investments recorded in 2008, via the National Development and Investment Agency rose to DZD 2.402 billion with 16 925 projects, up 158%, in comparison with 2007.

Direct Foreign Investments totalled DZD 525 billion in 2008 as against DZD 51.45 in 2007, that is an increase of 920%. The projects which should create 6 000 jobs concern primarily projects in the industrial sector and tourism.

## *Inflation*

Inflation is one of the lowest in the region. It averaged 4.4% in 2008 in comparison with 3.9% in 2007.

This variation is due notably to the important rise of food prices (+7.4%)

## *Balance of payments and foreign debt*

The year 2008 witnessed a sustained build-up and a record level of official currency reserves as well as a very low level of the medium and long term foreign debt.

The current balance sheet has recorded a US\$ 34.45 billion surplus for the year 2008, that is 20.2% of the Gross Domestic Product.

As regards imports, the year 2008 saw a surge in imports of goods and services totalling US\$ 37.99 billion.

Medium and long-term foreign debts as well as the outstanding debt/GDP ratio keep shrinking to reach respectively US\$ 4.282 billion and 2.51% by the end of 2008 as against US\$ 4.889 billion and 3.62% in 2007.

As of the fourth term of 2008, Algerian economy started to endure the consequences of the external fall in oil prices; nevertheless the low level of the foreign debt and the low level of its service, only 1.03% of goods and services exports in 2008, clearly indicate the medium term viability of the position of Algerian foreign finances.

## Banks Operations

The banking system, not unlike the previous years, continues to record a pre-eminence of public banks with a relative share in total assets of 90.8% as against 9.1% for the private banks.

### a- Resources

In 2008, collection of non-advance deposit resources for imports saw an increase of 14.3% as against 27.1% in 2007. So the growth of sight deposits reached 15.1%, while term deposits reached 13.1%.

Private banks have increased their share of the market from 6.9% in 2007 to 7.8% in 2008.

### b- Credits

Credits to the economy recorded a sharp increase of 18.60% at 2614.1 billion with a share of 12.5% allocated to the private banks.

## *Algeria in « good position » to face the effects of the financial crisis*

Algeria is a good position to meet the repercussions of the international financial crisis.

Basing its conclusions on Algeria's performing results and on its currency reserve amounting to about US\$143 billion by the end of December 2008, the World Bank declared that, in fact Algeria is quite capable of overcoming and compensating for the financial crisis that is shaking the whole world.

Algeria's nominal GDP, as cited once again by the World Bank, has witnessed a great increase by rising from US\$101.8 billion in 2005 to US\$ 175.9 billion 2008.

GDP per inhabitant in turn increased sharply from US\$3 098.1 / inhabitant in 2005 to reach US\$5 097 /inhabitant in 2008.

In its latest Global Economic Survey report, the IMF mentions "favourable perspectives for Algerian economy, especially in macro economic aggregates related to economic growth, inflation and the balance of payments". They forecast a growth rate of + 4.5% for the year 2009 and +5.2% in 2013. As regards debt, the IMF stresses that thanks to its early reimbursement policy "Algeria ranks among the very few net creditor countries on the African continent in particular, and the developing countries in general". Algerian macroeconomic and financial trends are positive, the IMF concludes, and highlights "the necessity for Algeria to diversify its economy, still far too dependent on the oil sector".



The Baptistery Deambulatory

## THE BANK'S COMMERCIAL ACTIVITY AND STRUCTURES

### Operations with Clients

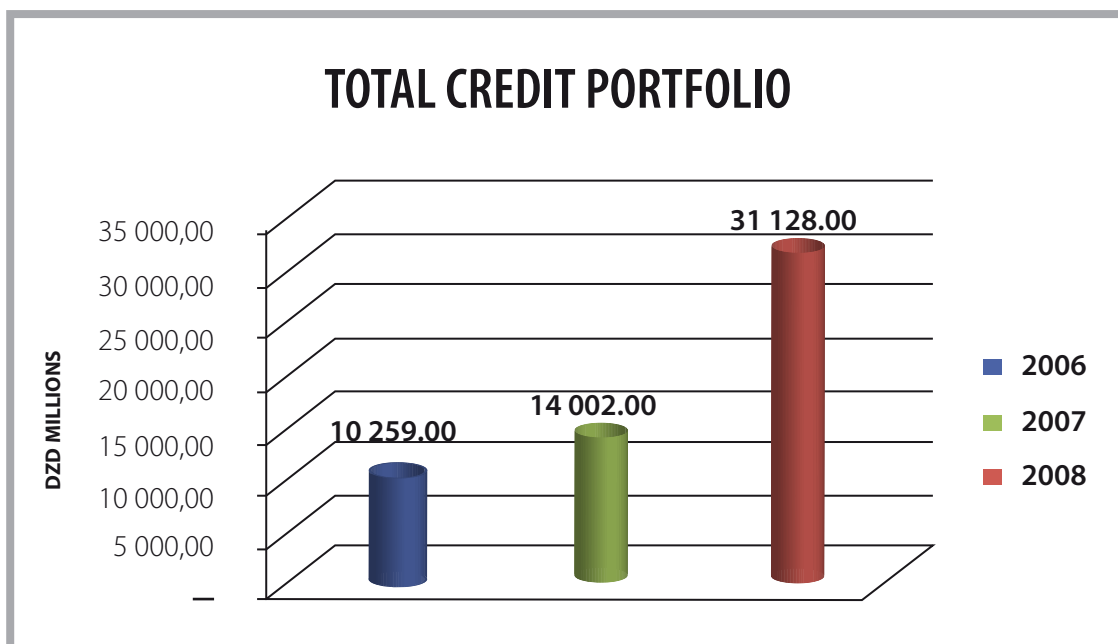
102% Growth

The amount of Clients cash loans amounted to DZD 17 848 630 944.54 by 31/12/2008, indicating an increase of over 102% in relation to 31/12/2007.

In comparison, the rise of credit in the banking sector for the year 2008 was about 18.6%. The total amount of credits granted by the private banking sector rose by nearly 30%.

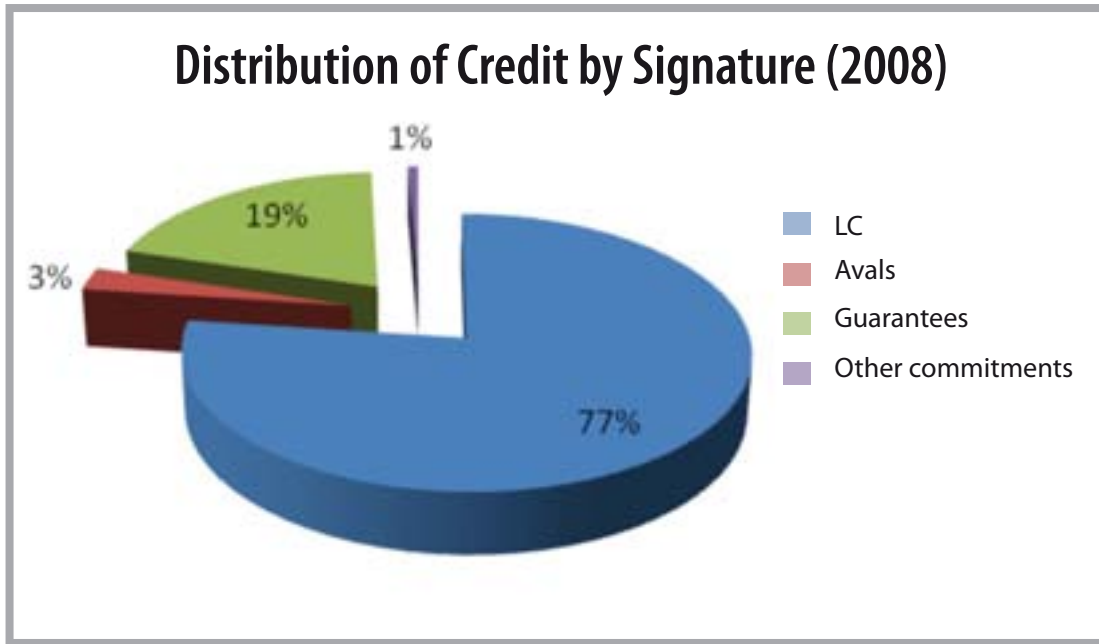
The performances recorded comparatively with the sector highlight the strengthening of the positions of the Bank and allow it thus to move forward and progress in terms of market shares.

As per 31 December, credit reached the sum of DZD 31 128 million, including 43% signature credit and 57% treasury credit.



In comparison with the year 2007, the year 2008 recorded an increase of 49.3% in short term and 121% in medium term treasury credit.

Commitments by signature in turn reached the sum of DZD 13 279 million, with 77% granted in the framework of foreign trade operations essentially via the opening of letters credit. The remaining 23% of commitments represent letters of guarantee.

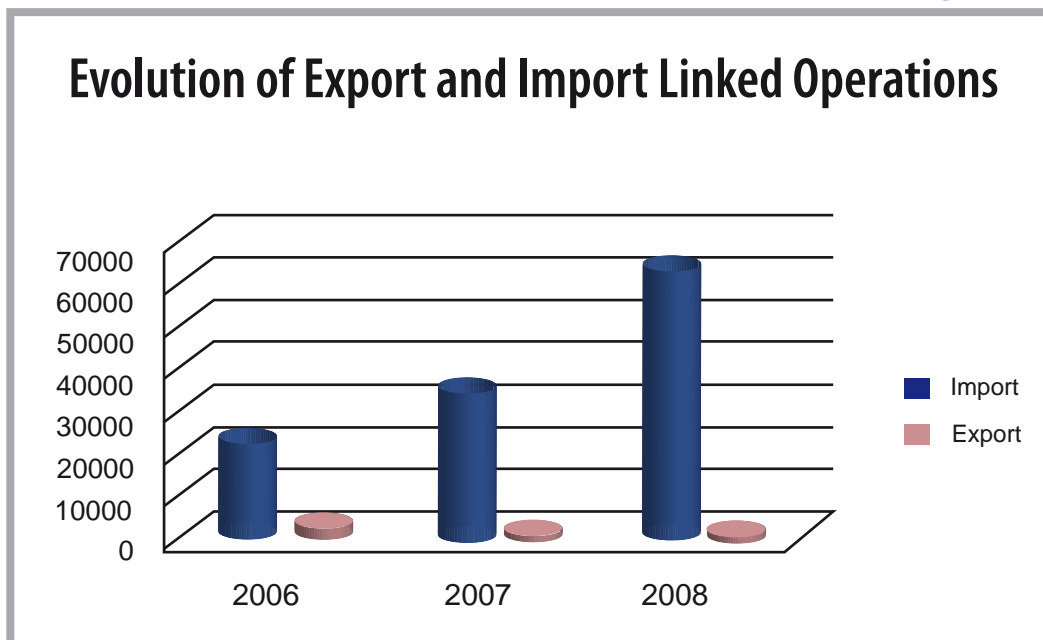


### Foreign Trade Operations

**83.87% Increase**

The year 2008 recorded a continued increase in foreign trade operations. Comparatively with the previous year, the increase ran at about 46% in size and 83.87% in worth.

In Million DZD



Import operations have seen a sharp improvement in relation to the previous year with an evolution of 86.43% in worth, while export operations have increased slightly compared with last year, namely by 65% in number and 08% in worth.

Amounts in Thousand DZD

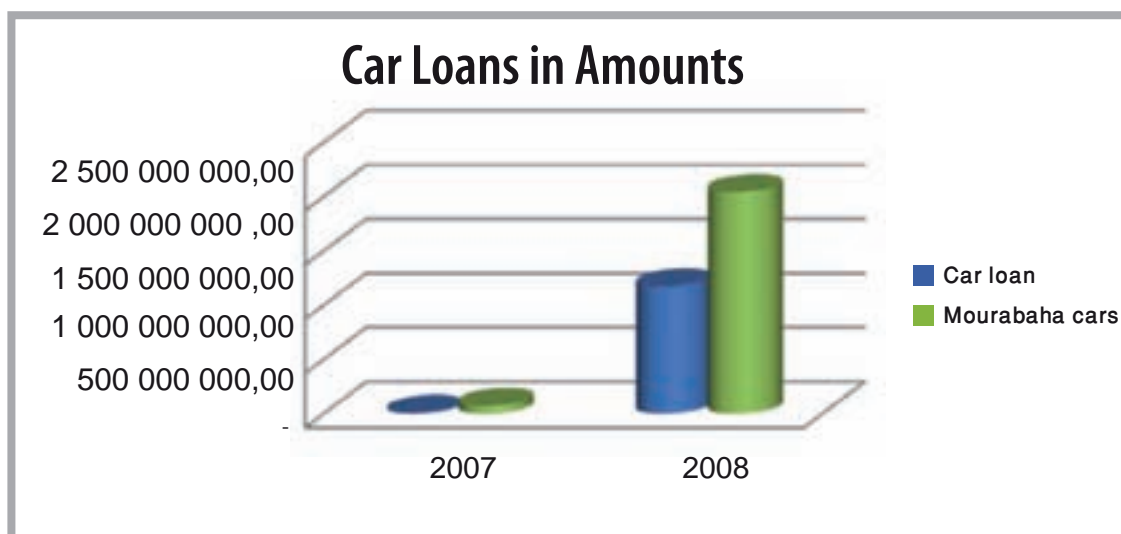


### Retail Credit

**They represent 59% of the term loans**

The year 2008 saw the launching of the first retail products. That explains in part the important growth witnessed by the Bank’s term credit portfolio. That is how such retail credits represent 59% of all medium term credits.

As a matter of fact, retail financing recorded a sharp increase moving from only 0.86% of all commitments by 31/12/2007 to 19.67% by 31/12/2008, and this is primarily due to the launching of the car credit. Thus, SAYARATI type car credit quickly established it self on the market and the Bank has recorded 5762 loans since its launching for a total of DZD 3215 million, with a lion’s share (63.5%) for the loans in keeping with charia principles (MOURABAHA AUTO).



Arrears in retail credit for the year 2008 represents a very low ratio in relation to all commitments, namely 0.08%.

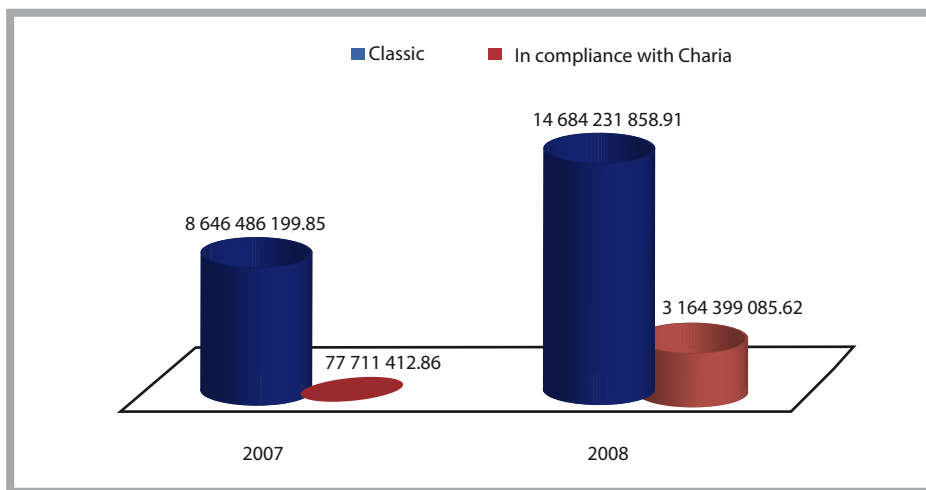
Trading of BAYTI product, home buyers' loans, started at the end of last year.

**Products in keeping with charia principles**

**Strong demand**

The launching of products in conformity with charia principles also contributed in a very significant way to raising the volume of the Bank's commitments. That is how by 31/12/2008, products in keeping with charia principles represented 17.71 of caisse commitments while they were close to 0.89% in 2007.

There has been a general craze for this type of credit at both the corporate and the retail levels.



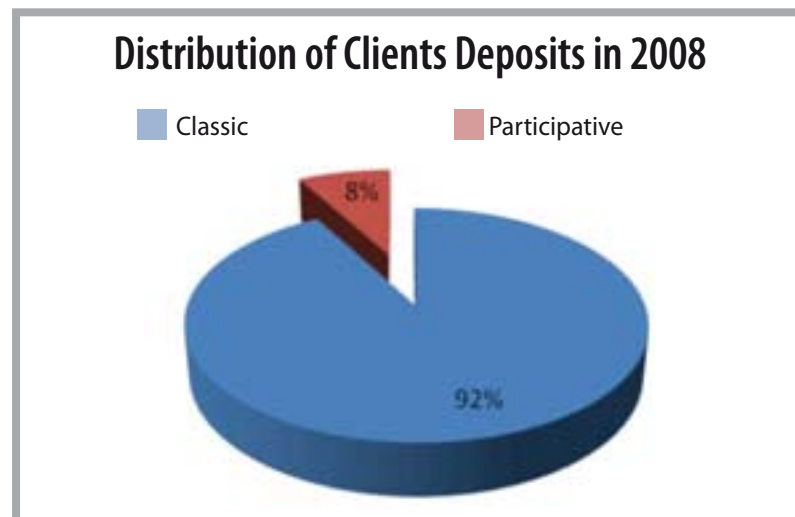
**Clients Deposits**

**232.4% Growth**

By 31/12/2008, Clients' deposits totalled DZD 13 329 931 244 .27, or an increase of 232.47% in comparison with 2007. The total amount of deposits collected by the Algerian banking sector in 2008 increased by only 14.3%. This gives an idea of the evolution AGB has known in this domain.

Concerning sight deposits, they rose from 2.4 to 10.7 billion, an increase of 339%, and that is notably due to savings accounts which totalled DZD 781 685 399.90 within six months only.

Term resources in 2007 represented 37% of resources collected, against only 18% in 2008, although the latter have increased by 62.8% in absolute value in comparison with 2007.



### *Clients' Accounts*

**320% Increase**

By 31/12/2008, the number of accounts opened stood at 13718, distributed as follows:

DZD Current Accounts: 2149

DZD Checking Accounts: 10 613

That represents an increase of 320% in comparison with 2007, bringing thus the number of transactions to 375 318 against 158 786 in 2007 that is an increase of 136.36%.

This increase stems from the expansion of our branches network as well as from the launching of our retail operations which considerably raised the number of accounts open.

### *Owners Equity and Fixed Assets*

**70.62% Increase in Fixed Assets**

The amount of investments granted by the Bank in 2008 stood at DZD 434 752 013.45 with a 70.62% increase.

This increase is essentially due to the expansion of the network (opening of 12 branches in 2008).

The amount represented 5.70% of the total balance sheet in 2007 as against 3.67% in 2008.

The owners' equity recorded a substantial increase since it rose from DZD 3493 million on 31/12/2007 to DZD 4 330 million in 2008, rising by 27.76%.

This growth is essentially due to the improvement of the Bank's results.

### *The Bank's Margin*

**Profit increased of 105.7%**

The profit made by the Bank as per 31/12/2008 stands at DZD 1 078 467 691.93 showing an increase of 105.7 % compared with the previous year. This positive evolution is directly linked to the increase in the two components of the Bank's turnover, namely the interests and the commissions collected. It is worth noting however that the increase has been more noticeable regarding commissions thus showing the significant increase of off balance operations in 2008.

The increase in commissions relates to a great extent to the expansion in foreign trade operations which witnessed a near doubling of the volume of foreign transfers in 2008 in comparison with 2007 (US\$ 1.1 billion in 2008 as against US\$ 0.55 billion in 2007).

### *Network Development*

**Opening of 12 branches in 2008**

The year 2008 saw the extension of the Gulf Bank Algeria network. Thus, since the authorisation was obtained and it started business in 2004, the Bank had been running its activity with a single agency. Early during this year, three branches opened their doors to the public.

By the close of the year, the Bank had no fewer than thirteen (13) branches doing business throughout the country.





### *Human Resources*

71% Increase

Human resources have seen a continuous growth in full harmony with the expansion of the Bank's network.

In comparison with 2007, the year 2008 knew a 66% increase in manpower in its central structures and a 75% increase in network, giving in total a 71% evolution.

In 2008, the Bank declares a workforce of 192 persons, 67% of whom are College graduates.

### *Training*

Creation of AGB Training Center

The training scheme initiated by the Bank in 2008 is quite varied both in type and in content. The various actions revolved mainly round two central axes:

- Diploma awarding trainings aimed exclusively at banking techniques.
- Shorter training sessions, in the form of seminars or one day conferences dealing with topical banking subjects

The creation of the Bank's Training Centre by the end of the year will help multiply training sessions geared to the Institution's executives in order to perfect their mastery and allow them to better meet the Clients' demands.

**Auditors' Report for the year 2008**

Noureddine BELHIMER  
Noureddine BOUGUEHAM  
Auditors

Dear Members of the Ordinary General Assembly

Subject: Report on accounts certification for the financial year closed on 31/12/2008.

In pursuance of the mandate you entrusted us with, we are honoured to submit our certification report.

We have examined the accounts of the bank **ALGERIA GULF BANK** with reference to the financial year closed 31.12.2008.

The Bank's accounts have been closed by the Board of Directors with a total balance sheet of DZD 27 500 183 457.09 and a profit income of DZD 1 078 467 691.93 .

**Opinion on annual accounts:**

We have conducted our audit in conformity with generally acknowledged auditing standards. These standards require the implementation of due diligences helping to achieve reasonable assurance that the annual accounts are free from significant abnormalities. An audit consists in a survey type control into conclusive elements justifying the data contained in the accounts. It also consists in assessing the accountancy principles followed and the significant estimations retained to settle the accounts, as well as assessing their global presentation.

Within the framework of our control, we have proceeded to audit verifications that we deemed necessary to meet generally acknowledged auditing standards and help us express our opinion.

In view of the work undertaken in compliance with the rules and regulations of the profession, we believe we are in a position to certify that the annual accounts which appear in the balance sheet, in the appendices and in the results tables are consistent and fair and reflect the reality of the financial status and assets of your bank as of 31.12.2008.



  
 Dated Algiers, May 25 2009

## EXTRACT FROM THE MINUTES OF THE ORDINARY GENERAL ASSEMBLY

**ORDINARY GENERAL ASSEMBLY DATED 26 MAY 2009**

### EXTRACT OF RESOLUTIONS ADOPTED

#### *Resolution 1 :*

The Annual Ordinary General Assembly of GULF BANK ALGERIA Shareholders, in its meeting dated 26 May 2009, after examining the Management Report for the year 2008, has agreed to grant the Board of Directors Members certificate of correct record for their management during the year 2008.

#### *Resolution 2 :*

The Ordinary General Assembly of GULF BANK ALGERIA Shareholders, after reading of the Auditors' Report certifying the accounts for the year 2008, has agreed to validate the accounts of the Bank for the exercise closed 31 December 2008.

It has also agreed to allocate the net positive result of DZD 1 078 467 691.93 (One billion Seventy-Eight million Four hundred Sixty-Seven thousand Six Hundred Ninety-One Dinars and Ninety-three cents) as follows:

5% as legal reserves, that is DZD 53 923 384.60 (Fifty-Three million Nine hundred Twenty-Three thousand Three hundred Eighty-Four Dinars and Sixty cents).

A sum of DZD 1 010 804 307.33 (One billion Ten Million Eight hundred Four thousand Three hundred Seven Dinars and Thirty-Three cents) as profits to distribute to the shareholders.

A global amount representing DZD 13 740 000.00 (Thirteen million Seven hundred Forty thousand Dinars) as percentage of the previous year to distribute to the Members of the Board of Directors.





### ***Resolution 3 :***

The Annual Ordinary General Assembly of GULF BANK ALGERIA Shareholders, in its meeting dated 26 May 2009, has agreed to fix the honoraria of the Auditors for the year 2008 as fixed in 2007.

### ***Resolution 4 :***

The Annual Ordinary General Assembly of GULF BANK ALGERIA Shareholders, in its meeting dated 26 May 2009, has agreed to give the President of the Board of Directors the right to designate a new Auditor.

### ***Resolution 5 :***

The Annual Ordinary General Assembly of GULF BANK ALGERIA Shareholders, in its meeting dated 26 May 2009, has agreed on the re-election of the Members of the Board of Directors for a period of 6 years. It has also gone on to designate the Burgan Bank as a new member of the Board of Directors, to replace Mr William LUKENS KHOURI, and has requested the Burgan Bank to nominate a physical person to represent it in conformity with article 612 of the Algerian Code of Commerce.

### ***Resolution 6 :***

The Annual Ordinary General Assembly of GULF BANK ALGERIA Shareholders, in its meeting dated 26 May 2009, has agreed to give the Director General of the Bank, bearer of the original copies or true copies there of full powers to pursue in person, or by any person he may wish to designate, all legal or statutory procedures required.

## BANK'S FINANCIAL STATEMENTS

### Comparative Balance Sheets 2008-2007

ASSETS	In thousand DZD			
	Note	2008	2007	%
1-Cash, Central Bank, Post Office	1	3 319 343	2 487 790	33%
2-Public Notes and related values				-
3-Financial Institutions Loans	2	1 068 053	493 439	116%
- Sight		758 058	393 419	93%
- Terms		309 994	100 020	210%
4-Clients Loans	3	17 538 637	8 749 428	100%
- Commercial loans		406 140	160 863	152%
- Other clients loans		15 441 665	7 715 496	100%
- Debit ordinary accounts		1 690 831	873 069	94%
5-Bonds and other fixed income security				-
6-Shares and other variable income security				-
7-Participations and portfolio activities	4	15 675	15 675	0%
8-Shares in related businesses				-
9-Leasing and related operations				-
10-Simple rent				-
11-Intangible assets	5	133 446	131 587	1%
12-Tangible assets	6	696 835	366 381	90%
13-Other operations				-
14-Capital remaining due				-
15-Other assets	7	4 587 557	2 256 532	103%
16-Adjusting accounts	8	140 638	44 435	217%
<b>Total ASSETS:</b>		<b>27 500 183</b>	<b>14 545 267</b>	<b>89%</b>

## Comparative Balance Sheets 2008-2007

LIABILITIES	In thousand DZD			
	Note	2008	2007	%
1-Cash, Central Bank, Post Office		-	-	
2- Financial Institutions Debts	9	1 520 834	1 453	104 544%
- Sight		11 519	1 453	693%
- Term		1 509 316	-	100%
3-Credit client accounts	10	11 526 864	5 579 858	107%
- Savings accounts		781 685	-	100%
- Sight		781 685	-	100%
- Term				-
- Other debts		10 745 179	5 579 858	93%
- Sight		10 075 401	4 695 767	115%
- Term		669 777	884 090	- 24%
4-Debts represented by security	11	1 803 067	630 863	186%
- Certificates of deposits		1 803 067	630 863	186%
- Interbank market security and negotiable loans security				-
- Bond (borrowing)				-
- Other debts represented by security				-
5-Other liabilities	12	8 091 723	4 807 188	68%
6-Adjusting accounts	13	78 803	46 862	68%
7-Provision for risks and expenses				-
8-Regulated provision				-
9-Funds for general banking risks	14	359 919	306 210	18%
10- Investment subventions				-
11-Subordinate debts				-
12-Issued capital	15	2 500 000	2 500 000	0%
13-Bonuses related to capital				-
14- Reserves	16	39 744	13 564	193%
15-Reevaluation differential				-
16-Retained earnings	17	500 761	135 668	269%
17-Results of the year	18	1 078 468	523 599	106%
<b>Total Liabilities</b>		<b>27 500 183</b>	<b>14 545 267</b>	<b>89%</b>



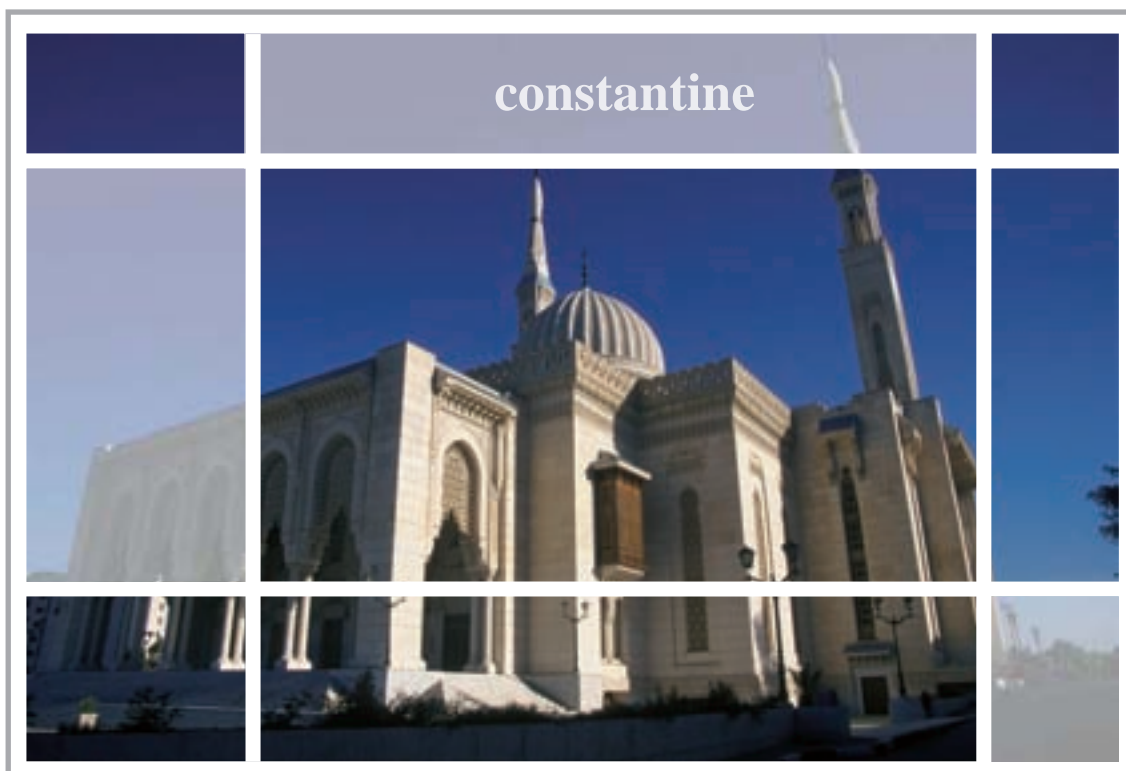
### Comparative Income Statement Tables 2008-2007

EXPENSES	In thousand DZD			
	Note	2008	2007	%
A- Banking operating expenses	19	195 350.36	90 738.89	115%
1-Interests and related expenses:		123 767.78	54 352.65	128%
- on operations with financial institutions		18 141.46	222.40	8057%
- on operations with clients		105 626.31	54 130.26	95%
- on bonds and other fixed income security		-	-	-
- other interests and related expenses		-	-	-
2-Expenses on leasing operations and related operations:		-	-	-
3-Expenses on simple rent operations		-	-	-
4-Commissions		71 582.58	36 386.23	97%
5-Other banking operating expenses		-	-	-
B-Other expenses	20	1 302 981.28	653 347.44	99%
6-General operating expenses		513 620.24	251 597.13	104%
- services		215 871.34	81 885.18	164%
- Personnel fees		207 471.21	120 475.69	72%
- Tax and Excise		85 253.88	47 853.23	78%
- Miscellaneous expenses		5 023.81	1 383.02	263%
7-Loan loss provision		217 297.97	158 514.02	37%
8-Amortization expense and provision for tangible and intangible assets		85 721.57	26 904.64	219%
9-Exceptional expenses		112 335.28	13 296.34	745%
10-Corporate tax		374 006.22	203 035.31	84%
11-Profit for the year		1 078 467.69	523 599.45	106%

## Comparative Income Statement (P&L) Tables 2008-2007

INCOME	In thousand DZD			
	Note	2008	2007	%
A-Banking operating income	21	2 419 222.49	1 219 220.18	98%
1-Interests and related income		1 080 927.80	579 124.99	87%
- on operations with financial institutions		27 491.57	17 723.71	55%
- on operations with clients		1 053 436.23	561 401.28	88%
- on bonds and other fixed income security		-	-	-
- other interests and related expenses		-	-	-
2-Income on leasing operations and related operations:		-	-	-
3-Income on simple rent operations		-	-	-
4-Produits on variable income security		-	-	-
5-Commissions		1 338 294.68	640 095.18	109%
6- Other banking operating income		-	-	-
B- Other income	22	157 576.84	48 465.60	225%
7-Miscellaneous income		7 133.60	48 465.60	-85%
8-Reversal of provisions and amortised loans		102 563.85	-	-
9-Exceptional income		47 879.40	-	-
10-Loss for the year				





Amir Abdelkader's Mosque

### Comparative Off Balance Sheet 2008-2007

COMMITMENTS	In thousand DZD			
	Note	2008	2007	%
<b>COMMITMENTS GIVEN:</b>	23	14 667 461.59	6 809 366.63	115%
1-Financing commitments in favour of Financial Institutions		0.00	0.00	-
2-Financing commitments in favour of clients		13 279 747.02	5 914 034.01	125%
3-Financial Institutions order guarantee commitments		1 387 714.56	895 332.62	55%
4-Clients order guarantee commitments		0.00	0.00	-
5-Other commitments given		0.00	0.00	-
<b>COMMITMENTS RECEIVED:</b>	24	3 861 014.47	1 850 009.74	109%
6- Financing commitments received from Financial Institutions		0.00	0.00	-
7-Guarantee commitments received from Financial Institutions		1 262 721.11	398 689.60	217%
8-Other commitments received		2 598 293.36	1 451 320.14	79%
<b>Total OFF BALANCE SHEET:</b>		<b>18 528 476.06</b>	<b>8 659 376.37</b>	<b>114%</b>

## ACCOUNTING PRINCIPLES AND METHODS

The financial statements have been elaborated in accordance with international principles and norms as well as those indicated by the Bank of Algeria, in particular Statutes N° 92/08 and N° 92/09 dated 17 November 1992 relating, respectively to bank accounts plan, to accounting rules applicable to banks and financial institutions, to the establishment and publication of the annual individual accounts of banks and financial institutions.

### *Fixed Assets (note 5 & 6)*

Fixed assets have been recorded at their historical value (purchase price plus customs duties and related fees) in conformity with the universal principle retained by the 1975 national accountancy plan, which is the subject of ordinance N° 75/35 dated 19 April 1975.

Tangible assets and the banking operating software have been subjected to amortisation calculated on a prorata-temporis of the rates accepted in the profession, in keeping with relating dispositions of the Direct Tax Code and related taxes.

### *Clients Credits (note 3):*

Clients' credits are recorded in the balance, according to their nature, under appropriate sections, at their face values to which are added their respective related loans (accrued interests and not due).

### *Clients Deposits (notes 10 & 11):*

Clients deposits are recorded in the balance at their face values to which are added, for those which are interest bearing, their respective related debts (accrued interest and not due).



The Baptistery and the Christian District



### ***Risks on Commitments in favour of Clients (note 14):***

Credit risks have been estimated according to the norms and principles defined in the Bank of Algeria's Instruction N° 74/94 relating to the implementation of regulation N° 91/09 from the same institution.

In conformity with article 17 of the above mentioned instruction, a provision for credit general banking risks has been set up based on the total amount of commitments appearing on the balance sheet as per 31 December 2008.

### ***Foreign Currency Operations:***

Foreign currency operations have been recorded according to the norms and principles indicated by the Bank of Algeria regulation N° 94/18 dated 25 November 1994, relating to foreign currency recognition in banks and financial institutions.

The balances as per 31 December 2003 of all foreign currency accounts have been valued at the official end of period rate.

### ***Expenses and Income (notes 19 & 20):***

Expenses and income have been recorded following the principle of separation of exercises.

Interests (debtor or creditors) or commissions (due or received by the Bank) have been calculated at their noted accrued amounts at prorate-temporis.

Commissions have been recorded on the dates services were achieved.

### ***Corporate Tax:***

In compliance with the fiscal regulations in force, Corporate Tax has been calculated according to the rate requested by the code of Corporate Tax, namely 25%.

## NOTES ON FINANCIAL STATEMENTS

The asset and liability mass for this sixth exercise of Gulf Bank Algeria stands, in thousand dinars, at DZD 27 500 183.48. It has risen by 89% in comparison with its level as per 31 December 2007.

### Assets

Assets are constituted of the chapters listed and analysed below.

#### Note 1

##### Cash, Bank of Algeria, Post Office Accounts

This chapter represents the elements detailed in the table below:

Designation	2008	2007	Thousand DZD	
			Evolution	
			Amounts	%
Cash DZD	539 928.41	233 499.35	306 429.06	131%
Cash Foreign currencies	52 548.62	15 902.27	36 646.35	230%
Bank of Algeria DZD	2 442 561.22	2 125 078.51	317 482.71	15%
Bank of Algeria Foreign currencies	240 489.70	107 937.38	132 552.32	123%
Treasury	31 197.93	4 049.22	27 148.70	670%
Post Office	12 617.48	1 323.35	11 294.12	853%
<b>Total</b>	<b>3 319 343.34</b>	<b>2 487 790.08</b>	<b>831 553.26</b>	<b>33%</b>

The total of this chapter, standing in thousand DZD at 3 319 343.34 as per 31 December 2008 shows an increase of 33% in comparison with the year 2007.



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## Note 2

### Financial Institutions Loans

The elements of this chapter and their respective evolutions are indicated in the following table:

Designation	2008	2007	Thousand DZD	
			Amount	%
Ordin / confr accounts	9 243.19	3 374.98	5 868.22	174%
Correspondents accounts	748 815.17	390 044.15	358 771.02	92%
Financial Loan	308 333.33	100 000.00	208 333.33	208%
Related loans. Financial loan	1 661.11	19.80	1 641.32	8 293%
<b>Total</b>	<b>1 068 052.80</b>	<b>493 438.91</b>	<b>574 613.88</b>	<b>116%</b>

This chapter represents the loans held by the Bank on Financial Institutions. It is spread out in the balance sheet as sight loan for thousand DZD 758 058.36, and as term for thousand DZD 309 994.44. In global amounts, it stands at thousand DZD 1 068 052.80 as per 31 December 2008, indicating an increase of 116% in comparison with the previous year.

The constituting elements of this chapter can be analysed as follows:

**a – Ordinary loans :** For an amount of thousand DZD 9 243.19 on fellow members and thousand, DZD 748 815.17 on foreign correspondents representing the sums to cover payments abroad of the last day of the exercise 2008.

**b – Loans on monetary market :** This section represents a loan granted a financial institution as well as its related loans. Its amount stands by 31 December 2008 at thousand DZD 309 994.44 and is distributed as follows:

**b.1 – Term loans :** Thousand DZD 308 333.33, this represents the outstanding amount of a loan of 03 years duration;

**b.2 – Related loans :** For a sum of Thousand DZD 1 661.11. They represent the accrued interests and not due as per 31 December 2008 relating to the above mentioned loan.

### Note 3

#### Clients Loans

The elements of this chapter and their evolution are indicated in the table below:

Designation	2008	2007	Thousand DZD	
			Evolution	
			Amounts	%
Commercial Loans	406 140.33	160 862.70	245 277.63	152%
Other Loans and advances to customers	15 441 665.07	7 715 496.10	7 726 168.98	100%
Ordinary debit accounts	1 690 831.10	873 069.43	817 761.67	94%
<b>Total of chapter</b>	<b>17 538 636.50</b>	<b>8 749 428.23</b>	<b>8 789 208.28</b>	<b>100%</b>

This chapter brings together loans or cash credit held on clients as per 31 December 2008; its global outstanding amount stands at Thousand DZD 17 538 636.50, up 100% in comparison with the year 2007.

Doubtful loans stand at Thousand DZD 526 347.63.

The classification of loans and their respective provisioning is done in keeping with the Bank of Algeria Instruction N° 74/94 dated 29 November 1994 on loan classification.

### Note 5

#### Intangible assets

By 31 December 2008, this chapter stands at Thousand DZD 133 445.71 and represents the setting up fees as well as the concession rights of software and operating packages.



## Note 6

### Tangible assets

The amounts, in net amortising values and the constituting elements of this chapter are illustrated in the table below:

Designation	Thousand DZD	
	2008	2007
Furniture and household equipment	411.94	72.70
Safes	5 809.62	1 962.88
Social development	484.17	191.33
Computing equipment	44 648.30	26 138.50
Other office material	45 237.95	6 616.62
Office material	29 500.41	10 064.43
Transport equipment	25 741.03	10 493.86
Telesurveillance	8 286.69	3 021.32
Converting and Equipping	315 241.74	19 625.40
Outstanding assets	221 472.96	288 194.05
<b>Total</b>	<b>696 834.77</b>	<b>366 381.10</b>

## Note 7

### Other Assets

This chapter recorded Thousand DZD 4 514 779.86 by 31 December 2008, an increase of 106% in relation to the previous exercise. It is made up of the following main sections:

Designation	2008	2007	Thousand DZD	
			Evolution	
			Amounts	%
Documentary Remittance	3 010 932.82	1 613 440.68	1 397 492.13	87%
Telecompensation	996 307.09	469 036.81	527 270.28	112%
Portfolio values	299 158.35	21 581.62	277 576.73	1286%
Corporate Tax and VAT advances to recover	208 381.60	85 643.62	122 737.99	143%
<b>Total</b>	<b>4 514 779.86</b>	<b>2 189 702.29</b>	<b>2 325 077.12</b>	<b>106%</b>

**Note 8****Adjusting Accounts (Assets)**

This chapter includes deferred expenses for an amount of Thousand DZD 140 638.46, up by 217% in comparison with the previous year. This situation can be explained by the extension of the Bank network and the need for development of the bank activities.

**Note 9****Financial Institutions Debts**

Classified in the balance sheet according to their degree of payability, the debts towards Financial Institutions stand at Thousand DZD 1 520 834.23 by 31 December 2008

They are represented as follows:

Designation	2008	2007	Thousand DZD	
			Evolution	
			Amounts	%
Sight debts	11 518.64	1 453.35	10 065.30	693 %
Term debts	1 509 315.59	-	1 509 315.59	100 %
<b>Total</b>	<b>1 520 834.23</b>	<b>1 453.35</b>	<b>1 519 380.88</b>	<b>104 544 %</b>

**a – Sight debts:**

They stand at Thousand DZD 11 518.64. This section is constituted essentially by debts related by fees for technical assistance provided by the Parent-bank.

**b – Term debts:**

This section is constituted of two borrowings on the monetary market of 60 days' duration.

**Note 10****Credit Clients Accounts**

This chapter covers clients' deposits, distributed in the liabilities balance sheet as sight or term deposits. It shows an amount of Thousand DZD 11 526 864.18 as per 31 December 2008, up by 107% in comparison with 31 December 2007.

The detail of its evolution appears in the table below:

Designation	2008	2007	Thousand DZD	
			Evolution	
			Amounts	%
Savings accounts	781 685.40	-	781 685.40	100%
Other debts	10 745 178.78	5 579 857.82	5 165 320.97	93%
Sight debts	10 075 401.38	4 695 767.45	5 379 633.93	115%
Term debts	669 777.40	884 090.37	- 214 312.97	-24%
<b>Total</b>	<b>11 526 864.18</b>	<b>5 579 857.82</b>	<b>5 947 006.37</b>	<b>107%</b>

**a – Savings accounts :**

In their conventional form and in conformity with charia principles, AGB savings accounts were launched in 2008 and helped collect Thousand DZD 781 685.40, representing 7% of clients deposits.

**b – Sight deposits :**

Immediately payable and interest-free in their majority, sight deposits are distributed as follows:

**b.1– Clients DZD current accounts :** For a total of Thousand DZD 6 049 721.76, this section represents 60% of all clients' deposits.

**b.2– Clients foreign currency current accounts :** This section is concerned with clients' foreign currency accounts for an exchange value of Thousand DZD 193 286.75.

**b.3 – Deposits prior to import :** They are constituted when opening import credoc letters. These deposits guarantee in part or in whole the irrevocable payment commitments given by the Bank in favour of its clients for Thousand DZD 3 016 793.48.

**c – Term deposits :**

Term deposits stood at Thousand DZD 669 777.40 as per 31 December 2008, down by 24%. They are distributed as follows:

**c.1 – DZD term deposits :** They stand at Thousand DZD 607 500.00 including related debts for Thousand DZD 9 537.16. These deposits are taken out for different periods and bearing interest according to banking conditions in force.

**c.2 – Foreign currency term deposits :** These deposits have a counter value of Thousand DZD 52 740.24 are handled by the Bank for the Bank of Algeria.

## Note 11

### Debts represented by security

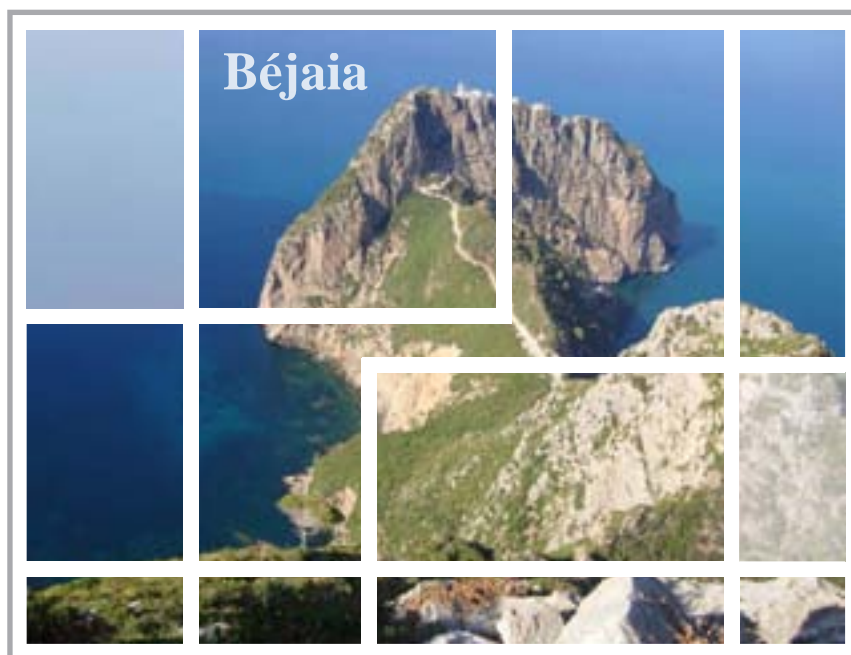
This chapter includes Certificates of Deposits taken out by clients. By 31 December 2008, it stood at Thousand DZD 1 803 067 060.82, up 186%. It is subdivided as follows:

- Registered certificates of deposits: Thousand DZD 125 500.00;
- Anonymous certificates of deposits: Thousand DZD 1 653 700.00.

The debts related to this heading stand at Thousand DZD 23 867.06.

The following table highlights the details by date due:

Due date	Thousand DZD	
	2008	
	Total Amount	%
≤ 6 months	188 400	11%
> 6 months ≤ 1 year	10 500	1%
> 1 year	1 580 300	88 %
<b>Total</b>	<b>1 779 200</b>	<b>100</b>



**Note 12****Other liabilities**

This chapter represents essentially third party debts. It stands at a total of Thousand DZD 8 091 723. 33, up by 68%. It concerns the items shown in the table below:

Designation	Thousand DZD
	2008
Portfolio payable after collection	3 815 090.29
Other miscellaneous creditors	3 808 586.98
Taxes and contributions due	449 860.39
Guarantees received	18 185.67
<b>Total</b>	<b>8 091 723.33</b>

**Note 13****Adjusting Accounts**

This chapter includes income collected in advance. It stands at Thousand DZD 78 803.17, up 68% in comparison with the year 2007. That situation can be explained by the increasing volume of medium and long term commitments.

**Note 14****Funds for General Banking Risks**

This chapter includes provisions for general banking risks calculated in conformity with Instruction N° 74/94 dated 29/11/1994 relating to fixing prudential regulations of Banks and Financial Institutions management. It amounts to Thousand DZD 359 918.60.

**Note 15****Issued Capital**

This chapter concerns the nominal value of shares making up the issued capital of the Bank, that is Thousand DZD 2 500 000.00, distributed as follows:

Designation	%	Thousand DZD
		Amounts
United Gulf Bank	60	1 499 950.00
Jordan Gulf Bank	10	250 000.00
Tunis International Bank	30	750 000.00
Physical persons	0	50.00
<b>Total</b>	<b>100</b>	<b>2 500 000.00</b>

### **Note 16**

#### Reserves

Reserves amounting to Thousand DZD 39 744.31 are constituted in keeping with Article 721 of the Code of Commerce.

### **Note 17**

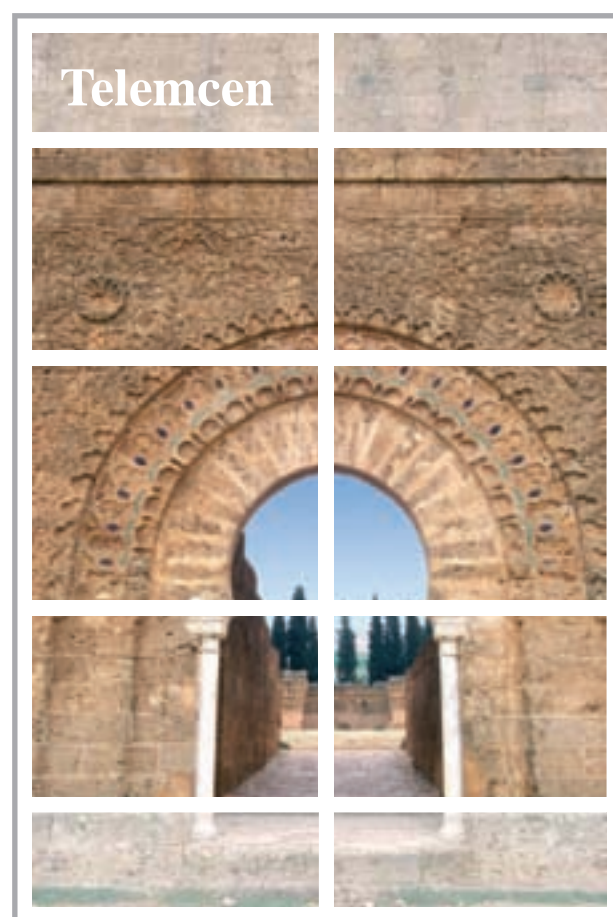
#### Retained Earnings

Retained earnings amount to Thousand DZD 500 760.87. They represent the profitable results of previous years.

### **Note 18**

#### Results of the Year

The results for the year 2008 amount to Thousand DZD 1 078 467.69, up 106% in comparison with the results of the year 2007.



Door of Mansourah Mosque  
( XIII - XIV Centuries )

## *Income Statements/ Profit and Loss Accounts*

### **Expenses:**

The total for expenses as per 31 December 2008 stood at Thousand DZD 1 124 325, up 108% in comparison with its 2007 level, as follows:

- 17 % : Banking operating expenses ;
- 83 % : Other expenses

### **Note 19**

#### **Banking Operating Expenses**

By 31 December 2008, the item « Banking Operating Expenses » stands at Thousand DZD 195 350.36 up 128% in comparison with the year 2007. These expenses are directly linked to the volume of operations achieved in 2008.

### **Note 20**

#### **Other Expenses**

By 31 December 2008, the item « Other Expenses » stood at Thousand DZD 928 975.36 , up 106% in comparison with the year 2007. This rise is due essentially in the expenses induced by the opening of a dozen branches during the year 2008.

### **Income:**

The total for income as per 31 December 2008 stood at Thousand DZD 2 576 799.33 up 103% in comparison with its 2007 level. 94% of it are constituted by banking operating income.

### **Note 21**

#### **Banking Operating Income**

By 31 December 2008, the item « Banking operating income » stood at Thousand DZD 2 419 222.49 up 98% in comparison with the year 2007.

### **Note 22**

#### **Other Income**

This item amounted to Thousand DZD 157 576.84 by 31 December 2008, up 225% in comparison with 2007.

## Off Balance Sheet

The off balance sheet indicates a total amount of DZD 18 528 476.06 , up 114% in comparison with the previous year.

### Note 23

#### Commitments given

This chapter is made up of:

##### **a – Financing commitments in favour of clients:**

This chapter amounts to Thousand DZD 13 279 747.024 representing 91 of commitments given. It is distributed as follows:

- Credoc openings: for a total of Thousand DZD 10 231 421.68 representing the exchange value import credoc ordered by clients 52% of which are drawn up in US dollars.
- Cautions and guarantees totalling Thousand DZD 3 048 325.35 that represent essentially accrued commitments in favour of clients for holders of public works contracts and customs guarantees.

##### **b – Financial institutions order guarantee commitments:**

This chapter amounts to Thousand DZD 1 387 714.56 up 55% in comparison with its 2007 level. It represents guarantees given foreign correspondents orders in favour of local clients.

### Note 24

#### Commitments received

This chapter is composed of:

##### **a – Clients order guarantee commitments:**

The 31 December amount stood at Thousand DZD 1 262 721.11, up 27% in comparison with its 2007 level.

##### **b – Other commitments given:**

With a total of Thousand DZD 2 598 293.36, this chapter concerns pledges of investment security received from clients to cover credits granted.

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## NEXT BRANCHES TO OPEN

- Bab El Oued
- Birtouta
- Rouiba
- Kouba
- Bordj El Bahri
- Bois des cars
- Bejaia
- Akbou

- Oran - Gambetta
- Mostaghanem
- Sidi Belabbes
- Tlemcen

- Bordj Bou Arreridj
- Canstantine
- El Eulma
- Batna
- Biskra



بنك الخليج الجزائر  
Gulf Bank Algeria



# Annual Report 2008

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