



Tunisian Saudi Bank  
البنك التونسي السعودي

**Annual  
report**  
\_\_\_\_\_ 2019



Tunisian Saudi Bank  
البنك التونسي السعودي

# Annual report 2019

A limited company with a capital of 100 Million Dinars

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Unique Identifier (National Register of Companies): 0013026E

# Annual report 2019

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**Financial statements for the financial  
year ending on december 31<sup>st</sup> 2019**

# BOARD OF DIRECTORS

## Kingdom of Saudi Arabia

**M. Abdulrahman Mohamed Ramzi Addes**

Chairman of the Board

**M. Aljassir Jassir Abdukarem**

Member of the Board

**M. Alsharif Faisal Mohammed**

Member of the Board

**M. Nowailati Meyassar Anwar**

Member of the Board

**M. Nagadi Rayyan Mohammed**

Member of the Board

**M. Linjawi Ehab Youssef**

Member of the Board

## Republic of Tunisia

**Ms. Amel Boughdiri**

Member of the Board

**M. Zouheir Atallah**

Member of the Board

**M. Tawfik Abbes**

Member of the Board

**M. Lotfi Habib**

Member of the Board

**M. Mondher Khemiri**

Member of the Board

**M. Abdelhamid Razzam**

Independent Member

## Senior Management

**M. Jameleddine 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,**

Honourable Shareholders;

On my own behalf and on behalf of the members of the Board of Directors, it is my honour to present you the fifteenth annual report of the Tunisian Saudi Bank since its conversion on 25 April 2005 into a universal bank, as well as the financial statements ended on 31 December 2019.

The Bank's activity for the year 2019 showed a negative income of 2.8 Million Dinars (M.D) against positive income in 2016, 2017 and 2018 respectively: 5.3 M.D; 2.2 M.D and 0.3 M.D

The income of 2019 is considered as a turning point, as following the registration of negative income during the financial years 2012-2015 of about 52 MD, the income of the Bank has ameliorated and become positive during the financial years 2016, 2017 and 2018. The new negative deviation is due to various reasons particularly the following:

◇ The restrictive monetary policy of the Central Bank of Tunisia in general and the new ordinal indicator pertaining to credits on deposits whose application generates from one hand an increase of deposits and borrowing costs of about 6 MD and the payment of penalties of about 2 MD because of the non-respect of the targeted indicator from another hand.

◇ The increase of additional allowances of about 11 MD for credit portfolio at dispute stage (180 MD) which are characterized by weak payment options because of the creditors situations and the non-accuracy of guaranties as well as the long period required by jurisprudence. Such portfolio remains an obstacle for the improvement of the banks activity; note that the accumulated allowances for such portfolio reached 52 MD until the end of 2019.

◇ The improvement of bank's operating revenues by 5.5% that is an increase from 87.6 MD in 2018 to 92.5 MD in 2019. Whereas the bank's operating revenues reached 17.9% during the same period (43.4 MD in 2019 against 36.8 MD in 2018) which decreased the net bank income of 3.4%.

◇ The increase of these charges is due to the increase of interest rates in the monetary market and the competition to attract deposits as the increase is allocated to 3.3 MD in the form of interests paid to customers and 2.9 MD as interests paid during borrowing at monetary market.

◇ Monitoring the borrowing activity in accordance with the difficulty in attracting deposits through an acceptable cost and its effect on interest rate and received commissions.

◇ The respect of increased rate interest and the decrease in the interests and commissions for financing activity as it reached for example 900 thousands of dinars for credit accounts.

Note that the bank continued to control general operating costs amounting to 10 MD against 9.4 MD in 2018 and wages costs of 22.2 MD against 21.8 MD in 2018

At the level of the activity, and despite the worsening liquidity situation in the Tunisian banking sector in 2019 and the Bank's inability to cope with the sharp increase in the proposed interest rate that was offered by several banks and its determination to comply with the officially fixed rates as customer deposits grew from 9.3% to reach 560.6 MD in 2019 against 513 MD in 2018 which allows the bank to continue its activity as the net receivables to customers increased from 603.9 MD in 2018 to 635.1 MD in 2019 that is an increase of about 5.2% as the gross total of credit increased from 832.4 MD to 887.7 MD in 2019 that is an increase of 54.8 MD to 6.6 %.

As the bank carries out to strengthen the coverage rate of classified debt by adequate provisions, provisions set up in this respect reached 21.5 M.D in 2019 in addition to additional provisions amounting to 11 MD and the coverage rate of classified debt reached 70% and it is the latest rates in the sector.

**Dear Shareholders,**

These are the most salient aspects of the Bank's activities during the year 2019 and their ensuing results. You will have in your hands the activity report containing all the details and clarifications.

In conclusion, I would like to reiterate my sincere thanks to the Tunisian and Saudi authorities for their support to the Bank. My thanks are also due to the members of the Board for all their efforts to achieve the Bank's objectives and to all the staff for their dedication and professionalism.

Thank you for your kind attention.

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

# THE TUNISIAN SAUDI BANK

Business Name	TUNISIAN SAUDI BANK
Date of Incorporation	May 30th 1981
Scope	A universal bank authorized on 25 April 2005 to carry out various banking activities
Corporate Capital	100 Million Tunisian Dinars

## Breakdown of share capital

- Kingdom of Saudi Arabia
- Republic of Tunisia
- National Pension Fund
- Nation Tourism Agency
- Tunisian Company for Petroleum activities
- Tunisian Airlines (Tunis Air)



# THE ECONOMIC ENVIRONMENT

## International Economic Environment

In accordance with IMF estimates, global growth in 2019 reached 2,9% against 3,6 % in 2018.

Employment has improved during the last months of 2019 in major industrial countries as the rate of unemployment declined in the United States of America to 3.5 against 3.9% in 2018. Such rate declined also in Japan to reach 2.2% in November 2019.

In Europe, the unemployment rate stabilized at about 7.5% in November 2019 against 7.9% in 2018.

Concerning consumer prices, Inflation rates continued to increase in 2019 in developed countries due to the increase of prices of international basic products, namely energy. As a result, consumer prices increased in Euro zone by 1.3% in December 2019 against 1% in November and in the United States inflation rates recorded 2.3% against 2.1 % in November.

With regard to the international stock markets indicators, international money market recorded an exceptional performance for stock markets indicators in 2019, as both the American indicators NASDAQ and the DowJones registered respectively 22.3% and 35.2%, it is due to the good performance of development and employment in the United States of America which has a positive impact on money markets for its two main associates in particular Japan, by an increase in Nikkei indicator of about 18.2% as well as the market of European shares, particularly Paris where the C.A.C 40 indicator recorded an increase of about 26.4%.

International exchange markets were characterized by a tough decrease in Euro exchange rate against US Dollar as the Euro decreased to 1,121 Dollar in December 2019 against 1,147 Dollar at the end of the same month in 2018.

Economic Growth (in %)		
Regions	Year 2018	Year 2019
World	3,6	2,9
Developed Countries	2,2	1,7
United States of America	2,9	2,3
Euro Zone	1,9	1,2
Japan	0,3	1,0
Emerging Countries	4,5	3,7
China	6,6	6,1
India	6,8	4,8
Brazil	1,1	1,2
Russia	2,3	1,1

## National Economic Environment

Economic growth in Tunisia is estimated at 1.4% for the year 2019 compared to 2.5% in 2018, which reflects the weakness of economic activity despite the improvement of some indicators pertaining to tourism sector and exceptional harvest, in addition to restoration of phosphate production and its derivatives. The weakness of the activity is due mainly to external factors, in particular the decline in the demand generated in Europe, which affected negatively the manufacturing destined for export and to internal factors such as the decline in the production of olives and the continued difficulties in hydrocarbons sector.

## Tourism

The flow of foreign tourists increased in 2019 by 15,4% compared to 20,5% in 2018, covering 8 million tourists. It covers European tourists (15,6% against 42% in 2018) and Maghrebian tourists (15.5% against 11% in 2018)

Correspondingly, foreign currency tourism receipts increased overall in 2019 by 35.7% compared to 46.3% in 2018, to reach approximately 5.619M.D.

## Prices

In terms of year-on-year growth, the increase in the general price index reached 6,1% in December 2019 compared to 7,5% in 2018.

The decrease in average inflation is largely due to the slow pace in the rise in prices of food and beverages (5,8% compared to 6,0%), clothes and shoes (7,3% against 8,7%) transport (2,2% versus 13,2%), education (5,2% vs. 8,2%) entertainment and culture (5,0% vs 7,8%)

For the whole, average inflation was 6,7% compared to 7,3% in 2018.

## Foreign trade

Foreign payments increased in 2019 because of the weak economic activity following the decline in economic activity, the regression of industrial production and energy which affects negatively export sector activity.

As a consequence, the balance of current payments posted a deficit of 10,0 billion dinars, or 8,8 % of the GDP ( against 11,1 % in 2018).

As a result of the increase in tourism receipts and workers' remittances, net transfers reached 15,2 billion dinars causing the balance of payments to generate a surplus of 5,226 billion dinars thus contributing to the increase in the foreign currency reserves which reached 19, 465 MD or the equivalent of 111 days' worth of imports against 13, 974 MD, or 84 days' worth of imports at the end of 2018.

Item	2017	2018	2019
1) Current Payments	-9.870	-11.722	-10.014
In % of GDP	-10.2	-11.1	-8.8
Merchandises (BEFORE SHIPMENT COSTS)	-12.841	-15.747	-15.926
Services	+739	+1.897	+3.549
Income factor and current transfers	+2.232	+2.128	+2.363
2) Financial Operations and Capital	+9.868	+13.375	+15.240
Capital operations	+445	+340	+401
Foreign Investment (Direct and in portfolio)	+1.807	+2.509	+2.379
Other investments	+7.616	+10.526	+12.460
General Balance	-2	+1.653	+5.226

## Interbank market and monetary policy operations

Average banks' cash requirements continued to decrease, to reach 12.236 M.D in the fourth quarter of 2019 against 14.095 M.D in third quarter of 2019.

## Interest rate on the money market

The improvement of the level of money market during the last quarter of 2019, leads to a decrease in the monthly money market rate (MMR) as it exceeded from 7,83 % during the third quarter of 2019, to 7,81% during the last quarter of 2019.

## the exchange market

In 2019, the exchange rate of the Tunisian Dinar on the interbank market increased by 7,0 % against the US dollar, by 9,1 % against the Euro, by 5,6 % against the Japanese yen and by 7,4 % against the Moroccan dirham.

## the stock market

On December 2019, the TUNINDEX indicator stood at the level of 7.122,1 points, an increase by 1,0 % compared to the end of September 2019, and a decrease by 2,1% for the year 2019 against a return by 15,8 % in 2018.

Most of the sectoral indicators witnessed negative return with rates ranging from -0,2% for consumable materials and - 23,9 % for construction materials while only four indicators posted positive return ranging from 0,2% (banking) to 7,9 % (insurance).

For its part, the daily volume trading amounted to 6,4 M.D in 2019 against 10,1 M.D in 2018.

Foreign investors' transactions in the stock capitalization reached the rate of 24,7% in 2019.

Evolution of the stock exchange indices		
	December 2019	December 2018
TUNINDEX (in points)	7.122,1	7.271,7
Stock capitalization (in MD)	23.724	24.380
Stock capitalization/ Gross Domestic Product (%)	20,7	23,1
Number of listed companies (in units)	81	82
Monthly liquidity rate (%)	37	50

# Confiance et plus...





# **TSB BANK'S RESULTS**

# TSB BANK'S RESULTS

## Development of Banking Income

### 1- The Net Banking Income

The financial position of the bank at the end of 2019 showed a decrease in the net banking income, which declined from 50,7 M.D at the end of December 2018 to 49 M.D at the end of December 2019, a decrease of 1,7 M.D or 3,4%:

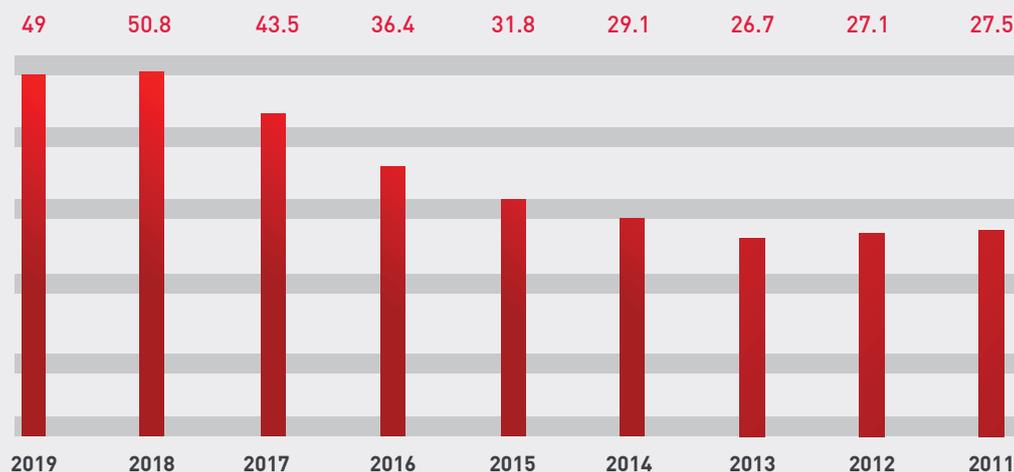
Unit: In 1 000 Dinars

	December 2018	December 2019	Variations	
			Amount	%
<b>Banking Operating Income</b>	<b>87 623</b>	<b>92 458</b>	<b>4 835</b>	<b>5,5</b>
Interest and debts income	53 229	61 986	8 757	16,5
Placement Interests	403	716	313	77,7
Commissions received	15 524	14 632	-892	-5,7
Gains of Commercial portfolio and Financial Operations	7 417	3 123	-4 294	-57,9
Investment Portfolio Revenue	11 050	12 001	951	8,6
<b>Banking Operating Expenses</b>	<b>(36 863)</b>	<b>(43 416)</b>	<b>(6 553)</b>	<b>17,8</b>
<b>Net Banking Income</b>	<b>50 760</b>	<b>49 042</b>	<b>(1 718)</b>	<b>(3,4)</b>

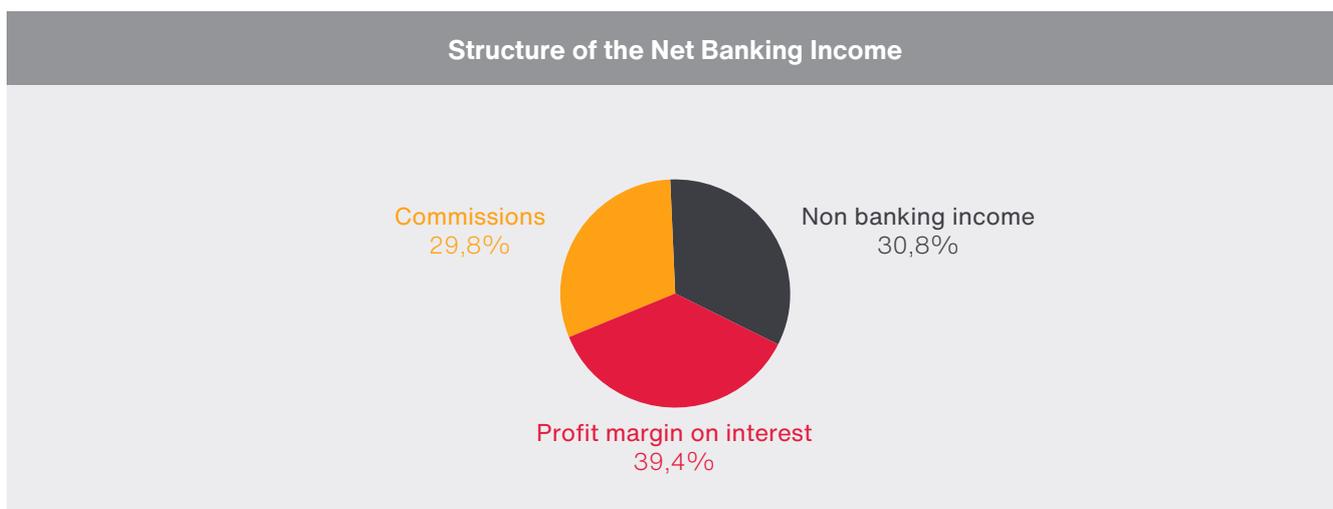
The structure of the Net Banking Income:

- ◇ A deceleration in the evolution of operating revenues, which rose from 88 MD to 92 MD that is an increase by 5.5% versus an increase by 26,5% at the end of 2018.
- ◇ An evolution by 16,5% in received interests and loans income in 2019 versus 28% in 2018, this is due to the decrease in granted credits in order to respect the credits/deposits indicator.
- ◇ Decline of commissions by 5.7% because they were subject to decrease in order to respect the increased interest rate for all types of loans.
- ◇ Evolution of bank's operating expenses by 17,8% as a consequence of the increase in interest rate at the level of monetary market and intensification of liquidity crisis that generates an increase in resources costs.

### Evolution of the stock exchange indices



- The non-banking revenues resulting from financial transactions and shares portfolio reached 15,1MD versus 18,5 MD in 2018. Such decline is due mainly to the decline recorded in exchange transactions regarding the exceptional profits recorded in 2018 at this level; thus their share in the Net Banking Income stood at 30,8 % in 2019 against 36,4 % in 2018.



◇ The profit margin on interest showed an evolution in regard of 2018 as it increased from 16,8M.D to 19,3 M.D.

### Evolution of the profit margin on interest (in MD)



## 2- General Operating Expenses

In 2019, wages and operating expenses showed a stabilization, as it amounted to 31,9 MD in 2019 against 31,6 MD in 2018.

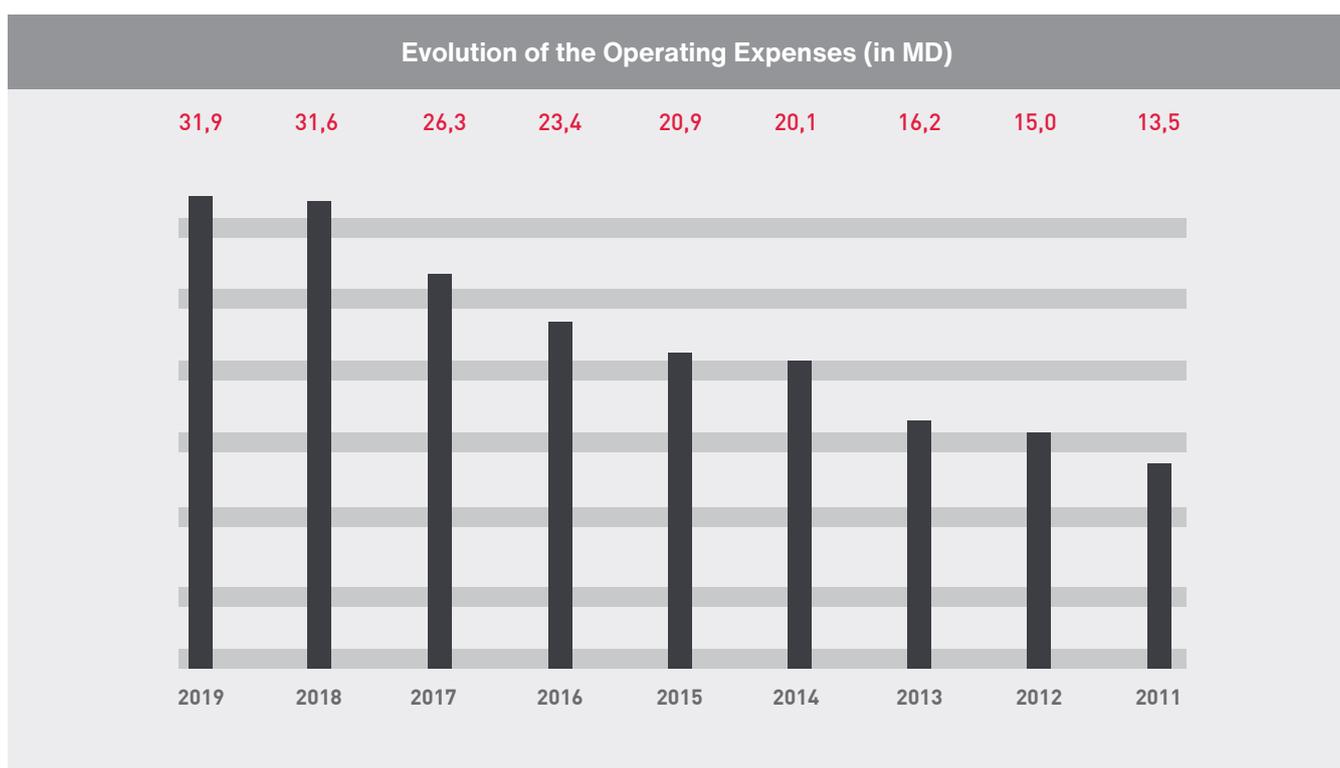
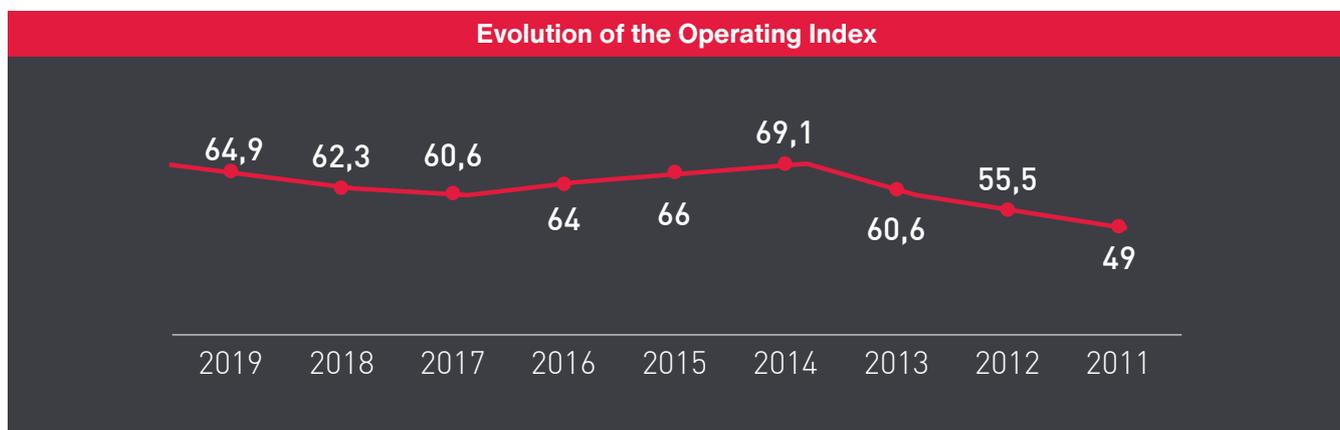
In 1000 dinars

	2016	2017	2018	2019	Variation
General operating expenses	6 174	6 794	9 433	10 031	598
Wages	17 226	19 554	22 179	21 835	-344
<b>Total</b>	<b>23 400</b>	<b>26 348</b>	<b>31 612</b>	<b>31 866</b>	<b>254</b>

At the end of 2019, the coverage rate of personnel wages including commissions reached 66 % compared to 70 % in 2018.

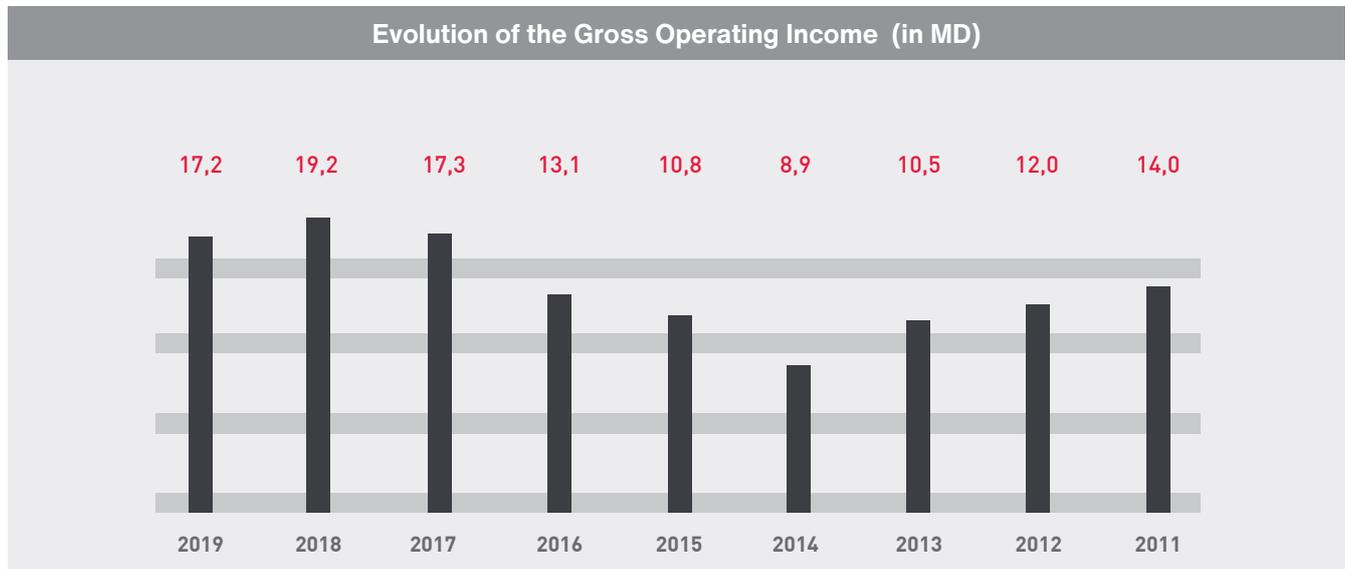
Taking into account the operating expenses, the operating index (excluding amortizations) reached 65% at the end of 2019 against 62,3 % in 2018.

Monitoring wages is due to the decrease of the number of bank's personnel in 2019 by 2,8%



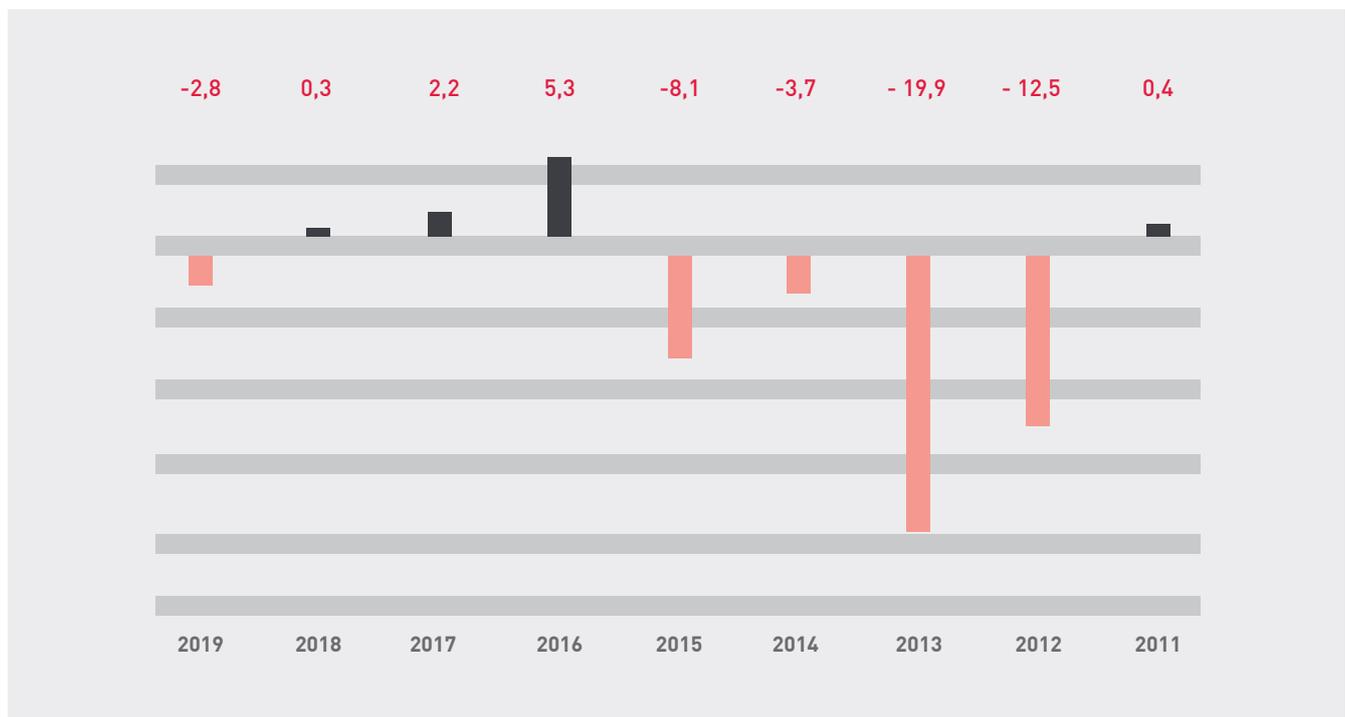
### 3- The Gross Operating Income

The Gross Operating Income (i.e before provisions and amortizations), reached 17,2 MD in 2019 versus 19,2 M.D in 2018, a decline by 2MD or 10,4%



### 4- The Net Income

The Net Income amounted to -2,8 MD in 2019 against 0,3 M.D in 2018, that is a decrease by 3,1 M.D.



# Alliance et plus...





# **TUNISIAN SAUDI BANK'S ACTIVITY**

# TSB BANK'S ACTIVITY

## I. THE BANK'S FINANCIAL RESOURCES

On December 31st 2019, the financial resources of the BANK amounted to 729 MD against 671, 4 M.D on December 31st 2018, recording an evolution by 8,6%.

In MD

	2018	2019
Shareholders' Equity	140,8	138,4
Foreign loans	7,1	9,9
Other loans	10,5	20,1
Customer Deposits	513,0	560,6
<b>TOTAL</b>	<b>671,4</b>	<b>729</b>

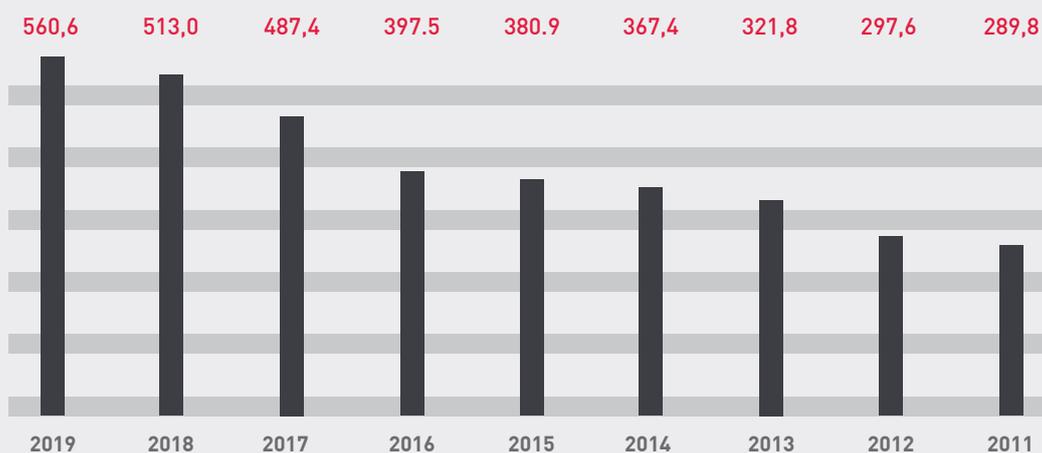
### Customer Deposits

On December 2019, customer deposits totaled 560,6 MD, compared to 512,9 MD on December 31st 2018, recording an increase by 47,6 MD or 9,3 %.

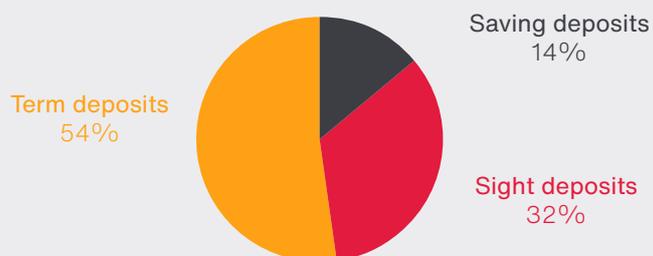
In M.D

	2018	2019	Variations	
			In M.D	in %
Sight Deposits	168,718	175 122	6 404	3,8
Term Deposits	267 833	300 637	32 804	12,2
(among which deposit certificates)	22 000	26 500	4 500	20,4
Savings Deposits	70 587	77 530	6 943	9,8
Other Deposits	5 841	7 297	1 456	24,9
<b>TOTAL</b>	<b>512 979</b>	<b>560 586</b>	<b>47 607</b>	<b>9,3</b>

### EVOLUTION OF CUSTOMER DEPOSITS (M.D)



## STRUCTURE OF CUSTOMER DEPOSITS



## II. BANK'S INTERVENTIONS

## 1- Loans

The bank's intervention showed a decline at the level of approvals, commitments and loans and withdrawal related to medium and long-term activity during 2019.

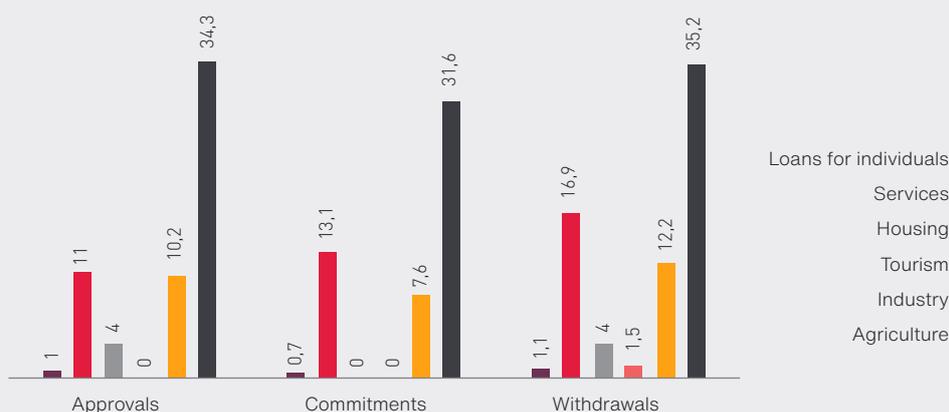
With the exception of commitments by signature, the Bank's interventions are broken down as follows:

In MD

	2017	2018	2019
Approvals	123,0	72,4	60,5
Commitments	91,5	88,3	53,1
withdrawals	82,3	94,3	70,9

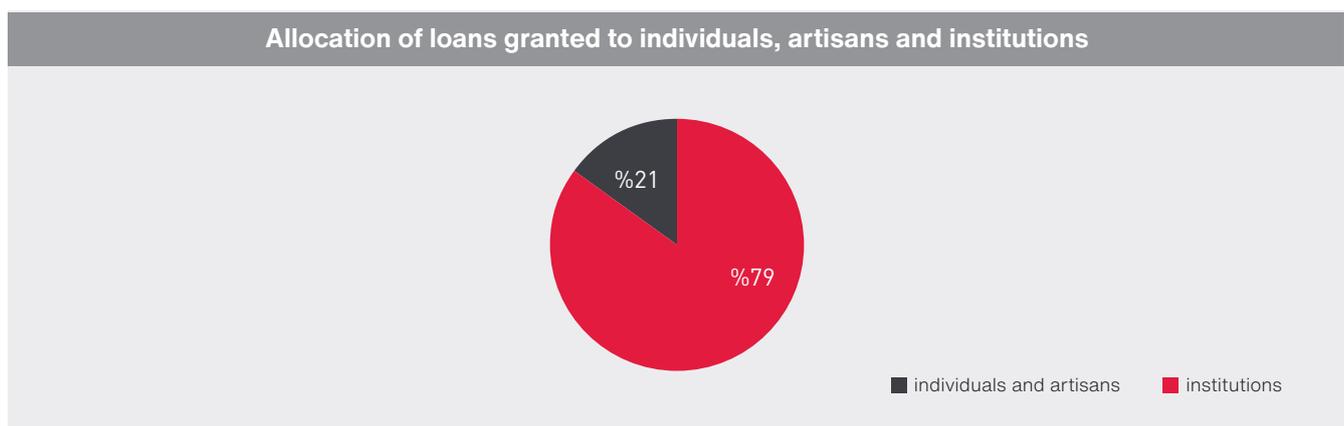
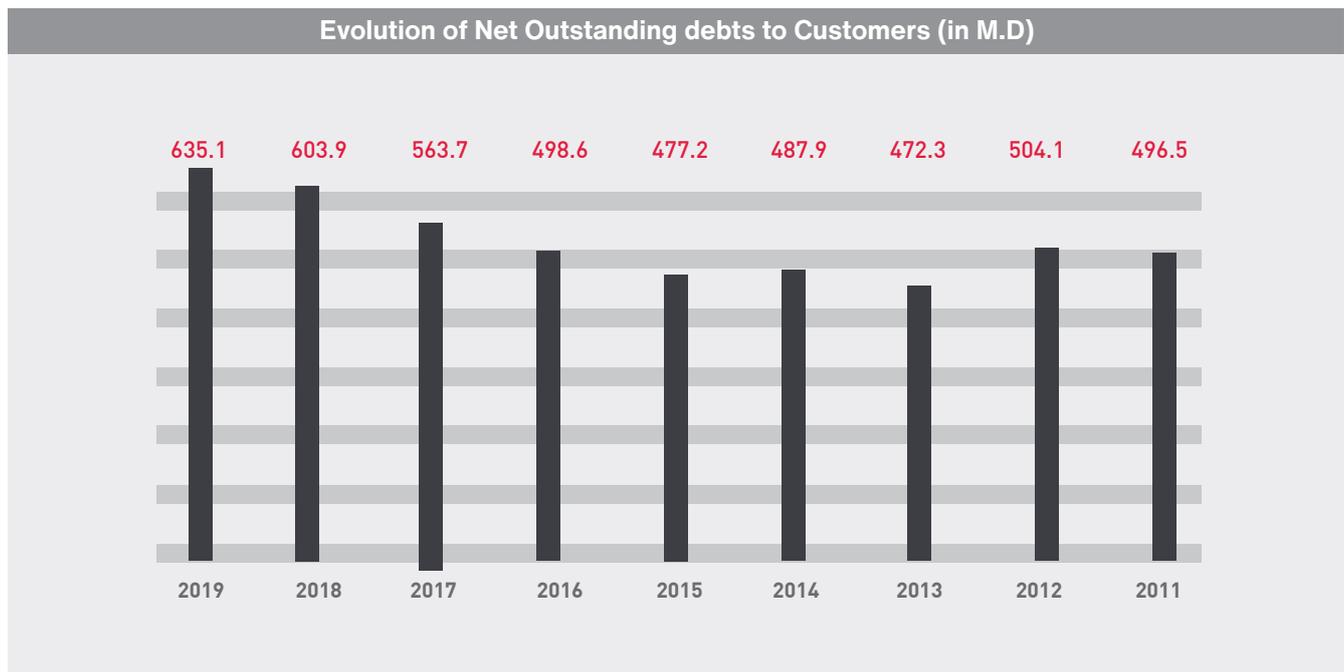
At the end of 2019, the breakdown of the Bank's interventions by sector is as follows:

## BANK'S FUNDING IN 2019

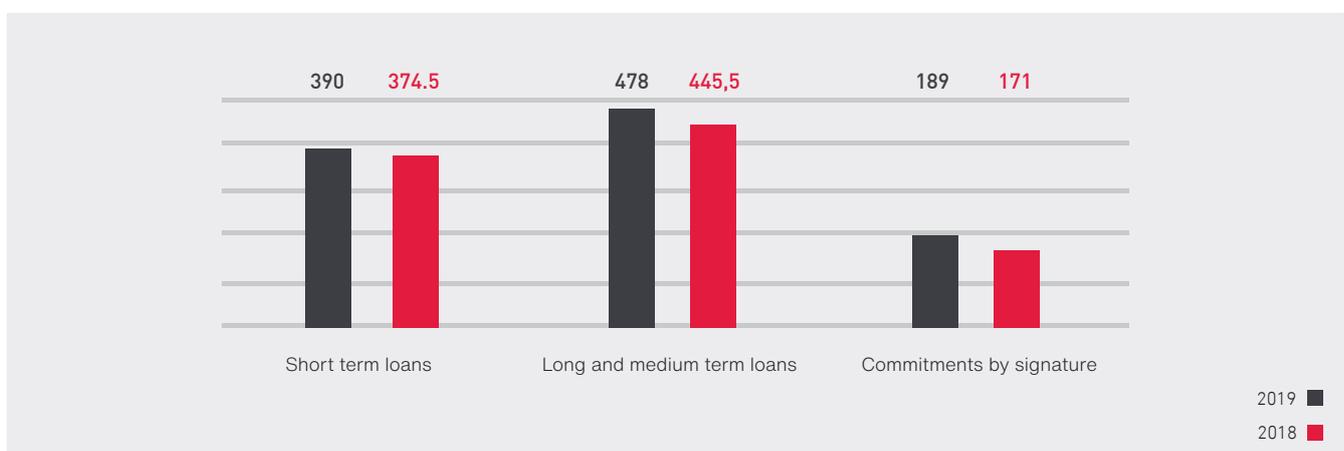


## 2. Net Outstanding debts

In 2019, net outstanding debts to customers increased by 31,2 MD or 5,2% compared to the figures of 2018.

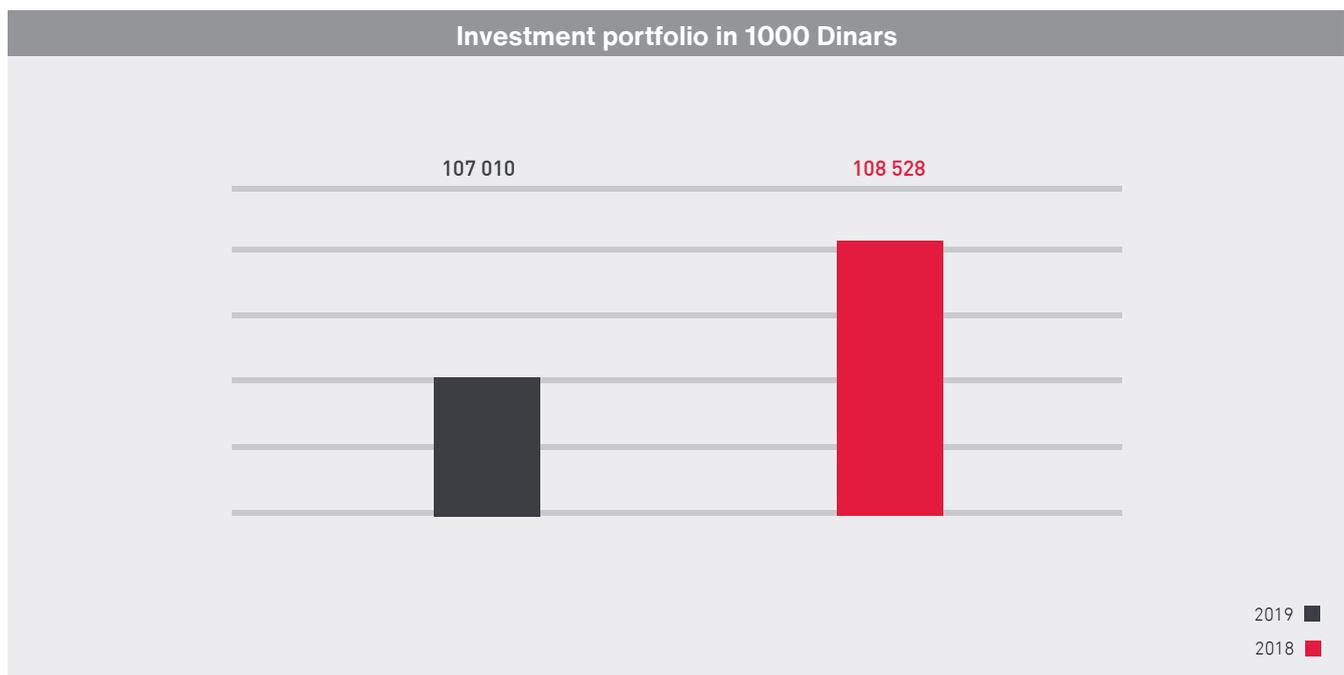


On the other hand, the breakdown of gross outstanding debts by maturity is as follows:



### 3- Investment portfolio

In 2019, the net investment portfolio recorded 107 MD against 108, 5MD in 2018, thus posting a decrease by 1,5MD.



### III. TRANSACTIONS ABROAD

The total volume of transactions abroad declined from 365 MD in 2018 to 305 M.D in 2019, that is a decrease of 16,4%. The commissions generated by these transactions amounted to 1,2 M.D in 2019 against 1,7 M.D in 2018, that is a decrease by 29,4%. Such decline is due mainly to the lack of a correspondence account in Dollar.

### IV. ACTIVITY OF THE COLLECTION DEPARTMENT

In 2019 total due receivables excluding disputes reached 604 MD versus 572 M.D in 2018. Paid receivables amounted to 562 MD that is a collection rate of 93% in 2019 against 92% in 2018. The overall collection rate reached 75% in 2019 versus 74% in 2018.

## V. ELECTRONIC PAYMENT ACTIVITIES

	2018	2019
<b>TSB BANKING CARDS</b>		
Number of banking cards	11 100	11 700
Number of transactions carried out using the T.S.B Bank's cards	199	228
volume of transactions	25	29
<b>ATM FOR TSB (GAB/DAB)</b>		
Number of ATM	33	39
Number of Transactions via ATM of TSB in Thousand	277	342
Number of Transactions in million	37	53
<b>ELECTRONIC PAYMENT TERMINALS TPE</b>		
the number of electronic payment terminals	650	750
Income of lease	131	159
Number of transactions using electronic payment terminals in thousand	364	425
Number of transactions in million	35	46
Total of commissions on payment activity in thousand dinars	1 306	1 461

## VI. HUMAN RESOURCES

The Tunisian Saudi Bank continued to work on the development of human resources abilities through strategic measures in 2019 including:

- ◇ Creating a personnel portal «HR Portail»,
- ◇ Creating a website for human resources management on the bank's website.
- ◇ Developing and updating the human resources system.
- ◇ Evaluating the bank's executives, as about 100 executive were evaluated in the bank by an external office specialized in mandates and human capacity assessment.
- ◇ Updating job description cards for all bank personnel and preparing a professional competency guide,
- ◇ Follow-up to the succession program within branches,
- ◇ Follow-up to the training program throughout the year 2019, as:
  - 186 officials from all departments of the bank benefited from 108 training sessions outside the bank and 12 sessions inside the institution.
  - Enabling 6 of the officials to pursue training sessions (5 at the Academy of Banks and Finances (A.B.F) and one official within the Banking Techniques Institute (I.T.B) involving the award of certificates.
  - The task of evaluating the bank's executives by the office in charge of human resources also resulted in the SOFT SKILLS training program to develop the personal skills of officials.

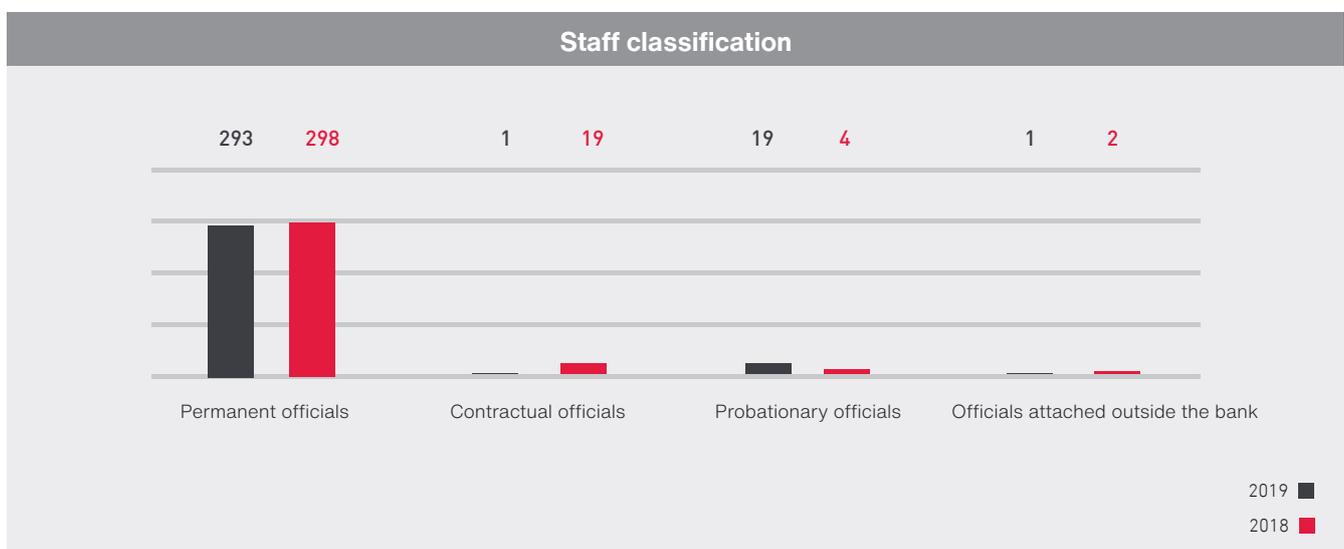
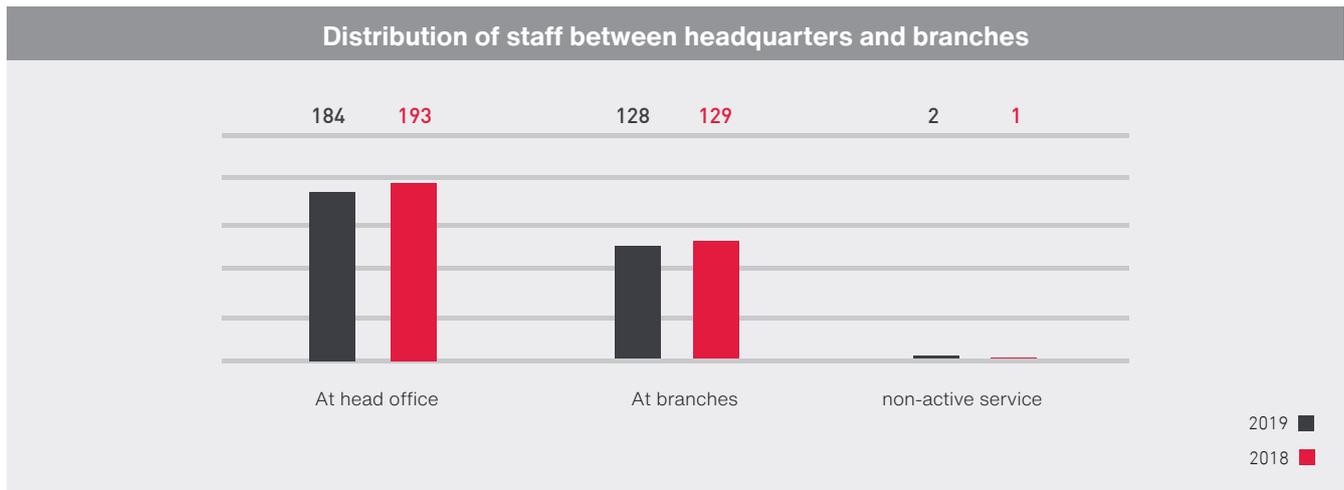
### Statistics pertaining to human resources:

In 2019, the number of bank staff decreased by 2.8% as it reached 314 compared to 323 in 2018.

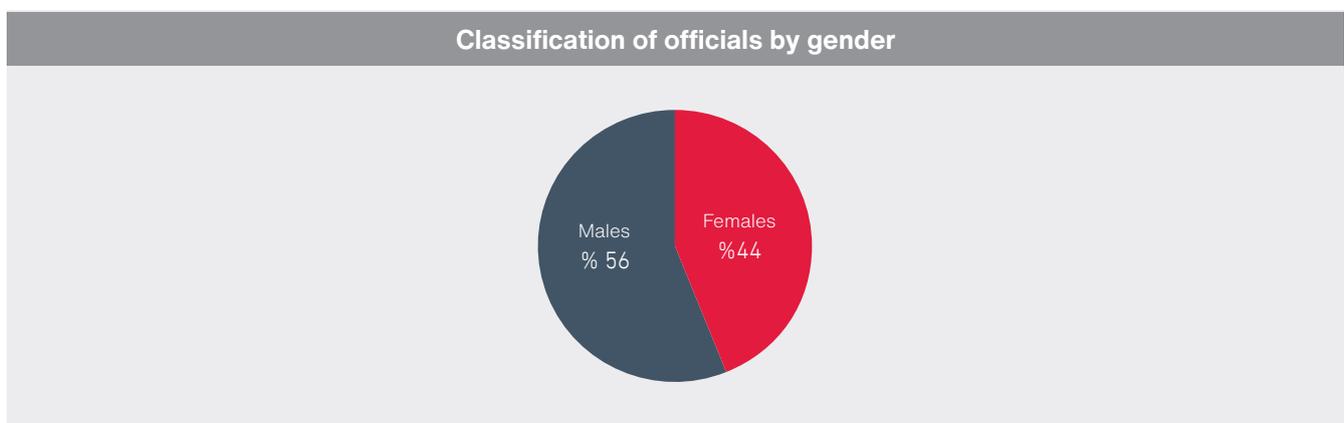
The rate of bank Senior executives reached about 70% of the overall officials.

Category	2019
Executives	69.1%
Agents	30.9%

The breakdown of staff between headquarters and branches in 2019 versus 2018 is as follows:



◇The classification of TSB officials are classified by gender as follows :



## VII. COMMITMENTS CLASSIFICATION:

The indicator of classified commitments at the end of 2019 versus 2018 decreased as it reached 29.69% against 30,02 % in the previous year.

	December 2019	December 2018
<b>The rate of commitment coverage classified in allocation and reserved interests</b>	<b>69.98%</b>	<b>66.71%</b>
• For loans	70.02%	67.23%
• For participations	65.69%	39.01%
<b>The index of classified commitments</b>	<b>29.69%</b>	<b>30.02%</b>
• For Loans	30.67%	30.85%
• For participations	7.20%	12.32%

## VIII. INDEX OF CAREFUL DISPOSAL:

	2018	2019	Legal minimum
Liquidity index	90,3 %	145,2 %	100%
Solvency index	15,84 %	15,59 %	10 %
Loan/deposit index	184,64 %	176,69 %	120 %



# Ambition et plus...





# **FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDING**

**ON DECEMBER 31<sup>ST</sup> 2019**

# General Auditors' report

**ON THE FINANCIAL STATEMENTS ENDING  
ON DECEMBER 31<sup>ST</sup>, 2019**

Honourable Shareholders of Tunisian Saudi Bank,

## I- Report on financial statements' audit

### Opinion

In compliance with the engagement entrusted to us, we have audited the accompanying financial statements of the TSB, which comprise the balance sheet, the off-balance sheet commitments of December 31<sup>st</sup> 2019, the income statement and cash flows for the year ended on that date, and the notes to the financial statements that contain a summary of significant accounting policies.

These financial statements recorded total net assets, after deducting amortizations and provisions, an amount of 926 613 thousand dinars and a loss of an amount of 2 840 thousand dinars.

These financial statements of the bank ended on December 31<sup>st</sup> 2019 were set by the Board of Directors held on March 12th 2020 in accordance with the information provided on that date within the framework of the situation resulting from COVID-19 pandemic.

In our opinion, the accompanying financial statements, give, in all significant aspects, a true and fair view of the financial position of the TSB BANK's Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with the accounting principles adopted in Tunisia.

### Basis for our opinion

The audit was conducted in accordance with international auditing standards adopted in Tunisia. Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report. We conducted our audit engagement in compliance with the independence rules and the professional standards and the codes of ethics applicable for statutory auditors in Tunisia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Main audit issues

The main audit matters are the issues that were dealt with, which are, in our professional opinion, the most important in the audit of the financial statements for the period concerned with the report. We dealt with these matters in the context of our audit of the financial statements as a whole and for the purpose of forming our opinion on them, and not for the purpose of expressing a separate opinion on these matters.

KEY AUDIT MATTERS	PERFORMED AUDIT PROCEDURES
<p><b>Loans and commitments</b></p> <p>As a loan institution, the Tunisian Saudi Bank faces loan risks, which are the risks incurred in the event of default of the counterparty or several counterparties that are considered as the same beneficiary according to the current arrangements.</p> <p>The methods of assessing and covering these risks are stipulated in the Circular of the Central Bank of Tunisia No. 24-91 issued on December 17<sup>th</sup> 1991, as amended and supplemented by the texts and subsequent accounting standards.</p> <p>According to the notes on the financial statements, the risks of loans granted to customers are covered by placing two types of provisions stipulated in this publication, which are:</p> <ul style="list-style-type: none"> <li>• Private provisions: it is determined on the basis of the individual classification of the receivables that are subject to quantitative and qualitative criteria, taking into account the guarantees that are considered deductible according to the regulations of the Central Bank of Tunisia.</li> <li>• Additional private provisions: aims to cover the risk of not achieving mortgage guarantees.</li> <li>• Collective provisions: aim to cover risks inherent in current undertakings (class 0) and those that require special follow-up (class 1).</li> </ul> <p>As detailed in the notes on the financial statements, the total balance made to customers amounted, on December 31<sup>st</sup> 2019, to 1 076 230 thousand Tunisian dinars, the incurred interests and the provisions related to it on the same date, respectively, amounted to 106 511 thousand dinars and 145 600 thousand dinars.</p> <p>In view of the complexity of the process of evaluating commitments and calculating provisions on commitments by customers, which are subject to quantitative and qualitative criteria and which require a significant level of estimates, we consider this item an important element of auditing.</p>	<p>As part of our estimate of the evaluation process and coverage of customers' receivables at the end of the accounting year, our business consists of:</p> <p>To identify the counterparty risk assessment procedures and related controls implemented by the bank;</p> <ul style="list-style-type: none"> <li>• Conducting analytical procedures on the evolution of outstanding loans, income and incurred interest;</li> <li>• An assessment of the extent to which the methodology adopted by the bank matches the rules issued by the Central Bank of Tunisia;</li> <li>• Evaluating the reliability of the loan rating, risk coverage, and suspended interest system;</li> <li>• Evaluate the merits of rating estimates;</li> <li>• Verifying the quality standards resulting from the executed operations and the behavior of the relationship during the accounting year;</li> <li>• Examining the guarantees used to calculate the provisions and assessing their value, taking into account the approved rules and methods;</li> <li>• Check the calculations for provisions and the incurred interest;</li> <li>• Verifying the appropriateness of the information provided in the notes about the financial statements.</li> </ul>

KEY AUDIT MATTERS	PERFORMED AUDIT PROCEDURES
<p><b>Loan and commission revenues</b></p> <p>The revenues of loans and commissions for the year 2019 amounted to 77 334 thousand dinars, compared to 69 156 thousand dinars in 2018, recording an increase by 8 178 thousand dinars</p> <p>The inclusion of interest and commissions is a key matter for auditing because of the importance of this item, and given the correlation of bank revenues with valid interest rates and approved commissions and loan collection schedules.</p> <p>Given the importance of revenues, their diversity, and the specificity of their accounting recording methods, we consider revenues an important component of auditing.</p>	<p>We assessed the bank's internal control system for recording loan and commission income in the results. The control work we carried out mainly included:</p> <ul style="list-style-type: none"> <li>• An evaluation of the information technology system as the automatic integration of revenue into accounting;</li> <li>• The bank's compliance with the provisions of Accounting Standard No. 24 relating to "Related undertakings and revenues in banking institutions";</li> <li>• Evaluating policies, procedures and controls in recognizing and recording revenue;</li> </ul> <p>Reliability of the approved methods of suspending interest and commissions;</p> <ul style="list-style-type: none"> <li>• Implementing analytical procedures regarding the evolution of interest and commissions according to the bank's activity indicators, pricing policies and laws related to them;</li> <li>• Verifying the information included in the notes about the financial statements.</li> </ul>
<p><b>Investment portfolio</b></p> <p>At the end of each accounting year, the bank evaluates the investment portfolio, which records a net value of 107,010 thousand dinars at the end of 2019, and allocates provisions regarding it. The explanations include methods of evaluating this portfolio and the related revenues.</p> <p>Given the importance of the process of evaluating the contributions portfolio and calculating the provisions and savings related to it, we consider this item an important element in the audit.</p>	<p>In response to that, the most important care that we take to scrutinize this item is represented in the following actions:</p> <ul style="list-style-type: none"> <li>• Evaluating the bank's internal control system related to tracking and evaluating the investment portfolio</li> <li>• Verification of respect of the accounting standard No. 25 related to the bond portfolio in banking institutions</li> <li>• Evaluating the appropriateness of the methodology adopted by the bank in terms of the comprehensiveness of recording the incomes from the investment portfolio, its evaluation and the extent of its relevance to the fiscal year, particularly by adjusting the foundations and methods of determining them according to the available information.</li> <li>• Evaluating the appropriateness of the methodology adopted by the bank in the method of evaluating the contributions and dividing the shares owed by it according to their traded value on the basis of stock exchange prices for shares that have been floated on the stock exchange and according to the fair value in relation to non-marketed shares.</li> <li>• Verifying the correctness and honesty of the amounts that are included in the clarifications about the financial statements according to the information and documents that we have obtained</li> </ul>

## Observation paragraph

Without affecting the reliability of our view above, we would like to draw your attention to the following points:

- ◇ The risks related to the customer «SOTACIB» amounted to 11 700 thousand dinars for shareholdings. This customer has experienced difficulties and the shareholdings have been assessed based on the future prospects included in the 2017-2022 operational plan. The Bank has allocated provisions amounting to 3948 thousand dinars for its shareholding in the Company using the anticipated cash flow method set forth in the operational plan.
- ◇ Following a dispute between the Bank and SAB on banking software, the latter ceased work after the Bank's departments had expressed reservations about the compatibility of the software with Tunisian legislation. It should be mentioned that all the expenses relating to the banking operating software recorded in the accounts under the heading «Tangible assets in course of construction» amounted to 2,685 thousand dinars at the date of our intervention.
- ◇ At the end of 2018, the Bank's relevant department has set up provisions within ordinary receivables (i.e. class 1) for «Carthage Ciment» Company, a company belonging to the «Alkarama Holding» group that has experienced financial difficulties. These provisions amounted to 3,416 thousand dinars, or 20% of all commitments recorded under collective provisions, the Bank having adopted this approach following an agreement with the financing banks under the supervision of the Central Bank, taking into account the company's economic profitability and the means of providing with adequate funding during the period of the upgrading of the company.
- ◇ As it is mentioned at the level of note 16 annexed, within the framework of the widespread of the pandemic of Covid 19 and the difficult financial situation resulting from it and within the framework of national measures conducted to assist financial institutions in Tunisia as well as individuals, the Central Bank of Tunisia issued circulars on reporting the collection of loans for institutions and particulars. The government took other measures in order to help economic institutions in Tunisia particularly small institutions.

As these circulars and the said procedures were issued after the elaboration of financial statements of the Bank ended on December 31<sup>st</sup> 2019 by the Board of Directors held on March 12<sup>th</sup> 2020, and it is impossible to evaluate the impact of the national economic difficulties on that date, then the financial statements ended on December 31<sup>st</sup> 2019 and the conducted procedures and their effects on the financial situation of the bank did not take into consideration these circumstances.

## Other information included in the 2019 annual report

The Board of Directors is responsible for the information contained in the TSB BANK Group's annual report. Our opinion on the financial statements does not include the content of the Board of Directors' report and we therefore express no form of conclusive remark as to the content of the said report.

In accordance with the provisions of article 266 of the Code of Commercial Companies, our responsibility is to verify the information contained in the GROUP's accounts contained in the Board of Directors' report by referring to the data presented in the financial statements. Our work consists in reading the report of the Board of Directors in order to determine whether there are fundamental inconsistencies between the report and the consolidated financial statements or the information that has been brought to our attention within our audit engagement or whether the report of the Board otherwise contains significant errors. If, based on the work we have done, we conclude that there are substantial deficiencies in the Board of Directors' report; we are required to report them.

We have nothing to mention in this regard.

## Responsibilities of the Board of Directors for the preparation of financial statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Tunisia; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the ability of the TSB BANK to operate as a going concern and the disclosure, if any, of all matters relating to the going concern principle, including the use of the going concern principle in the preparation of consolidated financial statements, unless the Board of Directors has the intention of dissolving the Group's accounts or suspending its operations or the absence of any realistic alternative other than to do so.

Corporate governance is responsible for overseeing the TSB BANK Group's consolidated financial reporting procedures.

## Responsibilities of the Statutory Auditors relating to the audit of the financial statements

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with professional standards applicable in Tunisia, the statutory auditors exercise professional judgment throughout the audit. They also:

- ◇ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◇ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the related disclosures;
- ◇ Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TSB BANK Group's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ◇ Evaluate the overall presentation of the financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ◇ These include the issues that have been communicated to the heads of governance of the Tunisian and Saudi banks, the audit scope and programme and the main audit issues, including major weaknesses in the internal control system that we noted during our audit.
- ◇ We also provide the Board of Directors with what confirms our commitment to the ethical requirements related to independence, and we inform them about all relationships and other matters that may affect our independence and what would preserve this independence.

Among those matters communicated with the governance officials of the Tunisian Saudi Bank, the scope and schedule of the audit work and the main audit matters, including any significant deficiencies in the internal control system that we noticed during our audit work.

## II. Report on other regulatory requirements

Within the framework of our mission to monitor accounts, we have carried out the special reviews stipulated by the standards published by the Tunisian Association of Certified Public Accountants, and all regulatory texts are in effect in this regard.

### 1- The effectiveness of the internal control system

Pursuant to the provisions of Chapter 3 of Law 117 -94 of November 14, 1994 as amended by Law No. 2005-96 of October 18, 2005, we conducted a general evaluation of the effectiveness of the bank's internal control system. In this regard, we mention that the responsibility for creating and implementing the internal control system as well as periodic monitoring of its effectiveness and efficiency rests with the management and the board of directors.

Based on our review, we provided the management and the Board of Directors with a report on internal control that included our observations and suggestions on administrative, financial and accounting procedures.

### 2- The compliance of keeping securities accounts with the the laws in force

Pursuant to the provisions of Article 19 of decree No. 2728-2001 of November 20th, 2001, we conducted audits for the compliance of keeping securities accounts issued by the bank with the laws in force.

The responsibility for ensuring compliance with the requirements of the texts in force rests on the administration.

Based on the actions we considered necessary, we did not discover any breach related to the conformity of the securities accounts issued by the bank with the laws in effect.

Done in Tunis on May 11<sup>th</sup>, 2020

THE AUDITORS

**Nadia SAMMAR JLASSI**

Nadia SAMMAR JLASSI  
Accounting Office  
Member of the Tunisian Order of  
Accounting Experts

**ZIAD KHADIMALLAH**

Audit and Consulting Business  
Member of the Tunisian Order of  
Accounting Experts

# Statutory Auditors'

## Special report

### **ON REGULATED AGREEMENTS**

(ARTICLES 200 AND 475 OF THE CODE OF COMMERCIAL COMPANIES AND ARTICLE 62 OF LAW N° 2016-48)

### **FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

## Honourable Shareholders,

In compliance with the missions entrusted to us and the provisions of Articles 200 and 475 of the Code of Commercial Companies and Article 62 of Law No. 2016-48, we are honored to inform you that your Board of Directors has communicated to us the agreements concluded by T.S.B Bank that are covered by the above mentioned articles.

Our responsibility is to ensure compliance with regulatory procedures relating to the authorization and approval of such agreements and transactions and that they are properly reflected in the financial statements.

It is not our responsibility to specifically and exhaustively check the probable existence of these agreements and transactions, but it is our duty to inform you of the specificities and essential details relating to these agreements and transactions on the basis of the information that has been communicated to us or that we have been able to obtain through the audit procedures, without giving our opinion on the reasons for their establishment and the degree of their appropriateness.

### 1. AGREEMENTS CONCLUDED DURING THE FINANCIAL YEAR 2019

#### 1.1 Agreements relating to the transfer of outstanding loans to the Tunisian-Saudi factoring company "T.S.R" (Société Tuniso-Saoudienne de Recouvrement).

TSB Bank and "T.S.R" concluded the following agreements in relation to the transfer of outstanding loans:

- ◇ Under the first agreement dated March 28th 2019, the Bank assigned outstanding loans to "T.S.R" for an amount of commitments reaching 833.137 TND with accrued interest amounting to 304.089 TND along with provisions totaling 529.047 TND. These outstanding loans were ceded for a symbolic dinar, i.e., for a total amount of 18 TND.
- ◇ Under the second agreement dated April 15th 2019, the Bank assigned outstanding loans to "T.S.R" for an amount of commitments reaching 1.095.668 TND with accrued interest amounting to 163.882 TND along with provisions totaling 1.107.194 TND. These outstanding loans were ceded for a symbolic dinar each, i.e. for a total amount of 17 TND.
- ◇ Under the third agreement dated April 25th 2019 the Bank assigned outstanding loans to "T.S.R" for an amount of commitments reaching 1.322.841 TND with accrued interest amounting to 200.631 TND along with provisions totaling 1.122.210 TND. These outstanding loans were ceded for a symbolic dinar each i.e. for a total amount of 01 TND.
- ◇ Under the fourth agreement dated June 28th, 2019 the Bank assigned to the "T.S.R" a total of loans amounting to 1.187.017 TND with accrued interest amounting to 378.376 TND and provisions totaling 808.641 TND. These loans were ceded for a symbolic dinar each,i.e, for an amount of 28 TND.
- ◇ Under the fifth agreement dated July 29th, 2019 the Bank assigned to the "T.S.R" a total of loans amounting to 3.563.844 TND with accrued interest amounting to 2.054.151 TND and provisions totaling 1.509.693 TND. These loans were ceded for a symbolic dinar each,i.e, for an amount of 946 TND.
- ◇ Under the sixth agreement dated September 30th, 2019 the Bank assigned to the "T.S.R" a total of loans amounting to 802.147 TND with accrued interest amounting to 415.173 TND and provisions totaling 386.975 TND. These loans were ceded for a symbolic dinar each,i.e, for an amount of 22 TND.
- ◇ Under the seventh agreement dated December 26th, 2019 the Bank assigned to the "T.S.R" a total of loans amounting to 238.940 TND with accrued interest amounting to 88.253 TND and provisions totaling 274.065 TND. These loans were ceded for a symbolic dinar each,i.e, for an amount of 6 TND.
- ◇ Under the eighth agreement dated December 31st, 2019 the Bank assigned to the "T.S.R" a total of loans amounting to 1.615.995 TND with accrued interest amounting to 1.062.557 TND and provisions totaling 553.438 TND. These loans were ceded for a symbolic dinar each,i.e, for an amount of 413 TND.

## 2. AGREEMENTS CONCLUDED IN PREVIOUS YEARS AND REMAINING IN FORCE IN 2019 :

### 2.1 Agreement on the distribution of fiscal management costs:

An arrangement was made between the TSB BANK and the Bank's following subsidiaries: "Tuniso-Saoudienne de Participation et de Placement -T.S.P.P" [Tunisian- Saudi Shareholding and Placement Company], Tuniso-Saoudienne de Recouvrement T.S.R", Tuniso - Saoudienne de Participation et d'Investissement (T.S.P.I) and the Montazah Tabarka company. The expenses relating to the completion of this mission amount to 15 000 TND annually. It was provided that this amount be disbursed by TSB BANK and apportioned among the said companies as per the annex signed on January the 1st 2016 as follows:

TSB BANK	TND 7 500
Tuniso-Saoudienne de Participations et de Placement «T.S.P.P »	TND 1 875
Tuniso-Saoudienne de Recouvrement « T.S.R »	TND 1 875
Tuniso-Saoudienne de Participation et d'Investissement (T.S.P.I)	TND 1 875
The Montazah Tabarka company *	TND 1 875

\* The Montazah Tabarka company had withdrawn from such agreement since October 01st 2019

### 2.2 Office rental agreement for professional use:

A rent contract was concluded between TSB Bank and " T.S.R" on 4 November 2016, and amended on April 01<sup>st</sup> 2019, whereby the owner makes available to the lessee an office-space ( consisting essentially of 7 offices and a place for ATM) located on the ground floor of "T.S.R" for an annual rent of 42.692 TND, ( 165.4 TND per square meter) payable at the beginning of every quarter.

### 2.3 Loan granted to the Managing Director of TSB Bank Mr Jameleddine BEL HADJ:

The Director General of TSB Bank, Mr.Jameleddine BELHADJ was granted on October 19<sup>th</sup> 2016 a 10- year loan amounting to 120 000 TND at the money market reference rate (T.M.M) + 0.75%. This operation was approved by the Board of Directors of the Bank at its meeting held on September 27<sup>th</sup> 2016.

### 2.4 Agreements concluded with "T.S.I" relating to the Common Placement Fund "KOUNOUZ"

The Bank concluded two agreements with the "Tuniso-Saoudienne d'Intermédiation (Saudi-Tunisian Intermediation Company ) "T.S.I", as the company managing the Common Placment Fund "Kounouz". These agreements provide for the following :

◇ An agreement whereby TSB Bank agrees that the securities and the bonds of the Common Placement Fund "Kounouz" shall be deposited at the Bank. In return, the Bank shall receive a daily commission of 0,25% of the net assets of the fund.

◇ An agreement whereby TSB Bank distributes the shares of the Common Placement Fund "Kounouz" among its various branches. In return, the Bank shall receive a commission equal to the Bank's share in the commission paid by the fund to the Saudi-Tunisian Intermediation Company "T.S.I". This share shall be calculated daily basis on the basis of 0,35% of the net assets of the Common Placement Fund "Kounouz" multiplied by the current net subscriptions after deduction of refunds by subscribers through the intermediation of TSB Bank and divided by the total net subscriptions after deduction of refunds.

### 2.5 Agreements concluded with AL HIFADH- SICAV:

The Bank concluded the following agreements with the AL HIFADH- SICAV:

◇ An agreement whereby the company AI HIFADH 's securities and bonds shall be deposited at the TSB and, in return, the Bank shall receive a commission calculated daily on the basis of 0.15% of the company's net assets,.

◇ A distribution agreement whereby the Bank shall undertake the marketing of AI HIFADH Investment shares through its branches and, in return, shall receive a commission calculated daily on the basis of 0,25% of the net assets of

AI HIFADH Investment multiplied by the current net subscriptions after deduction of refunds by subscribers through the intermediation of TSB Bank and divided by the total net subscriptions after deduction of refunds.

## 2.6 Agreements concluded with T.S.I relating to the Common Placement Fund “AFEK”.

The Bank concluded the following two agreements with the “Tuniso-Saoudienne d’Intermédiation (T.S.I)” as the company managing the Common Placement Fund “AFEK”:

- ◇ An agreement whereby the securities and the bonds of the Common Placement Fund “AFEK” shall be deposited at the TSB. In return, the Bank shall receive a daily commission calculated on the basis of 0.2% of the net assets of the Fund.
- ◇ An agreement whereby TSB Bank shall distribute the shares of the Common Placement Fund “AFEK” among its various branches. In return, the Bank shall receive a commission equal to the bank’s share in the commission paid by the fund to the Saudi-Tunisian Intermediation Company. This share is calculated daily on the basis of 0.4% of the net assets of the Common Placement Fund “AFEK” multiplied by the current net subscriptions after deduction of refunds by subscribers through the intermediation of TSB Bank, and divided by total net subscriptions after deduction of refunds.

## 2.7 Agreements concluded with T.S.I relating to the Common Placement Fund “IMTIEZ”

The bank concluded two agreements with the “Tuniso-Saoudienne d’Intermédiation (T.S.I.)” in its capacity as the company managing the Common Investment Fund “IMTIEZ” that provide for the following:

- ◇ An agreement whereby the securities and the bonds of the Common Placement Fund “IMTIEZ” shall be deposited at the TSB. In return, the Bank shall receive a commission calculated daily on the basis of 0.2% of the net assets of the Fund.
- ◇ An agreement whereby TSB Bank shall distribute the shares of the Common Placement Fund “IMTIEZ” among its various branches. In return, the Bank shall receive a commission equal to the bank’s share in the commission paid by the fund to the Saudi-Tunisian Intermediation Company. This share is calculated daily on the basis of 0,3% of the net assets of the Common Placement Fund “IMTIEZ” multiplied by the current net subscriptions after deduction of refunds by subscribers through the intermediation of TSB Bank, divided by total net subscriptions after deduction of refunds.

## 2.8 Agreements concluded with T.S.I relating to the Common Placement Fund “WAFa”

The bank concluded two agreements with the “Tuniso-Saoudienne d’Intermédiation (T.S.I.)” in its capacity as the company managing the Common Investment Fund “WAFa” that provide for the following:

- ◇ An agreement whereby the securities and the bonds of the Common Placement Fund “WAFa” shall be deposited at the TSB. In return, the Bank shall receive a commission calculated daily on the basis of 0.15% of the net assets of the Fund.
- ◇ An agreement whereby TSB Bank shall distribute the shares of the Common Placement Fund “WAFa” among its various branches. In return, the Bank shall receive a commission equal to the bank’s share in the commission paid by the fund to the Saudi-Tunisian Intermediation Company. This share is calculated daily on the basis of 0,25% of the net assets of the Common Placement Fund “WAFa” multiplied by the current net subscriptions after deduction of refunds by subscribers through the intermediation of TSB Bank, divided by total net subscriptions after deduction of refunds.

## 2.9 Agreements concluded with Tunisian-Saudi factoring company “T.S.R” (Société Tuniso-Saoudienne de Recouvrement).

An agreement was concluded on October 20th 2016 whereby debts collected for the benefit of the bank by the Tunisian-Saudi factoring company “T.S.R” (Société Tuniso-Saoudienne de Recouvrement), this latter perceives:

- ◇ 250 Dt for each file transferred to it
- ◇ A commission varying from 3% to 15% in accordance the result of collection of the file

### 3. THE BANK'S OBLIGATIONS TOWARD ITS SENIOR EXECUTIVES

#### 3.1 The Bank's Obligations:

- The gross monthly wage of the Director General has been determined pursuant to a decision of the Prime Minister on May 05<sup>th</sup> 2016.

◇ The Director General is entitled to a car whose expenses are borne by the Bank.

◇ Each member of the Board of Directors is awarded annual after tax attendance fees of 6 600 TND pursuant to a decision of the Ordinary General Assembly meeting held on 24 May 2017.

◇ after tax attendance fees of 2 000 TND are granted to each member of the Board of Directors who also serve as members of the Audit Committee, the Loans Executive Committee or the Risks Committee in respect of their attendance at the meetings of the aforesaid committees.

#### 3.2 Amounts awarded in connection with obligations based on the financial statements:

The Bank's commitments towards senior management as they appear in the financial statements of 2019 are as follows:

◇ The Director General, Mr. Jameleddine BELHADJ received in 2019 wages, bonuses and benefits amounting to 87.603 TND detailed as follows:

(Unit: TND)

	Gross expenses on December 31st, 2019	Liabilities on December 31st, 2019
<b>1.Short-term bonuses</b>		
Salaries and in-kind benefits	81 770	-
Attendance Fees to members of the Executive Loan Committee	-	-
Paid leaves	-	10 009
<b>2. Retirement indemnities and other postemployment benefits,</b>		
Retirement bonus	-	54 593
Contributions to the Group Insurance (*)	5 833	-
<b>Total</b>	<b>87 603</b>	<b>64 602</b>

(\*) This amount represents the Bank's contribution in respect to group insurance expenses

◇ The members of the Board of Directors who also served as members of the Audit Committee, the Loans Executive Committee and the Risks Committee received attendance fees in respect of their attendance at the meetings of the said committees, as detailed below:

	<b>Members of the Board of Directors who also served as members of the Audit Committee, the Risks Committee and the Loans Executive Committee</b>	
	<b>Expenses incurred as at December 31<sup>st</sup>, 2019</b>	<b>Liabilities as at December 31<sup>st</sup>, 2019</b>
Short-term benefits	-	-
Independent members	27 500	-
Non-independent members	132 500	-
<b>TOTAL</b>	<b>160 000</b>	<b>-</b>

◇ Attendance fees received by members of the Board of Directors in respect of their attendance at the meetings of the aforesaid committees are detailed as follows:

(Unit: TND)

	<b>Members of the Board of Directors</b>	
	<b>Expenses incurred as at December 31<sup>st</sup>, 2019</b>	<b>Liabilities as at December 31<sup>st</sup>, 2019</b>
Short-term benefits		
Independent members	20 625	
Non-independent members	66 000	165 000
<b>TOTAL</b>	<b>86 625</b>	<b>165 000</b>

Apart from these agreements, we have not been notified of any other agreement covered by the provisions of Articles 200 and 475 of the Code of the Commercial Companies. Similarly, our work did not lead us to uncover conventions of the same nature.

Done in Tunis on May 11<sup>th</sup>, 2020  
THE AUDITORS

**Nadia SAMMAR JLASSI**

Nadia SAMMAR JLASSI  
Accounting Office  
Member of the Tunisian Order of  
Accounting Experts

**ZIAD KHADIMALLAH**

Audit and Consulting Business  
Member of the Tunisian Order of  
Accounting Experts

**COMPARATIVE BALANCE SHEET as at December 31, 2019**

(In 1000 Dinars)

<b>ASSETS</b>	<b>31/12/2018</b>	<b>31/12/2019</b>
Cash and assets at the Central Bank of Tunisia & TGT	35 639	25 184
Deposits and Loans to banking and financial Institutions	7 739	31 352
Loans to customers	603 876	635 101
Commercial portfolio	11 146	30 197
Investment portfolio	108 528	107 010
Fixed assets	14 394	13 934
Other Assets	82 512	83 835
<b>TOTAL ASSETS</b>	<b>863 834</b>	<b>926 613</b>
<b>LIABILITIES</b>		
Deposits from the Central Bank & CCP	101 241	104 284
Deposits and cash of banking and financial Institutions	10 536	20 085
Customers Deposits	512 579	560 586
Foreign loans	7 097	9 933
Other Liabilities	91 137	93 345
<b>TOTAL LIABILITIES</b>	<b>722 990</b>	<b>788 233</b>
<b>STOCKHOLDERS' EQUITY</b>		
Corporate Capital	100 000	100 000
Reserves	83 291	83 291
Other equity	-	-
Results Carried Forward	-42 732	-42 071
Net Income for the Year	285	-2 840
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>140 844</b>	<b>138 380</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>863 834</b>	<b>926 613</b>

**COMPARATIVE OFF-BALANCE SHEET COMMITMENTS as at December 31, 2019**

(In 1000 Dinars)

Items	31/12/2018	31/12/2019
Securities and other guarantees provided	72 041	84 325
Documentary Credits	4 194	5 397
Assets submitted as guarantees	100 000	104 000
<b>TOTAL POTENTIAL LIABILITIES</b>	<b>176 235</b>	<b>193 722</b>
Funding Commitments Made	95 046	99 297
Commitments on Securities	188	188
<b>TOTAL COMMITMENTS ISSUED TO CUSTOMERS</b>	<b>95 234</b>	<b>99 485</b>
Loans submitted to Commitments and undrawn	-	-
Guarantees Received	554 887	600 603
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>554 887</b>	<b>600 603</b>

**INCOME STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

(In 1000 Dinars)

<b>ITEM</b>	<b>31/12/2018</b>	<b>31/12/2019</b>
<b>BANKING OPERATING INCOME</b>		
Interests and related revenues	53 632	62 702
Commissions received	15 524	14 632
Profits on Commercial Portfolio and Financial Operations	7 417	3 123
Revenue of Investment Portfolio	11 050	12 001
<b>TOTAL BANKING OPERATING INCOME</b>	<b>87 623</b>	<b>92 458</b>
<b>BANKING OPERATING EXPENSES</b>		
Interests paid and Related Expenses	-36 863	-43 416
<b>TOTAL BANKING OPERATING EXPENSES</b>	<b>-36 863</b>	<b>-43 416</b>
<b>NET BANKING INCOME</b>	<b>50 760</b>	<b>49 042</b>
Appropriation to Provisions and Results of Value Corrections on Loans Outstanding	-15 185	-15 675
Appropriation to provisions and results of corrections on investment portfolio	-167	221
Other operating income	83	76
Personnel and social expenses	-22 179	-21 835
General operating expenses	-9 433	-10 031
Appropriations to amortizations and resorptions	-2 360	-2 320
<b>OPERATING RESULT</b>	<b>1 519</b>	<b>-522</b>
Ordinary gains and losses	-1 018	-2 095
Corporate tax	-211	-223
<b>RESULT OF ORDINARY ACTIVITIES</b>	<b>290</b>	<b>-2 840</b>
<b>EXTRAORDINARY GAINS AND LOSSES</b>	<b>-5</b>	
<b>NET INCOME FOR THE YEAR AFTER ACCOUNTING ADJUSTMENTS</b>	<b>285</b>	<b>-2 840</b>

## COMPARATIVE CASH FLOW STATEMENTS FOR THE YEAR ENDED DECEMBER 31<sup>ST</sup> 2019

(In 1000 Dinars)

ITEMS	31/12/2018	31/12/2019
<b>OPERATING ACTIVITIES</b>		
Banking Operating Income Collected	81 147	84 574
Banking Operating Expenses Paid out	-53 915	-62 631
Deposits and Loans to Banking and Financial Institutions	-31 197	9 561
Loans and Advances/Repayment of Loans and Advances Granted to Customers	-48 365	-32 461
Deposits/Withdrawals of Customers Deposits	22 961	40 755
Placement Bonds	32 174	-18 050
Sums Paid to Personnel and Various Creditors	-20 450	-17 972
Other Cash Flow Generated by Operating Activities	-5 191	-3 125
Taxes on Profits	- 216	-223
<b>NET CASHFLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>- 23 052</b>	<b>428</b>
<b>INVESTMENT ACTIVITIES</b>		
Interests and Dividends Collected on Investment Portfolio	5 948	7 336
Acquisitions/Assignments of Investment Portfolio	11 326	1 010
Acquisitions/Assignments of Fixed Assets	-3 555	-1 860
<b>NET CASHFLOW GENERATED BY INVESTMENT ACTIVITIES</b>	<b>13 719</b>	<b>6 486</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of shares	-	375
Issued loans	-	-
Payment of loans	-	-
Increase/Decrease in Special Resources	6 978	2 836
<b>NET CASHFLOW GENERATED BY FINANCING ACTIVITIES</b>	<b>6 978</b>	<b>3 211</b>
<b>NET VARIATION OF CASH AND CASH EQUIVALENTS DURING FINANCIAL YEAR</b>	<b>-2 355</b>	<b>10 125</b>
<b>CASH AND CASH AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>-55 270</b>	<b>-57 625</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>-57 625</b>	<b>-47 500</b>

# **TUNISIAN SAUDI BANK'S GROUP GENERAL AUDITORS' REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019**

July 2020

## GENERAL AUDITORS' REPORTS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TUNISIAN SAUDI BANK'S GROUP FOR THE YEAR ENDED DECEMBER 31, 2019

### Honourable Shareholders of Tunisian Saudi Bank's

#### **Opinion**

In compliance with the engagement entrusted to us, we have audited the accompanying consolidated financial statements of the TSB BANK's Group, which comprise the consolidated balance sheet, the consolidated off-balance sheet commitments as of 31 December 2019, the consolidated income statement for the year ended on that date, and the notes to the consolidated financial statements that contain a summary of significant accounting policies. These consolidated financial statements show a total of net assets after depreciation and provisions amounting to 995 727 thousand dinars and a negative income of -2 217 thousand dinars.

In our opinion, the accompanying consolidated financial statements, give, in all significant aspects, a true and fair view of the financial position of the TSB BANK's Group as at 31 December 2019 and of the results of its operations for the year then ended in accordance with the accounting principles adopted in Tunisia.

#### **Basis for our opinion**

The audit was conducted in accordance with international auditing standards adopted in Tunisia. Our responsibilities under these standards are further described in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of our report. We conducted our audit engagement in compliance with the independence rules and the professional standards and the codes of ethics applicable for statutory auditors in Tunisia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Main audit issues**

The main audit matters are the issues that were dealt with, which are, in our professional opinion, the most important in the audit of the financial statements for the period concerned with the report. We dealt with these matters in the context of our audit of the financial statements as a whole and for the purpose of forming our opinion on them, and not for the purpose of expressing a separate opinion on these matters.

KEY AUDIT MATTERS	PERFORMED AUDIT PROCEDURES
<p><b>Loans and commitments</b></p> <p>In accordance with the activity of the mother company, the Tunisian Saudi Bank's Group faces loan risks, which are the risks incurred in the event of default of the counterparty or several counterparties that are considered as the same beneficiary according to the current regulations.</p> <p>The methods of assessing and covering these risks are stipulated in the Circular of the Central Bank of Tunisia No. 24-91 issued on December 17<sup>th</sup> 1991, as amended and supplemented by the texts and subsequent accounting standards.</p> <p>According to the notes on the financial statements, the risks of loans granted to customers are covered by placing two types of provisions stipulated in this circular, which are:</p> <ul style="list-style-type: none"> <li>• Private provisions: it is determined on the basis of the individual classification of the receivables that are subject to quantitative and qualitative criteria, taking into account the guarantees that are considered deductible according to the regulations of the Central Bank of Tunisia.</li> <li>• Additional private provisions: aim to cover the risk of not achieving mortgage guarantees.</li> <li>• Collective provisions: aim to cover risks inherent in current undertakings (class 0) and those that require special follow-up (class 1).</li> </ul> <p>As detailed in the notes on the financial statements, the total receivables to customers amounted, on December 31st 2019, to 995 130 thousand Tunisian dinars, the incurred interests and the provisions related to it on the same date, respectively, amounted to 174 953 thousand dinars and 185 803 thousand dinars.</p> <p>In view of the complexity of the process of evaluating commitments and calculating provisions on commitments by customers, which are subject to quantitative and qualitative criteria and which require a significant level of estimates, we consider this item an important element of auditing.</p>	<p>As part of our estimate of the evaluation process and coverage of customers' receivables at the end of the financial year. Our business consists of:</p> <ul style="list-style-type: none"> <li>• To identify the counterparty risk assessment procedures and related controls implemented by the bank;</li> <li>• Conducting analytical procedures on the evolution of outstanding loans, income and related interests;</li> <li>• An assessment of the extent to which the methodology adopted by the bank matches the rules issued by the Central Bank of Tunisia;</li> <li>• Evaluating the reliability of the loan rating, risk coverage, and suspended interest system;</li> <li>• Evaluate the merits of rating estimates;</li> <li>• Verifying the quality standards resulting from the executed operations and the behavior of the relationship during the accounting year;</li> <li>• Examining the guarantees used to calculate the provisions and assessing their value, taking into account the approved rules and methods;</li> <li>• Check the calculations for provisions and the incurred interest;</li> <li>• Verifying the appropriateness of the information provided in the notes about the financial statements.</li> </ul>

KEY AUDIT MATTERS	PERFORMED AUDIT PROCEDURES
<p><b>Loan and commission income</b></p> <p>Loan and commission income for the year 2019 amounted to 79 343 thousand dinars, representing more than 88% of the total of bank exploitation income.</p> <p>The inclusion of interest and commissions is a key matter for auditing because of the importance of this item, and given the correlation of bank revenues with valid interest rates and approved commissions and loan collection schedules.</p> <p>Given the importance of revenues, their diversity, and the specificity of their accounting recording methods, we consider revenues an important component of auditing.</p>	<p>We assessed the bank's internal control system for recording loan and commission income in the results. The control work we carried out mainly included:</p> <ul style="list-style-type: none"> <li>• An evaluation of the information technology system as the automatic integration of revenue into accounting;</li> <li>• The bank's compliance with the provisions of Accounting Standard No. 24 relating to "Related commitments and income in banking institutions";</li> <li>• Evaluating policies, procedures and controls in recognizing and recording revenue;</li> <li>• Reliability of the approved methods of suspending interest and commissions;</li> <li>• Implementing analytical procedures regarding the evolution of interest and commissions according to the bank's activity indicators, pricing policies and laws related to them;</li> <li>• Verifying the information contained in the notes about the financial statements.</li> </ul>
<p><b>Investment portfolio</b></p> <p>At the end of each accounting year, the bank evaluates the investment portfolio, which records a net value of 101 591 thousand dinars at the end of 2019, and allocates provisions regarding it. The notes include methods of evaluating this portfolio and the related revenues.</p> <p>Given the importance of the process of evaluating the contributions portfolio and calculating the provisions and savings related to it, we consider this item an important element in the audit.</p>	<p>In response to that, the most important elements of audit is represented in the following acts:</p> <ul style="list-style-type: none"> <li>• Evaluating the bank's internal control system related to follow up and evaluating the investment portfolio</li> <li>• Verification of respect of the accounting standard No. 25 related to investment portfolio in banking institutions</li> <li>• Evaluating the appropriateness of the methodology adopted by the bank in terms of the comprehensiveness of recording the incomes from the investment portfolio, its evaluation and the extent of its relevance to the financial year, particularly by adjusting the foundations and methods of determining them according to the available information.</li> <li>• Evaluating the appropriateness of the methodology adopted by the bank in the method of evaluating the contributions and dividing the shares owed by it according to their traded value on the basis of stock exchange prices for shares that have been floated on the stock exchange and according to the fair value in relation to non-marketed shares.</li> <li>• Verification of the authenticity and honesty of the amounts that are included in the notes about the financial statements according to the information and documents that we have obtained</li> </ul>

## Observation paragraph

Without affecting the reliability of our view above, we would like to draw your attention to the following points:

- ◇ The risks related to the customer «SOTACIB» amounted to 11 700 thousand dinars for contributions. This customer has experienced difficulties and the shareholdings have been assessed based on the future prospects included in the 2017-2022 operational plan. The Bank has allocated provisions amounting to 3948 thousand dinars for its shareholding in the Company using the anticipated cash flow method set forth in the operational plan.
- ◇ Following a dispute between the Bank and SAB on banking software, the latter ceased work after the Bank's departments had expressed reservations about the compatibility of the software particularly with Tunisian legislation. It should be mentioned that all the expenses relating to the banking operating software recorded in the accounts under the heading «Tangible assets in course of construction» amounted to 2,685 thousand dinars at the date of our intervention.
- ◇ At the end of 2018, the Bank's relevant department has set up provisions for «Carthage Ciment» Company, classified within ordinary receivables (i.e. class 1) a company belonging to the «Alkarama Holding» group that has experienced financial difficulties. These provisions amounted to 3,416 thousand dinars, or 20% of all commitments recorded under collective provisions, the Bank having adopted this approach following an agreement with the financing banks under the supervision of the Central Bank, taking into account the company's economic profitability and the means of providing with adequate funding during the period of the upgrading of the company.
- ◇ As it is mentioned at the level of note 16 annexed, within the framework of the widespread of the pandemic of Covid 19 and the difficult financial situation resulting from it and within the framework of national measures conducted to assist financial institutions in Tunisia as well as individuals, the Central Bank of Tunisia issued circulars on reporting the collection of loans for institutions and particulars. The government took other measures in order to help economic institutions in Tunisia particularly small institutions.
- ◇ As these circulars and the said procedures were issued after the elaboration of financial statements of the Bank ended on December 31<sup>st</sup> 2019 by the Board of Directors held on March 12<sup>th</sup> 2020, as it is impossible to evaluate the impact of the national economic difficulties on that date, then the financial statements ended on December 31<sup>st</sup> 2019 and the conducted procedures and its effects on the financial situation of the bank did not take into consideration these circumstances.
- ◇ The consolidated financial statements of TSB GROUP were conducted in accordance with individual financial statements carried out by the auditor excepting some companies (TANKMED, TUNISO-SAOUDIENNE D'INTERMEDIATION Company, INDUSTRIAL COMPANY FOR TEXTILE, CHANNELS). We did not take into consideration subsidiaries within consolidation for different reasons particularly the non-availability of financial statements or the company was at liquidation stage.
- ◇ Some companies belonging to TSB Bank did not send their consolidation packages. As a result, we did not confirm the authenticity and exclusiveness of the omission of all the balances and operations within the group as well as the inherent and generated profits and losses on December 31<sup>st</sup> 2019.

## Other information contained in the 2019 annual report

The Board of Directors is responsible for the information contained in the Group's annual report.

Our opinion on the consolidated financial statements does not include the content of the Board of Directors' report and we therefore express no form of conclusive remark as to the content of the said report.

In accordance with the provisions of article 266 of the Code of Commercial Companies, our responsibility is to verify the information contained in the GROUP's accounts contained in the Board of Directors' report by referring to the data presented in the financial statements. Our work consists in reading the report of the Board of Directors in order to determine whether there are fundamental inconsistencies between the report and the consolidated financial statements or the information that has been brought to our attention within our audit engagement or whether the report of the Board otherwise contains significant errors. If, based on the work we have done, we conclude that there are substantial deficiencies in the Board of Directors' report; we are required to report them.

We have nothing to mention in this regard.

## Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Tunisia; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board is responsible for assessing the ability of the TSB BANK to operate as a going concern and the disclosure, if any, of all matters relating to the going concern principle, including the use of the going concern principle in the preparation of consolidated financial statements, unless the Board of Directors has the intention of dissolving the TSB Group or suspending its operations or the absence of any realistic alternative other than to do so.

Corporate governance is responsible for overseeing the TSB BANK Group's consolidated financial reporting procedures.

## Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with professional standards applicable in Tunisia, the statutory auditors exercise professional judgment throughout the audit. They also:

- ◇ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ◇ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances;
- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the related disclosures;
- ◇ Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the TSB BANK Group's ability to continue as a going concern. If we find out that a material uncertainty exists, then we have to mention in the audit report related disclosures in the consolidated financial statements or rectify our opinion if these disclosures are not sufficient. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ◇ Evaluate the overall presentation of the consolidated financial statements including the disclosures and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ◇ We communicate with the Group heads of governance on the audit scope and its time and the main audit issues pertaining to the internal control system that we noted during our audit.
- ◇ We also provide the Board of Directors with what confirms our commitment to the ethical requirements related to independence, and we inform them about all relationships and other matters that may affect our independence and what would preserve this independence.

Among those matters communicated with the governance officials of the Tunisian Saudi Bank, the scope and schedule of the audit work and the main audit matters, including any significant deficiencies in the internal control system that we noticed during our audit work.

Done in Tunis on July 01<sup>st</sup>, 2020

THE AUDITORS

**Nadia SAMMAR JLASSI**

Nadia SAMMAR JLASSI  
Accounting Office  
Member of the Tunisian Order of  
Accounting Experts

**ZIAD KHADIMALLAH**

Audit and Consulting Business  
Member of the Tunisian Order of  
Accounting Experts

**TUNISIAN SAUDI BANK'S GROUP  
CONSOLIDATED FINANCIAL  
STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31<sup>ST</sup>, 2019**

## CONSOLIDATED BALANCE SHEET

### As at December 31<sup>st</sup> 2019

(In 1 000 Dinars)

ITEMS	Dec.31 <sup>st</sup> 2019	Dec.31 <sup>st</sup> 2018
<b>ASSETS</b>		
Cash and Holdings at the Central Bank of Tunisia and TGT	28 492	35 691
Deposits and Loans to Banking Institutions	29 216	8 353
Credits to Customers	634 374	602 965
Consolidated Commercial Portfolio	37 656	22 495
Consolidated Investment Portfolio	101 591	98 639
Securities submitted to equivalence	44 374	44 597
Consolidated Fixed assets	16 282	16 898
Other Assets	96 749	95 410
Taxes Deferred	6 993	7 644
<b>TOTAL ASSETS</b>	<b>995 727</b>	<b>932 692</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Deposits at the Central Bank and CCP	105 003	101 003
Deposits and assets of Banking and Financial Institutions	20 350	10 776
Customers Deposits	556 510	504 646
Foreign Loans and Private Resources	9 933	7 097
Other Liabilities	99 369	100 445
<b>TOTAL LIABILITIES</b>	<b>791 165</b>	<b>723 967</b>
<b>EQUITY AND MINORITY INTERESTS</b>		
Corporate Capital	100 000	100 000
Consolidated Reserves	140 468	135 813
Consolidated Results Carried Forward	-42 071	-42 733
Consolidated Net Income for the Year	-2 217	3 896
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>196 180</b>	<b>196 976</b>
<b>MINORITY INTERESTS</b>	<b>8 382</b>	<b>11 749</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>995 727</b>	<b>932 692</b>

**CONSOLIDATED OFF-BALANCE SHEET COMMITMENTS**  
**As at December 31<sup>st</sup> 2019**

(In 1000 Dinars)

	December 31 <sup>st</sup> 2019	December 31 <sup>st</sup> 2018
Securities and other guarantees provided	84 325	72 041
Documentary Credits	5 397	4 194
Assets submitted as guarantees	104 000	100 000
<b>TOTAL POTENTIAL LIABILITIES</b>	<b>193 722</b>	<b>176 235</b>
Funding Commitments Made	99 297	95 046
Commitments on Securities	188	188
<b>TOTAL COMMITMENTS ISSUED TO CUSTOMERS</b>	<b>99 485</b>	<b>95 234</b>
Undertaken credits and Undrawn Commitments	-	-
Guarantees Received	600 603	554 887
<b>TOTAL COMMITMENTS RECEIVED</b>	<b>600 603</b>	<b>554 887</b>

## CONSOLIDATED INCOME STATEMENTS AS OF 31<sup>st</sup> DECEMBER 2019

(In 1000 Dinars)

Items	Dec.31 <sup>st</sup> 2019	Dec.31 <sup>st</sup> 2018
<b>BANKING OPERATING INCOME</b>		
Interests and assimilated Revenues	64 727	56 239
Commissions	14 616	15 577
Profits on Commercial Portfolio and Financial Operations	7 000	11 952
Income from Investment Portfolio	3 234	1 876
<b>TOTAL BANKING OPERATING INCOME</b>	<b>89 577</b>	<b>85 644</b>
<b>BANKING OPERATING COSTS</b>		
Interests Incurred and other costs	-43 352	-37 002
<b>TOTAL BANKING OPERATING COSTS</b>	<b>-43 352</b>	<b>-37 002</b>
<b>NET BANKING INCOME</b>	<b>46 225</b>	<b>48 642</b>
Appropriation to Provisions and Results of Corrections on loans outstanding	-15 695	-14 151
Appropriation to Provisions and Results of Corrections on Investment Portfolio	166	-254
Other Operating Income	289	2 820
Personnel and social expenses	-23 035	-24 089
Operating overheads	-10 232	-10 416
Appropriations to Amortiz. and Resorpt.	-2 538	-2 770
<b>OPERATING RESULT</b>	<b>-4 820</b>	<b>-218</b>
Other ordinary Gains and losses	-2 007	-675
Corporate Tax	-1 397	-2 527
Shares in Consolidated Companies	6 183	8 434
Share of Minority Shareholders	-176	-1 118
<b>NET INCOME FOR THE YEAR</b>	<b>-2 217</b>	<b>3 896</b>
<b>EFFECT OF ACCOUNTING ADJUSTMENTS</b>	<b>-</b>	<b>-</b>
<b>NET INCOME FOR THE YEAR AFTER EFFECT OF ACCOUNTING ADJUSTMENTS</b>	<b>-2 217</b>	<b>3 896</b>

## CONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31<sup>st</sup>, 2019

(In 1 000 Dinars)

ITEMS	December 31 <sup>st</sup> 2019	December 31 <sup>st</sup> 2018
<b>OPERATING ACTIVITIES</b>		
Banking Operating Income Collected	87 035	84 800
Banking Operating Expenses Paid out	-62 750	-54 826
Deposits of Other Banking and Financial Institutions	9 561	-31 197
Loans and Advances/Repayment of Loans and Advances Granted to Customers	-33 778	-47 997
Deposits/Withdrawals of Customers Deposits	44 501	24 899
Placement Bonds	-14 889	46 932
Sums Paid to Personnel and various Creditors	-18 709	-20 706
Other Cash Flow Generated by Operating Activities	-4 630	-3 772
Taxes on Profits	-746	-1 452
<b>NET CASH FLOW GENERATED BY OPERATING ACTIVITIES</b>	<b>5 595</b>	<b>-3 319</b>
<b>INVESTMENT ACTIVITIES</b>		
Interests and Dividends Collected on Investment Portfolio	2 004	566
Acquisitions/Assignments on Investment Portfolio	6 283	14 670
Acquisitions/Assignments on Fixed Assets	-1 923	-3 617
<b>NET CASH FLOW GENERATED BY INVESTMENT ACTIVITIES</b>	<b>6 364</b>	<b>11 619</b>
<b>FINANCING ACTIVITIES</b>		
Increase/Decrease in Special Resources	2 836	6 978
Dividends Paid	4 147	5 425
Effect of change in environment of consolidation	-9 292	-23 839
<b>NET CASH FLOW GENERATED BY FINANCING ACTIVITIES</b>	<b>-2 309</b>	<b>-11 436</b>
Net variation of cash and cash equivalents during the financial year	9 650	-3 136
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>-56 961</b>	<b>-53 825</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>-47 311</b>	<b>-56 961</b>

## RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY HELD IN TUNIS ON JULY 01<sup>ST</sup> 2020

### First Resolution

The assembled shareholders certify that the ordinary general assembly is held at a later date than the planned date according to the regulations and laws in force, due to exceptional considerations related to the situation of the world after the Coronavirus pandemic, and the inability of the members representing the Saudi Arabia to move to Tunisia.

In accordance with the circular of the Central Bank of Tunisia No. 17 of 2020, dated April 1<sup>st</sup>, 2020, authorizing the postponement of ordinary general assemblies until after April 30<sup>th</sup>, 2020, and as such date does not affect shareholders' interests, they discharge the members of the board of directors and acknowledge the legitimacy of such assembly and the resolutions thereof.

**This resolution was put to the vote and adopted unanimously.**

### Second Resolution

The Ordinary General Assembly of shareholders, after examination of Board of Directors' report on the TUNISIAN SAUDI BANK activities during the financial year of 2019, the financial statements for the year ended 31 December 2019, and the auditors' reports related to the financial statements, hereby approves the Board of Director's agreements included in the auditors' special report and the financial statements for the year ended 31 December 2019, as presented by the Board of Directors, with the recommendation to carry out individual financial statements in accordance with international financial reporting standards IFRS as from next year.

**This resolution was put to the vote and adopted unanimously.**

### Third Resolution

The Ordinary General Assembly, after the examination of the consolidated financial statements for the year ended 31 December 2019 and the auditors' reports on the consolidated financial statements of the T.S.B Group, hereby approves the consolidated financial statements of the Group for the year ended 31 December 2019, as presented by the Board of Directors.

**This resolution was put to the vote and adopted unanimously.**

### Fourth Resolution

The Ordinary General Assembly hereby gives the directors full and unconditional discharge from their duties within the board of directors and their activities' income for the financial year ended December 31<sup>st</sup>, 2019.

**This resolution was put to the vote and adopted unanimously.**

### Fifth Resolution

The Ordinary General Assembly of shareholders decides to allocate the net income relating to financial year 2019 and amounting to TND 2 839 724,806 TND as follows:

Gross Net income	- 2 617 058,090 TND
Income tax	- 222 666,716 TND
<b>Net income</b>	<b>-2 839 724,806 TND</b>
Losses carried forward after allocation	- 44 910 908,806 TND

**This resolution was put to the vote and adopted unanimously**

## Sixth Resolution

In accordance with article 29 of the Articles of incorporation of the TSB BANK, the Ordinary General Assembly decides

- ◇ To set the attendance allowance for the financial year 2019 in the amount of 6.600 Tunisian dinars after tax deduction for each director.
- ◇ To grant the amount of 2. 000 Tunisian dinars after tax deduction to each member of the Standing Audit Committee, the Credit Executive Committee, the Risk Committee, and the Nomination and Remuneration Committee.

**This resolution was put to the vote and adopted unanimously.**

## Seventh Resolution

In accordance with the provisions of article 25 of the Articles of Incorporation of the T.S.B BANK, the Ordinary General Assembly has decided the following nominations:

- ◇ Mrs Amel BOUGHDIRI as a member of the Board of Directors as from October 03<sup>rd</sup> 2019 replacing Mr Khalil CHTOUROU for the rest of term for the said member ending on the meeting of the ordinary general assembly of shareholders that would examine the accounts of the financial year 2019.
- ◇ Mr Omar BOUZOUEDA as a member of the Board of Directors as from February 27<sup>th</sup> 2020 replacing Mr Taoufik ABBES, and this for the rest of the term ending on the meeting of the ordinary general assembly of shareholders that would examine the accounts of the financial year 2021.
- ◇ Mr Omar BEN MOHAMED EL HACHEM as a member of the Board of Directors as from February 27<sup>th</sup> 2020 replacing Mr Rayen Mohamed NAKAD, and this for the rest of the term ending on the meeting of the ordinary general assembly of shareholders that would examine the accounts of the financial year 2021.

**This resolution was put to the vote and adopted unanimously.**

## Eighth Resolution

In accordance with the provisions of article 19 of the articles of incorporation of the Tunisian Saudi Bank, the Ordinary General Assembly approves to appoint:

- ◇ Mrs Amel BOUGHDIRI as a member of the Board of Directors for a period of three years renewable and ending on the meeting of the ordinary general assembly of shareholders that would examine the accounts of the financial year 2022.

**This resolution was put to the vote and adopted unanimously.**

## Ninth resolution

In accordance with the provisions of the law no.19 dated May 02<sup>nd</sup> 2006, the shareholders' ordinary general assembly decides to renew the nomination of the audit office "ACB" represented by Mr Zied KHADIM Allah to prepare the individual financial statements of the bank for the financial years 2020, 2021 and 2022. It decides as well as to renew his nomination as an auditor for the consolidated financial statements for the financial years 2020, 2021 and 2022

**This resolution was put to the vote and adopted unanimously.**

## Tenth resolution

The ordinary general assembly delegates to the legal representative of the Bank or his representative the power to carry out all the registration and publication procedures.

**This resolution was put to the vote and adopted unanimously.**

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