

Annual Report 2017



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Ismail Mabrouk
Chairman of the Board

The year 2017 marks once again the exceptional performance of BIAT and confirms its solidity and positioning as a leader in the Tunisian banking market. With rising indicators and a market share of net banking income of almost 20%, we consolidate the merits of our strategic orientations.

The year 2017 was marked by a strategic reflection during which we have redefined our business strategy that puts the customer at the center of our concerns. Thus, we insure a new differentiated commercial approach through a specific product offer by market and segment, through:

- A new customers segmentation
- A new management model
- And an action plan over 5 years.

The new defined service model integrates digital channels, dedicated spaces by market and free banking services.

This new business strategy involves a review of our operating model of information systems as well as the organization and the governance levels. Structuring evolutions will accompany the digital development of our bank.

The year 2017 was also marked by the implementation of a specialized structure in the economic monitoring and foresight whose role is to participate in the public debate in an open and constructive way through the regular publication of economic research notes and the organization of theme-based events with public and private participants, local and international experts.

Regarding digital communication, and in line with the communication strategy adopted by BIAT these recent years, we have insured the reform of six BIAT Group subsidiaries' websites: BIAT Insurance, BIAT Asset Management, BIAT Capital Risk, BIAT Capital, BIAT Consulting and BIAT France. This project allows a better coherence of the messages and the contents and consolidates the reputation of our financial group by anchoring a harmonious identity of a group of experts, strong and multidisciplinary.

Aware of its role as a leader in the Tunisian financial system, BIAT continues its commitment to the economic development of the country through:

- Maintaining the actions of BIAT Foundation for Youth on the education and entrepreneurship axes. Launching the Bloommasters Entrepreneurship Contest, the largest entrepreneurship Competition in Tunisia, was a great success and a new edition is planned for 2018.
- Launching the B@Labs incubation platform in June 2017, which insures a personalized assistance to young entrepreneurs in the realization of their projects' ideas and provides them with a complete incubation program. This is how this first class of entrepreneurs has benefited from an excellent support in compliance with international standards.
- Supporting the establishment of the international entrepreneurial network Endeavor's local branch. In 2017, Endeavor Tunisia initiated its support program to Tunisian entrepreneurs and firms that have successfully completed the start-up phase and are embarking on a development phase with a fast expansion potential. The process of selecting Tunisian candidates to join Endeavor entrepreneur community has been successfully conducted by the Tunisian office.

Our determination to offer the best products and services has bestowed us this year again an international recognition of notorious organizations. BIAT was crowned as the «Best Bank in Tunisia». This international excellence recognition honors BIAT and supports its ambition as a large and solid bank, in the heart of a multidisciplinary financial group at the service of all Tunisians and the country's economy.

Ismail Mabrouk



Mohamed Agrebi
General Manager

The global economy has been engaged since mid-2016 in an expansion trajectory, with strong growth in 2017 which is confirmed in early 2018 in both developed and emerging countries.

This recovery will be of great benefit in 2018 to the Tunisian economy which recorded in 2017 a weak growth (1,9%), although in improvement compared to 2016 (1%).

In a difficult national context, BIAT accomplished a honorable financial year 2017 with indicators for the most part in progress:

- 10,585 MD of deposits, an increase of 16.6%, allowing to maintain our position as the leading bank in the market with 16.8% market share;
- 9,860 MD of gross loans, a growth of 21.5%, placing the bank at the top of the list with a market share of 13.1%;
- A total balance sheet of 13,535 MD, a growth of 19.4%;
- A customer conquest of nearly 84,000 customers bringing our customer capital to 838 thousand;

- An interest margin of 359 MD, a growth of 21.6%;
- A commission margin of 166 MD, an increase of 10,2%;
- Other income of 177 MD, a growth of 19.2%;
- A net banking income of 701 MD, an increase of 18.1%.

This good commercial dynamic on the different customer segments Corporate and Retail was accompanied by operational rigor and risk management.

Indeed, the cost/income ratio continues its decline to 47.4% compared to 50% a year earlier; thanks to an increase in operating expenses (+ 12%) significantly lower than that of the NBI (18.1%).

Commissions represent 23.7% of the NBI in 2017 and now cover 76.4% of staff costs.

For its part, the risk is controlled with a CDL rate of 5.3% in 2017 against 5.8% in 2016.

With this rate, BIAT displays the best quality of risk of the place. Its solvency ratio stands at 10.75% in 2017, an improvement of 0.35% compared to 2016 (10.40%).

The net profit amounted to 214 MD, an increase of 12.6%, allowing to propose to your Assembly a remuneration of 42.5% against 40% a year earlier, the best distribution of the place for banking stocks.

These results help to maintain our profitability ratios at high levels:

- Net Banking Income / Total Assets of 5.2%
- ROE of 20.6%
- ROA of 1.6%

These ratios, now at the level of the best international standards, are the result of a thoughtful strategic vision and a long-term investment in:

- Strategic studies;
- An information system with the latest technologies;
- A network which today counts 203 agencies covering all the governorates;
- A headquarter in the most prestigious Avenue of the capital;
- An advanced human capital that represents the main richness of the bank.

Our bank complies with all regulatory ratios, liquidity ratio (191.6% at the end of 2017), risk division and clearing ratios, and today a healthy financial situation.

The consolidated financial statements underline:

- A total balance sheet of 14.179 MD, an increase of 18.6%;
- A net result of 209 MD, a growth of 8.50%.

The main part of this result is realized by the bank (196.8 MD), however our subsidiaries contributed up to 12.2 MD in this consolidated result.

The improvement of the economic situation in Europe, Tunisia's main partner, will have a positive impact on our economy.

Figures at the end of March show an acceleration of the progress' rate in exports. The investment for its part, after five years of negative contribution to growth, resumed in 2016 and 2017 and it is expected to be confirmed in 2018.

The agricultural and tourism seasons look good and we can expect a stronger growth in 2018 which will strengthen in 2019 and 2020.

With the gradual improvement of the economic situation, BIAT will achieve new performances in 2018 and the following years which will enable it to achieve even better results.

Results that are still growing in line with the expectations of our customers, partners and investors and the development needs of the bank.

Mohamed Agrebi

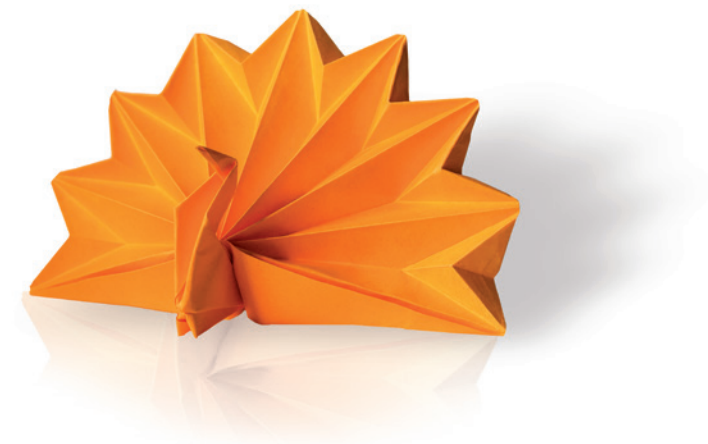
After 41 years of existence, the International Arab Bank of Tunisia (BIAT), launched in 1976 with modest human and materials means, became one of the most important financial institutions in North Africa and a key player in Tunisia.

With 2178 collaborators in 2017, BIAT has more than 838 thousand customers and an international correspondents network around 1500 banks. It has the densest network in Tunisia with 201 agencies divided across the country, with a representation in Tripoli-Libya.

For over a year, it also has a subsidiary BIAT France, under the status of the payment agent with an agency in Paris.

A universal bank providing a full range of service with all type of customers individuals, SRR, Professionals, PM, large companies and institutional, BIAT is now a diversified financial group in the fields of insurance, management assets, investment capital, equities brokerage and international consulting.

Supporting its development on the proximity and the social responsibility, it puts its expertise for the benefit of its customers, partners and the economy of the country.



1

ECONOMIC, BANKING AND FINANCIAL ENVIRONMENT



- On the international level

The International Monetary Fund (IMF), in its report about the international economic prospects which was published in January 2018, foresees that the international economic growth should be around 3.7% in 2017, higher than that recorded in 2016 (3.2%).

As for the developed countries, the IMF foresees a growth rate of 2.3% in 2017 compared to 1.7% in 2016. This revival is in connection with the US tax reform and the strengthening of domestic demand as well as the external demand in the Euro zone and Japan.

With regard to the emerging and developing countries, it is expected to see its growth evolve this year with a slightly higher pace than last year, with 4.7% compared to 4.4%.

Regarding the employment situation, the unemployment rates continued to fall in most the industrialized countries at levels approaching the full employment for certain economies

Thus the unemployment rate in the United-States stabilized during December at 4.1% (compared to 4.7% the previous year), in Euro zone, the unemployment rate continued its downward trend to reach 8.7% in December 2017 compared to 9.7% at the end of 2016.

For their parts, the international energy price and most commodities knew an increase over the whole year 2017. The energy and metals indexes price and metals recorded an increase of 13.8% and 14.4% respectively.

With regard to the inflation, it remained stable in the United-States during 2017 at the same level recorded a year earlier with 2.1%. In the Euro zone, the inflation rate stood at 1.4% for the whole year 2017 compared to 1.1% in 2016.

On the international foreign exchange markets, 2017 was marked by the appreciation of the Euro regarding the American dollar. Thus the euro/dollar parity reached 1.2007 dollar in the end of December 2017 compared to 1.0464 at the end of December 2016.

- On the national level

In 2017, the economic activity was marked by a more sustained growth pace mainly driven by the agriculture, manufacturing and market services. In fact, the agriculture and fisheries sector has recovered (+22.5% against -8% in 2016), which mainly benefited from the grain harvest. An improvement was also observed in certain activities in the manufacturing industries, mainly the mechanic and electrical industries (+2.9%) and to a lesser extent in the textile, clothing and leather industry (+0.6%). The merchant services also benefited from the improvement of tourism activity in addition to a good performance at the level of financial communications institutions and recorded an increase of 4% compared to 3.2% in 2016.

As a result, the overall growth amounted to 1.9% during the year 2017 against 1% in 2016. During the fourth quarter 2017, the economic growth rose to 2% compared to 1.1% during the same quarter of the past year.

This level of growth failed to reduce the unemployment, the rate remained at 15.5% between 2016 and 2017. The unemployment rate for higher education graduates declined slightly while remaining high (29.9% against 30.6%).

Main Figures	2015	2016	2017
Growth of GDP (at constant prices)	1,1%	1,0%	1,9%
Inflation rate (in %)	4,9%	3,7%	5,3%
National Savings (in % of GNP)	11,2%	10,5%	10,5%
Current deficit (in % of GDP)	8,9%	8,8%	10,3%
Budget deficit (in % of GDP)	4,8%	6,5%	6,1%
Goods exports growth (in %)	-2,8%	5,6%	+18,1%
Goods imports growth (in %)	-5,7%	+5,3%	+19,8%
Debt services / Current revenues (in %)	8,3%	10,9%	14,2%
Tourism revenues (in TND million)	2 415	2 323	2 794
Growth	-33,4%	-1,7%	+17,7%
Total investment (in TND million)	16 823	17 336	18 046
Growth	2,4%	3,5%	4,2%
Investment rate (in % of GDP)	19,9%	19,1%	18,6%
Lending to the economy (in TND million)	66 093	72 547	82 039
Growth	6,2%	9,8%	13,1%
Money stock M3 (in TND million)	61 899	66 888	73 468
Growth	5,3%	8,1%	9,8%

Source BCT

Banking system

The evolution of the banking system activity was characterized in 2017 by the acceleration in the growth pace of deposits and credits

The liquidity shortfall that has characterized the banks' cash position over the recent years has increased in 2017.

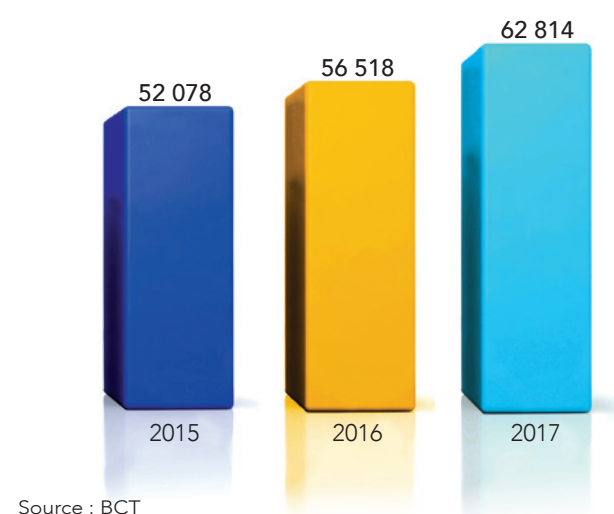
- Customers deposits**

Banking system's customers deposits amounted to TND 62 814 million by December 31st 2017, recording an evolution of 11.1% higher than the previous year (+8.5%).

This progress mainly concerned demand deposits and savings deposits with an increase of 16.2% and 10.5% respectively, while the term deposits increased only to 4.3%.

Shares of low-paying deposits in the total of deposits (demand deposits and other amounts) have been consolidated of 2 points compared to 2016 at the expense of term deposits (-1.7 point).

Evolution of customers deposits (in TN million)

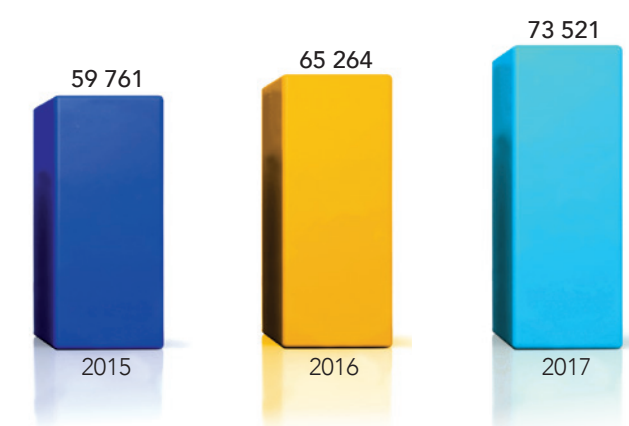


- Loans to customers**

At the end of 2017, loans to customers at the level of banking system totaled TND 73.521 million, reflecting an increase in the pace of growth compared to last year of (+12.7% versus +9.2%)

According to statistics from the central risk and personal loans file, the increase in credits granted during 2017 benefited mainly the service sector and the industry followed by individuals and the sector of agriculture and fisheries.

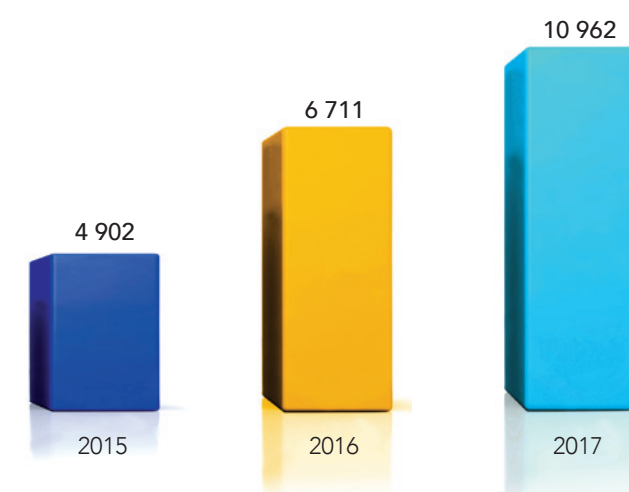
Evolution of loans to customers (in TND million)



- Money market recourse**

The deficit of liquidity that has characterized the cash flow position of banks during the last three years increased in 2017 and resulted at the end of the year in a net recourse of TND 10.962 million to the money market against TND 6.711 million observed at the end of the preceding financial year.

Money market recourse
In term of end-year balance (in TND million)



Market rate

For the whole year 2017, the average money market rate (MMR) stood at 4.86%, increased by 61 basis points compared to the year 2016 (4.25%). This increase is explained by the decision of the BCT to boost its key rate twice in April and May 2017 from 0.50 and 0.25 basis points respectively to 5%.

Unlike the first semester, the MMR stands during the second semester and in particular the last three months at a higher level of key rate (5.23% during the last quarter against 5%).

This trend is linked to the persistence of the important deficit of liquidity which has generated an average daily rate (AR) of 5.23% since September 15th, 2017 until the year end, a level very close to that of 24-hours loans facility (5.25%).

Regarding the savings remuneration rate (SRR), it was increased in April 2017 from 0.50 basis points to 4%.

Stock exchange

Tunindex index closed December 2017 with 6.281,8 points, a growth of 14.4% against a return of 8.9% in 2016.

In parallel, most sectoral indexes has been on a rising trend since the beginning of 2016. In fact nine indexes achieved positive return with rates varying between 0.5% (building and construction materials) and 33.7% (automobile and equipments) whereas the other indexes posted negative returns varying between -0.4% (Financial Services) and -3.9% (services to consumers). As for the TUNBAK index, it achieved an annual return of 19.5%

The daily average transactions amounted to TND 9.6 million in 2017 against TND 6.9 million in 2016.

With regard to the upward trend of the market, the market capitalization registered an increase of 13.2% to reach TND 21.852 million at the end of December 2017, meaning 22.4% of GDP compared to TND 19.300 million or 21.1% of GDP by the end of 2016.

2

BANK'S ACTIVITIES AND RESULTS



2.1 Bank's vision and strategy

BIAT define, for the next development cycle, a vision:

BANK'S VISION

3

A citizen and responsible bank that is actively involved in the country's sustainable development

2

Being a reference bank in its markets being capable of adapting and responding to the specific needs of each of its clients as well as accompanying them on the long term.

1

A strong financial group known for its professionalism and good governance

This vision is being articulated in the framework of a new commercial strategy that's aims to make the client the center of the bank's strategy, through a more refined segmentation products and supply services as well as model of support adapted to each market segment.

In order to support this new commercial strategy and the bank's development in a more general way, a new IS operational model and a new SI master plan are being defined.

In addition, our strategy considers the actions related to CSR (Corporate Social Responsibility) a high priority through a major project dedicated to these issues and through the ongoing support for the actions of the BIAT foundation.

2.2 Highlights of the Bank

Proximity and Expertise

- Launching of the first self-service banking space at Habib Bourguiba Avenue;
- Consolidation of the financial advisory activity division dedicated to the care advice and support of companies in their development and reconstructing projects;
- Signature of partnership agreement between BIAT and BMCE-Bank of Africa to support the customers' development in Sub-Saharan Africa with a personalized offer and customized to the clients' need and this, within the framework of international development of BIAT mainly in Africa
- Reinforcing BIAT impact in the African continent throughout the presence of its subsidiary «BIAT Consulting» in eight African countries;
- Launching of the economic research activity

Offer

- Launching of « AWAL SAKAN » credit leaned in the national first home program.
- Redeveloping « BIATRAVEL » card through the new services offer such as the insurance and the assistance as well as new advantages.
- Easing the granting conditions and the implementation of mortgage loan.
- Enriching the life insurance products « Assur'Platinum » and « Assur'Elite » within the framework of the bank insurance offer improvement.

Engaged and responsible Bank

- BIAT contribution in the enrichment of the public debate through the organization of the first economic meeting within its headquarters, around the theme «How to succeed reforms in Tunisia» and in the presence of personalities and experts in economics.
- Valorization of shares in BIAT Foundation for the youth in the entrepreneurship and Education axes, mainly through two campaigns: « BLOOMMASTERS » and « un cartable, un avenir » (schoolbag, a future).
- Creation of BIAT Labs incubation platform, a unique initiative in the Tunisian banking sector and real support to young promoter holding innovative project ideas.
- Support to the launch of Endeavor Tunisia, a non-profit organization that mentors entrepreneurs with high potential in several countries around the world for more than 20 years.

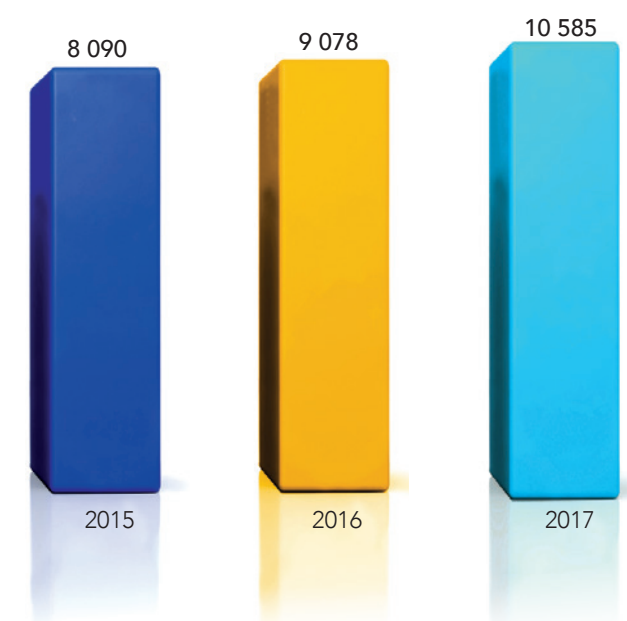
Prizes

- Once again, BIAT was twice rewarded «Best bank in Tunisia» by EMEA Finance and Global Finance. Through these awards, EMEA Finance and Global Finance recognize BIAT performance and underline its sustained development, dynamism and financial strength.

2.3.1 Customer Deposits

By the end of 2017, customer deposits recorded a growth of 16.6% to reach TND 10 585 million.

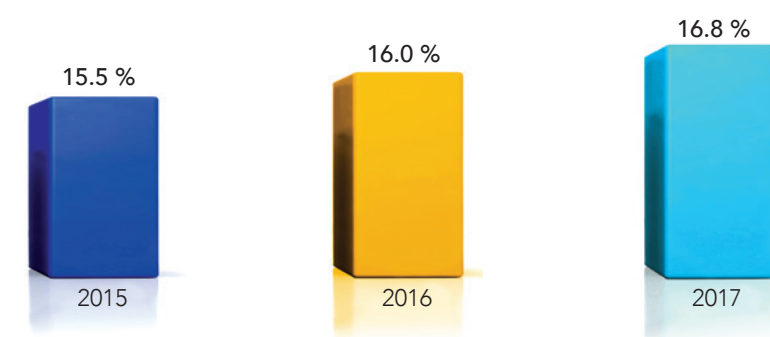
Evolution of customer deposits (in TND million)



This evolution results mainly from a 18.9% growth in the demand deposits to reach TND 5 371 million and a growth of 11.7% to TND 2434 million in the savings deposits.

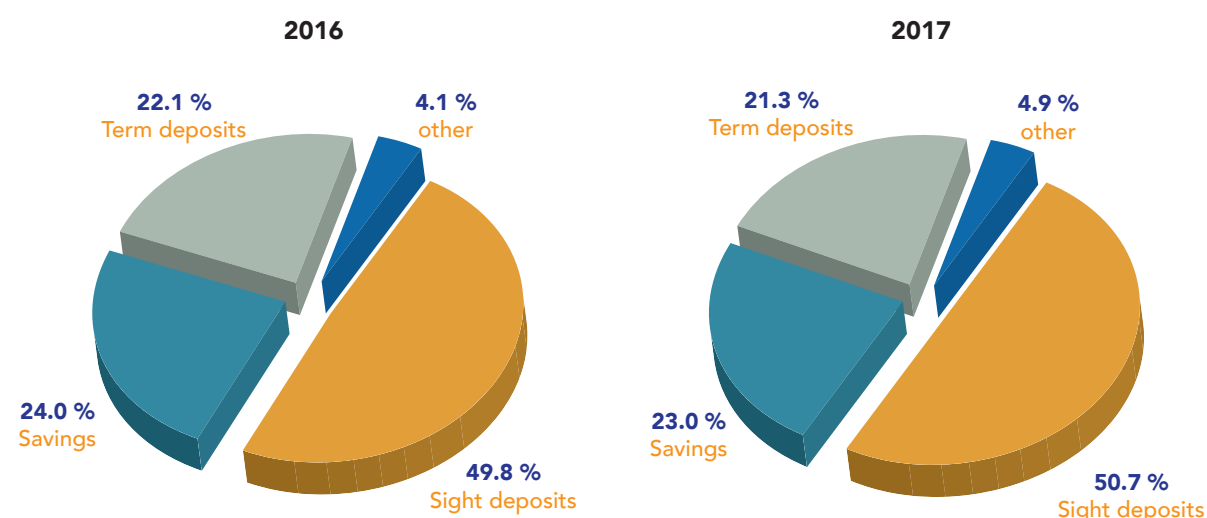
BIAT is consolidating its position as a market leader with a 16.8% share in 2017.

Customer deposits Market Share's (in TND million)



The structure of deposits with the Bank remains among the most favorable in the sector. The share of none, or low, remunerated deposits, represents 50.7% of total deposits. The Bank ranks in first position under this category of deposits with a share of 22.1% in the market.

Customer deposits Breakdown



2.3.2 Gross Customer Loans

BIAT gross customer loans amount has reached, for the financial year 2017, TND 9 860 million, marking an increase of 21.5% compared to the rate recorded by the end of December 2016.

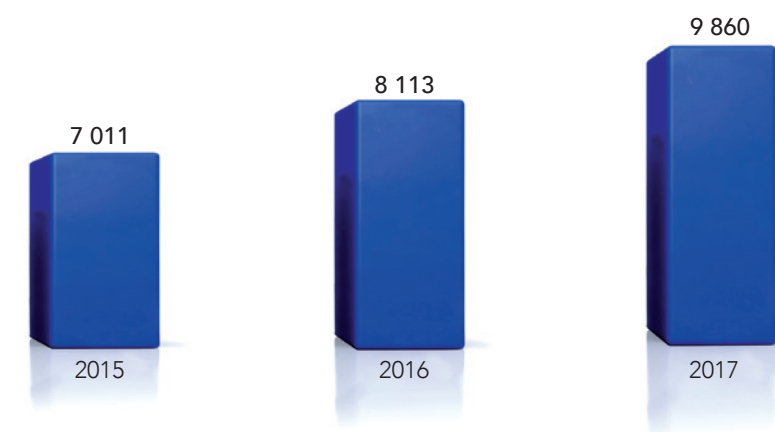
BIAT market share has increased from 12.3% at the end of December 2016 to 13.1% at the end of December 2017, with a consolidation of 0.8 points.

The growth of the customer loans is mainly due to the increase:

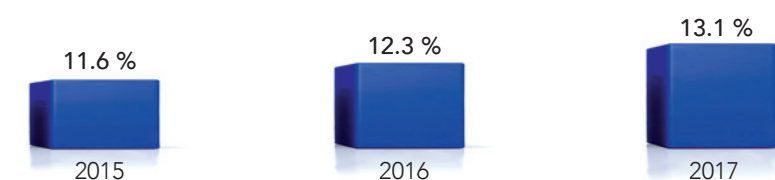
- Commercial and industrial loans to 24.5% to TND 4 985 million
- Buyers of real estate loans to 19.7% to TND 2 736 million
- And accounts receivable to 26.4% to TND 898 million.

Thus, the net loans reached TND 9 393,7 million, a growth of 22.3%.

Evolution of gross customer loans (In TND million)

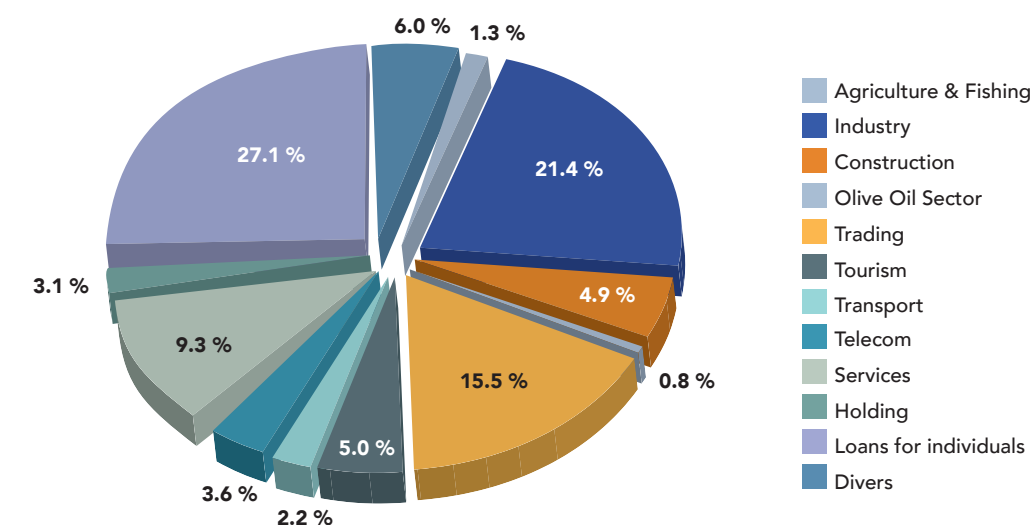


Evolution of the market share of Customer loans (in TND million)



The breakdown of loans by sector is dominated by the loans to individuals holding 27.1%, the industry sector holding 21.4%, trade sector holding 15.5%, and service sector holding 9.3%.

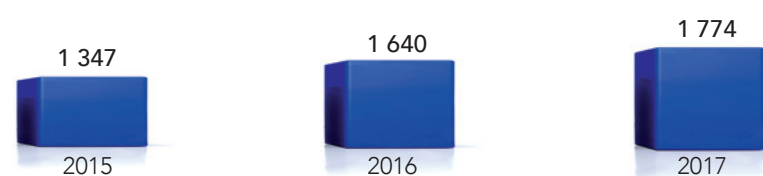
Breakdown of Loans by Sector in 2017



2.3.3 Customer signature commitments

The volume of customer signature commitments in favor of customers increased of 8.1% equaling TND 1.774 million by the end of the year 2017.

Customer signature commitments evolution (In TND million)



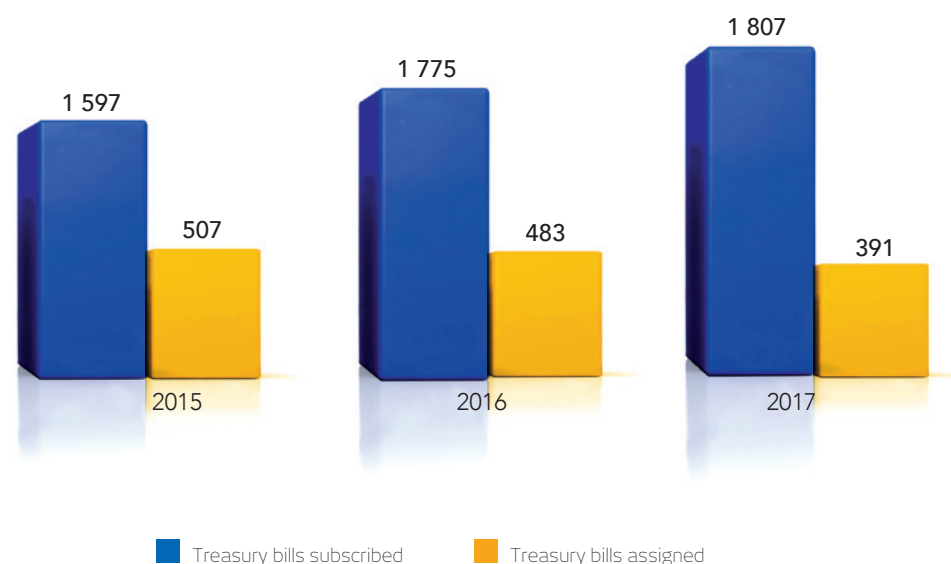
2.3.4 Government Securities Portfolio

The participation of the bank in the financing of the government budget is set at TND 1807 million for the year of 2017, recording thus an increase of 1.8% compared to end of December 2016.

The share dedicated to customers recorded a decline of 18.9% equaling TND 391 million.

The market share of the bank in the total portfolio of the state is set at 14.9% a decrease of 1.1 points compared with 2016.

Government securities portfolio evolution (In TND million)



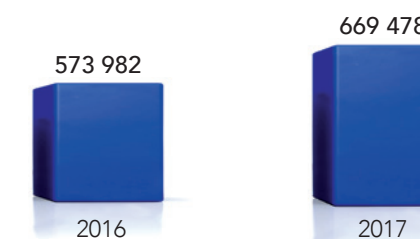
2.3.6 Customers Conquest

The bank's goodwill develops in 2017 with the conquest of 83.766 thousand new customers individuals and professionals, bringing the number of clients to about 837.687.

2.3.7 Electronic Banking

The number of cards issued reached by the end of 2017, 669 478 units, showing an increase of 16.6% compared to the end of the year 2016.

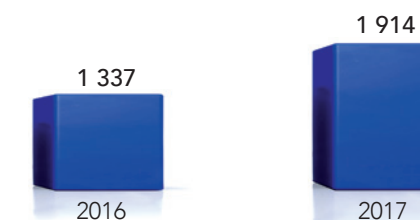
Evolution of the number of cards



2.3.8 Monetary Market

The bank ended the year 2017 with a net investment in the money market of TND 1 914 million, which is higher than net investment registered at the end of the financial year 2016 (TND 1 337 million).

Money market recourse In terms of year-end balances (in TND million)

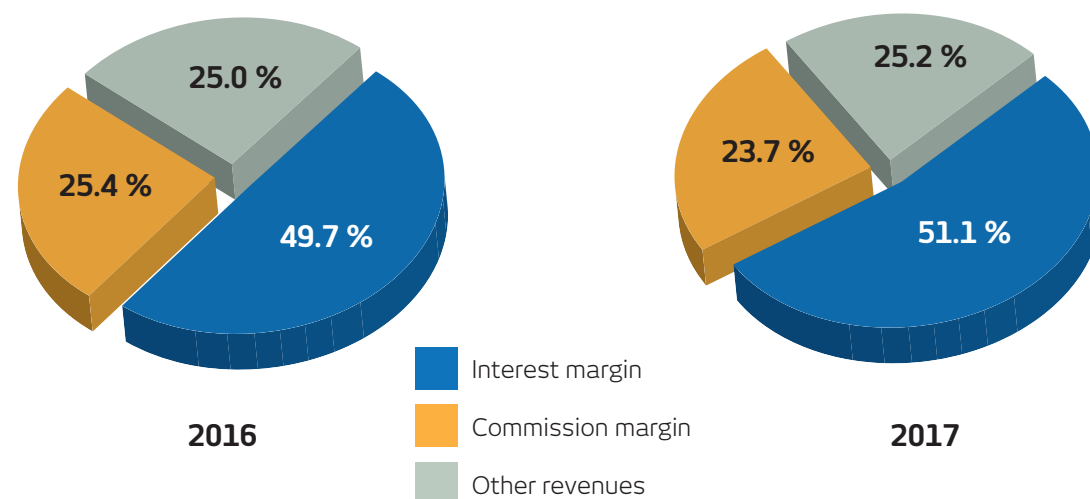


• Net Banking Income

By the end of 2017, the net banking income reached TND 701.3 million, recording an increase of 18.1%.

The progressions of the interest margin, of the commission margin and of other revenues were respectively 21.6%, 10.2% and 19.2%.

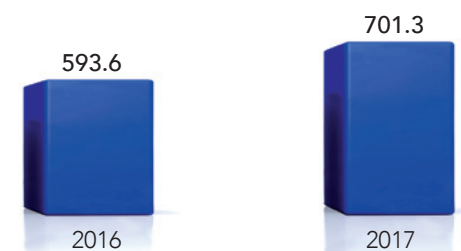
The NBI structure is broken down as follows:



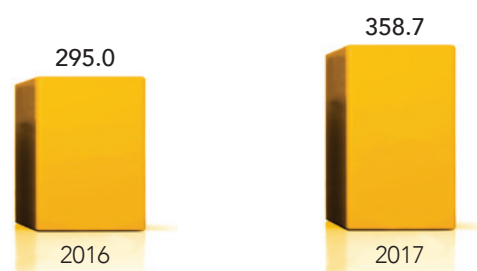
- Interest Margin

Representing 51.1% of GNP, the interest margin recorded is TND 358.7 million, an increase of 21.6%.

**Net Banking Income Evolution
(In TND million)**



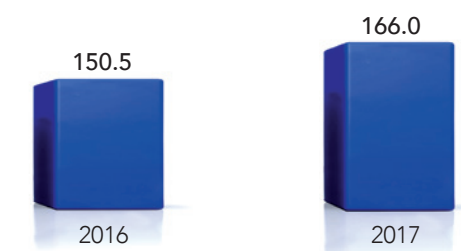
**Net interest margin evolution
(in TND million)**



- Commission margin

The commission margin has improved by 10.2% over a year to reach TND 166.0 million.

**Net commission margin evolution
(in TND million)**



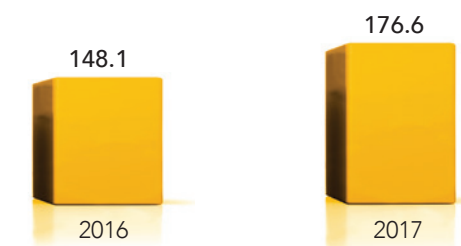
By December 31st, 2017, the share of the commission margin in the NBI range in 23.7%.

- Other revenues

Other revenues increased by 19.2% to reach TND 176.6 million.

By December 31st, 2017, all the other revenues represent 25.2% of NBI.

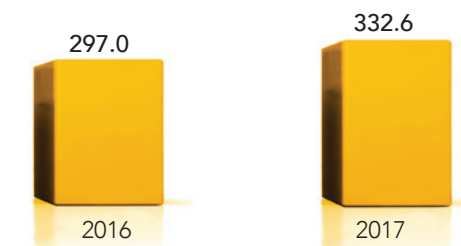
Other revenues evolution in (TND million)



• Operating expenses

By the end of 2017, operating expenses recorded an increase of 12.0% reaching thereby TND 332.6 million. Thus evolution was driven by the increase of the personal costs by 10.3%, representing 65.3% of the operating costs.

**Operating expenses evolution
(In TND million)**

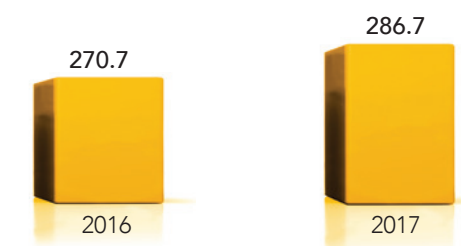


As result to this evolution, the operating ratio improved by 2.6 points to reach 47.4%.

• Operating result

The operating result records a growth of 9.6% to reach TND 296.7 million.

Operating result evolution (In TND million)

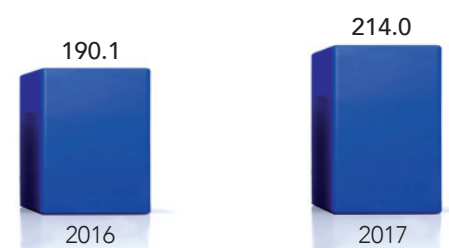


2.4 Bank's Result in 2017

• Net result

In the end, the net result stands at TND 214.0 million, at the end of 2017 year, a growth of 12.6% in comparison with preceding financial year (TND 190.1 million).

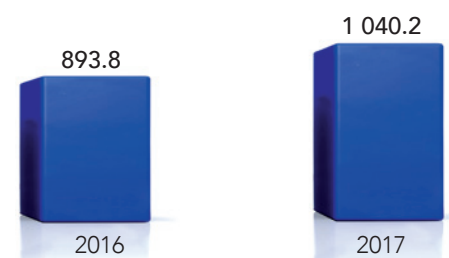
Net result Evolution (In TND million)



• Equity

The equity with respect to the financial year 2017 is established at TND 1 040.2 million against TND 893.8 million in 2016, a growth of 16.4%.

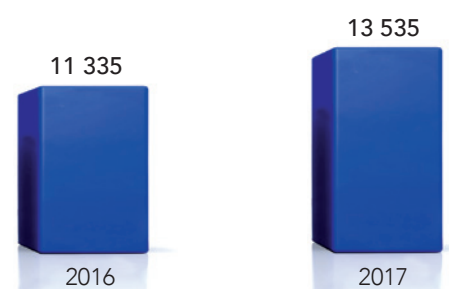
Equity Evolution (In TND million)



• Total Balance sheet

By the end of December 2017, the total balance sheet totalizes TND 13535 million against 11 335 million in 2016, a growth of 19.4%.

Total balance sheet Evolution (In TND million)

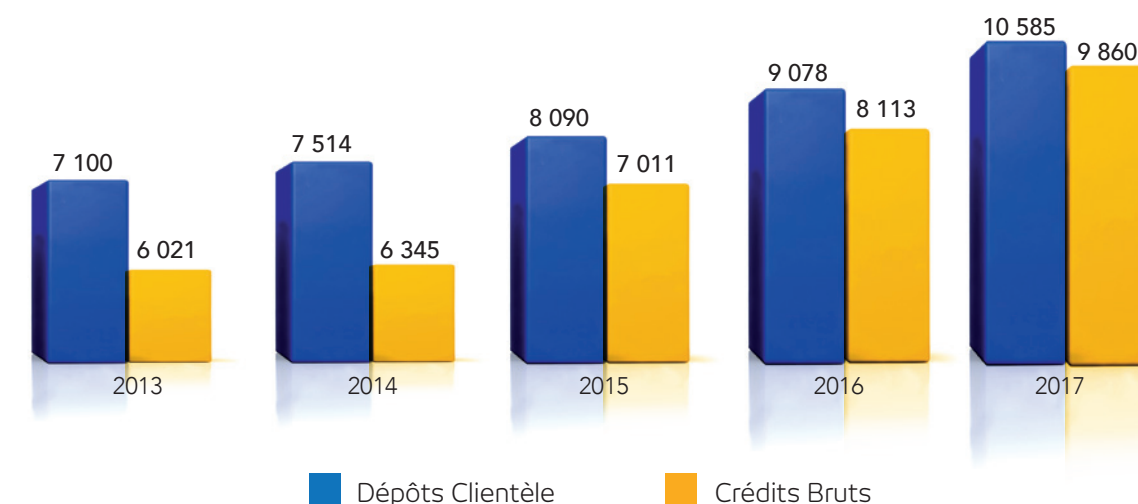


2.5 Bank's development and achievements over the recent years

2.5.1 Customer deposits and loans

- Customer deposits amount to TND 10.585 million by the end of 2017, an average growth of 10.5% over the past five years.
- The gross customer loans totaled TND 9 860 million by December 31, 2017, an average growth of 13.1% over the same period.

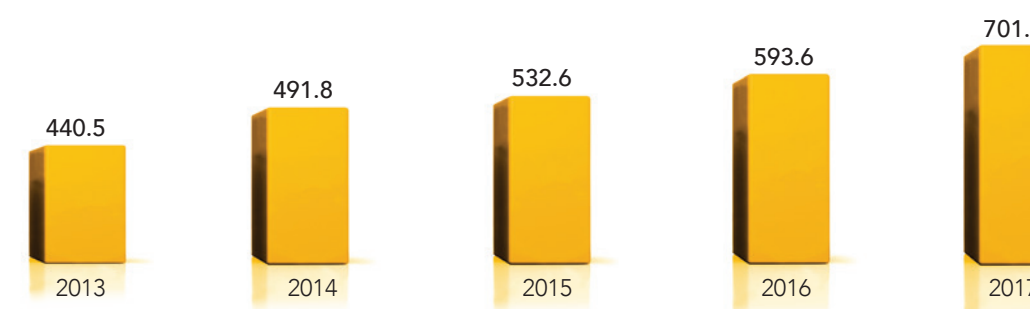
Customer deposits and loans Evolution (In TND million)



2.5.2 Net banking income

The net banking income records an average annual growth of 12.3% over the last five years to reach TND 701.3 million by the end of 2017.

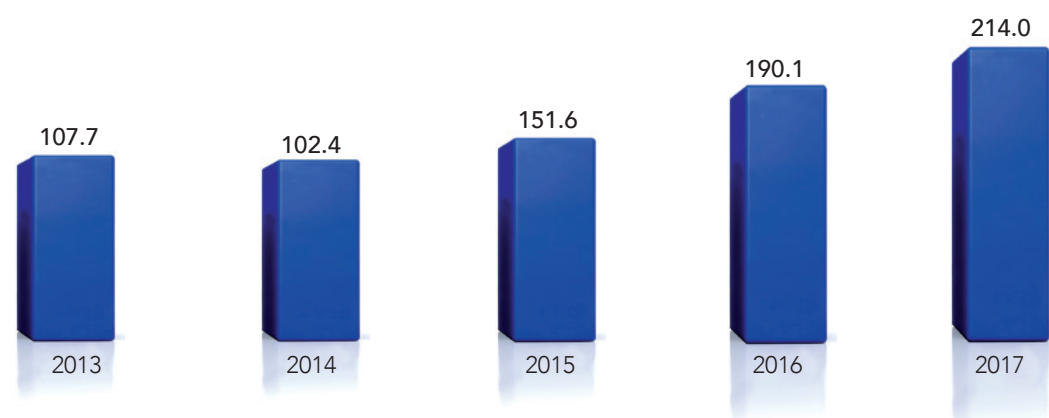
Net banking income Evolution (In TND million)



2.5.3 Net Result

The net result shifted from TND 107.7 million in 2013 to TND 214.0 million in 2017, an average annual growth of 18.7% over the last five years.

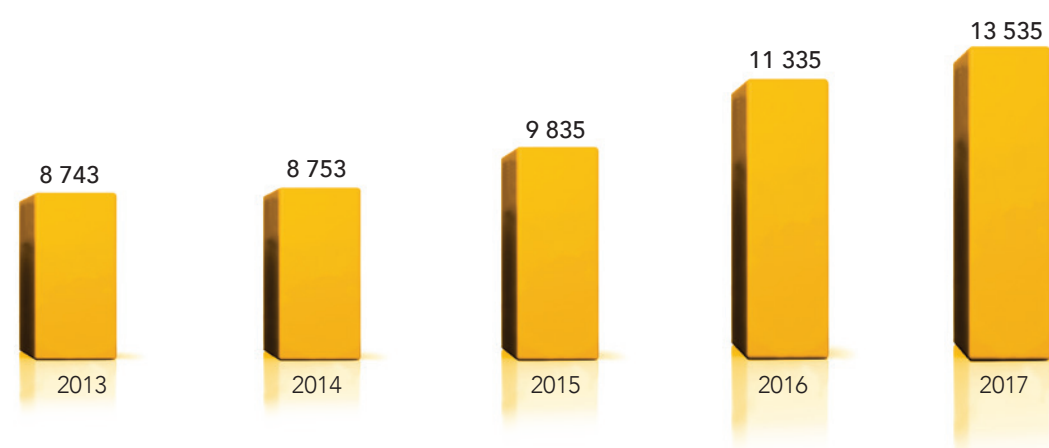
Net result Evolution (In TND million)



2.5.4 Total Balance sheet

The total balance sheet represents an average annual growth of 11.5% over the last five years to reach TND 13.535 million by the end of December 2017.

Total balance sheet Evolution (In TND million)



2.5.5 Ratios

The majority of the bank ratios recorded improvement in 2015.

Structure Ratios

	2013	2014	2015	2016	2017
(Deposits/Gross loans)	117,9%	118,4%	115,4%	111,9%	107,3%

Profitability Ratios

	2013	2014	2015	2016	2017
GNP / Total Assets	5,0%	5,6%	5,4%	5,2%	5,2%
Net Result/ NBI	24,4%	20,8%	28,5%	32,0%	30,5%
Net Result / Equity Capital (ROE) Return on Equity	17,6%	15,3%	19,7%	21,3%	20,6%
Net Result / Total Asset (ROA) return on assets	1,2%	1,2%	1,5%	1,7%	1,6%

Productivity Ratios

(In thousands dinars)

	2013	2014	2015	2016	2017
Deposits / employee	2 703	2 952	3 289	3 788	4 860
Gross loans / employee	2 292	2 493	2 850	3 386	4 527
NBI / employee	168	192	216	248	322

Regulatory Ratios

Equity and the ratio of risk coverage

(In TND millions)

	2013	2014	2015	2016	2017
Capital	170,0	170,0	170,0	170,0	170,0
Reserves	367,2	397,3	406,6	462,2	484,6
Profits of the year	107,7	102,4	151,6	190,1	214,0
Other equity and forwarded result	-34,8	0,6	43,0	71,4	171,6
Equity ⁽¹⁾	610,1	670,3	771,2	893,8	1 040,2

(1) before appropriation of profit for the year.

	2013	2014	2015	2016	2017
Weighted net assets (in TND million)	6 124,4	6 508,0	7 254,9	9 450,6	11 140,4
Total of net core capital (in TND million)	555,5	609,7	691,8	815,3 ⁽²⁾	954,2
Risk coverage Ratio (Tier 1)	9,07%	9,37%	9,54%	8,63%	8,57%
Additional own funds (in TND million)	29,9	82,9	94,0	167,9	243,4
Total net equity	585,3	692,6	785,8	983,3	1 197,7
Global ratio of risk coverage	9,56%	10,64%	10,83% ⁽³⁾	10,40% ⁽³⁾	10,75% ⁽³⁾

(2) after appropriation of the financial year's income by the general meeting

(3) Regulatory Ratio of 10%

Risk control Ratios

Standard 1: a- individual risks exceeding 5% of net equity capital (NEC) shall not exceed globally 3 times the ban's NEC.

2013	2014	2015	2016	2017
2,8 NEC	2,4 NEC	2,5 NEC	2,2 NEC	2,1 NEC

Standard 1: b- Individual risks exceeding 15% of net equity capital (NEC) shall not exceed globally 1.5 time the bank's NEC.

2013	2014	2015	2016	2017
0,9 NEC	0,8 NEC	0,6 NEC	0,6 NEC	0,9 NEC

Standard 2: incurred risk on the same beneficiary shall not exceed 25% of the ban's NEC.

2013	2014	2015	2016	2017
0 client	0 client	0 client	0 client	0 client

Standard 3: incurred risk on related parties shall not exceed 1 time the bank's NEC.

2013	2014	2015	2016	2017
0,91 NEC	0,85 NEC	0,85 NEC	0,7 NEC	0,66 NEC

Liquidity Ratio

	2016	2017
(LCR Ratio (Liquidity Coverage Ratio	150,6%	94,2%

2.5 Bank's development and achievements over the recent years

Gross risk, Bad and Doubtful Loans «BDL» and quality risk ratios

	2013	2014	2015	2016	2017
Gross Risk	7 116,8	7 426,8	8 342,6	9 719,8	11 589,7
BDL	602,2	551,7	556,0	562,3	612,2
BDL ratio	8,5%	7,4%	6,7%	5,8%	5,3%
BDL coverage ratio*	74,3%	70,8%	68,8%	66,5%	63,8%

(*) : The coverage ratio was calculated on the basis of the provisions for loans to customers (Provisions excluded for Risks and charges)

2.5.6 BIAT Rating (Requested rating by the bank)

In its report of August 25, 2017, BIAT's rating was retained by Moody's Investors, in parallel to the negative change in the sovereign rating outlook following the worsening of the state and the public debt.

Consequently the rating of BIAT is as follows:

Deposits in foreign currencies	b2/ NP
Deposits in local currency	b1/NP
Evaluation of the intrinsic strength	b3
Evaluation of the adjusted intrinsic strength	b3
Evaluation counterparty risk assessment	B1/NP
Outlook	Negative

2.6 Foreseeable development and Future Prospects

From the economic standpoint, the growth rate is expected to be 3.0% in 2018, driven by the recovery in the agriculture, phosphate and manufacturing sectors.

In this respect, BIAT intends to continue balanced approach aiming to support its clients as well as to contribute in the financing of the State Budget, while improving its mobilization of deposits in particular the demand deposit and savings deposits in order to avoid any tensions in its liquidity.

Efforts will focus, in 2018, on the consolidation of the bank's leadership position, through the realization of projects and areas for improvement, including the improvement of the services quality, risks controlling and optimization.

In parallel, BIAT will pursue its citizenship dimension through the integration of both the social and environmental responsibility in the evaluation of its performance.

As in 2017, the net income generation should improve the majority of the bank's ratios.

Project Progress of the Development of Information System Overhaul

The year 2017 was marked by the pursuit of the bank's IS overhaul with the implementation of the latest international products on T24, which is the Issued Counter-Guarantee and the consolidation construction projects on T24 such the interfacing between the platform litigation and T24.

It was also marked the enrichment of BIATNET platform through the implementation of the international E-Trade project and by the satisfaction of our clients and Large Business Customers demands.

Development of organizational projects

The year 2017 was marked by the conduct of strategic missions marked by a major organizational impact. The said missions have touched several axes namely:

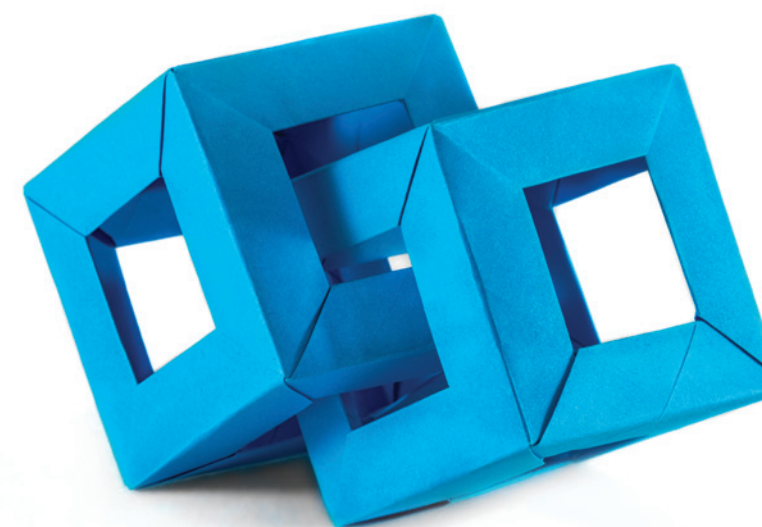
- IS strategy axe
- Commercial strategy axe.

Likewise, several actions of organizational order were initiated during this same year including:

- Reinforcing the information safety measures and fighting cybercrime;
- The implementation of the «Queuing and Transactional Managerial Practices» tools which aims to improve the functioning of our points of sale and improve the quality of customer service;
- The implementation of «T24-PCA» tool to guarantee the continuity of service of the main transactions offered to customers;
- The implementation of the logistics help desk service which will ensure our bank an optimized and more efficient management up to the quality standards it has set itself.

3

BIAT GROUP AND PARTICIPATIONS



BIAT Group on several financial business lines that are complementary to the banking line of business of BIAT.

Furthermore, and in support of the strategic sectors of the Tunisian economy in terms of funding and consultancy, group BIAT notes its presence in other business lines, particularly in tourism and real estate.

The graph below shows the participations falling within the scope of consolidation of BIAT broken-down by business line.

BIAT GROUP AU 31 / 12 / 2017

FINANCIAL COMPANY 84,97

Capital investissement	Assurance	Marchés financiers	Autres
32.69	41.22	7.29*	3.77
SICAF 100% (D+Id)	Assurances 94,48% (D+Id)	BIAT Capital 99,94% (D+Id)	CIAR 100% (D+Id)
20.09	38.12	3.00	0.85
BCR 98,08% (D)	Protectrice (D+Id)	BAM** 99,4% (D+Id)	BIAT FRANCE 100%
10.10	3.1	0.49	2.92
SGP 100% (Id)		Tunisie Titrisation*** 96,22% (D+Id)	
2.50		0.188	

NON FINANCIAL COMPANY 138,88

Tourisme	Immobilier	Services/ Industrie
86.62	51.2	1.06
STI 67,30% (D+Id)	MFCP EL FEJJA 52,49% (D+Id)	BIAT Consulting 100% (D+Id)
28.3	20.7	0.15
HLC 70,00% (D+Id)	TAAMIR 100% (Id)	OSI 100% (D+Id)
15.37	5.1	0.0
SPT SFAX 82,76%(D+Id)	SOPIAT 100% (D+Id)	DAUPHINE 30,07% (D)
14.2	23.4	0.9
STSP Nafta 100%(Id)	STPI 25% (D)	
8.0	1.0	
MED V 76,16%(D+Id)	PLI 50% (Id)	
13.92	1.0	
GSM 62,18%(D+Id)		
1.74		
SALLOUM 46,99%(D+Id)		
1.75		
Faiza 42,31%(D+Id)		
0.28		
SPT HAMMAMET 30% (D)		
3.06		

* Y compris 3,61 MDT relatif aux participations dans les SICAV, 0,5 MDT et 2FCP (3,1) gérés par la BAM.

** La BAM gère 4 SICAV et 4 FCP

*** Tunisie Titrisation gère 2 FCC

■ Direct participation on which BIAT has a significant influence

■ Direct and indirect participation controlled by the BIAT.

■ Amount of participation in TND million

3.1.1 Insurance Activities

BIAT insurances

Founded in 1997, the company was the Tunisian subsidiary of a Bahraini insurance company. During 2002, BIAT participated to the capital of the company and marked the beginning of the business line of activity under new directions, thanks, mainly to the revitalization of activities and to business development. Its capital currently stands at TND 22 million, up to 92.2%.

Insurances BIAT is active in all insurance activities, among which are particularly automobile, health, transportation, fire, and third-party liabilities insurances.

During the year 2017, the insurance BIAT life revenues increased significantly, by 46%, thanks to the intensification of the bank insurance.

The company knew a growth in its turnover by 26% in 2017 to TND 120 million.

La compagnie a connu une croissance de son chiffre d'affaires de 26% en 2017 à 120 MD.

Insurance Protectrice Company

At the first independent insurance broker in the Tunisian market, Protectrice Insurance began operating in 1986, with a capital of TND 1.8 million directly held by BIAT with 46%.

The company has managed to distinguish itself from other brokers due to the quality of its services and the quality of its advices provided for business as well as for individuals. The company operates on different lines of insurance (Life and Non- Life)

3.1.2 Activities related to Investment Capital

BIAT Capital Risk

BIAT Risk Capital, which was launched in 2000, is a risk capital investment company with a share capital of TND 10.2 million on the 31st of December 2016.

It also manages the Private Equity Funds on behalf of the BIAT Group with an amount of approximately TND 206 million on December 31st, 2017.

BIAT Risk Capital participates on its own behalf or on behalf of third parties in the capital financing and strengthening of the Tunisian companies operating in all the sectors of activity and throughout the Tunisian territory.

It is, as such, as an intermediary in the management of managed funds.

By December the 31st, 2017, the cumulative investments reached TND 202 million, with 93% of the total managed funds amounts and the capital of BIAT Risk Capital.

The year 2017 was marked by:

- A paid-up volume of the BIAT Group managed funds amounting TND 94 million
- An investment volume of around TND 111 million
- A net result of TND 1.236 million.

SICAF BIAT

The Company was established in November 2003. Its purpose consists of the securities and related operations management. It manages a portfolio of more than TND 21 million, mainly by participating in SGP, TAAMIR Company and SOPIAT. On December the 31st, 2017, its share capital reached TND 19million.

The year 2017 was marked by a net profit of TND 0.9 million.

Société Générale de Placement « SGP»

The company was launched in September 1992. Its main purpose consists of the management of the financial holdings. It manages an investments portfolio of more than TND 2.5 million and an investment envelope of approximately TND 0.4 million. By December the 31st, 2017, its share capital amounts reached TND 2.5 million and it is held directly by SICAF BIAT with 99.9%.

The year 2017 was marked by a net profit of TND 0.4 million.



Equipe BIAT Capital Risque-2017

3.1.3 Activities related to Assets management and brokerage

BIAT Asset Management

BIAT ASSET MANAGEMENT is a subsidiary representing 98.4% of BIAT, specialized in the UCITS management. its social capital amounts to TND 500 million.

over the year 2017, the outstanding of UCITS managed by BIAT Asset Management grew from 6.7% reaching TND 590 million. the company thereby ranks second in terms of assets under management with a market share of 13.5%.

The company manages a range of products:

Debenture UCITS

- **SICAV TRESOR:** created in 1997, SICAV TRESOR is a UCITS debenture of distribution, with a market share of 7.7 %, equal to TND 292 million by the end of 2017.
- **SICAV PATRIMOINE OBLIGATAIRE:** created in 2007, SICAV PATRIMOINE OBLIGATAIRE is a debenture UCITS of capitalization. Its managed assets amount to TND 233 million by the end 2017, with a market share of 6.2%.



Equipe BIAT Asset Management-2017

UCITS devoted to holders of savings account in shares

- **FCP BIAT – EPARGNE ACTIONS:** Established in 2007, this mutual investment fund has as purpose to manage the amounts invested by holders of savings account in shares (SAS). The fund's assets reached TND 33.4 million dinars at the end of 2017.
- **FCP BIAT – SAS PNT Tunisair:** Established by the end of 2017, it is dedicated exclusively to Tunisair Flight Crew holder of savings accounts in shares. The fund's assets reached TND 12.1 million at the end of 2017.

OPCVM Mixtes

- **SICAV PROSPERITY:** created in 1994, SICAV PROSPERITY is a mixed UCITS in which the managed assets are invested from 5 % to 30 % in shares of companies admitted to the listing of the stock market, and presenting a perpetual growth of their activity and of the achieved development objectives. Its managed assets amount, by the end of 2017, to TND 6.3 million.
- **SICAV OPPORTUNITY:** created in 2001, SICAV OPPORTUNITY, a mixed UCITS in which the portion invested in shares, ranges between 50 % and 80 %. The shares investments relate to companies admitted to the listing of the stock market with a vision of long term investment and on the basis of the fundamentals of these companies, show a potential of a visible growth. The managed portfolio totals TND 0.7 million by the end of 2017.
- **FCP BIAT – EQUITY PERFORMANCE:** created in 2017, FCP is mainly intended for institutional investors, with the contribution of the Caisse des Dépôts & Consignations. The fund's assets have reached TND 12.4 million by the end of 2017.

BIAT Capital

Founded in 1995, under Law 94-117 pertaining to financial market reform, BIAT Capital is the stock market broker of BIAT group. BIAT CAPITAL has TND 3 million held up to 100% by BIAT. Since 2015, BIAT CAPITAL accompanies trade points of BIAT in order to offer to the bank customers a wide range of products of the financial market.

Over the year 2017, the volume of transactions treated by BIAT CAPITAL amounted to TND 601 million which leads to a market share of 8.6%.

Tunisie Titrisation

Specialized in the management of mutual claims funds, the company began operating in 2005. Its capital amounts to TND 0.420 million.

It manages the following two mutual claims funds:

Special Purpose Vehicle SPV « BIAT CREDIMMO 1 »

Created in 2006, its purpose consists of the mortgage loans acquisition, ceded by BIAT, in order to issue representative shares of these receivables at one time. The volume of the sold receivables by the Bank is TND 50 million in the frame of this operation.

On 31/12/2017, the capital outstanding amounts to TND 1.6 million.

Special Purpose Vehicle SPV « BIAT CREDIMMO 2 »

Created in 2007, its purpose consists of the mortgage-backed securities acquisition, ceded by BIAT, in order to issue representative shares of these receivables at one time. The volume of the sold receivables by the Bank is TND 50 million in the frame of this operation.

On 31/12/2017, the outstanding capital amounts to TND 3.7 million.

Au 31/12/2017, le capital restant dû s'élève à 3,7 MD.



Equipe BIAT Capital-2017

3.1.4 Activities of Recovery

Compagnie Internationale Arabe de Recouvrement « CIAR »

Created in December 2000; CIAR is a debt recovery company that acts for its own account or on behalf of the third parties.

CIAR currently disposes of a share capital of TND 1 million, majority held by BIAT.

The year 2017 was marked by the consolidation of the activity for own-account and the increase of the subcontracting activity on behalf of BIAT. This significant improvement of CIAR activity reflected directly on its performance and profitability indicators.

CIAR's turnover exceeded TND 6 million by end of 2017, equivalent to an annual increase of 34%.

the gross operating result recorded, for its own part, an increase of 88% to reach TND 3.897 KDT by the end of the financial year 2017, against TND 2.072 KDT, a year before, under the combined control effect of general operating expenses (6.5%) and the increase in net revenue of recovery (42%).

In terms of net result of the financial year 2017, CIAR more than doubled its net profit, for the consecutive second year, to reach TND 2.621 KDT on 31/12/2017, an increase of 113% regarding the result realized for the financial year 2016 (TND 1.231 KDT).

3.1.5 Activities of Tourism

Société Tanit International « STI »

Founded in 1989, STI has as main purpose the development of the hotels, tourism and the health resorts in Tunisia as well as the direct or indirect participation in any company sharing the same purpose. The STI is the result of a partnership between the three following banks STB, BNA and BIAT.

by the end of 2017, the company holds significant potentiel in fixed asset and significant shares in two subsidiaries of the group, namely the Tourist Promotion Corporation Mohamed V, during operation, and the Sahara Palace Tourist Company in which the perspectives consist on the partners or acquirer research.

Société de Promotion Touristique Mohamed V « SPT Mohamed V »

Founded in 2006, the company's purpose is to develop the hotel industry, catering, tourism and spas. By the end of 2017, its share capital amounted to TND 31.4 million.

The company owns the Ibis and Novotel on Mohammed V Avenue in Tunis capital, which are managed since their opening in February 2012, by ACCOR Group.

Since it came into operation, and despite the economic difficulties experienced by Tunisia, particularly the Tunisian tourism, the hotels managed by the ACCOR Group, resisted and continued the satisfactory perform in terms of occupancy, revenues and gross operating income (RBE). The hotels' resistance to cyclical difficulties is explained in particular by their position in the tourism business and the team continuous efforts in order to maintain a good quality service.

Within the framework of its development, in partnership with ACCOR group, the company advances since 2016 in its second project of Novotel in Berges du Lac, with 125 beds capacity on over than 13 mille m2 and which the opening is planned to end 2019- beginning of 2020.

Société Touristique Sahara Palace Nafta

The company was created in 2006 with a share capital of TND 8 million, the company's purpose is to develop the hotel industry, catering, tourism and thermal spas. It owns the SAHARA PALACE hotel in Nafta, repurchased in 2006 by the STI, within the framework of the national program of privatization and has not been operated since then.

The hotel is located at 2 km from the center of Nefta, 20 km from Tozeur airport and only 30 km from the Tunisian-Algerian border.

The partnership or divestment researches continue despite the difficult economic context.

Société de Promotion Touristique Sfax

The creation of the SPT Sfax in 2014 with a capital came in the light of the development of a 3* hotel, with 187 beds capacity, built on an exceptional and unique location in Sfax; in the intersection between the Majida Boulila Avenue and the road to Menzel Chaker.

Within the framework of the partnership with the ACCOR Group development, and in response to a capital financing request by private land holders in Sfax, SPT Sfax was created with a capital of TND 17.4 million. The Construction work began at the end of 2014 and finalized by the end of 2017 and an opening in the first quarter of 2018 under the Ibis brand. On 31/12/2017, the company has a total balance sheet of approximately TND 31.4 million.

Société Golf Sousse Monastir

The company GSM was created in 1990. It operates a golf course "Palm Links", situated in the tourist zone of Skanes in Monastir, owned by the BIAT.

The golf course has got 18 holes over an area of 74 hectares.

The Golf course, mainly visited by foreign tourist customers, was affected negatively by the adverse environment of the Tunisian tourism sector.

The current capital of the company is TND 6.5 million. Its turnover increased in 2017 to TND 0.3 million.

Société de Promotion Touristique Salloum

Created in 1990, with a share capital of TND 4 million, the company's purpose is the creation, the development and the operating of an integrated touristic resort of a top range, in the area of Salloum – delegation of Bouficha, within the framework of a of an overall global with the AFT.

Because of the structural problems of tourism which are aggravated by the cyclical difficulties since 2011, the government authorities have decided to review the overall investment policy, without, however, examining the case of the new areas under study, including Salloum area.

to cover its functioning needs in the short and medium terms, the company decided in 2017 an increase of capital of TND 0.7 million in which th finalization dated to January 2018.

Thus, the Company remains awaiting for a decision-making, especially on the zone vocation, in order to resume the studies.

Société FAIZA

Created in 1993, with a capital of TND 1.3 million, the company's purpose is the construction, the planning, the purchase, the sale and the operating of any establishment of a touristic nature. The company is currently put on hold.

Since 2015, BIAT has initiated the regularization of the company's legal situation.

Société de Promotion Touristique Hammamet

Created in 2016, with a share capital of TND 10.2 million, the company's purpose is to the development of hotels, catering, tourism and spas. becoming part of a reconstruction approach and enhancement of repurchased hotel-keeper, reflections were undertook to the development of products and hotel services expected to contribute in the revitalization of beach tourism.

Hammamet Leisure Company

founded in 2007, with a capital of TND 21.9 million by the end of 2007, HLC is a company of Tourist Promotion owner of a n area of approximately 7ha in Hammamet Nord. after the stu-

dies delay linked to the economic context in particular touristic, studies resumed since the end of 2016 for the development of a high-end touristic project..

3.1.6 Real estate activities

Société du Pôle de Compétitivité de Monastir Elfejja

The establishment of the company was in October 2006. By December the 31st, 2017, its share capital has reached TND 40 million. Within the framework of an ambitious development project, Mfcpole pursues its prospection efforts in a hard investment context. The main tasks of the company «Mfcpole» consist of:

- The development, operation and maintenance of the pole competitiveness (the Monastir Technopole and parks with industrial activities associated with Monastir and El Fejja in the Governorate of Manouba);
- Animation, promotion of the pole and the investments attraction
- Facilitation of a network of partners (industry, research and development, training);
- The incubation and supervision of the technological or services projects promoters within the pole as well as their assistance in the carrying out of their activities;
- The development of a technological and innovation monitor
- The strengthening of the cooperation and exchange with the similar poles, academic institutions as well as the research and technological innovation centers; both on the national and international level.

Société de Promotion Immobilière Arabe de Tunisie « SOPIAT »

Operating in the sector of the real estate development, the company started its activity in December 2000. By the end of 2017, its share capital has reached TND 26 million, SOPIAT continues playing its role of vehicle real estate in response to BIAT group needs in terms of expansion of agencies' network, archive and deposit spaces and other real estate needs.

Société TAAMIR

Started operating in 1988, the company's share capital reached TND 5 million by the end of 2017, the company's purpose consists of the acquisition, sale, development, administration, leasing of immovable properties or fractions of immovable and non-immovable properties, and the property management.

Palm Links Immobilière

Palm Links Immobilière is a public limited company of real estate development created in 1999 with a share capital of TND 2 million. It was created under the initiative of Golf Sousse Monastir GSM and its Shareholders in the aim of enhancing the value of a section of the land lot through the real estate development. In April 2003, the share capital was reduced by TND 1.8 million through restitution of shareholders contributions to be taken down to TND 0.2 million. Palm Links Immobilière, having completed the development and marketing of all the lots, will be liquidated as soon as certain administrative obstacles are resolved.

Société Tunisienne de Promotion des Pôles Immobiliers et Industriels «STPI»

Created in 2006, the company's purpose is real estate development, in particular, the development of industrial zones. On 31/12/2017, its share capital was set at TND 4 million held up to 25% by BIAT.

3.1.7 Other activities

Organisation et services informatiques « OSI »

Started operating in 1987, the company is specialized in the commercialization of goods and services concerning the organization, the management, and the processing of information. Its current share capital amounts to TND 0.02 million.

Institut Tunis Dauphine « ITD »

Founded in 2009 with a capital of 3 MD, the company is dedicated to the study, implementation and operation of a private education and training institution. It is the private university institute of higher education and research which is based on a partnership with the University Paris Dauphine.

BIAT Consulting

BIAT Consulting was created in the first half of 2014 with a share capital of TND 0.5 million held up to 100% by BIAT group. Its main mission is to establish partnerships with the banks and financial institutions abroad through the conduct:

- (i) Of strategic missions, organization and transformation,
- (ii) Of projects of setting up an information system and
- (iii) Of training programs.

After its fourth year of operation, it records a turnover of around TND 1 million thanks mainly to its presence in several countries and the concretization of new clients in: Ivory Cost, Burkina Faso, Mali, and Burundi.

- **Wendkuni Bank – Burkina Faso** : BIAT Consulting accompanies the ex-nihilo creation of the bank which obtained its authorization from the regional banking commission in April 2017. Since this date, BIAT Consulting intervenes in several areas, the integration of the banking software, organization and strategy, development of the commercial strategy, and this in order to guarantee the successful launch of this financial institution.
- **BNI – Ivory Cost** : BIAT Consulting accompanies the executive management and the direction of the Electronic Bank of BNI within the framework of the full audit of all its range and its electronic banking environment through a thorough exam of architecture of its IT system, related procedures and existing tools in the management of the dysfunction occurring on its GAB.
- **Bancobu – Burundi** : BIAT Consulting accompanies Bancobu at the implementation of its IT system named AMPLITUDE of the editor Sopra Banking and a performance control platform. A second area concerns the optimization of means and back-offices.



Equipe BIAT Consulting-2017

3.1 BIAT Group

- **BNDA – Mali** : BIAT Consulting accompanies BNDA in the creation and the launch of a general structure organization and major projects which will insure the control role of projects (PMO) within the framework of a strategic development plan of the bank. BIAT Consulting will help this new structure newly created to control target projects identified in the bank such as the loans process revue, the reorganization of the commercial subsidiary, the implementation of GEPEC.

In 2018, BIAT Consulting intends to consolidate its positioning in the of Central African and West African areas and to prospect the MENA zone and in particular the Algerian market. BIAT Consulting intends as well to enhance its training actions through the launch of its new training catalog, downloadable from the web site. Within the same framework, it is intended to increase BIAT Consulting visibility in the digital channels to attract new prospects.

- thus, BIAT Consulting intends to multiply during 2018 strategic partnerships with local and international shareholders within the framework of offer diversification.

BIAT France

BIAT France was created on the 24th of November 2014, a subsidiary "BIAT France- Payment Agent", is a limited liability company by simplified stock under the French law, held at 100% by BIAT. By the end of the year 2017, its share capital is € 1.2 million.

the main activity of BIAT France consists of money transfer to Tunisia. It affords its clients residing in France, and in particular the holders of the Tunisian nationality, TRE- money transfer service offer to Tunisia, which is rapid, secure and with a very competitive price.

In 2017, the subsidiary's activity increased with 65% in comparison to the previous year.

BIAT France represents an advanced interface of BIAT that enables the TRE clients to carry their projects in Tunisia (real estate investment or other).

3.2 Income of group BIAT

The main consolidated data of the group indicate that the total balance-sheet, by December 31st, 2017, amounts to TND 14.179,2 million, showing a 18.6% growth compared with the end of 2016.

The net banking income shows an increase of 19.1%, equaling TND 788.4 million by December 31st, 2017.

As for the net consolidated result, it records for its part an increase of 8.5% reaching the amount of TND 209 million by the end of 2017.

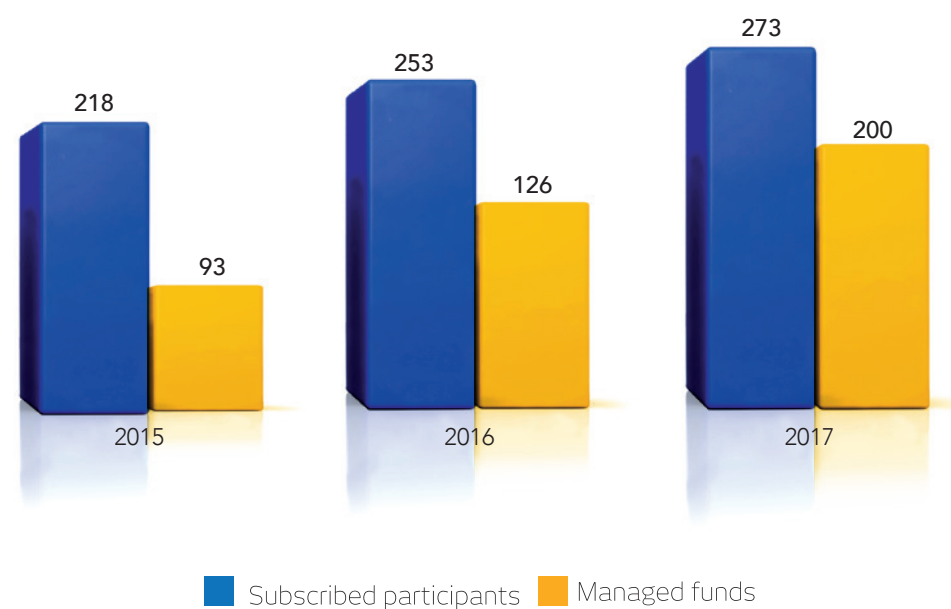
The group corporate income, for the years 2017 and 2016, is broken down as follows:

Company	Corporate Income 2017	Corporate Income 2016	Variation
BIAT	214 017	190 142	23 875
BCAP	443	-141	584
BAM	525	396	129
BCR	1 236	930	306
CIAR	2 621	1 231	1 390
SICAF	884	1217	-333
SOPIAT	246	14	232
SALLOUM	-56	-55	-1
OSI	4	-14	18
PROTECT	349	1050	-701
ASSBIAT	4 105	4 321	-216
FAIZA	-3	-3	0
OPPORTUNITY	6	11	-5
TRESOR	10 168	12 967	-2 799
PROSPERITY	210	90	120
SGP	353	191	162
TAAMIR	145	232	-87
GSM	-560	-1023	463
LINKS	4	-2	6
STI	-3 091	-3 137	46
TITRIS	-299	-237	-62
ELFEJJA	4 229	3 732	497
PATRIMOINE	9 127	6 900	2 227
FCC1	-34	-382	348
STPI	-140	-199	59
FCP	924	424	500
FCC2	14	-113	127
STSP	-722	-1162	440
SPTMV	3 576	2 700	876
ITD	42	41	1
BCO	194	148	46
BFR	11	-237	248
PERFORMANCE	227	-33	260
HLC	-574		-574
SPTSFAX		223	
Consolidated Total	248 181	220 222	27 959

3.3 Evolution of the investment portfolio

By December the 31st, 2017, the accounting value of subscriptions (Interests and managed funds) recorded an increase of 25% compared with the year 2016 to amount to TND 473 million.

Evolution of equity participations (In TND million)



4

SHAREHOLDING



4.1 Capital allocation information and voting rights

4.1.1 Capital Structure as at 31/12/2017

Shareholders	Number of Shares	Share in %
A/ Foreign shareholders	149 902	0.88%
B/ Tunisian shareholders	16 850 098	99,12%
LEGAL ENTITIES	12 960 795	76,24%
NATURAL PERSONS	3 889 303	22,88%
TOTAL	17 000 000	100%

4.1.2 Répartition des droits de vote

The 17,000,000 shares representing the bank capital entail 17,000,000 voting rights.

Under Article 39 of the Articles of Incorporation, each member of the ordinary or extraordinary General Meeting has as many votes as the number of shares he possesses and represents with no limitation, except for legal exceptions.

4.1.3 Major changes made at the Level of share capital

The year 2017 was particularly marked by the following transactions:

- HORCHANI FINANCE acquired 930 358 BIAT shares or 5.47% of the capital;
- HORCHANI DATTES acquired 119 050 BIAT shares or 0.70% of the capital;
- HORCHANI DATTES INTERNATIONAL acquired 32 483 BIAT shares or 0.19% of the capital
- HORCHANI PECHE acquired 23 810 BIAT shares or 0.14% of the capital
- FCP VALEURS INSTITUTIONNEL acquired 12 801 BIAT shares or 0.08% of the capital .
- MANARTON acquired 11 905 BIAT shares or 0.07% of the capital
- HDPM acquired 11 905 BIAT shares or 0.07% of the capital
- KILANI LASSAAD OR RAFIK acquired 10 000 BIAT shares or 0.06% of the capital
- SPA INTESA SANPAOLO assigned 1 142 312 BIAT shares or 6.72% of the capital
- HACHICHA MOHSEN assigned 261 575 BIAT shares or 1.54% of the capital
- LA FINANCIERE WIDED-SICAF FWS acquired 261 575 BIAT shares or 1.54% of the capital
- LA FINANCIERE WIDED-SICAF FWS acquired 57 719 BIAT shares or 0.34% of the capital
- LA FINANCIERE WIDED-SICAF FWS acquired 38 461 BIAT shares or 0.23% of the capital
- SOCIETE MEUNIERE TUNISIENNE SMT assigned 38 461 BIAT shares or 0.23% of the capital
- SOCIETE LES INDUSTRIES ALIMENTAIRES RANDA assigned 57 719 BIAT shares or 0.34% of the capital

4.2 Required conditions to attend the General Meeting

Under Article 35 of the Articles of Incorporation:

1/ Holders of shares released from payments due may attend the General Meeting, by providing proof of their identity, and they can as well be represented.

2/ However, the Tunisian State and public bodies, if they are shareholders are validly represented by their legal representatives; companies are validly represented either by one of their managers or by a delegate of their Board of Directors, or by a proxy, minors or banned persons by their guardian, all without being necessary for the Manager, the delegate of the Board, the proxy or the guardian to be personally a shareholder.

3/ Bare owners are validly represented by the usufructuary and the right to vote belong to this latter for all ordinary and extraordinary meetings, except, as stated under Article 17, unless otherwise agreed upon between them.

4/ The form of proxies as well as the location and terms of their generation, subject to the provisions of article 36 hereinafter, are determined by the Board of Directors.

Under article 36 of the Articles of Association:

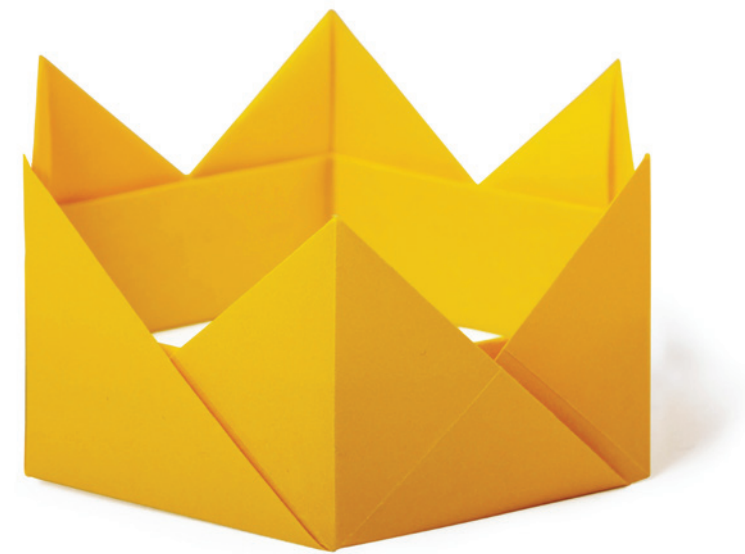
1/ In order to have the right to attend or be represented at General Meetings shareowners must be listed on the company's registers, at least eight days prior to the fixed date for the meeting.

2/ Any member of the meeting requiring to be represented by a proxy must file his power of attorney with the head office three days prior to the meeting.

3/ Nevertheless, the Board of Directors may at any time reduce these periods and accept the filing beyond these limits.

5

GOUVERNANCE



5.1 The board of Directors Report on its Activities during 2016

(In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

5.1.1 Governance Code

5.1.1.1 The fundamental principles of BIAT governance

BIAT governance refers to the principles that determine the proper functioning of its control and risk management system, and guarantees the fundamental balance of the bank, social interest and its sustainable and partnership-based performance.

These principles are :

- Separation of powers of control and executive powers.
- The independence of supervisory bodies.
- The optimum composition of the Board of Directors.
- The skill and diligence of the members of the Board
- The organization in committees
- The management of remunerations
- The management and optimal supervision of risks
- The reliable and democratic functioning of the General Meeting of Shareholders
- The responsibility (reporting on management level)
- The transparency of accounting and financial information.

5.1.1.2 The Board of Directors

The Board of Directors is a collegial body that collectively represents all shareholders and acts at all circumstances in the interest of the bank. The Board monitors the efficiency and safety of assets, dividend policy, societal responsibilities towards employees, customers suppliers, the communities in which the bank is in contact through its activities.

It determines the orientations and general policies of the bank and oversees their implementation.

5.1.1.3 The separation of the Functions of the Chairman and the General Manager

To comply with the best practices in corporate governance and with reference to the fundamental principles, the Extraordinary General Meeting held on 29th May 2007, decided to opt for the separation of the functions of Chairman of the Board and the General Manager.

Moreover, the new banking law made the separation obligatory between the function of the Chairman of the Board and that of the General Manager.

5.1 The board of Directors Report on its Activities during 2016

(In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The Chairman organizes, directs and coordinates the work of the Board of Directors and reports to the General Meeting. He ensures the implementation of the options adopted by the Council⁽¹⁾.

The General Manager ensures under his responsibility the overall management the bank. He represents the Bank in its dealings with third parties.

The General Manager exercises these powers within the limits of the corporate purpose of the bank, subject to those that the law the Articles and decisions of the Shareholders' Meetings and the Board of Directors expressly attributed to Shareholders' Meetings, to the Board of Directors, to the Chairman, as well as to other committees or bodies of the bank.

As such, the Board delegates to him the necessary powers to act in all circumstances on behalf of the bank⁽²⁾.

5.1.1.4 Independence of the Board

The Board ensures its functioning and organizes its work in complete independence which avoiding conflicts of interest, the confusion of powers and roles, complacency, passivity and complicity in own interests at the expense of the corporate interest of the bank. No external or internal influence is exercised on the decisions of the Board which are sovereign and collegial independence also means competences and diligence that reflect on the quality of work, decisions and resolutions taken by the council.

5.1.1.5 The internal regulations of the Board of Directors

The current internal regulation is designed to determine, in the framework of the regulatory provisions in force, the mission and operating procedures of the Board of Directors and its committees as well as the rights and duties of each member of the Board. It also specifies the respective role and the powers of the Chairman and the General Manager.

Composition of the Board of Directors

Board members are selected for their integrity and reputation, their academic qualifications, their competences and professional experience as well as their accordance with the functions that were entrusted to them.

Moreover, these members must not be affected by the prohibitions outlined in the article No.60 of the law No.48 of 2016.

No one can occupy the function of board member in two banks at the same time.

(1) To know more about the Chairman power, referring to the internal regulation of the Board of Directors hereinafter.

(2) To know more about the powers of the General Manager, referring to the internal regulation of the Board of Directors hereinafter.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The Board includes at least two independent members of shareholders and a member representing the interests of small shareholders within the meaning of legislation and the regulation related to the financial market, as regards the institutions listed on the Securities Stock Exchange of Tunis.

It is forbidden for the General Manager and the vice General manager to be members of the bank's Board of Directors.

The mandate of the independent members and members representing shareholders cannot be renewed only once.

The independent members of the Board of Directors

Is considered independent member within the meaning of the law No.48 of 2016, any person not having any links with the said bank or its shareholders or its leaders likely to undermine the independence of its decisions or lead it to a real or potential interest conflict situation.

In application of the BCT's circular No.06-2011, the independence criteria are fixed as such:

- Having no connection with the said institution within the meaning of the article No.23 of the law 2001-65 related to the credit institutions and the article No.71 of the benefit code of financial services to non-residents;
- Holding no direct or indirect share in the capital of the bank;
- Not acting on behalf of customer, suppliers or a provider of a significant service to the bank;
- Has not been one of the paid employees of the bank;
- Has not exercised for more than 9 years the office of a member representing the shareholders' interests in the said Board;
- Has not exercised for more than 6 years the office of Auditor for the institution.

Roles and Missions of the Board of Directors

The Board of Directors defines the strategy of the bank and ensures the monitoring of its implementation. It oversees the monitoring of all major changes which impact the activity of the bank or the financial institution, to preserve the interests of depositors, shareholders, of all the stakeholders and, in general, the long-term interests of the bank.

The Board of Directors is responsible for:

- Controlling the engagement level of the bank's board and evaluating this device in a periodical manner with respect to its adaptation with the major changes occurred at the bank or the financial institution in particular, in terms of activity' size, operations' complexity, market evolution and organizational requirements.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

- Implementing, in collaboration with the General Management, a risk appetite strategy which takes into consideration the competitive environment as well as the bank capacity to handle risks;
- Appoint the General Management;
- Closing the financial statement and establishing the bank's annual report;
- Establishing models for measuring capital adequacy in relation to the volume and the nature of risks, liquidity management policies, legal compliance requirements and texts organizing the activity and internal control device and ensure its implementation;
- Appoint the first responsible of the internal audit structure, on the proposal of the General Management;

Within the framework and without this enumeration being exhaustive, the Board has the powers such as defined by the statute;

Board of Directors Functioning

The Board of Directors meets, at the convening letter of its Chairman or at least half of its members, at least quarterly and as often as the interest of the bank so requires in case of occurrence of exceptional events possibly affecting the normal conditions of activity.

Any member of the board absent from one of the meetings of the Board may be represented by one of his colleagues by means of a given power even by letter, fax or telegram.

The mandate is only valid for one session. A member of the board of directors can represent only one of his colleagues.

The board of directors can only validly deliberate if at least half of its members are present.

The decisions are taken by the majority of votes of the members present or represented. The member of the Board of Directors who is also a proxy of one of his colleagues has the right to two votes.

In Case a Tied Vote should occur, the Chairman Has the Casting Vote.

The convening letter must indicate the meeting's agenda and should be sent to members of the board at least 10 days prior to the Board's meeting. The documents discussed during the meeting including those containing strategic, financial or accounting information, must be as well communicated to members of the Board at least 10 days before the meeting so that they can be prepared and analyzed in sufficient time.

The draft minutes of each meeting is addressed to Members of the Board within thirty days of the holding of the said meeting. The final minutes is sent together with the convocation to the following meeting and is approved at that meeting.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The tasks of Secretary of the Meeting are performed either by a Member of the Board, or by anyone even a non-shareholder or someone who is not a member of the Board, subject to the decision of the Board.

Prerogatives and Powers of the Chairman of the Board of Directors

The Board of Directors shall elect a Chairman from among its members. It must be a natural person and shareholder in the bank and of Tunisian nationality.

The Chairman of the Board is appointed for a term which may not exceed his mandate as a Member of the Board of Directors. He is eligible for one or more terms.

The Board of Directors may at any time revoke the chairman of his functions.

The President is responsible for convening the board, chairing its meetings, proposing the agenda, ensuring the achievement of the options adopted by the Board and chairing the sessions of the General Meetings. The Chairman organizes, directs and coordinates the work of the Board of Directors and on which he reports to the General Meeting.

In case of impediment of the Chairman of Board, this latter may delegate his powers to a member of the Board. This delegation is always given for a limited and renewable period.

If the Chairman is unable to perform this delegation, the Board of Directors may proceed with the office.

The Chairman of the Board may invite members of the Bank's management, the auditors or other persons from outside the Bank with specific competencies with regard to the topics in the agenda to attend all or part of a meeting of the Board of Directors.

The Chairman ensures that the number, the missions, the composition as well as the functioning of the special committees required by the regulations in force are constantly adjusted to the needs of the Bank and to the best practices of corporate governance.

Roles and Powers of the General Director

The Board of Directors appoints for a fixed term the General Manager of the bank who must be of Tunisian nationality

The General Manager may not perform this function in another bank, in another financial institution, in an insurance company, in a stock exchange brokerage company, in a securities portfolio management company or in an investment company.

The General Manager may not simultaneously hold the office of director of an economic enterprise.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The General Manager must have the status of resident in Tunisia within the meaning of the Exchange Regulations in force.

The General Manager ensures under his responsibility the overall management the bank. He represents the Bank in its dealings with third parties.

The General Manager exercises these powers within the limits of the corporate purpose of the bank, except for those that the law, the Articles of Incorporation and decisions of the Shareholders Meetings and of the Board of Directors expressly attributed to Shareholders Sessions, to the Board of Directors, to the Chairman, as well as to other committees or bodies of the bank.

As such, the Board delegates to him the necessary powers to act in all circumstances on behalf of the bank.

The General Manager has as main missions:

- 1/ the implementation of strategic policies and orientations of the bank,
- 2/ the implementation of the bank's annual budget as approved ahead by the Board of Directors.

He also sets up the internal control system and the system of mastery of risks identified by the board and ensures the supervision.

The Board of Directors also delegates to the General Manager the necessary powers to exercise his office.

At the request of the General Manager, the Board of Directors ratifies the extent of powers given to the vice General Managers.

The Board of Directors may at the request of the General Manager, provide assistance to this latter by one or more vice general managers.

The Board of Directors may, at any moment, revoke or change the vice General Manager(s).

The vice General Manager may not perform this function in another bank, in another financial institution, in an insurance company, in a stock exchange brokerage company, in a securities portfolio management company or in an investment company.

The vice General Manager may not simultaneously hold the office of director of an economic enterprise.

Obligations of the Members of the Board of Directors

The obligations of each member of the board are due to the bank as a whole and not to a particular shareholder.

All members of the Board shall:

- Permanently satisfy the conditions of respectability, integrity, impartiality and honesty required under the legal provisions in force and the rules of ethics, by placing the bank's interest over their personal interests;
- Devote the necessary time and attention to their tasks;
- Be diligent in performing their tasks;
- keep confidential about the information they have access to and keep themselves from using it for non-professional purposes;
- Avoid, to the extent possible all activities that might cause conflict of interests;
- Inform the Board of any information which created or might create a situation of conflict of interests;
- Refrain from participating or voting when in matters to which they could have a conflict of interests or when their objectivity or capacity to properly carry out their duties towards the institution may be altered;
- Request, beforehand, the authorization of the Board before indulging in certain activities in order to make sure that such activities will not cause conflict of interests;
- Not use the assets of the bank for personal usage;

All members of the Board should as well:

- Contribute actively in the works of the Board by constructively questioning the General Management;
- Make sure that the general management provides all necessary information for the discussions and deliberations of the Board;
- Make sure that the Bank acts in conformity with all the applicable laws;
- diligently attend the meetings of the Board;
- Acquire training in the subjects of finance, taxation, law, risk and in general in all subjects relating to the banking profession;
- Make sure that meetings' agenda cover all important questions.

The Board Members' Access to Information

Members of the Board of Directors receive, from the Chairman, the General Manager, or from any other body created by the Board of Directors, all documents, reports and information needed for the fulfillment of their tasks, and may obtain any documents they consider to be useful.

The bank ensures for the members of the Board – so that they be able to fully carry out their duties, specific training programs relating namely to banking and financial operations, to Risk management, and to other related subjects as well.

Specialized Committees of the Board

General Principles

Committees support the board in exercising its tasks, especially in the preparation of its strategic decisions and the fulfillment of its supervisory duty.

In this regard, Committees should:

- Analyze, in depth, the technical questions which rise from their attributions;
- Report their works regularly to the Board which maintains, in a last resort, the general responsibility of the missions assigned to them;
- Inform the Board of any event likely to bring prejudice to the activity of the bank;
- Submit to the Board, at the occasion of holding meetings that concern examination of the annual financial statements of the institution, a detailed annual report concerning their activities. A copy of this report is to be addressed to the Central Bank of Tunisia 15 days before the holding of the Ordinary General Meeting of Shareholder.

Committees may, as they deem necessary, suggest to the Board to undertake by the body of executive management any mission or inquiry.

The Board nominates, among its members, the members of the committee. In case of a vacancy in a position of the committee, the Board should, without delay, fill such vacancy.

The composition of every committee should consider the qualifications related to the attributions of the aforementioned committee, of the members who hold seats.

The General Management should provide the committees with any documents or information which they deem useful, and should provide them with the necessary means to fulfill their missions. It should provide them, especially of:

- The notifications of the results of control in documents and on site of the Central Bank of Tunisia;
- The reports of control performed by competent public authorities and auditors;
- The reports of rating agencies.

All committee are to convene by virtue of the convocation of the Chairman to meet at least six times a year and any time its chairman deems it useful.

The committee can also call any of the officers of the bank whose presence is deemed useful.

The committee cannot validly deliberate without the presence of at least three of its members.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

Where the Chairman is unable to attend, the chairmanship is confided to one of the committee members which shall be chosen by his peers.

Minutes of each meeting should be established.

The decisions are adopted by the majority of the present members. In case of a tied-vote, the question matter is submitted to the Board.

Each committee should draw a chart, approved by the Board, determining its attributions, its composition, its functioning rules and its relations with the Board and the operational structures of the institution.

The Executive Committee of Loans * (see the chart of the Executive Committee of Loans).

The Committee of Risks (See the chart of the Committee of Risks).

The permanent committee of internal auditing (See the chart of the permanent Committee of internal Auditing).

The Evaluation of the Board of Directors

The Board initiates, every year its own evaluation, reconsidering its composition, its organization, and its functioning order. This evaluation should:

- Review the functioning modalities of the Board;
- Ascertain that vital question matters have been conveniently prepared and discussed beforehand.
- Assess the effective contribution of each member of the Board to the latter's works resulting of his competency and of his implication in the deliberations.

5.1.1.6 Nomination and Remunerations

The Nomination of the Members of the Board of Directors

The nomination of the Board of Directors members follows a well-structured procedure. The selection of the members of the Board of Directors is done through an ad-hoc committee designated by the Board of directors, made-up of at least three members of the Board among whom one is independent. This committee submits a first list according to the criteria of competence, diligence, representation of the members of the Board who are shareholders and independence of the independent members. This list is submitted to the Board of Directors for initial assessment and validation, and then to the General Meeting for final authorization and validation.

(*) The Executive Committee of Credit is from now on not obligatory within the meaning of the Law 048-2016

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

Remuneration of the Members of the Board of Directors

Board members receive as attendance fees, an allowance the amount of which is determined annually by the General Meeting.

The Board of Directors ensures the adequacy of the level of fees and decides the method of distribution of the compensation on the basis of a report prepared by at least two of its members who are appointed for this purpose.

The Board of Directors may grant to its members exceptional compensation for specific assignments or tasks entrusted to them or to encourage their participation in the Board Committees. It sets in this case the remuneration and their modalities on the basis of a report prepared by the members appointed for this purpose.

Article 200 of the Commercial Companies Code requires auditors to include in their special report, on which the General Meeting shall deliberate, the obligations and commitments taken by the bank itself or by a corporation that it controls within the meaning of Article 461 of the said Code, concerning remuneration, allowances or benefits that are awarded to members of the Board or that are due to them or that they may be entitled to under the termination or modification of their duties.

Remuneration of the Members of the General Management

The Board determines the remuneration of the General Director and the Deputy General Directors based on a report provided by at least two of its members nominated for this purpose. One of the members should be independent.

Article 200 of the Commercial Companies Code requires auditors to include in their special report, on which the General Meeting shall deliberate, the obligations and commitments taken by the bank itself or by a corporation that it controls within the meaning of Article 461 of the said Code, concerning remuneration, allowances or benefits that are awarded to General Managers or to Vice General Managers or that are due to them or that they may be entitled to under the termination or modification of their duties.

Remuneration of the Members of Senior Management

The Board determines the remuneration of the Members of Senior Management based on a report provided by at least two of its members nominated for this purpose. One of the members should be independent. The report should refer to pertinent comparatives and ratios, in order to well assess the soundness of each evaluation.

5.1.1.7 General Assembly of Shareholders

The General Assembly of Shareholders is the supreme and sovereign authority of bank governance. Shareholders participate to the debates of the general Meeting and to its works under conditions favorable to the performance of their roles. Thus, the accounting and financial documents

are provided to shareholders at least 15 days prior to the Meeting. The day of the Meeting, shareholders are free to express themselves and ask questions to the Board and to the bank's management. Reports are provided and the reports of the Board and Board Committees are exposed. The shareholders are represented on the Board of Directors through the election of its members. The Board is collectively responsible for the performance of its duties to the General Meeting to which it legally assumes the essential responsibilities: convenes and sets the agenda of the Meeting, appoints the Chairman, the General Manager, the Vice general Managers and the officers of senior management, monitors their management, approves the annual accounts submitted to approval of the Meeting and presents its activities through its report to the Assembly.

5.1.1.8 Communication Policy

The Board of Directors defines the financial communication policy of the bank.

The Council shall establish a mechanism for the dissemination of information to shareholders, depositors, market counterparties, regulators and the public in general.

This ensures the timely communication of relevant and reliable information in terms of quantity and quality of the significant aspects of the activity of the establishment.

It includes the following elements:

- A structure with a mission to provide a comprehensive, objective, updated information of the bank;
- An annual report prepared after the end of the financial year;
- Quarterly reports, providing quarterly financial information and a reporting of the Board about all operations made by the institution;
- Regular meetings between senior management of the institution and the investors and shareholders;
- Regular information sessions organized by senior management of the bank, especially the CEO and the head of the financial department, intended for shareholders, market analysts and journalists of the financial press.

5.1.1.9 Attachments :

■ The Charter of the Member of the Board of Directors

Art.1- Administration and social interest

Each Board member shall act in all circumstances given priority to the corporate interest of the bank.

Art.2- Compliance with laws, regulations and statutes

Each member of the Board must take the full measure of their rights and obligations.

Art.3- Exercise of functions: Guidelines

The member of the Board performs his duties with independence, integrity, diligence, loyalty and professionalism.

Art.4- Independence and duty of expression

The member of the Board shall preserve in all circumstances independent judgment, decision-making and action. He is not to be influenced by any factor foreign to the corporate interest he seeks to uphold.

He alerts the Board on any item of knowledge it seemed likely to affect the interests of the bank.

He has a duty to articulate their questions and opinions. He assures to the extent possible the convincing of the Board of Directors of the relevance of his positions. In case of disagreement, it ensures that they are explicitly recorded in the minutes of the deliberations.

Art.5- Independence and conflict of interest

In general, the participation in the Board should not be used to acquire, use, or disseminate information in conditions that are not in harmony with the ethics in order to develop its own current or future activity.

The member of the Board shall endeavor to avoid any conflict that may exist between its moral or material interests and those of the bank. He informs the Board of any conflict of interest in which he may be involved. In cases where he cannot avoid being in a conflict of interests, he should not take part in debates as well as in the decisions regarding related matters.

Art.6- Loyalty and good faith

A Member of the Board takes no initiative which could harm the interests of the bank and acts in good faith in all circumstances.

He personally undertakes to respect the full confidentiality of the information he receives, of the debates in which he participates and of the taken decisions.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

He prohibits himself to use for personal gain or for the benefit of anyone else privileged information to which he has access.

Art.7- Professionalism and Commitment

The Member of the Board of Directors binds himself to devote the necessary time and attention to his duties.

1. He is to acquire knowledge of specificities of the Bank, its challenges and values, including by raising questions to its principal officers.
2. He attends the Board's meetings with assiduity and diligence. He does his utmost to participate in at least one of the specialized committees of the Board.
3. He attends the General Meetings of Shareholders.
4. He does his best to get in the appropriate deadlines elements which he believes indispensable for his information to deliberate with full background knowledge in the Board of Directors.
5. He endeavors to update the knowledge which would be useful to him and has the right to ask the bank for formation that is necessary for the proper performance of his duties.

Art.8- Professionalism and efficiency

Each member of the Board of Directors contributes to the collegiality and to the effectiveness of the works of the board and the specialized committees composed within its existence.

1. He makes any recommendation seeming to him able to improve the modalities of the functioning of the board, notably during its periodic evaluation. He accepts the evaluation of his own action within the Board of Directors.
2. He endeavors with the other members of the Board of Directors to have the control mission accomplished effectively and without obstacles. In particular, he ensures that in the bank the procedures allowing the control of respect of laws and rules are in letter and spirit.
3. He makes sure that the decisions adopted by the members of the Board of Directors are without exception, formal decisions, correctly motivated and transcribed in the minutes of its meetings.

Art.9 – Application of the Charter

On the issue of essential principles for the good functioning of the Board of Directors, each member strives to ensure the correct application of this Charter in the bodies of governance in which he participates.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

▪ The Prevention and Management Policies of Conflicts of Interests

Pursuant to Article 7 of BCT's circular No. 2011-06, BIAT formalized its policy of prevention and management of conflicts of interest.

This document seeks to define the rules which should enable the members of the Board of Directors of BIAT to avoid, insofar as possible, finding themselves in situations of conflicts of interest.

The prevention and management policy of conflict of interests define the procedures through which BIAT:

- Identifies the situations leading or likely to lead to a conflict of interests;
- Sets up a declaration and approval system to be followed by the members of the Board before they be indulged in activities likely to create conflicts with the interests of BIAT, or those of customers, suppliers or of any other intervening party.

1- What is a Conflict of Interests ?

A conflict of interests is born out of a situation in which a member of the Board of Directors holds or serves to his own interest, interests that could impact his duty of being objective in the exercising of his function.

It is meant by "personal interest" an interest alien to the interest of BIAT, whether direct, that is the personal interest of the member of the Board himself, or indirect and which is that of his parents, friends, business partners or in companies in which the member occupies an office.

The personal interest can, thereby, affect the discernment of the member of the Board of Directors which is, thus, no more exclusively focused on the corporate interest of BIAT.

The personal interest can be material, as for example, gaining profit at the expenses of BIAT, or non-material such as the approval of a transaction which gives privilege to a third party.

The risk of conflict of interests concerns all the members of the Board, including the independent members.

A member of the Board may find himself in a situation of conflict of interests that can be:

- Potential, when a change in situation, whether of the member of the Board or his environment, or that of the bank itself, would in future create a situation of conflict of interests;
- Apparent, when the situation of conflict appears, before the eyes of well-informed third parties, susceptible of affecting the exercising of the functions of the members of the Board of Directors.

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- Real, when the exercise of the rights and powers of the member of the Board has been or will be, through witness, influenced by the existence of personal interests, opposing the corporate interest of BIAT.

In general, all the situations likely of violating the loyalty, integrity, or the judgment of a member of the Board of Directors, also fall within the range that this definition covers.

Reporting and Approval Scheme

Periodicity of Reporting:

Each member of BIAT's Board of Directors should, when taking up his duties, and afterwards annually, communicate in writing to the Board of Directors the list of interests he holds toward legal entities likely to put him in a situation of conflict of interests.

Throughout his mandate, and within the framework of his duty of loyalty, as defined in BIAT's governance code, the member of the Board who finds himself in a situation of conflict of interests that is potential, apparent or real, should inform the Board of Directors.

Management of Conflict of Interests' situation:

The Board of Directors examines the situation of the concerned member of the Board, proceeds to necessary verifications, including the resort to an expertise in order to find out the occurrence or non-occurrence of the situation of conflict of interests and takes measures to safeguard the interests of BIAT.

When the Board assesses that the concerned member is in a situation of conflict of interests, the Board shall ask his non participation in the debates, as well as in all other decision makings regarding the concerned matters.

Any decision made by the Board related to the issue of conflict of interests concerning one or several members of BIAT's Board of Directors, shall be reported in the minutes of the Board; these minutes indicate, if need be, the abstention of voting of one or many members of the Board of Directors or mention the fact that the Board has ruled on the absence or approbation of conflict of interests.

Within the framework of its own evaluation in accordance with Article 5 of BCT's circular No. 2011-06, the Board can annually ask two of its members to examine the conditions in which the question of conflict of interests situations was managed within the Board, and to suggest recommendations, including the review or the updating of the this document.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The Policy of Financial Communication:

The obligation of Financial Communication

This obligation concerns the periodic information, the occasional information, as well as the privileged information.

- 1) Periodic information relate to the annual report publication, to the annual and biannual results, as well as the quarterly indicators, such is in the conditions set forth by the regulations in force.
- 2) Occasional information are those, in the case where they were made public, could have an influence on BIAT's share price.
- 3) Privileged information concern projects or investments, which if made known to competitors, will have their value affected will also harm the competitive position of the bank.

BIAT, within this precise framework, communicates general information, while specifying that at the same time that some information has not been published as well as the motive of such decision.

Principles of Financial Communication

The policy of the BIAT's financial communication aims to ensure the simultaneous, effective and integral disclosure of information that are pertinent, exact, precise and sincere, disclosed on time and homogeneous compared with the preceding publications.

Within this framework, BIAT :

- 1) Ensures that the information is accessible to all at the same moment;
- 2) Publishes exact, accurate and genuine information;
- 3) Ensures the effective and integral of the information of a regulatory nature with respect to the conditions set forth b the regulations in force.

5.1.2 Charter of the Permanent Committee of Internal Auditing

In accordance with the provisions of Article 34 of law No. 2001-65, related to credit institutions and to Article 23 of the Central Bank of Tunisia's circular No. 2011-06 dated the 20th of May 2011, reinforcing the rules of good governance in credit institutions, the Board of Directors ("the Board") of the "Banque Internationale Arabe de Tunisie" [BIAT] created a permanent committee of internal auditing ("The Committee").

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The composition, the attributions and the rules of functioning of the committee are determined in accordance with the provisions of the current charter.

5.1.2.1 Composition

The committee is composed of at least three members nominated by the Board, particularly for their qualifications in the financial, accounting and control sector; their mandates should be in conformity with their mandates in the Board.

Members of the committee may be re-elected; in case of a vacancy of a position in the committee, the Board should, without delay, fill such vacancy.

The committee is chaired by a member of the Board having the quality of independent board member within the meaning of article 47 of the circular No. 2016-48 and the article 13 of the Central Bank of Tunisia's circular No. 2011-06 dated the 20th of May 2011, and having a qualification and expertise in financial and accounting sector.

In accordance with the decision of the Board of Directors dated the 29th of September 2017, the committee is composed as follows:

- Chairman :
 - Mr. Mehdi SETHOM, Independent Administrator
- Members :
 - Mr. Tahar SIOUD: Administrator representing the interests of small shareholders,
 - Mr. Jean MESSINESI : Administrator
 - Mr. Sami HACHICHA : Administrator

The members of the Board cannot have seats in the Risks Committee as indicated in Article 50 of the circular No.2016-48.

Members of the General Management cannot be members of the committee.

The committee can call to its meetings or to a part of them, any member of the General Management, the auditors, as well as any one responsible for an internal structure of the bank or subsidiary of BIAT group whose presence is deemed useful.

5.1.2.2 Attributions

The committee assists the Board in the making of strategic decisions and in performing its duty of surveillance; in this context it is required to:

- Ensure the consistency of the measurement, surveillance and risk management systems, and ensure the clarity of the information provided.

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- Analyze the insufficiency in the functioning of the internal control system by the different control bodies and ensure the setting up of corrective measures;
- Examine intermediary and annual financial statements of the bank and the annual report as well, before submitting them to the Board;
- Suggest the nomination of the auditors and provide an opinion about their work programs and the results of their audits;
- Consider any event or any operation that may affect the financial situation of the Bank, its business activity or its reputation and brought to its knowledge by the Auditors.
- Examine any statement of the bank before its submission to the supervising authorities.
- Control and coordinate the activities of the General Control structures, as well as the other bodies in charge of control missions;
- Ensure that the General Control Structures have the logistics and human sources enabling them to perform their missions effectively;
- Notify the Board of the nomination of the officer of General Control and of his collaborators, and give notice of promotions and remuneration;

The committee may, in the case where particular circumstances require it, suggest to the Board that the General Management expedite missions or inquiries.

The Chairman of the committee presents, during the meetings of the Board, the synthesis of works of the committee as well as the recommendations he formulates.

The Committee submits annually its activity report to the Board.

5.1.2.3 Functioning Rules

Frequency

The committee meets at least six times per year on the convocation of its Chairman and each time he deems such to be useful. The chairman can delegate this power to the committee secretary.

Quorum

The committee can only validly deliberate with the presence of at least three of its members. Should the Chairman have an impediment; the chairmanship is confided to one of the committee members chosen by his peers.

The participation of a member in the work of the Committee by videoconference or audio-conference is equivalent to an effective presence and confers on him the right to vote and the right to remuneration decided by the Board of Directors.

Committee Decisions

The decisions are adopted by the majority of the present members. In case of a tied-vote, the question matter is submitted to the Board.

The committee deliberations are recorded in a meeting minutes which is transmitted to all the members of the Board during the following meeting.

Secretariat

The secretariat is ensured by the General Control. In this light, in collaborating with the project management office of the Bank, it is in charge of:

- Preparing the agenda which it submits beforehand to the Committee Chairman;
- Managing the relations with the bodies of the bank which are concerned with the agenda;
- Ensuring the collection and the centralization of any document prepared for the needs of The committee;
- Elaborating the minutes of each meeting of the committee.

Monitoring decisions taken by the committee

The monitoring of the implementation of decisions taken by the committee is ensured by the PMO bank Board.

5.1.2.4 Relations with the Board and the Operating Bodies of the Bank

For the purpose of exercising its missions, the General Management provides the committee with all useful documents or information. In this light, the different bodies of the bank hand to the committee's secretariat, particularly the following documents:

- The reports of control missions as well as the recommendations' monitoring;
- The documentation related to the means destined to ensure the good functioning of internal control;
- The notes concerning the development strategy of the bank and the financial projections;
- The intermediary and annual financial statements before their submission to the Board for approval;
- The notifications of the documentary and on the spot control results of Central Bank of Tunisia;

- The audit reports written by the competent public authorities and by the auditors;
- The reports of rating agencies;
- The reports mentioned in Articles 52 and 53 of BCT's circular No. 2006-19 pertaining to internal control.

5.1.3 Charter of the Executive Credit Committee (*)

In accordance with the provisions of the Articles 23 and 24 of the Central Bank of Tunisia's Circular No. 2011-06 dated the 20th of May 2011, reinforcing the rules of good governance in credit institutions, the Board of Directors ("The Board") of the Banque Internationale Arabe (Arab International Bank) created an executive credit committee ("the Committee").

The composition, attributions and the rules of the committee functioning are defined according to the provisions of the current charter, and to the principles stated in the governance code of the bank.

5.1.3.1 Composition

Membres

The executive credit committee is an emanation of the Board of Directors and whose members are nominated by this latter. It has at least 3 members who have no seats in any other committee. Their mandates should be in accordance with that in the Board.

The members of the committee, especially the non-administrator ones, should have solid qualification and a good expertise when it comes to loans or are ready and able to acquire the necessary knowledge at a reasonable time.

In the case of a vacancy in the committee, the Board should, without delay, fill such vacancy. Besides, the Board can decide to replace a member of the committee at any time.

Chairman

The chairman of the committee is nominated by the Board.

Quorum

The quorum is set at three members. In case of the absence of the chairman, the chairmanship of the committee is confided to one of the committee members, having the quality of administrator, and who shall be chosen by his peers.

(*) The charter of the Executive Credit Committee will be reviewed after the publication of the new circular replacing circular 2011-06

Secretariat

The secretariat is ensured by the Risk Department, a body in charge of the management of credits. In this light, it is in charge of:

- Preparing the agenda projects which it submits beforehand to the Committee's chairman
- Managing the relations with the bodies of the bank concerned with the agenda.
- Ensure the collect and centralization of documents prepared for the committee need.
- Elaborating the minutes of every committee meeting.

Monitoring the implementation of the decisions taken by the committee

Monitoring the decisions taken by the committee is ensured by the PMO of the Bank.

5.1.3.2 Attributions

The Executive Credit Committee has as mission the examining of the financing activity of the bank.

In this light, it gives its opinion to the Board about some categories of loans, among which are the following:

- The restructuring loans whose value and duration exceed the limits fixed by the Board
- The loans which lead to an exceeding of engagements compared to the limits determined by the committee of risks and approved by the Board.
- The loans granted, restructured or cancelled for the benefit of persons who have relations with the bank within the meaning of article 23 of law No. 2001-65 dated the 10th of July 2001 related to credit institutions and of article 200 of the code of commercial companies.
- The loans given to the customers classified in the bank or in other loan institutions, within the meaning of BCT's circular No. 91-24.
- Receivables classified at the bank or at other credit institutions within the meaning of BCT's circular No. 91-24.
- The write-offs and the losses exceed the limits determined by the board.

It can suggest recommendations for the review of the financing policy of the bank concerning particularly:

- The appropriation of loans according to nature, region, and economic sector;
- The maximum limits of risk concentration per beneficiary.

Meetings

The committee meets as often as it deems useful, but at least six times per year, by convocation of its Chairman. Except in the case of emergency, the call for a meeting is made at least, one week before the meeting.

The Chairman should call for the committee meeting when one of the members demands it.

Only the members of the Executive credit Committee are authorized to attend the meetings of the executive credit committee. Nevertheless, the committee can invite any internal officers of the bank to take part in all or in part of the meeting session when their presence is deemed useful.

Decisions are adopted by the majority of the present members. In case of a tied vote, the question matter is raised to the Board.

It is forbidden for the non-managing members of the Board to take part in the decision making submitted to the executive credit committee, in case where their presence implicates a situation of conflict of interests or the non justified access to privileged information.

Reporting

Minutes, is established after each meeting by the committee's secretary, in which are recorded the opinions about the examined loans. It is transmitted to all the members of the Board during the following meeting of the Board.

The PMO Bank member in charge of monitoring the decisions taken by the committee addresses signed-minutes extracts to the persons nominated to fulfill procedures or to information recipients.

The committee will submit to the Board an annual report concerning the activity of credit of the bank, during the meeting held for the examination of the annual financial statements of the bank. This report will detail particularly the activity of the committee.

The PMO Bank member present, at the beginning of every meeting, a report concerning the advancing of the decisions taken during the preceding meetings.

Evaluation

The Executive Credit Committee reconsiders, every year, the modalities of its functioning, examines its own efficiency and make effective any necessary change after the approval of the Board.

5.1.3.3 Relations with the Board and the Operating Bodies of the Bank

The Board authorizes the Committee to:

- Examine any field related to that of attributions
- Receive from other bodies of the bank and from the General Management, all the information necessary for the fulfillment of its mission and communicate the documents it deems useful, in particular:
 - The reports of control achieved by the competent public authorities, the auditors...,
 - Macro-economic, sectoral, regional, or specific, retrospective or prospective studies.
 - The notes concerning the strategy of development of the bank and the financial projections.
 - The reports of the rating agencies.
 - The notifications of the documentary and on the spot control results of Central Bank of Tunisia;

The committee can suggest to the Board to be commissioned by the General Management to undertake any mission or enquiry when particular circumstances demands it.

5.1.4 Charter of Risk Committee(*)

In accordance with the provisions of the Articles 23 and 27 of the Central Bank of Tunisia's Circular No. 2011-06 dated the 20th of May 2011, reinforcing the rules of good governance in credit institutions, the Board of Directors ("The Board") of the Banque Internationale Arabe de Tunisie (Arab International Bank of Tunisia) created a Risk Committee ("the Committee").

The composition, attributions and the rules of the committee functioning are defined according to the provisions of the current charter, and to the principles stated in the governance code of the bank.

5.1.4.1 Composition

Membres

The risk committee is an emanation of the Board of Directors and whose members are nominated by this latter. It has at least 3 members who have no seats in any other committee. Their mandates should be in accordance with that in the Board.

Committee members should have a solid qualification and good expertise in banking risk management or be ready and able to acquire the necessary knowledge within at a reasonable time.

Members of senior management cannot be members of the Risk Committee.

In the case of a vacancy in the committee, the Board should, without delay, fill such vacancy. Besides, the Board can decide to replace a member of the committee at any time.

Chairman

The chairman of the committee is nominated by the Board and should be obligatorily an independent administrator (within the meaning of article 13 of BCT's Circular No. 2011-06 dated the 20th of May 2011), having a solid qualification and good expertise in risk management.

Quorum

The quorum is set at three members. In case of the absence of the chairman, the chairmanship of the committee is confided to one of the committee members, having the quality of administrator, and who shall be chosen by his peers.

Secretariat

The secretariat is ensured by the Risk Department, a body in charge of the management of risks. In this light, it is in charge, in collaboration with PMO of the bank of:

- Preparing the agenda projects which it submits beforehand to the Committee's chairman
- Ensuring the collection and the centralization of the documents prepared for the needs of the committee
- Elaborating the minutes of every committee meeting.

Monitoring the decisions taken by the committee

Monitoring the decisions taken by the committee is ensured by the PMO of the Bank.

5.1.4.2 Attributions

The Committee of Risks has as mission to support the board in honoring its responsibilities related to the management and monitoring of risks and in respecting of the regulations and policies decided in the subject.

Within this framework, it is required to:

- Conceive and update the management strategy of all risks incurred by the bank including credit, market, liquidity and operational risks, taking into consideration the risk-appetite of the Board, the financial situation of the Bank, and its capacity of managing and controlling the risks within the framework of such strategy.

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- Determine the limits of exposition to, and the operational ceilings of all risks. As for credit risk, it is about limits by counterparty, group, class of risk, sector of activity, region or nature of the loan.
- Approve the measure and surveillance system of risks, the tools and standards of risk assessment, as well as the delegations of power in the matter of risk taking.
- Monitor the General Management's respect for the management strategy of risks as defined by the Board.
- Analyze the bank exposure to all the risks it incur including credit, markets, liquidity and operational risks and monitor the respect of exposure limits.
- Evaluate the policy of provisioning and ensure the permanent adequacy of equity capital
- Study the risks resulting of the strategic decisions taken by the Board
- Examine the scenarios of stress testing and analyze its results
- Approve the activity continuity plans
- Give its opinion to the Board concerning the nomination of the risk department manager and his remuneration
- Ensures that the risk office and the other concerned entities have the human and logistic means necessary to accomplish effectively their mission
- Propose to the board methodologies of integration of the risk component in the performance criteria.
- Ensure the monitoring of loans granted to customers whose commitments exceed the amounts provided for in article 7 of the BCT's circular No. 91-24 dated the 17th of December 1991 pertaining to the division and coverage of risks and to commitments monitoring.

5.1.4.3 Rules of Functioning

Meetings

The committee shall meet, on the convocation of its Chairman, as often as it deems useful, and at least six times per year. Except in cases of emergency, the convocation is made at least one week before the meeting.

The Chairman should call for a committee meeting whenever one of the committee members demands it.

Only the members of the Risk Committee are authorized to attend the meetings of the committee of risks. Nevertheless, the committee can invite any internal officer of the bank to attend all the committee meeting or part of it, whenever his presence is deemed useful.

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The decisions are adopted by the majority of the present members. In case of a tied vote, the question matter is raised to the Board.

Reporting

Minutes shall be established after each session by the Committee's secretary, in which are recorded among other things, the recommendations of corrective actions to improve the management of the bank risks. It is transmitted to all the Board members during the following meeting.

The secretary addresses signed minutes' extracts to the persons nominated to fulfill the decisions taken, or to the information recipients.

The committee will submit, to the Board, an annual report concerning the governance of risks within the bank, during the meeting held about the examination of the bank annual financial statements. This report details particularly the activity of the committee.

Evaluation

The Committee of Risks reconsiders on yearly basis the modalities of its functioning, examines its own effectiveness and sets up any necessary changes after approval of the Board.

5.1.4.4 Relations with the Board and the Bank Operational Structures

The Board authorizes the committee to:

- Examine all domains falling within the scope of these attributions
- Receive from other bank bodies and the General Management any information necessary to the fulfillment of its mission and all documents it considers useful; particularly:
 - The reports of control achieved by the competent public authorities, the auditors...,
 - macro-economic, sectoral, regional, or specific, retrospective or prospective studies
 - The notes concerning the strategy of development of the bank and the financial projections
 - The report of social and environmental performance
 - the reports of the rating agencies
 - The notifications of the documentary and on the spot control results of Central Bank of Tunisia

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The committee can suggest to the Board to be commissioned by the General Management to undertake any mission or enquiry when particular circumstances demands it.

5.1.5 Composition of the Board of Directors and the Frequency of its Meeting

5.1.5.1 Composition of the Current Board of Directors

BIAT's Board of Directors is currently composed of eight members.

Name	Expiry date of mandate	Main Function Occupied
Ismail MABROUK Chairman	OGM that will approve the accounts of the year 2019	Chairman of BIAT's Board of Directors
Karim MILAD	//	Chief Executive Officer of TTS
Hichem DRISS	//	Chief Executive Officer in 5 hotel companies
Sami HACHICHA	//	Chairman of hydraulic equipment company's Board of Directors
Jean MESSINESI	//	Ex-Manager of the HSBC-France bank
Mohamed Afif CHELBI Independent member	//	Ex-Minister of Industry and Technology
Mehdi SETHOM Independent member	//	Manager of MCF Company TUNISIA
Tahar SIOUD Member representing the interests of small shareholders	//	Ex-Vice Governor of BCT and Ex- SEAE(*)

(*) : State Secretary of the Foreign Affairs

The secretariat of the board is ensured by Mrs. Lamia ZEGHAL, an executive of the bank.

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5.1.5.1 Frequency of Meetings of the Board of Directors During 2017

In 2017, the Board of Directors held six meetings.

	Meeting of March 22	Meeting of April 24	Meeting of May 24	Meeting of May 25	Meeting of September 29	Meeting of December 20
Number of Attendances	9	9	8	8	8	8

5.1.6 Composition of the Permanent Committee of Internal Auditing and the Frequency of its Meetings

5.1.6.1 Composition

- Mr. Mehdi SETHOM : Chairman
- Mr. Tahar SIOUD
- Mr. Jean MESSINESI
- Mr. Sami HACHICHA

5.1.6.2 Frequency of Meetings

In 2017, the Permanent Committee of Internal Auditing held five meetings.

	Meeting of 01/03	Meeting of 21/03	Meeting of 24/04	Meeting of 29/08	Meeting of 19/12
Number of Attendances	3	3	3	3	4

5.1.7 Composition of the Executive Credit Committee and the Frequency of its Meeting

5.1.7.1 Composition

- M. Mohamed AGREBI : Chairman
- M. Mehdi SETHOM

5.1.7.1 Frequency of Meetings

The Executive Credit Committee held seven meetings in 2017:

	Meeting of 01/03	Meeting of 21/03	Meeting of 21/04	Meeting of 02/06	Meeting of 19/09	Meeting of 01/11	Meeting of 19/12
Number of attendances	2	2	2	2	2	2	2

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5.1.8 The Risk Committee Composition and Frequency of its Meetings

5.1.8.1 Composition

- M. Mohamed Afif CHELBI : Chairman
- M. Karim MILAD
- M. Hichem DRISS

5.1.7.1 Frequency of meetings

In 2017, the risk committee held five meetings:

	Meeting of 28/02	Meeting of 24/04	Meeting of 04/07	Meeting of 26/09	Meeting of 12/12
Number of Attendances	3	3	3	3	3

5.1.9 Organization of the Institution and its Lines of Business

The BIAT is organized into:

- General management of retail banking;
- Division Financing and Investment Bank.
- Several departments, central managements in support of the bank's activity.

The branch network is structured in 14 areas, which are grouped under 4 regional departments.

5.1.10 Detailed Composition of Equity Capital

	2013	2014	2015	2016	2017
Weighted net asset (in TND million)	6 124,4	6 508,0	7 254,9	9 450,6	11 140,4
Total net core equity capitals (in TND million)	555,5	609,7	691,8	815,3 ⁽¹⁾	954,2
Ratio of risk coverage (tier 1)	9,07%	9,37%	9,54%	8,63%	8,57%
Complementary Equity Capital (in TND million)	29,9	82,9	94,0	167,9	243,4
Total net equity capital	585,3	692,6	785,8	983,3	1 197,7
Global Ratio of risk coverage	9,56%	10,64%	10,83% ⁽²⁾	10,40% ⁽²⁾	10,75% ⁽²⁾

(1) After appropriation of the result of the financial year by the General Meeting

(2) Regulatory ratio of 10%

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5.1.11 Structure of the Shareholding and Voting Rights as at December 31st, 2017

Shareholders	Number of shares	Portion in %
A/ Foreign shareholders	149 902	0,88%
B/ Tunisian shareholders	16 850 098	99,12%
*Tunisian State	0	0,00%
*Corporate Person	12 753 814	75,02%
MAGHREB FINANCE HOLDING	3 480 778	20,48%
MAGHREB FINANCIERE HOLDING	2 399 931	14,12%
MENINX HOLDING	1 367 982	8,05%
HORCHANI FINANCE	930 358	5,47%
T.T.S FINANCIERE	661 118	3,89%
IFICO S,A	510 358	3,00%
INOPLAST FINANCIERE HOLDING	510 085	3,00%
OTHERS	2 893 204	17,02%
*FUNDS	206 981	1,22%
*Natural Person	3 889 303	22,88%
KAMOUN HABIB	590 290	3,47%
MILAD KARIM	429 409	2,53%
FAKHFAKH HEND	274 539	1,61%
FAKHFAKH KHALED	241 840	1,42%
MILAD DORRA	186 431	1,10%
MILAD MERIEM	183 062	1,08%
OTHERS	1 983 732	11,67%
TOTAL	17 000 000	100,00%

The 17,000,000 shares represent the capital of the bank entail 17,000,000 voting rights..

5.1.12 Obligations and Commitments of the Bank Toward Executives

1. The obligations and commitments toward executives as referred to in article 200 new II-5 of the code of commercial companies are as follows :

- The Chief Executive Officer's remuneration is set by the committee established under the Board of Directors meeting on May 24th, 2017. This remuneration amounted for the year 2017 to a gross amount of TND 860 million, including employer's expenses of TND 178 million. It includes, in addition to the salary and allowances, the assumption of a retirement provision.

Furthermore, the Chief Executive Officer received a compensation of TND 21 million as a member of the Executive Credit Committee.

5.1 The board of Directors Report on its Activities during 2016 (In application of Article 39 of BCT's circular No. 2011-06 concerning the rules of good governance)

The Chief Executive Officer also benefits from a company car with driver and assumes the additional costs.

- The remuneration of the Deputy Chief Executive Officer in charge of Resources is set by the committee established under the Board of Directors meeting on May 24th, 2017 and amounted, for the financial year 2017, to a gross amount of TND 717 million, including the employers' expenses of TND 150 million.

- The members of the Board of Directors are remunerated by attendance fees set by the Ordinary General Meeting of May 24th, 2017. These attendance fees have reached a gross amount of TND 600 million in 2017.

In addition, the directors who sit on the delegation of the Board of Directors, the Standing Internal Audit Committee, the Credit Executive Committee and the Risk Committee, benefited from gross remuneration that amounts of TND 123 in the financial year 2017.

2. The obligations and commitments of BIAT towards its directors, for the financial year ended as at December 31st, 2017, are as follows (in TND):

Nature of the benefit	General Director		DGD of Bank Detail		Administrators	
	Expense of the Financial year	Liabilities on 31/12/2017	Expense of the Financial year	Liabilities on 31/12/2017	Expense of the Financial year	Liabilities on 31/12/2017
Short-term benefits (*)	905 356	273 727	742 696	12 274	723 000	636 000
Post Retirement benefit	6 193					
Other long term benefits	-	-	-	-	-	-
End of Contract indemnities	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-
Total	911 549	273 727	742 696	12 274	723 000	636 000

(*) : Remuneration services, social security contributions and paid leave to corporate officers ; Directors' fees and other remuneration.

Apart from the agreements and operations mentioned above, our work did not reveal the existence of other agreements or transactions falling within the scope of the provisions of Articles 43 and 62 of Law No. 2016-48, relating to banks and institutions. Articles 200 et seq. and 475 of the Commercial Companies Code.

5.2 General Management

5.2.1 General Director

The Board of Directors meeting held on May 24rd, 2017, at the end of the said meeting, renewed the mandate of Mr. Mohamed AGREBI as the Manager Director for three years ending following the Ordinary General Meeting called to approve the accounts of the financial year 2019.

5.2.2 Deputy General Directors

According to the minutes of the Board of Directors meeting on March 12th, 2014, Mr. Hechmi LAKRICHE was nominated as vice General Manager in charge of the retail banking.

5.3. Statutory Auditors

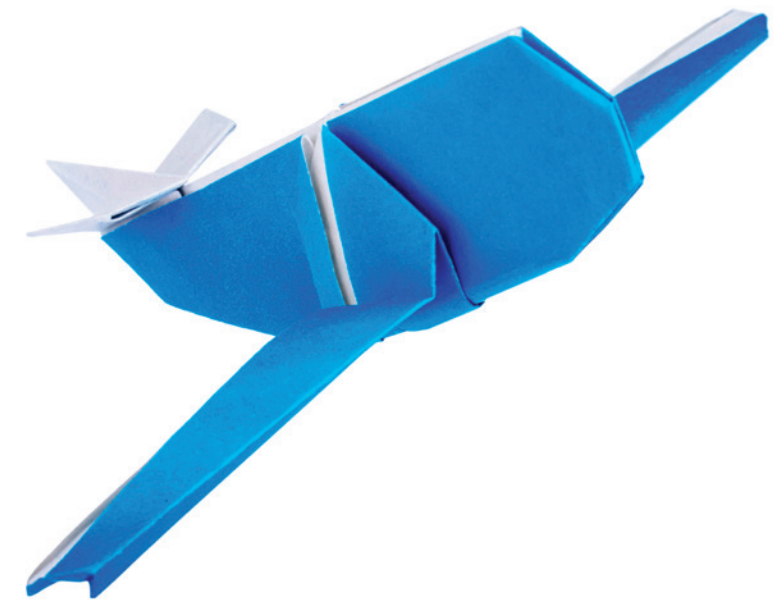
The Ordinary General Meeting of May the 27th, 2016 appointed the firms FINOR and the firm FMBZ - KPMG Tunisie as statutory auditors for a three-year period, expiring after the Ordinary General Meeting called to improve the company accounts for the financial year 2018.



Réunion du conseil d'administration de la BIAT, 2017

6

BIAT'S SHARE IN THE STOCK MARKET



6.1 Trend in BIAT Share Price in 2017



The BIAT share price has been on an increasing trend since the beginning of 2017 and reached 122.0 dinars by December the 31st, 2017, thus recording a positive return of 40.39% for financial year of 2017 against a return of 14.45% for the Tunindexet index of 19.46% for Tunbank.

This increase in the performance allowed it be on the top of the market, with a capitalization of TND 2 074.00 million compared to TND 1,525,75 million in 31/12/2016, an increase of 35.9%.

The number of BIAT exchanged shares during the whole year 2017 was 1 880,666 compared with 478 848, a 292.7% improvement.

Shareholders	2016	2017
Share Capital		
* In number of shares	17 000 000	17 000 000
* In millions of dinars	170	170
Highest price/ lowest price (in dinars)	92,710 / 75,000	122,600 / 87,060
Closing price (in dinars)	89,75	122,0
Profit after accounting per share (in dinars)	11,1	12,09
P.E.R	8,1	10,8
Dividend per share (in dinars)	4	4,250 ^(*)
Market Capitalization (in TND million)	1 525,75	2 074,00

(*) sous réserve de l'approbation de l'AGO.

6.2 Undertaken Financial Communication Actions

In conformity with its strategy of communication, BIAT continued in 2017 to communicate with its shareholders through the addressing of four quarterly issues letters to the shareholder's.

A digital shareholder space allows shareholders to be constantly informed of the news of their bank.

Besides, several one-to-one meetings were organized during the same year with analysts, fund managers, rating agencies, etc.

Two meetings were also organized with the associations of the small shareholders.

7

INCOME APPROPRIATION



7.1 Statutory Provisions in Terms of Income Appropriation

Distributable profit consists of the net profits thus established, increased or reduced from the deferred results from previous years and after the deduction of:

1. Any legal reservations that the Company is required to make under the conditions provided for by the legislation in force;
2. Any amount which the General Assembly, on the proposal of the Board of Directors, decides to allocate to general or special reserve funds, or to carry forward again;
3. A sum not exceeding 10% of the profits to be set by the General Assembly of Shareholders on the proposal of the Board of Directors and to be allocated to a social fund or the Bank's staff friendly association.

7.2 Change in Shareholder's Equity and Dividend Paid

In million dinars

					Other Reserves					
	Share Capital	Share Premium	Legal reserves	Ordinary Reserves	Social Funds	Exempt reinvestment reserves	Other Equity	Results reported	Results of the period	Total
Equity on 31/12/2015 before assignment	170 000	111 760	17 000	67 728	85 144	125 012	3	42 998	151 579	771 224
AGO assignment of the 27/05/2016					15 158	39 998		28 423	-83 579	
Dividends									-68 000	-68 000
Reserves Transfer				27 022		-27 022				
Equity on 31/12/2015 after allocation of the result	170 000	111 760	17 000	94 749	100 302	137 989	3	71 421	-	703 224
Equity capital at 31/12/2016 before assignment	170 000	111 760	17 000	94 749	100 686	137 989	3	71 421	190 142	893 750
AGO assignment 24/05/2017						89 999		100 143	-190 142	
Dividends		-68 000								-68 000
Reserves Transfer				-17 744		17 744				
Equity on 31/12/2016 after allocation of the result	170 000	43 760	17 000	77 005	100 686	245 732	3	171 564	-	825 750
Equity on 31/12/2017 before assignment	170 000	43 760	17 000	77 005	101 083	245 732	3	171 564	214 017	1 040 164
AGO allocation of 30/04/2018						100 043		113 974	-214 017	
Dividends		-43 760		-28 490						-72 250
Reserves Transfer				3 718		-3 718				
Equity on 31/12/2017 after allocation of the result	170 000	-	17 000	52 233	101 083	342 057	3	285 538	-	967 914

8

ACCOUNTS AUDIT



8.1.1 Activity Report of the Permanent Internal Auditing Committee of the Year 2017

In 2008, the Board of Directors of BIAT, in conformity with the regulations in force, established a Permanent Committee of Internal Auditing working under its authority.

This Committee assists the Board in the preparation of strategic decisions and in implementing its monitoring duty; its main missions are as follows:

- to ensure consistency of measurements, surveillance and risk management systems;
- To ensure the effectiveness of the internal control system ;
- To examine the financial statements prior to their submission to the Board;
- To control and coordinate the activities of the structures related to general control.

In conformity of the decision of the Board of Directors of September 29th, 2017, the Committee consists of Mr. Mehdi Sethom, as Chairman and Mr. Tahar Sioud, Jean Messinesi and Mr. Sami Hachicha as members administrators. The Committee's meetings were held with the participation of the Auditor General and the head of the Audit Department, a structure that is responsible for ensuring the secretariat.

The Committee met five times during the financial year 2017.

The Committee has examined the individual and consolidated financial statements of 2016, as well as the financial statements elaborated as at June 30th, 2017 before they are submitted to the Board, such is in the presence of the Auditors; on this occasion, the head of the Finance and Accounting Department presented a report on the results of the Bank; the members of the Committee have recorded with satisfaction that BIAT is ranked top among the banks in the local market regarding BNP and foreign exchange market.

The Committee also was kept informed of the list of Agreements with persons related to the Bank in accordance with Article 23 of Law 2001-65 and of Article 200 of the code of commercial companies.

The Committee was informed of the activity report of the Bank of the year 2016.

In the framework of its mission risk control, the Committee also validated a study conducted by the department of Audit on the measures taken to ensure control of the outsourced activities and off-shore offices of representation; it was equally informed of a report on the evaluation, the measure, and the monitoring of the security of means of payment issued or managed.

The members of the Committee were informed about the characteristics of the activity continuity plan, the already completed steps and the actions to be planned.

The Committee evaluated the internal control system; in this context it examined the structures activity reports of depending on the General Control; their work results, and more particularly, the identified malfunctions caught his attention . Within this framework, the Committee approved the program of structures missions related to the General Control for the year 2017.

As part of the monitoring of the Statutory Auditors' work, the Committee examined a presentation on the main recommendations made in the management letters of the Statutory Auditors. It has given instructions to accelerate the implementation of the recommendations, with the aim of strengthening the internal control system in place and improving the risk management system.

9

SOCIAL REPORT



9.1.1 Evolving of Personnel

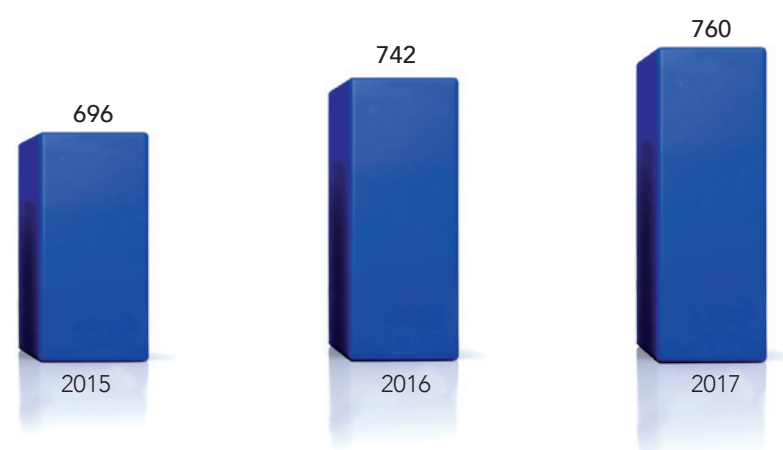
In 2017, BIAT' staff was reinforced by 25 entries.

During the period 2015-2017, personnel decreased by 282 persons to reach 2178 persons by 31 Dec. 2017 compared to 2460 in 2015.

We notice that the ratio of productivity (Staff/ Branch) is 10.83 in 2017 against 17.98 in 2016. This ratio of productivity remains above the average for the sector that record 10.4 persons per Branch.

Meanwhile, it should be highlighted that the sales Staff increased by 18 persons shifting from 742 persons in 2016 (representing 31% of Staff) to 760 persons in 2017 (representing 35% of Staff).

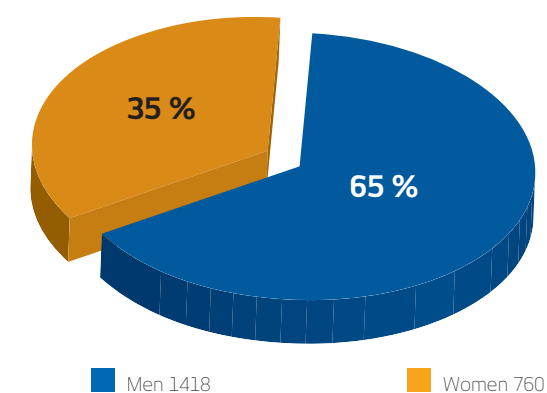
Evolution of Sales Staff



The structure of the Staff between the headquarters and the network, which keeps developing in favor of the network which represents 55% of the total Workforce of the Bank.

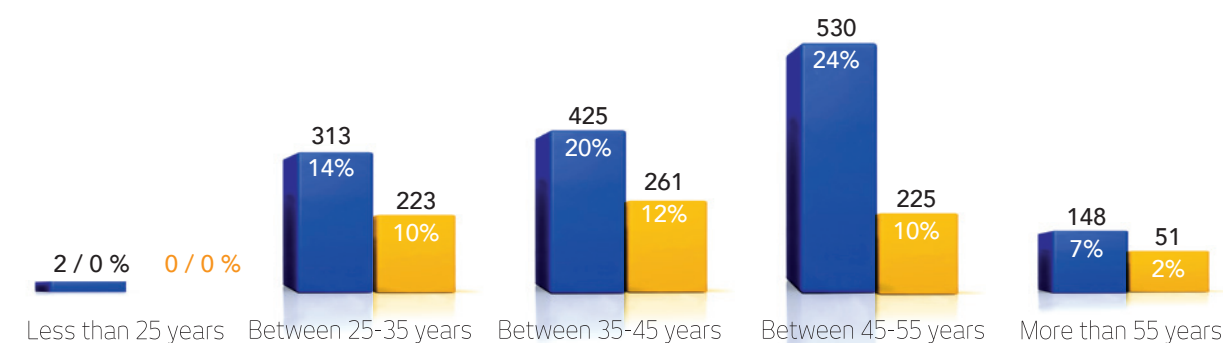
9.1.2 Breakdown of Staff

In 2017, the breakdown between Men-Women is respectively 65% and 35%.



- The average age is of 43 years, identical to that of 2016.
- The average seniority is 17 years against 16 years in 2016.

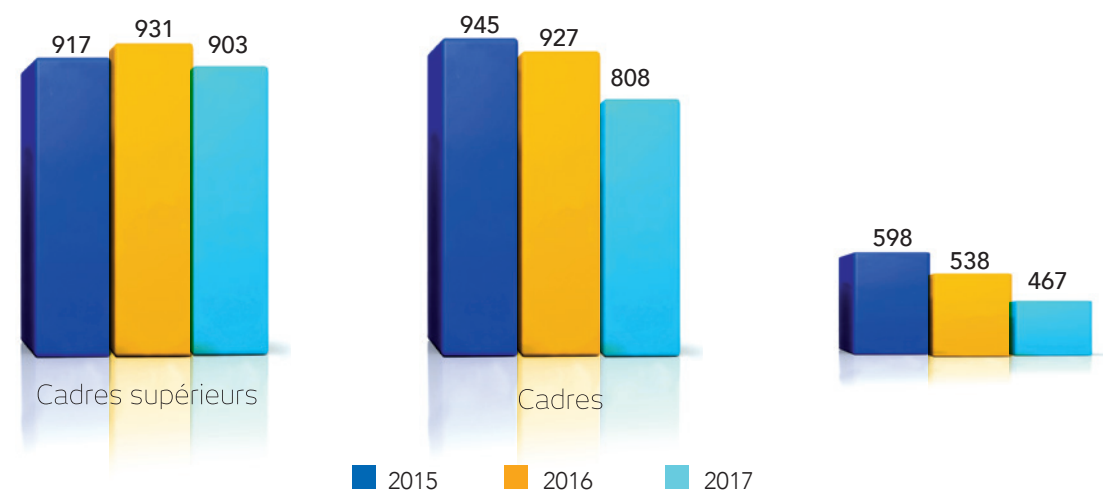
Ages Pyramid in 2017



Cadres Sup : 903
Cadres : 808
Agents : 467

Men Women

Managerial Supervision Rate 2017



9.1.3 Management of Trainees Activity

BIAT is committed to a proactive approach to employability of students, welcoming, during 2017, 1909 students from various disciplines (Engineering, Finance, Management, Economics, Statistics, Commerce, etc.), received for introductory or advanced internships (61%) and for graduation projects (39%).

Further to that, trainees represent, for BIAT, a recruitment pool of the best talents. In this regard, some partnership Agreements were signed between BIAT and some universities to ensure the training of the best students specialized in the Banking Sector.

	2015			2016			2017		
	Net-wrok	Central Service	Total	Net-wrok	Central Service	Total	Net-wrok	Central Service	Total
Graduation projects	221	291	512	177	212	389	398	338	736
introductory / advanced internships	723	378	1101	958	438	1396	866	307	1173
Total	944	669	1613	1135	650	1785	1264	645	1909

9.1.4 Nomination & Turnover of Branch Managers

In 2017, within the framework of developing the Branches' network, 12 Branch Managers were nominated.

Besides, within the framework of rotating Branch Managers, 12 Branch managers were affected by this mobility.

Following these new nominations and Branch managers Turn over, the Turn Over rate reaches 12%.

	2015	2016	2017	Total
Turn over	30	8	12	50
New Branch Managers	23	10	12	45
Total	53	18	24	95
Number of Branches	200	200	201	
Turn Over %	27%	9%	12%	

9.1.5 Mobility

For BIAT, The internal mobility is privileged before any external recruitment. This principle is adopted in order to generate the motivation, commitment and the enrichment of career paths of employees.

	2015	2016	2017
Central-Central	128	159	193
Central-Network	46	14	17
Network-Network	202	133	221
Network-Central	25	22	18
Total	401	328	449
Staff	2460	2396	2178
Turn Over %	16,3%	13,6%	20,6%

The Competencies Development Center (CDC) supports the bank in the realization of its orientations and the development of its new activities.

The Competencies Development Center (CDC) aims at developing the competencies and the knowledge of the bank's employees in the aim of contributing in the enhancement of the quality of services, and to enable personnel to evolve within the framework of the individualized professional courses. To achieve this, it is a key factor in the process of reception and integrating the new recruits and the career evolution in respect of the bank policy of Human Capital.

The CDC is composed of a team of 10 persons specialized in pedagogic engineering, the administration of training, the evaluation and the capitalization of knowledge. It has 9 classrooms furnished with modern equipments and a school agency. The CDC has formed a body of internal trainers with rich and varied competencies and with external organisms.

Aiming to develop competences, the CDC provides training curriculum adapted to the needs of the bank and employees such as:

- **The campus has 14 diploma curriculums and 13 certifying cycle**
 1. The diploma trainings: in banking, finance and management sectors in partnership with different organisms and university institutions.
 2. The certifying trainings: dedicated to the banking analysts business advisors of the bank, sales consultants, managers of loans risks...etc.
- **The plans of Branch, Headquarter and Managerial Training** dedicated to acting employees to master their jobs, an increase in competency and enhancement of adaptability.
- **The courses for new recruits and retraining:** alternating from theoretical trainings and on site immersions in order to facilitate the integration and the mobility of the personnel and the resources optimization
- **Cycles of work skills development:** intra-annual training cycles by Tunisian and foreign experts to the banking operations managers, security of the information system, IT Risk marketing and trading rooms, LAB and ethics controls.
- **External Seminars in Tunisia and Abroad**

The capitalization of Knowledge constitutes an important part of the CDC activity. The Documentation Center has a library of specialized books and aims at collecting, processing and broadcasting information through newsletters and electronic newsletters. It organizes conferences called "Tuesdays of CDC" and reading days in the headquarters of the bank. .

10

ELEMENTS ON INTERNAL CONTROL



10.1.1 General Organization of the Internal Control

- The internal control system of BIAT focuses on three levels of control which are independent but complementary at the same time. These levels of control are materialized by a set of processes, methods, and security and control measures which aim to ensure all risks control and enhance the regularity, safety and efficiency of the operations.

- The first two levels of control are ensured concretely by the operational parties, line managers and independent operational units.

- The third level is the responsibility of the independent entities emerging from the General control department. Their intervention takes place according to a missions program that is beforehand validated by the Control Committee and by the Permanent Committee of Internal Auditing.

This control level is split in two distinct systems :

- The Permanent Control : it is ensured by the Management of Permanent Control Department and includes the following directions:
 - Management of Permanent Control Department aims at detecting, at early stages, the incurred risks, to continuously ensure distant and on sites control by dedicated teams and to supply a regular reporting of the noted incidents and inadequacies, as well as the ameliorations steps to be achieved.
 - The Compliance Department and LAB ensure an ongoing regulatory watch and guaranty the proper fulfillment of the legal obligations, as well as the compliance with the good practices and the professional and ethical rules. It also plays a role in monitoring the proper fulfillment of the bank's ethics code, the anti-money laundering and terrorist financing. In addition, it carries out training activities in this field for the concerned persons, as well as the new recruits and staff of the newly opened agencies.
 - Operational Risk Department: It is currently managing the implementation of the operational risk mapping project.
 - HISS or Head of Information System Security which ensures a permanent control of the information security through the implementation of the general information security strategy and its declination by activity. It also manages the diagnosis missions of the information system security and the intrusive test.
- The Periodic Control: ensured by the Inspection Department and the Audit Department.
 - Inspection Department ensures the on-site control of the agencies, based on the risk indicators made by the Management of Permanent Control Department within the framework of its activity of both remote and on-site control of the agencies. Thus, the

priority is given to the agencies that have achieved a high score by the D.C.P; reflecting a significant level of operational risk.

- The Audit Department provides, through its missions, a reasoned and objective opinion on the Internal Control quality of the audited processes or entities. The identified dysfunctions will be used in the recommendations formulation, which implementation is considered the responsibility of the audited entities

The Periodic Control procedures are governed by an Audit Charter applicable to all the entities of the BIAT Group.

10.1.2 Undertaken Actions Regarding Anti-Money Laundering and Terrorism Financing

The year 2017 was marked by the continued deployment of the Bank's efforts to comply with the new cross-business regulatory requirements affecting all of the Bank's businesses.

The anti-money laundering compliance mechanism was supported by training sessions and employee awareness of the compliance requirements for money laundering and the values and principles set by of our Code of Conduct.

Compliance

During 2017, the practice of the Compliance function has affected several areas and businesses and covered many aspects relating to prevention, assistance, regulatory monitoring, upgrading and control in synergy with all the components of the General Control of the bank.

Fight against anti-money laundering and Terrorism financing

In its policy against money laundering and terrorism financing, the bank has set up all the axes and devices complying with the national regulations in force and inspired by international best practices.

The bank has powerful tools for the prevention and detection of transactions that may be related to money laundering and terrorism financing.

The launch of the Siron@AML profiling tool since the beginning of 2017 has strengthened the compliance tools used. This tool effectively controls client transactions using specific research scenarios on the types of transactions that present a risk of money laundering or terrorist financing.

Extensive investigations can classify these operations as suspicious and in this case, a declaration of suspicion to the Tunisian Commission for Financial Analysis (CTAF) is established for this purpose.

Ethics

The Code of Ethics is our foundation of corporate culture. The Compliance Department and LAB are always planning to focus more on raising the awareness of bank staff on the principles and rules of our Code of Conduct.

It brings an insight through the co-opted value by all staff and during the integration of new recruits and employees who convert from one profession to another.

The bank actively contributes to the APBTEF, to the development of sectoral codes of ethics that govern the relations of banks and financial institutions with their employees and those that govern the relations between banks and financial institutions among themselves and between the customer and the financial institution.

10.1.3 Undertaken Actions regarding the Information Security

In order to cope with the rise of cybercrime around the world, and in the continuity of the actions started in 2016, a first version of the study on the consolidation of existing means of supervision and the definition of objectives and the process of internal monitoring and target supervision was realized in 2017.

In addition, awareness was raised in 2017 with the publication of two notes on the strengthening of information security measures and the limitation of the use of removable storage facilities, as well as three safety bulletins designed to raise awareness of incidents at the national or international level, regarding which additional security measures should be put in place.

The second phase of the project to set up a supervision and monitoring process for information security is one of the main actions scheduled for 2018.

10.2.1 Main Risks Facing the Bank

Despite the sluggish growth of the economic conditions, sluggish exports and a weak investment, affecting negatively the demand in the credit market, BIAT's overall performance was satisfactory in 2017, with production volumes that confer to the objectives and the risk levels.

The tightening of the bank liquidity continued in 2017 across the sector, but BIAT has generally left with CRLs while still in compliance with the regulatory norm and with a strong position on the state securities.

Facing a risk increase in 2017 especially in the tourism sector and the weakening of the financial situation of Tunisian hotel units, BIAT has demonstrated resilience and mastered its exposure to this sector, based mainly on a good quality risk of its customers' portfolios.

Furthermore, in terms of operational risks, the major risk remains that of the interruption of the production system, may affect the bank the reputation.

10.2.2 Bank Objectives and Policy Regarding the Risk Management

The bank opts for an integrated risk department, which shall be independent from the other line-businesses, attached directly to the General Management and in charge of the three main risks foreseen by the Basel Committee.

The Bank's risks management is based on three levels:

- On the upstream level, it formulates recommendations in terms of risk strategy and policy, sets the rules and designs both the methods and tools for measuring and assessing the risk
- On the downstream level, it carries out a continuous portfolio for the monitoring the proper application of the bank's risk management policy and makes an alert in case of a deterioration in the risk quality. It also produces internal and regulatory reports.
- In the risk-taking process, it continuously carries out a second level control, by validating the proposals emanating from the business lines, in accordance with the delegatee schemes.

The Risk Department is the guarantor of the bank's overall quality and risk management. The business lines remain primarily responsible for the risks they initiate and manage.

10.2.3 Management of Credit Risk

In 2017, the bank granted its assistance to the economy in accordance with the principles set out in its declaration of risk appetite while respecting the strategic orientations set out in the context of the reflection on credit policy.

Internal rating and credit risk measurement system

By definition, a rating system consists of assigning a note to each counterparty by referring to an internal scale, each level corresponding to a probability of default.

The probability of default (PD) is the probability of a counterparty defaulting on a one-year horizon.

The rating assigned by the system is usually based on data:

- o Quantitative: derived from financial data assessing the sustainability, solvency and level of indebtedness of counterparties as well as behavioral data and,
- o Qualitative: from economic, strategic diagnoses...

Counterparty rating models are structured in particular according to the nature of the counterparty (companies, leasing companies, banking counterparties, holding companies, real estate development projects, etc.), size (measured according to annual turnover) and of the business sector of the company.

A review of the models must be done at least once a year. This action of backtesting or validation of the models consists in evaluating the predictive quality of the algorithms of attribution of the notes, to follow the relevance of the criteria used and to compare the estimates and the realizations of the default rates by class of risk while taking into account the quality of the data and the intrinsic characteristics of the activity (cyclicality, volatility ...).

The risk department validates the rating proposed by the sales representatives following a thorough and individual analysis of each counterparty at the time of the study of credit files.

Main actions started in 2017

In order to comply with the BCT circular No. 2016-06 on the counterparty rating system, in 2017 the bank launched the project «Rating of counterparties» in order to capitalize on the work already begun since 2010 on the rating component.

The risk department has just launched a second version of the study framework for commercial credit files incorporating the new rating models.

At the same time, a financial rating simulator was made available to risk analysts allowing them, firstly, to adjust the financial rating according to the events not taken into account in the last rating awarded by the rating system (evolution the position of the company's commitments, capital increase, acquisition of new equipment, etc.) and, secondly, to calculate the exposure limit according to the risk profile of the counterparty.

As part of this project, several projects have been defined covering:

- The scope of the rating
- The parameters for measuring credit risk
- Governance of the rating system
- NIS data, tools and documentation
- Training and change management

10.2.4 Market Risk Control

The organization of the market risks control is the subject of continuous adjustments aimed at clarifying the responsibilities in terms of monitoring market activities and ensuring the independence of the control in relation to the business areas.

The main objective of the Market Risk Department is to ensure a permanent and independent monitoring of all market activities, the positions taken on all the assets listed by the bank and the assessment of the risks they engender in term. exchange rate and liquidity,

Also, and in order to ensure compliance with regulatory and internal limits, the Market Risk Department monitors, updates and controls the established limits.

The technological watch is ensured at the level of the Market Risk Department on two aspects:

- o On the business side, ensuring the risk coverage of different new products, the implementation of new standards and methods of risk measurement,
- o On the information system side by maintaining a high level of automation, by setting up information systems that ensure monitoring, real-time management, the generation of risk and performance indicators and decision aids and automatic limit control.

As part of its prerogatives, the Market Risk Department ensures the preparation of daily reports, the instruction of all requests for limits made by the business lines, in the framework of global authorizations granted by the General Management and the control the market parameters used to calculate the risks and results relating to the instruments listed by the bank.

Market risk management procedures are adjusted regularly to take into account regulatory changes, growth and complexity of the business and the emergence of new products and risk factors

10.2.5 Operational Risk Management

- Operational risk is the risk of loss resulting from maladjustment or failure attributable to internal processes, personnel, or information systems or external events, including a low probability of occurrence but high risk of loss, and includes the risks of internal and external fraud.
- The operational risk management system at BIAT is based on the operational risk department attached to the Permanent Central Control and Compliance Department of the General Control Department. This department centralises the work related to the management of operational risk and works for the establishment of procedures for the identification, declaration, management, control and prevention of operational risks.
- Accounting operating losses are periodically collected and reported annually to the Central Bank of Tunisia and in accordance with local regulations, BIAT applies the basic method for calculating regulatory capital in the face of operational risks.

10.2.6 Asset-Liability Management

The mechanism of asset-liability management (ALM) is an integral part of the overall risk management mechanism and interacts with all of its components in the aim of adequate control of exposure to various banking risks.

BIAT scales its liquidity and rates risks. The impact of a rate variation on its interest margin is estimated, and rate shocks of 200 base points or simulations of crisis are equally performed in conformity with the obligations of the Basel Committee for banking control.

BIAT has thus a mechanism of liquidity and rate risk management that favors a global and detailed vision of application and resources and the impact generated by the variation in certain parameters of the market. From this prospective, BIAT complies with the regulations in force, defined by Circular 2006-19 dated the 28th of November 2006.

- Interest Rate Risks :

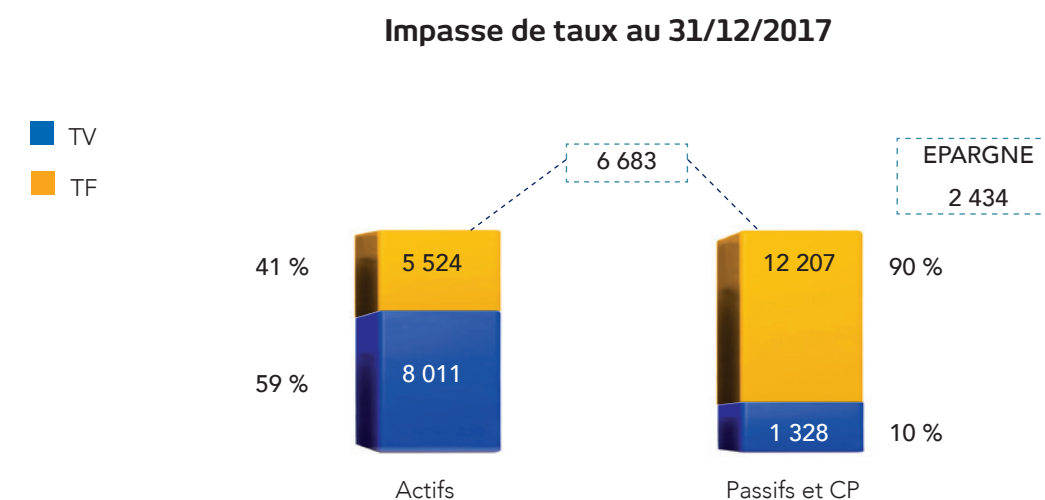
By December the 31st, 2017, the applications and resources of the bank were distributed as follow on the basis of the vision (ALM) :

- 90% of the liability is made of the resources with a fixed rate and of 7% of the resources with a variable rate; this structure is linked to the migration of the resources savings with

variable rates to the resources with fixed rates after the BCT decision taken in 2011 to make fix the remuneration of savings.

- 41% of the asset is made of the applications with fixed rate and of 59% of the applications with variable rate.

Jobs Breakdown of / Resources according to the rate category as at 31/12/2017 :



- Liquidity Risk:

By December the 31st, 2017, BIAT had a liquidity ratio of 92.4%, which means 80% higher than the limit required for 2017.

Overall, the bank met a CRL liquidity ratio higher than 80% throughout 2017.

- The ALM function recasting within the BIAT:

During the financial year 2016, BIAT has launched a project with a specialized firm in order to start the first steps of the ALM function recasting.

The developed roadmap will be implemented over the next few years.

11

BANK'S LINES OF BUSINESS



At the core of BIAT Business Lines, The Retail banking business line, which was organized primarily to serve customers individuals, professionals, TLA (Tunisians Living Abroad) and SME. Bank of proximity, it is organized around a network of more than 200 agencies covering the whole of the Tunisian territory. The Retail Banking is organized in 14 zones structured around 4 regional departments, which responds to the desire to strengthen the proximity with the customers and ensure the best care.

The branch network is strengthened by a multi-channel network: web banking, mobile banking, self-service spaces, ATMs, customer relations centers ...

Thanks to a team of more than 1,300 employees specialized by market, market and product segment, deployed within the network and supported by the central structures, the Retail Bank accompanies and advises more than 800,000 individual, professional and Tunisian customers abroad in the management of their day-to-day banking activities and in carrying out their projects. SME clients also benefit from dedicated support to support their growth and meet their needs.

Retail Banking clients benefit from a full range of products and services that meet all of their banking and financial needs: everyday banking, savings, investments, consumer loans, mortgages, insurance, financing of the bank. investment, financing of the operating cycle, international operations ...

Retail Banking also provides, through the branch network, operational support to the activities deployed for the benefit of large companies and institutional investors, as well as Corporate and Investment Banking.

In 2017, in line with the performances recorded in previous years, Retail Banking experienced a significant increase in business activity.

The objectives related to its principal aggregates were achieved, with notably an evolution of the number of opened accounts with 6% and an evolution by two digits in deposits (+15.4 %), and of loans (+15.6%)

Alongside to these actions related to organization, various actions related to marketing and commerce of operational nature were also launched in 2017 in support of the activity of branches, among which we particularly cite:

- The enrichment and the layout of the range of products and services with:

- Launch of new Packs: « Awwal Sakan » backed up by the national program « First Home»
- Easing the conditions for granting and setting up loans to Real Estate.
- Redevelopment of the products and services:

- BIATNET (E-trade feature enrichment,),
- Insurance component of Platinum and Elite packs (doubling in case of bodily injury)
- BIATRAVEL : enrich the travel insurance formula and introduce new privileges
- MESSAGIS Card : systematic alert for each transaction authorized or denied

- The Launching of Promotional Campaigns, namely:

- The campaign of TEMPO credit card
- The campaign of TRE
- The campaign self-service banking
- The Launch of synergy commercial campaigns with the BIAT group subsidiaries (Financial products, bank insurance) and with the Commercial Banking center for the CEA conventions particularly for the different liberal trades (health professionals,)
- The organization of more than one hundred field activities / customer events and the signing of partnerships and agreements which have particularly helped to revive the customer conquest and the personal financing activity as well as to consolidate the Bank position as the market leader.
- Launch of the first BIAT «Self-Service Area» in Tunis allowing customers (and non-BIAT customers for certain operations) to carry out, through interactive kiosks, a set of common banking operations such as the detailed account statement, the RIB or IBAN edition, cash withdrawals and deposits, check deposits, manual change and checkbook order...

This concept, which functionality will be enriched, will be gradually extended to other regions of the country.

- The reinforcement of the multi-channel customer relations system made available to customers and prospects, in particular through a revitalization of the commercial website and the BIAT facebook page (1 Million fans at the end of 2017).

But also with the rise of the CRC Customer Relations Center both in terms of the number of covered agencies and missions.

These missions now extend to the (progressive) centralization of all the Bank's customer services, the management of prospect contacts and the launching of outgoing call campaigns.

11.2 Funding and Investment Banking Business (FIB)

Funding and investment banking business activities are dedicated to supporting of customers who are Large Companies, Institutional and Investors and propose a complete offer structured in transverse business lines including: the markets of capitals, the "Corporate Finance", the Capital Investment, development abroad, and the other financial activities of the group BIAT (Insurance, Financial Markets, Management of Assets...)

The logic of development of the business line FIB is articulated around the following main axes:

- quality sponsorship of customers through, a group of persons, in charge of business, highly qualified and who constitute the unique contact managing the entire relation with the customer.
- valuation of customers' portfolio of the bank in a cross-selling logic with the different business lines of the bank.
- Well-organized business lines, competent teams offering services complying with the best standards of the local market.
- Successful subsidiaries and experts in their line of business, developing operational and commercial synergies with the bank.

Among the key actions done in 2017, we report:

- The reinforcement of the commercial activities and the clients proximity illustrated by:
 - A more than 20% Growth of the CIB's customer financing, reflecting our commitment to support the economy and to support our clients in their development project.
 - Customer movements dynamism with a more than two figures growth of these movements
 - Reinforcement of the cross-selling activities with the various business lines; in particular, the insurance and financial market activities
 - Organization of several meetings in Tunis, Sousse and Sfax to present our products and services offers as well as to ensure the proximity with our business customers.
- The Consolidation of our leading position in capital markets businesses, with significant growth in the volumes traded in the foreign exchange market, and the continuation of our clients' support and advice on their operations.
- Pursuit of our activities aiming the Reinforcement of synergies between the bank and our financial subsidiaries by:
 - Significant sales growth of life insurance products in the bank's network;
 - The signing of opening and management agreements for the Stock Savings Accounts,

11.2 Funding and Investment Banking Business (FIB)

in particular that of Tunisair's Technical Navigating Staff, with the launch of a dedicated fund of more than 12 million dinars at the end of 2017.

- The signing of an agreement with the BANK OF AFRICA Group allowing the bank to support the development of its clientele in sub-Saharan Africa with a personalized offer adapted to its needs.
- Supporting clients in fundraising transactions with both private investors and the financial market.
- The Establishment of a structure of studies and business intelligence, whose role is to contribute to the economic debate through the organization of conferences with the participation of internationally renowned experts.

11.3 Financial Consulting Department

The Financial Consulting Department is continuing its specific and in-depth support of SMEs and Family Groups in their strategic restructuring and development projects.

Through this Cluster, BIAT is consolidating its role as a banker advising its clients, thanks to:

- a dedicated team of Corporate Finance Consultants and business manager, specializing in restructuring, and
- a specific and customized approach, which the team adapts to each problem.

The offer of the Financial Advisory Division is currently structured around two main axes:

- **Strategic financial advisory** for family groups in their transformation, reorganization and development projects (disposals, acquisitions, preparation for capital opening, preparation of development plans, transmission projects, internationalization, evaluation work, etc.);
- **The support and specific banking support**, over a given period and in close collaboration with the commercial divisions, of a portfolio of clients (about sixty companies) for the definition and implementation of financial restructuring plans, possibly accompanied by operational transformations.

For the strategic financial advisory activity, the year 2017 was marked by the closing of four missions with business groups specializing in the chemical, agri-food, steel and distribution industries.

These missions focused on:

- Support in defining and implementing an organizational, operational and financial restructuring plan;
- The valuation, structuring and raising of funds for the acquisition of a control block;
- The deep financial and banking diagnosis, the sizing of the financing needs induced by the restructuring and development plan;
- Assistance in the preparation of a development plan, in the process of submission and negotiation with an international partner for representation in Tunisia.

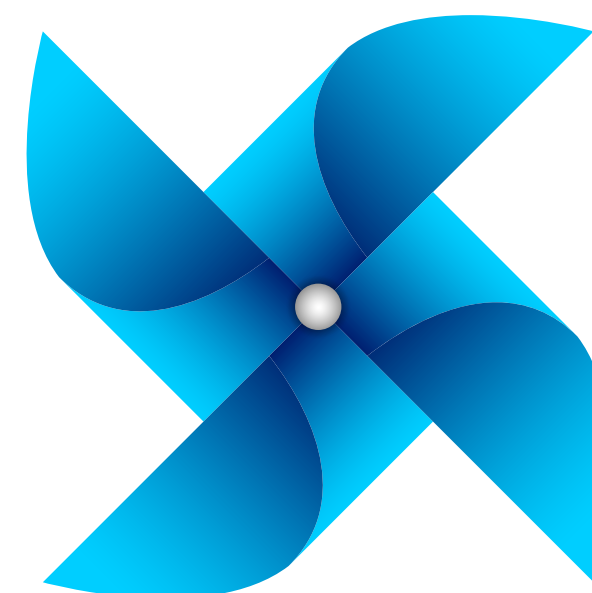
The prospecting efforts of the year resulted, moreover, in the signing of 3 new mandates. These missions, currently being implemented, focus on the assistance of family groups (industry, IT services, real estate) in:

- defining and implementing strategic development plans,
- Organizational and financial adaptation of structures to new development ambitions
- Support in the creation of a real estate holding company for the valuation of property and real estate projects and the raising of funds necessary for development.

Communication actions were also conducted to present the financial advice offer to clients in Sousse and Sfax regions.

12

CORORATE SOCIL RESPONSIBILITY



12.1 Support for cultural, sports and associative activities

BIAT continues to support various cultural, sports and social events.

In 2017, BIAT consolidated its support for art, theater and music through diverse events in the capital and in regions such as Le Kef and Nafta. These actions are part of the promotion of cultural diversity.

In addition, BIAT's commitment to sport has resulted in the consolidation of its partnership with several clubs and sports associations in several disciplines.

12.2 BIAT Labs incubation platform

Created in 2017, BIAT Labs specializes in the management of incubation platforms and support services for business creation.

True support for young promoters holding innovative project ideas, BIAT Labs delivers a complete incubation program that integrates access to a quality work space, mentoring and individual support for promoters, the organization of workshops thematic and administrative and legal support for business creation.



Incubateur B@Labs 2017

12.3 CSR Project

Since 2015, and with the launch of the CSR (Social and Environmental Responsibility) project in 2015, BIAT has been committed to a CSR approach structured in compliance with the international standards.

Inspired by the ISO 26000 standard, the 7 central matters of the Social and Environmental Responsibility of an institution are the following:

- Human rights
- Relations and working conditions
- Environment
- Practices fairness
- Consumer issues
- Community and local development

The BIAT Board of Directors stood up the CSR strategy foundations by prioritizing the two following axes:

- Environment;
- Community and local development through entrepreneurship.

12.4 Youth BIAT Foundation

BIAT FOUNDATION FOR YOUTH

The BIAT Foundation is a concrete and lasting translation of BIAT's civic commitment and social responsibility approach through three main axes: education, culture and the promotion of entrepreneurship.

ENTREPRENEURSHIP AXE IN 2017

The BIAT Foundation works for an ecosystem conducive to youth entrepreneurship and supports those who create value and contribute to the development of their communities and Tunisia through four projects:

1/ Entrepreneurship Circle

EDITION MAY 2017: The BIAT Foundation presented an unprecedented study on the teaching of entrepreneurship in universities in Tunisia

EDITION SEPTEMBER 2017: was dedicated to Bob Dorf, Columbia professor, entrepreneur and Business Angel. His presentation was dedicated to discussing the eight main qualities of successful entrepreneurs

2/SPARK Program

The BIAT Foundation has launched its SPARK program to encourage high school students and students aged 15 to 25 to understand and discover the world of entrepreneurship in an interactive and fun way. SPARK is conceived around events organized in several cities of the country, with partner universities, during which young people meet business leaders and participate in practical workshops of generations of ideas, with the aim of develop their entrepreneurial taste and entrepreneurial culture.

The program revolves around two components:

- The Spark Days (December 2017 at the ISG);
- Spark Clubs launched in 8 partner universities.

3/ Open startup Tunisia

A competition launched in partnership with Columbia Engineering and Business School, the United States Embassy in Tunisia and the Africinvest investment fund. It brings together students from different disciplines, from different universities and from different regions. It stimulates their skills in innovation and teamwork to encourage them to develop their entrepreneurial intentions

4/ BLOOM MASTERS

It is the largest entrepreneurship contest in Tunisia, initiated by the BIAT Foundation for Youth in Bloom Masters partnership with the MIT Enterprise Forum Pan-Arab.

This competition, with prizes totaling TND 400,000 (nine prizes, two of which at TND 100,000), will be awarded to innovative Tunisian start-ups who will also benefit from support from experts and opportunities. high-level networking in addition to visibility in the media.

With its Bloom Masters competition, the BIAT Foundation supports excellence in entrepreneurship and hopes to propel Tunisian start-ups on regional and international entrepreneurial scenes.

EDUCATION AXE 2017

1/ One School Bag, One Future » : September 2017

For the start of the 2017-2018 school year, in keeping with its commitment to education, the BIAT Foundation stepped up its action «A Schoolbag, A Future» for its third edition. Thanks to the mobilization of the BIAT Employees' Foundation and their families, more than 10,000 school bags filled with all school supplies were distributed, on the first day of the school year, to the children of 102 schools throughout Tunisia - and mainly In a rural area.

2/ The Elite Scholarship Program

The BIAT Foundation has more than a hundred brilliant scholars from all over Tunisia, who have combined work and perseverance to succeed and continue to shine. To this end, the BIAT Foundation has set up a program of excellence aimed at supporting brilliant, motivated and active graduates to continue their university studies. This program is translated by training in entrepreneurship, personal development, as well as cultural outings and involvement in community life. It also offers a scholarship that rewards their work and financially supports them throughout their studies.

CULTURE AXE 2017

The music festival with IFT

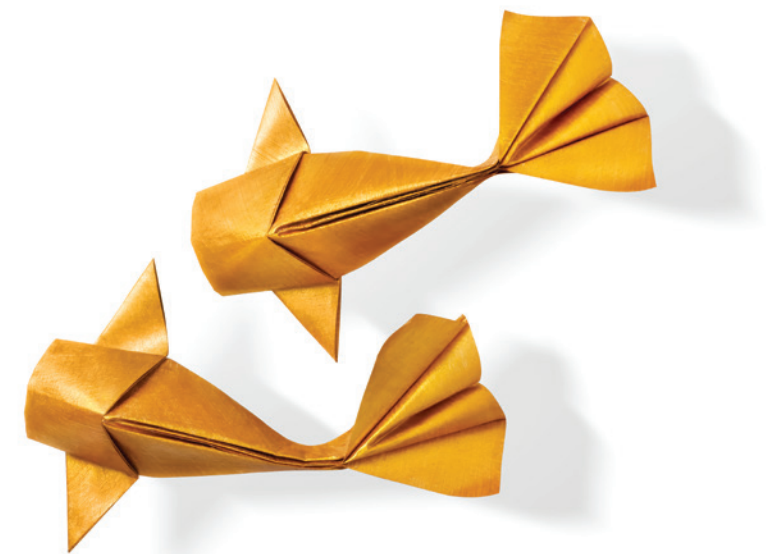
The French Institute of Tunisia has chosen to celebrate this event at the Habib Bourguiba Avenue in downtown Tunis in co-production with the BIAT Foundation, in partnership with the Ministry of Cultural Affairs and the Municipality of the City of Tunis..



Cérémonie de remise des prix de Bloom masters, 2017

13

FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017



AUDITOR'S GENERAL REPORT ON THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2017

To the Shareholders of Banque Internationale Arabe de Tunisie "BIAT"

Dear Sirs,

I. Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Banque Internationale Arabe de Tunisie «BIAT», which comprises the balance sheet as at December 31, 2017, as well as the off balance-sheet commitments, the income and cash flows' statements and a summary of significant accounting policies and other notes. These financial statements show positive shareholders' equity of **1.040.164 KTND**, including the profit for the financial year amounting to **214.017 KTND**.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Banque Internationale Arabe de Tunisie « BIAT » as at December 31, 2017 and of its financial performance and cash flows for the financial year then ended in accordance with Generally Accepted Accounting System in Tunisia.

Basis for opinion

We conducted our audit in accordance with professional standards applicable in Tunisia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank «BIAT» in accordance with the rules of professional ethics that apply to the audit of financial statements in Tunisia and we have fulfilled our other ethical responsibilities in accordance with these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were

addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Valuation of customer's commitments

Key audit matter	Audit procedures performed
<p>The Bank is exposed to counterparty risk both on its portfolio of direct commitments and on off balance sheet commitments to customers. This inherent risk in the banking business constitutes a major area of attention because of the significant judgment required for its estimation and the significant amount of customers loans and commitments in the Bank's balance sheet (69 %) totaling 9.393.664 KTND as at 31 December 2017 and their net cost of risk which impacts the result of the year for an amount of 61.939 KTND in individual provisions and 12.594 KTND in collective provisions.</p> <p>The accounting rules and methods relating to the valuation and the recognition of bad debts and their depreciation, as well as additional information on these items in the annual financial statements, are disclosed in the notes to the financial statements, respectively Note II-3 «Valuation of the receivables rules», Note III-3 «Customer loans » and Note VII-3 « Allocation to provisions and the result of valued adjustment of receivables, off-balance sheet and liabilities».</p> <p>The valuation of the commitments and the valuation of the provisions involve significant judgment and due to the importance of customers' commitments, we consider that this caption constitutes a key audit matter.</p>	<p>We have obtained an understanding of the procedures designated by your Bank, and have assessed the effective implementation of key controls, as well as their ability to prevent and / or detect material misstatements, with a focus on:</p> <ul style="list-style-type: none">• the supervisory mechanism put in place within the process of valuation of customer commitments ;• the reliability of the information provided by the bank concerning customers whose outstanding amounts show impairment's indicators ;• the procedures and controls implemented by the Bank to manage counterparty risk, identify clients to be classified and provisioned for, and to determine the minimum level of provision required by banking regulations. <p>In our detailed audit procedures, we adopted a risk-based approach to sampling.</p> <p>We have assessed the repayment capacity of debtors and assessed the classification, considering delays of payments of the debtors, their financial performance, future business prospects, collateral valuation reports and other available information.</p>

Valuation of Investment portfolio

Key audit matter	Audit procedures performed
<p>The Bank performs a valuation of its investment securities' portfolio at each closing date. This assessment constitutes a major area of attention because of the significant judgment required for its estimation and the significant amount of the «Investment Portfolio» caption in the Bank's balance sheet (14%), which totals as at December 31, 2017, 1.840.431 KTND (of which a gross outstanding amount of Government Bonds for 940.278 KTND was reclassified from the Commercial Securities Portfolio), as well as the weight of related income which amounting during the year to 88.638 KTND.</p> <p>The accounting rules and methods relating to the valuation and accounting of investment securities, as well as additional information on this caption in the annual financial statements are disclosed in the notes to the financial statements, respectively under Note II-4 «The rules for valuing securities», Note III-5 «Investment portfolio» and Note VII-1-4 «Investments portfolio revenues».</p> <p>Due to the significant judgment involved in the valuation of the investment portfolio considering the specificities of the methods used and given the importance of the «Investment portfolio», we consider that this caption is a key audit matter.</p>	<p>Our audit procedures of the investment portfolio included:</p> <ul style="list-style-type: none"> • Verifying internal control procedures implemented by the bank in this respect, particularly with regard to the monitoring and valuation of these assets and testing the operating effectiveness of the controls. • Ensuring compliance with the rules provided by accounting standard NCT 25 on securities' portfolio in banking institutions with regard to the classification of securities specially for applied transfer from one item to another, such as transfer of outstanding BTA securities from the trading securities' portfolio to the investment securities' portfolio. • Reconciling the accounting situation to the position of the investment portfolio by type of security and examine the movements during the financial year of each caption. • Assessing the methodology adopted by the bank to ensure completeness of income from investment securities, its valuation and its imputation to the correct financial year, in particular by examining the bases and modalities of their determination according to available information. • Assessing the appropriateness of the valuation method used for each security category and that it is appropriate with the nature, characteristics and circumstances of the investment made. • Assessing the reasonableness of the valuation of each category of investment securities and check the procedures for determining and recognizing the required provisions. • Verifying the accuracy of the investment securities' portfolio data provided in the notes to the financial statements.

Recognition of Interests and other similar revenues

Key audit matter	Audit procedures performed
<p>As indicated in the note VII-1-1 to the annual financial statements, interests and other similar revenues from credit transactions amounting to 627.418 KTND as at December 31, 2017 represent the largest operating revenue item of the bank (65%).</p> <p>Because of their composition, their amounts, and the specificities of the rules of their accounting as described in note II-1 " principles for recognition of revenues", as well as the large volume of transactions and the complexity of the rules for calculation of suspended revenues, even slight changes in interest rates and durations could have a significant impact on the net banking income and, consequently, on the profit for the year and the equity of the Bank.</p> <p>For this reason, we consider this section to be a key audit matter.</p>	<p>Our audit procedures of interests and other similar revenues included:</p> <ul style="list-style-type: none"> • Assessment of the information system, policies, processes and controls implemented to recognize revenue from credit operations. • Verify the effective application of the automated or manual controls in place. • Perform substantive analytical procedures on the changes in outstanding credit volumes, interests and similar revenue. • Verify compliance with accounting standard NCT 24 «Commitments and related revenues in banking institutions» in terms of revenue recognition and separation of accounting periods. • Perform detailed tests using sampling technique, to assess the consideration of revenue in the appropriate accounting period. • Perform detailed tests to control the accuracy of the suspended revenues based on a representative sample. • Assess the appropriateness of the information provided in the notes to the financial statements.

Emphasis of matter paragraph

As disclosed in note XI «Subsequent events», the bank received on January 25, 2018 a notification for a coming in depth tax control relating to different fiscal charges, duties and taxes for the period from 2014 to 2016.

As of the date of this report, the tax authorities have not notified the results of this control. The final risk that may, if applicable, be associated with this situation depends on the definitive outcome of the control.

Our opinion is not qualified in respect of this matter.

Management Report

The management report is the responsibility of the Board of Directors.

Our opinion on the financial statements does not cover the management report and we do not express any form of assurance on this report.

In accordance with article 266 of the Commercial Companies' Code, our responsibility is to verify the accuracy of the information given on the accounts of the Bank in the management report by reference to the data in the financial statements. Our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the management report, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements, in accordance with the corporate accounting system and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of directors is responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the bank or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of bank are responsible for overseeing the bank's financial reporting process.

Auditor's responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international auditing Standards in Tunisia 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 in accordance with international Auditing Standards in Tunisia, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We 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 that is sufficient and appropriate to provide a basis for our 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 and related disclosures made by the directors, as well as related information provided by them;
- Conclude on the appropriateness of the directors' 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 bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate to those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II. Report on other legal and regulatory requirements

We also proceeded to the statutory specific reviews provided by professional standards of the Institute of Chartered Accountants of Tunisia and by applicable law.

Effectiveness of the internal control system

In accordance with the provisions of article 3 of law n ° 94-117 dated 14 November 1994, as amended by law n ° 2005-96 dated 18 October 2005 relating to the reorganization of the financial market, we proceeded to the examination of the internal control procedures relating to the processing of accounting information and the preparation of financial statements. In this regard, the responsibility for the design and implementation of an internal control system as well as the periodic monitoring of its effectiveness and efficiency lies with the management and the board of directors.

Based on our examination, we didn't identify any major deficiencies that are likely to impact our opinion on the financial statements.

A report addressing the weaknesses and deficiencies identified during our audit was communicated to those charged with governance.

Conformity of the recording of securities accounts to the regulations in force

In accordance with the provisions of article 19 of decree n ° 2001-2728 dated November 20, 2001, we proceeded to the verifications relating to the conformity of the recording of the securities issued by the bank to the regulation in force.

The responsibility for ensuring compliance with the requirements of the applicable regulations remains with the directors.

Based on the procedures that we believe appropriate to be performed we didn't identify any irregularity to the compliance of the bank's accounts with the regulation in force.

Tunis, April 2, 2018

Statutory auditors

F.M.B.Z KPMG TUNISIE
Kalthoum BOUGUERRA

FINOR
Walid BEN SALAH

AUDITOR'S SPECIAL REPORT FINANCIAL YEAR CLOSED AS AT DECEMBER 31, 2017

To the Shareholders of Banque Internationale Arabe de Tunisie "BIAT"

Dear Sirs,

Pursuant to Articles 43 and 62 of law No.2016-48 relating to Banks and Financial Institutions, Article 200 and following, and Article 475 of the Commercial Companies' Code, we hereby report on the regulated agreements and transactions realized during the financial year 2017.

Our responsibility is to ensure compliance with legal procedures for the authorization and approval of these agreements and / or transactions and ultimately of their fair interpretation in the financial statements. Our responsibility does not extend to seeking to identify the existence of any such agreements or transactions, but to disclose to you, based on information provided for us, and those obtained through our audit, their characteristics and essential terms, without having to make a decision on their usefulness and appropriateness. It is up to you to assess the interests in concluding these agreements and the realization of these transactions, for their approval.

I. Agreements newly concluded during the financial year 2017:

1. BIAT entered into an agreement, in December 2017, with the International Arab Company for Debt Recovery "CIAR", for the transfer of a debt with an amount of TND 53.254 KTND for the price of TND 2.105 KTND.
2. BIAT concluded in February 2018 with " ASSURANCES BIAT", a rental contract for use of administrative offices, an apartment of an approximate surface 183 m2 including common areas, located on the first floor of the building situated in palace Sidi Mtir Mahdia.

This rent is granted for a monthly rent of TND 638.140 (tax excluded) or an annual rent of TND 7.657,680 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 7.658.

3. BIAT concluded on February 2018 an agreement with « ASSURANCES BIAT », by virtue of which it rents a part of a premises of an approximate surface of 87.5 m2 located in Rue El Meniar, 47 Avenue Habib Bourguiba, La Manouba.

This rent is granted for a monthly rent of TND 860 (tax excluded) or an annual rent of TND 10.320 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 10.320.

4. BIAT concluded an agreement with « ASSURANCES BIAT », by virtue of which let this latter uses administrative offices, a part of a premises of an approximate surface of 80m2 located in route de Tunis Km 6.5, Avenue Hédi Chaker Sakiet Ezzit, Sfax.

This rent is granted for a monthly rent of TND 960 (tax excluded) or an annual rent of TND 11.520 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 11.520.

5. BIAT executed on 25 October 2017 with BIAT ASSET MANAGEMENT, an agreement related to filing and management by virtue of with this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT – CEA PNT TUNISAIR.

In exchange for these services, the BIAT will receive an annual remuneration of 0.1% tax excluded of the assets of FCP BIAT – CEA PNT TUNISAIR. This remuneration, which is deducted daily, is monthly in arrears.

The amount stated for this post, in 2017, amounts to TND 1.055.

6. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT and BIAT CAPITAL RISQUE signed, on December 20th, 2017, an agreement of funds management (regional funds 2017-03) with a total amount of 40.000 KTND.

BIAT CAPITAL RISQUES receives as a management of funds, a commission of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the eighth and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 19.407 tax excluded.

7. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to "BIAT CAPITAL RISQUES" on December 20th, 2017 the management of a fund (FG BIAT Free 2017-3) with a total amount of 17.001 KTND fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 2.361 tax excluded.

8. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-1) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;

- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

9. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-2) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

10. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-3) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 11.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2018-1) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 12.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES on 12 March 2018 the management of a fund (Regional Funds 2018-2) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 13.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES on 12 March 2018, the management of a fund (Regional Funds 2018-3) with a total amount of 10.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 14.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES on 17 March 2017, the management of a fund (Industry Funds 2017-1) with a total amount of 6.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 41.909 tax excluded.

- 15.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES on 17 March 2017, the management of a fund (Industry Funds 2017-2) with a total amount of 5.000 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of :

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;

- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 25.529 tax excluded.

16. Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to "BIAT CAPITAL RISQUES" on 9 March 2017, the management of a fund (FG BIAT Free 2017-1) with a total amount of 9.001 KTND fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.004 tax excluded.

17. Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES on 10 March 2017 the management of a fund (FG BIAT Free 2017-2) with a total amount of 5.501 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;

- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 74.958 tax excluded.

18. Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES on 17 March 2017, the management of a fund (Regional Funds 2017-1) with a total amount of 5.100 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;

- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.652 tax excluded.

19. Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES on 17 March 2017, the management of a fund (Regional Funds 2017-2) with a total amount of 4.750 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;

- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 33.214 tax excluded.

20. By decision of BIAT France's sole shareholder dated 15/11/2016, and after becoming aware of the achievements of its subsidiary, BIAT decided to allocate an operating subsidy of 1.348 KTND, the equivalent value of € 500.000 for the financial year 2016.

21. By decision of BIAT France's sole shareholder dated 09/11/2017, and after becoming aware of the achievements of its subsidiary, BIAT decided to allocate an operating subsidy of 1.417 KTND, the equivalent value of € 470.000 for the financial year 2017. A part of this subsidy was paid in 2017 for 450 KTND equivalent to €150.000. The remaining amount will be paid further to CBT authorization.

22. BIAT concluded, in July 2017, with «BIAT CAPITAL» an agreement of account securities maintenance of transferable securities issued by BIAT with all the other obligations which fall to BIAT CAPITAL namely the holding, the reports and the communications attached to it. This agreement is granted and accepted for a period of one year, starting from the date of its signature is July 25, 2017, renewable by tacit agreement. BIAT CAPITAL will receive in exchange of the said service a fixed annual amount of TND 12,000 tax excluded.

The amount invoiced by BIAT CAPITAL for 2017 amounts to TND 5.208 tax excluded.

II. Transactions performed in relation with the agreements concluded during the previous years:

The execution of the following agreements, concluded during the previous financial years, continued during the financial year closed on December 31, 2017:

GOLF SOUSSE MONASTIR «GSM»

1. After the conclusion of the transfer in lieu of payment act with the company GOLF SOUSSE MONASTIR "GSM", on December 27th, 2013, by virtue of which BIAT became the owner of the real estate property of three land titles situated in the tourist zone Dkhila Monsatir, the company GSM showed its will to rent the Golf Course with its conveniences and its outbuildings, already transferred to BIAT.

BIAT accepted this request and determined an annual rent composed of:

- A fixed portion of TND 200.000 VAT excluded per year payable on quarterly basis in advance. A cumulative increase of 5% per year will be applied to the fixed portion of the rent as from the third year of the rent.

- A variable portion calculated on the basis of the turnover, tax excluded, as follows:

- Between TND 0 and TND 500.000 => 10%
- Between TND 500.001 and TND 1 000.000 => 15%
- More than TND 1.000.001 => 20%

The present lease is accepted for a period of two successive years beginning on January 1st 2014 and ending December 31st, 2015, renewable by tacit consent.

This agreement was authorized by the Board of Directors on December 18, 2013.

Compagnie Internationale Arabe de Recouvrement « CIAR »

2. BIAT rented, to the company CIAR, for administrative offices usage, the office situated on the first floor of the building located in Sfax Harzallah.

This rent is consented and accepted for a period of two consecutive years, beginning on September 1st, 2013 and ending on August 31st, 2015, renewable by tacit consent and an annual rent of TND 4.950 VAT excluded payable on quarterly basis in advance. This rent is subject to a cumulative increase by 5% applied from the third year of the rent.

The amount listed among BIAT incomes in 2017 amounts to TND 5.548.

3. BIAT and CIAR concluded in 2015 an agreement by virtue of which BIAT is engaged in fulfilling the missions of assistance and IT consulting.

The missions of assistance and consulting in the study, the choice and the setting up of IT solutions should be subject to a mission order informed by CIAR presenting the number of days of the mission with a daily rate fixed to TND 500 tax excluded.

The administrative and technical assistance missions are made an annual remuneration of TND 7.500 tax excluded.

These remunerations are paid to BIAT quarterly in arrears by presenting an invoice.

The present agreement is concluded for duration of three years. It will be renewed by tacit consent, except for a written renunciation by one of the parties by giving notice of 3 months.

The amount recorded among the revenues of BIAT in 2017 amounts to TND 7.500.

4. BIAT concluded in 2012 with the company « CIAR » a lease agreement of an office with a surface area of 16.45m² situated on the first floor of the building in Boulevard 14 Janvier, Route Touristique Khezema, Sousse.

The leasing was authorized and accepted for a period of two consecutive years beginning on September 1st, 2012 and ending on August 31st, 2014, renewable from year to year by tacit consent. This leasing was authorized and accepted for an annual of TND 2.468 VAT excluded quarterly payable in advance.

The abovementioned rent, will be subject to an annual increase of 5% applied as from the third year of the leasing.

The rental income inscribed under the result of the financial year 2017 amounts to TND 2.904.

5. BIAT concluded in 2014 with the company CIAR an agreement of detachment of executives. Besides the salaries and salary supplements and advantages, the invoicing by the BIAR to the CIAR includes a margin of 5%.

The amount invoiced by BIAT in 2017 amounts to TND 456.816.

6. In November 2014, BIAT concluded a mandate contract with the aim of recovering receivables with the company CIAR.

This contract states in its purpose that BIAT gives mandate to CIAR which accepts to act in its name and on its behalf to collect receivables from its customers.

In return of its services, CIAR perceives fixed remuneration as follows:

- Fixed fees: TND 50 per be paid 60 days from the date of power of attorney
- Variable fees: 12% on the totality of collected sums including delay interests.

These remunerations modalities shall be applied from July 21st, 2017.

The amount invoiced by CIAR in 2017 amounts to TND 749.043.

This agreement was authorized by the Board of Directors on December 18, 2014. Its first addendum was authorized by the Board of Directors on December 16, 2015 and the second by the Board of Directors on September 29, 2017.

7. BIAT concluded in 2014 with CIAR Company an agreement on administrative and accounting assistance.

In return to this mission, BIAT perceives an annual remuneration amounting to 18 KTND tax excluded.

This remuneration was renewed by virtue of the amendment signed in December 2016. This agreement was authorized by the Board of Directors on March 22, 2017.

8. BIAT signed a sublease agreement, in 2016, with the company CIAR of set of areas of the building situated at the corner of Radhia Haddad Street and Hollande Street.

This sublease is consented and accepted for a period of three consecutive years, beginning on September 1st, 2016 and ending on July 31st, 2019, renewable by tacit consent for further period of three years until a leave was served by one of the two parties or at the end of the term of the main lease.

This rent was authorized and accepted by a monthly rent of TND 6.562.500 VAT excluded, payable quarterly and in advance.

As of August 1st, 2017 an annual cumulative increase of 5% will be applied.

The amount inscribed under the result of BIAT, in 2017, amounts to TND 80.391.

This amendments was authorized by the Board of Directors on September 29, 2017.

BIAT CAPITAL RISK

9. Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on December 5th, 2016, an agreement related to the management of funds (Industrial Funds 2016-3) with a total amount of 15.700 KTND.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies as modified and completed by subsequent texts.

BIAT CAPITAL RISQUES will receive, quarterly and in arrears, a management commission of 0.5% tax excluded per year on the totality of the funds amount.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 78.500 tax excluded.

10. Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on December, 29th, 2016, an agreement related to the management of funds (Free Funds 2016-2) with an amount of 4.501 KTND.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 78.755 tax excluded.

The two agreements mentioned in paragraphs 9 and 10 above, were authorized by the Board of Directors meeting on March 22, 2017.

- 11.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on February, 29th, 2016, an agreement related to the management of funds (Regional Funds 2016) with a total amount of 5.000 KTND.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 57.857 tax excluded.

- 12.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on February, 29th, 2016, an agreement related to the management of funds (Industrial Funds 2016-1) with a total amount of 5.000 KTND. The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 61.513 tax excluded.

- 13.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on March, 24th, 2016, an agreement related to the management of funds (Industrial Funds 2016-2) with a total amount of 5.050 KTND.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amount between the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 51.936 tax excluded.

- 14.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on February 18th, 2016, an agreement related to the management of funds (Funds Free 2016-1) with a total amount of 9.401 KTND.

BIAT CAPITAL RISQUES will receive, quarterly and in arrears, a management commission of 0.5% tax excluded per year on the totality of the funds amount.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 47.005 tax excluded.

The four agreements mentioned in paragraphs 11 to 14 were authorized by the Board of Directors meeting on October 6, 2016.

- 15.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on June 18th, 2015, an agreement related to the management of funds (Funds Free 2015-1) with an amount of 2.001 KTND.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.005 tax excluded.

- 16.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUES on December 20th, 2013, the management of a fund (Funds Free 2013) with an amount of 8.853 KTND fully paid up and this, in order to

promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 44.265 tax excluded.

- 17.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT signed with BIAT CAPITAL RISQUES, on March 18th, 2014, an agreement in the management of industrial fund of 2014 with an amount of 2.000 KTND.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

The Manager will also be entitled to a performance commission (calculated on a scale) if the return is higher than the average MMR of the period.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 30.657 tax excluded.

- 18.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUES on January 17th, 2014, the management of funds (Funds Free 2014-1) with an amount of 11.671 KTND.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 58.355 tax excluded.

The two agreements mentioned in paragraphs 17 and 18 above were authorized by the Board of Directors meeting on April 23, 2014.

19. BIAT confided to BIAT CAPITAL RISQUES on March 15th, 2013, the management of 2013 regional funds with an amount of 5.000 KTND fully paid up and this, in order to promote the industrial projects located in regional development zones and job-creating projects benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 77.365 tax excluded.

20. BIAT confided to BIAT CAPITAL RISQUES on March 15th, 2013, the management of 2013 industrial funds with an amount of 5.500 KTND fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 85.348 tax excluded.

The two agreements mentioned in paragraphs 19 and 20 above were authorized by the Board of Directors meeting May 23, 2013.

21. BIAT concluded with BIAT CAPITAL RISQUES on December 30th, 2009, a fund management agreement, by virtue of which it entrusts to the latter, under risk capital Funds, the management of a fund of an amount of 3.000 KTND, fully paid up.

The fund manager, in this case the company BIAT CAPITAL RISQUE will act to ensure the best profitability possible on the on participations financed by the fund such is, until its total repayment.

In return BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 19.500 tax excluded

This agreement was authorized by the Board of Directors meeting on April 28, 2010.

22. BIAT concluded with BIAT CAPITAL RISQUES on December 24th, 2008, a fund management agreement, by virtue of which it entrusts to the latter, under risk capital Funds, the management of a fund of an amount of 14.250 KTND, fully paid up.

The fund manager, in this case the company BIAT CAPITAL RISQUE will act to ensure the best profitability possible on the on participations financed by the fund such is, until its total repayment.

In return BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 8.144 tax excluded

This agreement was authorized by the Board of Directors meeting on April 28, 2009.

23. BIAT confided, during 2010, to BIAT CAPITAL RISQUES on March 15th, 2013, the management of funds with a total amount of 10.000 KTND fully paid up benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

This agreement was amended in May 2011 as follows:

Destination Funds:

- Participations to reinforce companies own funds as it is defined by law n°95-87 of October 30th 1995.
- To intervene, by means of subscription or acquisition of ordinary shares or preferred shares without the right to vote, to investment certificates of companies, equity securities, convertible bonds to shares and membership shares and in general to any other category assimilated to own funds.

Remuneration funds::

- 0.5% per year VAT excluded on the invested amounts, and this, during the blocking period;
- 1.75% per year VAT excluded on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year VAT excluded on the invested amounts, between the end of the seventh and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 100.243 (tax excluded)

This agreement was authorized by the Board of Directors meeting on March 16, 2011.

- 24.** BIAT confided to BIAT CAPITAL RISQUES, in 2011, the management of regional funds with a total amount of 6.000 KTND fully paid up and this, in order to promote the industrial projects located in regional development zones and job-creating projects benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of :

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 92.034 tax excluded.

- 25.** BIAT confided to "BIAT CAPITAL RISQUE" on December 28th 2011, the management of a fund of a global amount of TND 6.000 fully paid up, in order to support the effort and the process of regional development taking advantage of fiscal privileges defined under law No. 95-88 dated October 30th, 1995 as amended and completed by the new provisions of articles 39 and 48 of the code of the IS and the IRPP and subsequent texts.

The company "BIAT CAPITAL RISQUE" receives, on the managing of the fund, a commission of:

- 0.5% per year on the invested amounts, and this, during the blocking period;
- 1.75% per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year on the invested amounts, between the eighth and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE for 2017 amounts to TND 90.000(tax excluded).

The two agreements mentioned in paragraphs 24 and 25 above were authorized by the Board of Directors meeting on December 14, 2011.

- 26.** BIAT concluded, on December 27th, 2007, with BIAT CAPITAL RISQUE, an agreement of management of risk capital funds under which, it entrusts to this company under risk capital fund, the management of a fund with a total amount of 9.000 KTND, fully paid up.

The manager of the fund, BIAT CAPITAL RISQUES will act to ensure for BIAT, a minimum profitability average of participations equivalent to MMR+0.5%, such is until the total repayment of the fund. In return, BIAT CAPITAL RISQUE receives, on the management of the fund, a commission of the managed funds, equal to 1% per year tax exclude, annually calculated in arrears, on the initial amount of the fund. After the period of five years, this commission will be annually calculated in arrears on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 7.277 tax excluded.

- 27.** BIAT confided to BIAT CAPITAL RISQUE on April 13th, 2011, the management of a regional fund of a global amount of 10.000 KTND fully paid up, taking advantage of fiscal privileges defined under law No. 95-88 dated October 30th, 1995 as amended and completed by the new provisions of articles 39 and 48 of the code of the IS and the IRPP and subsequent texts.

The company "BIAT CAPITAL RISQUE" receives, on the managing of the fund, a commission of:

- 0.5% per year on the invested amounts, and this, during the blocking period;
- 1.75% per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year on the invested amounts, between the eighth and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE for 2017 amounts to TND 109.935 (tax excluded).

- 28.** An amendment of the agreements of management of capital risk funds was concluded on December 2015 between BIAT and BIAT CAPITAL RISQUE by virtue of which the two parties commonly agreed to add to all of the current agreements of management of funds a provision relative to direct costs related to shareholding lines and engaged by BIAT CAPITAL RISQUE.

Thus, the direct costs engaged by BIAT CAPITAL RISQUE for the implementation and disinvestment of shareholding lines imputed to current funds in force, will be taken in charge by BIAT.

This amendments was authorized by the Board of Directors meeting on March 16, 2016.

- 29.** BIAT concluded in 2004 with BIAT CAPITAL RISQUE an amendment of management agreement of October 17th 2000. By virtue of this amendment BIAT receives, in return of its benefits, an annual remuneration of TND 50.000 VAT included.

The income recorded at this level in 2017 amounts to TND 42.372.

- 30.** BIAT rented to the company BIAT CAPITAL RISQUE two offices of administrative usage, of a surface area of 92m², located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning the 1st of September 2015 and ending the 31st of august 2017, for an annual rent of TND 28.000 VAT excluded. The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The income recorded at this level in 2017 amounts to TND 29.890.

This agreements was authorized by the Board of Directors meeting on March 16, 2016.

- 31.** In 2015 BIAT concluded with the company « BIAT CAPITAL RISQUE » an agreement of secondment of seven executives.

Besides the salaries and salary complements and benefits, BIAT invoices to « BIAT CAPITAL RISQUES » include:

- A margin of 5%,

- VAT at 18%.

The invoicing amount of BIAT amounts in 2017 to TND 696.387.

This agreement was authorized by the Board of Directors meeting on March 16, 2016.

SOPIAT

- 32.** An agreement was executed, on November 2016, between BIAT and SOPIAT Company by virtue of which this latter provides the BIAT with two workers to ensure the follow up of the participants in maintenance of the 5th floor for the 2nd part of the Head Office.

In return of the services rendered, BIAT shall pay honorarium to SOPIAT Company with invoices including salaries and benefits all charges included for these two workers with a margin of 5%.

This agreement was concluded from 1 November 2016 until 31 December 2018.

The amount invoiced by SOPIAT in 2017 amounts to TND 31.536 VAT excluded.

This agreements was authorized by the Board of Directors meeting on April 24, 2017.

- 33.** An agreement was concluded on November 2015 between BIAT and the company SOPIAT by virtue of which SOPIAT provides BIAT with two technicians for the follow up of the operators of maintenance of the 2nd phase of the bank's registered office. In return of these services, the BIAT will reimburse the SOPIAT on presentation of an invoice, expenses incurred by the SOPIAT to these two technicians with an increase of 10%.

The amount of the invoice will be readjusted with respect to all salary increases, all benefits granted or all exceptional bonuses paid to the concerned.

The amount invoiced by SOPIAT in 2017 amounts to TND 55.928 VAT excluded.

This agreements was authorized by the Board of Directors meeting on March 16, 2016.

- 34.** An agreement was concluded on April 2014 between BIAT and SOPIAT Company by virtue of which SOPIAT puts at the disposal of BIAT its technical director in the aim of providing all the necessary assistance and supervision during the stage of studying loan demands and realization of projects and the release of these loans.

These services will be invoiced to BIAT at TND 700 tax excluded per day of work.

Travel, stay and other related necessary fees in execution of the service providing will be added to the day rate.

The amount invoiced by SOPIAT in 2017 amounts to TND 67.900 VAT excluding.

- 35.** BIAT rented to SOPIAT two offices of administrative usage, of a surface area of 49m2, located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning January 26th, 2015 and ending January 25th 2017, for an annual rent of TND 14.717 VAT excluding.

The income recorded in 2017 amounts to TND 16.161.

This agreements was authorized by the Board of Directors meeting on March 16, 2016.

- 36.** The BIAT, as part of work on the project of the second tranche of its registered office, needed the temporary help of certain technicians specialized in the monitoring and the piloting of building sites and she moved closer to the SOPIAT on July 1st 2012, to equip him with two senior technicians for a temporary mission.

In return of this provision, the BIAT will reimburse the SOPIAT, by presenting an invoice, wages (including bonuses and other benefits, social employer costs, paid vacations and reimbursement of professional fees) provided by the SOPIAT to these two technicians with an increase of 10%.

This provision comes into effect on August 1st, 2012 and will come to an end in the date planned for the completion of the construction project, which is June 30th, 2014.

The amount invoiced by SOPIAT in 2017 amounts to TND 46.568 VAT excluding

This agreements was authorized by the Board of Directors meeting on March 13, 2013.

BIAT CONSULTING

- 37.** The BIAT executed, on November 2016, with the company BIAT CONSULTING, a framework convention for providing executives for a period starting on March 1st, 2016.

In exchange of the services rendered, the company BIAT CONSULTING calculated the honorarium based on the real cost of the gross salary all charges included, including the indirect charges for the personnel provided, all increased by 5%.

The amount invoiced by BIAT CONSULTING for 2017 amounts to TND 155.558 Tax excluded.

This agreements was authorized by the Board of Directors meeting on April 24, 2017.

- 38.** The BIAT concluded in 2014 with the company BIAT CONSULTING an Agreement of accounting and administrative assistance.

In return of this mission, the BIAT receives an annual remuneration to the amount of TND 2,800 VAT included

An addendum to this agreement was concluded in December 2015 between BIAT and the Company BIAT CONSULTING by virtue of which both parties have agreed to extend the annual remuneration expected for the year 2014, in the same terms and conditions, i.e. TND 2.800 VAT included. Such remuneration will increase to TND 3.100 tax excluded for the year 2017 and the followings.

This amendments was authorized by the Board of Directors meeting on April 24, 2017.

- 39.** BIAT rented to BIAT CONSULTING company three offices of administrative usage, of a surface area of 101m2, located on its head office in Avenue Habib Bourguiba Tunis.

This rental was agreed for a two consecutive years, beginning on October 1st, 2015 and ending on September 30th, 2017 for an annual rent of TND 30.683 VAT excluded. This rent will be subject to an annual increase of 5% applicable from the 2nd year.

The amount invoiced by BIAT in 2017 amounts to TND 32.620.

This agreements was authorized by the Board of Directors meeting on October 06, 2016.

- 40.** The BIAT concluded in 2014 with the company BIAT CONSULTING an Agreement of detachment of two executives. Besides the salaries and salary supplements and advantages, the invoicing by BIAT to BIAT CONSULTING includes a margin of 5%.

The amount invoiced by BIAT to BIAT CONSULTING in 2017 amounts to TND 363.310.

This agreement was authorized by the Board of Directors meeting on April 22, 2015.

BIAT ASSET MANAGEMENT

- 41.** The BIAT executed on May 04th, 2016 with the company BIAT ASSET MANAGEMENT, an agreement relating to filing and management by virtue of which this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT - EQUITY PERFORMANCE.

In exchange for these services, the BIAT will receive an annual remuneration of 0.1%, tax excluded of the assets of FCP BIAT - EQUITY PERFORMANCE. This remuneration, which is deducted daily, is paid annually in arrears.

The amount stated for this post in 2017 amounts to TND 13.782.

- 42.** BIAT amended on December 25th, 2017 the two deposits and distribution agreements of mutual fund investment "FCP BIAT – EPARGNE ACTIONS" the first was signed, on November 24th, 2006 with BIAT ASSET MANAGEMENT then was renewed, on November 20th, 2013, while the second was newly signed at this same date on November 20th, 2013.

The amendments made at the first agreement regarding the remuneration of BIAT. In fact, the deposit commission rate was maintained in 2013 at 0.1% VAT included of the fund net asset, at the level of the first amendment, and then was amended at the increase, at the level of the second amendment made in 2017, bringing it from 0.1% VAT included to 0.1% tax excluded.

These remunerations, daily levied, are monthly paid in arrears.

Besides, BIAT amended also, on December 25th, 2017, the second agreement of distribution signed in November 2013 that have established a remuneration for the distribution fees of 0.2% VAT included which is levied on the net asset of FCP BIAT- EPARGNE ACTIONS.

These amendments made at this agreement related to the remuneration of distributors namely BIAT and BIAT CAPITAL. In fact, the distribution services will be remunerated by the commissions at the rate of 0.3% tax excluded of the net asset per year in favor of distributors in proportion to their distributions instead of 0.2% VAT included. The amendment of 2017, provided also the management of this distribution commissions by the manager namely BIAT ASSET MANAGEMENT which will now supported by BIAT ASSET MANAGEMENT and paid monthly in arrears on simple invoice presentation.

The amount listed among BIAT incomes in 2017 amounts to TND 25.873.

The first amendment was authorized by the Board of Directors' meeting on March 12, 2014 and the second amendment was authorized by the Board of Directors' on March 30, 2018.

- 43.** The BIAT executed on May 4th, 2016 with the company BIAT ASSET MANAGEMENT, an agreement relating to filing and management by virtue of which this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT - EQUITY PERFORMANCE.

In exchange for these services, the BIAT will receive a share of the distribution commission of 0.3% tax excluded per year of the net asset and this, in proportion to its distribution. The said commission which is supported by BIAT ASSET MANAGEMENT will be deducted from management commission that it will deduct from the net asset of FCP BIAT - EQUITY PERFORMANCE.

an annual remuneration of 0.1%, tax excluded of the assets of FCP BIAT - EQUITY PERFORMANCE.

The remuneration of BIAT will be paid by the company BIAT ASSET MANAGEMENT monthly in arrears on simple invoice presentation.

This agreement was authorized by the Board of Directors meeting on March 22, 2017.

- 44.** The BIAT executed, in June 2016, with the Construction Company IRIS, an agreement for leasing two premises to be used as offices with a surface area of 855 m², situated at Building «Youssef Towers», rue du Dinar, Les Jardins du Lac, Les Berges du Lac II - Tunis, as well as 18 parking lots situated at the underground of the building.

The agreed amount for this rental was TND 210.810.

Three sub-rental agreements were signed in January 2017 with the companies BIAT CAPITAL, TUNISIA SECURITIZATION and BIAT ASSET MANAGEMENT, for a period starting on 1 October 2016 until 31 July 2018. At the end of this period, the sub-location shall be renewed from year to year from 01/08/2018, through tacit consent.

This rent is granted for a monthly rent of TND 59.185 VAT excluded for a period beginning from 01/06/2016 and ending on 31/07/2017 and a rent of TND 74.573 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amount listed among BIAT incomes in 2017 amounts to TND 72.502.

This agreement was authorized by the Board of Directors meeting on March 22, 2017.

- 45.** The BIAT concluded, in January 2015, with BIAT ASSET MANAGEMENT an agreement of a detachment of six executives.

Besides the salaries and salary complements and benefits, BIAT invoicing to « BIAT ASSET MANAGEMENT » include:

- A margin of 5%,
- VAT at 18%.

The amount of BIAT invoicing in 2017 amounts to TND 481.752.

This agreement was authorized by the Board of Directors meeting on March 16, 2016.

SICAV OPPORTUNITY and SICAV PROSPERITY

- 46.** BIAT amended, on December 23rd, 2013 and on December 25th, 201 the two Agreements of exclusive trustee of securities and funds of the "SICAV OPPORTUNITY" and of the "SICAV PROSPERITY" initially signed on March 08th, 2003.

The amendments made to these Agreements, concern the remuneration of BIAT, in fact, the rate of commissions of paid deposits were reviewed in decreasing, at the level of the first amendment bringing it from 0.3% VAT included to 0.1% VAT included of the net assets for "SICAV OPPORTUNITY" and from 0.2% VAT included to 0.1% VAT included of the net assets for "SICAV PROSPERITY" and then was reviewed in increasing, at the level of the second amendment, bringing it from 0.1% VAT included to 0.1% tax excluded.

These remunerations, daily levied, are monthly paid in arrears.

In addition, BIAT amended also, on December 25th, 2017, the two agreements of distribution of the SICAV OPPORTUNITY and SICAV PROSPERITY securities initially signed in 2013 between BIAT, BIAT CAPITAL and BIAT ASSETS MANAGEMENT.

The amendments made to these agreements regarding the remuneration of distributors namely BIAT and BIAT CAPITAL. In fact, the distribution services will be remunerated by commissions with the rate of 0.3% tax excluded of the net assets per year in favor of the distributors of securities in proportion to their distributions for the two SICAV instead of 0.2% VAT included for SICAV OPPORTUNITY and 0.1% VAT included for SICAV PROSPERITY. The amendment of 2017 also provided for the management of these distribution's commissions by the manager namely BIAT ASSET MANAGEMENT which now be supported by BIAT ASSET MANAGEMENT and paid monthly in arrears on simple invoice presentation.

The amounts listed in the result of the financial year 2017 amount to TND 10.925.

The second amendment was authorized by the Board of Directors meeting on March 30, 2018.

SICAV TRESOR

47. BIAT amended, on December 18th, 2015, the Agreement of exclusive trustee of securities and funds of the "SICAV TRESOR" initially signed on March 8th, 2003, as amended in 2010 and 2013.

The amendment made to this Agreement, concerns the remuneration of BIAT, in fact, the rate of commissions of paid deposits were reviewed in decreasing bringing them from 0.15% VAT included to 0.10% VAT included of the net assets of the said funds.

These remunerations, daily levied, are monthly paid in arrears.

In addition, an Agreement of distribution of the SICAV TRESOR securities were signed ON December 2013 between BIAT, SICAV TRESOR and the BIAT ASSET MANAGEMENT which provided for the application of distribution commission equal to 0.2% VAT included of the net assets in favor of distributors of SICAV TRESOR securities and this, in proportion to their distributions.

This agreement was amended on December 2015 to comply with the new regulation as well as the FATCA law.

This remuneration, daily levied, is paid monthly in arrears. This convention is concluded for a period of one year starting from its signature, and it will be renewable by tacit consent.

The incomes of the financial year 2017 amount to TND 930.059.

SICAV PATRIMOINE OBLIGATAIRE

48. BIAT concluded, on October 13th, 2009, an Agreement of exclusive trustee of the securities and funds of the "SICAV PATRIMOINE OBLIGATOIRE". By virtue of the provisions of this Agreement, the services of BIAT are remunerated at rate of 0.1% VAT included of the net assets of the said SICAV, with a minimum of TND 5,000 VAT excluded and a maximum of TND 20,000 VAT excluded per year. The minimum and maximum thresholds were cancelled by virtue of an agreement concluded on December 2015.

This remuneration is levied daily and payable monthly in arrears.

This Agreement stipulates, in addition, that the said SICAV will be domiciled in the premises of BIAT without setting up a rental agreement and gives no rights to the establishment a commercial property for its own benefit.

This Agreement was reviewed on December 23rd, 2013 in order to set up a commission of distribution equal to 0.15% VAT included of the net assets in favor of the distributors of securities SICAV PATRIMOINE OBLIGATOIRE namely BIAT, BIAT CAPITAL and BIAT ASSET MANAGEMENT and this, in proportion to their distribution.

The rate of distribution commission rises to 0.2% VAT included of net asset by virtue of an agreement concluded on December 2015.

This remuneration, daily levied, is monthly paid in arrears. This Agreement is concluded for a period of a year starting from its signature, and will be renewable by tacit consent.

The amount listed in the result of the financial year 2017 amounts to TND 575.254.

This amendment was authorized by the Board of Directors meeting on October 6, 2016.

BIAT CAPITAL

49. The BIAT executed, in June 2016, with the Construction Company IRIS, an agreement for leasing two premises to be used as offices with a surface area of 855 m², situated at Building «Youssef Towers», rue du Dinar, Les Jardins du Lac, Les Berges du Lac II - Tunis, as well as 18 parking lots situated at the underground of the building.

This rent is granted for an annual rent of TND 210.810.

In this respect, the sublease agreement for administrative office usage was signed, in January 2017, with the company BIAT CAPITAL relating to a part of the above-mentioned premises of a total area of 331m² with 7 parking spaces, and this for a period beginning from 01/10/2016 and ending on 31/07/2018. At the end of this period, the sublease will be renewable from year to year starting from August 1st, 2018 by tacit consent.

This rent is granted for a monthly rent of TND 71.452 VAT excluded for a period beginning from 01/10/2016 and ending on 31/07/2017 and a rent of TND 90.029 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amount listed among BIAT incomes in 2017 amounts to TND 87.529.

This agreement was authorized by the Board of Directors meeting on March 22, 2017.

50. The Bank concluded in 2007 with the company «BIAT CAPITAL», an Agreement of «Credit - employee», under which the Bank proposes to facilitate employees to holders of the company "BIAT CAPITAL" access to formulas of flexible loans, quick and advantageous according concessional.

51. In 2015 BIAT concluded with the company « BIAT CAPITAL RISQUE » an agreement of detachment of ten executives.

Besides the salaries and salary complements and benefits, BIAT invoices to « BIAT CAPITAL RISQUES » include:

- A margin of 5%,
- VAT at 18%.

The amount included in the result of 2017 amounts to TND 569.299.

These agreements were authorized by the Board of Directors meeting on March 16, 2016.

52. The BIAT concluded on January 2nd 2004, with BIAT CAPITAL an agreement of collecting market orders. Article 8 of this agreement stipulates that a portion of brokerage commissions on any transaction negotiated by BIAT CAPITAL Company for BIAT or its customers is allocated as following:

Type of commission	BIAT Remuneration	BIAT CAPITAL Remuneration
Brokerage commissions on transactions realized on the markets of the rating of the stock exchange	50%	50%
Brokerage commissions on transactions realized on the counter markets	-	100%
Any commissions levied on the customer's specific to BIAT CAPITAL	-	100%
Any commissions levied on the customer's specific to BIAT	100%.	-

OSI

53. During the financial year 2009, BIAT concluded an agreement with the company "OSI", by virtue of which it accepts to retrocede, to the said company, the amount of the rent and the related expenses paid by this latter for the premises used by BIAT's services. This Agreement is agreed for a period of one year renewable.

In this respect, the amount of expenses of the year 2017 amounts to TND 30,789 VAT excluded.

This agreement was authorized by the Board of Directors meeting on April 28, 2010.

ORANGE TUNISIE SA

54. On August 30th, 2010, BIAT rented to the company "Orange Tunisie SA", the entirety of the premises situated on the ground-floor of the building situated on n° 246 avenue Habib Bourguiba in Kram, having the surface area of 154 m2. This rental was agreed for a period of three years, beginning as of April 1st, 2010, and ending on March 31st, 2013, tacitly renewable.

The monthly rent was set by mutual agreement between the two parties, at the sum of TND 2.567 VAT excluded. It will be subject to an annual cumulative increase of 5% effective as of the second year of the rental.

The company "Orange Tunisie SA" paid an amount of TND 5.134 as a guarantee of the payment of the rent.

The amount listed under the result of the financial year 2017 amount to TND 42.828.

This agreement was authorized by the Board of Directors meeting on December 16, 2011.

55. On December 24th, 2010, BIAT rented to the company "Orange Tunisie SA", the entirety of the premises situated on the ground-floor of the building situated on Rue Moncef Bey in Bizerte, having an approximate surface area equaling 211.5 m2. This rental was agreed for duration of three years, beginning as of December 1st, 2010.

The rent was set by mutual agreement between the two parties, at the sum of TND 2.644 VAT excluded per month. It will be subject to a cumulative annual increase of 5% effective as of the second year of the rental.

The amount listed under the result of the financial year 2017 amount to TND 42.692.

This agreement was authorized by the Board of Directors meeting on December 16, 2011.

SOCIETE DE PROMOTION TOURISTIQUE « SALLOUM »

56. An amendment to accounting assistance agreement of December 2011 was concluded on December 2016 between BIAT and PROMOTION TOURISTIQUE COMPANY "SALLOUM" by virtue of which:

- SPT SALLOUM is engaged to pay the invoice sent by BIAT relative to the period as from 01/01/2011 to 31/12/2015, of a flat rate of TND 6.000 tax excluded payable at one time within fifteen (15) days as from the reception of the BIAT invoice.
- The remuneration amount of services was fixed on January 1st 2016 for TND 4.200 tax excluded and this, with reference to what is applied in the market for companies with a similar volume of activities.

The remuneration is subject to an annual increase of 6%, and this starting from January 1st 2017.

The amount listed under the result of the financial year 2017 amount to TND 4.452.

This amendment was authorized by the Board of Directors meeting on December 14, 2016.

SICAF BIAT, SGP, TAAMIR

57. On December 23rd, 2011, BIAT concluded with the following subsidiaries agreements of accounting, financial and administrative assistance:

- The company SICAF BIAT;
- The company SGP;
- The company TAAMIR;

In return of this mission, BIAT receives from each subsidiary the following:

- The equivalent of the salary expenses and employers contributions pertaining to the human means in charge of the accounting and administrative assistance, supported by BIAT and increased by a margin of 10%, reach thereby an annual amount of TND 19,800 VAT excluded per company. This remuneration is reviewable annually on the basis of the actual expenses incurred by the Bank.
- The equivalent of the salary and employers expenses related to the human means in charge of the management and administration increased by 10%;
- The equivalent of general fees pertaining to the provision of premises and other logistics supported by BIAT reaching thereby an annual amount set at TND 1,200 VAT excluded, per company. This amount will be subject to a cumulative increase of 6% applicable each year and this, from the second year of provision.

The amounts included under the result of the financial year 2017 amounted to TND 41.741.

TUNISIE TITRISATION

58. BIAT concluded, in June 2016, with the construction company IRIS a lease agreement of two premises for office usage with floor area of 855m², located at "Youssef Towers" building, rue du Dinar, les jardins du Lac, les Berges du Lac II-Tunis, as well as 18 parking spaces located at the basement of the said building.

This rent is granted by an annual rent of TND 210.810.

In this respect, a sublease agreement was concluded with the company TUNISIE TITRISATION for the administrative office usage, on January 2017, related to a part of the above mentioned premises with a total surface of 93m² with two parking spaces, and this for a period beginning from October 1st, 2016 and ending on July 31st, 2018. At the end of this period, the sublease will be renewable from year to year starting from August 1st, 2018 by tacit consent.

This rent is granted for a monthly rent of TND 20.178 VAT excluded for a period beginning from 01/10/2016 and ending on 31/07/2017 and a rent of TND 25.425 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amounts included under the result of the financial year 2017 amounted to TND 24.718.

This agreement was authorized by the Board of Directors meeting on March 22, 2017.

59. On May 10th, 2006, BIAT concluded an agreement with the company «TUNISIE TITRISATION» by virtue of which both contractors constitute the common claims fund «FCC BIAT-CREDIMMO 1», a co-ownership with the sole purpose to acquire receivables relating to real estate credits approved by the grantor BIAT to individuals, in order to issue shares representatives of these loans.

The total initial cost of this issuance amounts to 50,000 KTND and the debts transferred by BIAT in the said fund represented by the company «TUNISIE TITRISATION», total an initial still-due balance of 50,019 KTND.

The total subscriptions of BIAT to this fund, by December 31st, 2017, amounts to 1.572 KTND, broken down as follows:

- 1.519 KTND of subscriptions in outstanding shares and
- 53 KTND of subscriptions in substantial shares.

Within the framework of this transaction, BIAT ensures as well as the role of the trustee of the assets of the Fund, that of the collector. In this respect, and in remuneration of the missions of the trustee entrusted to it, BIAT receives at the management company «TUNISIE

TITRISATION» acting on behalf of the fund, a commission equal to 0.05% VAT excluded per year, of the still due capital of live receivables at the beginning of the period of calculation. In addition, and in its capacity of collector, BIAT collects from the said management company on behalf of the fund, a commission equal to 0.4% VAT excluded per year, of the still due capital of live receivables at the beginning of the calculation period.

Commissions collected by BIAT in this respect for the financial year ending December 31st, 2017 reached TND 13.091 tax excluded.

- 60.** On May 18th, 2007, BIAT concluded an Agreement with the company «TUNISIE TITRISATION » by virtue of which both contractors constitute the common claims fund « FCC BIAT-CREDIMMO 2 » a co-ownership with the sole purpose to acquire receivables relating to real estate credits approved by the grantor BIAT to individuals, in order to issue shares representatives of these loans.

The total initial cost of this issuance amounts to 50,000 KTND and the debts transferred by BIAT in the said fund represented by the company «TUNISIE TITRISATION», total an initial still-due balance of 50.003 KTND.

The total subscriptions of BIAT to this fund amount, by December 31st, 2016, to 2.146 KTND, broken down as follows:

- 1.503 KTND of subscriptions in outstanding shares ;
- 496 KTND of subscription in substantial shares ;
- 147 KTND of subscription in the shares of the P3 category.

Within the framework of this transaction, BIAT ensures as well as the role of the trustee of the assets of the Fund, that of the collector. In this respect, and in remuneration of the missions of the trustee entrusted to it, BIAT receives from the management company «TUNISIE TITRISATION» acting on behalf of the fund, a commission equal to 0.05% VAT excluded per year, of the still due capital of live receivables at the beginning of the period of calculation. In addition, and in its capacity of collector, BIAT collects from the said management company on behalf of the fund, a commission equal to 0.4% VAT excluded per year, of the still due capital of live receivables at the beginning of the calculation period.

Commissions received by BIAT in this respect for the financial year ending December 31st, 2017, amount to TND 26.259 tax excluded.

LA PROTECTRICE ASSURANCE

- 61.** 61. Within the framework of coverage of its wealth and its economic and social activity, BIAT concluded on December 27th, 1997, with the company «LA PROTECTRICE ASSU-

RANCE», a company of studies, consulting and brokerage in insurance and reinsurance, an Agreement of assistance and consulting.

The expenses supported by BIAT, in 2017, under this Agreement, amount to TND 20.000.

BIAT ASSURANCES

- 62.** Since 2004, BIAT concluded insurance contracts with the company « Assurances BIAT » through the intermediate of the company "LA PROTECTRICE ASSURANCE".

The expense supported, in 2017, is detailed as follows:

Type	Amount of the expenses of Insurance (in TND)
Third-party insurance	62 000
Physical Accidents Insurance	99 543
Life insurance « Family Protection »	158 983
Insurance « Assistance à l'étranger pour les cartes bancaires visa premier » (assistance abroad for bank cards visa first)	868 665
Insurance « vol global banque » (Global Theft Bank)	319 023
Insurance against theft and loss of cards	521 808
Insurance « incendie et garanties annexes » (fire and attached guarantee)	410 074
Insurance automobile fleet	39 561
Insurance multi-risk on computers	33 023
Insurance Pack Saphir and Silver	563 580
Insurance carte BIAT travel	21 399
Insurance groups of the staff (employer's contribution)	10 209 197
Life Insurance (AFEK)(*)	1 978 580

- 63.** BIAT ASSURANCES gives in sublease to the bank a premise denominated "Commercial 2" having a total surface of 145m2 and situated on the ground floor of the building located in Berges du Lac II, built on the port of "DIAR EL ONS". This rent is granted and accepted for a fixed period from January 1st, 2010 to April 30th, 2014.

Starting from May 2014, an addendum was signed to extend the duration of the rent from May 1st, 2014 to April 30th, 2019. An annual cumulative increase of the rent will be appli-

cable from May 1st, 2014, with a annual rate of 5% on the basis of the rent of the previous year.

The amount booked under BIAT charges of 2017 amounts to TND 32.249.

This amendment was authorized by the Board of Directors meeting on April 22, 2015.

SOCIETE DE PROMOTION TOURISTIQUE « SPT SFAX »

64. An agreement was executed, in January 2016, between BIAT and Sfax Tourism Promotion Company by virtue of which the BIAT puts at the disposal of the company Sfax Tourism Promotion Company two Executive Manager for a punctual intervention on the site IBIS Sfax. This convention was executed for a period of two years starting on January 1st, 2016 and ending on December 31st, 2017.

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included

The amount of the invoice will be increased by applicable dues and taxes at the date of the invoice.

The income recorded in 2017 amounts to TND 4.881.

65. In 2015 BIAT concluded with the company SPT Sfax an accounting and administrative assistance agreement.

This agreement is concluded for one year, renewable by tacit consent.

In return to this mission, BIAT receives an annual remuneration of TND 4.000 tax excluded.

66. BIAT rented to SPT Sfax an office of administrative usage, of a surface area of 25m2, located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning on 1st of January 2015 and ending on 31st of December 2016, for an annual rent of TND 7.525 VAT excluded.

The income recorded in 2017 amounts to TND 8.296.

These agreements were authorized by the Board of Directors meeting on March 16, 2016.

SOCIETE DE PROMOTION TOURISTIQUE « SPT MOHAMED V »

67. An agreement was executed in September 2016 between the BIAT and the company SPT Mohamed V, by virtue of which the BIAT puts at the disposal of the company SPT Mohamed V two Executive Manager for a punctual intervention on NOVOTEL Hotel. This

convention was executed for a period of four years stating on 1 January 2016 and finishing on 31 December 2019.

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included

The amount of the invoice will be increased by applicable dues and taxes at the date of the invoice.

This rental was agreed for a period of two consecutive years, beginning on July 1st 2016 and ending on December 31st 2018, renewable from year to year by tacit consent, for an annual rent of TND 13.019 VAT excluded, payable quarterly and in advance.

The rent is subject to an annual cumulative increase by 5% applied from July 1st 2017.

The income recorded in 2017 amounts to TND 13.344.

These two agreements were authorized by the Board of Directors meeting on March 16, 2016.

III. Obligations and commitments of the company towards its executives:

1. The obligations and commitments to executives as referred to in §II-5 of the new Article 200 of the Commercial Companies' Code are as follows:

- The remuneration of the Chief Executive Officer is fixed by the committee of the Board of Directors' meeting held on May 24, 2017. This remuneration increased to a gross amount of 860 KTND for the financial year 2017, including employer's expenses of 178 KTND. It includes, in addition to the salary and allowances, the assumption of a retirement pension.

He also benefits from a remuneration of 21 KTND in his capacity as a member of the Executive Credit Committee.

The General Director also benefits from a company car with a driver and assumption of relevant costs.

- The remuneration of the Deputy General Director in charge of Retail Banking is fixed by the committee of the Board of Directors' meeting on May 24, 2017 and increased, for the year 2017, to a gross amount of 717 KTND, including employers' costs of 150 KTND.

- The members of the Board of Directors are remunerated by attendance fees set by the ordinary general meeting of May 24, 2017. The attendance fees for the financial year 2017 are fixed to a gross amount of 600 KTND.

In addition, directors who serve on the delegation of the Board of Directors, the Internal Audit Committee, the Executive Credit Committee and the Risk Committee benefited from gross remuneration of 123 KTND for the financial year 2017.

2. BIAT's obligations and commitments to its executives for the year ended on the 31st of December 2017 are as follows (in TND):

Nature of benefit	Chief executive		Deputy Director General		Directors	
	Expense for the year	Liabilities until 31/12/2017	Expense for the year	Liabilities until 31/12/2017	Expense for the year	Liabilities until 31/12/2017
Short-term benefits (*)	905 356	273 727	742 696	12 274	723 000	636 000
Post-employment benefits	6 193					
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Payments in shares	-	-	-	-	-	-
Total	911 549	273 727	742 696	12 274	723 000	636 000

(*) : Remuneration paid, social expenses, and the paid leave to corporate officers; Directors' fees and other remuneration paid to the directors.

In addition to the above-mentioned agreements and transactions, our work did not disclose the existence of other agreements or transactions falling within the scope of Articles 43 and 62 of Law 2016-48 relating to the banks and financial institutions, Articles 200 et seq. and 475 of the Commercial Companies' Code.

Tunis, April 2, 2018

The Statutory Auditors

F.M.B.Z KPMG-TUNISIE

Kalthoum BOUGUERRA

FINOR

Walid BEN SALAH

FINANCIAL STATEMENTS ENDING ON 31/12/2017

BALANCE SHEET

As of December 31st, 2017

(In Thousands of dinars)

	Note	31/12/2017	31/12/2016	Variation	In %
ASSETS					
Cash and balances with BCT, CCP and TGT	III-1	666 921	511 397	155 524	30,41%
Banking and financial institutions loans	III-2	864 443	870 102	(5 659)	-0,65%
Customers loans	III-3	9 393 664	7 678 464	1 715 200	22,34%
Commercial Securities Portfolio	III-4	107 206	1 336 486	(1 229 280)	-91,98%
Investments portfolio	III-5	1 840 431	386 722	1 453 709	375,91%
Fixed Assets	III-6	204 443	215 172	(10 729)	-4,99%
Other assets	III-7	458 005	336 632	121 373	36,06%
Total Assets		13 535 113	11 334 975	2 200 138	19,41%
LIABILITIES					
Tunisian Central Bank and Post Office	IV-1	25 355	779	24 576	3154,81%
Deposits and holding of banking and financial institutions	IV-2	1 248 830	838 619	410 211	48,92%
Deposits and assets of customers	IV-3	10 585 228	9 078 305	1 506 923	16,60%
Borrowing and special resources	IV-4	247 445	183 145	64 300	35,11%
Other liabilities	IV-5	388 091	340 377	47 714	14,02%
Total Liabilities		12 494 949	10 441 225	2 053 724	19,67%
SHAREHOLDERS' EQUITY					
Share capital		170 000	170 000	-	-
Reserves		484 580	462 184	22 396	4,85%
Other shareholders' equity		3	3	-	-
Reported results		171 564	71 421	100 143	140,22%
Results of the year		214 017	190 142	23 875	12,56%
Total shareholders' equity	V	1 040 164	893 750	146 414	16,38%
Total shareholders' equity and liabilities		13 535 113	11 334 975	2 200 138	19,41%

STATE OF OFF-BALANCE SHEET COMMITMENTS

As of December 31st, 2017

(In thousands of dinars)

	31/12/2017	31/12/2016	Variation	In %
CONTINGENT LIABILITIES				
Collateral and other guarantees	1 745 087	1 526 915	218 172	14,29%
a- To banks and financial institutions	660 644	572 473	88 171	15,40%
b- Customers	1 084 443	954 442	130 001	13,62%
Letters of credits	750 947	735 209	15 738	2,14%
a- To customers	689 404	685 965	3 439	0,50%
b- Others	61 543	49 244	12 299	24,98%
Total contingent liabilities	2 496 034	2 262 124	233 910	10,34%
COMMITMENTS GIVEN				
Financing commitments given	287 124	69 721	217 403	311,82%
To customers	287 124	69 721	217 403	311,82%
Commitments on securities	4 288	2 047	2 241	109,48%
a- Non paid-up participations	4 253	2 046	2 207	107,87%
b- Securities to be received	35	1	34	3400,00%
Total commitments given	291 412	71 768	219 644	306,05%
COMMITMENTS RECEIVED				
Guarantees received	4 036 740	2 578 079	1 458 661	56,58%
Total commitments received	4 036 740	2 578 079	1 458 661	56,58%

STATE OF RESULT

Period: From January 1st to December 31st, 2017

(In Thousands of dinars)

	Note	Financial Year 2017	Financial Year 2016	Variation	In %
BANKING OPERATING INCOME					
Interests and other similar revenues	VII-1-1	627 418	513 581	113 837	22,17%
Commissions (in incomes)	VII-1-2	168 118	152 171	15 947	10,48%
Gains on commercial securities portfolio and financial operations	VII-1-3	88 002	132 131	(44 129)	-33,40%
Investments portfolio revenues	VII-1-4	88 638	16 002	72 636	453,92%
Total banking operating income		972 176	813 885	158 291	19,45%
BANKING OPERATING EXPENSES					
Interests incurred and related expenses	VII-2-1	(268 743)	(218 627)	(50 116)	22,92%
Incurred commissions	VII-2-2	(2 162)	(1 622)	(540)	33,29%
Total banking operating expenses		(270 905)	(220 249)	(50 656)	23,00%
Net Banking Income		701 271	593 636	107 635	18,13%
Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities	VII-3	(82 788)	(27 262)	(55 526)	203,68%
Net provision charge and value adjustments on investment portfolio	VII-4	629	(6 662)	7 291	-109,44%
Other operating income	VII-5	10 129	7 998	2 131	26,64%
Personnel expenses	VII-6	(217 314)	(196 914)	(20 400)	10,36%
General operating expenses	VII-7	(81 715)	(70 388)	(11 327)	16,09%
Depreciation allowance fixed assets	VII-8	(33 556)	(29 716)	(3 840)	12,92%
Operating income		296 656	270 692	25 964	9,59%
Net gain/loss on ordinary items	VII-9	410	(7 000)	7 410	-105,86%
Corporate income tax	VII-10	(72 668)	(55 012)	(17 656)	32,09%
Income from ordinary activities		224 398	208 680	15 718	7,53%
Balance in gain/loss from other extraordinary items	VII-11	(10 381)	(18 538)	8 157	-44,00%
Net income for the period		214 017	190 142	23 875	12,56%
Accounting changes affecting deferred profit		-	-	-	-
Consolidated net income for the year after accounting changes		214 017	190 142	23 875	12,56%

STATEMENT OF CASH FLOW

Period: From January 1st To December 31st, 2017

(In Thousands of Dinars)

	Note	Financial Year 2017	Financial Year 2016
OPERATING ACTIVITIES			
Banking operating revenues received (excluding investment portfolio revenues)		892 643	797 841
Banking operating charges paid out		(255 296)	(212 413)
Deposits/deposit withdrawal with other banks and financial institutions		157 808	(177 798)
Loans and advances/repayment of loans and advances extended to customers		(2 016 422)	(1 215 619)
Deposits/customer deposits withdrawal		1 497 292	982 654
Payment to personnel and other creditors		(332 828)	(288 778)
Other cash flows from operating activities		(92 509)	(10 859)
Corporate income tax		(56 760)	(48 398)
Net cash flow from operating activities		(206 072)	(173 370)
INVESTING ACTIVITIES			
Interests and dividends on investment portfolio		43 744	15 161
Purchase/disposal of investment securities		(468 172)	(72 013)
Purchase/disposal of fixed assets		(25 887)	(31 621)
Net cash flow from investing activities		(450 315)	(88 473)
FINANCING ACTIVITIES			
Issue/repayment of loans		54 488	62 736
Increase/decrease of special resources		(1 776)	(4 028)
Dividends paid		(68 000)	(68 000)
Net cash flow from financing activities		(15 288)	(9 292)
Effect of BTA portfolio reclassification on liquidity and cash equivalents		(940 278)	-
Impact of variations in exchange rates on liquidity and cash equivalents	IX-1	149 037	83 685
Net change in liquidity and cash equivalent during the financial year		(1 462 916)	(187 450)
Liquidity and cash equivalents at beginning of the financial year		1 476 369	1 663 819
Liquidity and cash equivalents at the end of the financial year	IX-2	13 453	1 476 369

Note I – Compliance with Tunisian Accounting Standards

The financial statements of the International Arab Bank of Tunisia shall be drawn up in accordance with the provisions of law No. 96-112 of 30-12-1996 on the accounting system of enterprises and the provisions of the Order of the Minister of Finance of 25-03-1999 approving sector-specific accounting standards for banking operations.

The financial statements are prepared in accordance with the model defined in accounting standards No. 21 related to the presentation of financial statements of banking institutions.

Note II – Ground of measurement and relevant accounting principles applied and presentation of financial statements

The financial statements have been closed at 31st of December 2017, by virtue of the accounting principles and policies provided for in Decree No. 96-2459 of 30-12-1996, approving the conceptual framework for accounting and accounting principles under standards accounting Sector banking institutions. Among these principles, we describe below the rules that have been applied to take account of income and expenses, the valuation rules for receivables and securities and the rules for converting foreign currency transactions.

II-1. The rules of taking into account products

Interests, similar income and commissions are taken in the result of 2017 for their amounts related to the period from January 1st to December 31st 2017. Thus, the income that had been received and which concerns the periods subsequent to December 31st 2017 is not taken into consideration in the financial year of 2017 and this in accordance to the provisions of accounting standards. The accrued and not yet due incomes on 31-12-2017 are also included in the financial year

In accordance with the provisions of Sector Accounting Standards No. 24 and Circular No. 91-24 of 17-12-1991 of the Central Bank of Tunisia, interest and similar income due on 31-12-2017 and uncollected or whose receipt is doubtful are not taken into account in the result and appear on the balance sheet in the form of reserved overdraft charges.

Interests and similar income recorded in prior year overdraft charges booked in 2017 are included in the financial year of 31-12-2017.

II-2. The rules for taking into account charges

Interest expense, incurred commissions, staff working costs and other expenses are taken into account as a reduction of the income 31-12-2017 for their amounts related to the period from January 1st to December 31st 2017. Thus, expenses that have been disbursed and which relate to periods after 31-12-2017 are recorded in the balance sheet in the form of adjustment accounts.

The expenses related to the period concerned by this situation and that have not been disbursed till 31-12-2017 are reduced from the income.

II-3. The evaluation rules for receivables

In accordance with the provisions of the Sector Accounting Standards for Banking Institutions and Circular No. 91-24 of 17 December 1991 of the Central Bank of Tunisia, an evaluation of all the Bank's claims was carried out on the basis of the situation as of 31-12-2017 and taking into account the subsequent events of this date.

This evaluation was accompanied by an assessment of all deductible guarantees within the meaning of circular 91-24 of the Central Bank of Tunisia related to prudential rules.

These two transactions led the Bank to determine the amount of required provisions, an amount of provisions for the year 2017 and an amount of reserved income.

II-4. The rules for valuing securities

In accordance with the provisions of the Sector Accounting of Banking Institutions and Circular No. 91-24 of 17-12-1991 of the Central Bank of Tunisia, the securities held by the bank are evaluated, subsequently to their initial accounting, as follow:

Transactions Securities :

Transactions securities are evaluated at their value market (weighted-average stock exchange price). The variation of the exchange rate, subsequent to their market-to-market evaluation, is included in the result. In addition, the BTA are evaluated to their market value according to the sovereign issues yield curve published at the balance sheet date of the financial year 2017.

Investment Securities :

On the cut-off date, it is conducted to the comparison of acquisition cost to the market value for the listed securities and at fair value for unlisted securities. In addition, the BTA are valued at amortized cost taking into account the spread, from the date of acquisition of any discount and/or premium on the residual maturity of the securities.

The unrealized gains on investment securities are not recognized. The unrealized losses arising from the difference between the carrying amount (eventually adjusted for amortization of premiums and/or reversals of discount) and the market value or fair value of the securities, are provisioned only in the following cases:

- Due to new circumstances, there is a high probability that the institution does not hold this securities until maturity; and
- There are risks of default of the securities issuer.

Participation securities :

On the cut-off date, these securities are valued on the basis of the last stock exchange price of the month of December 2017 for the listed securities and the financial position of the issuing companies for the unlisted securities, the determined unrealized gains are not taken into account in the result and the unrealized losses are however recognized in the form of provisions on securities.

II-5. foreign currency transactions conversion rules

In accordance with the provisions of the sectorial accounting standards of banking institutions, the financial statements are closed by taking into account foreign receivables and debts and the foreign exchange position which are converted on the basis of the last exchange rate of the Central Bank of Tunisia CBT for the month of December 2017. The exchange gains and losses resulting from this conversion are taken into account in the financial year ending on 31/12/2017.

II-6. Financial Statements Presentation

The financial statements closed and published by BIAT for the year 2017 are presented in accordance with Sector Accounting Standard No.21.

These statements include the data for the year 2017 and those related to the year 2016.

II-7. Reclassification of the BTA portfolio

A reclassification of certain lines of BTA was carried in 2017 from the item "transaction securities" to the item "investment securities" for an amount of TND 940.278 thousand, of which an amount of TND 3.285 thousand representing amortization of the discount.

Note III – Balance Sheet Assets

(figures are in thousands of Tunisian Dinars)

The Balance Sheet Assets includes the following items:

- AC1 : Cash and balances with Central Bank of Tunisia, Post Office accounts and the Tunisian General Treasury ;
- AC2 : Receivables from banking and financial institutions;
- AC3 : Receivables from customer;
- AC4 : Trade securities portfolio;
- AC5 : investment securities portfolio;

- AC6 : Fixed assets;
- AC7 : Other Assets.

III-1. Cash and Balances with Central Bank of Tunisia (CBT), Post Office Accounts (POA) and General Treasury of Tunisia (GTT)

The volume of this post registered an increase between December 2016 and December 2017 for TND 155 524 thousand or 30.41% passing from a period to another from TND 511 397 thousand to TND 666 921 thousand. This item is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Cash	111 782	83 798	27 984	33,39%
Holdings in CBT	555 050	427 510	127 540	29,83%
Holdings in POA	89	89	-	0,00%
Total cash and balances with CBT, POA and GTT	666 921	511 397	155 524	30,41%

III-2. Receivables from Banks and Financial Institutions

The volume of this post recorded a decrease between December 2016 and December 2017 of TND 5 659 thousand or 0.65% passing from a period to another from TND 870 102 thousand to 864 443 thousand. This volume is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Receivables from banking institutions (a)	591 658	635 527	(43 869)	-6,90%
Receivables from financial institutions (b)	272 785	234 575	38 210	16,29%
Total receivables from banking and financial institutions	864 443	870 102	(5 659)	-0,65%

- (a) The decrease in the volume of our receivables from banks of TND 43 869 thousand or 6.9% which passed from TND 635 527 thousand in 31/12/2016 to TND 591 658 thousand in 31/12/2017 relates the following positions:

	31/12/2017	31/12/2016	Variation	In %
Loan accounts with Central Bank of Tunisia	218 821	55 451	163 370	294,62%
Loan accounts of interbank market	305 284	493 282	(187 998)	-38,11%
Accrued interests on loans	1 278	1 132	146	12,90%
Correspondents' accounts NOSTRI	49 036	75 749	(26 713)	-35,27%
Correspondents' accounts LORI	482	145	337	232,41%
Accrued interests on correspondents' accounts	4	-	4	-
Non-allocated values	16 753	9 768	6 985	71,51%
Total	591 658	635 527	(43 869)	-6,90%

- (b) The increase in our total receivables from financial institutions up to TND 38 210 thousand or 16.29% which shifted from TND 234 575 thousand on December 2016 to TND 272 785 thousand on December 2017 is mainly attributable to the increase of our loans to the Leasing companies.

This section is detailed as follows :

	31/12/2017	31/12/2016	Variation	In %
Loans granted to Leasing companies	210 235	157 006	53 229	33,90%
Loans granted to other financial institutions	59 674	75 596	(15 922)	-21,06%
Related receivables and debts	2 876	1 973	903	45,77%
Total	272 785	234 575	38 210	16,29%

III-3. Customer receivables

Customers receivables consists of current and classified accounts receivables, other current and classified loans, current and classified loans on special resources.

Gross doubtful loans (classified) as well as required provisions covering classified assets are determined in compliance with the provided provisions as well as the circular No 91-24 dated 17 December 1991 of the Central Bank of Tunisia related to prudential rules and banking accounting standards applicable to banking institutions.

The net total of customer receivables passed from TND 7 678 464 thousand on December 2016 to TND 9 393 664 thousand on December 2017 recording thereon an increase of TND 1 715 200 thousand or 22.34%. it is broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Customer accounts receivable (1)	934 536	738 479	196 057	26,55%
Other customer loans (2)	8 859 995	7 310 548	1 549 447	21,19%
Loans on special resources (3)	65 770	64 373	1 397	2,17%
Total	9 860 301	8 113 400	1 746 901	21,53%
Provisions on customer loans	(302 496)	(298 549)	(3 947)	1,32%
Interest reserve	(96 304)	(81 144)	(15 160)	18,68%
Collective Provisions	(67 837)	(55 243)	(12 594)	22,80%
Total Customer Receivables	9 393 664	7 678 464	1 715 200	22,34%

(1) Customer accounts receivables

Customer accounts receivables recorded from one period to another an increase of TND 196 057 thousand or 26.55% rising from TND 738 479 thousand on December 2016 to TND 934 536 thousand on December 2017.

These accounts are broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Current accounts receivables	884 271	687 419	196 852	28,64%
Doubtful accounts receivables	41 821	36 760	5 061	13,77%
Advance on time deposits	8 111	13 873	(5 762)	-41,53%
Receivables on customers' accounts	333	427	(94)	-22,01%
Total	934 536	738 479	196 057	26,55%

The gross amount of doubtful receivables accounts amounting to TND 41 821 thousand is divided between the different categories under the prudential rules of the Central Bank of Tunisia CBT as follows:

	31/12/2017	31/12/2016	Variation	In %
Category 2	5 179	6 438	(1 259)	-19,56%
Category 3	13 241	4 938	8 303	168,14%
Category 4	23 401	25 384	(1 983)	-7,81%
Total	41 821	36 760	5 061	13,77%

(2) Other customer's loans

The other customer's loans recorded from one period to another an increase of TND 1 549 447 thousand or 21.19% rising from TND 7 310 548 thousand on December 2016 to TND 8 859 995 thousand on December 2017.

These accounts are broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Other current borrowings (a)	8 334 090	6 824 896	1 509 194	22,11%
Other doubtful borrowings (b)	525 905	485 652	40 253	8,29%
Total	8 859 995	7 310 548	1 549 447	21,19%

(a) Other current loans are divided as follows:

	31/12/2017	31/12/2016	Variation	In %
Industrial and commercial loans	4 984 449	4 004 830	979 619	24,46%
Loans on real property, developers	162 405	141 081	21 324	15,11%
Loans on real property, buyers	2 735 720	2 286 183	449 537	19,66%
Agriculture loans	407 714	359 798	47 916	13,32%
Associated current account	1 600	1 600	-	0,00%
Discount portfolio	8 291 888	6 793 492	1 498 396	22,06%
Non-allocated values	73	557	(484)	-86,89%
Accrued interests for other bank overdrafts	60 839	43 526	17 313	39,78%
Accrued interests for associated bank overdrafts	143	15	128	853,33%
Interests received in advance (in less)	(18 853)	(12 694)	(6 159)	48,52%
Total other bank overdrafts	8 334 090	6 824 896	1 509 194	22,11%

(b) The gross amount of other doubtful loans amounting to TND 525 905 thousand, are divided between the different categories defined by the prudential regulation of the Central Bank of Tunisia as follows:

	31/12/2017	31/12/2016	Variation	In %
Category 2	29 429	24 536	4 893	19,94%
Category 3	42 541	35 358	7 183	20,32%
Category 4	453 935	425 758	28 177	6,62%
Total	525 905	485 652	40 253	8,29%

(3) Loans on special resources

LLoans on special resources recorded from one period to another an increase of TND 1 397 thousand or 21.17% passing from TND 64 373 thousand on December 2016 to TND 65 770 thousand on December 2017.

These accounts are broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Current loans on special resources	47 264	46 854	410	0,88%
Receivables on special resources loans	327	420	(93)	-22,14%
Loans on doubtful special resources	18 179	17 099	1 080	6,32%
Total	65 770	64 373	1 397	2,17%

The gross amount of loans on doubtful special resources amounting to TND 18 179 thousand, are divided between the different categories under the prudential regulation of the Central Bank of Tunisia CBT as follows:

	31/12/2017	31/12/2016	Variation	In %
Category 2	1	3	(2)	-66,67%
Category 3	11	18	(7)	-38,89%
Category 4	18 167	17 078	1 089	6,38%
Total	18 179	17 099	1 080	6,32%

Considering the foregoing, customer loans are summarized as follows:

(i) Current receivables

	31/12/2017	31/12/2016	Variation	In %
Current receivables excluding commitments by signature	9 231 536	7 541 638	1 689 898	22,41%
Non allocated values	73	557	(484)	-86,89%
Related receivables	61 643	44 388	17 255	38,87%
Interests received in advance (in less)	(18 853)	(12 694)	(6 159)	48,52%
Total	9 274 399	7 573 889	1 700 510	22,45%
Current commitments by signature	1 747 507	1 617 592	129 915	8,03%
Total	11 021 906	9 191 481	1 830 425	19,91%

(ii) Gross doubtful receivables

	31/12/2017	31/12/2016	Variation	In %
Doubtful receivables excluding commitments by signature	585 905	539 511	46 394	8,60%
Doubtful commitments by signature	26 340	22 815	3 525	15,45%
Total	612 245	562 326	49 919	8,88%

The gross amount of doubtful receivables, amounting to TND 612 245 thousand, is divided between the different categories under the prudential regulation of the Central Bank of Tunisia CBT as follows:

	31/12/2017	31/12/2016	Variation	In %
Category 2	36 327	31 580	4 747	15,03%
Category 3	58 091	41 628	16 463	39,55%
Category 4	517 827	489 118	28 709	5,87%
Total	612 245	562 326	49 919	8,88%

Provisions and bank charges covering the balance sheet receivables have been established for an amount of TND 375 471 thousand have been charged on the amount of receivables classified above-mentioned

Provisions made to cover the off-balance sheet commitments are included in the balance sheet liabilities at an amount of TND 15 147 thousand.

Thus, provisions and reserved bank charges which were formed to cover classified customer's receivables totaled TND 390 618 thousand broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Overdraft charges on classified receivables	75 645	67 299	8 346	12,40%
Provisions for classified balance sheet receivables	299 826	295 879	3 947	1,33%
Provisions on off-balance sheet commitments	15 147	10 865	4 282	39,41%
Total	390 618	374 043	16 575	4,43%

Provisions and reserved bank charges which were formed to cover the unclassified customer's receivables totaled TND 91 166 thousand broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Overdraft charges on unclassified receivables	20 659	13 845	6 814	49,22%
Collective provision	67 837	55 243	12 594	22,80%
Other provisions	2 670	2 670	-	0,00%
Total	91 166	71 758	19 408	27,05%

It is worth mentioning that within the context of the analysis and assessment of customer receivables, the provisions required for classified receivables have been determined taking into account only the deductible collaterals as defined in the Circular of the Central Bank of Tunisia CBT No. 91-24

Thus, were excluded from his calculation the non-deductible guarantees such as pledging of a business, mortgages on registering requisitions; maritime mortgages; mortgages on private agreements; pledging of fixed equipment; pledges on deals: pledges on rolling stock; pledges on goods: joint and several guarantees of individual and legal entities; endorsements of individual and legal entities: life insurance; and domiciliation of salaries, rents and contracts.

III-4. Trading Securities portfolio

The volume of trading securities portfolio has passed between December 2016 and December 2017 from TND 1 336 486 thousand, thus recording a decrease of TND 1 229 280 thousand or 91.98%.

This change comes from the increase in the volume of securities transactions for TND 1 228 966 thousand or 92.15% (due to the reclassification of certain lines of BTA (see note II-7) and the different subscriptions operations and refunds done during the period from 01/01/2017 to 31/12/2017) accompanied by a decrease of the total of the investments securities for TND 315 thousand or 11.31%.

The movement of securities as well as their distribution between securities disposed to customer and securities kept in portfolio are detailed hereinafter:

(1) Trading Securities

a) Trading securities subscribed and non-redeemed are broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Fungible Treasury Bills	475 854	1 772 376	(1 296 522)	-73,15%
Short term treasury Bills	17 180	5 200	11 980	230,38%
Sub-total trading securities (principal)	493 034	1 777 576	(1 284 542)	-72,26%
Receivables and related debts *	3 042	38 629	(35 587)	-92,13%
Total	496 076	1 816 205	(1 320 129)	-72,69%

b) Trading securities are divided between securities kept in the bank's portfolio and securities assigned to customer and are presented as of 31/12/2017 as follows:

Désignation	31/12/2017	31/12/2016	Variation	In %
<i>1) Securities kept in the bank's portfolio</i>				
Fungible Treasury Bills *	86 739	1 292 884	(1 206 145)	-93,29%
Short term Treasury Bills	14 953	365	14 588	3996,71%
Receivables and related debts *	3 042	40 451	(37 409)	-92,48%
Total securities kept in portfolio	104 734	1 333 700	(1 228 966)	-92,15%
<i>2) Securities assigned to customer</i>				
Customer : Fungible Treasury Bills	389 115	477 670	(88 555)	-18,54%
Customer : Short Term Treasury Bills	2 227	4 835	(2 608)	-53,94%
Total securities assigned to customer	391 342	482 505	(91 163)	-18,89%
General Total	496 076	1 816 205	(1 320 129)	-72,69%

* This decrease arise essentially from the reclassification of Fungible Treasury Bills (see note II-7)

(2) Investment Securities

Investment securities which are made primarily of priority shares in special purpose entities and SICAV securities dropped from TND 2 786 thousand as of 31/12/2016 to TND 2 471 thousand as of 31/12/2017 recording a decrease of TND 315 thousand or 11.31%.

The recorded decrease in the level of these securities is primarily due to repayment of priority shares in the special purpose entities and obligations. the decrease in the level of these securities is explained as follows:

	31/12/2017	31/12/2016	Variation	In %
SICAV Securities	2 303	2 303	-	0,00%
Priority shares in special purpose entities	147	472	(325)	-68,86%
Related receivables and payables	21	11	10	90,91%
Total	2 471	2 786	(315)	-11,31%

III-5. Investissement Securities Portfolio

This heading which consists mainly of investment securities, equity securities, shares in associated companies and joint venture, share in affiliated companies, managed funds and holding of securities went from TND 386 722 thousand on December 2016 to TND 1 840 431 thousand on December 2017, recording an increase of TND 1 453 709 thousand or 375.91%.

	31/12/2017	31/12/2016	Variation	In %
Gross outstanding of investment securities	1 834 296	427 819	1 406 477	328,76%
Receivables on investment securities	50 429	6 039	44 390	735,06%
Provisions and bank charges reserved for the investment portfolio's depreciation	(44 294)	(47 136)	2 842	-6,03%
Total Investment Portfolio	1 840 431	386 722	1 453 709	375,91%

This increase is detailed as follows:

	31/12/2017
New acquisitions	390 190
Reclassification of Treasury Bills (see note II-7)	940 278
Disposal and loss of equity securities	(4 437)
Repayment of national loans	(8 115)
Release of managed funds	88 635
Allocation to provisions on investment securities	(2 641)
Reversal of provisions on investment securities	5 242
Reversal interests reserved on managed funds	309
Interests reserved on resell agreements	(68)
Repayment of subordinated shares FCC	(74)
Change in related receivables and the contribution of dividends for which the law is established and unmatured	44 390
Total	1 453 709

These operation are detailed as follows:

Wording	Investment Securities	Equity securities and resell agreements securities	Shares in related companies and joint ventures	Managed Funds	Total
Gross balance as at 31/12/2016 excluding related receivables	45 759	64 303	191 864	125 894	427 820
Reclassification of Treasury Bills	940 278	-	-	-	940 278
releases and/or purchase made during 2017	373 379	1 137	15 674	88 635	478 825
disposal, liquidations, repayment or losses made during 2017	(8 189)	(4 141)	(296)	-	(12 626)
Gross balance as at 31/12/2017 excluding related receivables	1 351 226	61 299	207 242	214 529	1 834 296
Related receivables on Treasury Bills	43 670	-	-	-	43 670
Related receivables on equity and resell agreements securities	1 297	1 001	368	4 093	6 759
Provisions and bank charges reserved for the investment portfolio depreciation	-	(14 989)	(23 903)	(5 402)	(44 294)
Total investment portfolio	1 396 193	47 311	183 707	213 220	1 840 431

III-6. Fixed Assets

The fixed values are accounted for their purchase value taxes-free increased by the non recoverable VAT except for transport equipment which is stated in the balance sheet at their purchase cost inclusive of tax.

The fixed values depreciation are exercised using straight-line depreciation method and calculated according to the depreciation rates recognized by the fiscal Regulation in force, except for the business assets.

The depreciation allowances are determined and recorded on the basis of the book value of the fixed assets net to the recoverable value and taking into account the acquisition date of every fixed asset item.

The following are the applied depreciation rates:

Fixed Assets	Lifetime	Depreciation Rate
Intangible fixed assets		
Software	3 years	33,33%
Licenses	3 years	33,33%
Business Assets	20 years	5%
Tangible fixed assets		
Buildings	20 and 40 years	5% and 2,5%
General installations, fittings and fixtures of buildings	10 years	10%
Office Equipments	10 years	10%
Transport equipments	5 years	20%
Computer hardware	6,67 years	15%
Fixed assets with particular legal status	10 years	10%

The net fixed assets and their depreciations recorded a decrease of TND 10 729 thousand or 4.99% passing from TND 215 172 thousand on 31/12/2016 to TND 204 443 thousand in 31/12/2017.

	31/12/2017	31/12/2016	Variation	In %
Intangible fixed assets	66 919	64 390	2 529	3,93%
Depreciation of intangible fixed assets	(54 888)	(47 052)	(7 836)	16,65%
Tangible fixed assets	351 251	343 198	8 053	2,35%
Depreciation of tangible fixed assets	(179 030)	(164 634)	(14 396)	8,74%
Depreciation in progress and advances	20 191	19 270	921	4,78%
Total fixed assets	204 443	215 172	(10 729)	-4,99%

The fixed assets are detailed on 31/12/2017 as follows:

	31/12/2016	Acquisitions	Disposal or layout	Reclassification	31/12/2017
License	20 284	2 559	-	-	22 843
Computer software	40 020	-	-	-	40 020
Goodwill and right to lease	4 086	-	(30)	-	4 056
Total intangible fixed assets	64 390	2 559	(30)	-	66 919
Lands	39 703	-	-	-	39 703
Constructions	106 631	-	-	-	106 631
Fixtures and fittings of constructions	79 638	2 334	(31)	2 621	84 562
Buildings to be allocated	164	-	-	-	164
Fixed assets with particular legal status	340	-	-	-	340
Office furniture	15 243	108	(54)	398	15 695
Computer equipments	45 052	2 426	(275)	30	47 233
Transport equipments	1 327	-	(65)	-	1 262
Constructions not allocated to professional activities	5 007	-	-	-	5 007
General installation of constructions	7 253	-	-	-	7 253
Banking operating equipments	20 567	833	(1 086)	220	20 534
Fixtures, fitting of banking operating equipment	37	1	-	-	38
Office equipments	12 614	278	(60)	6	12 838
Fittings of office equipments	1 818	11	-	-	1 829
Fittings of office furniture	7 803	60	(8)	307	8 162
Total tangible fixed assets	343 197	6 051	(1 579)	3 582	351 251
Works in progress	18 260	4 512	-	(3 619)	19 153
Advances on fixed assets in progress	1 010	28	-	-	1 038
Total Gross values of fixed assets	426 857	13 150	(1 609)	(37)	438 361

	Cumul. Depreciation 31/12/2016	Endow- ment	Adjustment sale and disposal	Cumul. Depreciation 31/12/2017	Net Book Value 31/12/2017
License	(16 199)	(2 656)	-	(18 855)	3 988
Computer software	(28 389)	(5 002)	-	(33 391)	6 629
Goodwill and right to lease	(2 464)	(204)	26	(2 642)	1 414
Total intangible fixed assets	(47 052)	(7 862)	26	(54 888)	12 031
Lands	-	-	-	-	39 703
Constructions	(33 370)	(3 160)	-	(36 530)	70 101
Fittings, fixtures of constructions	(52 372)	(4 487)	31	(56 828)	27 734
Buildings to be allocated	-	-	-	-	164
Fixed assets with particular legal status	(300)	(17)	-	(317)	23
Office furniture	(9 135)	(954)	54	(10 035)	5 660
Computer equipment	(31 788)	(3 809)	275	(35 322)	11 911
Transport equipment	(1 057)	(138)	65	(1 130)	132
Constructions not allocated to Professional activities	(868)	(262)	-	(1 130)	3 877
General installation of constructions	(6 243)	(111)	-	(6 354)	899
Banking operating equipment	(13 619)	(1 848)	1 085	(14 382)	6 152
fittings, fixtures of banking operating	(18)	(4)	-	(22)	16
Office equipment	(9 162)	(606)	60	(9 709)	3 129
Fittings of office equipments	(1 342)	(65)	-	(1 407)	422
Fittings of office furniture	(5 200)	(513)	8	(5 705)	2 457
Total tangible fixed assets	(164 474)	(15 974)	1 578	(178 871)	172 380
Works in progress	-	-	-	-	19 153
Advances on fixed assets in progress	-	-	-	-	1 038
Provision on fixed assets	(159)	-	-	(159)	(159)
Total Gross values of fixed assets	(211 685)	(23 836)	1 604	(233 918)	204 443

III-7. Other assets

The heading went from TND 336 632 thousand on December 2016 to TND 458 005 thousand on December 2017, recording an increase of TND 121 373 thousand or 36.06%. This heading is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Adjustment accounts	169 658	72 531	97 127	133,91%
Other assets accounts	288 347	264 101	24 246	9,18%
Total other assets	458 005	336 632	121 373	36,06%

Thus, the total of the balance sheet recorded between December 2016 and December 2017, an increase of TND 2 200 138 thousand or 19.41% shifting from TND 11 334 975 thousand to TND 13 535 113 thousand.

NOTE IV – Liabilities on the balance sheet

(figures are expressed in TND thousand: thousand of Tunisian dinars)

Liabilities on the balance sheet consist of the following sections:

- PA1 : Central Bank of Tunisia, Post Office Accounts
- PA2 : Deposit liabilities and holdings of banking and financial institutions
- PA3 : Deposit liabilities and holdings of customers
- PA4 : borrowings and special resources
- PA5 : Other liabilities

IV-1. Central Bank of Tunisia and Post Office Accounts

The volume of this heading changed from one period to another from TND 779 thousand to TND 25 355 thousand, an increase of TND 24 576 thousand or 3154.81%.

This change is due mainly to the increase of CBT checks awaiting payment in the amount of TND 24 019 thousand or 3224.03% and an increase of the credit balance of our foreign currency accounts held to the CBT of TND 557 thousand on December 2017. this heading is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
CBT Checks awaiting payment	24 764	745	24 019	3224,03%
CBT foreign currency accounts	591	34	557	1638,24%
Total Central bank and CCP	25 355	779	24 576	3154,81%

IV-2. Deposits and holdings in banking and financial institutions

The volume of this heading changed from one period to another from TND 838 619 thousand to TND 1 248 830 thousand, an increase of TND 410 211 thousand or 48.92%. this heading is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Deposits and holdings of banking institutions (a)	1 245 334	833 603	411 731	49,39%
Deposits and holdings of financial institutions (b)	3 496	5 016	(1 520)	-30,30%
Total deposits and holdings of banking and financial institutions	1 248 830	838 619	410 211	48,92%

This change is explained by:

(a) an increase in the deposits and holdings of banking institutions from TND 411 731 thousand to 49.39% which shifted from TND 833 603 thousand on December 2016 to TND 1 245 334 thousand on December 2017.

	31/12/2017	31/12/2016	Variation	In %
loan in Dinars with the BCT	1 194 000	643 000	551 000	85,69%
Loan in Dinars with banks	-	22 998	(22 998)	-100,00%
Deposits of the correspondents bankers	48 511	50 037	(1 526)	-3,05%
Other amounts due	2 033	117 171	(115 138)	-98,26%
Connected debts	790	397	393	98,99%
Deposits and assets of banking institutions	1 245 334	833 603	411 731	49,39%

(b) A decrease of deposits with financial institutions from TND 1 520 thousand or 30.3% that went from TND 5 016 thousand on December 2016 to TND 3 496 thousand on December 2017. This change originates essentially from deposits of leasing companies..

IV-3. Deposit and assets of customers

Deposits of customers recorded an increase of TND 1 506 923 thousand or 16.6%, rising from TND 9 078 305 thousand on December 2016 to TND 10 585 228 thousand on December 2017. This increase is originated from the following items:

	31/12/2017	31/12/2016	Variation	In %
Demand deposits	5 370 550	4 517 821	852 729	18,87%
Savings deposits	2 434 227	2 179 243	254 984	11,70%
Term account	1 508 190	1 342 385	165 805	12,35%
Term vouchers	263 366	278 539	(15 173)	-5,45%
Certificates of deposits Money market	454 000	356 000	98 000	27,53%
Related debts	34 336	29 971	4 365	14,56%
Other amounts due	520 559	374 346	146 213	39,06%
Total Deposits and assets of customers	10 585 228	9 078 305	1 506 923	16,60%

IV-4. Borrowings and special resources

Borrowings and special resources recorded an increase of TND 64 300 thousand or 35.11%, rising from TND 183 145 thousand on December 2016 to TND 247 445 thousand on December 2017. This increase is originated from the following items:

	31/12/2017	31/12/2016	Variation	In %
Borrowings and debts on special resources	54 498	57 551	(3 053)	-5,30%
Related debts on special resources	195	281	(86)	-30,60%
Public funds and foreign bodies	11 602	10 258	1 344	13,10%
Total public funds and foreign bodies	66 295	68 090	(1 795)	-2,64%
Subordinate loans	175 600	112 700	62 900	55,81%
Debt related to loans	5 550	2 355	3 195	135,67%
Total borrowings and special resources	247 445	183 145	64 300	35,11%

This heading mainly consists of:

* Of the subordinate loan BIAT 2014 : this subordinate loan was set up on December 2014 for an amount of

TND 50 000 thousand. The loan of this debt on 31/12/2017 is TND 32.700 thousand.

* Of the subordinate loan BIAT 2016: thus subordinate loan was set up on December 2016 for an amount of TND 70 000 thousand. The loan of this debt on 31/12/2017 is TND 62.900 thousand.

* Of the subordinate loan BIAT 2017: this subordinate loan was set up in 2017 for an amount of TND 80 000 thousand.

The debts related to these loans amounted on 31/12/2017 to TND 5.550 thousand.

These subordinate loans, which were taken into account in the calculation of solvency ratio as of quasi-equity, serves in particular to finance the credits granted to the customers.

* Resources received from public funds and foreign bodies to be used by the bank to finance credits granted to the customers.

These funds recorded a decrease of TND 1 795 thousand or 2.64% going down from TND 68 090 thousand on December 2016 to TND 66 295 thousand on December 2017. This change is originated from refunds made for the benefits to these same funds of fallen due amounts, compensated by the release of new resources. This change is detailed as follows:

	Balance as at 31/12/2016	Resources	Refunds	Balance as at 31/12/2017
AFD	16 401	55	(3 213)	13 243
BEI	6 374	-	(3 171)	3 203
BIRD	7 658	-	(1 143)	6 515
CFD	4 648	972	(237)	5 383
ESPAGNOLE	1 985	183	(381)	1 787
FDCI	769	11	(284)	496
FNG	1 644	-	-	1 644
FONAPRA	5 673	361	(447)	5 587
FOPRODI	2 358	82	(111)	2 329
FOSDA / FOSEP	188	-	(1)	187
PREMIER LOGEMENT	-	1 358	-	1 358
ITL	13 188	6 101	(1 727)	17 562
KFW	5 830	-	(651)	5 179
PROPARCO	392	-	(333)	59
TAAHIL	201	-	(133)	68
BAD			-	1 500
Related debts	281	195	(281)	195
TOTAL	68 090	10 318	(12 113)	66 295

IV-5. Other liabilities

The total of this item shifted from TND 340 377 thousand on December 31, 2016 to TND 388 091 thousand on December 31, 2017, recording an increase of TND 47 714 thousand or 14.02%. this change results from the following subsections:

	31/12/2017	31/12/2016	Variation	In %
Provisions for liabilities and expenses (1)	88 385	89 191	(806)	-0,90%
Accounts of expectation and regularization (2)	209 427	177 991	31 436	17,66%
Other accounts (3)	90 279	73 195	17 084	23,34%
Total Other Liabilities	388 091	340 377	47 714	14,02%

(1) Provisions for liabilities and expenses

Provisions for liabilities and expenses went down between December 2016 and December 2017 from TND 89 191 thousand to TND 88 385 thousand, a decrease of TND 806 thousand or 0.9%.

	31/12/2017	31/12/2016	Variation	In %
Provisions for risks of exploitation	73 238	78 326	(5 088)	-6,50%
Provisions on off-balance sheet commitments	15 147	10 865	4 282	39,41%
Total Provisions for liabilities and expenses	88 385	89 191	(806)	-0,90%

(2) Account of expectation and regularization

The accounts of expectation and regularization shifted between December 2016 and December 2017 from TND 177 991 thousand to TND 209 427 thousand, an increase of TND 31 436 thousand or 17.66%.

	31/12/2017	31/12/2016	Variation	In %
Other deferred revenues	7 010	5 654	1 356	23,98%
Accrued expenses	76 161	75 131	1 030	1,37%
Suspense accounts to be settled	126 256	97 206	29 050	29,88%
Total Suspense accounts and regularization	209 427	177 991	31 436	17,66%

(3) Other accounts

The other accounts shifted between December 2016 and December 2017 from TND 73 195 thousand to TND 90 279 thousand, an increase of TND 17 084 thousand or 23.34%.

	31/12/2017	31/12/2016	Variation	In %
State, taxes and fees	56 206	36 935	19 271	52,18%
Deduction accounts	28 127	29 026	(899)	-3,10%
Other accounts payable	5 946	7 234	(1 288)	-17,80%
Total other accounts	90 279	73 195	17 084	23,34%

NOTE V – Statement of Shareholders Equity

(Figures are expressed in TND thousand: Thousand of Tunisian Dinars)

The total of shareholders equity shifted between December 2016 and December 2017 from TND 893 750 thousand to TND 1 040 164 thousand, recording thereby an increase of TND 146 414 thousand or 16.38%.

The following chart summarizes the shareholders equity's change between 2016 and 2017.

	Share Capital	Reserves	Other Shareholders Equity	Forwarded Results	Net income of the financial year	Total
Balance as at 31/12/2015	170 000	406 644	3	42 998	151 579	771 224
Affectation of the income	-	39 998	-	28 423	(68 421)	-
distributed dividends	-	-	-	-	(68 000)	(68 000)
Social funds	-	15 542	-	-	(15 158)	384
Net income of the financial year 2015	-	-	-	-	190 142	190 142
Balance as at 31/12/2016	170 000	462 184	3	71 421	190 142	893 750
Affectation of the income	-	89 999	-	100 143	(190 142)	-
Distributed dividends	-	(68 000)	-	-	-	(68 000)
Social funds	-	397	-	-	-	397
Net income of the financial year 2017	-	-	-	-	214 017	214 017
Balance as at 31/12/2017	170 000	484 580	3	171 564	214 017	1 040 164

In application to article 19 of the law No. 54-2013 of December 30, 2013 carrying financial management Act of 2014, the distributable equity free of restraint amounted on December 31, 2017 to TND 207 760 thousand and detailed as follows:

Share premium:	TND 43 760 thousand
Reserves submitted to a particular tax regime:	TND 97 954 thousand
Other reserves:	TND 66 037 thousand
Retained earnings:	TND 9 thousand

NOTE VI – Statement of off-balance sheet commitments

(Figures are expressed in TND thousand: Thousand of Tunisian Dinars)

1) The received guarantees appearing on the statement of off-balance sheet commitments does not include non-deductible guarantees as defined in the circular No. 91-24 of 17-12-1991 of the Central Bank of Tunisia. Besides, these guarantees are included in the off-balance sheet for the claim value listed in the balance sheet and related to these guarantees. Thus, surplus of the guarantees with respect to each outstanding claim is excluded from this situation.

2) The foreign-exchange transactions not solved on the date 31/12/2017 amount to TND 1 022 222 thousand.

3) The value of securities to be delivered resulting from securities operations amounts on 31/12/2017 to TND 13 thousand.

NOTE VII – Statement of Income

(Figures are expressed in TND thousand: Thousand of Tunisian Dinars)

VII-1. Banking operating revenues

The total of this item went from TND 813 885 thousand on December 31, 2016 to TND 972 176 thousand on December 31, 2017, recording an increase of TND 158 291 thousand or 19.45%.

These banking operating revenues consist of the following items:

- Interests and et assimilated income;
- Commissions in income;
- Earnings on trade securities portfolio and financial transactions;
- Incomes of the portfolio investment securities ;

VII-1-1. Interests and assimilated income

Interests and assimilated income shifted from TND 513 581 thousand on 31/12/2016 to TND 627 418 thousand on 31/12/2017, recording an increase of TND 113 837 thousand or 22.17%. This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Interests on bank ordinary accounts	88	71	17	23,94%
Interests on accounts of interbank loans	6 834	5 832	1 002	17,18%
Interests on customer loans	508 849	413 326	95 523	23,11%
Interests on accounts receivables to customer	77 973	63 155	14 818	23,46%
Interests and assimilated income from guarantee commitment	22 580	20 823	1 757	8,44%
Other interests and assimilated income	11 094	10 374	720	6,94%
Total interests and assimilated income	627 418	513 581	113 837	22,17%

VII-1-2. Commissions in income

The commissions in income shifted from TND 152 171 thousand on 31/12/2016 to TND 168 118 thousand on 31/12/2017, recording an increase of TND 15 947 thousand or 10.48%. This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Commission on foreign-exchange transactions	2 184	1 955	229	11,71%
Commission on financing commitments	39 481	39 619	(138)	-0,35%
Commission on guarantee commitments	10 495	9 822	673	6,85%
Commission on services of financial services	50 316	42 790	7 526	17,59%
Commissions on other banking operating	65 642	57 985	7 657	13,21%
Total Commissions (in income)	168 118	152 171	15 947	10,48%

VII-1-3. Gains on trade securities portfolio and financial operations

These gains total TND 88 002 thousand on 31/12/2017 against TND 132 131 thousand on 31/12/2016, a decrease of TND 44 129 or 33.4%.

	31/12/2017	31/12/2016	Variation	In %
Incomes on transaction securities (a)	13 536	76 014	(62 478)	-82,19%
Incomes on securities of investment (b)	76	108	(32)	-29,63%
Gains on foreign-exchange transactions(c)	74 390	56 009	18 381	32,82%
Total Gains on trade securities portfolio and financial operations	88 002	132 131	(44 129)	-33,40%

This decrease is detailed as follows:

(a) Revenues of transaction securities

The income of transaction securities shifted between December 2016 and December 2017 from TND 76 014 thousand to TND 13 536 thousand, an increase of TND 62 478 thousand or 82.19%. these incomes are detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Incomes of transaction securities *	11 201	69 872	(58 671)	-83,97%
Capital gain or loss on sale or refund	2 335	6 142	(3 807)	-61,98%
Total Revenus des titres de transaction	13 536	76 014	(62 478)	-82,19%

* This decrease is due mainly to the reclassification of Assimilated Treasury Bills (see note II-7)

(b) Incomes of securities of investment

Incomes of securities of investment, which consist of investment incomes in SICAV securities and income from priority shares of the FCC subscribed by BIAT, recorded a decrease of TND 32 thousand or 29.63% going from one period to another from TND 108 thousand to TND 76 thousand.

	31/12/2017	31/12/2016	Variation	In %
Incomes of SICAV investment	51	73	(22)	-30,14%
Incomes from debts securitization funds	25	35	(10)	-28,57%
Total incomes on investment securities	76	108	(32)	-29,63%

(c) Net Gain on foreign-exchange transactions

The net gains on foreign-exchange transactions which consists mainly of gains and losses related to transactions of manual foreign-exchange, from spot and future foreign-exchange transactions increased from TND 56 009 thousand on 31/12/2016 to TND 74 390 thousand on 31/12/2017 recording an increase of TND 18 381 thousand or 32.82%.

VII-1-4. Incomes of investment portfolio

The incomes of investment portfolio which consist mainly of interests on investment treasury bills subscribed by the bank and perceived dividends on equity securities and incomes on resell agreements recorded an increase of TND 72 636 thousand or 453.92% going from one period to another from TND 16 002 thousand to TND 88 638 thousand.

	31/12/2017	31/12/2016	Variation	In %
Interests and incomes of the investment securities*	78 303	6 081	72 222	1187,67%
Incomes of shares in the associated companies	8 712	6 711	2 001	29,82%
Incomes of equity securities	1 623	3 210	(1 587)	-49,44%
Total incomes of the investment securities	88 638	16 002	72 636	453,92%

* This increase is mainly due to the reclassification of the assimilated treasury Bills (See note II-7)

VII-2. Bank operating expenses

The total of this heading went from TND 220 249 thousand on December 31, 2016 to TND 270 905 thousand on December 31, 2017, recording an increase of TND 50 656 thousand or 23%.

These bank operating expenses consists of the following items:

- Incurred interests and assimilated expenses
- incurred commissions.

VII-2-1. The incurred interests and assimilated expenses

The incurred interests and assimilated expenses went from TND 218 627 thousand on 31/12/2016 to TND 268 743 thousand on 31/12/2017, recording an increase of TND 50 116 thousand or 22.92%. this change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Interests on bank ordinary accounts	415	403	12	2,98%
Interests on interbank loans accounts	979	1 996	(1 017)	-50,95%
Interests on customer's deposits	205 905	181 590	24 315	13,39%
Interests on obligatory and subordinate loans	11 608	5 847	5 761	98,53%
Interests on special resources	1 815	2 034	(219)	-10,77%
Other interests and expenses	48 021	26 757	21 264	79,47%
Total incurred interests and assimilated expenses	268 743	218 627	50 116	22,92%

VII-2-2. Incurred commissions

The incurred commissions went from TND 1 622 thousand on 31/12/2016 to TND 2 162 thousand on 31/12/2017, recording an increase of TND 540 thousand or 33.29%. This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Commissions on treasury transactions and interbank transactions	2 118	1 556	562	36,12%
Commissions on other transactions	44	66	(22)	-33,33%
Total incurred commissions	2 162	1 622	540	33,29%

VII-3. Allocation to provisions and the result of valued adjustment of receivables, off-balance sheet and liabilities

The balance under this heading records on 31/12/2017 a net allocation of TND 82 788 thousand broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocation to provisions on costumer receivables	(90 446)	(68 200)	(22 246)	32,62%
Allocation to provisions for risks and expenses	(7 425)	(5 341)	(2 084)	39,02%
Total allocations	(97 871)	(73 541)	(24 330)	33,08%
Losses on receivables	(64 447)	(53 066)	(11 381)	21,45%
Total allocations and losses on receivables	(162 318)	(126 607)	(35 711)	28,21%
Reversal of provisions on customer receivables	69 624	74 908	(5 284)	-7,05%
Reversal of provisions for contingencies	9 773	23 960	(14 187)	-59,21%
Total reversals	79 397	98 868	(19 471)	-19,69%
Recoveries of receivable written off	133	477	(344)	-72,12%
Total reversal and recoveries on receivables	79 530	99 345	(19 815)	-19,95%
Balance	(82 788)	(27 262)	(55 526)	203,68%

VII-4. Allocation to provisions and the result of adjustment values on investment portfolio

The volume of this heading records on 31/12/2017 a gain on balance of TND 629 thousand broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocation to provisions on equity securities, portage and managed funds	(2 757)	(2 944)	187	-6,35%
Allocation to provisions on shares in the related companies and joint ventures	(197)	(2 639)	2 442	-92,54%
Total allocation	(2 954)	(5 583)	2 629	-47,09%
Expenses and losses on securities	(1 972)	(1 352)	(620)	45,86%
Total of allocations and losses on receivables	(4 926)	(6 935)	2 009	-28,97%
Reversal of provisions on shares in the related companies and joint ventures	5 555	273	5 282	1934,80%
Total reversal	5 555	273	5 282	1934,80%
Total reversal and recoveries on receivables	5 555	273	5 282	1934,80%
balance	629	(6 662)	7 291	-109,44%

VII-5. Other operating incomes

This section, which is composed mainly of rental incomes and of interests on staff loans, shifted between December 2016 and December 2017 from TND 7 998 thousand to TND 10 129 thousand, recording thereby an increase of TND 2 131 thousand or 26.64%.

VII-6. Staff costs

This section, which is composed mainly of salaries, social expenses and other staff expenses, shifted between December 2016 and December 2017 from TND 196 914 thousand to TND 217 314 thousand, recording thereby an increase of TND 20 400 thousand or 10.36%.

VII-7. General operating expenses

The increase of TND 11 327 thousand recorded between December 2016 and December 2017 results from an increase in the non-banking operating costs at the rate of TND 4 357 thousand and an increase of other general operating expenses to the tune of TND 6 970 thousand.

VII-8. Allocations to depreciations and provisions on fixed assets

The balance of this section records on 31/12/2017 an amount of TND 33 556 thousand broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocations to depreciations of intangible fixed assets	7 862	7 525	337	4,48%
Allocations to depreciations of tangible fixed assets	15 973	15 689	284	1,81%
Allocations to depreciations of deferred expenses	9 721	6 502	3 219	49,51%
Total allocations to depreciations and to provisions on fixed assets	33 556	29 716	3 840	12,92%

VII-9. Balance in gain or in loss resulting from other ordinary items

This section is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Other ordinary losses	-	(7 013)	7 013	-100,00%
Other ordinary gains	410	13	397	3053,85%
Total balance in gain/loss resulting from other ordinary items	410	(7 000)	7 410	-105,86%

VII-10. Income taxes

The balance of this section records on 31/12/2017 an amount of TND 72 668 thousand against TND 55 012 thousand on 31/12/2017, an increase of TND 17 656 thousand or 32.09%.

VII-11. Balance in gain/loss resulting from other extraordinary items

The balance in gain/loss resulting from other extraordinary items amounts to TND 10.381 thousand on December 31, 2017 against TND 18.538 thousand on December 31, 2016 and corresponds exclusively to the exceptional cyclical contributions introduced respectively by 2018 and 2017 finance laws.

NOTE VIII – Cashing portfolio

The value of checks, bills and other assimilated values held by the bank on behalf of third parties, awaiting collection amount on 31/12/2017 to TND 526 305 thousand. In accordance with the provisions provided for by the sector-based accounting standard of banking institutions, these values are not included in the balance sheet.

NOTE IX – Statement of cash flows

(figures are expressed in TND thousand: thousand of Tunisian dinars)

IX-1. effect of exchange rate change on cash and cash equivalent

The evolution of the exchange rate of the currencies quoted by the CBT which were used for the conversion in Dinars of our deposits and foreign currency assets as shown on the financial statements ending on 31/12/2017 have generated an impact cash and cash equivalents in the amount of TND 149 037 thousand.

This change is attributable in the following sections:

Désignation	31/12/2017
Bank operating incomes	(23)
Customer deposits	9 326
Loans and advances granted to customer	229 619
Amounts paid to staff and sundry creditors	485
Issuance and repayment of loans	67
Other cash flow generated from operating activities	(90 437)
Net change	149 037

IX-2. Cash and cash equivalents

This section is mainly composed of cashing in dinars and foreign currency, holdings with the Central Bank and with the center of postal checks, net sight assets with banking institutions, loans and borrowings for a period of less than three months and transaction securities portfolio.

The treasury of the bank shifted from TND 1 476 368 thousand on 31/12/2016 to TND 13 453 thousand on 31/12/2017, recording a decrease of TND 1 462 915 thousand or 99.09%, broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Cash in TND				
Cash in dinars	93 730	79 920	13 810	17,28%
Correspondents debtors	25 692	21 686	4 006	18,47%
Correspondents creditors	(24 764)	(745)	(24 019)	3224,03%
Cash debtors equivalents	4 018	2 012	2 006	99,70%
Cash creditors equivalents	(3 252)	(17 149)	13 897	-81,04%
Total cash in TND	95 424	85 724	9 700	11,32%
Foreign currencies cash				
Foreign currencies cash	32 385	15 821	16 564	104,70%
Correspondents debtors	564 633	469 893	94 740	20,16%
Correspondents creditors	(49 101)	(50 071)	970	-1,94%
Foreign currencies investment	456 575	284 568	172 007	60,44%
Total foreign currencies cash	1 004 492	720 211	284 281	39,47%
Transactions securities*	107 537	1 336 432	(1 228 895)	-91,95%
Loans in dinars	(1 194 000)	(665 998)	(528 002)	79,28%
Cash and cash equivalent*	13 453	1 476 369	(1 462 916)	-99,09%

* this decrease is mainly due to the reclassification of Assimilated Treasury Bills (see note II-7)

Note X – Transactions with related parties

1. BIAT entered into an agreement, in December 2017, with the International Arab Company for Debt Recovery "CIAR", for the transfer of a debt with an amount of TND 53.254 KDT for the price of TND 2.105 KDT..
2. BIAT concluded an agreement with "PROTECTRICE ASSURANCE", by virtue of which BIAT rents a premises to the Protectrice for use of administrative offices, an apartment of

an approximate surface 183 m2 including common areas, located on the first floor of the building situated in palace Sidi Mtir Mahdia.

This rent is granted for a monthly rent of TND 638.140 (tax excluded) or an annual rent of TND 7.657.680 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 7.658.

3. BIAT concluded an agreement with « PROTECTRICE ASSURANCE », by virtue of which let the Protectrice uses administrative offices, a part of a premises of an approximate surface of 87.5 m2 located in Rue El Meniar, 47 Avenue Habib Bourguiba, La Manouba.

This rent is granted for a monthly rent of TND 860 (tax excluded) or an annual rent of TND 10.320 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 10.320.

4. BIAT concluded an agreement with « PROTECTRICE ASSURANCE », by virtue of which let the Protectrice uses administrative offices, a part of a premises of an approximate surface of 80m2 located in route de Tunis Km 6.5, Avenue Hédi Chaker Sakiet Ezzit, Sfax.

This rent is granted for a monthly rent of TND 960 (tax excluded) or an annual rent of TND 11.520 (tax excluded) and this for a period beginning from January 1st, 2017 and ending on December 31st, 2018. At the end of this period, the rent will be renewed from year to year by tacit renewal.

The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The rental income included in the result of BIAT, for the financial year 2017, amounted to TND 11.520.

5. BIAT executed end 2017 with BIAT ASSET MANAGEMENT, an agreement related to filing and management by virtue of with this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT – CEA PNT TUNISAIR.

In exchange for these services, the BIAT will receive an annual remuneration of 0.1% tax

excluded of the assets of FCP BIAT – CEA PNT TUNISAIR. This remuneration, which is deducted daily, is monthly in arrears.

The amount stated for this post, in 2017, amounts to TND 1.055.

6. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT and BIAT CAPITAL RISQUE signed, on December 20th, 2017, an agreement of funds management (regional funds 2017-03) with a total amount of 40.000 KDT.

BIAT CAPITAL RISQUES receives as a management of funds, a commission of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the eighth and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 19.407 tax excluded.

7. Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to "BIAT CAPITAL RISQUES" on December 20th, 2017 the management of a fund (FG BIAT Free 2017-3) with a total amount of 17.001 KDT fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 2.361 tax excluded.

- 8.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-1) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 9.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-2) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 10.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2018-3) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of

management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 11.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2018-1) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 12.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2018-2) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;

- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 13.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2018-3) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

- 14.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2017-1) with a total amount of 6.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the

tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 41.909 tax excluded.

- 15.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Industry Funds 2017-2) with a total amount of 5.000 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 25.529 tax excluded.

- 16.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to "BIAT CAPITAL RISQUES" the management of a fund (FG BIAT Free 2017-1) with a total amount of 9.001 KDT fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according

to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.004 tax excluded.

- 17.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (FG BIAT Free 2017-2) with a total amount of 5.501 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 0.5% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 74.958 tax excluded.

- 18.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2017-1) with a total amount of 5.100 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of

the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.652 tax excluded.

- 19.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to BIAT CAPITAL RISQUES the management of a fund (Regional Funds 2017-2) with a total amount of 4.750 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund a commission of management of:

- 05.% tax excluded per year on the invested amounts, and this, during the blocking period;
- 1.75% tax excluded per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% tax excluded per year on the invested amounts, between the seventh and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 33.214 tax excluded.

- 20.** By decision of BIAT France's sole shareholder dated 15/11/2016, and after becoming aware of the achievements of its subsidiary, it was decided to allocate an operating subsidy of 1.348 KDT, the equivalent value of € 500.000 for the financial year 2016.

- 21.** By decision of BIAT France's sole shareholder dated 09/11/2017, and after becoming aware of the achievements of its subsidiary, it was decided to allocate an operating subsidy of 1.417 KDT, the equivalent value of € 470.000 for the financial year 2017.

- 22.** BIAT concluded, in July 2017, with «BIAT CAPITAL» an agreement of account securities maintenance of transferable securities issued by BIAT with all the other obligations which fall to BIAT CAPITAL namely the holding, the reports and the communications attached to it. This agreement is granted and accepted for a period of one year, starting from the date of its signature is July 25, 2017, renewable by tacit agreement. BIAT CAPITAL will receive in exchange of the said service a fixed annual amount of TND 12,000 tax excluded.

The amount invoiced by BIAT CAPITAL for 2017 amounts to TND 5.208 tax excluded.

23. After the conclusion of the transfer in lieu of payment act with the company GOLF SOUSSE MONSATIR "GSM", on December 27th, 2013, by virtue of which BIAT became the owner of the real estate property of three land titles situated in the tourist zone Dkhila Monsatir, the company GSM showed its will to rent the Golf Course with its conveniences and its outbuildings, already transferred to BIAT.

BIAT accepted this request and determined an annual rent composed of:

- A fixed portion of TND 200.000 VAT excluded per year payable on quarterly basis in advance. A cumulative increase of 5% per year will be applied to the fixed portion of the rent as from the third year of the rent.
- A variable portion calculated on the basis of the turnover, tax excluded, as follows:
 - Between TND 0 and TND 500.000 => 10%
 - Between TND 500.001 and TND 1 000.000 => 15%
 - More than TND 1.000.001 => 20%

The present lease is accepted for a period of two successive years beginning on January 1st 2014 and ending December 31st, 2015, renewable by tacit consent.

24. BIAT rented, to the company CIAR, for administrative offices usage, the office situated on the first floor of the building located in Sfax Harzallah.

This rent is consented and accepted for a period of two consecutive years, beginning on September 1st, 2013 and ending on August 31st, 2015, renewable by tacit consent and an annual rent of TND 4.950 VAT excluded payable on quarterly basis in advance. This rent is subject to a cumulative increase by 5% applied from the third year of the rent.

The amount listed among BIAT incomes in 2017 amounts to TND 5.548.

25. BIAT and CIAR concluded in 2015 an agreement by virtue of which BIAT is engaged in fulfilling the missions of assistance and IT consulting.

26. The missions of assistance and consulting in the study, the choice and the setting up of IT solutions should be subject to a mission order informed by CIAR presenting the number of days of the mission with a daily rate fixed to TND 500 tax excluded.

The administrative and technical assistance missions are made an annual remuneration of TND 7.500 tax excluded.

These remunerations are paid to BIAT quarterly in arrears by presenting an invoice.

The present agreement is concluded for duration of three years. It will be renewed by tacit consent, except for a written renunciation by one of the parties by giving notice of 3

months.

The amount recorded among the revenues of BIAT in 2017 amounts to TND 7.500.

27. BIAT concluded in 2012 with the company « CIAR » a lease agreement of an office with a surface area of 16.45m² situated on the first floor of the building in Boulevard 14 Janvier, Route Touristique Khezema, Sousse.

The leasing was authorized and accepted for a period of two consecutive years beginning on September 1st, 2012 and ending on August 31st, 2014, renewable from year to year by tacit consent. This leasing was authorized and accepted for an annual of TND 2.468 VAT excluded quarterly payable in advance.

The abovementioned rent, will be subject to an annual increase of 5% applied as from the third year of the leasing.

The rental income inscribed under the result of the financial year 2017 amounts to TND 2.904.

28. BIAT concluded in 2014 with the company CIAR an agreement of detachment of executives. Besides the salaries and salary supplements and advantages, the invoicing by the BIAR to the CIAR includes a margin of 5%.

The amount invoiced by BIAT in 2017 amounts to TND 456.816.

29. In November 2014, BIAT concluded a mandate contract with the aim of recovering receivables with the company CIAR.

This contract states in its purpose that BIAT gives mandate to CIAR which accepts to act in its name and on its behalf to collect receivables from its customers.

In return of its services, CIAR perceives fixed remuneration as follows:

- * Fixed fees: TND 50 per be paid 60 days from the date of power of attorney
- * Variable fees: 12% on the totality of collected sums including delay interests.

These remunerations modalities shall be applied from July 21st, 2017.

The amount invoiced by CIAR in 2017 amounts to TND 749.043.

30. BIAT concluded in 2014 with CIAR Company an agreement on administrative and accounting assistance.

In return to this mission, BIAT perceives an annual remuneration amounting to 18 KDT tax excluded.

This remuneration was renewed by virtue of the amendment signed in December 2016.

31. BIAT signed a sublease agreement, in 2016, with the company CIAR of set of areas of the building situated at the corner of Radhia Haddad Street and Hollande Street.

This sublease is consented and accepted for a period of three consecutive years, beginning on September 1st, 2016 and ending on July 31st, 2019, renewable by tacit consent for further period of three years until a leave was served by one of the two parties or at the end of the term of the main lease.

This rent was authorized and accepted by a monthly rent of TND 6.562.500 VAT excluded, payable quarterly and in advance.

As of August 1st, 2017 an annual cumulative increase of 5% will be applied.

The amount inscribed under the result of BIAT, in 2017, amounts to TND 80.391.

32. Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on December 5th, 2016, an agreement related to the management of funds (Industrial Funds 2016-3) with a total amount of 15.700 KDT.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies as modified and completed by subsequent texts.

BIAT CAPITAL RISQUES will receive, quarterly and in arrears, a management commission of 0.5% tax excluded per year on the totality of the funds amount.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it would have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 78.500 tax excluded.

33. Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on December, 29th, 2016, an agreement related to the management of funds (Free Funds 2016-2) with an amount of 4.501 KDT.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;

- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.

- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 78.755 tax excluded.

34. Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on February, 29th, 2016, an agreement related to the management of funds (Regional Funds 2016) with a total amount of 5.000 KDT.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;

- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.

- 1% per year on the invested amounts between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 57.857 tax excluded.

35. Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on February, 29th, 2016, an agreement related to the management of funds (Industrial Funds 2016-1) with a total amount of 5.000 KDT. The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 61.513 tax excluded.

- 36.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on March, 24th, 2016, an agreement related to the management of funds (Industrial Funds 2016-2) with a total amount of 5.050 KDT.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amount between the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 51.936 tax excluded.

- 37.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on February 18th, 2016, an agreement related to the management of funds (Funds Free 2016-1) with a total amount of 9.401 KDT.

BIAT CAPITAL RISQUES will receive, quarterly and in arrears, a management commission of 0.5% tax excluded per year on the totality of the funds amount.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 47.005 tax excluded.

- 38.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUES concluded on June 18th, 2015, an agreement related to the management of funds (Funds Free 2015-1) with an amount of 2.001 KDT.

The managed fund will be used to finance projects in compliance with the conditions and within the limits of law No. 88-92 dated 2 August 1988 related to investment companies, as modified and completed by subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUES will reach a yield higher than the average MMR of the period, it could have right to a performance commission which will be calculated according to a scale.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 35.005 tax excluded.

- 39.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUES on December 20th, 2013, the management of a fund (Funds Free 2013) with an amount of 8.853 KDT fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 44.265 tax excluded.

- 40.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT signed with BIAT CAPITAL RISQUES, on March 18th, 2014, an agreement in the management of industrial fund of 2014 with an amount of 2.000 KDT.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the outstanding funds, between the end of the seventh year and the tenth year.

The Manager will also be entitled to a performance commission (calculated on a scale) if the return is higher than the average MMR of the period.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 30.657 tax excluded.

- 41.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUES on January 17th, 2014, the management of funds (Funds Free 2014-1) with an amount of 11.671 KDT.

BIAT CAPITAL RISQUES receives on the remuneration of the said fund, quarterly and in arrears, a commission of management of 0.5% per year, tax excluded, on the totality of the amount of the funds.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 58.355 tax excluded.

- 42.** BIAT confided to BIAT CAPITAL RISQUES on March 15th, 2013, the management of 2013 regional funds with an amount of 5.000 KDT fully paid up and this, in order to promote the industrial projects located in regional development zones and job-creating projects benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 77.365 tax excluded.

- 43.** BIAT confided to BIAT CAPITAL RISQUES on March 15th, 2013, the management of 2013 industrial funds with an amount of 5.500 KDT fully paid up and this, in order to promote the industrial projects and the related activities benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 85.348 tax excluded.

- 44.** BIAT concluded with BIAT CAPITAL RISQUES on December 30th, 2009, a fund management agreement, by virtue of which it entrusts to the latter, under risk capital Funds, the management of a fund of an amount of 3.000 KDT, fully paid up.

The fund manager, in this case the company BIAT CAPITAL RISQUE will act to ensure the best profitability possible on the participations financed by the fund such is, until its total repayment.

In return BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 19.500 tax excluded.

- 45.** BIAT concluded with BIAT CAPITAL RISQUES on December 24th, 2008, a fund management agreement, by virtue of which it entrusts to the latter, under risk capital Funds, the management of a fund of an amount of 14.250 KDT, fully paid up.

The fund manager, in this case the company BIAT CAPITAL RISQUE will act to ensure the best profitability possible on the participations financed by the fund such is, until its total repayment.

In return BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of

the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 8.144 tax excluded.

- 46.** BIAT confided, during 2010, to BIAT CAPITAL RISQUES on March 15th, 2013, the management of funds with a total amount of 10.000 KDT fully paid up benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

La société « BIAT CAPITAL RISQUE » agira pour assurer à la BIAT le meilleur rendement possible sur les participations financées par ledit fonds et ce, jusqu'à son remboursement total.

BIAT CAPITAL RISQUE receives, for the management of the fund, a commission of the managed fund, equal to 1% per year tax excluded in arrears on the initial amount of the fund. After the period of five years, the commission will be annually calculated on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

This agreement was amended in May 2011 as follows:

Destination Funds:

- Participations to reinforce companies own funds as it is defined by law n°95-87 of October 30th 1995.
- To intervene, by means of subscription or acquisition of ordinary shares or preferred shares without the right to vote, to investment certificates of companies, equity securities, convertible bonds to shares and membership shares and in general to any other category assimilated to own funds.

Remuneration funds:

- 0.5% per year VAT excluded on the invested amounts, and this, during the blocking period;
- 1.75% per year VAT excluded on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year VAT excluded on the invested amounts, between the end of the seventh and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 100.243 (tax excluded).

- 47.** BIAT confided to BIAT CAPITAL RISQUES, in 2011, the management of regional funds with a total amount of 6.000 KDT fully paid up and this, in order to promote the industrial projects located in regional development zones and job-creating projects benefiting from fiscal advantages determined by law 95-88 dated October 30, 1995 as amended and supplemented by the new provisions of Article 39 and 48 of the code of the IS and IRPP and the subsequent texts.

The BIAT CAPITAL RISQUE receives on the fund remuneration a management commission of:

- 0.5% per year on placed amounts, during the blocking period;
- 1.75% per year on the invested amounts between the date of fund liberation and the end of the seventh year following this liberation. After the period of account blocking, the commission is received in arrears on the outstanding amount.
- 1% per year on the invested amounts between the eighth year and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUES for 2017 amounts to TND 92.034 tax excluded.

- 48.** BIAT confided to "BIAT CAPITAL RISQUE" on December 28th 2011, the management of a fund of a global amount of TND 6.000 fully paid up, in order to support the effort and the process of regional development taking advantage of fiscal privileges defined under law No. 95-88 dated October 30th, 1995 as amended and completed by the new provisions of articles 39 and 48 of the code of the IS and the IRPP and subsequent texts.

The company "BIAT CAPITAL RISQUE" receives, on the managing of the fund, a commission of:

- 0.5% per year on the invested amounts, and this, during the blocking period;
- 1.75% per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year on the invested amounts, between the eighth and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE for 2017 amounts to TND 90.000 (tax excluded).

- 49.** BIAT concluded, on December 27th, 2007, with BIAT CAPITAL RISQUE, an agreement of management of risk capital funds under which, it entrusts to this company under risk capital fund, the management of a fund with a total amount of 9.000 KDT, fully paid up.

The manager of the fund, BIAT CAPITAL RISQUES will act to ensure for BIAT, a minimum profitability average of participations equivalent to MMR+0.5%, such is until the total repayment of the fund. In return, BIAT CAPITAL RISQUE receives, on the management of the fund, a commission of the managed funds, equal to 1% per year tax exclude, annually calculated in arrears, on the initial amount of the fund. After the period of five years, this commission will be annually calculated in arrears on the outstanding amount of the fund. The risk of default by the beneficiaries of funding supports levied on the fund is supported by BIAT.

The amount invoiced by BIAT CAPITAL RISQUE in 2017 amounts to TND 7.277 tax excluded.

- 50.** BIAT confided to BIAT CAPITAL RISQUE on April 13th, 2011, the management of a regional fund of a global amount of 10.000 KDT fully paid up, taking advantage of fiscal privileges defined under law No. 95-88 dated October 30th, 1995 as amended and completed by the new provisions of articles 39 and 48 of the code of the IS and the IRPP and subsequent texts.

The company "BIAT CAPITAL RISQUE" receives, on the managing of the fund, a commission of:

- 0.5% per year on the invested amounts, and this, during the blocking period;
- 1.75% per year on the invested amounts, between the date of funds release and the end of the seventh year following that of the release. After the blocking period, the commission is perceived in arrears on the outstanding amounts;
- 1% per year on the invested amounts, between the eighth and the tenth year.

The amount invoiced by BIAT CAPITAL RISQUE for 2017 amounts to TND 109.935 (tax excluded).

- 51.** An amendment of the agreements of management of capital risk funds was concluded on December 2015 between BIAT and BIAT CAPITAL RISQUE by virtue of which the two parties commonly agreed to add to all of the current agreements of management of funds a provision relative to direct costs related to shareholding lines and engaged by BIAT CAPITAL RISQUE.

Thus, the direct costs engaged by BIAT CAPITAL RISQUE for the implementation and disinvestment of shareholding lines imputed to current funds in force, will be taken in charge by BIAT.

- 52.** BIAT concluded in 2004 with BIAT CAPITAL RISQUE an amendment of management agreement of October 17th 2000. By virtue of this amendment BIAT receives, in return of its benefits, an annual remuneration of TND 50.000 VAT included.

The income recorded at this level in 2017 amounts to TND 42.372.

- 53.** BIAT rented to the company BIAT CAPITAL RISQUE two offices of administrative usage, of a surface area of 92m2, located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning the 1st of September 2015 and ending the 31st of august 2017, for an annual rent of TND 28.000 VAT excluded. The rent will be subject to an annual increase of 5% applicable from the 2nd year.

The income recorded at this level in 2017 amounts to TND 29.890.

- 54.** In 2015 BIAT concluded with the company « BIAT CAPITAL RISQUE » an agreement of secondment of seven executives.

Besides the salaries and salary complements and benefits, BIAT invoices to « BIAT CAPITAL RISQUES » include:

- A margin of 5%,
- VAT at 18%.

The invoicing amount of BIAT amounts in 2017 to TND 696.387.

- 55.** An agreement was executed, on November 2016, between BIAT and SOPIAT Company by virtue of which this latter provides the BIAT with two workers to ensure the follow up of the participants in maintenance of the 5th floor for the 2nd part of the Head Office.

In return of the services rendered, BIAT shall pay honorarium to SOPIAT Company with invoices including salaries and benefits all charges included for these two workers with a margin of 5%.

This agreement was concluded from 1 November 2016 until 31 December 2018.

The amount invoiced by SOPIAT in 2017 amounts to TND 31.536 VAT excluded.

- 56.** An agreement was concluded on November 2015 between BIAT and the company SOPIAT by virtue of which SOPIAT provides BIAT with two technicians for the follow up of the operators of maintenance of the 2nd phase of the bank's registered office. In return of these services, the BIAT will reimburse the SOPIAT on presentation of an invoice, expenses incurred by the SOPIAT to these two technicians with an increase of 10%.

The amount of the invoice will be readjusted with respect to all salary increases, all benefits granted or all exceptional bonuses paid to the concerned.

Le montant facturé par la « SOPIAT », au titre de 2017, s'élève à, 55.928 dinars H.TVA.

- 57.** An agreement was concluded on April 2014 between BIAT and SOPIAT Company by virtue of which SOPIAT puts at the disposal of BIAT its technical director in the aim of providing

all the necessary assistance and supervision during the stage of studying loan demands and realization of projects and the release of these loans.

These services will be invoiced to BIAT at TND 700 tax excluded per day of work.

Travel, stay and other related necessary fees in execution of the service providing will be added to the day rate.

The amount invoiced by SOPIAT in 2017 amounts to TND 67.900 VAT excluding.

- 58.** BIAT rented to SOPIAT two offices of administrative usage, of a surface area of 49m2, located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning January 26th, 2015 and ending January 25th 2017, for an annual rent of TND 14.717 VAT excluding.

The income recorded in 2017 amounts to TND 16.161.

- 59.** The BIAT, as part of work on the project of the second tranche of its registered office, needed the temporary help of certain technicians specialized in the monitoring and the piloting of building sites and she moved closer to the SOPIAT on July 1st 2012, to equip him with two senior technicians for a temporary mission.

In return of this provision, the BIAT will reimburse the SOPIAT, by presenting an invoice, wages (including bonuses and other benefits, social employer costs, paid vacations and reimbursement of professional fees) provided by the SOPIAT to these two technicians with an increase of 10%.

This provision comes into effect on August 1st, 2012 and will come to an end in the date planned for the completion of the construction project, which is June 30th, 2014.

The amount invoiced by SOPIAT in 2017 amounts to TND 46.568 VAT excluding.

- 60.** The BIAT executed, on November 2016, with the company BIAT CONSULTING, a framework convention for providing executives for a period starting on March 1st, 2016.

In exchange of the services rendered, the company BIAT CONSULTING calculated the honorarium based on the real cost of the gross salary all charges included, including the indirect charges for the personnel provided, all increased by 5%.

The amount invoiced by BIAT CONSULTING for 2017 amounts to TND 155.558 Tax excluded.

- 61.** The BIAT concluded in 2014 with the company BIAT CONSULTING an Agreement of accounting and administrative assistance.

In return of this mission, the BIAT receives an annual remuneration to the amount of TND 2,800 VAT included

An addendum to this agreement was concluded in December 2015 between BIAT and the Company BIAT CONSULTING by virtue of which both parties have agreed to extend the annual remuneration expected for the year 2014, in the same terms and conditions, i.e. TND 2.800 VAT included. Such remuneration will increase to TND 3.100 tax excluded for the year 2017 and the followings.

- 62.** BIAT rented to BIAT CONSULTING company three offices of administrative usage, of a surface area of 101m2, located on its head office in Avenue Habib Bourguiba Tunis.

This rental was agreed for a two consecutive years, beginning on October 1st, 2015 and ending on September 30th, 2017 for an annual rent of TND 30.683 VAT excluded. This rent will be subject to an annual increase of 5% applicable from the 2nd year.

The amount invoiced by BIAT in 2017 amounts to TND 32.620.

- 63.** The BIAT concluded in 2014 with the company BIAT CONSULTING an Agreement of detachment of two executives. Besides the salaries and salary supplements and advantages, the invoicing by BIAT to BIAT CONSULTING includes a margin of 5%.

The amount invoiced by BIAT to BIAT CONSULTING in 2017 amounts to TND 363.310.

- 64.** The BIAT executed on May 04th, 2016 with the company BIAT ASSET MANAGEMENT, an agreement relating to filing and management by virtue of which this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT - EQUITY PERFORMANCE.

In exchange for these services, the BIAT will receive an annual remuneration of 0.1%, tax excluded of the assets of FCP BIAT - EQUITY PERFORMANCE. This remuneration, which is deducted daily, is paid annually in arrears.

The amount stated for this post in 2017 amounts to TND 13.782.

- 65.** BIAT amended on December 25th, 2017 the two deposits and distribution agreements of mutual fund investment "FCP BIAT – EPARGNE ACTIONS" the first was signed, on November 24th, 2006 with BIAT ASSET MANAGEMENT then was renewed, on November 20th, 2013, while the second was newly signed at this same date on November 20th, 2013.

The amendments made at the first agreement regarding the remuneration of BIAT. In fact, the deposit commission rate was maintained in 2013 at 0.1% VAT included of the fund net asset, at the level of the first amendment, and then was amended at the increase, at the level of the second amendment made in 2017, bringing it from 0.1% VAT included to 0.1% tax excluded.

These remunerations, daily levied, are monthly paid in arrears.

Besides, BIAT amended also, on December 25th, 2017, the second agreement of distribution signed in November 2013 that have established a remuneration for the distribution fees of 0.2% VAT included which is levied on the net asset of FCP BIAT- EPARGNE ACTIONS.

These amendments made at this agreement related to the remuneration of distributors namely BIAT and BIAT CAPITAL. In fact, the distribution services will be remunerated by the commissions at the rate of 0.3% tax excluded of the net asset per year in favor of distributors in proportion to their distributions instead of 0.2% VAT included. The amendment of 2017, provided also the management of this distribution commissions by the manager namely BIAT ASSET MANAGEMENT which will now supported by BIAT ASSET MANAGEMENT and paid monthly in arrears on simple invoice presentation.

The amount listed among BIAT incomes in 2017 amounts to TND 25.873.

- 66.** The BIAT executed on May 4th, 2016 with the company BIAT ASSET MANAGEMENT, an agreement relating to filing and management by virtue of which this latter assigns to BIAT, which accepts, the mission of exclusive agent of the funds and titles owned by FCP BIAT - EQUITY PERFORMANCE.

In exchange for these services, the BIAT will receive a share of the distribution commission of 0.3% tax excluded per year of the net asset and this, in proportion to its distribution. The said commission which is supported by BIAT ASSET MANAGEMENT will be deducted from management commission that it will deduct from the net asset of FCP BIAT - EQUITY PERFORMANCE.

an annual remuneration of 0.1%, tax excluded of the assets of FCP BIAT - EQUITY PERFORMANCE.

The remuneration of BIAT will be paid by the company BIAT ASSET MANAGEMENT monthly in arrears on simple invoice presentation.

- 67.** The BIAT executed, in June 2016, with the Construction Company IRIS, an agreement for leasing two premises to be used as offices with a surface area of 855 m², situated at Building «Youssef Towers», rue du Dinar, Les Jardins du Lac, Les Berges du Lac II - Tunis, as well as 18 parking lots situated at the underground of the building.

The agreed amount for this rental was TND 210.810.

Three sub-rental agreements were signed in January 2017 with the companies BIAT CAPITAL, TUNISIA SECURITIZATION and BIAT ASSET MANAGEMENT, for a period starting on 1 October 2016 until 31 July 2018. At the end of this period, the sub-location shall be renewed from year to year from 01/08/2018, through tacit consent.

This rent is granted for a monthly rent of TND 59.185 VAT excluded for a period beginning from 01/06/2016 and ending on 31/07/2017 and a rent of TND 74.573 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amount listed among BIAT incomes in 2017 amounts to TND 72.502.

- 68.** The BIAT concluded, in January 2015, with BIAT ASSET MANAGEMENT an agreement of a detachment of six executives.

Besides the salaries and salary complements and benefits, BIAT invoicing to « BIAT ASSET MANAGEMENT » include:

- A margin of 5%,
- VAT at 18%.

The amount of BIAT invoicing in 2017 amounts to TND 481.752.

- 69.** BIAT amended, on December 23rd, 2013 and on December 25th, 201 the two Agreements of exclusive trustee of securities and funds of the "SICAV OPPORTUNITY" and of the "SICAV PROSPERITY" initially signed on March 08th, 2003.

The amendments made to these Agreements, concern the remuneration of BIAT, in fact, the rate of commissions of paid deposits were reviewed in decreasing, at the level of the first amendment bringing it from 0.3% VAT included to 0.1% VAT included of the net assets for "SICAV OPPORTUNITY" and from 0.2% VAT included to 0.1% VAT included of the net assets for "SICAV PROSPERITY" and then was reviewed in increasing, at the level of the second amendment, bringing it from 0.1% VAT included to 0.1% tax excluded.

These remunerations, daily levied, are monthly paid in arrears.

In addition, BIAT amended also, on December 25th, 2017, the two agreements of distribution of the SICAV OPPORTUNITY and SICAV PROSPERITY securities initially signed in 2013 between BIAT, BIAT CAPITAL and BIAT ASSETS MANAGEMENT.

The amendments made to these agreements regarding the remuneration of distributors namely BIAT and BIAT CAPITAL. In fact, the distribution services will be remunerated by commissions with the rate of 0.3% tax excluded of the net assets per year in favor of the distributors of securities in proportion to their distributions for the two SICAV instead of 0.2% VAT included for SICAV OPPORTUNITY and 0.1% VAT included for SICAV PROSPERITY. The amendment of 2017 also provided for the management of these distribution's commissions by the manager namely BIAT ASSET MANAGEMENT which now be supported by BIAT ASSET MANAGEMENT and paid monthly in arrears on simple invoice presentation.

The amounts listed in the result of the financial year 2017 amount to TND 10.925.

70. BIAT amended, on December 18th, 2015, the Agreement of exclusive trustee of securities and funds of the "SICAV TRESOR" initially signed on March 8th, 2003, as amended in 2010 and 2013.

The amendments made to this Agreement, concerns the remuneration of BIAT, in fact, the rate of commissions of paid deposits were reviewed in decreasing bringing them from 0.15% VAT included to 0.10% VAT included of the net assets of the said funds.

These remunerations, daily levied, are monthly paid in arrears.

In addition, an Agreement of distribution of the SICAV TRESOR securities were signed ON December 2013 between BIAT, SICAV TRESOR and the BIAT ASSET MANAGEMENT which provided for the application of distribution commission equal to 0.2% VAT included of the net assets in favor of distributors of SICAV TRESOR securities and this, in proportion to their distributions.

This agreement was amended on December 2015 to comply with the new regulation as well as the FATCA law.

This remuneration, daily levied, is paid monthly in arrears. This convention is concluded for a period of one year starting from its signature, and it will be renewable by tacit consent.

The incomes of the financial year 2017 amount to TND 930.059.

71. BIAT concluded, on October 13th, 2009, an Agreement of exclusive trustee of the securities and funds of the "SICAV PATRIMOINE OBLIGATOIRE". By virtue of the provisions of this Agreement, the services of BIAT are remunerated at rate of 0.1% VAT included of the net assets of the said SICAV, with a minimum of TND 5,000 VAT excluded and a maximum of TND 20,000 VAT excluded per year. The minimum and maximum thresholds were cancelled by virtue of an agreement concluded on December 2015.

This remuneration is levied daily and payable monthly in arrears.

This Agreement stipulates, in addition, that the said SICAV will be domiciled in the premises of BIAT without setting up a rental agreement and gives no rights to the establishment a commercial property for its own benefit.

This Agreement was reviewed on December 23rd, 2013 in order to set up a commission of distribution equal to 0.15% VAT included of the net assets in favor of the distributors of securities SICAV PATRIMOINE OBLIGATOIRE namely BIAT, BIAT CAPITAL and BIAT ASSET MANAGEMENT and this, in proportion to their distribution.

The rate of distribution commission rises to 0.2% VAT included of net asset by virtue of an agreement concluded on December 2015.

This remuneration, daily levied, is monthly paid in arrears. This Agreement is concluded for a period of a year starting from its signature, and will be renewable by tacit consent.

The amount listed in the result of the financial year 2017 amounts to TND 575.254.

72. The BIAT executed, in June 2016, with the Construction Company IRIS, an agreement for leasing two premises to be used as offices with a surface area of 855 m², situated at Building «Youssef Towers», rue du Dinar, Les Jardins du Lac, Les Berges du Lac II - Tunis, as well as 18 parking lots situated at the underground of the building.

This rent is granted for an annual rent of TND 210.810.

In this respect, the sublease agreement for administrative office usage was signed, in January 2017, with the company BIAT CAPITAL relating to a part of the above-mentioned premises of a total area of 331m² with 7 parking spaces, and this for a period beginning from 01/10/2016 and ending on 31/07/2018. At the end of this period, the sublease will be renewable from year to year starting from August 1st, 2018 by tacit consent.

This rent is granted for a monthly rent of TND 71.452 VAT excluded for a period beginning from 01/10/2016 and ending on 31/07/2017 and a rent of TND 90.029 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amount listed among BIAT incomes in 2017 amounts to TND 87.529.

73. The Bank concluded in 2007 with the company «BIAT CAPITAL», an Agreement of «Credit - employee», under which the Bank proposes to facilitate employees to holders of the company "BIAT CAPITAL" access to formulas of flexible loans, quick and advantageous according concessional.

74. In 2015 BIAT concluded with the company « BIAT CAPITAL RISQUE » an agreement of detachment of ten executives.

Besides the salaries and salary complements and benefits, BIAT invoices to « BIAT CAPITAL RISQUES » include:

- A margin of 5%,
- VAT at 18%.

The amount included in the result of 2017 amounts to TND 569.299.

75. The BIAT concluded on January 2nd 2004, with BIAT CAPITAL an agreement of collecting market orders. Article 8 of this agreement stipulates that a portion of brokerage commissions on any transaction negotiated by BIAT CAPITAL Company for BIAT or its customers is allocated as following:

Type of commission	BIAT Remuneration	BIAT CAPITAL Remuneration
Brokerage commissions on transactions realized on the markets of the rating of the stock exchange	50%	50%
Brokerage commissions on transactions realized on the counter markets	-	100%
Any commissions levied on the customer's specific to BIAT CAPITAL	-	100%
Any commissions levied on the customer's specific to BIAT	100%	-

76. During the financial year 2009, BIAT concluded an agreement with the company "OSI", by virtue of which it accepts to retrocede, to the said company, the amount of the rent and the related expenses paid by this latter for the premises used by BIAT's services. This Agreement is agreed for a period of one year renewable.

In this respect, the amount of expenses of the year 2017 amounts to TND 30,789 VAT excluded.

77. On August 30th, 2010, BIAT rented to the company "Orange Tunisie SA", the entirety of the premises situated on the ground-floor of the building situated on n° 246 avenue Habib Bourguiba in Kram, having the surface area of 154 m². This rental was agreed for a period of three years, beginning as of April 1st, 2010, and ending on March 31st, 2013, tacitly renewable.

The monthly rent was set by mutual agreement between the two parties, at the sum of TND 2.567 VAT excluded. It will be subject to an annual cumulative increase of 5% effective as of the second year of the rental.

The company "Orange Tunisie SA" paid an amount of TND 5.134 as a guarantee of the payment of the rent.

The amount listed under the result of the financial year 2017 amount to TND 42.828.

78. On December 24th, 2010, BIAT rented to the company "Orange Tunisie SA", the entirety of the premises situated on the ground-floor of the building situated on Rue Moncef Bey in Bizerte, having an approximate surface area equaling 211.5 m². This rental was agreed for duration of three years, beginning as of December 1st, 2010.

The rent was set by mutual agreement between the two parties, at the sum of TND 2.644 VAT excluded per month. It will be subject to a cumulative annual increase of 5% effective as of the second year of the rental.

The amount listed under the result of the financial year 2017 amount to TND 42.692.

79. An amendment to accounting assistance agreement of December 2011 was concluded on December 2016 between BIAT and PROMOTION TOURISTIQUE COMPANY "SALLOUM" by virtue of which:

- SPT SALLOUM is engaged to pay the invoice sent by BIAT relative to the period as from 01/01/2011 to 31/12/2015, of a flat rate of TND 6.000 tax excluded payable at one time within fifteen (15) days as from the reception of the BIAT invoice.
- The remuneration amount of services was fixed on January 1st 2016 for TND 4.200 tax excluded and this, with reference to what is applied in the market for companies with a similar volume of activities.

The remuneration is subject to an annual increase of 6%, and this starting from January 1st 2017.

The amount listed under the result of the financial year 2017 amount to TND 4.452.

80. On December 23rd, 2011, BIAT concluded with the following subsidiaries agreements of accounting, financial and administrative assistance:

- The company SICAF BIAT;
- The company SGP;
- The company TAAMIR;

In return of this mission, BIAT receives from each subsidiary the following:

- The equivalent of the salary expenses and employers contributions pertaining to the human means in charge of the accounting and administrative assistance, supported by BIAT and increased by a margin of 10%, reach thereby an annual amount of TND 19,800 VAT excluded per company. This remuneration is reviewable annually on the basis of the actual expenses incurred by the Bank.
- The equivalent of the salary and employers expenses related to the human means in charge of the management and administration increased by 10%;
- The equivalent of general fees pertaining to the provision of premises and other logistics supported by BIAT reaching thereby an annual amount set at TND 1,200 VAT excluded, per company. This amount will be subject to a cumulative increase of 6% applicable each year and this, from the second year of provision.

The amounts included under the result of the financial year 2017 amounted to TND 41.741.

81. BIAT conclude, in June 2016, with the construction company IRIS a lease agreement of two premises for office usage with floor area of 855m², located at "Youssef Towers" building, rue du Dinar, les jardins du Lac, les Berges du Lac II-Tunis, as well as 18 parking spaces located at the basement of the said building.

This rent is granted by an annual rent of TND 210.810.

In this respect, a sublease agreement was concluded with the company TUNISIE TITRISATION for the administrative office usage, on January 2017, related to a part of the above mentioned premises with a total surface of 93m2 with two parking spaces, and this for a period beginning from October 1st, 2016 and ending on July 31st, 2018. At the end of this period, the sublease will be renewable from year to year starting from August 1st, 2018 by tacit consent.

This rent is granted for a monthly rent of TND 20.178 VAT excluded for a period beginning from 01/10/2016 and ending on 31/07/2017 and a rent of TND 25.425 VAT excluded for a period beginning from 01/08/2017 and ending on 31/07/2018.

The amounts included under the result of the financial year 2017 amounted to TND 24.718.

82. On May 10th, 2006, BIAT concluded an agreement with the company «TUNISIE TITRISATION» by virtue of which both contractors constitute the common claims fund «FCC BIAT-CREDIMMO 1», a co-ownership with the sole purpose to acquire receivables relating to real estate credits approved by the grantor BIAT to individuals, in order to issue shares representatives of these loans.

The total initial cost of this issuance amounts to 50,000 KDT and the debts transferred by BIAT in the said fund represented by the company «TUNISIE TITRISATION», total an initial still-due balance of 50,019 KDT.

The total subscriptions of BIAT to this fund, by December 31st, 2017, amounts to 1.572 KDT, broken down as follows:

- 1.519 KDT of subscriptions in outstanding shares and
- 53 KDT of subscriptions in substantial shares.

Within the framework of this transaction, BIAT ensures as well as the role of the trustee of the assets of the Fund, that of the collector. In this respect, and in remuneration of the missions of the trustee entrusted to it, BIAT receives at the management company «TUNISIE TITRISATION» acting on behalf of the fund, a commission equal to 0.05% VAT excluded per year, of the still due capital of live receivables at the beginning of the period of calculation. In addition, and in its capacity of collector, BIAT collects from the said management company on behalf of the fund, a commission equal to 0.4% VAT excluded per year, of the still due capital of live receivables at the beginning of the calculation period.

Commissions collected by BIAT in this respect for the financial year ending December 31st, 2017 reached TND 13.091 tax excluded.

83. On May 18th, 2007, BIAT concluded an Agreement with the company «TUNISIE TITRISATION » by virtue of which both contractors constitute the common claims fund « FCC

BIAT-CREDIMMO 2 » a co-ownership with the sole purpose to acquire receivables relating to real estate credits approved by the grantor BIAT to individuals, in order to issue shares representatives of these loans.

The total initial cost of this issuance amounts to 50,000 KDT and the debts transferred by BIAT in the said fund represented by the company «TUNISIE TITRISATION», total an initial still-due balance of 50.003 KDT.

The total subscriptions of BIAT to this fund amount, by December 31st, 2016, to 2.146 KDT, broken down as follows:

- 1.503 KDT of subscriptions in outstanding shares ;
- 496 KDT of subscription in substantial shares ;
- 147 KDT of subscription in the shares of the P3 category.

Within the framework of this transaction, BIAT ensures as well as the role of the trustee of the assets of the Fund, that of the collector. In this respect, and in remuneration of the missions of the trustee entrusted to it, BIAT receives from the management company «TUNISIE TITRISATION» acting on behalf of the fund, a commission equal to 0.05% VAT excluded per year, of the still due capital of live receivables at the beginning of the period of calculation. In addition, and in its capacity of collector, BIAT collects from the said management company on behalf of the fund, a commission equal to 0.4% VAT excluded per year, of the still due capital of live receivables at the beginning of the calculation period.

Commissions received by BIAT in this respect for the financial year ending December 31st, 2017, amount to TND 26.259 tax excluded.

84. Within the framework of coverage of its wealth and its economic and social activity, BIAT concluded on December 27th, 1997, with the company «LA PROTECTRICE ASSURANCE», a company of studies, consulting and brokerage in insurance and reinsurance, an Agreement of assistance and consulting.

The expenses supported by BIAT, in 2017, under this Agreement, amount to TND 20,000.

85. Since 2004, BIAT concluded insurance contracts with the company « Assurances BIAT » - through the intermediate of the company "LA PROTECTRICE ASSURANCE".

The expense supported, in 2017, is detailed as follows:

Type	Amount of the expenses of Insurance (in TND)
Third-party insurance	62 000
Physical Accidents Insurance	99 543
Life insurance « Family Protection »	158 983
Insurance « Assistance à l'étranger pour les cartes bancaires visa premier » (assistance abroad for bank cards visa first)	868 665
Insurance « vol global banque » (Global Theft Bank)	319 023
Insurance against theft and loss of cards	521 808
Insurance « incendie et garanties annexes » (fire and attached guarantee)	410 074
Insurance automobile fleet	39 561
Insurance multi-risk on computers	33 023
Insurance Pack Saphir and Silver	563 580
Insurance carte BIAT travel	21 399
Insurance groups of the staff (employer's contribution)	10 209 197
Life Insurance (AFEK)(*)	1 978 580

86. BIAT ASSURANCES gives in sublease to the bank a premise denominated "Commercial 2" having a total surface of 145m² and situated on the ground floor of the building located in Berges du Lac II, built on the port of "DIAR EL ONS". This rent is granted and accepted for a fixed period from January 1st, 2010 to April 30th, 2014.

Starting from May 2014, an addendum was signed to extend the duration of the rent from May 1st, 2014 to April 30th, 2019. An annual cumulative increase of the rent will be applicable from May 1st, 2014, with a annual rate of 5% on the basis of the rent of the previous year.

The amount listed under BIAT charges of 2017 amounts to TND 32.249.

87. An agreement was executed, in January 2016, between BIAT and Sfax Tourism Promotion Company by virtue of which the BIAT puts at the disposal of the company Sfax Tourism Promotion Company two Executive Manager for a punctual intervention on the site IBIS Sfax. This convention was executed for a period of two years starting on January 1st, 2016 and ending on December 31st, 2017..

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included

The amount of the invoice will be increased by applicable dues and taxes at the date of the invoice.

The income recorded in 2017 amounts to TND 4.881.

88. In 2015 BIAT concluded with the company SPT Sfax an accounting and administrative assistance agreement.

This agreement is concluded for one year, renewable by tacit consent.

In return to this mission, BIAT receives an annual remuneration of TND 4.000 tax excluded.

89. BIAT rented to SPT Sfax an office of administrative usage, of a surface area of 25m², located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning on 1st of January 2015 and ending on 31st of December 2016, for an annual rent of TND 7.525 VAT excluded.

The income recorded in 2017 amounts to TND 8.296.

90. An agreement was executed in September 2016 between the BIAT and the company SPT Mohamed V, by virtue of which the BIAT puts at the disposal of the company SPT Mohamed V two Executive Manager for a punctual intervention on NOVOTEL Hotel. This convention was executed for a period of four years stating on 1 January 2016 and finishing on 31 December 2019.

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included

The amount of the invoice will be increased by applicable dues and taxes at the date of the invoice.

91. BIAT rented to the company SPT Mohamed V an office of administrative usage, of a surface area of 43m², located on its head office in Avenue Habib Bourguiba-Tunis.

This rental was agreed for a period of two consecutive years, beginning on July 1st 2016 and ending on December 31st 2018, renewable from year to year by tacit consent, for an annual rent of TND 13.019 VAT excluded, payable quarterly and in advance.

The rent is subject to an annual cumulative increase by 5% applied from July 1st 2017.

The income recorded in 2017 amounts to TND 13.344.

Note XI – Subsequent events to the balance sheet date

BIAT received on January 25, 2018, a comprehensive tax audit notice on the different charges, duties and taxes for the period from 2014 to 2016.

CONSOLIDATED FINANCIAL
STATEMENTS FOR THE YEAR 2017



« BIAT » GROUP
STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL
STATEMENTS - FOR THE FINANCIAL
YEAR ENDING 31 DECEMBER 2017

To the Shareholders of Banque Internationale Arabe de Tunisie "BIAT"

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Banque Internationale Arabe de Tunisie «BIAT» Group, which comprises the consolidated balance sheet as at December 31, 2017, as well as the consolidated off balance-sheet commitments, the consolidated income and cash flows' statements and a summary of significant accounting policies and other notes. These consolidated financial statements show positive shareholders' equity of **1.040.997 KTND** , including the consolidated profit for the financial year amounting to **209.045 KTND**.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Banque Internationale Arabe de Tunisie « BIAT » as at December 31, 2017 and the results of its operations and its cash flows for the financial year then ended in accordance with Generally Accepted Accounting System in Tunisia.

Basis for opinion

We conducted our audit in accordance with professional standards applicable in Tunisia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group «BIAT» in accordance with the rules of professional ethics that apply to the audit of financial statements in Tunisia and we have fulfilled our other ethical responsibilities in accordance with these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Valuation of customer's commitments

Key audit matter	Audit procedures performed
<p>The Bank is exposed to counterparty risk both on its portfolio of direct commitments and on off balance sheet commitments to customers. This inherent risk in the banking business constitutes a major area of attention because of the significant judgment required for its estimation and the significant amount of customers loans and commitments in the Bank's balance sheet (66%) totaling 9.354.473 KTND as at 31 December 2017 and their net cost of risk which impacts the result of the year for an amount of 121.091 KTND in individual provisions and 12.594 KTND in collective provisions.</p> <p>The accounting rules and methods relating to the valuation and the recognition of bad debts and their depreciation, as well as additional information on these items in the annual financial statements, are disclosed in the notes to the financial statements, respectively Note II-7 «Valuation of the receivables rules », Note IV-3 «Customer loans » and Note VIII-3 « Allocation to provisions and the result of valued adjustment of receivables, off-balance sheet and liabilities».</p> <p>The valuation of the commitments and the valuation of the provisions involve significant judgment and due to the importance of customers' commitments, we consider that this caption constitutes a key audit matter</p>	<p>We have obtained an understanding of the procedures designated by your Bank, and have assessed the effective implementation of key controls, as well as their ability to prevent and / or detect material misstatements, with a focus on:</p> <ul style="list-style-type: none">• the supervisory mechanism put in place within the process of valuation of customer commitments ;• the reliability of the information provided by the bank concerning customers whose outstanding amounts show impairment's indicators ;• the procedures and controls implemented by the Bank to manage counterparty risk, identify clients to be classified and provisioned for, and to determine the minimum level of provision required by banking regulations. <p>In our detailed audit procedures, we adopted a risk-based approach to sampling.</p> <p>We have assessed the repayment capacity of debtors and assessed the classification, considering delays of payments of the debtors, their financial performance, future business prospects, collateral valuation reports and other available information.</p>

Valuation of Investment portfolio

Key audit matter	Audit procedures performed
<p>The Group performs a valuation of its investment securities' portfolio at each closing date. This assessment constitutes a major area of attention because of the significant judgment required for its estimation and the significant amount of the «Investment Portfolio» caption in the group's balance sheet (12%), which totals as at December 31, 2017, 1.646.428 KTND (of which a gross outstanding amount of Government Bonds for 940.278 KTND was reclassified from the Commercial Securities Portfolio), as well as the weight of related income which amounting during the year to 88.686 KTND.</p> <p>The accounting rules and methods relating to the valuation and accounting of investment securities, as well as additional information on this caption in the annual financial statements are disclosed in the notes to the financial statements, respectively under Note IV-5 «Investment portfolio» and Note VIII-1-4 «Investments portfolio revenues».</p> <p>Due to the significant judgment involved in the valuation of the investment portfolio considering the specificities of the methods used and given the importance of the «Investment portfolio», we consider that this caption is a key audit matter.</p>	<p>Our audit procedures of the investment portfolio included:</p> <ul style="list-style-type: none"> • Verifying internal control procedures implemented by the bank in this respect, particularly with regard to the monitoring and valuation of these assets and testing the operating effectiveness of the controls. • Ensuring compliance with the rules provided by accounting standard NCT 25 on securities' portfolio in banking institutions with regard to the classification of securities specially for applied transfer from one item to another, such as transfer of outstanding BTA securities from the trading securities' portfolio to the investment securities' portfolio. • Reconciling the accounting situation to the position of the investment portfolio by type of security and examine the movements during the financial year of each caption. • Assessing the methodology adopted by the bank to ensure completeness of income from investment securities, its valuation and its imputation to the correct financial year, in particular by examining the bases and modalities of their determination according to available information. • Assessing the appropriateness of the valuation method used for each security category and that it is appropriate with the nature, characteristics and circumstances of the investment made. • Assessing the reasonableness of the valuation of each category of investment securities and check the procedures for determining and recognizing the required provisions. • Verifying the accuracy of the investment securities' portfolio data provided in the notes to the financial statements.

Recognition of Interests and other similar revenues

Key audit matter	Audit procedures performed
<p>As indicated in the note VII-1-1 to the annual financial statements, interests and other similar revenues from credit transactions amounting to 626.474 KTND as at December 31, 2017 represent the largest operating revenue item of the bank (58%).</p> <p>Because of their composition, their amounts, and the specificities of the rules of their accounting as described in note II-1 " principles for recognition of revenues", as well as the large volume of transactions and the complexity of the rules for calculation of suspended revenues, even slight changes in interest rates and durations could have a significant impact on the net banking income and, consequently, on the profit for the year and the equity of the Bank.</p> <p>For this reason, we consider this section to be a key audit matter.</p>	<p>Our audit procedures of interests and other similar revenues included:</p> <ul style="list-style-type: none"> • Assessment of the information system, policies, processes and controls implemented to recognize revenue from credit operations. • Verify the effective application of the automated or manual controls in place. • Perform substantive analytical procedures on the changes in outstanding credit volumes, interests and similar revenue. • Verify compliance with accounting standard NCT 24 «Commitments and related revenues in banking institutions» in terms of revenue recognition and separation of accounting periods. • Perform detailed tests using sampling technique, to assess the consideration of revenue in the appropriate accounting period. • Perform detailed tests to control the accuracy of the suspended revenues based on a representative sample. • Assess the appropriateness of the information provided in the notes to the financial statements.

Emphasis of matter paragraph

As disclosed in note XI «Subsequent events», BIAT received on January 25, 2018 a notification for a coming in depth tax control relating to different fiscal charges, duties and taxes for the period from 2014 to 2016.

As of the date of this report, the tax authorities have not notified the results of this control. The final risk that may, if applicable, be associated with this situation depends on the definitive outcome of the control.

Our opinion is not qualified in respect of this matter.

Management Report

The management report is the responsibility of the Board of Directors.

Our opinion on the consolidated financial statements does not cover the management report and we do not express any form of assurance on this report.

In accordance with article 266 of the Commercial Companies' Code, our responsibility is to verify the accuracy of the information given on the accounts of the group in the management report by reference to the data in the consolidated financial statements. Our responsibility is to read the management report and, in doing so, consider whether the management report is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the management report, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of these financial statements, in accordance with the corporate accounting system and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of group are responsible for overseeing the group's financial reporting process.

Auditor's responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international auditing Standards in Tunisia 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 consolidated financial statements.

As part of an audit in accordance with international Auditing Standards in Tunisia, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We 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 that is sufficient and appropriate to provide a basis for our 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 and related disclosures made by the directors, as well as related information provided by them;
- Conclude on the appropriateness of the directors' 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 bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate to those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

14.1 Statutory Auditors' Report on the Consolidated Financial Statements as at December 31, 2017

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Tunis: April 2, 2018

Statutory auditors

F.M.B.Z KPMG TUNISIE

Kalthoum BOUGUERRA

FINOR

Walid BEN SALAH

14.2 Consolidated financial statements for the year 2017

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2017

CONSOLIDATED BALANCE SHEET

As of December 31st, 2017

(In Thousands of Dinars)

	Note	31/12/2017	31/12/2016	Variation	In %
Assets					
Cash and assets with BCT, CCP, TGT	IV-1	667 123	511 625	155 498	30,39%
Banking and financial institutions loans	IV-2	853 061	858 593	(5 532)	-0,64%
Customer loans	IV-3	9 354 473	7 653 102	1 701 371	22,23%
Commercial Securities Portfolio	IV-4	731 853	1 975 861	(1 244 008)	-62,96%
Investment Portfolio	IV-5	1 646 428	198 812	1 447 616	728,13%
Equity Affiliates	IV-6	4 138	4 303	(165)	-3,83%
Fixed values	IV-7	326 613	292 535	34 078	11,65%
Net differential acquisition (Goodwill)	IV-8	9 720	10 387	(667)	-6,42%
Other Assets	IV-9	585 757	450 470	135 287	30,03%
Total assets		14 179 166	11 955 688	2 223 478	18,60%
LIABILITIES					
Central Bank of Tunisia and Post Office	V-1	25 354	779	24 575	3154,69%
Deposits and holding with banking and financial institutions	V-2	1 260 259	839 384	420 875	50,14%
Customers deposits and assets	V-3	10 334 806	8 857 874	1 476 932	16,67%
Borrowings and special resources	V-4	213 589	169 969	43 620	25,66%
Other liabilities	V-5	698 592	614 740	83 852	13,64%
Total liabilities		12 532 600	10 482 746	2 049 854	19,55%
Minority Interests					
Minority share in consolidated reserves	VI	583 147	547 547	35 600	6,50%
Minority share in consolidated income	VI	22 422	21 180	1 242	5,86%
Total minority interests		605 569	568 727	36 842	6,48%
SHAREHOLDERS' EQUITY					
Share capital		170 000	170 000	-	0,00%
Consolidated reserves		661 949	541 510	120 440	22,24%
Other shareholders' equity		3	3	-	0,00%
Consolidated income of the financial year		209 045	192 702	16 343	8,48%
Total shareholders' equity	VII	1 040 997	904 215	136 782	15,13%
Total liabilities and shareholders' equity		14 179 166	11 955 688	2 223 478	18,60%

STATEMENT OF OFF-BALANCE COMMITMENTS

As of December 31st, 2017

(In Thousands of Dinars)

	31/12/2017	31/12/2016	Variation	In %
CONTINGENT LIABILITIES				
Guarantees and endorsements given	1 745 087	1 526 916	218 172	14,29%
a- To banks and financial institutions	660 644	572 473	88 171	15,40%
b- To costumers	1 084 443	954 442	130 001	13,62%
Letters of Credits	750 947	735 209	15 738	2,14%
a- To costumers	689 404	685 965	3 439	0,50%
b- Others	61 543	49 244	12 299	24,98%
Total contingent liabilities	2 496 034	2 262 125	233 910	10,34%
COMMITMENTS GIVEN				
Financing commitments given	287 124	69 721	217 403	311,82%
To costumer	287 124	69 721	217 403	311,82%
Commitments on securities	4 288	2 047	2 241	109,48%
a- Non paid up participations	4 253	2 046	2 207	107,87%
b- Securities to be received	35	1	34	3400,00%
Total commitments given	291 412	71 768	219 644	306,05%
COMMITMENTS RECEIVED				
Guarantees received	4 036 740	2 578 079	1 458 661	56,58%
Total commitments received	4 036 740	2 578 079	1 458 661	56,58%

CONSOLIDATED STATEMENT OF INCOME

Period from 1er January 1st to December 31st, 2017

(In Thousands of Dinars)

	Note	Financial Year 2017	Financial Year 2016	Variation	In %
Banking Operating Income					
Interests and other similar revenues	VIII-1-1	626 474	512 653	113 821	22,20%
Commissions (in incomes)	VIII-1-2	255 490	222 908	32 582	14,62%
Gains on commercial securities portfolio and financial operations	VIII-1-3	113 663	158 059	(44 396)	-28,09%
Investments portfolio revenues	VIII-1-4	88 686	16 506	72 180	437,30%
Total banking operating income		1 084 313	910 126	174 187	19,14%
Banking Operating Expenses					
Interests incurred and related expenses	VIII-2-1	(258 378)	(213 491)	(44 887)	21,03%
Claims paid on insurance operations	VIII-2-2	(34 881)	(32 153)	(2 728)	8,48%
Incurred commissions	VIII-2-3	(2 549)	(2 428)	(121)	4,98%
Losses on commercial securities portfolio and financial transactions		(87)	(143)	56	-39,16%
Total banking operating expenses		(295 895)	(248 215)	(47 680)	19,21%
Net banking income		788 418	661 911	126 507	19,11%
Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities	VIII-3	(128 601)	(54 765)	(73 836)	134,82%
Net provision charge and value adjustments on investment portfolio	VIII-4	(2 540)	(3 085)	545	-17,67%
Other operating income	VIII-5	36 008	29 939	6 069	20,27%
Personnel expenses	VIII-6	(227 613)	(207 548)	(20 065)	9,67%
General operating expenses	VIII-7	(102 984)	(91 130)	(11 854)	13,01%
Depreciation allowance fixed assets	VIII-8	(39 575)	(35 486)	(4 089)	11,52%
Operating Income		323 113	299 836	23 277	7,76%
Share in earnings of companies accounted for under the equity method		(125)	(101)	(24)	23,76%
Balance in gain/loss from other ordinary items	VIII-9	594	(6 113)	6 707	-109,72%
Income tax	VIII-10	(81 164)	(61 086)	(20 078)	32,87%
Income from ordinary activities		242 418	232 536	9 882	4,25%
Share of profit attributable to minority interests		(22 422)	(21 180)	(1 242)	5,86%
Income from ordinary activities of the group		219 996	211 356	8 640	4,09%
Net gain/loss from other extraordinary items		(10 951)	(18 654)	7 703	-41,29%
Consolidated Net income of the year		209 045	192 702	16 343	8,48%
Effect of accounting changes net of deferred tax		-	-	-	-
Consolidated Net income for the year after accounting changes		209 045	192 702	16 343	8,48%

ETAT DE FLUX DE TRESORERIE CONSOLIDE

Période du 1er Janvier au 31 décembre 2017

(En Milliers de dinars)

	Financial Year 2017	Financial Year 2016
OPERATING ACTIVITIES		
Banking operating revenues collected (excluding investment portfolio revenues)	1 027 182	919 204
Banking operating charges disbursed	(330 770)	(269 165)
Deposits/ deposits withdrawal with other banks and financial institutions	163 524	(151 950)
Loans and advances/ repayment of loans and advances granted to customer	(1 795 452)	(1 148 651)
Deposits/ customer deposits withdrawal	1 477 033	871 587
Investment securities/ transaction securities	(22 157)	(15 686)
Payments made to personnel and other creditors	(379 857)	(324 431)
Other cash flow from operating activities	(159 093)	41 359
Corporate income tax	(63 850)	(53 734)
Net cash flow from operating activities	(83 440)	(131 467)
INVESTMENT ACTIVITIES		
Interests and collected dividends on investment portfolio	44 159	15 559
Purchase/ disposal on investment portfolio	(476 023)	(60 771)
Purchase / disposal on fixed assets	(68 666)	(58 698)
Net Cash flow from investment activities	(500 530)	(103 910)
FINANCING ACTIVITIES		
Issue/ repayment of loans	36 952	52 192
Increase / decrease of special resources	(2 611)	2 562
Paid dividends and other distributions	(82 420)	(84 857)
Other financing flow	35 255	54 888
Net cash flow from financing activities	(12 824)	24 785
Effect of reclassification of BTA portfolio on cash and cash equivalent	940 278	
Net change in cash and cash equivalent during the financial year	(1 537 072)	(210 592)
Cash and cash equivalent at the beginning of the financial year	1 950 343	2 160 935
Cash and cash equivalent at the end of the financial year	413 271	1 950 343

Note I – General Principles

The consolidated financial statements of BIAT Group have been prepared in accordance with the rules and accounting principles enacted by law No. 96-112 dated 30 December 1996 related to the accounting system of enterprises and the Tunisian accounting standards related in particular to operations specific to banking institutions, to the consolidation of financial statements and business combination (NCT 35, 36, 37, 38 and 39).

The financial statements are established in accordance with the model defined in the Tunisian accounting standards No. 21 related to the presentation of financial statements of banking institutions.

Note II – Accounting principles applied to the consolidated financial statements

The consolidated financial statements as at 31-12-2017 by applying the provisions and rules provided in particular by law No. 2001-117 of 06/12/2001 supplementing the Commercial Companies Code and by the accounting standards related to the consolidation of financial statements and business combination. Among these rules, we describe below those related to the consolidation perimeter, consolidations methods, restatements and eliminations, tax treatment and goodwill.

II-1. Consolidation Perimeter

The consolidation perimeter is made of all companies on which BIAT exercises exclusive control; whether directly or indirectly by its consolidated companies and by the companies over which it exercises a significant influence.

II-2. Adopted consolidation**II-2.1 Global Integration Method**

Companies controlled exclusively by the bank (with a controlling percentage of more than 40%) and the companies whose activity is an extension of banking activities or related activities are consolidated using the full consolidation method.

This method consists of replacing the amount of equity securities of assets items, liabilities, expenses and incomes of each consolidated companies, by indicating the share of minority interests in the consolidated shareholders' equity and in the consolidated income of the financial year.

II-2.2 Equity method

Companies on which BIAT exercises a significant influence are consolidated using the equity method. The significant influence is assumed when the entity it consolidates holds at least 20% of the voting rights while having the power to participate in the financial and operational policy decisions of the investee and, however, without exercising these policies.

This method consists of replacing an amount of equity securities for the Bank Group's share of equity, including the income for the financial year of companies accounted for using equity method.

II-3. Restatement and eliminations

The necessary restatement for the companies' harmonization of both the accounting and valuation methods and carried out.

Receivables, liabilities and reciprocal commitments, charges and revenues are eliminated.

The effect on the consolidated balance sheet, the off-balance sheet and statement of income of intra-group transactions is eliminated.

Intra-group dividends, provisions on the consolidated securities and gains or losses arising from the assets sales between the group companies are offset.

II-4. Closing date

The consolidated financial statements are established from the individual annual accounts which are ended on December 31st 2017 for all of the group companies.

II-5. Tax treatment

The tax expense on the consolidated companies includes the payable tax by the various companies, adjusted for the deferred taxes effect arising from the temporary differences caused by the differences between the accounting recognition date and the taxation date.

II-6. Share differences acquisition

The positive differences recorded in the consolidated shares acquisition between their cost price and the net equity share are recorded in the balance sheet under Goodwill. These differences are not allocated to the balance sheet items and are amortized based on the investment outlook return at the time of acquisition. The amortization period used is twenty years.

The negative Goodwill is recognized in the income of the financial year.

II-7. Evaluation of the receivables rules

According to the provisions of the sector Accounting Standards for the Banking Institutions, and the Circular No. 91-24 of 17-12-1991 of the Central Bank of Tunisia, an evaluation of all the bank's receivables was carried out based on the situation as at December 31, 2017 and taking into account the subsequent events at this date.

This evaluation was accompanied by an assessment of all guarantees of all deductible guarantees within the meaning of circular No.91-24 of the Central Bank of Tunisia related to prudential rules.

These two transactions led the Bank to determine the amount of required provisions, an amount of provisions for the year 2017 and an amount of reserved income.

II-8. Reclassification of BTA portfolio

A reclassification of certain lines of BTA was carried in 2017 from the item "transaction securities" to the item "investment securities" for an amount of TND 940.278 thousand, of which an amount of TND 3.285 thousand representing amortization of the discount.

Note III – Companies included in the consolidation perimeter

By December 31st, 2017, the consolidation perimeter of BIAT group is detailed as follows:

	31/12/2017		31/12/2016	
	Control Rate (in %)	Interest Rate (in %)	Control Rate (in %)	Interest Rate (in %)
Banque Internationale Arabe de Tunisie	100,00	100,00	100,00	100,00
BIAT Capital	99,94	99,94	99,94	99,94
BIAT Assets Management	99,40	99,40	99,40	99,40
BIAT Capital risque	98,08	98,08	98,08	98,08
Compagnie Internationale Arabe de Recouvrement	100,00	100,00	100,00	100,00
SICAF BIAT	100,00	100,00	100,00	100,00
Société de Promotion Immobilière Arabe de Tunisie	100,00	100,00	100,00	100,00
Société de Promotion Touristique	46,99	46,99	43,51	43,51
Organisation et Service Informatique	100,00	100,00	100,00	100,00
Société la PROTECTRICE	99,99	99,99	99,99	99,99
Assurances BIAT	94,48	94,47	94,48	94,47
Société FAIZA	42,31	42,31	42,31	42,31
SICAV Opportunity	75,22	75,22	63,76	63,76
SICAV Trésor	4,14	0,95	4,76	3,00
SICAV Prosperity	8,54	8,54	17,32	17,32
Société Générale de Placement	100,00	100,00	100,00	100,00
Société TAAMIR	100,00	100,00	100,00	100,00
Société Golf Sousse Monastir	62,18	57,15	62,18	57,15
Société Palm Links Immobilière	50,00	50,00	50,00	50,00
Société Tanit International	67,30	67,30	67,30	67,30
Société Tunisie Titrisation	96,22	95,88	96,22	95,88
Société de pôle de compétitivité de Monastir	52,49	52,49	52,49	52,49
SICAV PATRIMOINE Obligataire	4,58	4,26	3,29	3,22
Fonds commun de créances 1	93,10	92,77	59,96	59,38
Société tunisienne de promotion des pôles immobiliers et industriels	25,00	25,00	25,00	25,00
Fonds Commun de placement Epargne Actions	0,87	0,86	1,86	1,84
Fonds commun de créances 2	67,37	66,49	61,25	60,21
Société Touristique Sahara Palace	100,00	67,30	100,00	67,30
Société de Promotion Touristique Mohamed V	76,16	65,75	76,16	65,75
Institut Tunis Dauphine	30,07	30,07	30,07	30,07
BIAT Consulting	100,00	99,93	100,00	99,93
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	82,76	82,75	82,76	82,75
BIAT France	100,00	100,00	100,00	100,00
FCP Equity Performance	68,18	67,00	68,18	67,00
Société de Promotion Touristique Hammamet	30,00	30,00	30,00	30,00
Hammamet Leisure Company	40,00	40,00	-	-

III-2. Consolidation Method

By December 31st, 2017, the consolidation perimeter of BIAT group is detailed as follows:

	31/12/2017	31/12/2016
Banque Internationale Arabe de Tunisie	Global Integration	Global Integration
BIAT Capital	Global Integration	Global Integration
BIAT Assets Management	Global Integration	Global Integration
BIAT Capital risque	Global Integration	Global Integration
Compagnie Internationale Arabe de Recouvrement	Global Integration	Global Integration
SICAF BIAT	Global Integration	Global Integration
Société de Promotion Immobilière Arabe de Tunisie	Global Integration	Global Integration
Société de Promotion Touristique	Global Integration	Global Integration
Organisation et Service Informatique	Global Integration	Global Integration
Société la PROTECTRICE	Global Integration	Global Integration
Assurances BIAT	Global Integration	Global Integration
Société FAIZA	Global Integration	Global Integration
SICAV Opportunity	Global Integration	Global Integration
SICAV Trésor	Global Integration	Global Integration
SICAV Prosperity	Global Integration	Global Integration
Société Générale de Placement	Global Integration	Global Integration
Société TAAMIR	Global Integration	Global Integration
Société Golf Sousse Monastir	Global Integration	Global Integration
Société Palm Links Immobilière	Global Integration	Global Integration
Société Tanit International	Global Integration	Global Integration
Société Tunisie Titrisation	Global Integration	Global Integration
Société de pôle de compétitivité de Monastir	Global Integration	Global Integration
SICAV PATRIMOINE Obligataire	Global Integration	Global Integration
Fonds commun de créances 1	Global Integration	Global Integration
Société tunisienne de promotion des pôles immobiliers et industriels	Equity Method	Equity Method
Fonds Commun de placement Epargne Actions	Global Integration	Global Integration
Fonds commun de créances 2	Global Integration	Global Integration
Société Touristique Sahara Palace	Global Integration	Global Integration
Société de Promotion Touristique Mohamed V	Global Integration	Global Integration
Institut Tunis Dauphine	Equity Method	Equity Method
BIAT Consulting	Global Integration	Global Integration
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	Global Integration	Global Integration
BIAT France	Global Integration	Global Integration
FCP Equity Performance	Global Integration	Global Integration
Société de Promotion Touristique Hammamet	Equity Method	Equity Method
Hammamet Leisure Company	Global Integration	Outside the Perimeter

Note IV – Balance Sheet Assets*(Figures are expressed in Thousands of Tunisian Dinars)***IV-1. Cash and Balances with Central Bank (CBT), Post Office Accounts (POA) and General Treasury of Tunisia (GTT)**

The volume of this post registered an increase between December 2016 and December 2017 for TND 155 498 thousand or 30.39% passing from a period to another from TND 511 625 thousand to TND 667 123 thousand. This item is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Cash	111 985	84 026	27 959	33,27%
Holdings in CBT	555 049	427 510	127 539	29,83%
Holdings in POA	89	89	-	0,00%
Total cash and balances with CBT, POA and GTT	667 123	511 625	155 498	30,39%

IV-2. Receivables from Banks and Financial Institutions

The volume of this post recorded a decrease between December 2016 and December 2017 of TND 5 532 thousand or 0.64% passing from a period to another from TND 858 593 thousand to 853 061 thousand. This volume is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Receivables from banking institutions (a)	610 307	649 880	(39 573)	-6,09%
Receivables from financial institutions (b)	242 754	208 713	34 041	16,31%
Total receivables from banking and financial institutions	853 061	858 593	(5 532)	-0,64%

a) The decrease in the volume of our receivables from banks of TND 39 573 thousand or 6.09% which passed from TND 649 880 thousand in 31/12/2016 to TND 610 307 thousand in 31/12/2017 relates the following positions:

	31/12/2017	31/12/2016	Variation	In %
Loan accounts with Central Bank of Tunisia CBT	218 821	55 451	163 370	294,62%
Loan accounts of interbank market	305 284	495 582	(190 298)	-38,40%
Accrued interests on loans	1 278	1 132	146	12,90%
Correspondents' accounts NOSTRI	63 590	83 630	(20 040)	-23,96%
Correspondents' accounts LORI	482	145	337	232,41%
Accrued interests on correspondents' accounts	4	-	4	-
Non-allocated values	20 848	13 940	6 908	49,56%
Total	610 307	649 880	(39 573)	-6,09%

b) The increase in our total receivables from financial institutions up to TND 34 041 thousand or 16.31% which shifted from TND 208 713 thousand on December 2016 to TND 242 754 thousand on December 2017 is mainly attributable to the increase of our loans to the Leasing companies. this section is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Loans granted to leasing companies	210 235	157 006	53 229	33,90%
Loans granted to other financial institutions	29 673	49 747	(20 074)	-40,35%
Related receivables and debts	2 846	1 960	886	45,20%
Total	242 754	208 713	34 041	16,31%

IV-3. Customer Loans

Customers receivables consists of current and classified accounts receivables, other current and classified loans, current and classified loans on special resources.

Gross doubtful loans (classified) as well as required provisions covering classified assets are determined in compliance with the provided provisions as well as the circular No 91-24 dated 17 December 1991 of the Central Bank of Tunisia related to prudential rules and banking accounting standards applicable to banking institutions.

The net total of customer receivables passed from TND 7 653 102 thousand on December 2016 to TND 9 354 473 thousand on December 2017 recording thereon an increase of TND 1701 371 thousand or 22.23%. it is broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Customer accounts receivable	941 133	743 117	198 016	26,65%
Other customer loans	8 876 200	7 339 022	1 537 178	20,95%
Loans on special resources	65 770	64 373	1 397	2,17%
Total	9 883 103	8 146 512	1 736 591	21,32%
Provisions and overdraft charges reserved on customer loans	(460 793)	(438 167)	(22 626)	5,16%
Collective provisions	(67 837)	(55 243)	(12 594)	22,80%
Total Customer loans	9 354 473	7 653 102	1 701 371	22,23%

IV-4. Commercial securities Portfolio

The volume of this post shifted from December 2016 to December 2017 from TND 1 975 861 thousand to 731 853 thousand, recording thereby a decrease of TND 1 244 008 thousand or 62.96%.

	31/12/2017	31/12/2016	Variation	In %
Trading securities	507 653	1 793 651	(1 285 998)	-71,70%
Investment securities	224 200	182 210	41 990	23,04%
Total commercial securities portfolio	731 853	1 975 861	(1 244 008)	-62,96%

This change stems from a decrease in the trading securities volume of TND 1 285 998 thousand or 71.7% (mainly due to the portfolio reclassification of BTA securities from "trading securities" to "investment portfolio" and this, for a total value of TND 940.278 thousand) accompanied by an increase of the total investment securities amounting to TND 41 990 thousand or 23.04%.

IV-5. Investment portfolio

The total of this post shifted from TND 198 812 thousand in December 2016 to TND 1 646 428 thousand in December 2017, an increase of TND 1 447 616 thousand or 728.13%.

	31/12/2017	31/12/2016	Variation	In %
Gross outstanding of investment securities *	1 622 162	217 802	1 404 360	644,79%
Receivables related to investment securities	49 194	4 181	45 013	1076,61%
Provisions and overdraft charges reserved for the investment portfolio's depreciation	(24 928)	(23 171)	(1 757)	7,58%
Total investment portfolio	1 646 428	198 812	1 447 616	728,13%

* this decrease stems mainly from the reclassification of BTA portfolio (see note II-8)

IV-6. Equity affiliates

The total of this post shifted from TND 4 303 thousand in December 2016 to TND 4 138 thousand in December 2017, a decrease of TND 165 thousand or 3.83%.

	31/12/2017	31/12/2016	Variation	In %
Institut Tunis Dauphine	156	181	(25)	-13,81%
Société de Promotion Touristique Hammamet	3 060	3 060	-	0,00%
Société tunisienne de promotion des pôles immobiliers et industriels	922	1 062	(140)	-13,18%
Total equity method securities	4 138	4 303	(165)	-3,83%

IV-7. Fixed assets

The fixed assets are accounted for their purchase value taxes-free increased by the non-recoverable VAT except for transport equipment, which is stated in the balance sheet at their purchase cost inclusive of tax.

The fixed values depreciation are exercised using straight-line depreciation method and calculated according to the depreciation rates recognized by the fiscal Regulation in force, except for the business assets.

The depreciation allowances are determined and recorded on the basis of the fixed assets accounting value and in function to the purchase date of each fixed assets item.

The net fixed assets of their depreciation recorded an increase of TND 34 078 thousand or 11.65% passing from TND 292 535 thousand in 31/12/2016 to TND 326 613 thousand in 31/12/2017.

These fixed assets are detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Intangible assets	70 632	67 630	3 002	4,44%
Depreciation of intangible assets	(57 684)	(49 377)	(8 307)	16,82%
Tangible assets	503 343	453 585	49 758	10,97%
Depreciation of tangible assets	(219 476)	(201 971)	(17 505)	8,67%
Current assets and advances	29 798	22 668	7 130	31,45%
Total fixed assets	326 613	292 535	34 078	11,65%

IV-8. Goodwill

The total of this post shifted from TND 10 387 thousand in December 2016 to TND 9 720 thousand in December 2017, a decrease of TND 667 thousand.

	Gross value 31/12/2017	Accumu Depre- ciation 31/12/2017	Net Carrying Amount 31/12/2017	Gross Value 31/12/2016	Accumu Depre- ciation 31/12/2016	Net Carrying Amount 31/12/2016
Securities held by BIAT	20 351	(10 755)	9 596	20 351	(10 108)	10 243
SALLOUM	171	(112)	59	171	(103)	68
GSM	881	(881)	-	881	(881)	-
BCAP	16	(13)	3	16	(12)	4
ASSBIAT	10 802	(2 739)	8 063	10 801	(2 199)	8 602
BCR	95	(62)	33	95	(57)	38
SICAF	44	(26)	18	44	(24)	20
STI	6 540	(6 540)	-	6 540	(6 540)	-
STPI	12	(7)	5	12	(6)	6
SOPIAT	49	(27)	22	49	(25)	24
PROTECT	1 741	(348)	1 393	1 741	(261)	1 480
Securities held by SGP	1 015	(976)	39	1 015	(972)	43
OSI	78	(39)	39	78	(35)	43
GSM	937	(937)	-	937	(937)	-
Securities held by BCR	18	(18)	-	18	(17)	1
SICAF	18	(18)	-	18	(17)	1
Securities held by SICAF	308	(223)	85	308	(208)	100
TAAMIR	131	(98)	33	131	(92)	39
PROTECT	122	(85)	37	122	(79)	43
SGP	34	(26)	8	34	(24)	10
SOPIAT	21	(14)	7	21	(13)	8
Total	21 692	(11 972)	9 720	21 692	(11 305)	10 387

IV-9. Other Assets

The total of this post shifted from TND 450 470 thousand in December 2016 to TND 585 757 thousand in December 2017, recording an increase of TND 135 287 thousand or 30.03%.

Thus, the total of the consolidated balance sheet recorded between December 2016 and December 2017, an increase of TND 2 223 478 thousand or 18.6% passing from TND 11 955 688 thousand to TND 14 179 166 thousand.

NOTE V – Liabilities Balance Sheet

(figures are expressed in thousands of Tunisian Dinars)

V-1. Central Bank and Post Office

The volume of this post changed from one period to another from TND 779 thousand to TND 25 354 thousand, an increase of TND 24 575 thousand or 3154.69%.

This change is mainly due to an increase of CBT checks awaiting for payment in the amount of TND 24 018 thousand or 3223.89% and an increase of the credit balance of our foreign currencies accounts held by CBT of TND 557 in December 2017.

	31/12/2017	31/12/2016	Variation	In %
Check CBT awaiting payment	24 763	745	24 018	3223,89%
CBT foreign currencies accounts	591	34	557	1638,24%
Total Banque Centrale et CCP	25 354	779	24 575	3154,69%

V-2. Deposits and holdings of the banking and financial institutions

The volume of this post shifted from one period to another from TND 839 384 thousand to TND 1 260 259 thousand, an increase of TND 420 875 thousand or 50.14%.

	31/12/2017	31/12/2016	Variation	In %
Deposits and holdings of banking institutions	1 255 198	834 368	420 830	50,44%
Deposits of financial institutions	5 061	5 016	45	0,90%
Total deposits of banking and financial institutions	1 260 259	839 384	420 875	50,14%

This change is explained by:

* An increase in deposits and holdings of banking institutions from TND 420 830 thousand or 50.44% which shifted from TND 834 368 thousand in December 2016 to TND 1 255 198 thousand in December 2017.

	31/12/2017	31/12/2016	Variation	In %
Loan in dinars with the CBT	1 194 000	643 000	551 000	85,69%
Loan in dinars with banks	4 841	23 167	(18 326)	-79,10%
Deposits of correspondents bankers	52 905	50 373	2 532	5,03%
Other amounts due	2 588	117 429	(114 841)	-97,80%
Related debts	864	399	465	116,54%
Deposits and holdings of banking institutions	1 255 198	834 368	420 830	50,44%

* An increase in deposits of the financial institutions from TND 45 thousand or 0.9% which shifted from TND 5 016 thousand in December 2016 to TND 5 061 thousand in December 2017. This change stems mainly from deposits of leasing companies.

V-3. Customer Deposits and holdings

Customer deposits recorded an increase of TND 1 476 932 thousand or 16.67%, passing from TND 8 857 874 thousand in December 2016 to TND 10 334 806 thousand in December 2017. This increase stems from the following posts:

	31/12/2017	31/12/2016	Variation	In %
Demand deposits	5 329 860	4 467 519	862 341	19,30%
Savings deposits	2 434 227	2 179 243	254 984	11,70%
Term accounts	1 436 714	1 296 235	140 479	10,84%
Term vouchers	263 366	278 539	(15 173)	-5,45%
Certificates of deposits money market	317 500	263 500	54 000	20,49%
Related debts	33 162	29 565	3 597	12,17%
Other amounts due	519 977	343 273	176 704	51,48%
Total customer deposits and holdings	10 334 806	8 857 874	1 476 932	16,67%

V-4. loans and special resources

Loans and special resources recorded an increase of TND 43 620 thousand or 25.66%, passing from TND 169 969 thousand in December 2016 to TND 213 589 thousand in December 2017. This increase results from the following posts:

	31/12/2017	31/12/2016	Variation	In %
Loans and debts for special resources	60 187	64 141	(3 954)	-6,16%
Related debts on special resources	195	281	(86)	-30,60%
Public funds	11 602	10 258	1 344	13,10%
Total public funds and foreign bodies	71 984	74 680	(2 696)	-3,61%
Subordinate loans	136 780	92 934	43 846	47,18%
Debts connected with loans	4 825	2 355	2 470	104,88%
Total loans and special resources	213 589	169 969	43 620	25,66%

V-5. Other liabilities

The total of this post shifted from TND 614 740 thousand on December 31st, 2016 to TND 698 592 thousand on December 31st, 2017, recording an increase of TND 83 852 thousand or 13.64%.

NOTE VI – Minority Interests*(Figures are expressed in Thousands of Tunisian Dinars)*

The minority interests are detailed by consolidated company as follows:

Companies	31/12/2017		31/12/2016	
	Reserves	Income	Reserves	Income
BIAT Capital	2	-	2	-
BIAT Assets Management	4	3	4	2
BIAT Capital risque	189	21	188	15
Société de Promotion Immobilière Arabe de Tunisie	1	-	1	-
Société de Promotion Touristique	2 142	(30)	2 107	(24)
Assurances BIAT	1 946	250	1 838	235
SICAV Opportunity	176	1	258	4
SICAV Trésor	271 942	10 071	316 964	12 578
SICAV Prosperity	6 450	192	2 718	74
Société Palm Links Immobilière	138	2	139	(1)
Société Tanit International	5 714	(466)	5 523	(321)
Société Tunisie Titrisation	6	(12)	13	(10)
Société de pôle de compétitivité de Monastir	20 144	2 009	20 911	1 373
SICAV PATRIMOINE Obligataire	213 500	8 513	165 468	6 515
Fonds commun de créances 1	164	(2)	1 662	(155)
Fonds Commun de placement Epargne Actions	33 436	916	13 799	416
Fonds commun de créances 2	1 360	5	2 344	(45)
Société de Promotion Touristique Mohamed V	7 335	1 219	6 871	497
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	3 176	-	3 142	38
FCP Equity Performance	3 907	75	3 595	(11)
Hammamet Leisure Company	11 415	(345)	-	-
Total	583 147	22 422	547 547	21 180

NOTE VII – Statement of Shareholders' Equity*(Figures are expressed in Thousands of Tunisian Dinars)*

The total of the shareholders' equity shifted from December 2016 to December 2017 from TND 904 215 thousand to TND 1 040 997 thousand, recording thereby an increase of TND 136 782 thousand or 15.13%.

Companies	31/12/2017		31/12/2016	
	Reserves	Income	Reserves	Income
Banque Internationale Arabe de Tunisie	871 875	196 824	745 519	185 279
BIAT Capital	155	339	286	(92)
BIAT Assets Management	87	522	128	352
BIAT Capital risque	(417)	1 086	(473)	781
Compagnie Internationale Arabe de Recouvrement	4 358	3 185	3 772	1 786
SICAF BIAT	1 334	273	2 264	99
Société de Promotion Immobilière Arabe de Tunisie	(614)	205	(620)	(25)
Société de Promotion Touristique	(240)	(35)	(203)	(27)
Organisation et Service Informatique	184	-	204	(21)
Société la PROTECTRICE	(50)	211	(159)	912
Assurances BIAT	3 250	3 730	1 951	3 483
Société FAIZA	(678)	(3)	(674)	(3)
SICAV Opportunity	43	5	(37)	6
SICAV Trésor	(4 456)	97	(3 797)	389
SICAV Prosperity	91	18	57	16
Société Générale de Placement	1 558	28	1 511	(90)
Société TAAMIR	266	37	174	169
Société Golf Sousse Monastir	(18 782)	(420)	(18 124)	(658)
Société Palm Links Immobilière	28	2	29	(1)
Société Tanit International	(16 541)	(958)	(16 933)	(661)
Société Tunisie Titrisation	(136)	(287)	(259)	(227)
Société de pôle de compétitivité de Monastir	1 260	2 220	2 108	1 517
SICAV PATRIMOINE Obligataire	(275)	378	(171)	217
Fonds commun de créances 1	507	(32)	551	(227)
Société tunisienne de promotion des pôles immobiliers et industriels	68	(141)	267	(199)
Fonds Commun de placement Epargne Actions	50	8	33	8
Fonds commun de créances 2	(7)	9	62	(68)
Société Touristique Sahara Palace	(6 089)	(723)	(5 100)	(1 163)
Société de Promotion Touristique Mohamed V	(286)	2 341	(1 178)	954
Institut Tunis Dauphine	(759)	16	(816)	98
BIAT Consulting	17	178	(147)	164
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	845	-	679	185
BIAT France	(202)	10	(498)	(229)
FCP Equity Performance	3 268	152	1 107	(22)
Hammamet Leisure Company	(7 760)	(230)	-	-
Total capital and shareholders' capital Group excluding income	831 952	209 045	711 513	192 702

Consolidated company	Integration method	Shareholders' Equity	Securities Elimination	Gross Acquisition Differences	Const amort/ losses val. EA	Neutr of div	Provisions and revaluation	Internal Gain	De-ferred taxes and other	Minority Re-serves	Total Shareholders' Equity
BIAT	Global Integration	826 147	-	-	-	8 742	29 047	(3 814)	11 753	-	871 875
BCAP	Global Integration	3 009	(2 998)	16	(12)	-	-	-	142	(2)	155
BAM	Global Integration	589	(498)	-	-	-	-	-	-	(4)	87
BCR	Global Integration	10 806	(10 110)	95	(57)	124	-	(1 086)	-	(189)	(417)
CIAR	Global Integration	1 334	(1 018)	-	-	-	-	2 592	1 450	-	4 358
SICAF	Global Integration	19 705	(19 000)	62	(41)	564	44	-	-	-	1 334
SOPIAT	Global Integration	25 880	(26 011)	70	(38)	29	-	(717)	174	(1)	(614)
SALLOUM	Global Integration	4 008	(2 208)	171	(103)	-	-	-	34	(2 142)	(240)
OSI	Global Integration	166	(24)	78	(35)	-	-	-	(1)	-	184
PROTECT	Global Integration	3 085	(4 692)	1 863	(340)	45	-	(11)	-	-	(50)
ASSBIAT	Global Integration	34 852	(38 621)	10 802	(2 199)	-	362	-	-	(1 946)	3 250
FAIZA	Global Integration	263	(541)	-	-	-	(400)	-	-	-	(678)
OPPRTU-NITY	Global Integration	709	(490)	-	-	-	-	-	-	(176)	43
TRESOR	Global Integration	284 046	(16 560)	-	-	-	-	-	-	(271 942)	(4 456)
PRESPERITY	Global Integration	7 054	(513)	-	-	-	-	-	-	(6 450)	91
SGP	Global Integration	2 825	(3 292)	34	(24)	326	1 689	-	-	-	1 558
TAAMIR	Global Integration	4 770	(4 655)	131	(92)	68	2	-	42	-	266
GSM	Global Integration	(2 158)	(4 134)	1 818	(1 818)	-	-	(18 453)	5 963	-	(18 782)
LINKS	Global Integration	276	(110)	-	-	-	-	-	-	(138)	28
STI	Global Integration	22 274	(28 300)	6 540	(6 540)	44	(6 004)	-	1 159	(5 714)	(16 541)
TITRIS	Global Integration	226	(356)	-	-	-	-	-	-	(6)	(136)
ELFEJJA	Global Integration	43 243	(20 997)	-	-	-	-	(1 123)	281	(20 144)	1 260
PATRIMOINE	Global Integration	223 541	(10 553)	-	-	237	-	-	-	(213 500)	(275)
FCC1	Global Integration	2 352	(1 681)	-	-	-	-	-	-	(164)	507
STPI	Equity Method	1 062	(1 000)	12	(6)	-	-	-	-	-	68
FCP	Global Integration	33 727	(241)	-	-	-	-	-	-	(33 436)	50
FCC2	Global Integration	4 167	(2 814)	-	-	-	-	-	-	(1 360)	(7)
STSP	Global Integration	1 910	(8 000)	-	-	1	-	-	-	-	(6 089)
SPTMV	Global Integration	30 949	(23 916)	-	-	16	-	-	-	(7 335)	(286)
ITD	Equity Method	30	(900)	-	-	-	-	-	111	-	(759)
BCO	Global Integration	501	(500)	-	-	-	-	-	16	-	17
SPTSFAF	Global Integration	18 421	(14 400)	-	-	-	-	-	-	(3 176)	845
BFR	Global Integration	2 719	(2 921)	-	-	-	-	-	-	-	(202)
PERFOR-MANCE	Global Integration	12 176	(5 001)	-	-	-	-	-	-	(3 907)	3 268
SPTH	Equity Method	3 060	(3 060)	-	-	-	-	-	-	-	-
HLC	Global Integration	19 025	(15 370)	-	-	-	-	-	-	(11 415)	(7 760)
Total consolidated		1 646 749	(275 485)	21 692	(11 305)	10 196	24 740	(22 612)	21 124	(583 147)	831 952

Consolidated Company	Integration Method	Social Result	Neutr alloca-tions provi-sions	Neutr of div	Const amort/ losses val. EA	Deferred taxes and others	Minority interests	Conso-lidated income
BIAT	Global Integration	214 017	(4 861)	(8 742)	-	(3 590)	-	196 824
BCAP	Global Integration	443	-	-	(1)	(103)	-	339
BAM	Global Integration	525	-	-	-	-	(3)	522
BCR	Global Integration	1 236	-	(124)	(5)	-	(21)	1 086
CIAR	Global Integration	2 621	-	-	-	564	-	3 185
SICAF	Global Integration	884	(44)	(564)	(3)	-	-	273
SOPIAT	Global Integration	246	-	(29)	(3)	(9)	-	205
SALLOUM	Global Integration	(56)	-	-	(9)	-	30	(35)
OSI	Global Integration	4	-	-	(4)	-	-	-
PROTECT	Global Integration	349	-	(45)	(93)	-	-	211
ASSBIAT	Global Integration	4 105	415	-	(540)	-	(250)	3 730
FAIZA	Global Integration	(3)	-	-	-	-	-	(3)
OPPRTUNITY	Global Integration	6	-	-	-	-	(1)	5
TRESOR	Global Integration	10 168	-	-	-	-	(10 071)	97
PRESPERITY	Global Integration	210	-	-	-	-	(192)	18
SGP	Global Integration	353	3	(326)	(2)	-	-	28
TAAMIR	Global Integration	145	(2)	(68)	(6)	(32)	-	37
GSM	Global Integration	(560)	-	-	-	140	-	(420)
LINKS	Global Integration	4	-	-	-	-	(2)	2
STI	Global Integration	(3 091)	1 709	(44)	-	2	466	(958)
TITRIS	Global Integration	(299)	-	-	-	-	12	(287)
ELFEJJA	Global Integration	4 229	-	-	-	-	(2 009)	2 220
PATRIMOINE	Global Integration	9 127	-	(237)	-	-	(8 512)	378
FCC1	Global Integration	(34)	-	-	-	-	2	(32)
STPI	Equity Method	(140)	-	-	(1)	-	-	(141)
FCP	Global Integration	924	-	-	-	-	(916)	8
FCC2	Global Integration	14	-	-	-	-	(5)	9
STSP	Global Integration	(722)	-	(1)	-	-	-	(723)
SPTMV	Global Integration	3 576	-	(16)	-	-	(1 219)	2 341
ITD	Equity Method	42	-	-	-	(26)	-	16
BCO	Global Integration	194	-	-	-	(16)	-	178
BFR	Global Integration	11	-	-	-	(1)	-	10
PERFOR-MANCE	Global Integration	227	-	-	-	-	(75)	152
HLC	Global Integration	(574)	-	-	-	-	344	(230)
Total consolidated		248 181	(2 780)	(10 196)	(667)	(3 071)	(22 422)	209 045

NOTE VIII – Income Statement

(figures are expressed in Thousands of Tunisian Dinars)

VIII-1. Bank operating Revenues

The total of this post shifted from TND 910 126 thousand on December 31st, 2016 to TND 1 084 313 thousand on December 31st, 2017, recording an increase of TND 174 187 thousand or 19.14%.

VIII-1-1. Interests and other similar revenues

Interests and assimilated income shifted from TND 512 653 thousand on 31/12/2016 to TND 626 474 thousand on 31/12/2017, recording an increase of TND 113 821 thousand or 22.2%.

This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Interests on bank ordinary accounts	266	357	(91)	-25,49%
Interests on accounts of interbank loans	7 204	6 352	852	13,41%
Interests on customer loans	506 635	411 430	95 205	23,14%
Interests on accounts receivables to costumer	77 845	63 027	14 818	23,51%
Interests and assimilated income on guarantee commitments	22 551	20 801	1 750	8,41%
Other interests and assimilated income	11 973	10 686	1 287	12,04%
Total Interests and assimilated income	626 474	512 653	113 821	22,20%

VIII-1-2. commissions in income

Commissions in income shifted from TND 222 908 thousand on 31/12/2016 to TND 255 490 thousand on 31/12/2017, recording an increase of TND 32 582 thousand or 14.62%. This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Commission on foreign-exchange transactions	2 184	4 581	(2 397)	-52,32%
Commission on financing commitments	34 816	39 588	(4 772)	-12,05%
Commission on guarantee commitments	10 491	7 194	3 297	45,83%
Commission on services of financial services	49 785	44 480	5 305	11,93%
Commissions on other banking transactions	158 214	127 065	31 149	24,51%
Total Commissions (in income)	255 490	222 908	32 582	14,62%

VIII-1-3. Gains on commercial securities portfolio and financial transactions

These gains totaling TND 113 663 thousand on 31/12/2017 against TND 158 059 thousand on 31/12/2016, a decrease of TND 44 396 or 28.09%.

	31/12/2017	31/12/2016	Variation	In %
Income of transactions securities (a)	14 966	76 761	(61 795)	-80,50%
Income of investment securities (b)	24 121	25 192	(1 071)	-4,25%
Gains on foreign-exchange and arbitration (c)	74 576	56 106	18 470	32,92%
Total Gains on commercial securities portfolio and financial transactions	113 663	158 059	(44 396)	-28,09%

This increase is detailed as follows:

(a) Income of transaction securities

The income of transaction securities shifted between December 2016 and December 2017 from TND 76 761 thousand to TND 14 966 thousand, a decrease of TND 61 795 thousand or 80.5%. This change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Income of transaction securities *	12 438	70 448	(58 010)	-82,34%
Capital gain or loss of disposal or refund	2 528	6 313	(3 785)	-59,96%
Total income of transaction securities	14 966	76 761	(61 795)	-80,50%

* This decrease is mainly due to the reclassification of BTA portfolio (see note II-8)

(b) Income of investment securities

The income of the investment securities which consists of interests received on the bonds and income from priority shares of FCC, recorded a decrease of TND 1 071 thousand or 4.25%, passing from one period to another from TND 25 192 thousand to TND 24 121 thousand.

	31/12/2017	31/12/2016	Variation	In %
Bonds Interests	24 019	25 042	(1 023)	-4,09%
Incomes from debts securitization funds	102	150	(48)	-32,00%
Total income of investment securities	24 121	25 192	(1 071)	-4,25%

(c) Net Gain on foreign-exchange transactions

The net gains on foreign-exchange transactions which consists mainly of gains and losses related to transactions of manual foreign-exchange, from spot and future foreign-exchange transactions increased from TND 56 109 thousand on 31/12/2016 to TND 74 576 thousand on 31/12/2017 recording an increase of TND 18 470 thousand or 32.92%.

VIII-1-4. Investments portfolio revenues

The income of investment portfolio which consists mainly of interests on investment securities and perceived dividends on equity securities and income on portage securities recorded an increase of TND 72 180 thousand or 437.3% passing from a period to another from TND 16 506 thousand to TND 88 686 thousand.

	31/12/2017	31/12/2016	Variation	In %
Interests and income of investment securities *	86 853	12 815	74 038	577,74%
Income of equity securities	1 833	3 691	(1 858)	-50,34%
Total income of investment portfolio	88 686	16 506	72 180	437,30%

* This increase is mainly due to the reclassification of BTA portfolio (see note II-8)

VIII-2. banking operating expenses

The total of this post shifted from TND 248 215 thousand on December 31st, 2016 to TND 295 895 thousand on December 31st, 2017, recording an increase of TND 47 680 thousand or 19.21%.

These banking exploitation expenses consist of the following posts:

- Incurred interests and assimilated expenses
- claims paid on insurance operations
- Incurred commissions
- Losses on commercial securities portfolio and financial operations

VIII-2-1. Interests incurred and related expenses

The incurred interests and assimilated expenses shifted from TND 213 491 thousand on 31/12/2016 to TND 258 378 thousand on 31/12/2017, recording an increase of TND 44 887 thousand or 21.03%. this change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Interests on bank ordinary accounts	1 071	940	131	13,94%
Interests on interbank loans accounts	1 053	1 996	(943)	-47,24%
Interests on customer deposits	197 323	175 455	21 868	12,46%
Interests on obligatory and subordinate loans	9 364	6 474	2 890	44,64%
Interests on special resources	1 814	2 034	(220)	-10,82%
Other interests and expenses	47 753	26 592	21 161	79,58%
Total incurred interests and assimilated expenses	258 378	213 491	44 887	21,03%

VIII-2-2. Claims paid on insurance transactions

The claims paid on insurance transactions shifted from TND 32 153 thousand on 31/12/2016 to TND 34 881 thousand on 31/12/2017, recording an increase of TND 2 728 thousand or 8.48%.

VIII-2-3. Incurred commissions

Incurred commissions shifted from TND 2 428 thousand on 31/12/2016 to TND 2 549 thousand on 31/12/2017, recording an increase of TND 121 thousand or 4.98%. this change is detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Commissions on treasury transactions and interbank transactions	2 160	1 743	417	23,92%
Commissions on other transactions	389	685	(296)	-43,21%
Total incurred Commissions	2 549	2 428	121	4,98%

VIII-3. Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities

The balance of this section records on 31/12/2017 a net allocation of TND 128 601 thousand detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocation to provisions on receivables and claims	(140 041)	(98 452)	(41 589)	42,24%
Allocation to provisions for risks and expenses	(7 462)	(6 053)	(1 409)	23,28%
Total allocation	(147 503)	(104 505)	(42 998)	41,14%
Losses on receivables	(64 649)	(53 443)	(11 206)	20,97%
Total allocation and losses on receivables	(212 152)	(157 948)	(54 204)	34,32%
Reversal of provisions on customer receivables	72 863	78 327	(5 464)	-6,98%
Reversal of provisions for losses and expenses	10 555	24 379	(13 824)	-56,70%
Total provision reversal	83 418	102 706	(19 288)	-18,78%
Recoveries of receivable written off	133	477	(344)	-72,12%
Total reversal and recoveries on receivables	83 551	103 183	(19 632)	-19,03%
Balance	(128 601)	(54 765)	(73 836)	134,82%

VIII-4. Net provision charge and value adjustment on investment portfolio

The volume of this section records on 31/12/2017 a balance in loss of TND 2 540 thousand detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocation to provisions on equity securities, portage and managed funds	(3 019)	(3 210)	191	-5,95%
Expenses and losses on securities	(571)	(486)	(85)	17,49%
Total allocation and losses on investment portfolio	(3 590)	(3 696)	106	-2,87%
Reversal of provisions on equity securities, portage and managed funds	964	539	425	78,85%
Capital gain on the sale of equity securities	86	72	14	19,44%
Total reversal	1 050	611	439	71,85%
Total reversal and recoveries on investment portfolio	1 050	611	439	71,85%
Balance	(2 540)	(3 085)	545	-17,67%

VIII-5. Other operating incomes

This section shifted between December 2016 and December 2017 from TND 29 939 thousand to TND 36 008 thousand, recording thereby an increase of TND 6 069 thousand or 20.27%.

VIII-6. Staff expenses

This section which consists mainly of salaries, social expenses and other staff expenses, shifted between December 2016 and December 2017 from TND 207 548 thousand to TND 227 613 thousand, recording thereby an increase of TND 20 065 thousand or 9.67%.

VIII-7. General operating expenses

The increase of TND 11 854 recorded between December 2016 and December 2017 results an increase of non-banking operating expenses in the amount of TND 2 965 thousand and an increase of other general operating expenses to the tune of TND 8 889 thousand.

VIII-8. Allocations to depreciation and provisions on fixed assets

The balance of this section records on 31/12/2017 an amount of TND 39 575 thousand detailed as follows:

	31/12/2017	31/12/2016	Variation	In %
Allocations to depreciations of intangible fixed assets	9 147	8 484	663	7,81%
Allocations to depreciations of tangible fixed assets	19 479	19 548	(69)	-0,35%
Allocations to depreciation of deferred expenses	10 285	6 604	3 681	55,74%
Reversal of provisions on fixed assets	-	-	-	-
Other allocations to provisions	664	850	(186)	-21,88%
Total	39 575	35 486	4 089	11,52%

VIII-9. balance in gain or loss resulting from other ordinary items

The balance of this section is a gain of TND 594 thousand resulting from capital gain on the sale of fixed assets for TND 434 thousand and other gains for TND 160 thousand.

VIII-10. Income tax

The balance of this section records on 2017/12/31 an amount of TND 164 81 thousand against TND 086 61 thousand on 2016/12/31, an increase of TND 078 20 thousand or 32.87 %.

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RESOLUTIONS OF THE ORDINARY
GENERAL ASSEMBLY



First Resolution

After hearing the report of the Board of Directors on the individual financial situation and the consolidated position for 2017 and the reports of the statutory auditors, the Ordinary General Meeting of Shareholders entirely approves the Board of Directors report., the regulated agreements governed by the provisions of Article 200 and following as well as the Article 475 of the Commercial Companies Code and Articles 43 and 62 of Law 2016-48 of July 11, 2016 relating to banks and financial institutions, as well as the individual and consolidated financial statements as at December 31st , 2017 as presented.

Consequently, it gives the Board of Directors Members complete and unconditional discharge of their management for the financial year of 2017.

This resolution was made by unanimous vote and adopted by a majority of vote.

Second Resolution

The Ordinary General Assembly decides to allocate the net profit for the year 2017, which amounts to TND 214.017.081.013, plus the retained earnings of TND 171.563.514.437, representing a total distributable result of TND 385.580.595,450 as follows:

(In dinars)

Distributable income	385.580.595,450
Reserves For Financial Re-investments	-100.043.250,000
New Budget	285.537.345,450

The Ordinary General Assembly decides to distribute an amount of TND 72.250.000 to the shareholders, free of withholding taxes, firstly an amount of TND 43.760.000 will be withdrawn from the "share premium" account up to the balance, and secondly an amount of TND 28.490.000 from the optional reserves for the remainder.

These amounts will be withdrawn from the share premium or the optional reserves are included in the bank's equity prior to 2013.

As a result, the dividend per share is set at TND 4,250 per share, with 42.5% of the nominal value of the shares. These dividends will be paid from May the 14th, 2018.

This resolution was put to the unanimous vote and adopted by a majority vote.

Third Resolution

The Ordinary General Assembly decides to replenish the reserves for financial reinvestments in the amount of TND 3.717.991.000, which had been allocated in connection with the distribution of 2010 financial year's earnings by transferring the optional reserves.

This resolution was put to the unanimous vote and adopted by a majority of vote.

Fourth Resolution

The Ordinary General Assembly decides to allocate to the Board of Directors the gross sum of four hundred eighty thousand dinars as directors' fees for the 2017 financial year.

This resolution was put to the unanimous vote and adopted by a majority of vote.

Fifth Resolution

The Ordinary General Assembly takes note of the responsibilities of the Chairman and the members of the Board of Directors in other companies as Manager, Director Chairman and Chief Executive Officer, member of the Management Board or Supervisory Board in accordance with the provisions of Article 192 of the Commercial Companies Code.

This resolution was put to the unanimous vote and adopted by a majority of vote.

Sixth Resolution

The Ordinary General Assembly gives full powers to the legal representative of the bank or to any person mandated by him to affect all deposits and fulfill all legal formalities for publication or regularization.

This resolution was put to the unanimous vote and adopted by a majority of vote.



Assemblée générale ordinaire de la BIAT, 30 avril 2018

Rapport Annuel BIAT 2017

Rédaction-édition : direction centrale de la planification et du budget ; direction de la communication institutionnelle.

Photographies réalisées dans les agences et au siège de la BIAT. La direction de la communication institutionnelle remercie les collaborateurs de la BIAT ayant participé au reportage photographique.

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