

ANNUAL  
REPORT

2017



Tunisian Saudi Bank  
البنك التونسي السعودي



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**Tunisian Saudi Bank**  
**البنك التونسي السعودي**

## **ANNUAL REPORT 2017**

A limited company with a capital of 100 Million Dinars  
32, rue Hédi KARRAY – 1082 TUNIS  
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SWIFT: TSIDTNTT  
Commerce Register : B16641997  
VAT Code : 013026/E/P/M/000

# Board of Directors

## KINGDOM OF SAUDI ARABIA

Mr Abderrahaman Mohammad Ramzi Addès



Mr Turki Ben Mohamed Turki



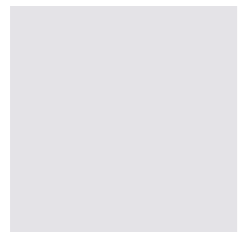
Mr Yahya Ben Chafik Saarradj



Mr Mansour Ben Salem Najashi



Mr Adib Ben Mohamed Abanmi



Mr Seoud Ben Mohammad Sabhan



## REPUBLIC OF TUNISIA

Mr Lotfi Habib



Ms. Amel Ben Farhat



Mr Mohamed Berrais



Mrs Habiba Louati



Mr Mondher Khemiri



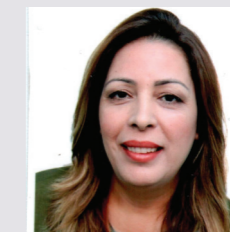
## Senior management

Mr Jameledine Ben Haj Abdallah



Director General

Ms. Amel Rihane



Secretary General

# Address of the Chairman of the Board of Directors to the Ordinary General Assembly

In the Name of God, Most Gracious , Most Merciful,

On my own behalf and on behalf of the members of the Board of Directors, it is my honour to present you the thirteenth annual report of the Tunisian Saudi Bank since its conversion on 25 April 2005 into a universal bank, as well as the financial statements for the year ended 31 December 2017.

The Bank's activity for the year 2017 resulted in a net profit of 2.2 million dinars (MD) against 5.3 MD in 2016. This decrease is explained mainly by the tax adjustment amount pertaining to the years 2003/2011 and an optional classification for a number of customers resulting in a provision of 14,7MD , compared to 1,4 M.D in 2016.

As for medium and long term financing , the Bank's interventions at the end of December 2017 showed an increase in the volume of approvals, commitments and withdrawals by respectively 57.5%, 31.5% and 22.1% compared to the end of December 2016.

As regards short-term activity in 2017, the total of commitments, including commitments by signature, increased to 505 MD against 343 MD, or 47.1% at the end of 2016.

Net outstanding loans to customers grew from 498.6 MD at the end of 2016 to 563.7 MD at the end of 2017, an increase of 65.1 MD or 13.1%

The investment portfolio, for its part, witnessed an increase by 41,3 MD to reach 120.5 MD at the end of 2017 against 79,2 MD a year earlier.

Customers deposits increased by 22.7% from 397.4 MD at the end of 2016 to 487.4 MD at the end of 2017. The coverage ratio of classified assets by provisions and allocated income, including collective provisions and additional provisions imposed by the Central Bank at the end of 2013, excluding guarantees in kind and financial guarantees received, reached 67.3% compared to 66.0% at the end of 2016. As for the classified assets ratio, it was 29.4% at the end of 2017 against 31.8% a year earlier.

These figures, despite the limited net result, reflect the Bank's positive dynamic based on portfolio selection, and within the framework of the available possibilities and means, highlight its focus on profitability and operational risk control.

Dear Shareholders,

These are the most prominent aspects of the Bank's activities during the year 2017 and its results. You will find in the activity report which is in your hands all the details and clarifications.

In conclusion, I would like to reiterate my thanks to the Tunisian authorities for their support to the Bank and to the members of the Board for all their efforts to achieve the Bank's objectives and to all the staff for their dedication to the work.

Thank you for your kind attention.

**The Chairman of the Board of Directors  
Mr. Abderrahmene Mohamed Ramzi ADDES**

# The Tunisian Saudi Bank (TSB) in brief

<b>Date of Incorporation</b>	30th May 1981
<b>Corporate Capital</b>	100 Million Dinars
<b>Registered Office</b>	32, Rue Hédi Karray – 1082 TUNIS
<b>Scope</b>	A universal bank authorised on 25 April 2005 to carry out diversified banking activities
<b>Banking network</b>	26 branches
<b>Staff</b>	346
<b>Shareholders</b>	<ul style="list-style-type: none"><li>• Kingdom of Saudi Arabia, represented by the Ministry of Finance</li><li>• Government of Tunisia</li><li>• National Retirement and Social Providence Fund (CNRPS)</li><li>• Tunisian National Tourism Authority (ONTT)</li><li>• Tunisian State Oil Corporation (ETAP)</li><li>• Tunisian Airlines Company (Tunisair)</li></ul>



## ECONOMIC ENVIRONMENT

### INTERNATIONAL ECONOMIC ENVIRONMENT

By the IMF estimates, global growth in 2017 reached 3.7% against 3.2% in 2016 and is expected to attain 3.9% in 2018. This is due to the bolstering of the global growth effectiveness and the anticipated crucial impact of the U.S tax reform.

Inflation in 2017 stabilized in the United States of America at 2.1%, i.e the same level as in 2016. In the Euro zone, inflation rose to 1.4 % versus 1.1 % in 2016.

As for Japan, deflationary risk declined in 2017 to reach 1% against 0.3% in 2016.

As for the international stock exchange indices, the most important stock indices rose significantly in December 2017 and thus, the US Dow Jones and Nasdaq indices grew respectively by 1.8% and 0.4% compared to the end of the previous month. The improvement is attributed to a stronger confidence of economic traders as well as the huge profits of US companies.

As for the international exchange markets, the exchange rates of the Euro and the Yen have improved against the US dollar: at the end of 2017, the Euro exchange rate reached \$ 1,2007 compared to \$ 1.0464 at the end of 2016. During the same period, the US dollar reached 112,673 yen at the end of 2017 against 117,303 at the end of 2016.

Table: Economic Growth (in %)

Regions	Year 2016	Year 2017
World	3.2	3.7
Developed Countries	1.7	2.3
United States of America	1.5	2.3
Euro Zone	1.8	2.4
Japan	0.9	1.8
Emerging Countries	4.1	4.7
China	6.7	6.8
India	7.1	6.7
Brazil	-3.5	1.1
Russia	-0.2	1.8

### NATIONAL ECONOMIC ENVIRONMENT

In 2017, Tunisian economy witnessed an improvement in most sectors. Indeed, better results were posted by the sector of agriculture and fishing , thanks to the good harvest of the cereal crop, as well as in activities related to the manufacturing industries, namely the mechanical and electrical industries.

The services sector, in turn, benefited from the improved tourism activity as well as the good performance of financial and communication institutions. Thus, growth in 2017 went up 1.9% compared to 1% in 2016.

The unemployment rate saw a slight increase from 15.3% during the third trimester of 2017 to stand at 15.5% at the end of the last trimester. As to the unemployment rate of university graduates, it declined to 29.9% compared to 30.6% in the previous period.

DESCRIPTION	2016	2017
Agriculture and fishing	-8,5	2,5
Manufacturing industries	0,4	0,8
Non-manufacturing industries	-1,5	-3,2
Market services	3,2	4,0
Non-Market activities	2,4	0,4
GDP at market prices	1,0	1,9

### TOURISM

The tourism sector witnessed a relative recovery in 2017, with foreign tourist arrivals reaching about 5.7 million tourists, i.e an increase by 26,9% against 7,7% in 2016. This increase is attributed to the influx of European tourists (20% versus 8,5% in 2016) and tourists from the countries of the Maghreb (30% compared to 7,9% in 2016). Tourism revenues were up 19.9% in December 2017 compared to 18,2 % a year earlier.

### PRICES

In December 2017, the price index rose 6.4% year-on-year, against 4.2% in 2016. The average inflation rate increase is largely attributed to the rise in food prices (8,3% vs. 3.2%) and transport (5,9% vs. 4,4%). On an annual basis, inflation was 5.3% on average, compared to 3.7% a year earlier. This upward trend is mainly due to the sharp rise in the prices of foodstuffs (5,6% against 2,6% ) and manufactured goods ( 5,9% against 3,6%)

## ECONOMIC ENVIRONMENT

### FOREIGN TRADE

The year 2017 was characterized by a weak economic activity that negatively affected the export sectors. The value of imports, however, grew significantly, especially in consumer and food items.

The balance of current payments ended in a deficit in excess of 10 billion dinars, or 10.3 % of the GDP ( against 8,8 percent a year earlier). At the same time, the balance posted around 10 Billion Dinars in net capital inflows.

As a result, during the year 2017, the balance of payments generated a deficit of 2 million dinars (against 1.142 MD a year earlier), while the foreign currency reserves decreased to 12.886 MD or the equivalent of 93 days worth of imports against 12.935 MD, or 112 days worth of imports at the end of 2016.

Description	2015	2016	2017*
<b>1) Current payments</b>	<b>-7.552</b>	<b>-7.935</b>	<b>-10.087</b>
<b>in% of GDP</b>	<b>-8.9</b>	<b>-8.8</b>	<b>-10.3</b>
Merchandises (F.O.B)	-9.824	-10.305	-12.841
Services	+551	+669	+869
Income factor Income and current transfers	+1.721	+1.701	+1.885
<b>2) Financial operations and Capital</b>	<b>+8.334</b>	<b>+6.973</b>	<b>+10.085</b>
Capital operations in capital	+441	+203	+341
Foreign Investissements (Direct and in portfolio)	+2.203	+1.215	+1.806
Other investments	+5.690	+5.375	+7.938
<b>General Balance</b>	<b>+782</b>	<b>-1.142</b>	<b>-2</b>

\*Provisional figures

### INTERBANK MARKET AND MONETARY POLICY OPERATIONS

The average need of banks for liquidity continued to grow at a rapid pace. It thus, rose from 9.674 MD in the third quarter of 2017 to 10.446 MD in the last quarter of 2017, to reach the record level of 10.909 MD in December 2017.

#### • Interest rate on the money market

In the last quarter of 2017, the average monthly interest rate on the money market stood at 5,23%

against 5.19% in the previous quarte, while the average daily rate stabilized at 5.23% from 15 September 2017 till the end of the year.

### THE EXCHANGE MARKET

In 2017 the exchange rate of the Tunisian Dinar on the interbank market dropped by 5,8% against the US dollar, and by 17,6% against the Euro, while it depreciated by 9,6% against to the Japanese yen and 13,1% against the Moroccan dirham.

The depreciation of the dinar reflects the pressures placed on the tunisian currency due to the external imbalances which increased over the second quarter. The drop in Tunisian Dinar comes as a result of the amplification of the trade balance deficit during the second quarter and the appreciation of the Euro on the international exchange market.

### THE STOCK MARKET

At the end of December 2017, the TUNINDEX stood at the level of 6.281,8 points,i.e an increase by 1,6% compared to the end of September 2017, which resulted in a 14,4% increase for the year 2017 against the 8,9% performance achieved in 2016.

Most of the sectoral indexes witnessed an increase during 2017, as nine indexes yielded positive results with rates ranging from 0,5% (sectors of the building and construction materials) to 33,7% (car accessories sector) while other sectors posted negative results ranging from -0,4% (financial services) to -3,9% (distribution). For its part, the banking index grew by 19,5% on an annual basis.

The daily volume trading amounted to 9,6 MD in 2017 against 6,9 MD in 2016. In parallel with the market's upward trend, the stock capitalization increased by 527 MD compared to the end of September 2017 to reach 21,852 billion dinars or 22,4 % of the Gross Domestic Product at the end of December 2017.

At the end of 2017, foreign investors' transactions in the stock capitalization reached the rate of 23,31%.

#### Evolution of stock exchange indices

	December 2016	September 2017	December 2017
TUNINDEX (in points )	5.488,77	6.180,70	6.281,83
Stock capitalization (in MD)	19.300	21.325	21.852
Stock capitalization/ Gross Domestic Product (%)	21,4	21,9	22,4
Number of listed companies (in units)	79	81	81
Monthly liquidity rate (%)	49	27	74
Foreign investment rate (in %)	24,45	24,03	23,31



## TUNISIAN SAUDI BANK'S RESULTS

### DEVELOPMENT OF THE RESULTS OF THE BANK

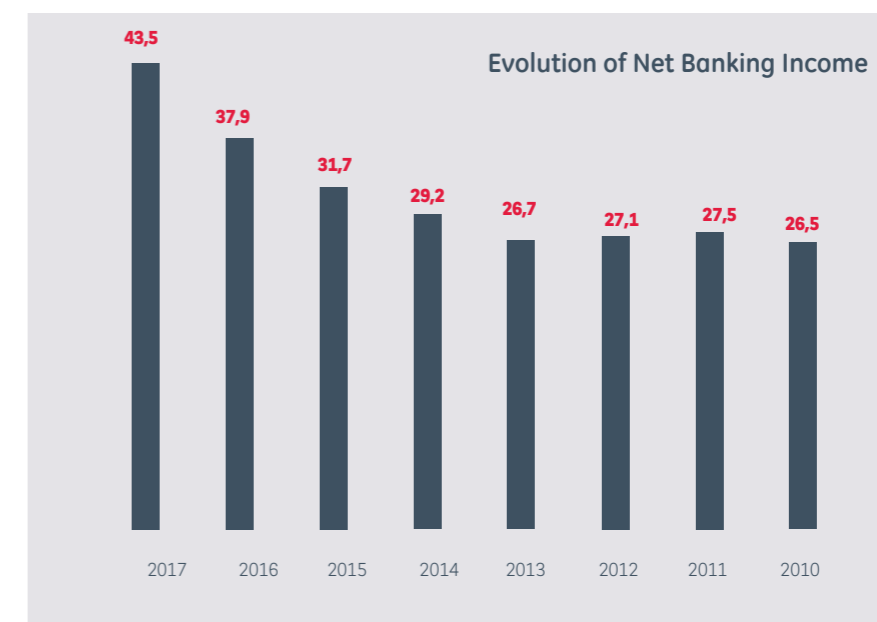
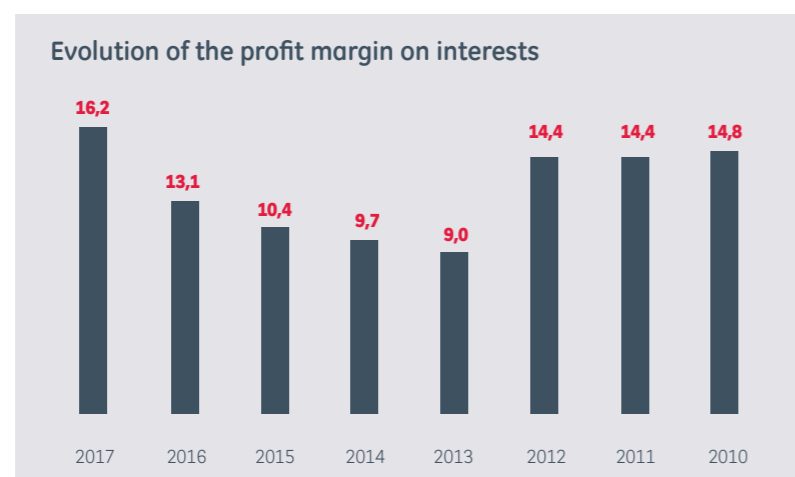
#### 1- THE NET BANKING INCOME

As of 31st December 2017 the Net Banking Income amounted to 43,5 MD , an increase by 5,6 MD or 14,7% compared to the previous year.

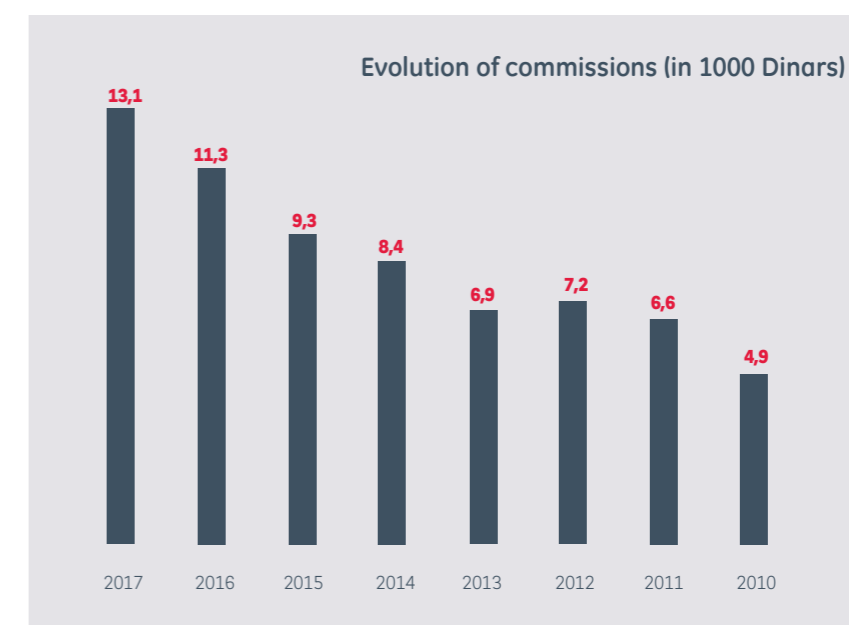
In 1 000 Dinars

	2016	2017	Variations	
			Amount	%
<b>Banking Operating Income</b>	<b>61 498</b>	<b>69 242</b>	<b>7 744</b>	<b>12,6</b>
Interest and assimilated revenues	36 300	41 556	5 256	14,5
Incomes from market transactions	358	341	- 17	-4,7
Commissions received	11 267	13 144	1 877	16,7
Gains of Commercial portfolio and Financial Operations	8 799	5 537	-3 262	-37,0
Investment Portfolio Revenue	4 774	8 664	3 890	81,5
<b>Banking Operating Expenses</b>	<b>(23 581)</b>	<b>(25 737)</b>	<b>2 156</b>	<b>9,1</b>
<b>Net Banking Income</b>	<b>37 917</b>	<b>43 505</b>	<b>5 588</b>	<b>14,7</b>

- The evolution of the Net Banking Income was secured thanks to the following factors:  
The profit margin on interests which posted an increase as compared to 2016 to reach 16,2 MD in 2017 from 13,1 MD a year earlier , thus raising its share in the Net Banking Income to 37,1%, as compared to the profit margin's share posted in 2016 (34,5%).

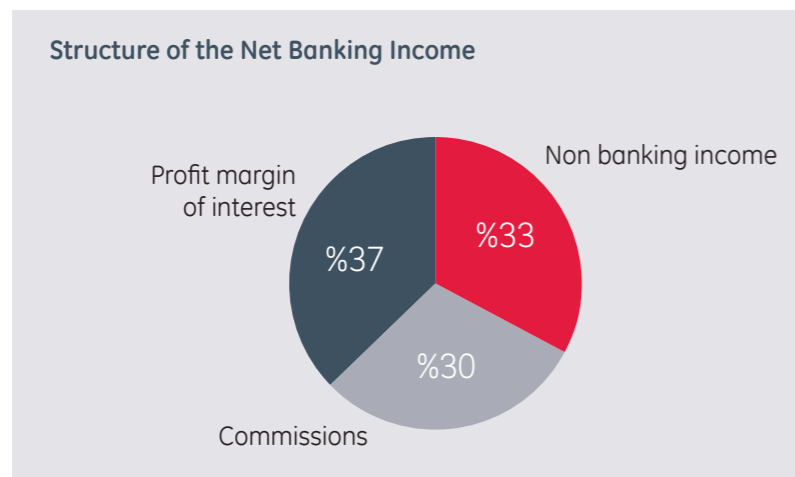


- For their part, commissions posted a growth by 16,7 % in 2017, thus their share in the Net Banking Income stood at 30,2 % against 29,7 % a year earlier.



- In 2017, Non Banking Income generated by the financial operations and shareholdings portfolio increased to 14,2 MD, their share in the Net Banking Income standing at 32,6 %.

## TUNISIAN SAUDI BANK'S RESULTS



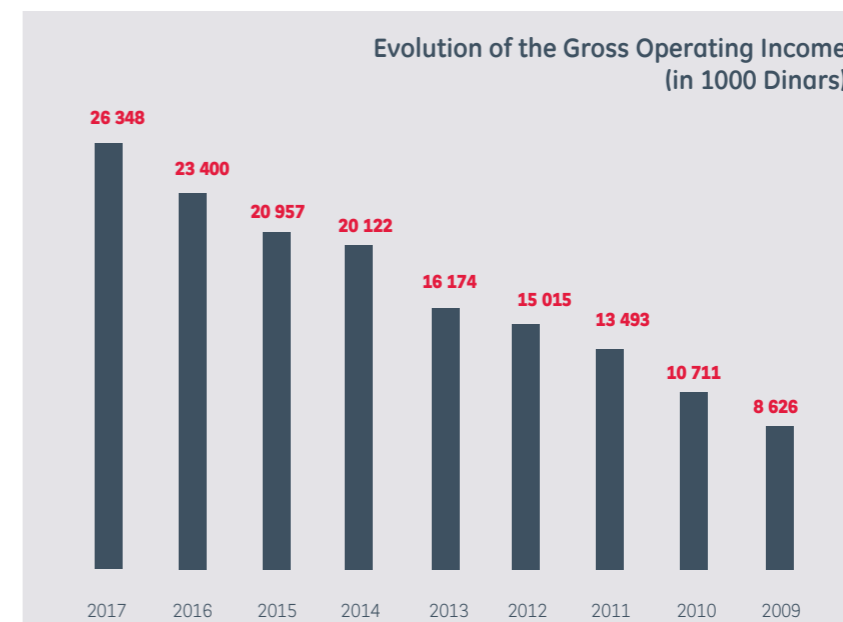
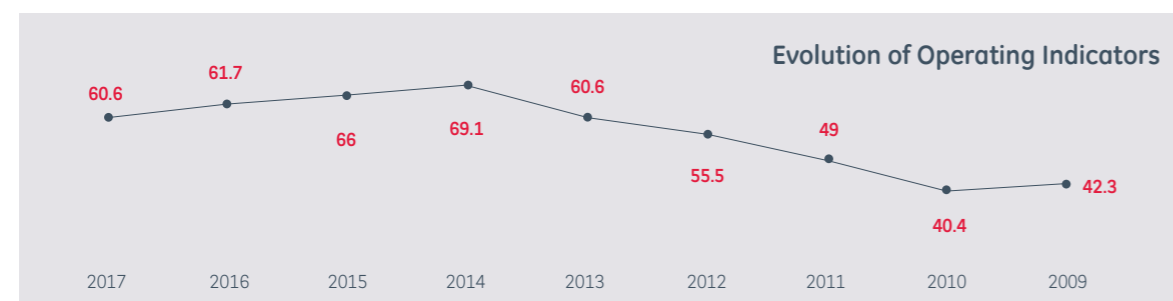
### 2- THE GENERAL OPERATING EXPENSES

In 2017, personnel and operating expenses grew by 2,9 MD from 23,4 MD in 2016 to 26,3 MD at the end of 2017.

In 1000 dinars				
	2015	2016	2017	Variation
Operating expenses	5 649	6 174	6 794	620
Personnel expenses	15 308	17 226	19 554	2 328
<b>Total</b>	<b>20 957</b>	<b>23 400</b>	<b>26 348</b>	<b>2 948</b>

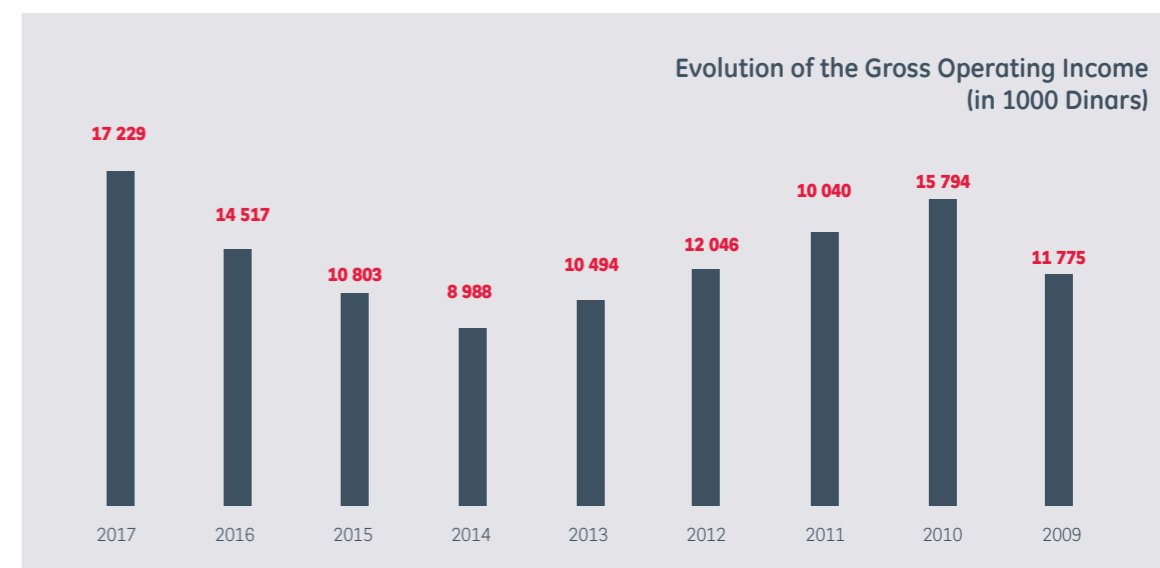
The coverage rate of personnel expenses by commissions was 67,2% at the end of 2017 compared to 65,4% a year earlier.

Taking into account the operating expenses, the operating indicator (excluding amortizations) reached 60,6% at the end of 2017 against 61,7 % in 2016.



### 3- THE GROSS OPERATING INCOME

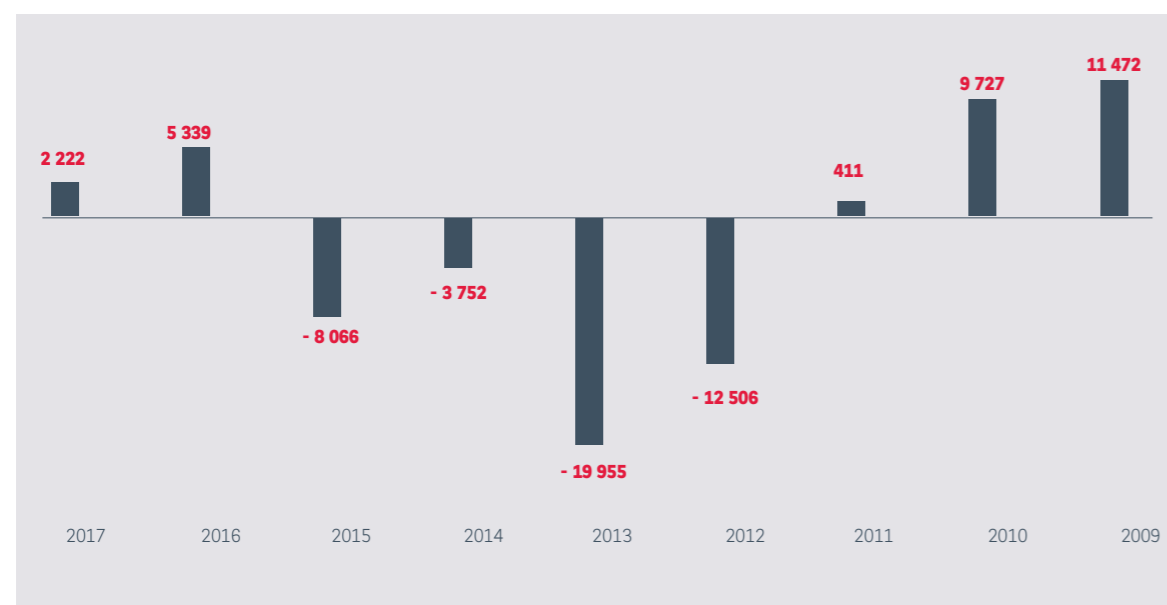
The Gross Operating Income (i.e before provisions and amortizations), went up by 2,7 MD or 18,6 %, going from 14,5 MD in 2016 up to 17,2 MD in 2017



## TUNISIAN SAUDI BANK'S RESULTS

### 4- THE NET INCOME

The Net Income amounted to 2, 2 MD in 2017 against 5,3 MD in 2016, or a decrease of 3,1 MD.



### STOCKHOLDERS' EQUITY AND PROFIT DISTRIBUTION

In 1 000 Dinars

	2012	2013	2014	2015	2016	2017
Stockholders' Equity (Before Distribution)	170 726	144 039	10 327	132 703	138 227	140 559
Including:						
- Income before accounting adjustments	-12 506	-19 955	-3 752	-8 066	5 339	2 222
- Accounting adjustments		-6 772				

THE BANK's

FINANCIAL RESOURCES AND INTERVENTIONS

03



## THE BANK'S FINANCIAL RESOURCES

### THE BANK'S FINANCIAL RESOURCES

As of December 31st 2017, The financial resources of TUNISIAN SAUDI BANK amounted to 670 MD against 572,1 million Dinars on December 31st 2016, or an increase by 17,1%.

In MD		
	2016	2017
Stockholders Equity	138.2	140.6
Foreign loans	0.2	0.1
Other loans	36.3	41.9
Customer Deposits	397.4	487.4
<b>TOTAL</b>	<b>572.1</b>	<b>670.0</b>

#### 1- STOCKHOLDERS' EQUITY

The Bank's stockholders equity increased from 138,2MD at 31 december 2016 to 140,6 MD at 31 december 2017, i.e. 2.4 MD or 1,7%. This increase is essentially due to the profits made in 2017, which reached 2,2 MD.

#### 2- FOREIGN LOANS OUTSTANDING

Outstanding foreign loans granted to the TUNISIAN SAUDI BANK from 31/12/2016 to 31/12/2017 remained stable. The foreign loans are broken down as follows :

Credit Lines	2016		2017	
	Amount (M.D)	Share(%)	Amount(M.D)	Share (%)
Italian credit line	0.179	100,0	0.119	100
<b>TOTAL</b>	<b>0.179</b>	<b>100,0</b>	<b>0.119</b>	<b>100</b>

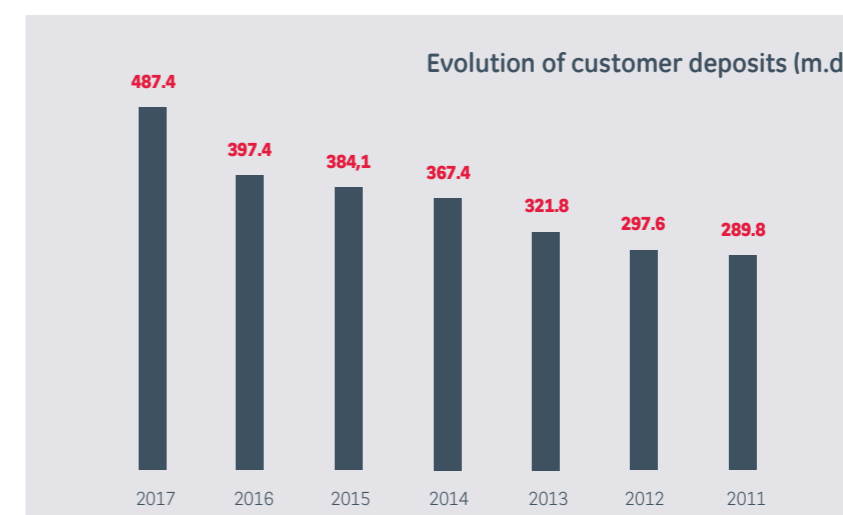
#### 3- OTHER LOANS OUTSTANDING

Other Outstanding loans obtained by the TUNISIAN SAUDI BANK in the money market as of 31 december 2017 amounted to 41,9 MD against 36,3 MD at 31 december 2016. This evolution coincided with an increase in indebtedness with the Central Bank of Tunisia the as the borrowings from the Central Bank grew from 95 MD at the end of 2016 to 100 MD at the end of 2017.

### 4- CUSTOMER DEPOSITS

As of 31 december 2017 , customer deposits totaled 487,4 MD - of which 29,2 MD in foreign currency, compared to 397,4 MD a year earlier,i.e. an increase of 90 MD or 22,6%:

In MD					
	2015	2016	2017	variations	
				In MD	in %
Sight Deposits	103,0	138,0	164,5	26,5	19,2
Term Deposits	228,2	195,0	259,3	63,9	32,7
Savings Deposits	46,7	60,1	62,6	2,5	4,2
Other Deposits	6,2	3,9	1,0	-2,9	-74,4
<b>TOTAL</b>	<b>384,1</b>	<b>397,4</b>	<b>487,4</b>	<b>90,0</b>	<b>22,6</b>



**THE BANK'S  
FINANCIAL RESOURCES**

STRUCTURE OF CUSTOMER DEPOSITS

TERM DEPOSITS  
**53%**

SIGN DEPOSITS  
**34%**

SAVING DEPOSITS  
**13%**

**THE BANK'S INTERVENTIONS**

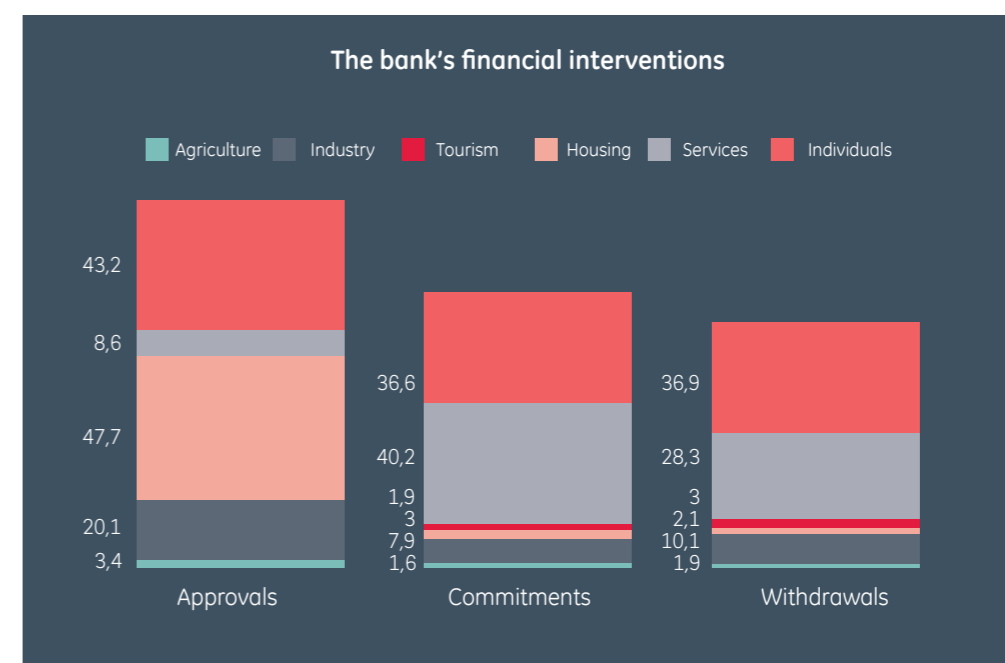
**1- CREDIT AND SHAREHOLDINGS ACTIVITY**

In 2017, The Bank's interventions evolved in terms of approvals, commitments and loans by withdrawals in relation to all forms of medium and long-term lending activity. Excluding commitments by signature, the Bank's interventions are broken down as follows :

	2015	2016	2017	1981/2017
Approvals	44,6	78,1	123,0	1380,5
Commitments	73,9	69,6	91,5	1321,6
Loans by withdrawals	73,5	67,4	82,3	1289,6

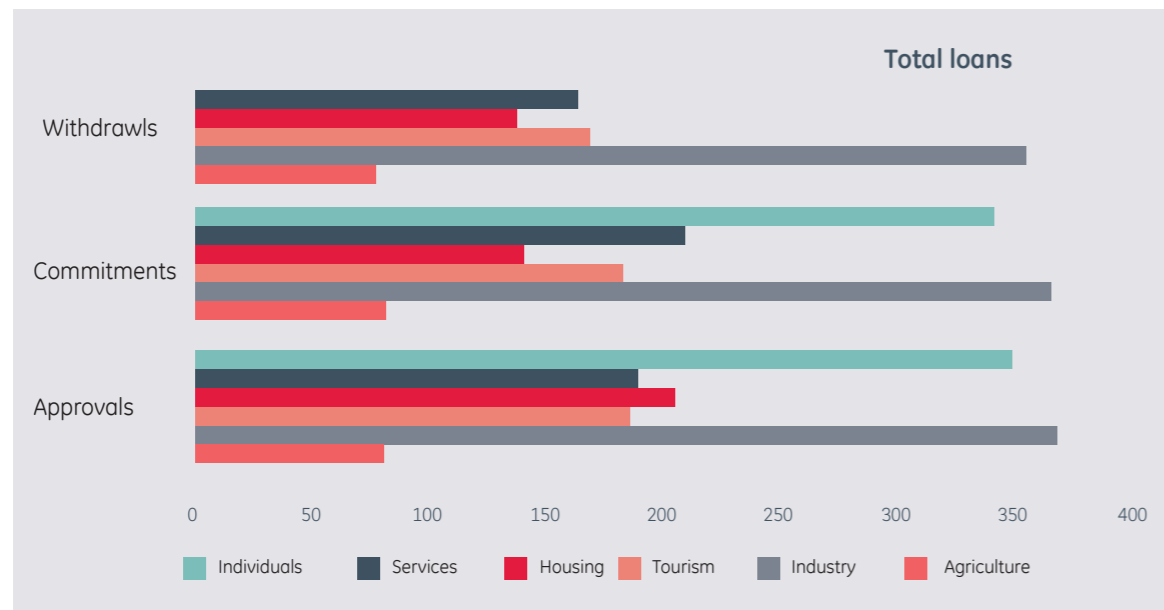
In MD

The breakdown of the Bank's interventions by sector is as follows:



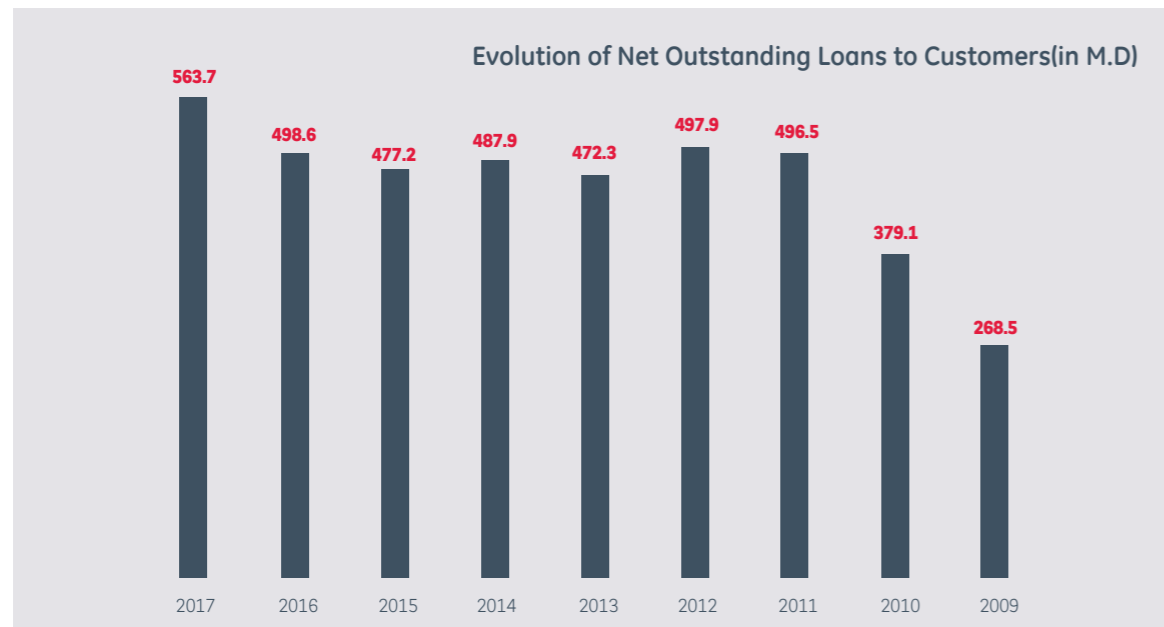
## THE BANK'S FINANCIAL RESOURCES

With regard to the aggregate interventions in the various sectors , it is as follows :

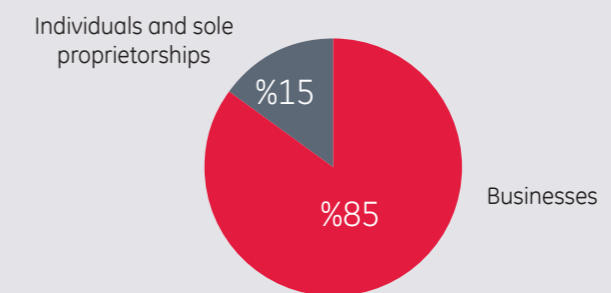


### 2- NET OUTSTANDING LOANS TO CUSTOMERS

In 2017, net outstanding loans to customers grew by 65,1 MD or 13% compared to the figures of 2016. Consequently, the Loan -to- deposit coverage ratio waEvolvs 86,4% in 2017 against 79,7% in 2016.



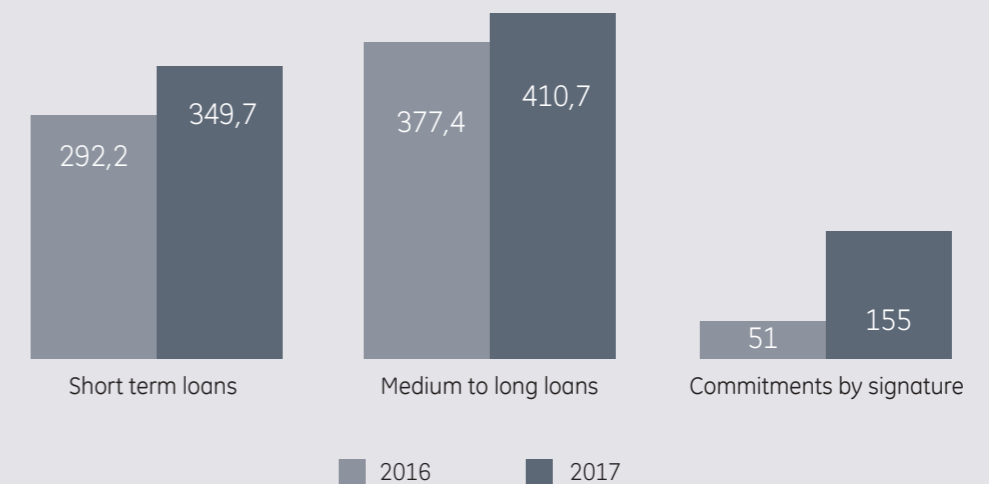
### Shares of loans granted to individuals and professionals



As for the distribution of loans granted to individuals and professionals according to the kind of loan, it is as follows:

	2015	2016	2017	Variation 2016-2017	
				in thousand dinars	%
Housing Loans	89.133	96.878	107.288	10 410	10,7
Car loans	1 201	983	910	-73	-7,4
loans covering various expenses	10 939	5 044	5 532	488	9,7
<b>TOTAL</b>	<b>101.273</b>	<b>102.905</b>	<b>113.730</b>	<b>10.825</b>	<b>10,5</b>

On the other hand, the breakdown of outstanding loans by maturity is as follows:



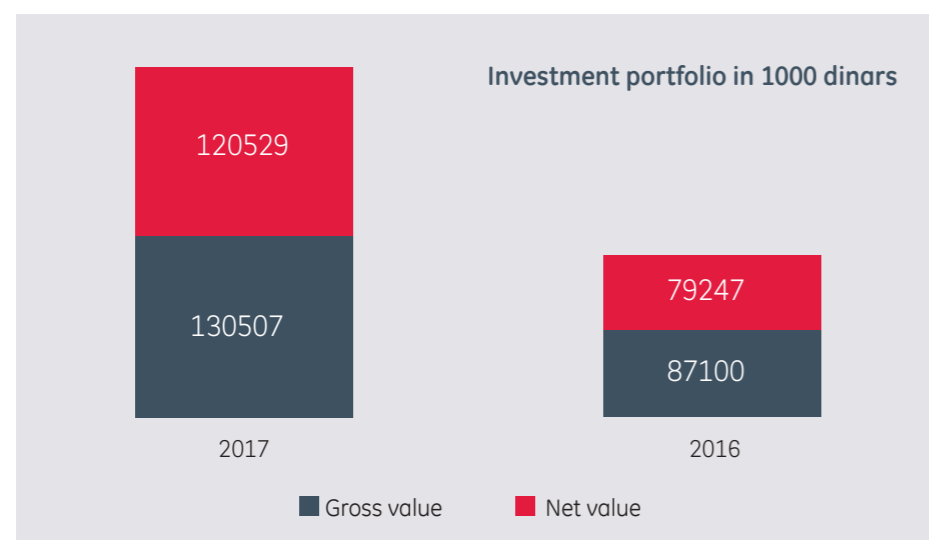
## THE BANK'S FINANCIAL RESOURCES

### 3- CLASSIFICATIONS OF COMMITMENTS

At the end of 2017, the ratio of classified commitments decreased to 29,4% compared to 31,8% a year earlier :

	2016	2017
Coverage ratio of classified commitments by provisions and interest revenues	65,99	67,28%
For loans	67,58%	67,90%
For shareholdings	35,26%	37,23%
Index of classified commitments	31,83%	29,36%
For Loans	33,13%	30,22%
For shareholdings	12,03%	12,29%

At the same time, the net investment portfolio rose to 120,5 MD as of 31/12/2017 against 79,2 MD at end 2016.



	2016	2017	Regulatory minimum requirement
Liquidity Coverage ratio (L.C.R )	70%	93,4	80%
Stockholders' equity ratio	22%	18%	10%



## THE BANK'S ACTIVITIES

### 1- THE ELECTRONIC PAYMENT ACTIVITY

The number of bank cards issued at the end of 2017 reached 10 100 cards, an increase of 2757 compared to the 2016 figures. In 2017 the number of transactions carried out using the TUNISIAN SAUDI Bank's cards compared to those of 2016 went up significantly as they increased from 40 519 to 50 573.

The number of ATM that has been set up at the end of 2017 totalled 30 ATM compared to 25 installed at the end of 2016. These enabled the Bank's customers to carry out more than 251 000 transactions in 2017 against 205 000 transactions in 2016.

As for the number of electronic payment terminals, they totalled 498 units at the end of 2017, which enabled the performance of 245,000 transactions in 2017 against respectively 396 units and 200,000 transactions in 2016.

At the same time, the total commissions generated by the electronic payments grew to 907 thousand dinars at the end of 2017 compared to 828 thousand dinars in 2016.

The Bank will continue to pay due attention to the electronic payment business with a view to improving the services provided to customers and ensuring greater security in the processing of transactions

### 2- TRANSACTIONS ABROAD

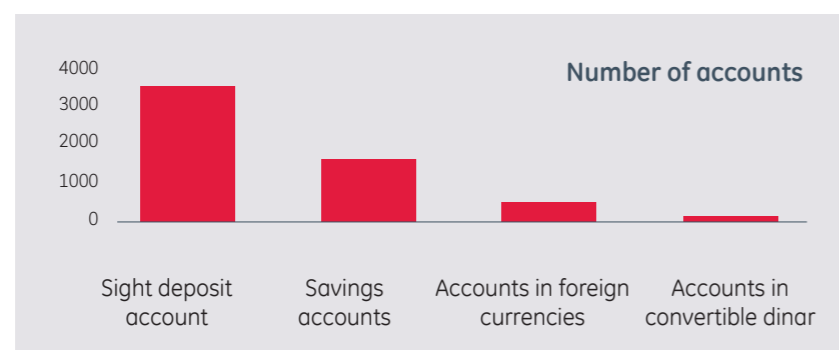
The total volume of transactions abroad rose from 311 MD in 2016 to 351 MD in 2017, an increase of 13%. The commissions generated by these transactions amounted to 1.3 MD in 2017 against 1.1 MD in 2016.

### 3- OPERATION OF THE BRANCH NETWORK AND SALE ACTIVITIES

The Bank pursued its efforts to further strengthen its presence on the market despite the tough competition from other commercial banks, especially through the densification of its branch network by opening of 3 new branches in 2016 and 2017 (thus, bringing the number of branches of TUNISIAN SAUDI Bank to 26 branches):

- The Hammam -Lif branch in September 2016
- The branch at Centre Urbain Nord in May 2017
- The "La Marsa" branch in November 2017 (this branch being equipped with a free service space).

Accordingly, the Bank reviewed the organization of branches and their working procedures in order to boost their productivity, namely through the setting up of incentives in favour of the branches's staff to help increase customer deposits, loans and bank cards. This has allowed it to increase the volumes of deposits and loans by 22.6% and 13% respectively as well as to significantly increase the number of customer accounts which have gone by 19% or 5 907 new accounts, bringing the total number of accounts opened in 2017 to 35 934 accounts distributed as follows:



Furthermore, the bank's pricing schedule was revised in 2017, by means of an increase in the rate of several commissions in addition to the introduction of new ones.

### 4- THE TREASURY OPERATIONS

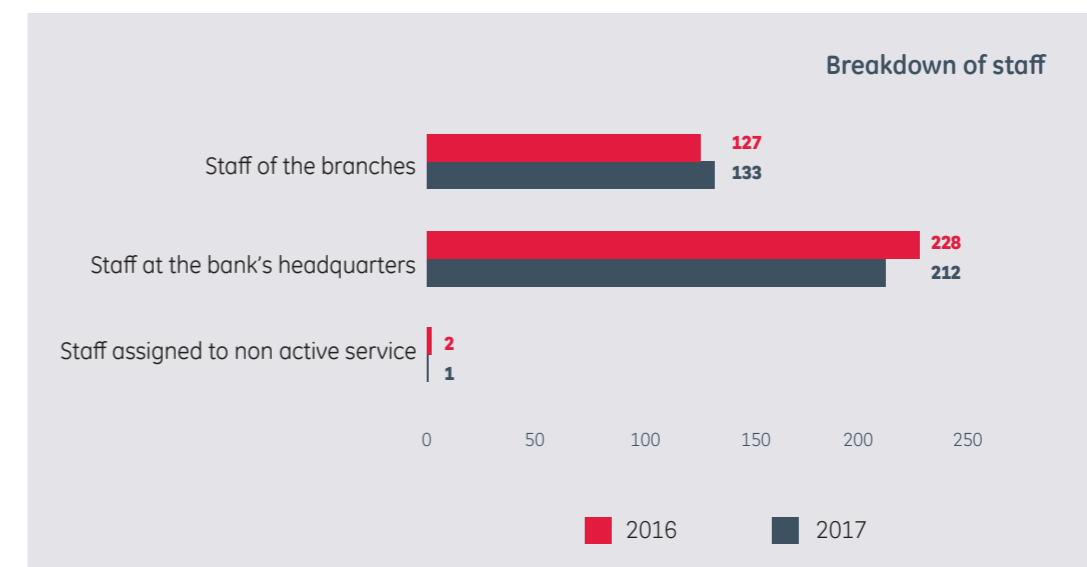
The year 2017 witnessed a continued evolution of the volume of treasury operations related to the exchange and money markets both in Tunisian dinar or in foreign currencies. Compared to 2016, the upward trend observed in 2017 resulted in the treasury activity becoming a profit center contributing efficiently in the creation of the net banking income.

It should be noted the evolution of the outstanding treasury bonds from 80.250 thousand dinars at the end of 2016 to 103.450 thousand dinars at end 2017 while the outstanding loans to customers in foreign currencies increased to 19MD as at 31/12/2017. For their part, net profits arising from transactions in currencies reached 1.610 thousand dinars in 2017 against 1.564 thousand dinars in 2016, an increase of 3%.

### 5- HUMAN RESOURCES MANAGEMENT

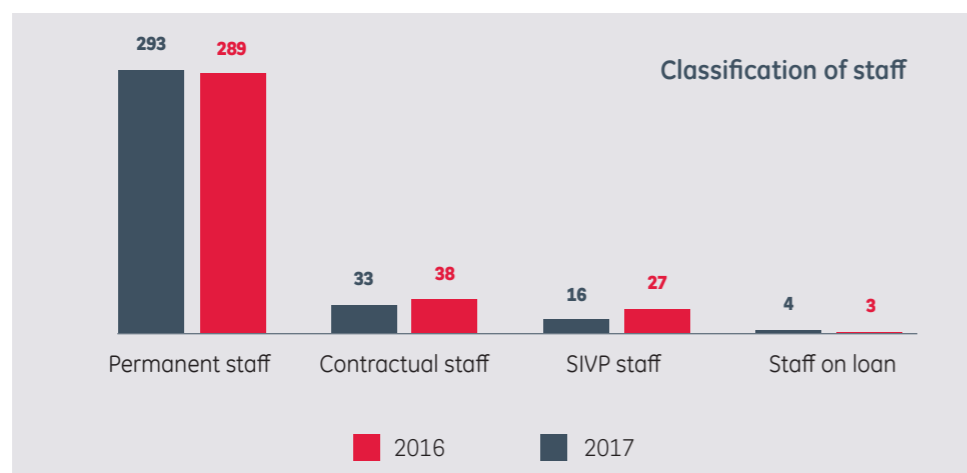
The number of bank employees reached 346 at the end of 2017 compared to 357 at the end of 2016. This is mainly due to the retirement of 9 employees, the termination of 6 employment contracts and the resignation of 2 employees. On the other hand, the Bank hired three high level executives to reinforce certain departments at the bank's headquarters along with 3 heads of branch.

- The breakdown of staff between headquarters and branches for the period 2016-2017 is as follows:



## THE BANK'S ACTIVITIES

• As for the classification of The Bank' staff it is as follows :



In 2017, the human resources department achieved, among other, the following:

- Restructuring the human resources department and its reinforcement with cadres with high educational qualifications .
- Clearing and updating the database of the human resources application.
- Implementing the systems for monitoring and recording the working hours
- Preparing succession plans for positions expected to become vacant at headquarters and in the branches
- assessing the personnel responsible for handling customer service and designing a customiz"ed training program to this effect to help them perform their duties at the branches.
- Identifying the priorities and needs in training and determining the specialties that need to be promoted .

During the year under review, some 183 employees benefited from the training program for the overall cost of 170 thousand dinars.

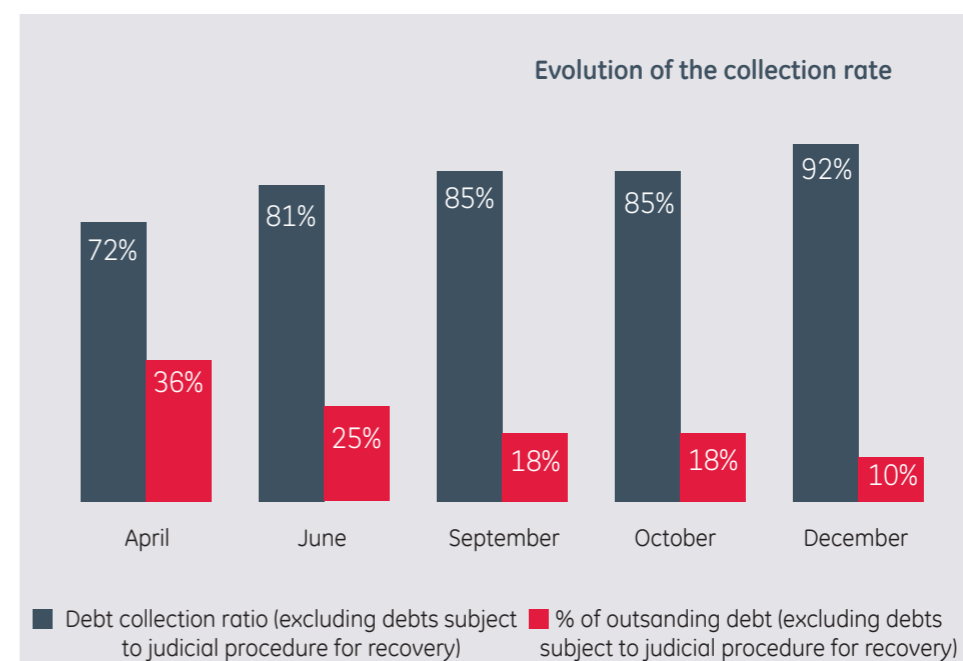
### 6- ACTIVITY OF THE COLLECTION DEPARTMENT

The overall collection rate was 76% in 2017 against 80% in 2016, while the collection rate (excluding debts subject to procedures for their judicial recovery) was 90% against 96% in 2016. This decrease is mainly due to the increase in the outstanding claims, of which about 27 MD had already been rescheduled at the end of 2016, the debtors, therefore having failed to meet their commitments in 2017 and which are now brought before the courts now for their recovery in full.

It is to be noted that in 2017, the monthly collection rate (excluding the cases brought before the courts) evolved despite the exceptional situation some relations went through which has affected their financial

capabilities and their ability to fulfill their obligations vis a vis the Bank. This also warranted the elaboration of a rescheduling study in connection with their financial position so as to enable them to meet their obligations.

The collection team strives to use all available legal means for the collection of debt in an amicable way, such as the permanent monitoring, the debt rescheduling or the final settlement regarding some of them or their assignmnt to factoring companies. Worth of note, in this respect, that , starting from September 2017, a set of sales incentives has been established for all categories of the staff and depending on the kind of debt .

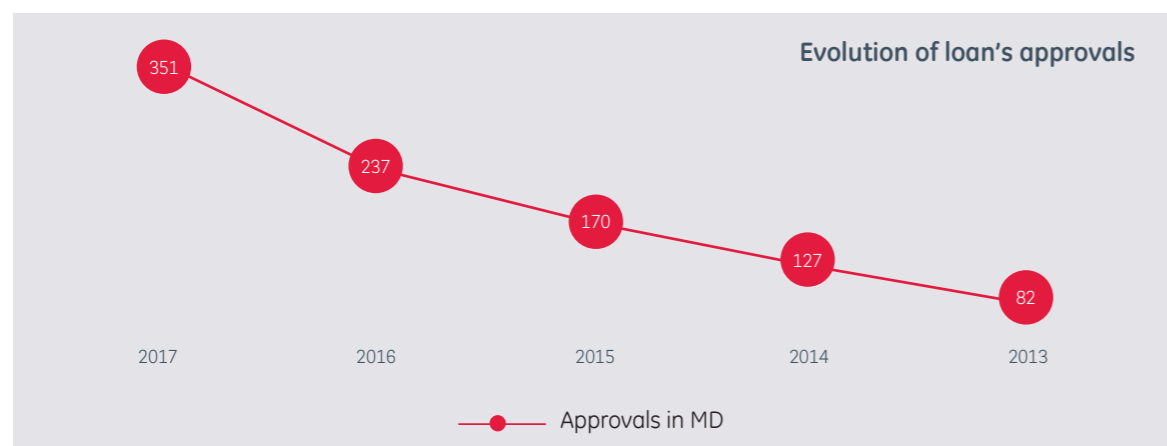


### 7- THE BANK'S LENDING ACTIVITIES

In 2017, le Bank's lending activities bore on 351 MD against 237 MD in 2016 , an increase of 114 MD or 48% compared to the previous year. The data pertaining to the loans granted are broken down as follows :

## THE BANK'S ACTIVITIES

APPROVALS	2016	2017
Total of approvals of exploitation credits in excess of 100 000DT	85 541	155 898
Total of approvals of exploitation credits inot exceeding 100 000DT	5 728	9 754
Total of approvals of credits to finance contracts	57 104	41 850
Total of medium -to -long term credit approval exceeding 100 000DT	60 110	89 833
Total of medium to long term credit approval under 100 000DT	1 676	2 692
Total of loan approvals to individuals exceeding 100 000DT	8 102	21 740
Total of loan approvals to individuals not exceeding 100 000DT	18 606	29 150
<b>TOTAL</b>	<b>236 866</b>	<b>350 917</b>



## 8- THE INTERNAL CONTROL AND INSPECTION DEPARTMENT

In 2017, the Internal Control and Inspection Department undertook the following missions:

Tasks	Achieved in 2016	Achieved in 2017
Annual inventory	6	6
Unannounced inspection of branches	10	18
handover of duties from heads of agencies	12	20
Assessment and internal control	5	4
Specific missions and investigations	12	10
Follow-up missions	3	4
Other missions	3	18
<b>TOTAL</b>	<b>61</b>	<b>80</b>

## TUNISIAN SAUDI BANK'S MOST SALIENT EVENTS FOR 2017

During 2017, the Bank completed the project to create the new name and to relook the Bank's logo. The work began in March, the most important of which is the design, completion and construction of advertising and billboards for the branches. A large-scale public campaign was launched in early 2018 to advertise the new denomination of TUNISIAN SAUDI Bank instead of the former one . The Bank also continued to work on the implementation of the SAB information system acquired in 2016. The system is set to enter into force in 2019.



## TUNISIAN SAUDI BANK'S FINANCIAL POSITION

### COMPARATIVE BALANCE SHEETS AS AT DECEMBER 31, 2017

(In 1000 Dinars)

ASSETS	31/12/2017	31/12/2016
Cash and assets at the Central Bank of Tunisia & TGT	21 335	16 531
Loans to banking and financial Institutions	23 400	13 574
Loans to customers	563 717	498 557
Commercial portfolio (*)	42 314	53 556
Investment portfolio (*)	120 528	79 247
Securities held to maturity	13 200	12 520
Other Assets	67 249	65 600
<b>Total Assets</b>	<b>851 743</b>	<b>739 585</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>		
Deposits from the Central Bank & CCP	100 073	95 057
Deposits and assets of banking and fin.Inst.	41 902	36 315
Customers Deposits	487 409	397 397
Foreign loans	119	179
Other Liabilities	81 681	72 411
<b>Total Liabilities</b>	<b>711 184</b>	<b>601 359</b>
<b>STOCKHOLDERS' EQUITY</b>		
Corporate Capital	100 000	100 000
Reserves	83 292	83 290
Other equity	-	-
Results Carried Forward	-44 955	-50 403
Income surplus	2 222	5 339
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>140 559</b>	<b>138 226</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>851 743</b>	<b>739 585</b>

(\*)The figures have been processed for comparison purposes.

### COMPARATIVE OFF-BALANCE SHEET COMMITMENTS AS OF DECEMBER 31,2017

(In 1000 Dinars)

	31/12/2017	31/12/2016
Securities and other guarantees provided	64 784	60 155
Documentary Credits	20 498	13 845
Assets submitted as guarantees	100 000	95 000
<b>TOTAL POTENTIAL LIABILITIES</b>	<b>185 282</b>	<b>169 000</b>
Funding Commitments Made	70 033	398
Commitments on Securities	313	313
<b>TOTAL COMMITMENTS MADE</b>	<b>70 346</b>	<b>711</b>
Funding Commitments Received	-	-
Guarantees Received	379 863	253 927
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>379 863</b>	<b>253 927</b>

## TUNISIAN SAUDI BANK'S FINANCIAL POSITION

### INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Item	(In 1000 Dinars)	
	31/12/2017	31/12/2016
<b>Banking Operating Income</b>		
Interests and related revenues (*)	41 897	36 658
Commissions received	13 144	11 267
Profits on Commercial Portfolio and Financial Operations(*)	5 537	8 799
Revenue of Investment Portfolio	8 664	4 774
<b>Total Banking Operating Income</b>	<b>69 242</b>	<b>61 498</b>
<b>Banking Operating Expenses</b>		
Interests borne and Related Expenses	-25 737	-23 581
<b>Total Banking Operating Expenses</b>	<b>-25 737</b>	<b>23 581</b>
<b>NET BANKING INCOME</b>	<b>43 505</b>	<b>37 917</b>
Appropriation to Provisions and Results of value Corrections on Credits-off-balance & liabilities (*)	-14 687	-2 923
Appropriation to Provisions and Results of Corrections on Investment Portfolio(*)	782	7 753
Other Operating Income	72	134
Personnel expenses	-19 554	- 17 226
General Operating Expenses	-6.794	- 6.174
Appropriations to Amortizations and Resorptions	-2 372	- 2034
<b>OPERATING RESULT</b>	<b>952</b>	<b>17 447</b>
Earnings and Other Ordinary Losses	1 440	-11 954
Corporate tax	-165	-149
<b>Result of ordinary activities</b>	<b>2 227</b>	<b>5 344</b>
Extraordinary gains and losses	-5	- 5
<b>FINANCIAL YEAR'S RESULT after accounting adjustments</b>	<b>2 222</b>	<b>5 339</b>

(\*)These figures have been processed for comparison purposes.

### COMPARATIVE CASH FLOW STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Item	(In 1000 Dinars)	
	31/12/2017	31/12/2016
<b>OPERATING ACTIVITIES</b>		
Banking Operating Income Collected	62 402	54 974
Banking Operating Expenses Paid out	-32 314	-30 718
Deposits of Banking and Financial Institutions	11 660	-643
Loans and Advances/Repayment of Loans and Advances Granted to Customers	-79 526	-19 756
Deposits/Withdrawals of Customers Deposits	90 885	9 756
Placement Bonds	38 726	25 413
Sums Paid to Personnel and Various Creditors	-15 227	-21 563
Other Cash Flow Generated by Operating Activities	5 160	-9 098
Taxes on Profits	-169	-154
<b>NET CASHFLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>81 597</b>	<b>8 211</b>
<b>INVESTMENT ACTIVITIES</b>		
Interests and Dividends Collected on Investment Portfolio	5 391	4 791
Acquisitions/Assignments of Investment Portfolio	-68 298	8 480
Acquisitions/Assignments of Fixed Assets	-3 052	-3 644
<b>NET CASHFLOW GENERATED BY INVESTMENT ACTIVITIES</b>	<b>-65 959</b>	<b>9 627</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares	110	184
Increase/Decrease in Special Resources	-60	-79
Dividends Paid	-	-
<b>NET CASHFLOW GENERATED BY FINANCING ACTIVITIES</b>	<b>50</b>	<b>105</b>
<b>NET VARIATION OF CASH AND CASH EQUIVALENTS DURING FINANCIAL YEAR</b>	<b>15 688</b>	<b>17 943</b>
CASH AND CASH EQUIVALENTS IN BEGINNING OF FINANCIAL YEAR	-70 958	-88 901
CASH AND CASH EQUIVALENTS AS OF END OF THE FINANCIAL YEAR	-55 270	-70 958

## TUNISIAN SAUDI BANK'S FINANCIAL POSITION

### PRUDENTIAL STANDARDS : REGULATORY INDICATORS :

Indicator	2015	2016	2017	Regulatory requirement
Equity ratio	23%	22%	18%	At least 10%
Liquidity coverage ratio (LCR)	74%	70%	93%	At least 80%



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