



BIAT

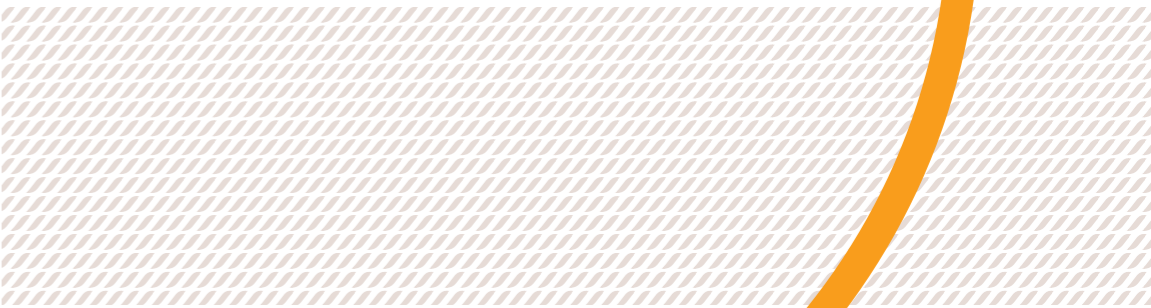
*Annual
Report*
—
2018



بنك تونس العربي الدولي
BANQUE INTERNATIONALE ARABE DE TUNISIE



ANNUAL REPORT 2018



— Table of Content

ADRESS BY THE CHAIRMAN OF THE BOARD	5
ADRESS BY THE GENERAL MANAGER.....	7
BIAT PROFILE	9
1. ECONOMIC, BANKING AND FINANCIAL ENVIRONMENT	11
2. BANK'S ACTIVITIES AND RESULTS.....	21
3. BIAT GROUP AND PARTICIPATIONS	39
4. SHAREHOLDING.....	49
5. GOUVERNANCE	53
6. BIAT'S SHARE IN THE STOCK MARKET	75
7. INCOME APPROPRIATION.....	79
8. ACCOUNTS AUDIT.....	83
9. SOCIAL REPORT	87
10. ELEMENTS ON INTERNAL CONTROL.....	93
11. BANK'S LINES OF BUSINES.....	101
12. CORORATE SOCIL RESPONSIBILITY	107
13. ETATS FINANCIERS INDIVIDUELS AU 31/12/2018	111
14. ETATS FINANCIERS CONSOLIDES AU 31/12/2018	201
15. RÉOLUTIONS DE L'ASSEMBLÉE GÉNÉRALE ORDINAIRE.....	231

— Address by the chairman of the Board OF Directors

“Indeed, Commitment is a state of mind at BIAT, a state of mind that it shares with its collaborators and remains a strong and concrete value that drives the bank’s daily initiatives.”

In 2018, BIAT pursued its development momentum, triggering a real transformation of the bank’s commercial organisation, policies and governance methods. As a result, BIAT succeeded in increasing its market share and strong then its position on the main activity indicators for the year 2018.

BIAT’s growth is explained by its ongoing support for the country’s economic activity by assisting individuals, professionals and companies in their development projects. This strategy has enabled BIAT to expand its customer base from 350,000 customers in 2008 to nearly 900,000 customers in 2018.

In 2018, BIAT continued to implement its Cap 2022 commercial strategy, which puts the customer at the heart of its concerns. The objective is to better meet his specific needs through an adapted offer to each market and segment:

- A new market-based care model with the strengthening and specialisation of the sales force and their skills improvement;
- Improving our customer experience, in particular through the development of self-service banking services at its branches in Tunis, Sfax and Monastir.

Digital development is now at the heart of BIAT’s strategy. A framework for digital transformation was carried out in 2018 that helped to set up a strategic roadmap. The prerequisites for this digital transformation have been initiated, in particular through the implementation of new information systems governance and an agile operating model to support the bank’s future development.

BIAT’s human capital remains its main assets. Investments made in human resources development through training programs dedicated to sales representatives and branch personnel contributed to improve customer service and the quality of support.



Ismaïl Mabrouk
Chairman of the Board

Thanks to the professionalism of its collaborators and the confidence of its clients, BIAT has become a well-recognized financial institution at the international level. BIAT was crowned as the Best Bank in Tunisia for the 3rd consecutive year by the international magazines Global Finance and EMEA Finance. This recognition of international excellence honors BIAT and supports its ambition to offer the best to all its partners.

Apart from its contribution to the economic and financial development of Tunisia, the bank has also been fully involved in the country’s societal responsibility for several years with projects carried out within BIAT or through its Foundation, maintaining its support to Tunisian youth in terms of education, culture and entrepreneurship.

The year 2018 was marked by the continuation of the BIAT Foundation’s projects, such as the 2nd edition of the Bloommasters Entrepreneurship Contest. More than 700 entrepreneurs and start-ups with innovative ideas participated in this edition in the presence of internationally competent jury members.

— Address by the Executive Manager

Since its launch in June 2017, the BIAT Labs incubation platform has led to 4 entrepreneurial promotions. In honour of the entrepreneurs, Ceremonies were organized to reward them and make their projects known to investors and potential clients. BIAT Labs provides a personalized assistance to young entrepreneurs in the realization of their projects' ideas and provides them with a complete incubation program through excellence support in accordance with international standards.

The year 2018 also marked the implementation of the new BIAT logo, a structuring project that aims at developing BIAT's brand image. This project is driven by the desire to highlight BIAT's transformation and help devise an ambitious programme with a new positioning focused on commitment.

Indeed, Commitment is a state of mind at BIAT, a state of mind that it shares with its collaborators and remains a strong and concrete value that drives the bank's daily initiatives.

“BIAT will pursue its sound management, mastering its activity and development in order to offer services and produce results that are constantly improving and aligned with the expectations of its customers, partners and shareholders.”

In 2018, the Tunisian economy continued its trajectory for economic recovery with a GDP growth rate of 2.5%, driven by the strong performance of tourism and agricultural activities.

However, given the persistent macroeconomic imbalances and the high level of inflation rate the Central Bank of Tunisia tightened its monetary policy with obvious adverse implications on liquidity, thus making refinancing very difficult for banks.

Despite this context, BIAT was able to increase its deposits by 8.8% in 2018 to reach TND 11 513 million, thus consolidating our bank's position in terms of deposits.

In terms of credits, the growth was even more sustained with an outstanding amount of TND 11 169 million, an increase of 13.3%.

our bank maintains Once again, its position on the market as a leading bank backer of the Tunisian economy and households. The risk is controlled with a CDL rate of only 5.5% in 2018, hence posting the best performance in the industry.

The total balance sheet increased by 17% to reach a volume of TND 15,831 million.

In 2018, these performances have allowed our bank to reach higher revenues levels with Net Banking Income (NBI) of around TND 834.5 million, thanks to an interest margin of TND 461.7 million, other revenues of TND 189.5 million and a commission margin of TND 183.3 million.

This dynamic development and risk management was accompanied by great operational rigour. The operating ratio stood at 46%, recording a decrease of 1.4pts compared to 2017 despite a new constraint:



Mohamed Agrebi
General Manager

the contribution to the new Bank Deposit Guarantee Fund set up in 2017. Without this contribution, our operating ratio would have been only 42.9%.

In the light of all the above-mentioned factors, in 2018 the bank's net profit rose to TND 254.8 million, an increase of 19% compared to the previous financial year. These results helped to keep our profitability ratios high:

- NBI/Total Assets of 5.3%
- ROE of 20.8%
- ROA of 1.6%.

The growth of activity indicators, revenue and profit was the result of a solid and diversified customer base of nearly 900,000 individual and business customers, which was consolidated with 49,940 new customers in 2018.

I - BIAT Profile

The consolidation of our business is explained by the successive plans that were implemented several years ago. These development projects promoted a denser network, a wide range of products offer and services and better quality of support.

Performance is the result of a thoughtful strategic vision:

- Which places the customer at the heart of our concerns through support, offer and distribution systems adapted to the various customer segments;
- Which allows BIAT's human capital that represents

the main richness of the bank to develop in a motivating and performance-enhancing environment;

- Which provides collaborators and customers with the best working tools, particularly through an information system with the latest technologies; and constantly evolving digital tools.

In 2019, BIAT will pursue its sound management, mastering its activity and development in order to offer services and produce results that are constantly improving and aligned with the expectations of its customers, partners and shareholders.

42 years after its inception in 1976 with modest human and materials means, the International Arab Bank of Tunisia (BIAT), has become one of the most important financial institutions in North Africa and a key player in Tunisia.

With 2037 collaborators in 2018, BIAT has more than 885 thousand customers and an international correspondents network around 1500 banks. It has the densest network in Tunisia with 204 agencies divided across the country, with a representation in Tripoli-Libya.

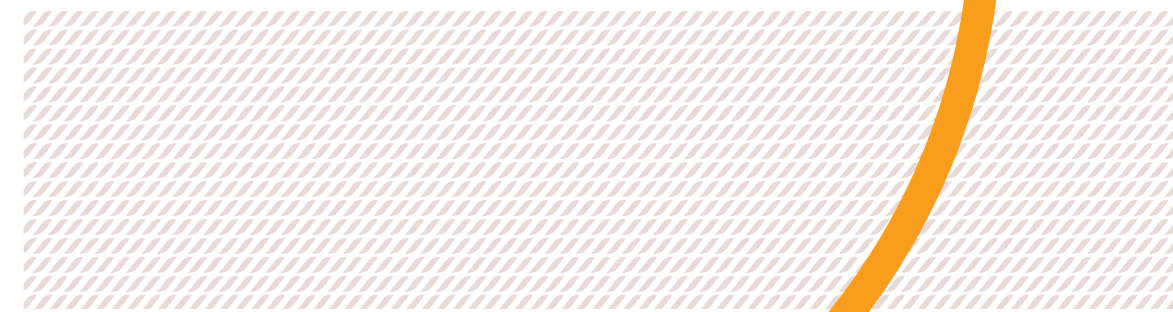
For over a year, it also has a subsidiary BIAT France, with the status of a payment agent with an agency in Paris.

A universal bank providing a full range of service with all kinds of customers individuals, Tunisians Residing Abroad (T.R.E) business customers, SMEs, large companies and institutional customers, BIAT is now a diversified financial group operating in the areas of insurance, asset management, investment capital, equities brokerage and international consulting.

Basing its development on proximity and social responsibility, it puts its expertise to work for the benefit of its clients, partners and the country's economy.



Economic Banking and Financial Environment



1.1 Economic Environment

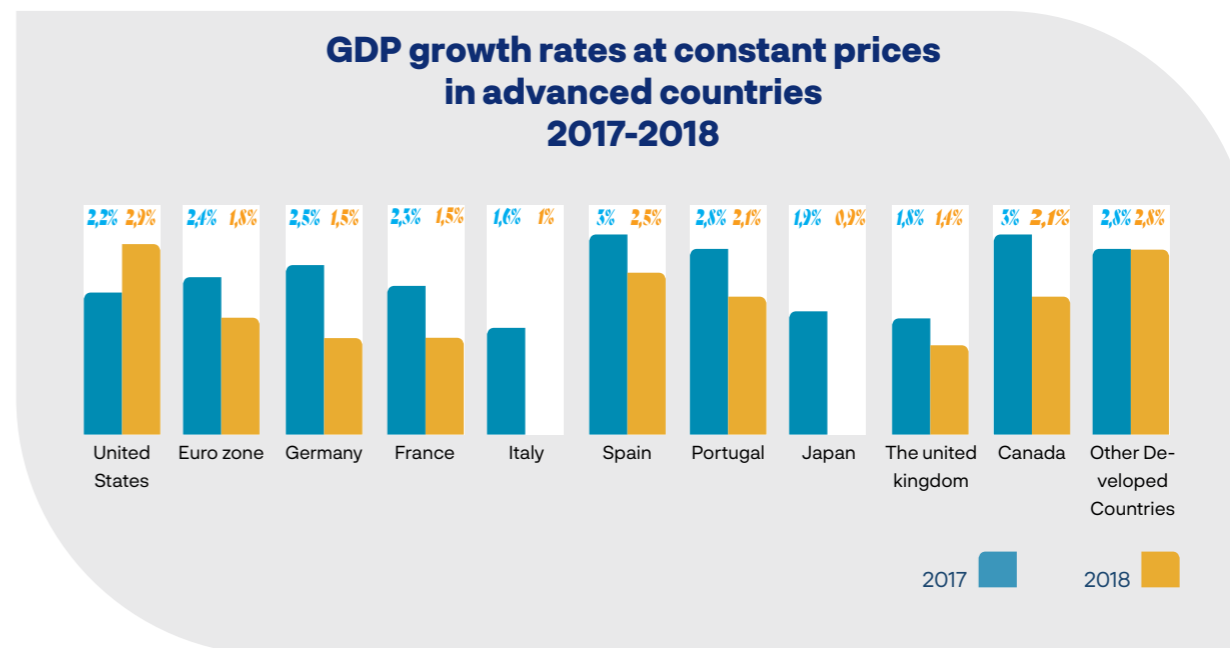
At The International Level

In the International Monetary Fund's report on the world economic outlook¹ «entitled **A Weakening Global Expansion**», published in January 2019, world economic growth is expected at 3.7% in 2018, a 0.1% point below 2017 performance (3.8%) and 0.2% lower than the initial projections for 2018.

As for as to the World Bank's forecasts², they also show the same downward trend compared to 2017, or (-0.1%).

Also, the deceleration in the growth of world trade volume (goods and services) contributed to the lower rate of growth of world GDP. Indeed, the volume of world trade increased by just 4% in 2018 compared to 5.3% in 2017.

In economically advanced countries, the growth rate is expected to reach 2.3% in 2018, down 0.1% from the performance recorded in 2017 and from the initial forecasts.

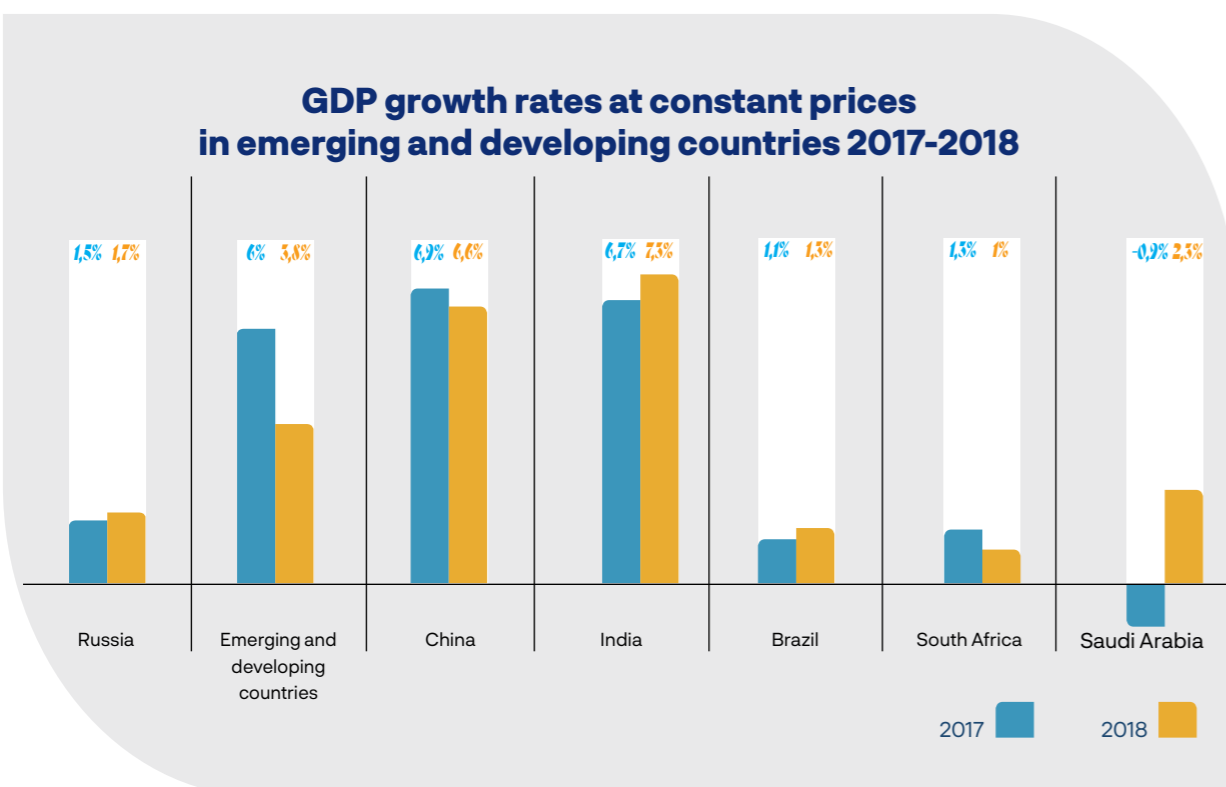


BIAT Prospective chart Economic Monitoring & Research based on IMF data

¹ World Economic Outlook Update

² The difference between the World Bank's growth forecasts (2.9%), which are lower than those of the IMF (3.7%), is purely technical. The Bank uses each country's GDP in national currency before converting them into US dollars. The Fund calculates global GDP in «purchasing power parity». As a result, the GDP of emerging countries is reevaluated, and their weight in world GDP is also higher.

For the emerging market and developing economies, the growth rate is estimated to be 4.6%, 0.1% lower from 2017.



BIAT Prospective chart Economic Monitoring & Research based on IMF data

With regard to the employment situation, the global unemployment rate declined slightly in 2018. In 2018, there were 172 million unemployed worldwide, corresponding to an unemployment rate of 5% (compared to 5.1% in 2017), a level that prevailed in 2008, according to the International Labour Organization 'annual report.

For the industrialized countries, unemployment have been gradually decreasing with a situation of full employment in some countries, while for others, unemployment rates have shown resistance and stood at high levels and even rose:

For their part, international prices for energy and most commodities rose throughout 2018, confirming the trend observed in 2017, with greater vigour:

— Evolution of International Energy Prices

	2016	2017	Var (%)	2018	Var (%)
Brent Oil (*)	44	54,4	24%	71,1	31%
W.T.I Oil (*)	43,2	50,9	18%	64,8	27%
Natural Gaz (**)	57	68,9	21%	82,1	19%
Durum wheat (***)	166,6	174,2	5%	209,9	20%
Common wheat (***)	176,3	178,2	1%	203,9	14%

Source: World Bank Commodities Price Data

As regards inflation, it inched up in the United States on average for the whole year 2018 compared to 2017 (2.44% versus 2.13%). In the Euro zone, inflation stood at 1.8% for the full year 2018, against 1.5% in 2017.

In international foreign exchange markets, in 2018 the euro depreciated against the US dollar. The Euro/dollar exchange rate was 1.1482 dollars at the end of December 2018 down from 1.2007 as compared to the same period a year earlier. This is mainly a result

of the following factors:

- The growth differential between the US economy and that of the Euro Zone (+1.1%) and the differences in trajectories of GDP growth in the respective areas observed in 2018.
- Divergences in monetary policy between the FED and the ECB.
- The U.S –China trade dispute.

At the National Level

Economic activity was marked in 2018 by a more sustained growth rate, 2.5% compared to 1.9% in 2017,

but without reaching the minimum potential growth rate set at 3.1%³.

This growth was mainly driven by the good performance of agricultural sector and market services.

GDP: Annual T/T-4 shifts at previous year's prices

	Q1-2017	Q2-2017	Q3-2017	Q4-2017	2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018
AGRICULTURE AND FISHERIES	2,5	2,5	1,4	1,5	2,0	11,9	9,0	9,1	9,1
MANUFACTURING INDUSTRIES	-1,7	-0,3	2,2	1,1	0,5	2,3	0,5	-0,7	-0,5
NON-MANUFACTURING INDUSTRIES	-0,2	-5,5	-3,4	-3,9	-3,4	-5,1	1,4	3,7	-3,6
MARKET SERVICES ACTIVITIES	4,2	4,7	4,5	4,8	4,5	3,3	3,6	3,3	2,9
NON-MARKET ACTIVITIES	1,3	0,6	0,4	0,6	0,7	0,1	0,2	0,3	0,7
Gross National Product	2,0	1,7	2,1	2,0	1,9	2,7	2,9	2,8	2,2

Source : INS

Indeed, the agriculture and fisheries sector posted a growth of around 10% in GA, mainly due to an exceptional increase in olive oil production.

Growth in market services (+3.3%), although lower than in 2017 (+4.5%), remains above the GDP growth rate in 2018. This is due to the dynamism of its business segments, notably the hotel and restaurant subsectors.

Growth in manufacturing industries was very low (only +0.3%), down from the rate recorded in 2017 (+0.5%).

In this respect, the evolutionary trend of manufacturing industries is a matter of concern. In addition to the

cyclical impact of the drop in phosphate derivatives production (-23.7% for the whole of 2018) on the **chemical industry sector**, the growth posted by other manufacturing sectors remained low. For the 4th quarter of 2018, these performances are summarized as follows:

- Mechanical and electrical industries (+1.3%),
- Textiles, clothing and leather (+0.7%)
- building materials, glass, ceramics industries (+0.4%).

³ Source : Tunisian Institute of Competitiveness and Quantitative Studies (ITCEQ): «Potential Growth of the Tunisian Economy» (February 2016).

Among other indicators confirming the worrying situation of manufacturing industries, we find:

- **The industrial production index⁴** which recorded a 0.5% decrease compared to 2017. Excluding the extractive industries, the index rose by 0.2% (compared to 0.5% in 2017).
- **Investments reported in the industrial sector⁵** increased by only 0.3% in 2018.

As for non-manufacturing industries, they continue to record a negative growth rate (-1.2% in 2018 compared to -3.4% in 2017), due to the performance of extractive activities in the oil and natural gas sectors.

The growth rate recorded in 2018 had no effect on unemployment, whose rate stabilized at 15.5% between the 4th quarter of 2017 and the 4th quarter of 2018. The unemployment rate of higher-education graduates eased slightly, while remaining relatively high (28.8% compared to 29.9%).

Chiffres clés	2016	2017	2018
Growth of GDP (at constant prices)	1,0%	1,9%	2,5%
Inflation rate (in %)	4,2%	6,4%	7,5%
National Savings (in % of GNP)	10,4%	8,9%	9%
Current deficit (in % of GDP)	8,8%	10,3%	11,2%
Budget deficit (in % of GDP)	6,5%	6,1%	4,9%
Goods exports growth (in %)	5,6%	18,1%	19,1%
Goods imports growth (in %)	5,3%	19,8%	20%
Debt services / Current revenues (in %)	10,9%	14,2%	11,6%
Tourism revenues (in TND million)	2 373	2 831	4 090
Growth	-1,7%	19,3%	44,6%
Total investment (in TND million)	17 336	18 046	19 566
Growth	3,5%	4,6%	7,9%
Investment rate (in % of GDP)	19,1%	18,8%	18,5%
Lending to the economy (in TND million)	72 473	81 648	88 537
Growth	9,7%	12,7%	8,4%
Money stock M3 (in TND million)	66 883	74 484	78 664
Growth	8,1%	11,4%	5,6%

Source: BCT, Ministry of Finances and National Statistics Institute

⁴ National Institute of Statistics (INS)

⁵ The Industry Promotion and Innovation Agency (APII): Tunisian Industry scoreboard, December 2018

1.2 Banking and financial environment

Banking system

The evolution of the banking system activity was characterized during 2018 by the deceleration in the growth pace of deposits and credits.

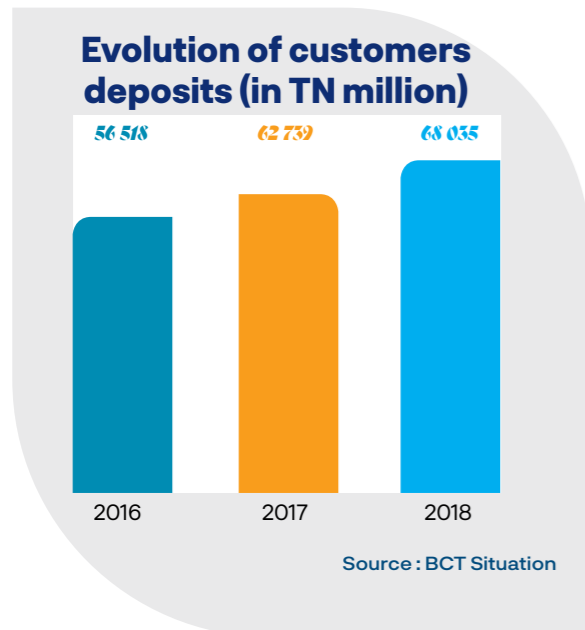
The liquidity shortfall that has characterized the banks' cash position over the recent years has increased in 2018.

• Customers deposits

Customers deposits amounted to TND 68 035 million by December 31st 2018, recording an evolution of 8.4%, lower than the previous year (+11.0%).

This progress was mainly driven by savings deposits and term deposits with an increase of 10.1% and 9.2% respectively, while the pigth deposits rose 7.1%.

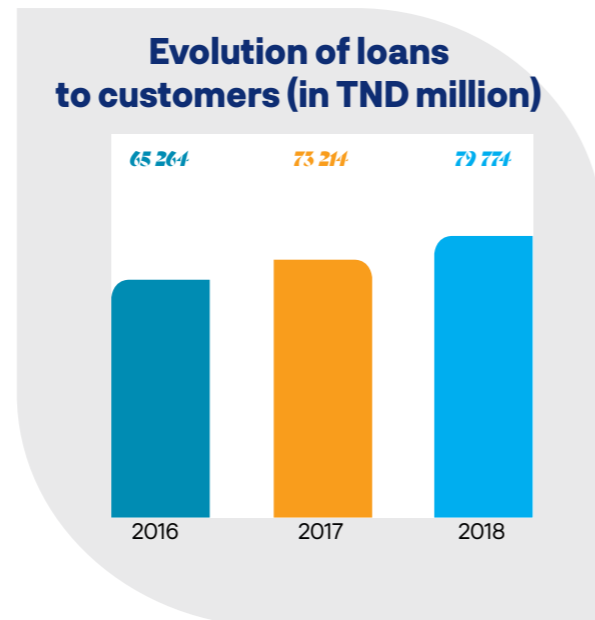
Shares of low-paying deposits in the total of deposits (pigth deposits and other amounts) was thus reduced by 0.6 points compared to 2017, mainly in favour of savings deposits (+0.4 points).



• Loans to customers

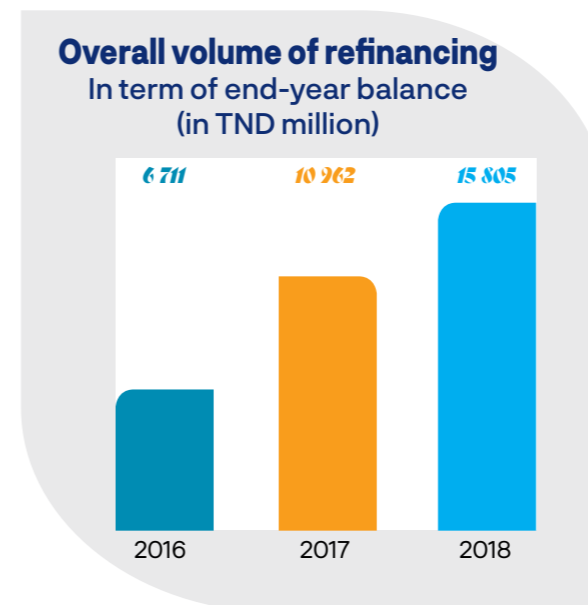
At the end of 2018, loans to customers at the level of banking system totaled TND 73.774 million, reflecting a decline in the pace of growth compared to the previous year of (+9.0% versus +12.2%)

According to statistics from the central risk and the file of loans to individuals, the increase in loans granted during 2018 benefited practically all sectors and mainly the service and industry sector followed by individuals.



• Overall volume of refinancing

The deficit of liquidity that has characterized the cash flow position of banks during the recent years increased in 2018 and resulted at the end of the year in an overall volume of refinancing of TND 15.805 million with the Central Bank against TND 10.962 million observed at the end of the preceding financial year.



Market rate

For the whole year 2018, the average money market rate (MMR) stood at 6.70%, increasing by 184 basis points compared to the year 2016 (4.86 %). This increase is explained by the decision of the BCT to boost its key rate twice in March and June 2018 from 75 and 100 basis points respectively to 6.75%.

The MMR stands during the year 2018 at a higher level of key rate linked to the persistence of the important deficit of liquidity.

Since the 1st of January 2018, the savings remuneration rate (SRR) was increased by 100 basis points to 5%.

Stock exchange

Tunindex index closed December 2018 with 7.271,65 points, a growth of 15.8%⁶ following the increases of 14.5% in 2017 and 8.9 % in 2016.

The annual balance of the sectoral indexed (sectors and sub-sectors) has in the main been positive with respect to the 13 indices as eight indexes generated positive returns with rates ranging from 0.7% (industries) to 84.1% (basic materials) whereas the other indexes posted negative returns varying from -18.4% (household and personal care products) to -2.1% (consumer services).

The TUNBANK index, for its part, posted an annual performance of 10.6%.

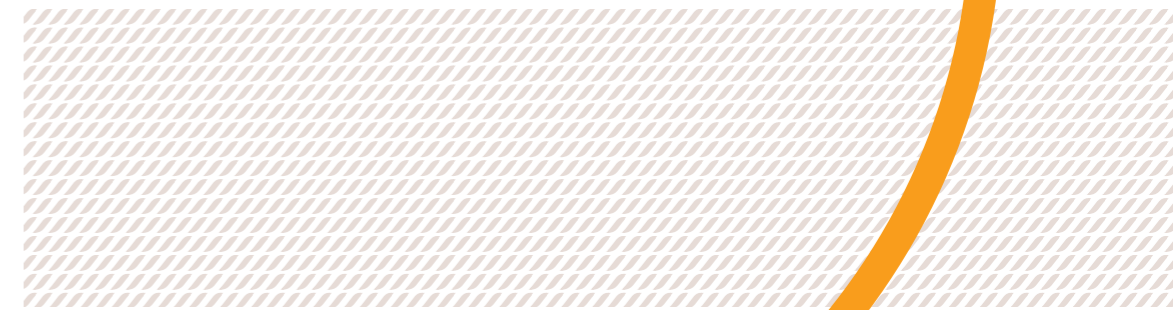
The daily average of transactions amounted to TND 10.1 million⁽⁶⁾ for the year 2018 compared to TND 9.6 million in 2017.

Following the upward trend of the market, the market capitalization registered an increase of 13.2% to reach TND 24.380 million⁽⁶⁾ at the end of December 2018.

⁶ Source: BVMT

— **2**

**BANK'S
ACTIVITIES
AND RESULTS**



— 2.1 The Bank's Vision and Strategy

In recent years, the bank has embarked on a transformation process that has enabled it to assume the status of Tunisian market leader through several initiatives, including:

- Expanding the branch network and the overhaul of the sales organization ,
- Review of the risk chain with a view to implementing cutting-edge risk management,
- Improving trade receivable recovery rates
- The implementation of a new information system to sustain the bank's development
- The development of the Tunisians Residing Abroad (T.R.E) market segment
- Enhancing the group's financial activities
- Pooling certain back office activities and improving control of operating costs
- Undertaking a project to enhance human capital development.

The Bank is also committed to a Corporate Social Responsibility approach, notably through its ongoing support of the BIAT Foundation's initiatives in the areas of education and culture.

The Bank's strategic orientations for the next development cycle are part of a vision based on the following axes:

In this context, the bank's ambition is structured around the following:

- Strengthening its leadership position in the banking market,
- Restoring balance liquidity,
- Stabilizing cost.

The main goals set within the five-year plan are:

- To better meet the specific needs of our customers through a differentiated service offering by market/segment (response to clients' needs, quality of products and services provided to customers etc.);
- Improving the customer experience notably self-service banking and the digitisation of priority customers' journey
- Further strengthen synergies between financial subsidiaries in particular through cross-selling.
- Implementation of a new IS operational model to support the bank's future development, in particular through improved responsiveness (agility).
- Continued optimization of the risk management system, through the strengthening of the role of risk in the debt recovery and the update of the credit policy.
- Sustained efforts to control operating expenses and the reduction of the cost/income ratio through optimization of expense allocation.

The bank's vision

1 A solid financial group recognized for its professionalism and good governance

2 A leading bank in its markets capable of adapting and responding to the specific needs of each of its clients and supporting them over the long term

3 A corporate citizen that is actively involved in the country's sustainable development

— 2.2 Highlights of the Bank

Proximity

- Opening of two new self-service banking facilities in Sfax and Monastir.
- Extending BIAT's network to 204 branches with the opening of two new branches in Sfax and one in Monastir.
- Organising events dedicated to customers as part of the bank's new commercial strategy, its policy of proximity and support for businesses during the stages of their new projects:
 - Regional meetings with company managers and the bank's customers in Sousse, Sfax and Bizerte
 - Meetings with health professionals in Sousse and Sfax
 - Meeting with the bank's corporate clients on the theme of « Optimizing Working Capital Needs».

Expertise

- Supporting economic research through the publication of studies and organizing thematic meetings on economic issues.
- Consolidating BIAT Consulting's presence in Africa and implementation of new tasks, in particular, providing support for the creation of banks.

Internet Bank Offering

- Developing new offers:
 - A new offer targeting the movie industry;
 - A specific offer to currency exchange offices.
- Enriching and re-engineering financial services, including:
 - The launch of the Pack Epargne (Savings Pack), which provides for a bank card matched to the savings account;
 - The launch of the new version of «MULTIVIR» that simplifies and speeds operations and initiate applications for the acquisition of prepaid cards;
 - The remodeling of debit authorizations in accounts relative to packaged offers.
- Enabling customers to acquire bank cards through a proactive commercial approach to guide them

towards ATMs, limit waiting times and improve the customer experience in branches.

A socially committed and responsible bank

- BIAT's contribution to public debate and exchanges between the main stakeholders on the social and economic scene through the organisation of a conference on the theme of Tunisia's economic take-off with the intervention of Lionel Zinsou, a prominent Franco-Beninese economist.
- BIAT's participation in enriching economic debate bringing together personalities and experts in economics in a meeting on the theme «Finance Law 2019, guidelines to face up to economic and budgetary challenges»,
- Assistance provided by B@LABS, BIAT's incubator, to the first two cohorts of entrepreneurs and organization of two ceremonies dedicated to them in order to promote their projects.
- BIAT's initiative to carry out a study on the culture and creativity sector, a sector considered to be an important growth lever along with BIAT's participation in enriching exchanges on the viability of the creative economy in Tunisia and the identification of the most potent sectors as well as on the means to be implemented to exploit their full potential.
- Promoting entrepreneurship through the launch of the second edition of the BLOOMMASTERS competition by the BIAT Foundation and to award prizes to the best projects in 3 categories: «Idea», «Start up» and «Social Entrepreneurship».
- BIAT's support for the training program in leadership development and public policy evaluation in collaboration with the Mediterranean School of Business (MSB). The aim of this programme is to strengthen the capacity of public and private institutions in the analysis, design, communication and management of policies and development strategies.

Prizes

In 2018, BIAT was voted «Best Bank in Tunisia» for the third consecutive year by two renowned English-language magazines: Global Finance and EMEA Finance. These awards are a prestigious recognition of the bank's outstanding performance.

— 2.3 Bank's Activities in 2018

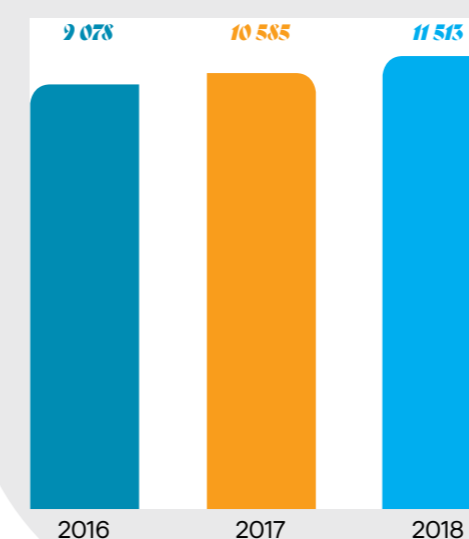
2.3.1 Customer Deposits

By the end of 2018, customer deposits recorded a growth of 8,8% to reach TND 11 513 million.

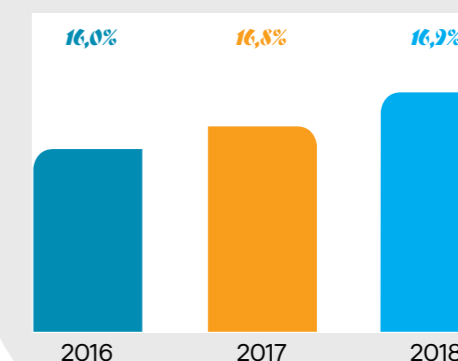
This evolution resulted mainly from a 7,6% growth in the sight deposits to reach TND 5 777 million and a growth of 10,5% to TND 2 690 million in the savings deposits.

BIAT is thus consolidating its position as a market leader with a 16.9 % share in 2018.

Evolution of customer deposits (in TND million)

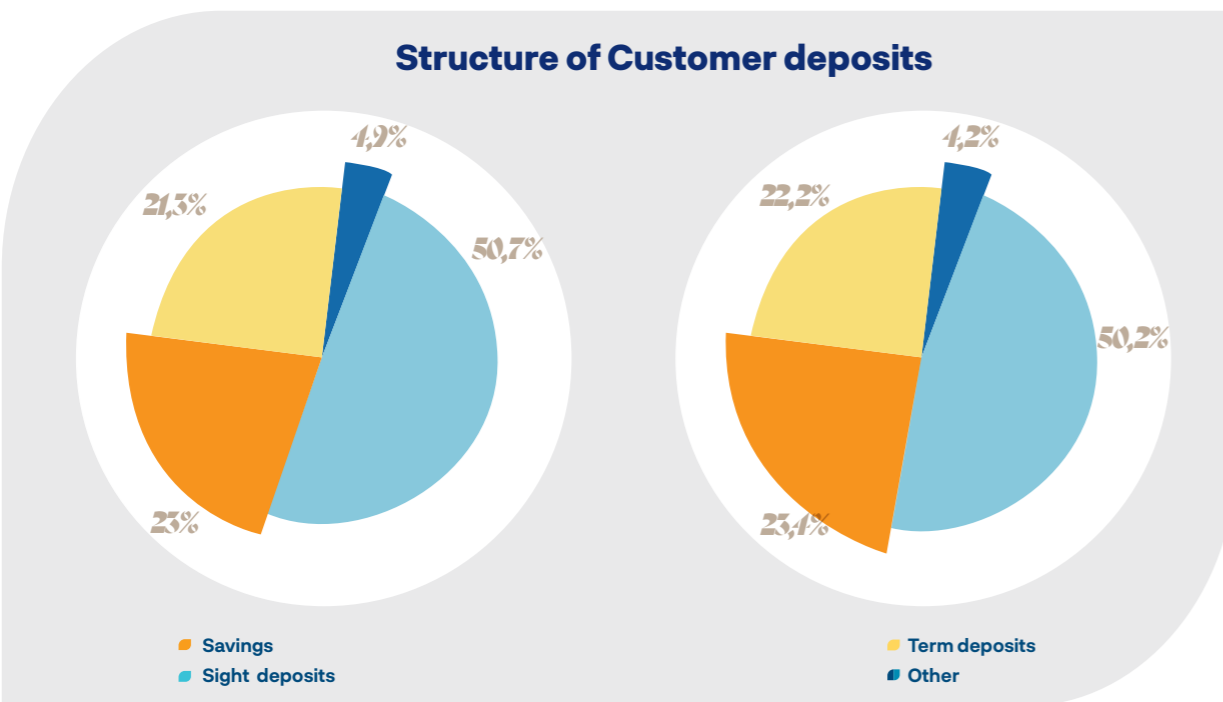


Customer deposits Market Share's (in TND million)



The bank's deposit structure remains among the most favourable in the sector. The share of non-interest-bearing or low-interest deposits represents

54.4% of total deposits. The bank runs at the forefront of this segment of deposits with a market share of 22.2%.



2.3.2 Customer Loans

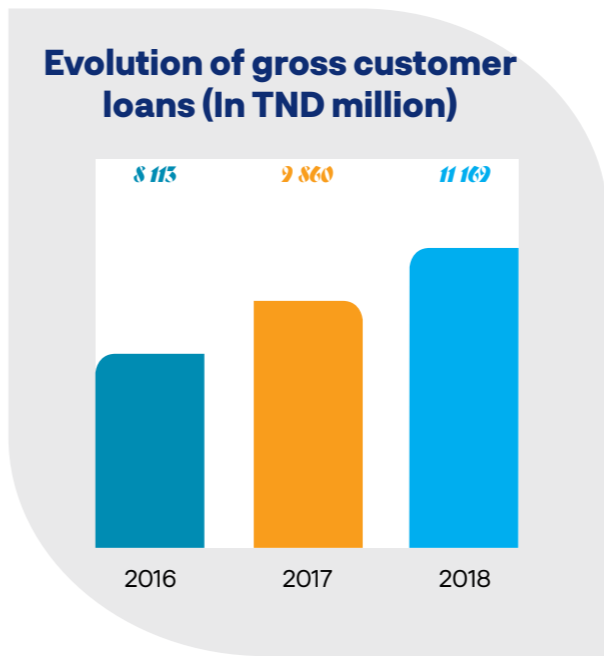
BIAT gross customer loans reached, for the financial year 2018, TND 11 169 million, marking an increase of 13.3% compared to the rate recorded at the end of December 2017.

BIAT market share has increased from 13.1% at the end of December 2017 to 13.6% at the end of December 2018, with a consolidation of 0.5 points.

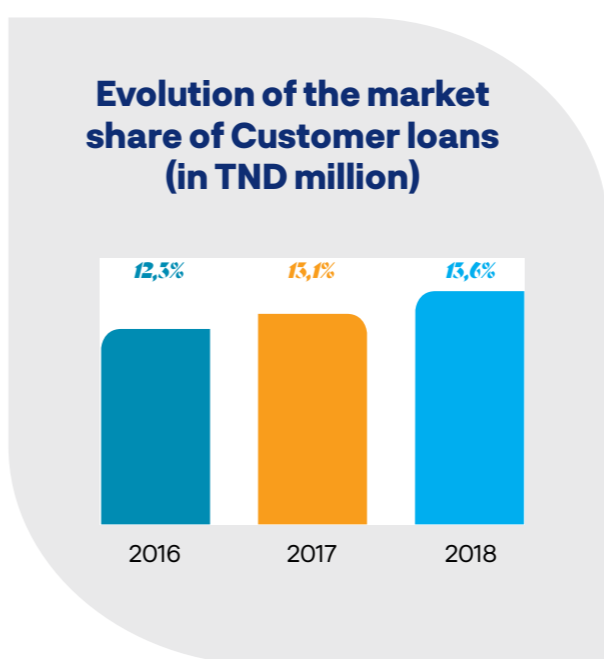
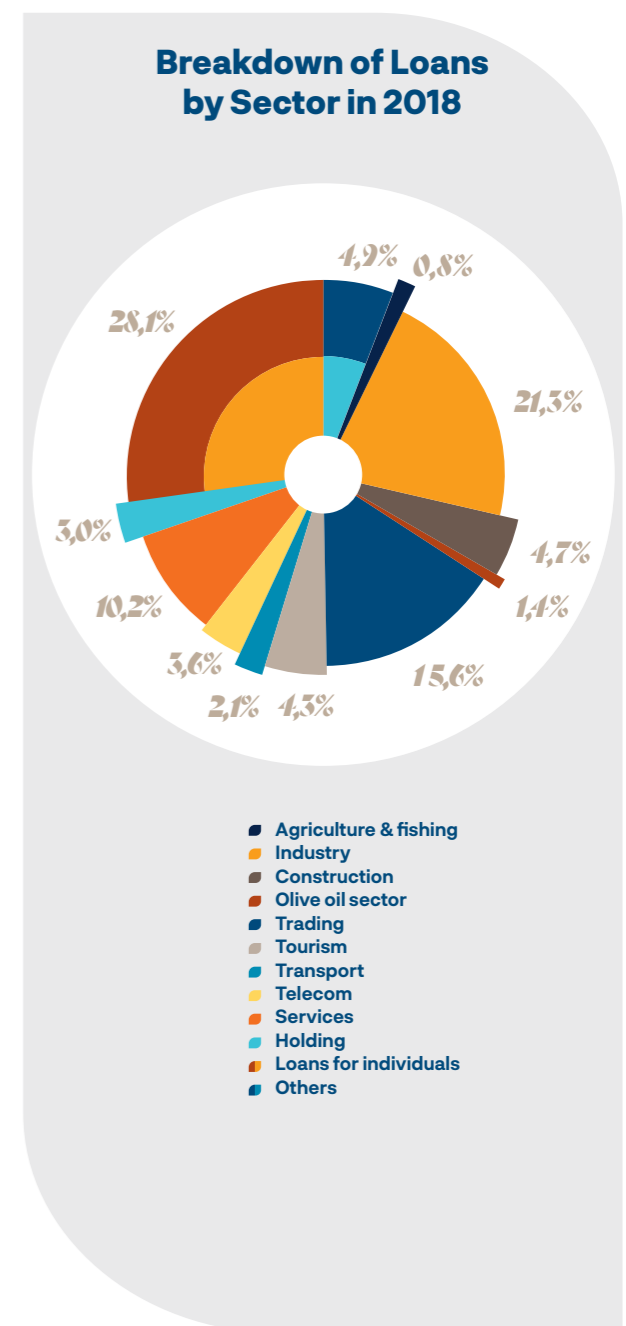
The growth of the customer loans is mainly due to the increase in:

- Commercial and industrial loans of 14.5% to TND 5 707 million
- Buyers of real estate loans of 9.4% to TND 2 991 million
- And accounts receivable of 26.3% to TND 1 134 million.

Thus, the net loans stood at TND 10 677 million, a growth of 13.7%.



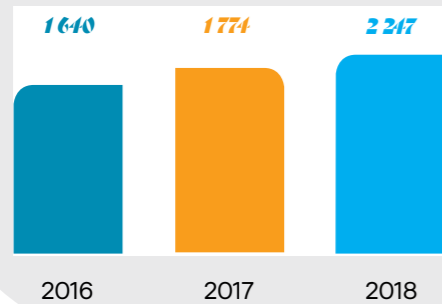
The breakdown of loans by sector is dominated by the loans to individuals holding 26.8%, the industry sector holding 21.9%, trade sector holding 16.1%, and service sector holding 9.6%.



2.3.3 Customer signature commitments

The volume of signature commitments in favor of customers increased by 26.7% equaling TND 2.247 million by the end of the year 2018.

Customer signature commitments evolution (In TND million)



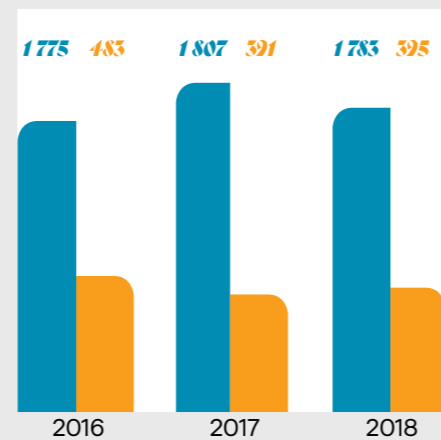
2.3.4 Government Securities Portfolio

The participation of the bank in the financing of the government budget is set at TND 1 783 million for the year of 2018, recording thus a decline of 1.0% compared to end of December 2017.

The share sold to customers increases slightly to 1% to reach TND 395 million.

The market share of the bank in the total portfolio of the government is set at 14.7 %, a decrease of 0.2 points compared with 2017.

State securities portfolio evolution (In TND million)



Treasury bills subscribed ■
Treasury bills assigned ■

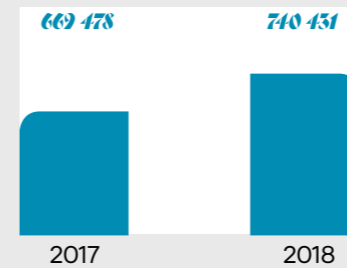
2.3.6 Conquest of Customers

The bank's goodwill improved in 2018 with the conquest of 49 940 thousand new individual and professional customers, bringing the number of clients to about 887 627.

2.3.7 Electronic Banking

The number of cards issued by the end of 2018 reached 740 431 units, showing an increase of 10.6% as compared to the end of the year 2017.

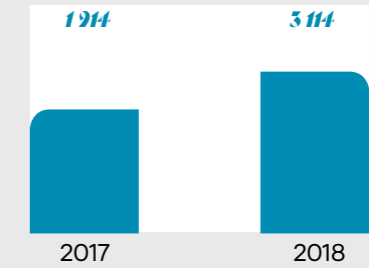
Evolution of the number of cards



2.3.8 Global Volume of Refinancing

The bank closed 2018 with a global volume of refinancing recourse of TND 3 114 million, a threshold higher than the figure recorded at the end of 2017 (TND 1,914 million).

Global volume of refinancing (in terms of year-end balances in MD)

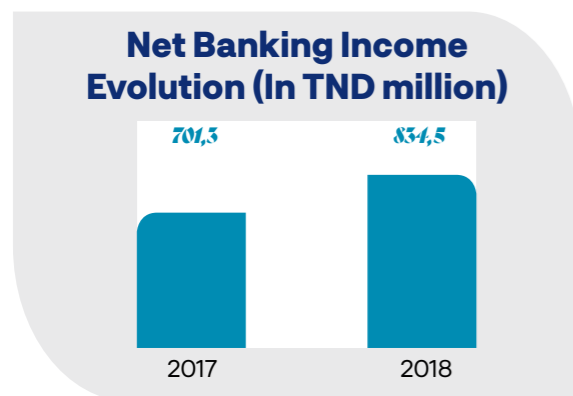


2.4 The Bank's Result in 2018

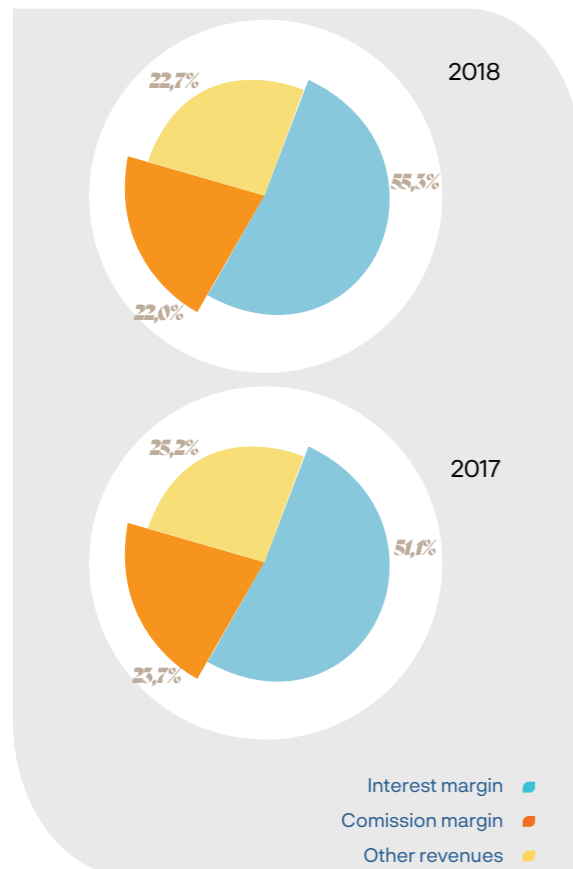
• The Net Banking Income

By the end of 2018, the net banking income reached TND 834.5 million, recording an increase of 19.0%.

The progressions of the interest margin, of the commission margin and of other revenues were respectively 28.7%, 10.4 % and 7.3%.

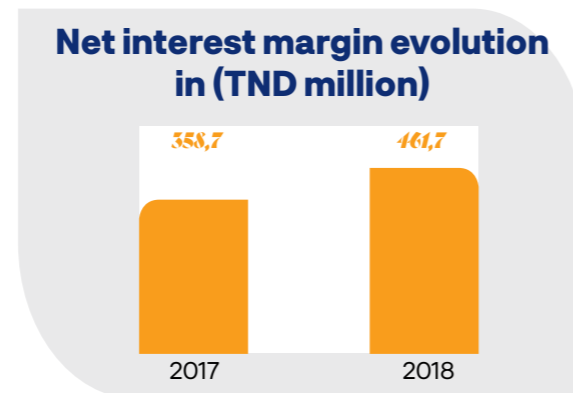


The NBI structure is broken down as follows:



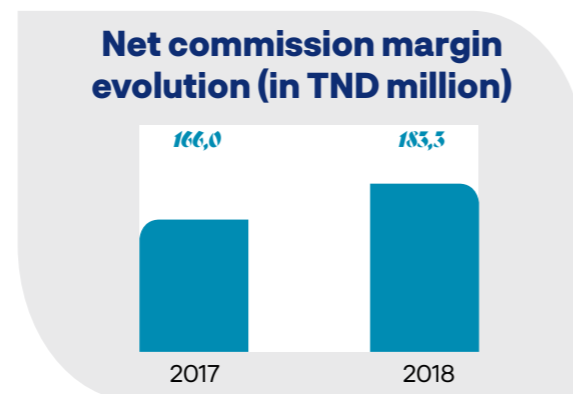
- Interest Margin

The interest margin amounted to TND 461,7 million or 55.3% of the NBI, an increase of 28.7%.



- Commission margin

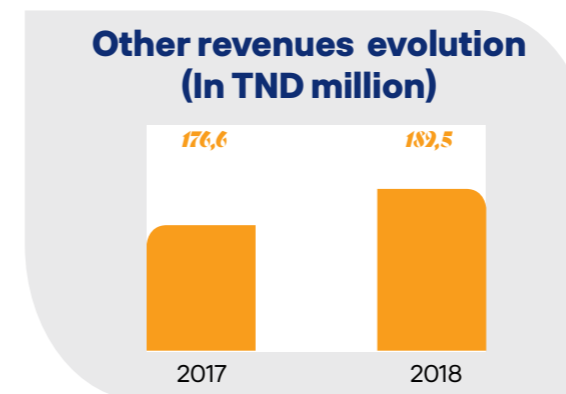
The commission margin has improved by 10.4% over a year to reach TND 183.3 million.



By December 31st, 2018, the share of the commission margin in the NBI stood at 22.0%.

- Other revenues

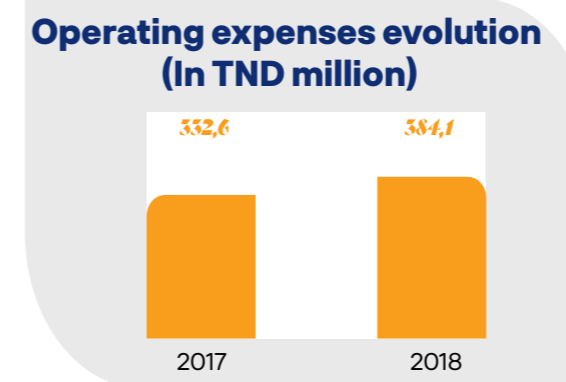
Other revenues increased by 7.3% to reach TND 189.5 million. By December 31st, 2018, the other revenues represented 22.7% of NBI.



• Operating expenses

At the end of 2018, operating expenses recorded a 15.5% increase to reach TND 384.1 million. This increase is driven by a 57.3% increase in general operating expenses, mainly due to the contribution to the Bank Deposit Guarantee Fund provided for by Government Decree No. 2017-268.

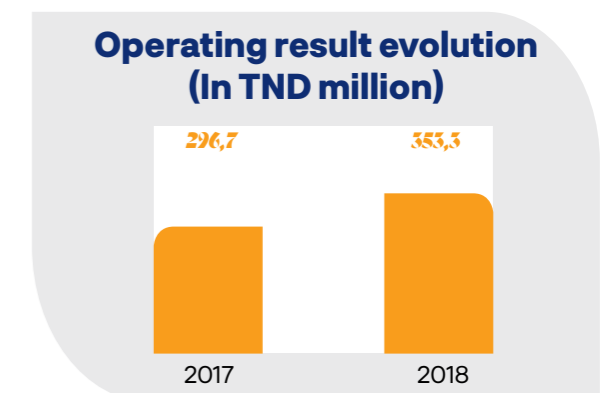
Excluding this contribution of TND 26.5 million, the evolution of operating expenses would have been 7.5%.



As result to this evolution, the operating ratio improved by 1.4 point to reach 46.0%.

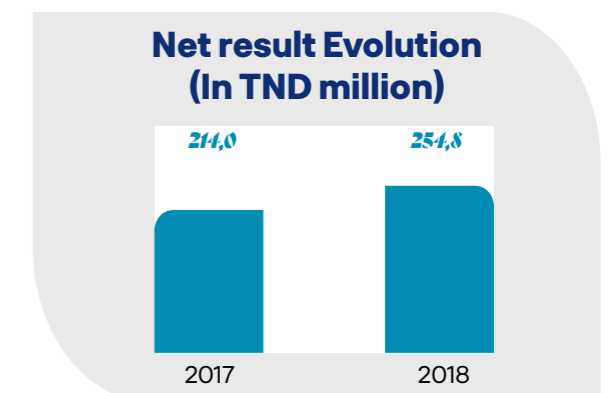
• Operating result

The operating result records a growth of 19.1% to reach TND 353.3 million.



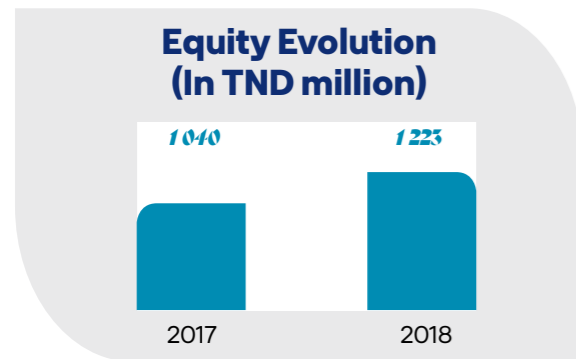
• The Net result

In the end, the net result stands at TND 254.8 million, at the end of 2018, a growth of 19.0% in comparison with preceding financial year (TND 214 million).



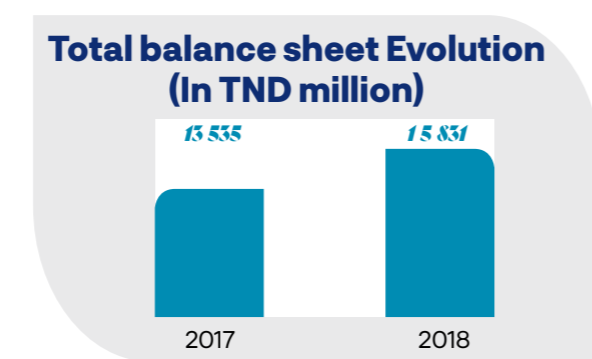
• Equity

With respect to the financial year 2018, Equity totaled TND 1 223 million against TND 1 040 million in 2017, a growth of 17.6 %.



• Total Balance sheet

At the end of December 2018, the total balance sheet totalizes TND 15 831 million against TND 13535 million in 2017, a growth of 17.0%.

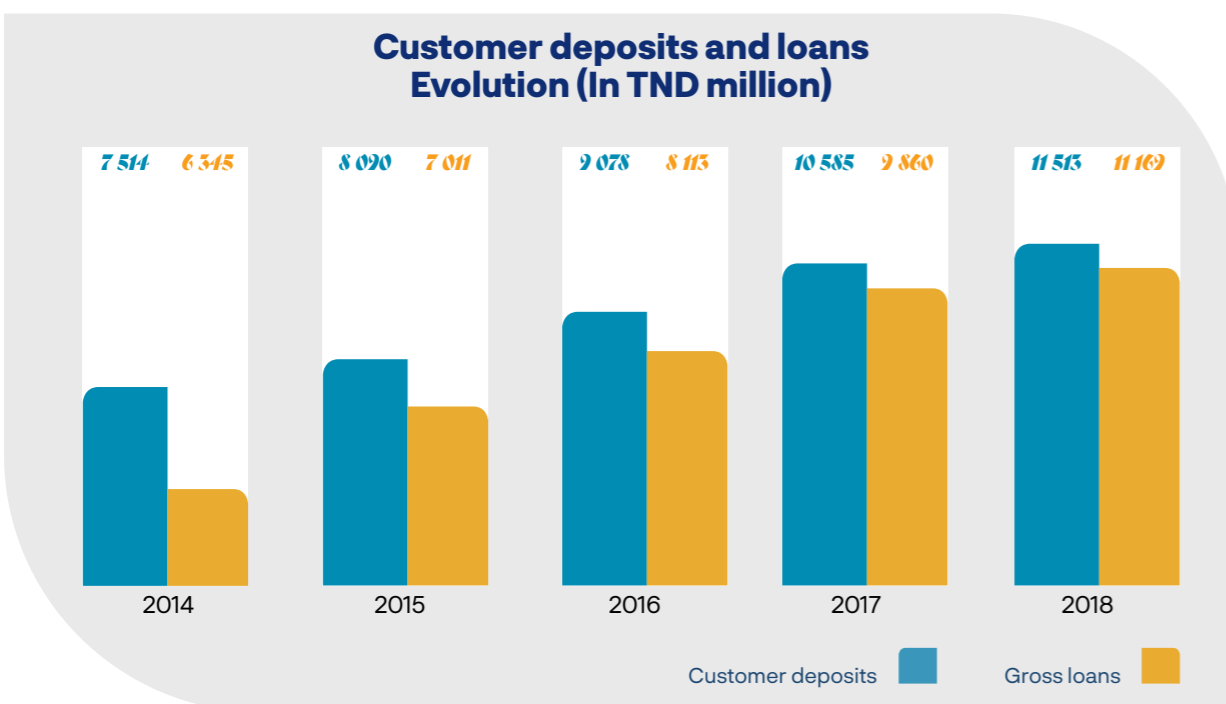


2.5 Bank's development and performance over the recent years

2.5.1 Customer deposits and loans

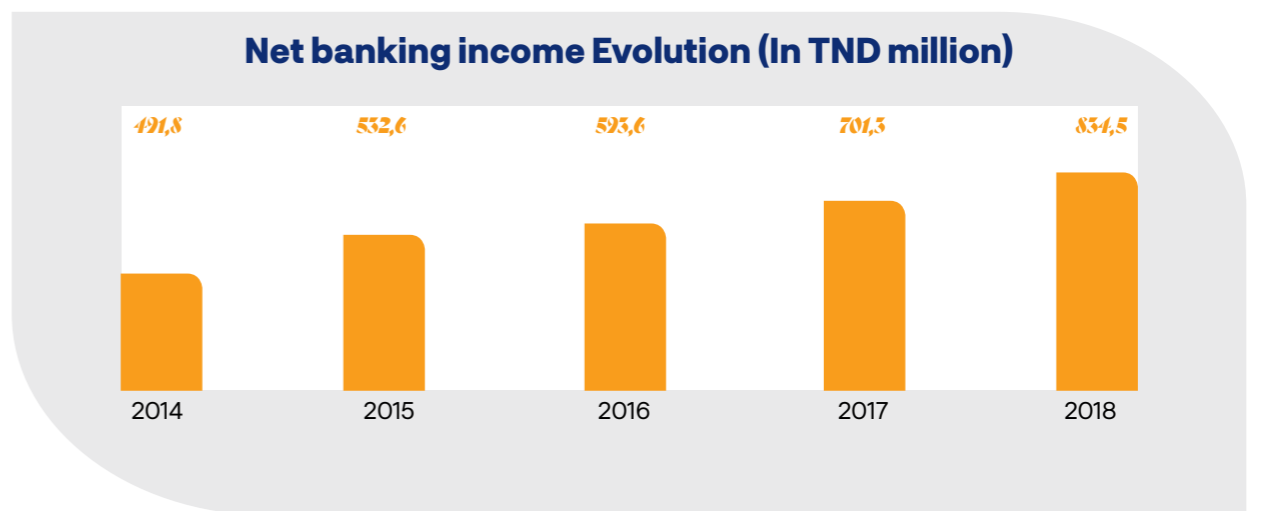
Customer deposits amount to TND 11 513 million by the end of 2018, an average growth of 11.3% over the past five years.

The gross customer loans stood at TND 11,169 million by December 31, 2018, an average growth of 15.2% over the same period.



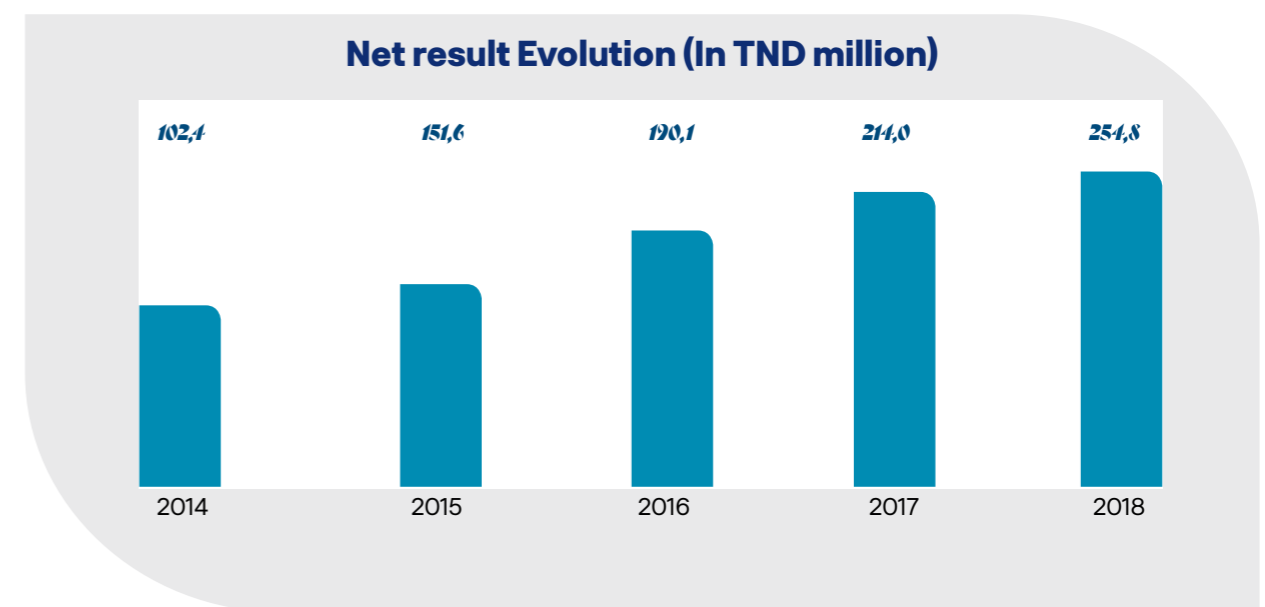
2.5.2 Net banking income

The net banking income has recorded an average annual growth of 14.1% over the last five years, to reach TND 834.5 million by the end of 2018.



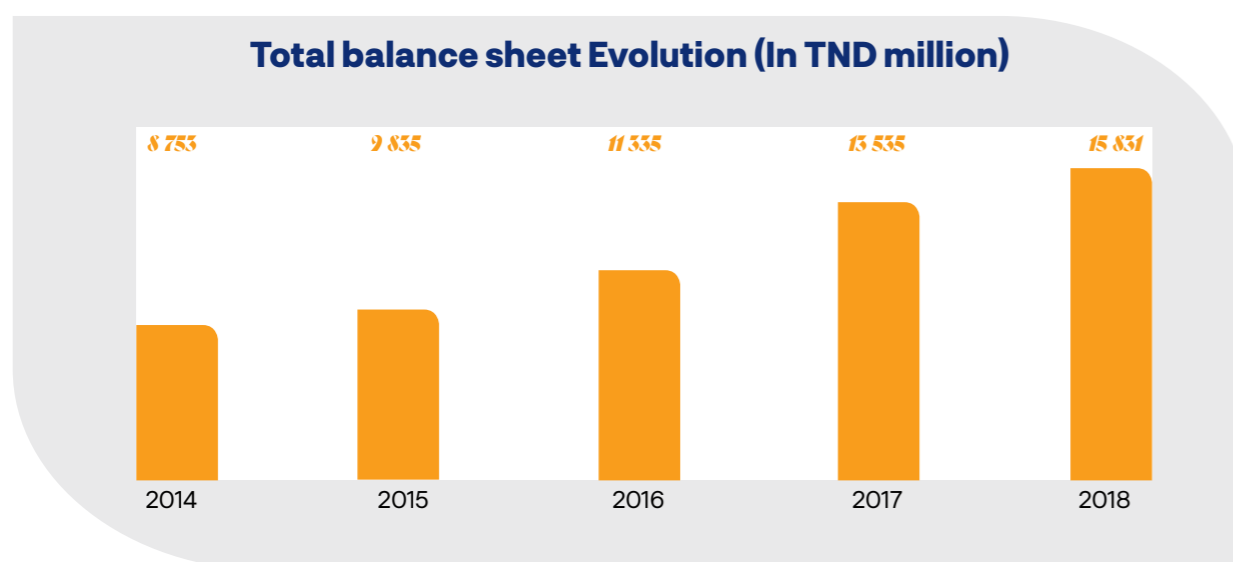
2.5.3 Net Result

The net result grew from TND 102.4 million in 2014 to TND 254.8 million in 2018, an average annual growth of 25.6% over the last five years.



2.5.4 Total Balance sheet

The total balance sheet has increased by 16.0 % over the last five years reaching TND 15.831 million at the end of December 2018.



2.5.5 Ratios

The majority of the bank ratios recorded an improvement in 2018.

Profitability Ratios

	2014	2015	2016	2017	2018
NBI/ Total Assets	5,6%	5,4%	5,2%	5,2%	5,3%
Net Result/ NBI	20,8%	28,5%	32,0%	30,5%	30,5%
Return on Equity (ROE)	15,3%	19,7%	21,3%	20,6%	20,8%
Return on assets (ROA)	1,2%	1,5%	1,7%	1,6%	1,6%

Productivity Ratios

(In thousands dinars)

	2014	2015	2016	2017	2018
Deposits / employee	2 952	3 289	3 788	4 860	5 652
Gross loans / employee	2 493	2 850	3 386	4 527	5 483
NBI / employee	192	216	248	322	410

Regulatory Ratios

Equity and risk coverage ratios

(In TND millions)

	2014	2015	2016	2017	2018
Capital	170,0	170,0	170,0	170,0	170,0
Reserves	397,3	406,6	462,2	484,6	512,8
Profit of the year	102,4	151,6	190,1	214,0	254,8
Other equity and reported results	0,6	43,0	71,4	171,6	285,5
Equity ⁽¹⁾	670,3	771,2	893,8	1 040,2	1 223,1

(1) Before appropriation of the profit for the year.

	2014	2015	2016	2017	2018
Weighted Net assets (in TND million)	6 508,0	7 254,9	9 479,3	11 140,4	13 057,4
Basic net equity (in TND million)	609,7	691,8	815,3	954,2	1 122,8
Risk coverage Ratio (Tier 1)	9,37%	9,54%	8,60%	8,57%	8,22%
Complementary equity (in TND million)	82,9	94,0	168,0	243,4	256,0
Total net equity ⁽²⁾	692,6	785,8	983,3	1 197,7	1 378,8
Capital adequacy ratio	10,64%	10,83%	10,37%	10,75%	10,09%

(2) After appropriation of the result for the year by the general meeting

Risk control Ratios

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

2014	2015	2016	2017	2018
2,4 NEC	2,5 NEC	2,2 NEC	2,1 NEC	1,9 NEC

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

2014	2015	2016	2017	2018
0,8 NEC	0,6 NEC	0,6 NEC	0,9 NEC	0,5 NEC

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

2014	2015	2016	2017	2018
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.

2014	2015	2016	2017	2018
0,8 NEC	0,8 NEC	0,7 NEC	0,7 NEC	0,4 NEC

Liquidity Ratio

	2016	2017	2018
LCR Ratio (Liquidity Coverage Ratio)	150,6%	94,2%	46,2%

Due to the lack of liquidity in 2018 and the very high bidding practices that followed (a practice to which BIAT did not subscribe), the bank was unable to comply with the liquidity ratio at the end of that year.

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

	2014	2015	2016	2017	2018
Gross Risk	7 426,8	8 342,6	9 719,8	11 589,7	13 363,9
NPL	551,7	556,0	562,3	612,2	733,6
NPL ratio	7,4%	6,7%	5,8%	5,3%	5,5%
NPL coverage ratio*	70,8%	68,8%	66,5%	63,8%	57,2%

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

2.5.6 BIAT Rating (Requested rating by the bank)

In its recent report of (October 2018), Moody's downgraded the outlook for the BIAT long-term deposit rating from stable to negative following the deterioration in the sovereign rating outlook of the country from stable to negative.

Consequently the rating of BIAT is as follows:

Deposits in foreign currencies	B3/ NP
Deposits in domestic currency	B2/NP
Baseline Credit Assessment	b3
Adjusted Baseline Credit Assessment	b3
Counterparty risk assessment	B2/NP
Outlook	Negative

2.6 Foreseeable development and Future Prospects

From the economic standpoint, the growth rate is expected to be 3.1% in 2019, driven mainly by the consolidation of the manufacturing and non-manufacturing industries as well as non-market services sectors.

In this respect, BIAT intends to maintain a balanced approach aiming to support its clients while improving its mobilization of deposits, in particular the sight deposit and savings deposits in order to avoid any tensions in its liquidity.

Efforts will focus, in 2019, on the consolidation of the bank's leadership position, through the realization of projects and areas for improvement, including the the services quality, risks control and optimization.

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

As was the case in 2018, the net income generation is expected to improve the majority of the bank's ratios.

— 2.7 Research and Development Activities

The year 2018 saw the beginning of the implementation of the five-year I.S strategic plan, which was drawn up at the end of 2017 and is designed namely to assist our customers in terms of additional expertise and solutions. This strategic plan covers all of the bank's business lines and is expected to accelerate its digital transformation in the coming years.

Moreover, in 2018, the bank continued to implement its T24 information system and bring value-added projects to its clients, namely : Transactional E-Trade International -, Revolving financial discounts and Revolving Administrative Guarantees, Dematerialisation of cautioned Bonds, and a currency options solution in the trading room.

In 2018, several adjustments, aimed in particular at improving customer satisfaction and compliance with regulations, were made to the T24 I.S , such as Biatimmo Loans and the consolidated visibility of client positions.

2018 was also the year of the launch of several IT infrastructure projects such as: the renewal and modernization of technical premises, the upgrading of the IT infrastructure and the modernization of servers.

Also in 2018, always concerned about satisfying its clients, building their loyalty and making them increasingly autonomous in their day-to-day operations within a modern automated framework, the bank set up two new «self-service banking» areas at the Sfax and Monastir branches after that of Tunis.

In 2018, the bank also pursued its strategy for a better commercial prospection of Tunisians Residing Abroad (TRE), upon their return to Tunisia during the summer holidays, through the development of an application allowing them to enter into relationship with the bank offline.

In 2018, particular attention was also paid to electronic payment solutions. In this regard, the bank has set up several projects such as: the improvement of Cash Cards, Chahria and debit cards (use of the real balance available), and the launch of the international prepaid Offshore card for legal entities.

— 3

BIAT GROUP AND PARTICIPATIONS

3.1 BIAT Group

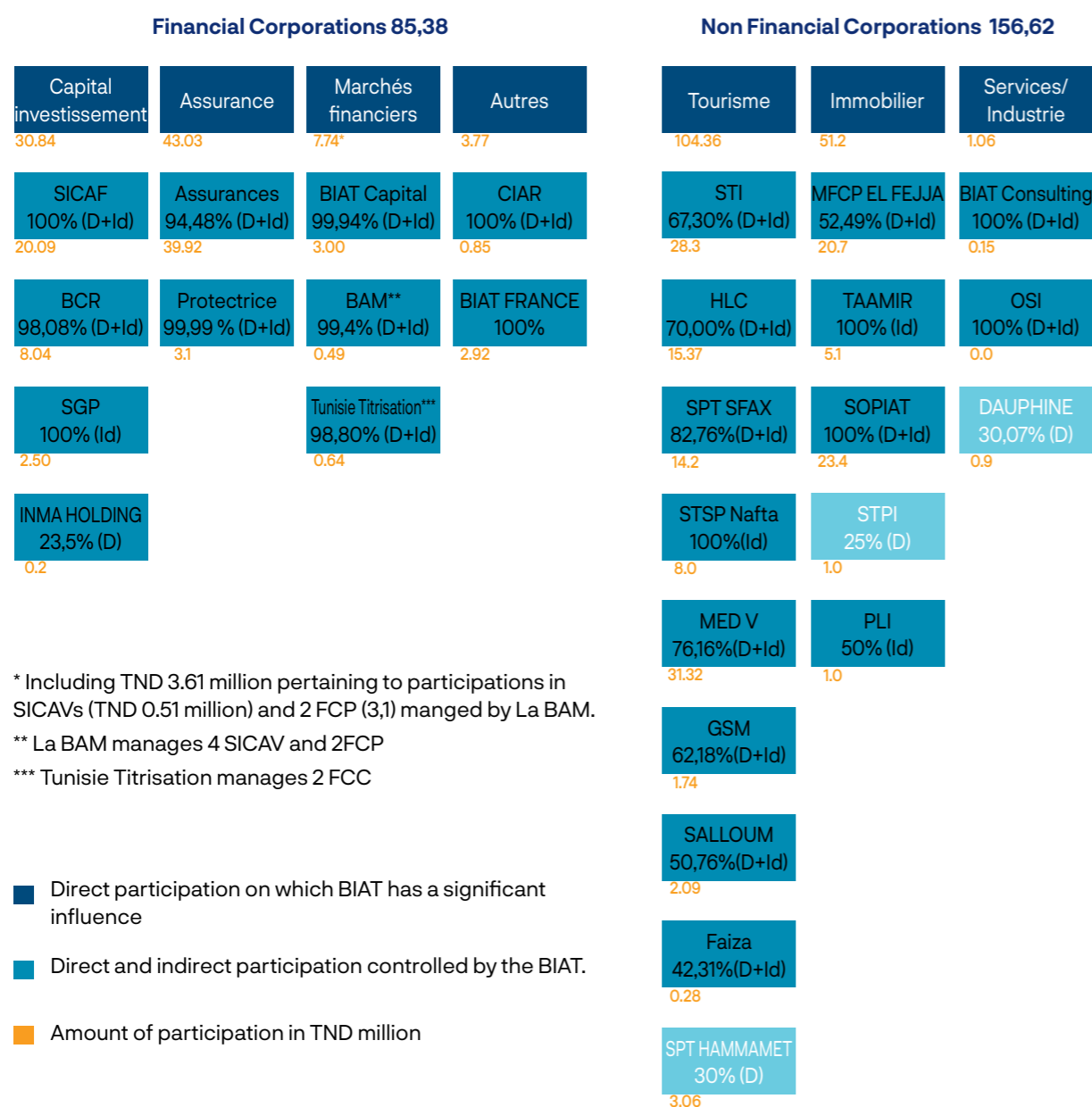
BIAT Group is positioned on several financial business lines that are complementary to the banking line of business of BIAT.

Furthermore, and in support of the strategic sectors of the Tunisian economy in terms of funding and consultancy, the BIAT Group has asserted 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.

GROUP BIAT as at 31-12-2018



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 thus marking the beginning of the business line of activity under new directions, thanks, mainly to the revitalization of activities and to business development. BIAT Insurance capital currently stands at TND 22 million, of which 94,5% is held by BIAT.

Insurances BIAT is active in all insurance activities, including life, automobile, health, transportation, fire, and third-party liabilities insurances.

During the year 2018, BIAT Insurance's turnover reached TND 126 million, of which TND 64 million were generated from Bancassurance products.

Insurance Protectrice Company

Its capital amounts to TND1.8 million, 46% of which is held directly by BIAT.

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. At the end of 2018, its share capital amounts to TND 8,093 million.

It also manages the Private Equity Funds on behalf of the BIAT Group with an amount of around TND 286 million on December 31st, 2018.

BIAT Capital Risk participates on its own behalf or on behalf of third parties in the financing and strengthening of equity of the Tunisian companies.

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

As at December the 31st, 2018, approximately 92% of the resources (Capital and Managed Funds) were invested, an investment volume of TND 270 million.

The highlights for 2018:

- The reduction of the share capital by an amount of TND 2.105 million, passing from TND 10.198 million to TND 8.093 million.

The year 2018 was marked by:

- A paid-up volume of the BIAT Group managed funds amounting TND 86 million
- An investment volume of around TND 73 million
- A net result of TND 1.625 million.

SICAF BIAT

The Company was established in November 2003. Its corporate objective is the management of securities and related operations. It manages a portfolio of more than TND 21 million, mainly by participating in SGP, TAAMIR Company and SOPIAT. On December the 31st, 2018, its share capital reached TND 19 million.

The net profit for the year 2018 amounted to TND 0.785 million.

Société Générale de Placement « SGP »

The company was launched in September 1992. Its corporate purpose is to manage the financial holdings. It manages portfolio of holdings of more than TND 2.5 million and an investment envelope of approximately TND 0.7 million. As at December the 31st, 2018, its share capital amounts reached TND 2.5 million 99% of which are held directly by SICAF BIAT.

For the year 2018 the company registered a net profit of TND 0.3 million.

INMA Holding

The company was launched in June 2018. Its main purpose is the management of the financial holdings. It manages a portfolio of holdings of more than TND 5.1 million. By December the 31st, 2018, its share capital reached TND 0.5 million and it is held directly by BIAT with 23.5%.

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 corporate capital amounts to TND 0,5 million.

By the end of 2018, the outstanding of UCITS managed by BIAT Asset Management stood at TND 532 million.

The company thus ranks second in terms of assets under management with a market share of 13.4 %.

The company manages a range of products:

Debenture UCITS

- SICAV TRESOR : created in 1997, SICAV TRESOR is a UCITS debenture of distribution. It has market share of 6.1 %, with TND 205 million assets under management by the end of 2018.
- SICAV PATRIMOINE OBLIGATAIRE : created in 2007, SICAV PATRIMOINE OBLIGATAIRE is a debenture UCITS of capitalization. Its managed assets amount to TND 234 million by the end 2018, with a market share of 7.0%.

UCITS devoted to holders of savings account in shares

- FCP BIAT – EPARGNE ACTIONS : Established in 2007, this mutual investment fund manages the amounts invested by holders of savings accounts in shares (SAS). The fund's assets reached TND 57,4 million at the end of 2018.
- FCP BIAT – SAS PNT Tunisair : Established by the end of 2017, it is dedicated exclusively to Tunisair Flight Crew members who hold savings accounts in shares. The fund's assets reached TND 11.0 million at the end of 2018.

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 companies stock 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 2018, to TND 11.3 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 0.8 million by the end of 2018.

- 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 13.2 million by the end of 2018.

BIAT Capital

Founded in 1995, under Law 94-117 pertaining to financial market reform, BIAT Capital is the stock market broker of BIAT group. The capital BIAT CAPITAL is 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 2018, the volume of transactions handled by BIAT CAPITAL amounted to TND 615 million, representing 6.7% of a market share.

Tunisie Titrisation

Specialized in the management of mutual claims funds, the company began operating in 2005. Its capital amounts to TND 0.660 million.

It manages the following two debt mutual funds claims funds:

Debt mutual fund « BIAT CREDIMMO 1 »

Created in 2006, its purpose consists of the mortgage backed securities acquisition, assigned 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 framework of this operation.

As at 31 December 2018, the capital outstanding amounts to TND 0.6 million.

Debt mutual fund « BIAT CREDIMMO 2 »

Created in 2007, its purpose consists of the mortgage-backed securities acquisition, assigned 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 framework of this operation.

As at 31 December 2018, the outstanding capital amounts to TND 2.3 million.

3.1.4 Activities within the Tourism industry

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 2018, the company holds fixed asset with significant mid- to long term development and the capital of the Sahara Palace Tourist Company, owns the Hotel Sahara Palace in Nefta whose the perspectives consist on the partners or acquirer research.

In 2018, STI withdrew fully from its subsidiary, the Société de Promotion Touristique Mohamed V, as part of its restructuring, allowing it to move forward in its development planning.

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 health resorts. By the end of 2018, 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, have shown resilience and continue to perform satisfactorily 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 square meters whose opening is planned to end 2019- beginning of 2020.

The year 2018 was marked by a net profit of TND 3,7 million.

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 health resorts. 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 of TND 17.4 million came in the light of the development, in partnership with the ACCOR Group and Tunisien private individuals, 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.

The Construction work began at the end of 2014 and finalized by the end of 2017 and an opening in the April 2018 under the Ibis brand. The hotel has completed the landscape of hotels in Sfax, most of which are 4* and 5* category.

The year 2018 was characterized by a turnover of TND 2.7million.

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 events of the previous years the Tunisian tourism sector going through.

The current capital of the company is TND 6.5 million. Its turnover increased in 2018 to TND 0.633 million.

Société de Promotion Touristique Salloum

The company was created in 1990. By December the 31st, 2018, its share capital has reached TND 4,7 million. The company's purpose is the creation, the development and the operation of an integrated touristic resort of a top range, in the area of Salloum – delegation of Bouficha, within the framework of an global program with the AFT.

Because of the structural problems of tourism which had been aggravated by 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.

Thus, the Company remains awaiting decision-making, especially on the zone vocation, in order to be able 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 operation of any establishment of a touristic nature. The company is currently put on hold.

Société de Promotion Touristique Hammamet

Created in 2016, with a share capital of TND 10.2 million, the company's purpose is the development of hotels, catering, tourism and health resort. As part of a reconstruction approach and enhancement of repurchased hotel-keeper, reflections were undertaken 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 an area of approximately 7ha in Hammamet Nord. After delays linked to the economic context, in particular in the tourism industry, studies have resumed since the end of 2016 for the development of a high-end touristic project.

3.1.5 Real estate activities

Société du Pôle de Compétitivité de Monastir El Fejja

The establishment of the company was in October 2006. By December the 31st, 2018, 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 competitiveness pole (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.

The year 2018 registered a turnover of TND 10.6 million and a net profit of TND 5.2 million.

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 2018, 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 branches' network, archive and deposit spaces and other real estate needs.

Société TAAMIR

Started operating in 1988, with a capital of TND 5 million at the end of 2018, the company's purpose is the acquisition, sale, development, administration, leasing of immovable properties or

fractions of immovable built or not, 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 some remaining administrative obstacles are removed.

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. By December 31st, 2018, its share capital was set at TND 4 million held up to 25% by BIAT.

3.1.6 Services and industry

Institut Tunis Dauphine «ITD»

Founded in 2009 with a capital of TND 3 million, of which 30.07% are held by BIAT.

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:

- Of strategic missions, organization and transformation,
- Of projects of setting up an information system and

- Of training programs.

At the end of its fifth year of operation, it records a turnover of around TND 1.32 million thanks mainly to its presence in several countries and the concretization of new clients in: Burkina Faso, Mali, Senegal and Burundi.

In 2019, BIAT Consulting looks forward to consolidating its position in the Central and West African regions and ensure the continuity of technical assistance agreements with banks in the region.

In addition, BIAT Consulting intends to develop through the following growth areas: Insurance activity, Training and digitalization.

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.

3.1.7 Other Professions

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.

It was created with a share capital of TND 1 million, majority held by BIAT.

The year 2018 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 recorded an increase of 24% to reach TND 8.556 KDT by the end of the year 2018, against TND 6.899 KDT at the end of the year 2017.

The gross operating result recorded, for its own part, an increase of 35% to reach TND 5.271 KDT by the end of the financial year 2018, against TND 3.896 KDT, the previous year, under the combined control effect of general operating expenses (8%) and the increase in net revenue of recovery (22%).

As to the financial year ended on December 31st, 2018,

the net profit stood at TND 3.448 KDT, an increase of 32% compared to (TND 2.621KDT) at the end of 2017.

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 2018, its share capital is € 1.2 million. The subsidiary's headquarters and first branch are located at 6, rue de la Chaussée d'Antin in the 9ème arrondissement of Paris.

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.

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

In 2018, the number of transactions received directly from BIAT France increased by 57% in terms of number and 67% of in terms volume compared with the previous year.

3.2 BIAT Group Result

The main consolidated data of the group indicate that the total balance-sheet, as at December 31st, 2018, amounts to TND 16.511,8 million, showing a 16.5% growth compared with the end of 2017.

The net banking income shows an increase of 16.7 %, or TND 919.9 million by December 31st, 2018.

As for the net consolidated result, it records for its part an increase of 24.9% reaching the amount of TND 261.1 million by the end of 2018.

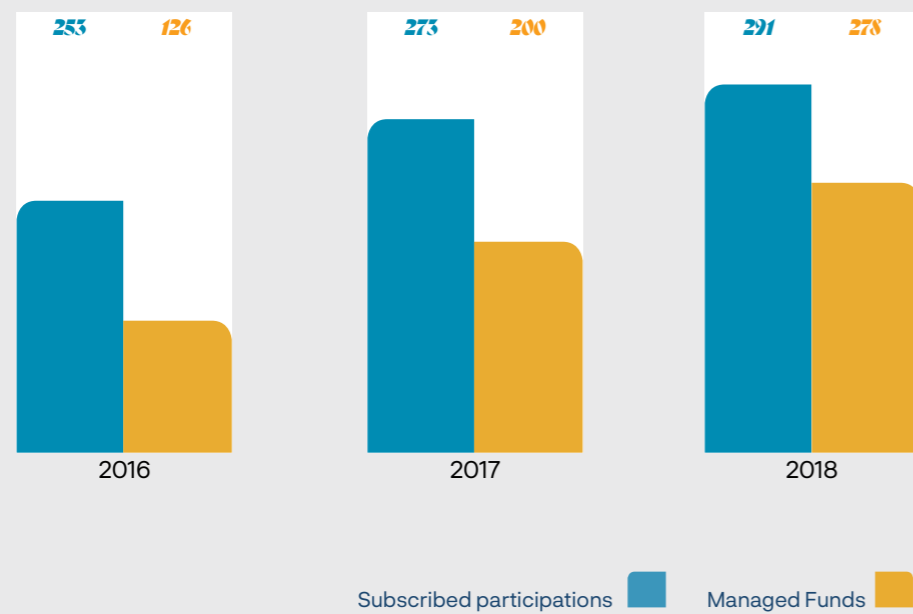
The group corporate income, for the years 2018 and 2017, is broken down as follows:

Company	Corporate Income 2018	Corporate Income 2017	Variation
BIAT	254 765	214 017	40 748
BCAP	358	443	-85
BAM	906	525	381
BCR	1 624	1 236	388
CIAR	3 442	2 621	821
SICAF	785	884	-99
SOPIAT	225	246	-21
SALLOUM	-3	-56	53
OSI	-3	4	-7
PROTECT	-2 483	349	-2 832
ASSBIAT	8 768	4 105	4 663
FAIZA	-3	-3	0
OPPRUNITY	-10	6	-16
TRESOR	8 106	10 168	-2 062
PRESPERITY	291	210	81
SGP	304	353	-49
TAAMIR	87	145	-58
GSM	-975	-560	-415
PALM LINKS	-2	4	-6
STI	7 905	-3 091	10 996
TITRISATION	-79	-299	220
ELFEJJA	5 182	4 229	953
PATRIMOINE	11 151	9 127	2 024
FCC1	-9	-34	25
STPI	-187	-140	-47
FCP	990	924	66
FCC2	30	14	16
STSP	-731	-722	-9
SPTMV	3 697	3 576	121
ITD	-9	42	-51
BCO	191	194	-3
BIAT FRANCE	76	11	65
PERFORMANCE	227	227	0
HLC	-592	-574	-18
SPTS FAX	-1367		
INMA	-199		
Consolidated Total	302 458	248 181	55 843

— 3.3 Evolution of the equity participations

By December the 31st, 2018, the accounting value of subscriptions (direct investment and managed funds) recorded an increase of 20% compared with the year 2017 to amount to TND 569 million.

Evolution of equity participations (In TND million)



SHAREHOLDING

— 4.1 Capital allocation information and voting rights

4.1.1 Capital Structure as at 31/12/2018

Shareholders	Number of Shares and voting rights	Capital Share and voting rights in %
B/ Tunisian shareholders	16 820 312	98,94%
LEGAL ENTITIES	13 207 060	77,69%
NATURAL PERSONS	3 613 252	21,25%
A/ Foreign shareholders	179 688	1,06%
TOTAL	17 000 000	100,00%

4.1.2 Allocation of voting rights

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 2018 was particularly marked by the following transactions:

– Main acquisitions:

- CAP INVEST SICAF acquired 325 000 BIAT shares or 1.91% of the capital;
- MAGHREB FINANCIERE HOLDING acquired 83 000 BIAT shares or 0.48 % of the capital;

- MAGHREB FINANCIERE HOLDING acquired 39 750 BIAT shares or 0.23 % of the capital
- STE COMPAGNIE INTERNATIONALE DE LEASING CIL acquired 39 800 BIAT shares or 0.23 % of the capital
- GAT acquired 14 000 BIAT shares or 0.08% of the capital .
- STE PARTNERS INVESTMENT acquired 10 000 BIAT shares or 0.07% of the capital

– Main assignments:

- HABIB KAMOUN assigned 325 000 BIAT shares or 1.91% of the capital
- LA FINANCIERE WIDED SICAF assigned 83 000 BIAT shares or 0.48 % of the capital
- INOPLAST FINANCIERE assigned 39 800 BIAT shares or 0.23% of the capital
- INOPLAST FINANCIERE assigned 39 750 BIAT shares or 0.23 % of the capital
- GAT VIE assigned 14000 BIAT shares or 0.08 % of the capital
- SPIDIT SICAF assigned 10 000 BIAT shares or 0.06 % 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:

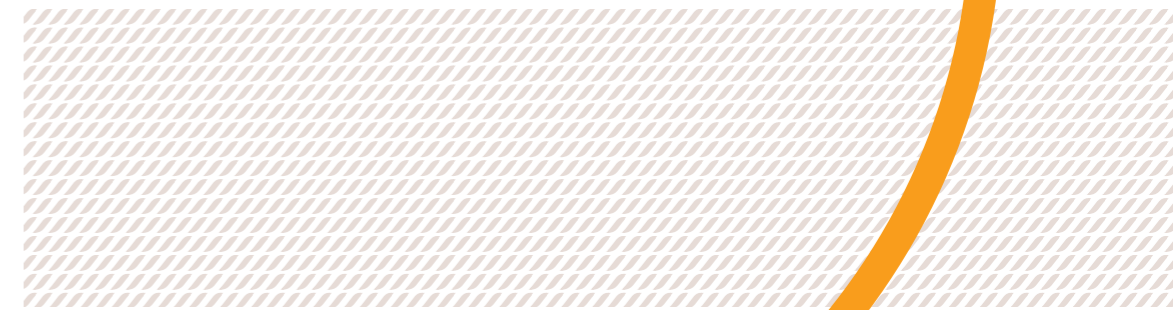
1/ 1/ In order to have the right to attend or be represented at General Meetings shareowners must be listed on the company's registers, at least eight days prior to the fixed date for the meeting.

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

GOVERNANCE



5.1 The board of Directors Report on its Activities during 2018

(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 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.

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 Council¹.

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 bank².

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

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.

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.

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's 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.
- 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;

- Appointing 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;
- Appointing 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.

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 Manager

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.

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 with:

- 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. 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

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.

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

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 Items:

- 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.

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/herself to devote the necessary time and attention to his/her duties.

1. He/she is to acquire knowledge of specificities of the Bank, its challenges and values, including by raising questions to its principal officers.

2. He/she 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 /she attends the General Meetings of Shareholders.

4. He /she does his/her 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/she 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/she 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/she 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 /she 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.

▪ 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.
- 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.

▪ 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 by 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").

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 Member
- Membres :
 - Mr. Tahar SIOUD: Administrator representing the interests if 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.
- 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 Operating 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.

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

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.

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.
- 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.

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

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.

5.1.4.3 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.

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

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	Date of 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	//	Former Manager of the HSBC- France bank
Mohamed Afif CHELBI Independent member	//	Former Minister of Industry and Technology
Mehdi SETHOM Independent member	//	Manager of MCF Company TUNISIA
Tahar SIOUD Member representing the interests of small shareholders	//	Former Vice Governor of BCT and Ex-SEAE(*) / Ex Minister of Commerce

(*) : State Secretary of the Foreign Affairs

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

5.1.5.2 Frequency of Meetings of the Board of Directors During 2018

In 2018, the Board of Directors held four meetings.

	Meeting of 30 March 2018	Meeting of 20 June 2018	Meeting of 19 September 2018	Meeting of 19 December 2018
Number of Attendances	8	8	8	9



BIAT Board of Directors Meeting – 2018

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 2018, the Permanent Committee of Internal Auditing held six meetings.

	Meeting of 13/02	Meeting of 29/03	Meeting of 19/06	Meeting of 28/08	Meeting of 18/09	Meeting of 18/12
Number of Attendances	4	4	4	4	4	4

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

5.1.7.1 Composition

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

5.1.7.2 Frequency of Meetings

The Executive Credit Committee held eight meetings in 2018:

	Meeting of 13/02	Meeting of 29/03	Meeting of 08/05	Meeting of 19/06	Meeting of 28/08	Meeting of 18/09	Meeting of 25/10	Meeting of 18/12
Number of attendances	2	2	2	2	2	2	2	2

5.1.8 The Risk Committee Composition and Frequency of its Meetings

5.1.8.1 Composition

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

5.1.8.2 Frequency of meetings

In 2018, the risk committee held four meetings:

	Meeting of 22/03/2018	Meeting of 31/05/2018	Meeting of 13/09/2018	Meeting of 13/12/2018
Number of Attendances	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;

- Funding and investment banking business;
- 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

	2014	2015	2016	2017	2018
Weighted net asset (in TND million)	6 508,0	7 254,9	9 479,3	11 140,4	13 057,4
Total net core equity capitals (in TND million)	609,7	691,8	815,3 ⁽¹⁾	954,2	1 122,8
Ratio of risk coverage (tier 1)	9,37%	9,54%	8,60%	8,57%	8,22%
Complementary Equity Capital (in TND million)	82,9	94,0	168,0	243,4	256,0
Total net equity capital ⁽²⁾	692,6	785,8	983,3	1 197,7	1 378,8
Global Ratio of risk coverage ⁽¹⁾	10,64%	10,83%	10,37%	10,75%	10,09%

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

(2) The Regulatory ratio of 10%

5.1.11 Structure of the Shareholding and Voting Rights as at December 31st, 2018

Shareholders	Number of shares	Portion in %
A/ FOREIGN SHAREHOLDERS	179 688	1,06%
B/ TUNISIAN SHAREHOLDERS	16 820 312	98,94%
*Corporate Person	13 207 060	77,69%
MAGHREB FINANCE HOLDING	3 480 778	20,48%
MAGHREB FINANCIERE HOLDING	2 530 446	14,88%
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%
OTHERS	3 726 020	21,92%
*Natural Person	3 613 252	21,25%
MILAD KARIM	435 809	2,56%
FAKHFAKH HEND	274 539	1,61%
KAMOUN HABIB	259 539	1,53%
FAKHFAKH KHALED	241 840	1,42%
MILAD DORRA	186 431	1,10%
MILAD MERIEM	183 062	1,08%
OTHERS	2 032 032	11,95%
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 2018 to a gross amount of 977 KDT, including employer's expenses of 207 KDT.

Furthermore, the Chief Executive Officer received a compensation of 24 KDT as a member of the Executive Credit Committee.

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 retail banking is set by the committee established under the Board of Directors meeting on May 24th, 2017 and amounted, for the financial year 2018, to a gross amount of 812 KDT, including the employers' expenses of 172 KDT.

- The members of the Board of Directors are remunerated by attendance fees set by the Ordinary General Meeting of April 30th 2018. These attendance fees have reached a gross amount of 480 KDT in 2018.

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 amounting to 129 KDT in the financial year 2018.

2. The obligations and commitments of BIAT towards its directors, for the financial year ended as at December 31st, 2018, are as follows (in TND):

Nature of the benefit	Chief Executive Officer's		Deputy Chief Executive of Bank Detail		Members of the Board of Directors	
	Expense of the Financial year	Liabilities on 31/12/2018	Expense of the Financial year	Liabilities on 31/12/2018	Expense of the Financial year	Liabilities on 31/12/2018
Short-term benefits (*)	1031 837	106 881	837 519	7 286	609 000	507 000
Post Retirement benefit	-					
Other long term benefits	-	-	-	-	-	-
End of Contract indemnities	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	-
Total	1031 837	106 881	837 519	7 286	609 000	507 000

(*) : Remuneration services, social security contributions and paid leave to corporate officers ;attendance fees and other remunerations paid to directors.

5.2 General Management

5.2.1 General Manager

The Board of Directors meeting held on May 24th, 2017, at the end of the said meeting, renewed the mandate of Mr. Mohamed AGREBI as the General Manager 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

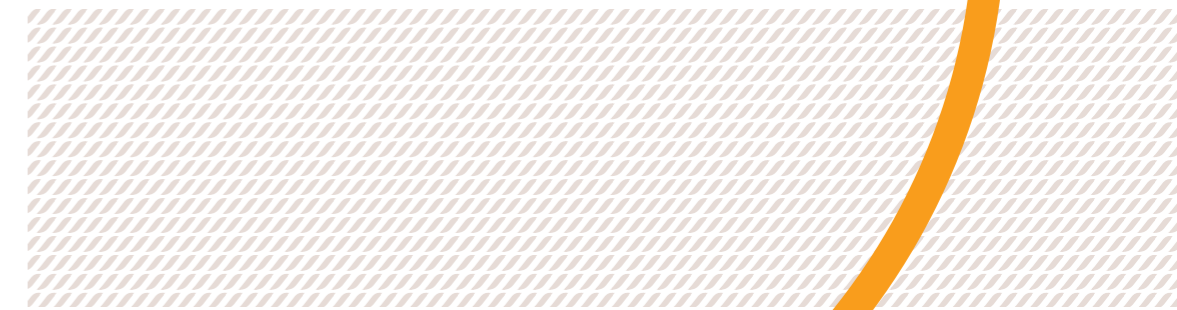
The Board of Directors meeting held on september 19th, 2018, renewed the mandate of Mr. Hechmi LAKRICHE as vice General Manager in charge of the retail banking for one year.

5.3 Statutory Auditors

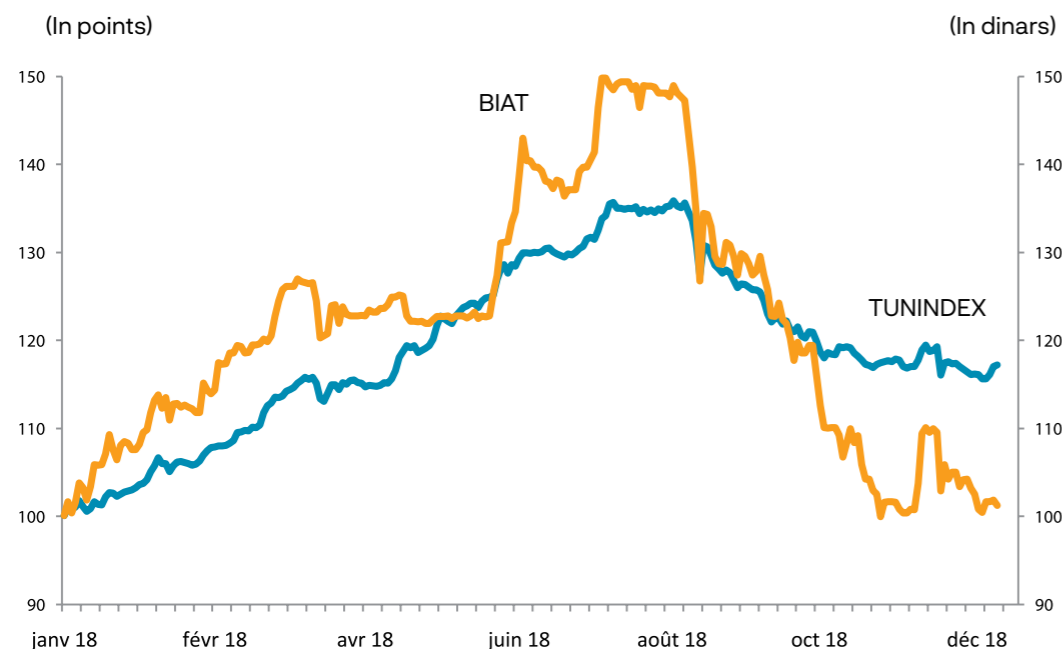
The Ordinary General Meeting of May the 27th, 2016 appointed the firms FINOR and the firm FMBZ - KPMG Tunisie as statutory auditors for a three-year period, expiring after the Ordinary General Meeting called to improve the company accounts for the financial year 2018.



BIAT'S SHARE IN THE STOCK MARKET



6.1 Trend in BIAT Share Price in 2018



The BIAT share price reached 119.5 dinars by December the 31st, 2018, thus recording a positive return of 1.43% against a return of 15.76% for the Tunindexet index and of 10.59% for Tunbank.

This increase in the performance allowed it be on the top of the market, with a capitalization of TND 2 031,5 million.

Given the rate of return provided, Biat securities transactions are characterized by permanent dynamism. In this respect, The number of BIAT exchanged shares during the whole year 2018 was 1 075 386.

Actionnaires	2017	2018
Share Capital		
* In number of shares	17 000 000	17 000 000
* In millions of dinars	170	170
Highest price/ lowest price (in dinars)	122,600 / 87,060	178,00 / 117,00
Closing price (in dinars)	122,0	119,50
Profit after accounting per share (in dinars)	12,589	14,986
P.E.R	9,69	7,97
Dividend per share (in dinars)	4,250	5,00
Market Capitalization (in TND million)	2 074,00	2 031,50

6.2 Undertaken Financial Communication Actions

In conformity with its strategy of communication, BIAT continued in 2018 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 reserve 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.

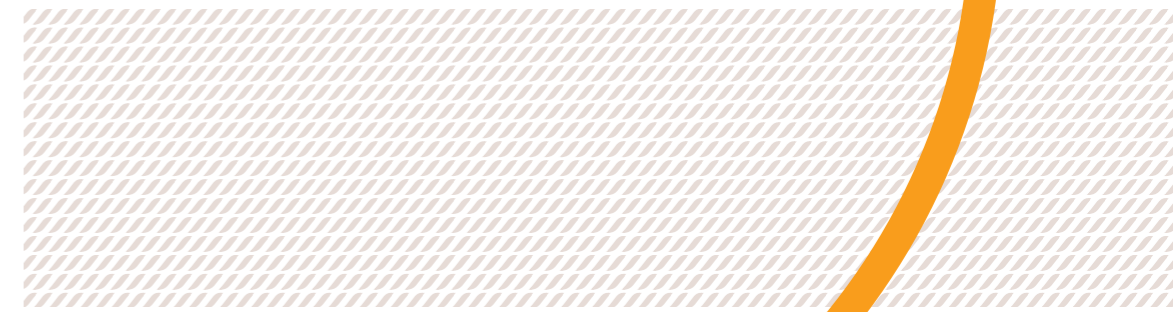
7.2 Change in Shareholder's Equity and Dividend Paid

Thousand dinars

	Other reserves						Other Equity	Results Reported	Results Of the period	Total
	Share capital	Share Premium	Legal Reserves	Ordinary Reserves	Social Funds	Exempt reinvestment reserves				
Equity on 31/12/2016 before income appropriation	170 000	111 760	17 000	94 749	100 686	137 989	3	71 421	190 142	893 750
AGO appropriation on 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 income appropriation	170 000	43 760	17 000	77 005	100 686	245 732	3	171 564	-	825 750
Equity capital at 31/12/2017 before income appropriation	170 000	43 760	17 000	77 005	101 083	245 732	3	171 564	214 017	1 040 164
AGO income appropriation 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 income appropriation	170 000	-	17 000	52 233	101 083	342 058	3	285 537	-	967 914
Equity on 31/12/2018 before income appropriation	170 000		17 000	52 233	101 512	342 058	3	285 537	254 765	1 223 108
AGO income appropriation on 28/04/2019						120 043		87 122	-207 165	-
Dividends				-37 400					-47 600	-85 000
Reserves Transfer				5 400		-5 400				
Equity on 31/12/2018 after income appropriation	170 000	-	17 000	20 233	101 512	456 701	3	372 659	-	1 138 108



AUDIT



— 8.1 Activity of the Permanent Internal Auditing Committee of the Control of Accounts

8.1.1 Excerpt from Activity Report of the Permanent Internal Auditing Committee of the Year 2018

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 secretariat of the Committee is provided by the General control , in collaboration with the Strategy Department, governance and PMO.

The Committee met six times during the financial year 2018.

Review of the financial statements

The Committee examined the individual and consolidated financial statements for the 2017 financial year, as well as the financial statements as at June 30th, 2018, prior to their submission to the Board, such in the presence of the Statutory Auditors and the Head of the Finance and Accounting Department. These discussions concerning the financial statements focused mainly on the following points:

- The Committee noted the tensions observed on the liquidity ratio, which is at the limit of the regulatory

threshold of 90%. In this context, it stressed that the reclassification of BTA securities from «Transaction Securities» to «Investment Securities» may induce risks on the Bank's accounts, particularly in view of the upward trend in interest rates and the current pressures on liquidity,

- In addition to the commitments held on the three confiscated companies that require close monitoring, the Committee invited the bank's management to pay (devote) special attention to relations operating in the tourism sector, particularly in the context of the preparation of the Financial Statements for 31/12/2018,
- The gradual implementation of the recast Solvency Ratio and the measures taken by the bank to ensure compliance.
- The need for the bank to prepare without delay, for the application of IFRS standards (in 2020 or even at the end of 2019), by quickly identifying the changes to be made and assessing their impact, especially on the bank's business process, performance and equity.

As part of the follow-up on the work of the Statutory Auditors, the Committee also examined a presentation on the main recommendations made in the Statutory Auditors' management letters and the progress made in implementing the recommendations made.

Internal and general control

The Committee was kept informed of the list of agreements concluded with persons having ties with the bank as defined in Article 43 of the Banking Act and Article 200 of the Commercial Companies Code.

The Committee was informed of the evaluation of the internal control system; in this context, it examined the activity reports of the structures reporting to the General Control, the results of their work, and in particular the inadequacies identified as well as the measures taken by the general management during the financial year to regularise them. The Committee also approved the programme of missions of the structures reporting to the General control for 2018.

Functioning of the Committee

With a view to optimizing its operating procedures, the Committee reviewed the provisions of its Charter. It considered that the wording of certain powers suggests that there is an overlap between the role of the Audit Committee and that of the bank's executive management. The members of the Committee, hence, draw the attention of the members of the Board to the responsibility conferred upon them by law for the powers in question, in particular those relating to the control and coordination of the activities of the structures of the General control, and the verification of the consistency of the systems for measuring and monitoring risks.

Risk measurement and control systems

The Committee was informed of the findings of the audit missions on the Counterparty Rating System and on the methods for calculating the Solvency ratio and the risk concentration and division standards.

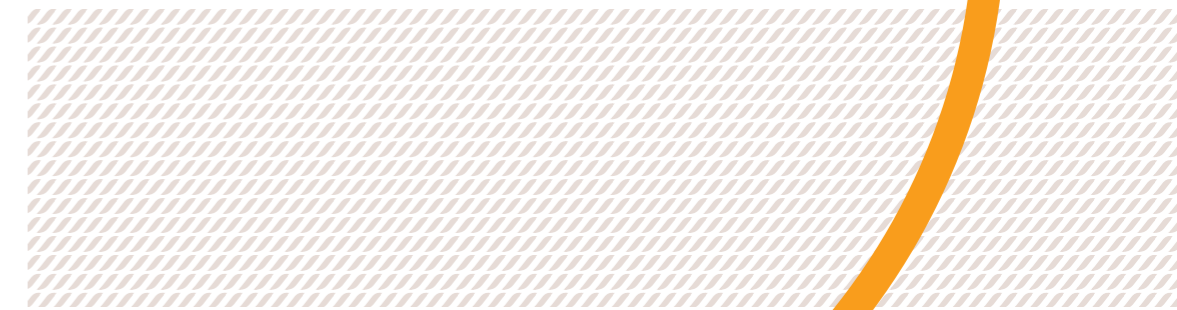
With respect to the latter, the Audit Committee considered that the current economic climate and expected regulatory changes should encourage the bank to further refine the choices made to value the risks incurred and recommended that the necessary simulations be carried out to estimate the impacts in the event of the application of IFRS standards in preparation for possible changes. The Committee further noted the difficulties encountered by local banks, including BIAT, in complying with the new 25% concentration limit on related parties as at December 31th, 2018.

Lab-ft procedures

The Committee has also taken interest in the AML/ CFT regulatory developments issued during the year. It considered that the «customer knowledge / KYC» component is the key element of an effective AML/ CFT system and that its application would only be effective if the approach were to be extended to the entire market through stricter rules imposed by the Central Bank.



SOCIAL REPORT



9.1 RH Indicators

9.1.1 Evolving of Personnel

In 2018, BIAT' staff was reinforced by 43 newly recruited employees.

During the period 2016-2018, staff decreased by 359 persons to reach 2037 persons by 31 Dec. 2018 compared to 2396 in 2016.

The ratio of productivity (Staff/ Branch) is 10.03 in 2018 against 10.83 in 2017.

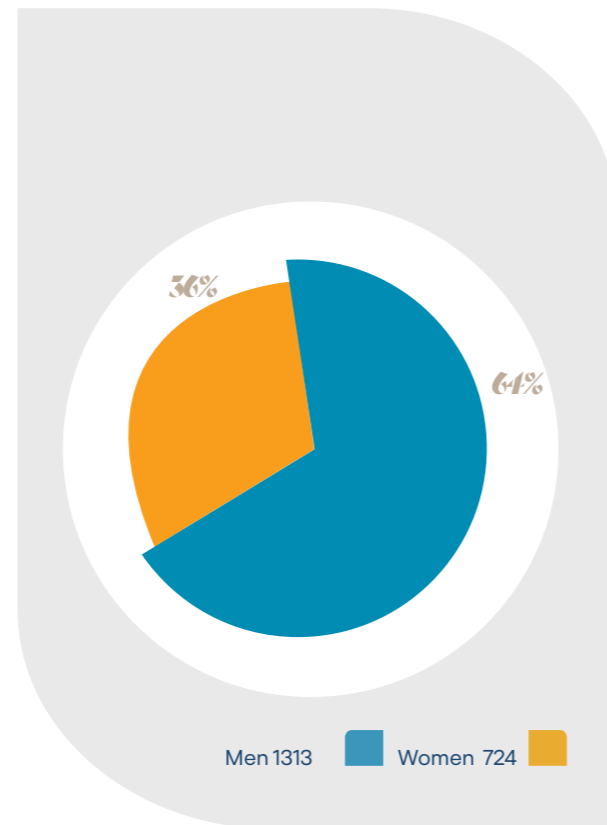
Meanwhile, it should be highlighted that in 2018 the Bank increased the sales staff by 30 to a total of 790 persons (or 39% of Staff). Up from 760 persons in 2017 (or 35% of Staff).



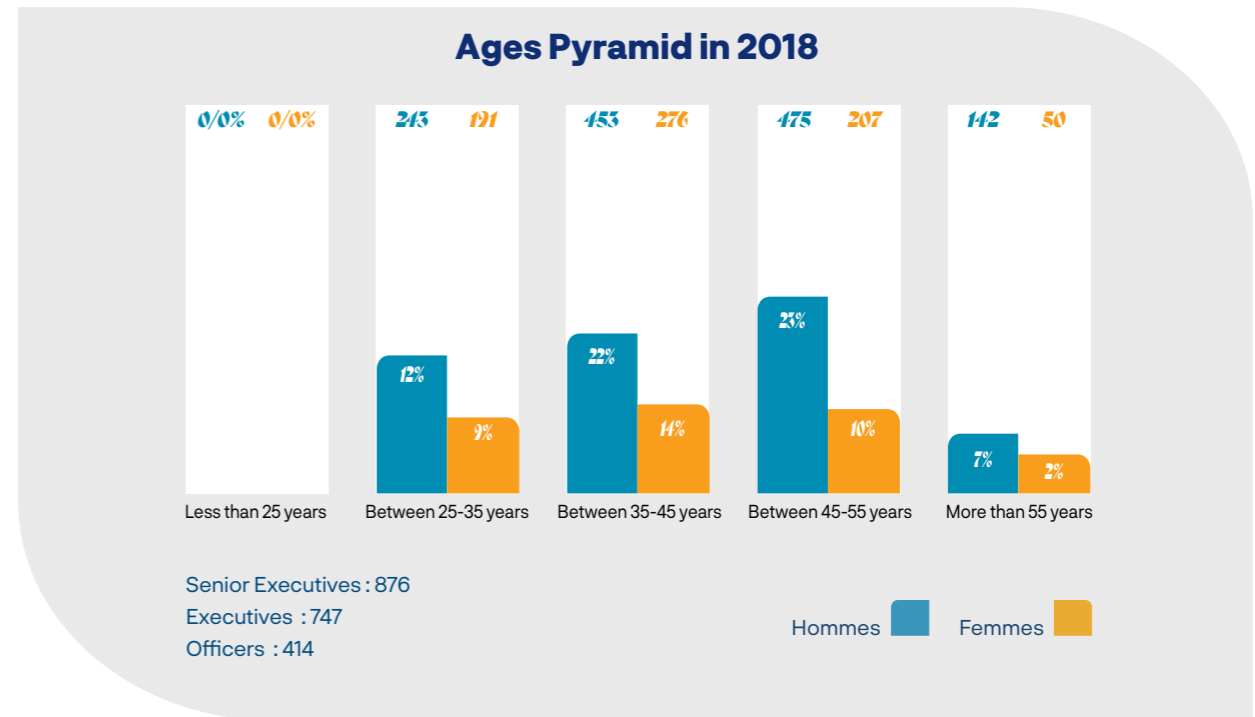
The structure of the Staff between the headquarters and the network, which keeps developing in favor of the network, represents 56% of the total Workforce of the Bank.

9.1.2 Breakdown of Staff

In 2018, the breakdown between Men-Women is respectively 64% and 36%.



- The average age is of 42.7 years, slightly below that of 2017.
- The average seniority is 16 years against 17 years in 2017.



9.2 Competencies Development Center

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. It is therefore a key player in the processes of welcoming and integrating new recruits and in career management, while respecting the bank's human capital policy.

The CDC is made up of multidisciplinary teams 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 relies on a body of internal trainers with rich and varied competencies as well as 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 12 diploma curriculums and 14 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, sales advisors of the bank, managers of loans risks...etc.
 - **The Managerial Training Plan** for Top Management in order to develop a BIAT culture and values and standardize managerial practices on a daily basis.
 - **Skills upgrading courses, Agency and Headquarters Training Plans** dedicated to acting employees to master the current job, upgrade their skills and increase their versatility.
 - **The courses for new recruits:** Behavioral, regulatory, business and professional training along with on site immersions in order to facilitate the integration and the mastery of the job.
 - **Cycles of work skills development:** cycles intra-animated training cycles by Tunisian and foreign experts.
 - **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.

9.1.3 Management of Trainees Activity

BIAT is committed to a proactive approach to employability of students, welcoming, during 2018, 1562 students from various disciplines (Engineering, Finance, Management, Economics, Statistics, Commerce, etc.), received for introductory or

advanced internships (62%) and for graduation projects (38%).

Furthermore, 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.

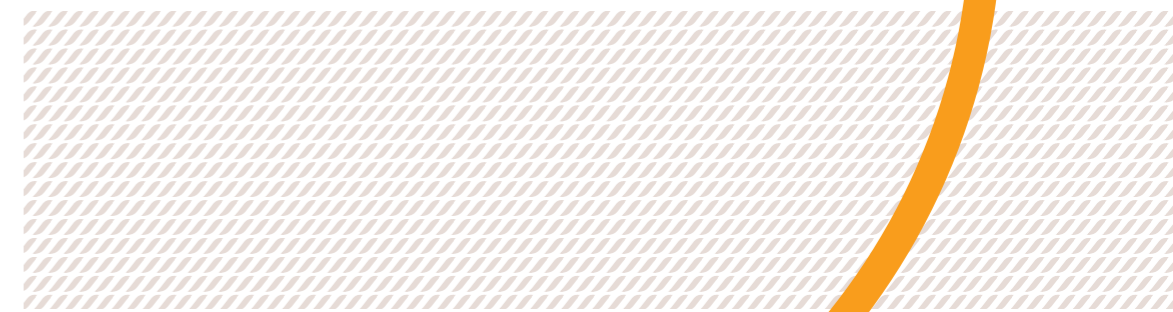
	2016			2017			2018		
	Net-work	Central Service	Total	Net-work	Central Service	Total	Net-work	Central Service	Total
Graduation projects	177	212	389	398	338	736	275	317	592
introductory / advanced internships	958	438	1396	866	307	1173	634	336	970
Total	1135	650	1785	1264	645	1909	909	653	1562

9.1.4 Mobility

Prior to any external recruitment at BIAT, internal mobility is considered. This principle is adopted in order to foster motivation, commitment of employees and enriching their career paths.

— **10**

**ELEMENTS
ON INTERNAL
CONTROL**



10.1 Environment of 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 system:

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.

- The 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 Actions Undertaken Regarding compliance and Anti-Money Laundering and Terrorism Financing

The year 2018 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.

A particular stress is put on anti-money laundering and Financing compliance mechanism through sustained training sessions and employee awareness of the compliance requirements for money laundering and the bank's values as set out in our Code of Conduct.

Compliance

During 2018, 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 2018, the bank continued to enhance its anti-money laundering and anti-terrorist financing measures. This is reflected in the updating of its policy in this area by adopting the new regulatory provisions through strengthening the procedure for the recognition of client when entering into a relationship and during the relationship, freezing assets, etc.

The bank is continuously improving the performance of filtering and profiling tools for prevention when entering into relationships with clients and detecting complex transactions that may be initiated by clients involved in illegal activities.

Having strengthened the application of the risk-based approach to the bank's procedures, recognition of the client, which is one of the most important pillars of the compliance and anti-money laundering and anti-terrorist financing policy, allowing for the classification of each client into a high-risk profile, a moderate risk profile or a low-risk profile.

Extensive investigations are always carried out to place the client under increased vigilance or to trigger the updating of his «KYC» file and to draw up a new interview report that could lead to a change in his risk class.

Ethics

The bank places special emphasis on the values and principles set out in our code of ethics. Training of employees and new recruits continued during 2018 to share principles that reinforce our commitment to the bank's objectives.

10.1.3 Actions undertaken regarding the Information Security

In line with the actions already implemented, in particular;

- Formalizing the main information security measures and the limitation of the use of removable storage facilities,
- As well as the dissemination of security bulletins intended to raise staff awareness of incidents that have occurred at the national or international level,

In 2018, emphasis was placed on reflection on the supervision and monitoring process for information security.

For the operational implementation of this supervision and monitoring process, an external firm's expertise mission is undertaken in 2018 as part of a global project to improve internal control and operational risk management systems, leading in 2019 to a formal target approach in an operating guide (handbook). This approach will be implemented on a practical level with the definition of the necessary interactions and synergies with the bank's main business lines concerned.

10.2 Management of Risks

10.2.1 Main Risks Facing the Bank

Risk management focuses on the following main categories.

Credit and counterparty risk (including concentration risk): this is the risk of losses resulting from the inability of the bank's customers or other counterparties to meet their financial commitments.

Counterparty risk is the manifestation of credit risk in the context of market transactions, investments or settlements where the Bank is potentially exposed to its counterparty default.

Credit risk may be aggravated by concentration risk which arises from a high exposure to a given risk or to one or more counterparties or to one or more groups of similar counterparties (business group, sector, country, etc.).

Liquidity and refinancing risk refers to a bank's inability to finance increases in assets and to meet its commitments, at a reasonable cost, when they fall due.

Market risk: this is the risk of loss of value of financial instruments that may result:

- price fluctuations on trading and investment securities as defined by accounting standards and on any other financial instrument provided for by the regulations in force.
- or positions that may give rise to currency risk, including spot or forward exchange transactions. These positions can be on or off the balance sheet.

Overall interest rate risk is defined as the risk incurred in the event of a change in interest rates, measured on all balance sheet and off-balance sheet transactions, with the exception, where applicable, of transactions subject to market risks.

Settlement risk/delivery is defined as the risk that, during the time required to settle the settlement transaction, a failure or difficulties that prevent the bank's counterparty from delivering the agreed financial instruments or funds to the bank, while the bank has already fulfilled its commitments to the counterparty.

Operational risk is defined as the risk of losses resulting from deficiencies or failures attributable to the design, organization and implementation of procedures, human or technical errors and external events. The definition includes, amongst others, legal risk excluding strategic and reputation risks.

Strategic risk is the risk inherent in the strategy chosen by the bank or arising from the bank's inability to implement its strategy and which may result in a decline in the value of its share.

Reputation risk is the risk of an act or event that is likely to damage the bank's reputation or brand image.

Other risks are those that remain after all preventive, protective and mitigating measures have been taken into account.

BIAT has placed particular emphasis on the implementation of an effective strategy, adequate processes and procedures and an appropriate organization to control all these risks while complying with regulatory standards.

Over the years, BIAT has also developed a culture of risk management and control and has gradually disseminated good risk management practices and the implementation of assessment tools.

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 delegated 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 and main actions initiated in 2018

In 2018, 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 on credit policy as well as the regulatory provisions.

Internal rating and credit risk measurement system

The year 2018 was marked by:

- Review of the rating policy and launch of the new version of the RISKPRO credit study framework.
 - Validation of the rating system by the Board of Directors.
 - An internal audit mission of the rating system and a study of its compliance with the requirements set out in BCT Circular No. 2016-06 on the counterparty rating system. The internal audit report did not show any qualification likely to affect the rating methodologies.
- It should be recalled that, in the long term, the rating system will provide the bank with the framework for:
- Implement a rational pricing policy that takes into account the quality of risk
 - Define the delegated schemes
 - Integrate rating into the definition of commercial policy and the setting of exposure limits
 - Measure regulatory data including required provision levels and minimum capital requirements.

Entry into force of the new regulatory reporting system

In accordance with the Central Bank of Tunisia's circular n°2017-06 on accounting, prudential and statistical reporting, a roadmap has been adopted and work has been launched to define the process for preparing, control, monitoring and declaration of regulatory reports.

Coverage of refinancing operations

Following the publication by the Central Bank of Circular No. 2017-02 of 10 March 2017 on the «Implementation of Monetary Policy by the Central Bank of Tunisia», which entered into force on 3 April

2017, a new legislative and operational framework was introduced for the procedures for executing monetary policy operations.

This has led to major changes in management methods.

The Reporting Department has successfully implemented the «Collateral receivables» component of this new framework for exchanges with the BCT and the implementation of a system for the creation, declaration and monitoring of collateral in receivables used to cover refinancing operations.

10.2.4 The bank's perspectives regarding risk management and actions to be undertaken in 2019

Several projects will be launched in 2019:

- Implementation of an individual stress test tool for companies
- Definition of a methodology for rating business groups
- Standardization of the data collection and reporting process
- Backtesting and model calibration
- Implementation of a governance system for the rating system
- Communication around the internal rating system

10.2.5 Market risk management

Market risks are managed by the Market Risk Department.

The main aspects of market risk management are as follows:

- Daily and independent monitoring of the front office, positions and risks arising from all the bank's market activities, and the comparison of these positions and risks with the limits set ;
- Defining the functions of the databases and systems used to measure market risks;
- Examining all limit requests made by the various activities within the global authorizations granted by the General Manager and monitoring their use;
- Preparing daily risk reports highlighting any breaching of a limit value;

- Monitoring regularly the market parameters used to calculate risks and results is ensured;
- Validating the models used to calculate the risks; the results of the operations as well as their explanation;
- Calculating equity requirements to meet potential market-related losses (BCT Circular n°2018-06/ solvency ratio).

A quarterly report summarising the year's key events is submitted to the Market Risks Committee (foreign exchange, interest rate, liquidity and exposures to bank counterparties and in particular to the use of limits).

In 2016, as part of the monitoring of risks related to new activities, the Market Risk Department took over the monitoring and control of the Market Maker's activity.

RATE RISK

BIAT has an interest rate and liquidity risk management system that provides a global and at the same time detailed view of applications and resources and the impact generated by the variation of certain market parameters. From this point of view, BIAT complies with the regulations in force, governed by circular 2006-19 of 28 November 2006.

Interest rate risk management measures the impact on the bank's results and the value of its balance sheet in the event of an unfavourable change in interest rates.

Currently, BIAT's interest rate risk management is based on the global fixed-rate limit.

By December the 31st, 2018, the applications and resources of the bank were distributed as follow on the basis of the vision (ALM):

- 84% 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.
- 45% of the asset is made of the applications with fixed rate and of 55% of the applications with variable rate.

The balance sheet structure is characterized by a significant production of loans indexed to the MMR

and by fixed-rate deposits; this situation explains a fixed-rate limit that has been increasing continuously since 2011.

10.2.6 Operational Risk Management

in accordance with article 45 of circular 2006-19 of 28 November 2006, Operational risk is defined as follows :

«... the risk of loss resulting from deficiencies or failures attributable to the design, organization and implementation of procedures, human or technical errors and external events. The definition includes, amongst others , legal risk but excludes strategic and reputational risks...»

In accordance with this circular, BIAT has chosen to implement all the qualitative aspects of operational risk management planned.

With respect to the quantitative aspects of calculating the capital requirements to be allocated to operational risks, BIAT applies the provisions of circular 2016-03 of 29 July 2016.

Work on operational risks during 2018 focused on the implementation of the risk mapping approach by processes and its application to certain processes in the bank. Attention has been given to defining a process for managing operational risk incidents.

For 2019, a structuring project is being launched with the assistance of an external firm to define the operational risk management guidelines and policy and to validate and generalize the risk mapping process across all the bank's processes.

10.2.7 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.

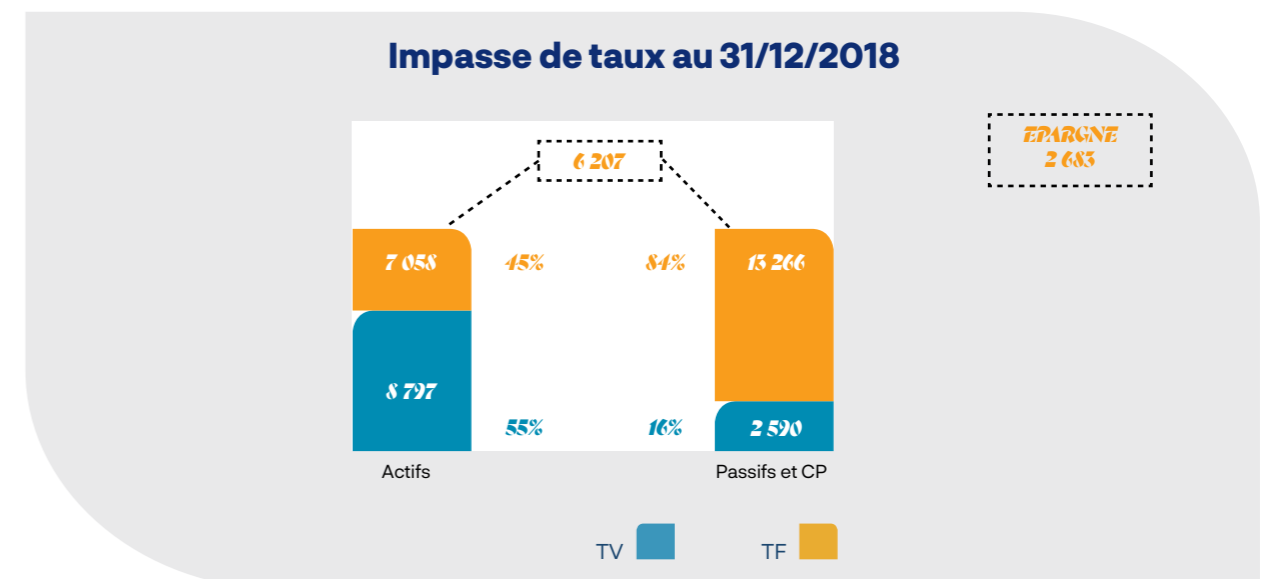
- Interest Rate Risks:

By December the 31st, 2018, the applications and resources of the bank were distributed as follow on

the basis of the vision (ALM):

- 84% of the liability is made of the resources with a fixed rate and of 16% 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.
- 45% of the asset is made of the applications with fixed rate and of 55% of the applications with variable rate..

Jobs Breakdown of / Resources according to the rate category as at 2018/12/31 :



- Liquidity Risk :

As at December the 31st, 2018, the bank achieved a CRL liquidity ratio of 46.24%.

During the first half of 2018, the bank posted an LCR liquidity ratios higher than the regulatory limit of 90% set by the BCT. These rates ranged from 90.7% to 140.3%.

In the second half of the year, the bank posted an LCR below the 90% limit set by the BCT to reach 46.24% by the end of December 2018, due to the lack of liquidity experienced by the country's banking system that triggered higher bidding on deposits and into which BIAT refrained from taking part.

In 2019, an action plan will be put in place to enable the bank to return to regulatory thresholds.

— **11**

**THE BANK'S LINES
OF BUSINESS**



— 11.1 Retail Banking Business Line

At the core of BIAT Business Lines lies the retail banking business line, organized primarily to serve individuals, professionals, TLA (Tunisians Living Abroad) and SME. As a bank of proximity, BIAT organized around a network of more than 204 branches 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 professional and specialized team deployed within the network and supported by the central structures, the Retail Bank accompanies and advises more than 888,000 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 2018 in line with the performances recorded in previous years, Retail Banking experienced a significant increase in business activity. The targets related to its principal aggregates were met and, in some cases, exceeded.

Alongside with these organizational measures, various actions related to marketing and commerce of operational nature were also launched in 2018 in support of the activity of branches. Among them we highlight:

- Enhancing and enriching the layout of the range of products and services with:

- The Launch of the Savings Pack based on a savings account and backed withdrawal card.
- Launch of the START Card, allowing for online payment of registration fees.
- Launch of a specific offer for exchange office holders: specific account and advantage on bank terms.

- Redevelopment of some products and services :

- o Redesign of debit card operations up to the Actual Available Balance.
- o Arrangement relating to the fixed pricing of real estate loans.
- o The remodeling of the «Account Debit Authorization» component of the packaged offers in order to better manage queues.
- o Redesign of the Multivir service through the extension of the file generator with standardized format to all the services offered (dinars/currencies), in addition to the possibility of directly initiating prepaid card requests.

- The Launching of Promotional Campaigns, namely:

- The campaign of TRE (summer campaign and launch of the facebook page Tounessna)
- The Campaign of Self-Service Banking space of Sfax
- The Premium Customer Campaign

- 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, architects ,.....)

- The organisation of more than a hundred field activities / customer events aimed at the Premium, Middle Class, TRE (trade fairs abroad) and Youth Markets/Segments, as well as the signing of agreements that have

particularly helped to strengthen the targeted conquest of customers and their equipment with products and services in order to consolidate the Bank's leading position in strategic segments. By the end of 2018, a number of regional meetings were held with health professionals.

- Opening of the 2nd and 3rd «BIAT Self-Service Spaces» in Sfax (Hotel Ibis) and Monastir (Monastir Mall) allowing customers (and BIAT non-customers for certain transactions) to carry out a range of day-to-day banking transactions via interactive terminals. This concept, whose functionalities will be enhanced, will continue to be gradually extended to other regions of the country.

In addition, the branch network was expanded with the opening of three new branches in Sfax (Hotel Ibis & Route Aéroport) and Monastir (Monastir Mall).

— 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 2018, we report:

- The reinforcement of the commercial activities and the clients proximity illustrated by:
 - A more than 15% Growth of the CIB's customer financing, reflecting our commitment to support the economy and to support our clients in their development project.
 - Reinforcement of the cross-selling activities with the various business lines; in particular, the insurance and financial market activities
 - The enrichment of the e-banking platform with an e-trade offer hence, enabling customers to initiate and monitor foreign trade transactions online;
 - Organization of several meetings in Tunis, Sousse, Sfax and Bizerte 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, and ongoing support to our clients despite persistent tensions in the foreign exchange market.

— 11.3 Financial Consulting Department

The Financial Consulting Department is continuing to carry on its activities of SMEs and Family Groups through its offer:

1. **Strategic financial advisory** (assignments , acquisitions, preparation for capital opening, preparation of development plans, transmission projects, internationalization, evaluation work, etc.);

2. **The support and specific banking support** in close collaboration with the commercial divisions, of a portfolio of clients (about sixty companies) for the definition and implementation of financial restructuring plans,

For the strategic financial advisory activity, 2018 was marked by various missions with companies and business groups specialising in strategic sectors.

The deep financial diagnosis and sizing missions of the financing needs induced by the restructuring and development plans concerning companies in the dairy industry, the poultry sector, pasta, construction materials, the metal industry and cosmetic and parapharmaceutical distribution.

Support missions in the adaptation of structures on the organisational, financial and development level that targeted groups operating in IT services and real estate.

An assistance mission was also carried out during the pre-qualification phase of a call for tenders for the acquisition of an automobile distribution company, the coordination of the project, the evaluation of the company and the structuring of the acquisition.

The Financial Consulting division also organised a breakfast debate on best practices and shared feedback on «Optimisation and Financing of Working Capital Requirements (WCR)».

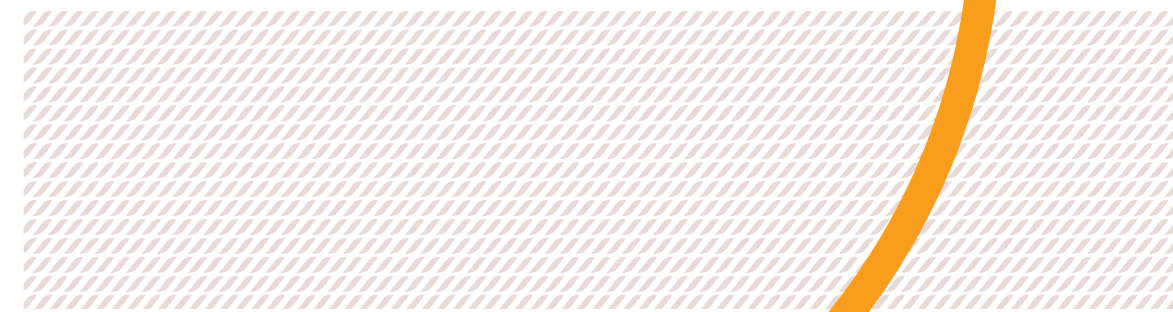
Nearly 80 business group and SME leaders attended this debate on this important matter for Tunisian companies regardless of their size.

At previous meetings, the Financial Advisory department has already discussed such important topics such as Financial Restructuring and the Transfer of Family Businesses.

These meetings allow us to exchange with clients on issues that concern them on a daily basis to try to help them find solutions and, above all, to share with them the best management practices.

— **12**

**CORPORATE
SOCIAL
RESPONSIBILITY**



— 12.1 Support for cultural, sports and associative activities

BIAT continued its efforts to participate in the development of art in various fields and to promote Tunisian artists throughout the country.

In this respect, among the most significant events that BIAT has organized or supported, we will mention:

- The «MANARAT» Mediterranean Film Festival of Tunisia: BIAT sponsored the first edition of the «MANARAT» Festival in parternring with its initiators, the National Film and Image Centre, on the Tunisian side and the French Institute of Tunisia and the National Film Centre, on the French side. This artistic event has the particularity of offering the public free screenings on the main beaches of the northern suburbs as well as those of Hammam Lif, Bizerte, Hammamet, Sousse, Monastir and Gabes.

In addition, the festival brought together institutional representatives and personalities of Mediterranean cinema at forums and professional meetings in order to boost the film industry.

- Contemporary art exhibition «URBAN HERITAGE»:

BIAT organised a group contemporary art exhibition in Sfax aiming at democratising art in the regions and giving artists visibility outside the capital. Nearly forty works of different styles of more than twenty artists were exhibited. The topic dealt with was “urban heritage between conservation and development”.

- Opening of the new Etruscan collection of Carthage: BIAT supported the creation of a showcase where more than 200 archaeological objects belonging to the Etruscan civilisation are displayed for the first time to the public at the National Museum of Carthage.

In the field of sport, BIAT's commitment was confirmed by the strengthening of its partnership with the «Les Foulées du Mégara» half-marathon.

Organized by the association «Megara pour la Jeunesse», this event took place in the northern suburbs of Tunis for its 10th consecutive year and launch two races, on different courses.

— 12.2 BIAT Labs incubation platform

B@Labs, BIAT's incubator, supported two cohorts of entrepreneurs through a tailor-made program provided by experts and mentors over several months.

Two ceremonies organized in honour of these two promotions sought to reward them and make their projects known to investors and potential customers present at the said events.

— 12.3 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 AXIS IN 2018

The «Entrepreneurship» axis is a priority intervention axis of the BIAT Foundation. It aims to develop the entrepreneurial culture among young people and to provide support to those who embark on the entrepreneurial adventure and to those who already create value and contribute to the development of their communities and the development of Tunisia, through four projects:

1/ Entrepreneurship Circle

A new edition of the Entrepreneurship Circles was organised on 17 September 2018, on the theme «Entrepreneurial Inspiration». This session was moderated by Professor Bob Dorf, a lecturer at Columbia University, serial entrepreneur and writer of the best-selling book: «The start-up Owner's Manual: the Step by Step guide to build a great company».

He was able to share with about a hundred students, friends of the BIAT Foundation, his very inspiring entrepreneurial and professional career. He spoke at length to them about how to understand their entrepreneurial journey and the difficulties they might encounter.

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 a playful and interactive manner. 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 2018 at the ENAU);
- The 16 Spark Clubs active in partner universities in several regions.

3/ Open startup Tunisia

OST is the entrepreneurship and social innovation program for students, the result of a public-private partnership involving Columbia Engineering and Columbia Business School, the Ministry of Higher Education and Scientific Research, the United States Embassy, the BIAT Foundation, Africinvest, Columbia Global Centers and GoMyCode.

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 in addition to high-level networking and 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 2018

1/ «One School Bag, One Future»: September 2018

For the 2018-2019 school year, more than 10,000 school bags with books and school supplies were distributed to students in 102 schools throughout Tunisia, mainly in rural municipalities with a population not exceeding 3,000. This solidarity action was initiated by the BIAT Foundation in 2015 and highlighted by the solidarity spirit shared by BIAT volunteers. Indeed, thanks to a total mobilization over three days, the bank's employees, as they do every year, meet a real challenge where they have supervised and contributed to the distribution of the school bags.

2/ The Elite Scholarship Program

Promoting excellence, rewarding perseverance and the work of young people is at the heart of the BIAT Foundation's concerns.

To this end, it has set up a programme of excellence: the «Elite Programme», aimed at supporting bright,

motivated and active graduates to pursue their university studies. This program includes training in entrepreneurship, personal development, language training as well as cultural outings and involvement in the BIAT Foundation's community life. It also offers a scholarship that rewards their work and provides them with a financial support throughout their studies.

3/ WARCHETNA

The objective of the Warchetna programme is to help young people in rural and peri-urban areas by rehabilitating public educational structures. Thus, the BIAT Foundation offers a new living environment to these socio-educational spaces and makes them places where young people can express themselves, acquire new skills and build themselves.

Support provided to children by the foundation comes in the form of coaching workshops and educational activities around reading, plastic expression, computer literacy, chess games as well as sports events. Where the deployment of a whole series of workshops around five themes: theatre reading, initiation to the arts, initiation to computer programming, chess games and sports activities.

CULTURE AXE 2018

1/The music festival with IFT

Because everyone has a potential to develop, the BIAT Foundation seeks to identify young artistic talents. Through the «Fêtes de la musique» project, BIAT is closely supporting a new generation of young artists in their creative endeavours.

And precisely the Fête de la Musique is a perfect opportunity to promote these young artists by performing on the FDLM stage, which has been held on June 21 each year.

2/ INN DESIGN

INNDESIGN is a program organized around workshops and challenges specially dedicated to students of art and design schools located in Tunisia.

The aim of this project is to cultivate the appetite of young creators with an entrepreneurial spirit. Inn Design promotes interdisciplinarity in the training of young students, by creating an interaction between the academic and professional worlds.

— 13 FINANCIAL STATEMENTS OF THE YEAR 2018



Bloommasters awards ceremony – 2018

13.1 Auditor's General Report on the Financial Statements as at December 31, 2018

AUDITOR'S GENERAL REPORT ON THE FINANCIAL STATEMENTS AS AT DECEMBER 31, 2018

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

Dear Sirs,

I. Audit report 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, 2018, 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 1 223 108 KTND, including the profit for the financial year amounting to 254 765 KTND.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Banque Internationale Arabe de Tunisie « BIAT » as at December 31, 2018 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 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:

Evaluation of customer's commitments

Key Audit Matter	Audit Procedures
<p>The Bank is exposed to counterparty risk both on its portfolio of direct commitments and on off balance sheet commitments granted to customers. This inherent risk in the banking business constitutes a major area of attention because of the importance of the judgment required for its estimation and the significant size of receivables in the Bank's balance sheet (67 %) totaling 10 676 697 KTND as at 31 December 2018 and the net cost of risk associated with the level of profit for the year, which amounts to 91307 KTND in individual provisions and 4 760 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 to the financial statements. Note II-3 « The evaluation of the receivables rules», Note III-3 « Customer loans» and Note VII-3 «Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities».</p> <p>The valuation of the commitments and the valuation of the provisions involve a high degree of judgment and considering 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 put in place by your Bank, and have assessed the correct 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 regarding the process of depreciation 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 defined by the Bank to manage counterparty risk identify clients to classify, provision, and determine the minimum level of provision required by banking regulations. <p>In our customer engagement review procedures, we have taken a risk-based approach to sampling.</p> <p>We have assessed the repayment capacity of debtors and assessed the classification, taking into account late payments, accounts receivable financial information, future business prospects, collateral valuation reports and other available information.</p>

Valuation of Investment portfolio

Key Audit Matter	Audit Procedures
<p>The Bank carries out an evaluation of its investment securities' portfolio at each closing date. This assessment constitutes a major area of attention because of the importance of the judgment necessary for its estimation and the significant importance of the «Investment Portfolio» item in the Bank's balance sheet (12%), which totals as at December 31, 2018, 1955 338 KTND, as well as the weight of related income which amounting during the year to 102 667 KTND.</p> <p>The accounting rules and methods relating to the valuation and accounting of investment securities, as well as additional information on this item 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>The valuation of Investment portfolio involves a high level of judgment regarding the specificities of the methods used and given the importance of the «Investment portfolio» item, we consider that this caption is a key audit Matter.</p>	<p>In particular, our audit procedures of the investment portfolio consisted of:</p> <ul style="list-style-type: none"> - Verifying the internal control procedures put in place by the bank in this respect, particularly with regard to the monitoring and evaluation of these assets and carry out enforcement tests in this respect. - Ensuring compliance with the rules provided by accounting standard NCT 25 relative to the securities' portfolio in banking institutions. - Appreciating the relevance of the methodology adopted by the bank in terms of the completeness of taking into account the income from investment securities, their evaluation and their connection to the financial year, in particular by examining the bases and modalities of their determination according to available information. - Verifying the appropriateness of the valuation method used for each security category and that it is adapted to the nature, characteristics and circumstances of the investment made. - Appreciating 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
<p>As indicated in the note VII-1-1 to the annual financial statements, Interests and other similar revenues from credit transactions amounting to 896 036 KTND at December 31, 2018 and represent the largest revenue item of the Bank's operation (70%).</p> <p>Because of their composition, their amounts, and the specificities of the rules of their accounting under Note II-1 «The rules of taking into account products», As well as the large volume of transactions and the complexity of the rules' 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 the information system, policies, processes and controls put in place to recognize revenue from credit operations. - Verify the effective application of the automated or manual controls in place. - Carry out substantive analytical procedures on the development of outstanding interest and similar income. - Verify compliance with accounting standard NCT 24 «Commitments and related revenues in banking institutions» in terms of income recognition and separation of accounting periods «Cut off principle». - To carry out, by the sampling technique, detailed tests on the calculation of the breakage of the bank's revenues. - Perform tests to verify the validity of the suspended revenues based on a representative sample. - Verify the appropriateness of the information provided in the notes to the financial statements.

Management Report

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

Our opinion on the financial statements does not extend to the Management Report and we do not express any form of assurance on this report.

In accordance of 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 appearing in the financial statements. Our work consists in reading the management report and, in so doing, assessing whether there is a material inconsistency between it and the financial statements or the knowledge that we acquired during our audit, or if the report otherwise seems to have a significant anomaly. If, based on the work we have done, 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 management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements, in accordance with the corporate accounting system and for such internal control as management determines 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 director are 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 director either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The governance of bank are responsible for overseeing the bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 management, as well as related information provided by management;

- We reach a conclusion as to the appropriateness of management's use of the going concern accounting principle and, based on the evidence obtained, whether or not there is significant uncertainty related to events or situations likely to cast significant doubt on the bank's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express an amended opinion. Our conclusions are based on the evidence obtained up to the date of our report. Future events or situations could cause the bank to cease operations.
- 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 the governance officers, in particular, the expected scope and timing of the audit work and our material findings, including any significant internal control deficiencies that we may have identified during our audit.

We are also required to provide 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.

Among the issues communicated to those charged with governance, we determine which were the most important in the audit of the financial statements of the period under review: these are the key questions of the audit. We describe these issues in our report, unless the legal or regulatory texts prevent them from being published or if, under extremely rare circumstances, we determine that we should not disclose an issue in our report because we can reasonably be expected to wait until the harmful consequences of communicating this issue outweigh the benefits to the public interest.

II. Report on other legal and regulatory requirements

As part of our statutory audit assignment, we have also carried out the specific verifications required by the standards provided by the Institute of Chartered Accountants of Tunisia and by applicable regulatory texts.

Effectiveness of the internal control system

In accordance with the provisions of article 3 of law n° 94-117 dated November 14th, 1994, as amended by law n° 2005-96 dated October 18th, 2005 reorganization of the financial market, we carried out the examination internal control procedures relating to the processing of accounting information and the preparation of financial statements. In this regard, we recall that 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 review, we have not identified any major deficiencies that could alter our opinion on the financial statements.

A report addressing the weaknesses and irregularities identified during our audit was provided to the bank's governance officers.

Conformity of the maintenance 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 maintenance of the accounts in transferable securities issued by the bank to the regulation in force.

The responsibility for ensuring compliance with the requirements of the applicable regulations lies with management.

Based on the due diligence that we considered necessary to implement, we did not detect irregularities related to the compliance of the bank's accounts with the regulations in force.

Tunis, March 25, 2019

Statutory auditors

F.M.B.Z KPMG TUNISIE
Kalthoum BOUGUERRA

FINOR
Walid BEN SALAH

Auditor's Reports on the Financial Statements as at December 31, 2018

AUDITOR'S SPECIAL REPORT ON THE FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2018

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 2018.

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 2018:

- BIAT acquired from its subsidiary the Société de promotion touristique - Sfax (SPT- Sfax) a commercial space, with an area of approximately 190m², located on the ground floor of the IBIS-Sfax hotel and intended to house its new office «Sfax Hôtel IBIS» for a total price of 2.416 KTND excluding tax (an amount of 2.875KTND including tax).

This agreement was authorized by the Board of Directors' meeting on 30 of march 2018.

- BIAT acquired 999,997 shares held by STI in SPT Mohamed V for total price of 17.400 KTND; a unit price of TND 17,400 per share.

This agreement was authorized by the Board of Directors' meeting on 30 of march 2018.

- BIAT concluded five agreements ,in 2018 with the International Arab Company for Debt Recovery "CIAR", ", for the on lending of bank receivables with an amount of TND 166KDT covered by provisions and Overdraft charges.

These agreements were authorized by the Board of Directors' meetings on 20 of june 2018 and on 19 of december 2018.

- BIAT concluded an agreement, in December 2018, with the International Arab Company for Debt Recovery "CIAR", for the assignment of bank receivables with an amount of TND 74.402 KDT for the price of TND 850 KDT.

- By decision of BIAT France's sole shareholder on 20/12/2018, and after becoming aware of the achievements of its subsidiary, it was decided to allocate an operating subsidy of TND 1.413 KDT, the equivalent value of € 400.000 for the financial year 2018.

- BIAT acquired 5,000 shares held by «PROTECTRICE» in the company «ASSURANCES BIAT» for total price of 1.800 KTND, a unit price of TND 360.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-01) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-02) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-03) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-04) with a total amount of 15.450 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional funds 2019-1) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Funds 2019-2) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-3) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-4) with a total amount of 10.000 KDT..

BIAT CAPITAL RISQUE 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 RISQUE 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.

- 15.** Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-5) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- 16.** Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial Fund 2018-4) with a total amount of 24.550 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 17.902 tax excluded.

The 13 agreements referred to in paragraphs 4 to 16 were authorized by the Board of Directors meeting on March 15, 2019.

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, 2018:

GOLF SOUSSE MONASTIR «GSM»

1. 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.

The Board of Directors meeting on December 18, 2013 authorized this agreement.

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 2018 amounts to TND 5.826.

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 BIAT incomes in 2018 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 amount recorded among BIAT incomes in 2018 amounts to TND 3.050.

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 2018 amounts to TND 479.665.

The Board of Directors meeting on April 22, 2015 authorized this agreement.

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 2018 amounts to TND 781.436.

This agreement was authorized by the Board of Directors' meeting on December 18, 2014. Its first amendment was authorized by the Board of Directors' meeting on December 16, 2015 and its second was authorized by the Board of Directors' meeting 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 KDT tax excluded.

This remuneration was renewed by virtue of the amendment signed in December 2016.

This amendment was authorized by the Board of Directors' meeting on 22nd of March 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.

An annual cumulative increase of 5% will be applied from August 1st, 2017

Starting From November 2018, an amendment was signed, providing for the extension of all the rented spaces of three offices located on the second floor of the building in rue de Radhia Haddad. Starting from November 1st, 2018 till July 31st, 2019, the monthly rent for all the spaces rented to the «CIAR» amounts to TND 9.337,431VAT excluded.

An annual cumulative rent increase will be applied, from August 1st, 2019 at an annual rate of 5%.

The amount recorded among BIAT's incomes in 2018 amounts to TND 88.615.

This agreement was authorized by the Board of Directors' meeting on September 29, 2017. Its amendment was authorized by the Board of Directors' meeting on March 15, 2019.

BIAT CAPITAL RISQUE

- 9.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT and BIAT CAPITAL RISQUE concluded on December 20th, 2017 an agreement of the management of a fund (FG BIAT Free 2017-3) with a total amount of 40.000 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 698.725 tax excluded.

- 10.** 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 17.001KDT 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 85.005 tax excluded.

- 11.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUES concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Fund 2018-1) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 71.114 tax excluded.

- 12.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT

CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Fund 2018-2) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 61.499 tax excluded.

- 13.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Funds 2018-3) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 62.049 tax excluded.

- 14.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Regional Fund 2018-1) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 70.174 tax excluded.

- 15.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUES concluded on March 12th, 2018, an agreement related to the management of funds (Regional Funds 2018-2) with an amount of 10.000 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.

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 2018 amounts to TND 68.299 tax excluded.

- 16.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Regional Fund 2018-3) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 71.424 tax excluded.

- 17.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on March 17th, 2017, an agreement related to the management of funds (Industrial Fund 2017-1) with an amount of TND 6.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 104.638 tax excluded.

- 18.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Industrial Fund 2017-2) with an 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 outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 63.865 tax excluded.

- 19.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to "BIAT CAPITAL RISQUE" on March 9th, 2017 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 45.005 tax excluded.

- 20.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on March 10th, 2017, an agreement related to the management of funds (FG BIAT Free 2017-2) with an amount of 5.501 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 96.255 tax excluded.

- 21.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Regional Fund 2017-1) with an amount of 5.100 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 89.057 tax excluded.

- 22.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Regional Fund 2017-2) with an amount of 4.750 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 82.981 tax excluded.

The 14 agreements referred to in paragraphs 9 to 22 were authorized by the Board of Directors meeting on March 30, 2018.

- 23.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on December 5th, 2016, an agreement related to the management of funds (Industrial Fund 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 78.500 tax excluded.

- 24.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 78.755 tax excluded.

Both agreements mentioned in paragraphs 23 and 24 above were authorized by the Board of Directors' meeting on 22nd, March 2017.

- 25.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 86.459 tax excluded.

- 26.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 87.335 tax excluded.

- 27.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 invested amount.
- 1% per year on the invested amount between the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 88.241 tax excluded.

- 28.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 47.005 tax excluded.

The four agreements mentioned in paragraphs 25 to 28 above were authorized by the Board of Directors meeting on October the 6th, 2016.

- 29.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 35.005 tax excluded.

- 30.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUE on May 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 RISQUE 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 RISQUE for 2018 amounts to TND 44.265 tax excluded.

- 31.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT and BIAT CAPITAL RISQUE concluded, on March 18th, 2014, a management agreement 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 RISQUE for 2018 amounts to TND 30.657 tax excluded.

- 32.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT and BIAT CAPITAL RISQUE concluded on January 17th, 2014, an agreement related to the management of funds (Funds Free 2014-1) with an amount of 11.671 KDT.

BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 58.355 tax excluded.

Both agreements mentioned in paragraphs 31 and 32 above were authorized by the Board of Directors' meeting on 23rd, April 2014.

- 33.** BIAT confided to BIAT CAPITAL RISQUE on March 15th, 2013, the management of 2013 industrial funds with an amount of 5.000 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 RISQUE for 2018 amounts to TND 75.022 tax excluded.

- 34.** BIAT confided to BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 85.137 tax excluded

Both agreements mentioned in paragraphs 33 and 34 above were authorized by the Board of Directors' meeting on 23rd, Mai 2013.

- 35.** BIAT concluded with BIAT CAPITAL RISQUE 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 2018 amounts to TND 19.500 tax excluded

This agreement was authorized by the Board of Directors' meeting on April 28, 2010.

- 36.** 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 2018 amounts to TND 8.144 tax excluded

This agreement was authorized by the Board of Directors' meeting on April 28, 2009.

- 37.** BIAT confided, during 2010, to BIAT CAPITAL RISQUE 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.

BIAT CAPITAL RISQUE receives, for the management of the fund, an annual 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.

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 2018 amounts to TND 57.282 (tax excluded).

This agreement was authorized by the Board of Directors' meeting on March 16, 2011.

- 38.** BIAT confided to BIAT CAPITAL RISQUE, 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 RISQUE for 2018 amounts to TND 84.000 tax excluded.

- 39.** BIAT confided to "BIAT CAPITAL RISQUE" on December 28th 2011, the management of an industrial 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 2018 amounts to TND 57.750 (tax excluded).

Both agreements mentioned in paragraphs 38 and 39 above were authorized by the Board of Directors' meeting on December 14th, 2011.

- 40.** 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 RISQUE 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 2018 amounts to TND 1.277 tax excluded.

- 41.** 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 2018 amounts to TND 179.262 (tax excluded).

- 42.** 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 amendment was authorized by the Board of Directors' meeting on March 16, 2016.

- 43.** 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 2018 amounts to TND 42.017.

- 44.** 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 2018 amounts to TND 31.384.

This agreement was authorized by the Board of Directors' meeting on March 16, 2016.

- 45.** 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 the current rate.

The invoicing amount of BIAT amounts in 2018 to TND 714.180.

This agreement was authorized by the Board of Directors' meeting on March 16, 2016.

SOPIAT

- 46.** 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 2018 amounts to TND 28.691 VAT excluded.

This agreement was authorized by the Board of Directors' meeting on April 24, 2017.

- 47.** An agreement was concluded in 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 2018 amounts to TND 55.384 VAT excluded.

This agreement was authorized by the Board of Directors' meeting on March 16, 2016.

- 48.** An agreement was concluded in 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 2018 amounts to TND 51.787 VAT excluding.

- 49.** 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 2018 amounts to TND 16.969.

This agreement was authorized by the Board of Directors' meeting on March 16, 2016.

- 50.** 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 2018 amounts to TND 73.500 VAT excluding.

This agreement was authorized by the Board of Directors' meeting on 13 March 2013.

BIAT CONSULTING

- 51.** The BIAT executed, in 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 2018 amounts to TND 164.471 Tax excluded.

This agreement was authorized by the Board of Directors' meeting on 24 April 2017.

- 52.** 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 amendment 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 amendment was authorized by the Board of Directors' meeting on 24 April 2017.

- 53.** 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 2018 amounts to TND 34.251.

This agreement was authorized by the Board of Directors' meeting on 06 October 2016.

- 54.** 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 2018 amounts to TND 386.592.

This agreement was authorized by the Board of Directors' meeting on 22 April 2015.

BIAT ASSET MANAGEMENT

- 55.** The BIAT executed on October 25th, 2017 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 – CEA PNT TUNIIAR.

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 TUNIIAR. This remuneration, which is deducted daily, is monthly paid in arrears.

The amount stated for this post in 2018 amounts to TND 12.504.

This agreement was authorized by the Board of Directors' meeting on 30 March 2018.

- 56.** The BIAT executed on May04th, 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 of income recorded in 2018 amounts to TND 15.949.

This agreement was authorized by the Board of Directors' meeting on 22 March 2017.

- 57.** 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 under the result of the financial year 2018 amounts to TND 59.605.

This first amendment was authorized by the Board of Directors' meeting on March 12, 2014 and the second by the board of directors' meetings on March 30, 2018.

- 58.** The BIAT executed on May4th, 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.

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 22 March 2017.

- 59.** 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.

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 August 1st, 2018 by 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 2018 amounts to TND 76.127.

This agreement was authorized by the Board of Directors' meeting on 22 March 2017.

- 60.** 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 the current rate.

The amount of BIAT invoicing in 2018 amounts to TND 505.543.

This agreement was authorized by the Board of Directors' meeting on 16 March 2016.

SICAV OPPORTUNITY and SICAV PROSPERITY

- 61.** BIAT amended, on December 23rd, 2013 and on December 25th, 2017 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 2018 amount to TND 12.089.

The second amendment was authorized by the Board of Directors' meeting on 30 March 2018.

SICAV TRESOR

- 62.** 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 2018 amount to TND 736.006.

SICAV PATRIMOINE OBLIGATAIRE

- 63.** 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 2018 amounts to TND 664.785.

This amendment was authorized by the Board of Directors' meeting on 06 October 2016.

BIAT CAPITAL

- 64.** 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 2018 amounts to TND 12.500 tax excluded.

This agreement was authorized by the Board of Directors' meeting on 29 September 2017.

- 65.** 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 under the result of the financial year 2018 amounts to TND 91.905.

This agreement was authorized by the Board of Directors' meeting on 22 March 2017.

66. 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.

67. In 2015 BIAT concluded with the company « BIAT CAPITAL » an agreement of detachment of ten executives.

Besides the salaries and salary complements and benefits, BIAT invoices to « BIAT CAPITAL » include:

- A margin of 5%,
- VAT at the current rate.

The amount included in the result of 2018 amounts to TND 733.816.

This agreement was authorized by the Board of Directors' meeting on 16 March 2016.

68. 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

69. 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 2018 amounts to TND 32.742 VAT excluded.

This agreement was authorized by the Board of Directors' meeting on 28 April 2010.

ORANGE TUNISIE SA

70. 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 2018 amount to TND 44.970.

This agreement was authorized by the Board of Directors' meeting on 15 December 2010.

71. 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 2018 amounts to TND 44.827.

This agreement was authorized by the Board of Directors' meeting on 16 March 2011.

SICAF BIAT, SGP, TAAMIR

72. On December 23rd, 2011, BIAT concluded with the «SICAF BIAT» and «SGP» agreements of accounting, financial and administrative assistance:

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.

In November 2018, These agreements were the subject of two separate amendments relating to BIAT's remuneration, and in particular to:

- The modification of the payment terms by replacing the quarterly payment with an annual payment.
- The annulment of the re-invoicing of overhead costs relating to the provision of premises and other logistical resources, supported by BIAT.
- The determination, now, at flat-rate salary and personnel expenses relating to human resources responsible for accounting and administrative assistance, calculated on the basis of a fixed scale. This amount will be subject, from the second year onwards following the effect of the 2018 amendment, to a cumulative increase of 6% applicable each year.

- The reduction of the margin on salary and personnel expenses relating to human resources in charge of management and administration from 10% to 5%.

The amounts listed under the result of the financial year 2018 amounted to TND 44.315.

These amendments were authorized by the Board of Directors' meeting on 19 December 2018.

TUNISIE TITRISATION

73. 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 2018 amounted to TND 6.356.

This agreement was authorized by the Board of Directors' meeting on 22 March 2017.

74. 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, 2018, amounts to 1.519 KDT, broken down as follows:

- 1.519 KDT of subscriptions in outstanding shares and
- 53KDT 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, 2018 reached TND 6.563 tax excluded.

75. 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, 2018, to 1.785 KDT, broken down as follows:

- 1.503 KDT of subscriptions in outstanding shares ;
- 282 KDT of subscription 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 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, 2018, amount to TND 17.443 tax excluded.

BIAT ASSURANCES

76. BIAT concluded, in February 2018, with the company «BIAT» a lease agreement of premise for administrative office usage, with a surface of 183m² including common areas, situated on the 1st floor of the building in la place de Sidi Mtir in Mahdia.

This rent is granted for monthly rent of TND 638,140 and annual rent of TND 7 657 680 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental.

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND 8041.

77. BIAT concluded, in February 2018, with the company «Assurances BIAT» a lease agreement of part of premise for administrative office usage, with a surface of 87,5 m² located at Rue El Meniar, 47 Avenue Habib Bourguiba, la Manouba.

This rent is granted for monthly rent of TND 860 and annual rent of TND 10.320 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND10.836.

78. BIAT concluded, in February 2018, with the company «Assurances BIAT» a lease agreement of part of premise for administrative office usage, with a surface of 80m² located at route de Tunis Km 6,5, Avenue Hédi Chaker Sakiet Ezzit, Sfax.

This rent is granted for monthly of TND 960 and annual rent of TND 11.520 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND12.096.

The 3 agreements mentioned in paragraphs 76 to 78 above were authorized by the Board of Directors' meeting on 30, March 2018.

79. Since 2004, BIAT concluded insurance contracts with the company « Assurances BIAT » - through the intermediate of the company "LA PROTECTRICE ASSURANCE".

The expense supported, in 2018, is detailed as follows:

Type	Amount of the expenses of Insurance (in TND)
Third-party insurance	56 950
Physical Accidents Insurance	100 177
Life insurance « Family Protection »	146 897
Insurance « Assistance à l'étranger pour les cartes bancaires visa premier » (assistance abroad for bankcards visa first)	975 840
Insurance « vol global banque » (Global Theft Bank)	336 047
Insurance against theft and loss of cards	627 625
Insurance « incendie et garanties annexes » (fire and attached guarantee)	409 338
Insurance automobile fleet	41 053
Insurance multi-risk on computers	33 623
Insurance Pack Saphir and Silver	969 764
Insurance carte BIAT travel	365
Insurance Pack Elite	39 060
Insurance Pack Platinum	87 930
Insurance «Assistance à l'étranger pour les cartes Platinum et infinie» (assistance abroad for platinum and infinite cards)	156 252
Insurance « carte de crédit » Credit Card	315 829
Insurance groups of the staff (employer's contribution)	9 929 328
Life Insurance (AFEK)(*)	1 487 990

(*) In 2012, BIAT signed a collective «life insurance» agreement with BIAT ASSURANCE in favor of its staff, known as «members».

80. 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 2018 amounts to TND 33.861.

This amendment was authorized by the Board of Directors' meeting on April 22, 2015.

SOCIETE DE PROMOTION TOURISTIQUE «SPT SFAX»

81. 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 2018 amounts to TND 6.047.

This agreement was authorized by the Board of Directors' meeting on 06 October, 2016.

82. 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 2018 amounts to TND 8.711.

This agreement was authorized by the Board of Directors' meeting on 16 March, 2016.

SOCIETE DE PROMOTION TOURISTIQUE «SPT MOHAMED V»

83. 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 starting on January 1st, 2016 and ending on December 31st, 2019.

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included.

The invoice amount will be increased by applicable dues and taxes at the date of the invoice.

This agreement was authorized by the Board of Directors' meeting on 06 October, 2016.

84. 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 2018 amounts to TND 14.012.

This agreement was authorized by the Board of Directors' meeting on 16 March, 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:

13.2 FINANCIAL STATEMENTS OF THE YEAR 2018

FINANCIAL STATEMENTS OF THE YEAR 2018

BALANCE SHEET As of December 31st, 2018 (In Thousands of dinars)

	Note	31/12/2018	31/12/2017	Variation	En %
ASSETS					
Cash and balances with BCT, CCP and TGT	III-1	1 496 686	666 921	829 765	124,42%
Banking and financial institutions loans	III-2	1 026 883	864 443	162 440	18,79%
Customers loans	III-3	10 676 697	9 393 664	1 283 033	13,66%
Commercial Securities Portfolio	III-4	63 295	107 206	(43 911)	-40,96%
Investments portfolio	III-5	1 955 338	1 840 431	114 907	6,24%
Fixed Assets	III-6	201 850	204 443	(2 593)	-1,27%
Other assets	III-7	410 234	458 005	(47 771)	-10,43%
Total Assets		15 830 983	13 535 113	2 295 870	16,96%
LIABILITIES					
Tunisian Central Bank and Post Office	IV-1	722	25 355	(24 633)	-97,15%
Deposits and holding of banking and financial institutions	IV-2	2 424 863	1 248 830	1 176 033	94,17%
Deposits and assets of customers	IV-3	11 512 676	10 585 228	927 448	8,76%
Borrowing and special resources	IV-4	266 819	247 445	19 374	7,83%
Other liabilities	IV-5	402 795	388 091	14 704	3,79%
Total Liabilities		14 607 875	12 494 949	2 112 926	16,91%
SHAREHOLDERS' EQUITY					
Share capital		170 000	170 000	-	-
Reserves		512 803	484 580	28 223	5,82%
Other shareholders' equity		3	3	-	-
Reported results		285 537	171 564	113 973	66,43%
Results of the year		254 765	214 017	40 748	19,04%
Total shareholders' equity	V	1 223 108	1 040 164	182 944	17,59%
Total shareholders' equity and liabilities		15 830 983	13 535 113	2 295 870	16,96%

- 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 TND 977 thousand for the financial year 2018, including employer's expenses of TND 207 thousand. It includes, in addition to the salary and allowances, the assumption of a retirement pension.

He also benefits from a remuneration of TND 24 thousand 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 2018, to a gross amount of TND 812 thousand, including employers' costs of TND 172 thousand.
- The members of the Board of Directors are remunerated by attendance fees set by the ordinary general meeting of April 30, 2018. The attendance fees for the financial year 2018 increased to a gross amount of TND 480 thousand.

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 TND 129 thousand for the financial year 2018.

- BIAT's obligations and commitments to its executives for the year ended on the 31st of December 2018 are as follows (in TND):

Nature of benefit	Chief executive		Deputy Director General		Directors	
	Expense for the year	Liabilities until 31/12/2018	Expense for the year	Liabilities until 31/12/2018	Expense for the year	Liabilities until 31/12/2018
Short-term benefits (*)	1 031 837	106 881	837 519	7 286	609 000	507 000
Post-employment benefits	-	-	-	-	-	-
Other long-term benefits	-	-	-	-	-	-
Termination benefits	-	-	-	-	-	-
Payments in shares	-	-	-	-	-	-
Total	1 031 837	106 881	837 519	7 286	609 000	507 000

(*): 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 and following and 475 of the Commercial Companies' Code.

Tunis: March 25, 2019

The Statutory Auditors

F.M.B.Z KPMG-TUNISIE
Kalthoum BOUGUERRA

FINOR
Walid BEN SALAH

STATE OF OFF-BALANCE SHEET COMMITMENTS

As of December 31st, 2018
(In thousands of dinars)

	31/12/2018	31/12/2017	Variation	In %
CONTINGENT LIABILITIES				
Collateral and other guarantees	2 367 272	1 745 087	622 185	35,65%
a- To banks and financial institutions	773 303	660 644	112 659	17,05%
b- Customers	1 593 969	1 084 443	509 526	46,99%
Letters of credits	692 143	750 947	(58 804)	-7,83%
a- To customers	653 357	689 404	(36 047)	-5,23%
b- Others	38 786	61 543	(22 757)	-36,98%
Total contingent liabilities	3 059 415	2 496 034	563 381	22,57%
COMMITMENTS GIVEN				
Financing commitments given	739 573	287 124	452 449	157,58%
To customers	739 573	287 124	452 449	157,58%
Commitments on securities	2 838	4 288	(1 450)	-33,82%
a- Non paid-up participations	2 796	4 253	(1 457)	-34,26%
b- Securities to be received	42	35	7	20,00%
Total commitments given	742 411	291 412	450 999	154,76%
COMMITMENTS RECEIVED				
Guarantees received	4 976 621	4 036 740	939 881	23,28%
Total commitments received	4 976 621	4 036 740	939 881	23,28%

STATE OF RESULT
Period: From January 1st to December 31st, 2018
(In Thousands of dinars)

	Note	Financial Year 2018	Financial Year 2017	Variation	In %
BANKING OPERATING INCOME					
Interests and other similar revenues	VII-1-1	896 036	627 418	268 618	42,81%
Commissions (in incomes)	VII-1-2	185 985	168 118	17 867	10,63%
Gains on commercial securities portfolio and financial operations	VII-1-3	86 845	88 002	(1 157)	-1,31%
Investments portfolio revenues	VII-1-4	102 667	88 638	14 029	15,83%
Total banking operating income		1 271 533	972 176	299 357	30,79%
BANKING OPERATING EXPENSES					
Interests incurred and related expenses	VII-2-1	(434 298)	(268 743)	(165 555)	61,60%
Incurred commissions	VII-2-2	(2 730)	(2 162)	(568)	26,27%
Total banking operating expenses		(437 028)	(270 905)	(166 123)	61,32%
Net Banking Income		834 505	701 271	133 234	19,00%
Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities	VII-3	(103 128)	(82 788)	(20 340)	24,57%
Net provision charge and value adjustments on investment portfolio	VII-4	(5 421)	629	(6 050)	-961,84%
Other operating income	VII-5	11 449	10 129	1 320	13,03%
Personnel expenses	VII-6	(220 902)	(217 314)	(3 588)	1,65%
General operating expenses	VII-7	(128 516)	(81 715)	(46 801)	57,27%
Allocations to depreciations and provisions on fixed assets	VII-8	(34 703)	(33 556)	(1 147)	3,42%
Operating income		353 284	296 656	56 628	19,09%
Net gain/loss on ordinary items	VII-9	206	410	(204)	-49,76%
Corporate income tax	VII-10	(88 821)	(72 668)	(16 153)	22,23%
Income from ordinary activities		264 669	224 398	40 271	17,95%
Balance in gain/loss from other extraordinary items	VII-11	(9 904)	(10 381)	477	-4,59%
Net income for the period			214 017	40 748	19,04%
Accounting changes affecting deferred profit		-	-	-	-
Consolidated net income for the year after accounting changes		254 765	214 017	40 748	19,04%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (As of December 31st, 2018)

STATEMENT OF CASH FLOW Period: From January 1st To December 31st, 2018 (In Thousands of Dinars)

	Note	Financial Year 2018	Financial Year 2017
OPERATING ACTIVITIES			
Banking operating revenues received (excluding investment portfolio revenues)		1 166 882	892 643
Banking operating charges paid out		(437 102)	(255 296)
Deposits/deposit withdrawal with other banks and financial institutions		(47 072)	157 808
Loans and advances/repayment of loans and advances extended to customers		(1 293 800)	(2 016 422)
Deposits/customer deposits withdrawal		618 964	1 497 292
Payment to personnel and other creditors		(308 633)	(332 828)
Other cash flows from operating activities		77 826	(92 509)
Corporate income tax		(88 897)	(56 760)
Net cash flow from operating activities		(311 832)	(206 072)
INVESTING ACTIVITIES			
Interests and dividends on investment portfolio		94 154	43 744
Purchase/disposal of investment securities		(112 106)	(468 172)
Purchase/disposal of fixed assets		(33 380)	(25 887)
Net cash flow from investing activities		(51 332)	(450 315)
FINANCING ACTIVITIES			
Issue/repayment of loans		9 579	54 488
Increase/decrease of special resources		(5 985)	(1 776)
Dividends paid		(72 250)	(68 000)
Net cash flow from financing activities		(68 656)	(15 288)
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	180 565	149 037
Net change in liquidity and cash equivalent during the financial year		(251 255)	(1 462 916)
Liquidity and cash equivalents at beginning of the financial year		13 453	1 476 369
Liquidity and cash equivalents at the end of the financial year	IX-2	(237 802)	13 453

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 pre-sentation of financial statements

The financial statements have been closed at 31st of December 2018, 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 2018 for their amounts related to the period from January 1st to December 31st 2018. Thus, the income that had been received and which concerns the periods subsequent to December 31st 2018 is not taken into consideration in the financial year of 2018 and this in accordance to the provisions of accounting standards. The accrued and not yet due incomes on 31-12-2018 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 31-12-2018 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 2018 are included in the financial year of 31-12-2018.

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 31-12-2018 for their amounts related to the period from January 1st to December 31st 2018. Thus, expenses that have been disbursed and which relate to periods after 31-12-2018 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 31-12-2018 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 31-12-2018 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 2018 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 BTAs are evaluated to their market value according to the sovereign issues yield curve published at the balance sheet date of the financial year 2018.

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 BTAs 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 2018 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 2018. The exchange gains and losses resulting from this conversion are taken into account in the financial year ending on 31/12/2018.

II-6. Financial Statements Presentation

The financial statements closed and published by BIAT for the year 2018 are presented in accordance with Sector Accounting Standard No.21.

These statements include the data for the year 2018 and those related to the year 2017.

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 2017 and December 2018 for TND 829 765 thousand or 124.42% passing from a period to another from TND 666 921 thousand to TND 1 496 686 thousand. This item is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Cash	150 557	111 782	38 775	34,69%
Holdings in CBT	1 346 040	555 050	790 990	142,51%
Holdings in POA	89	89	-	-
Total cash and balances with CBT, POA and GTT	1 496 686	666 921	829 765	124,42%

III-2. Receivables from Banks and Financial Institutions

The volume of this post recorded an increase between December 2017 and December 2018 of TND 162 440 thousand or 18.79% passing from a period to another from TND 864 443 thousand to TND 1 026 883 thousand. This volume is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Receivables from banking institutions (a)	735 553	591 658	143 895	24,32%
Receivables from financial institutions (b)	291 330	272 785	18 545	6,80%
Total receivables from banking and financial institutions	1 026 883	864 443	162 440	18,79%

(a) The increase in the volume of our receivables from banks of TND 143 895 thousand or 24.32% which passed from TND 591 658 thousand in 31/12/2017 to TND 735 553 thousand in 31/12/2018 relates the following positions:

	31/12/2018	31/12/2017	Variation	In %
Loan accounts with Central Bank of Tunisia	406 178	218 821	187 357	85,62%
Loan accounts of interbank market	290 559	305 284	(14 725)	-4,82%
Accrued interests on loans	2 781	1 278	1 503	117,61%
Correspondents' accounts NOSTRI	13 529	49 036	(35 507)	-72,41%
Correspondents' accounts LORI	490	482	8	1,66%
Accrued interests on correspondents' accounts	5	4	1	25,00%
Non-allocated values	22 011	16 753	5 258	31,39%
Total	735 553	591 658	143 895	24,32%

(b) The increase in our total receivables from financial institutions up to TND 18 545 thousand or 6.8% which shifted from TND 272 785 thousand on December 2017 to TND 291 330 thousand on December 2018 is mainly attributable to the increase of our loans to the Leasing companies. this section is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Loans granted to Leasing companies	233 959	210 235	23 724	11,28%
Loans granted to other financial institutions	53 618	59 674	(6 056)	-10,15%
Related receivables and debts	3 753	2 876	877	30,49%
Total	291 330	272 785	18 545	6,80%

III-3. Customer receivables

Customers receivables consist 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 9 393 664 thousand on December 2017 to TND 10 676 697 thousand on December 2018 recording thereon an increase of TND 1 283 033 thousand or 13,66%. it is broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Customer accounts receivable (1)	1 170 585	934 536	236 049	25,26%
Other customer loans (2)	9 935 883	8 859 995	1 075 888	12,14%
Loans on special resources (3)	62 236	65 770	(3 534)	-5,37%
Total	11 168 704	9 860 301	1 308 403	13,27%
Provisions on customer loans	(303 910)	(302 496)	(1 414)	0,47%
Interest reserve	(115 500)	(96 304)	(19 196)	19,93%
Collective Provisions	(72 597)	(67 837)	(4 760)	7,02%
Total Customer Receivables	10 676 697	9 393 664	1 283 033	13,66%

(1) Customer accounts receivables

Customer accounts receivables recorded from one period to another an increase of TND 236 049 thousand or 25,26% rising from TND 934 536 thousand on December 2017 to TND 1 170 585 thousand on December 2018. These accounts are broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Current accounts receivables	1 107 241	884 271	222 970	25,22%
Doubtful accounts receivables	49 900	41 821	8 079	19,32%
Advance on time deposits	13 206	8 111	5 095	62,82%
Receivables on customers' accounts	238	333	(95)	-28,53%
Total	1 170 585	934 536	236 049	25,26%

The gross amount of doubtful receivables accounts amounting to TND 49 900 thousand is divided between the different categories under the prudential rules of the Central Bank of Tunisia CBT as follows:

	31/12/2018	31/12/2017	Variation	In %
Category 2	7 570	5 179	2 391	46,17%
Category 3	25 890	13 241	12 649	95,53%
Category 4	16 440	23 401	(6 961)	-29,75%
Total	49 900	41 821	8 079	19,32%

(2) Other customer's loans

The other customer's loans recorded from one period to another an increase of TND 1 075 888 thousand or 12,14% rising from TND 8 859 995 thousand on December 2017 to TND 9 935 883 thousand on December 2018. these accounts are broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Other current borrowings (a)	9 299 830	8 334 090	965 740	11,59%
Other doubtful borrowings (b)	636 053	525 905	110 148	20,94%
Total	9 935 883	8 859 995	1 075 888	12,14%

(a) Other current loans are divided as follows:

	31/12/2018	31/12/2017	Variation	In %
Industrial and commercial loans	5 707 358	4 984 449	722 909	14,50%
Loans on real property, developers	119 241	162 405	(43 164)	-26,58%
Loans on real property, buyers	2 991 470	2 735 720	255 750	9,35%
Agriculture loans	430 087	407 714	22 373	5,49%
Associated current account	2 900	1 600	1 300	81,25%
Discount portfolio	9 251 056	8 291 888	959 168	11,57%
Non-allocated values	1 367	73	1 294	1772,60%
Accrued interests for other bank overdrafts	75 248	60 839	14 409	23,68%
Accrued interests for associated bank overdrafts	328	143	185	129,37%
Interests received in advance (in less)	(28 169)	(18 853)	(9 316)	49,41%
Total other bank overdrafts	9 299 830	8 334 090	965 740	11,59%

(b) The gross amount of other doubtful loans amounting to TND 636 053 thousand, are divided between the different categories defined by the prudential regulation of the Central Bank of Tunisia as follows:

	31/12/2018	31/12/2017	Variation	In %
Category 2	25 131	29 429	(4 298)	-14,60%
Category 3	71 218	42 541	28 677	67,41%
Category 4	539 704	453 935	85 769	18,89%
Total	636 053	525 905	110 148	20,94%

(3) Loans on special resources

Loans on special resources recorded from one period to another a decrease of TND 3 534 thousand or 5.37% passing from TND 65 770 thousand on December 2017 to TND 62 236 thousand on December 2018.

These accounts are broken down as follows::

	31/12/2018	31/12/2017	Variation	In %
Current loans on special resources	42 920	47 264	(4 344)	-9,19%
Receivables on special resources loans	211	327	(116)	-35,47%
Loans on doubtful special resources	19 105	18 179	926	5,09%
Total	62 236	65 770	(3 534)	-5,37%

The gross amount of loans on doubtful special resources amounting to TND 19 105 thousand, are divided between the different categories under the prudential regulation of the Central Bank of Tunisia CBT as follows:

	31/12/2018	31/12/2017	Variation	In %
Category 2	353	1	352	35200,00%
Category 3	1 312	11	1 301	11827,27%
Category 4	17 440	18 167	(727)	-4,00%
Total	19 105	18 179	926	5,09%

Considering the foregoing, customer loans are summarized as follows:

(i) Current receivables

	31/12/2018	31/12/2017	Variation	In %
Current receivables excluding commitments by signature	10 414 423	9 231 536	1 182 887	12,81%
Non allocated values	1 367	73	1 294	1772,60%
Related receivables	76 026	61 643	14 383	23,33%
Interests received in advance (in less)	(28 169)	(18 853)	(9 316)	49,41%
Total	10 463 647	9 274 399	1 189 248	12,82%
Current commitments by signature	2 218 805	1 747 507	471 298	26,97%
Total	12 682 452	11 021 906	1 660 546	15,07%

(ii) Gross doubtful receivables

	31/12/2018	31/12/2017	Variation	In %
Doubtful receivables excluding commitments by signature	705 058	585 905	119 153	20,34%
Doubtful commitments by signature	28 521	26 340	2 181	8,28%
Total	733 579	612 245	121 334	19,82%

The gross amount of doubtful receivables, amounting to TND 733 579 thousand, is divided between the different categories under the prudential regulation of the Central Bank of Tunisia CBT as follows:

	31/12/2018	31/12/2017	Variation	In %
Category 2	34 039	36 327	(2 288)	-6,30%
Category 3	99 683	58 091	41 592	71,60%
Category 4	599 857	517 827	82 030	15,84%
Total	733 579	612 245	121 334	19,82%

Provisions and overdrafted charges covering the balance sheet receivables have been established for an amount of TND 403 517 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 16 019 thousand.

Thus, provisions and overdrafted charges which were formed to cover classified customer's receivables totaled TND 419 536 thousand broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Overdraft charges on classified receivables	99 607	75 645	23 962	31,68%
Provisions for classified balance sheet receivables	303 910	299 826	4 084	1,36%
Provisions on off-balance sheet commitments	16 019	15 147	872	5,76%
Total	419 536	390 618	28 918	7,40%

Provisions and reserved bank charges which were formed to cover the unclassified customer's receivables totaled TND 88 490 thousand broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Overdraft charges on unclassified receivables	15 893	20 659	(4 766)	-23,07%
Collective provision	72 597	67 837	4 760	7,02%
Other provisions	-	2 670	(2 670)	-100,00%
Total	88 490	91 166	(2 676)	-2,94%

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 2017 and December 2018 from TND 63 295 thousand, thus recording a decrease of TND 43 911 thousand or 40.96 %.

This change comes from the increase in the volume of securities transactions for TND 43 745 thousand or 41.77% due to the different subscriptions operations and refunds done during the period from 01/01/2018 to 31/12/2018) accompanied by a decrease of the total of the investments securities for TND 165 thousand or 6.68%.

The movement of securities as well as their distribution between securities disposed to customer and securities kept in portfolio are detailed here in after:

(1) Trading Securities

a) Trading securities subscribed and non-redeemed are broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Fungible Treasury Bills	452 776	475 854	(23 078)	-4,85%
Short term treasury Bills	1 050	17 180	(16 130)	-93,89%
Sub-total trading securities (principal)	453 826	493 034	(39 208)	-7,95%
Receivables and related debts	2 268	3 042	(774)	-25,44%
Total	456 094	496 076	(39 982)	-8,06%

b) Trading securities are divided between securities kept in the bank's portfolio and securities assigned to customer and are presented as of 31/12/2018 as follows:

Désignation	31/12/2018	31/12/2017	Variation	In %
<i>1) Securities kept in the bank's portfolio</i>				
Fungible Treasury Bills	58 721	86 739	(28 018)	-32,30%
Short term Treasury Bills	-	14 953	(14 953)	-100,00%
Receivables and related debts	2 268	3 042	(774)	-25,44%
Total securities kept in portfolio	60 989	104 734	(43 745)	-41,77%
<i>2) Securities assigned to customer</i>				
Customer : Fungible Treasury Bills	394 055	389 115	4 940	1,27%
Customer : Short Term Treasury Bills	1 050	2 227	(1 177)	-52,85%
Total securities assigned to customer	395 105	391 342	3 763	0,96%
General Total	456 094	496 076	(39 982)	-8,06%

(2) Investment Securities

Investment securities which are made primarily of SICAV securities dropped from TND 2 471 thousand as of 31/12/2017 to TND 2 306 thousand as of 31/12/2018 recording a decrease of TND 165 thousand or 6.68%.

The recorded decrease in the level of these securities is primarily due to repayment of priority shares in the special purpose entities and. the decrease in the level of these securities is explained as follows:

	31/12/2018	31/12/2017	Variation	In %
SICAV Securities	2 303	2 303	-	-
Priority shares in special purpose entities	-	147	(147)	-100,00%
Related receivables and payables	3	21	(18)	-85,71%
Total	2 306	2 471	(165)	-6,68%

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 1 840 431 thousand on December 2017 to TND 1 955 338 thousand on December 2018, recording an increase of TND 114 907 thousand or 6.24%.

	31/12/2018	31/12/2017	Variation	In %
Gross outstanding of investment securities	1 943 094	1 834 296	108 798	5,93%
Receivables on investment securities	58 939	50 429	8 510	16,88%
Provisions and bank charges reserved for the investment portfolio's depreciation	(46 695)	(44 294)	(2 401)	5,42%
Total Investment Portfolio	1 955 338	1 840 431	114 907	6,24%

This increase is detailed as follows:

	31/12/2018
New acquisitions	40 694
Disposal and loss of equity securities	(2 064)
Repayment of national loans	(8 115)
Release of managed funds	84 550
Onlending of managed funds	(6 000)
Allocation to provisions on investment securities	(2 645)
Reversal of provisions on investment securities	540
Reversal interests reserved on managed funds	(198)
Interests reserved on resell agreements	(98)
Repayment of subordinated shares FCC	(267)
Change in related receivables and the contribution of dividends for which the law is established and unmatured	8 510
Total	114 907

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 31/12/2017 excluding related receivables	1351226	61299	207242	214529	1834296
releasesand/or purchase made during 2018	15431	1563	23699	84550	125243
disposal, liquidations, repayment or losses made during 2018	(8382)	-	(2064)	(6000)	(16446)
Gross balance as at 31/12/2018 excluding related receivables	1358276	62862	228876	293080	1943094
Related receivables on Treasury Bills	52151	-	-	-	52151
Related receivables on investment portfolio other than BTA	843	1074	-	4871	6788
Provisions and bank charges reserved for the investment portfolio depreciation	-	(14957)	(25728)	(6010)	(46695)
Total investment portfolio	1411270	48979	203148	291941	1955338

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 2 593 thousand or 1.27% passing from TND 204 443 thousand on 31/12/2017 to TND 201 850 thousand in 31/12/2018.

	31/12/2018	31/12/2017	Variation	In %
Intangible fixed assets	74 274	66 919	7 355	10,99%
Depreciation of intangible fixed assets	(62 926)	(54 888)	(8 038)	14,64%
Tangible fixed assets	371 639	351 251	20 388	5,80%
Depreciation of tangible fixed assets	(194 953)	(179 030)	(15 923)	8,89%
Depreciation in progress and advances	13 816	20 191	(6 375)	-31,57%
Total fixed assets	201 850	204 443	(2 593)	-1,27%

The fixed assets are detailed on 31/12/2018 as follows:

	31/12/2017	Acquisitions	Disposal or layout	Reclassification	31/12/2018
License	22 843	2 236	-	12	25 091
Computer software	40 020	150	-	4 957	45 127
Goodwill and right to lease	4 056	-	-	-	4 056
Total intangible fixed assets	66 919	2 386	-	4 969	74 274
Lands	39 703	-	-	2 988	42 691
Constructions	106 631	49	-	3 523	110 203
Fixtures and fittings of constructions	84 562	1 818	-	1 641	88 021
Buildings to be allocated	164	-	-	-	164
Fixed assets with particular legal status	340	5	-	-	345
Office furniture	15 695	499	(96)	648	16 746
Computer equipments	47 233	4 489	-	61	51 783
Transport equipments	1 262	236	(266)	-	1 232
Constructions not allocated to professional activities	5 007	-	-	-	5 007
General installation of constructions	7 253	-	(72)	-	7 181
Banking operating equipments	20 534	4 105	-	163	24 802
Fixtures, fitting of banking operating equipment	38	8	-	-	46
Office equipments	12 838	353	-	6	13 197
Fittings of office equipments	1 829	23	-	-	1 852
Fittings of office furniture	8 162	167	(2)	42	8 369
Total tangible fixed assets	351 251	11 752	(436)	9 072	371 639
Works in progress	19 153	9 721	-	(16 327)	12 547
Advances on fixed assets in progress	1 038	231	-	-	1 269
Total Gross values of fixed assets	438 361	24 090	(436)	(2 286)	459 729

	Cumul. Depreciation 31/12/2017	Endowment	Adjustment sale and disposal	Cumul. Depreciation 31/12/2017	Net Book Value 31/12/2018
License	(18 855)	(2 598)	-	(21 453)	3 638
Computer software	(33 391)	(5 238)	-	(38 629)	6 498
Goodwill and right to lease	(2 642)	(202)	-	(2 844)	1 212
Total intangible fixed assets	(54 888)	(8 038)	-	(62 926)	11 348
Lands	-	-	-	-	42 691
Constructions	(36 530)	(3 502)	(1 027)	(41 059)	69 144
Fittings, fixtures of constructions	(56 828)	(4 748)	-	(61 576)	26 445
Buildings to be allocated	-	-	-	-	164
Fixed assets with particular legal status	(317)	(17)	-	(334)	11
Office furniture	(10 035)	(1 005)	96	(10 944)	5 802
Computer equipment	(35 322)	(3 809)	25	(39 106)	12 677
Transport equipment	(1 130)	(150)	247	(1 033)	199
Constructions not allocated to Professional activities	(1 130)	(6)	1 027	(109)	4 898
General installation of constructions	(6 354)	(108)	64	(6 398)	783
Banking operating equipment	(14 382)	(1 904)	12	(16 274)	8 528
fittings, fixtures of banking operating	(22)	(3)	-	(25)	21
Office equipment	(9 709)	(561)	-	(10 270)	2 927
Fittings of office equipments	(1 407)	(66)	-	(1 473)	379
Fittings of office furniture	(5 705)	(490)	2	(6 193)	2 176
Total tangible fixed assets	(178 871)	(16 369)	446	(194 794)	176 845
Works in progress	-	-	-	-	12 547
Advances on fixed assets in progress	-	-	-	-	1 269
Provision on fixed assets	(159)	-	-	(159)	(159)
Total Gross values of fixed assets	(233 918)	(24 407)	446	(257 879)	201 850

III-7. Other assets

The heading went from TND 458 005 thousand on December 2017 to TND 410 234 thousand on December 2018, recording a decrease of TND 47 771 thousand or 10.43%. This heading is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Adjustment accounts	109 503	169 658	(60 155)	-35,46%
Other assets accounts	300 731	288 347	12 384	4,29%
Total other assets	410 234	458 005	(47 771)	-10,43%

Thus, the total of the balance sheet recorded between December 2017 and December 2018, an increase of TND 2 295 870 thousand or 16.96% shifting from TND 13 535 113 thousand to TND 15 830 983 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 25 355 thousand to TND 722 thousand, a decrease of TND 24 633 thousand or 97,15%.

This change is due mainly to the decrease of CBT checks awaiting payment in the amount of TND 24 042 thousand or 97,08% and the credit balance of our foreign currency accounts held to the CBT of TND 591 thousand on December 2018. this heading is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
CBT Checks awaiting payment	722	24 764	(24 042)	-97,08%
CBTforeign currency accounts	-	591	(591)	-100,00%
Total Central bank and CCP	722	25 355	(24 633)	-97,15%

IV-2. Deposits and holdings in banking and financial institutions

The volume of this heading changed from one period to another from TND 1 248 830 thousand to TND 2 424 863 thousand, an increase of TND 1 176 033 thousand or 94,17%. this heading is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Deposits and holdings of banking institutions (a)	2 419 763	1 245 334	1 174 429	94,31%
Deposits and holdings of financial institutions (b)	5 100	3 496	1 604	45,88%
Total deposits and holdings of banking and financial institutions	2 424 863	1 248 830	1 176 033	94,17%

This change is explained by:

(a) an increase in the deposits and holdings of banking institutions from TND 1 174 429 thousand or 94.31% which shifted from TND 1 245 334 thousand in December 2017 to TND 2 419 763 thousand in December 2018.

	31/12/2018	31/12/2017	Variation	In %
loan in Dinars with the BCT	2 308 000	1 194 000	1 114 000	93,30%
Loan inDinars with banks	68 716	-	68 716	100,00%
Deposits of the correspondents bankers	38 768	48 511	(9 743)	-20,08%
Other amounts due	743	2 033	(1 290)	-63,45%
Connected debts	3 536	790	2 746	347,59%
Deposits and assets of banking institutions	2 419 763	1 245 334	1 174 429	94,31%

(b) An increase of deposits with financial institutions from TND 1 604 thousand or 45,88% that went from TND 3 496 thousand on December 2017 to TND 5 100 thousand on December 2018. This change originates essentially from deposits of leasing companies.

IV-3. Deposit and assets of customers

Deposits of customers recorded an increase of TND 927 448 thousand or 8.76%, rising from TND 10 585 228 thousand on December 2017 to TND 11 512 676 thousand on December 2018. This increase is originated from the following items:

	31/12/2018	31/12/2017	Variation	In %
Demand deposits	5 777 139	5 370 550	406 589	7,57%
Savings deposits	2 690 349	2 434 227	256 122	10,52%
Term account	1 915 894	1 508 190	407 704	27,03%
Term vouchers	260 023	263 366	(3 343)	-1,27%
Certificates of deposits Money market	333 000	454 000	(121 000)	-26,65%
Related debts	46 560	34 336	12 224	35,60%
Other amounts due	489 711	520 559	(30 848)	-5,93%
Total Deposits and assets of customers	11 512 676	10 585 228	927 448	8,76%

IV-4. Borrowings and special resources

Borrowings and special resources recorded an increase of TND 19 374 thousand or 7,83%, rising from TND 247 445 thousand on December 2017 to TND 266 819 thousand on December 2018. This increase is originated from the following items:

	31/12/2018	31/12/2017	Variation	In %
Borrowings and debts on special resources	46 837	54 498	(7 661)	-14,06%
Related debts on special resources	158	195	(37)	-18,97%
Public funds and foreign bodies	13 278	11 602	1 676	14,45%
Total public funds and foreign bodies	60 273	66 295	(6 022)	-9,08%
Subordinate loans	198 600	175 600	23 000	13,10%
Debt related to loans	7 946	5 550	2 396	43,17%
Total borrowings and special resources	266 819	247 445	19 374	7,83%

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 31/12/2018 is TND 22.700 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 31/12/2018 is TND 55 800 thousand.
- Of the subordinate loan BIAT 2017: this subordinate loan was set up in 2017 for an amount of TND 80 000 thousand. The loan of this debt on 31/12/2018 is TND 65100 thousand
- Of the subordinate loan BIAT 2018: this subordinate loan was set up in 2018 for an amount of TND 55 000 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 6 022 thousand or 9.08% going down from TND 66 295 thousand on December 2017 to TND 60 273 thousand on December 2018.

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 31/12/2017	Resources	Refunds	Balance as at 31/12/2018
AFD	13 243	-	(3 028)	10 215
BEI	3 203	-	(1 052)	2 151
BIRD	6 515	-	(1 269)	5 246
CFD	5 383	-	(319)	5 064
ESPAGNOLE	1 787	-	(413)	1 374
FDCI	496	-	(122)	374
FNG	1 644	-	-	1 644
FONAPRA	5 587	-	(364)	5 223
FOPRODI	2 329	136	(88)	2 377
FOSDA / FOSEP	187	-	(33)	154
PREMIER LOGEMENT	1 358	2 149	-	3 507
ITL	17 562	703	(1 853)	16 412
KFW	5 179	-	(242)	4 937
PROPARCO	59	-	(51)	8
TAAHIL	68	-	(68)	-
BAD	1 500	-	(71)	1 429
Related debts	195	-	-	158
TOTAL	66 295	2 988	(8 973)	60 273

IV-5. Other liabilities

The total of this item shifted from TND 388 091 thousand on December 31, 2017 to TND 402 795 thousand on December 31, 2018, recording an increase of TND 14 704 thousand or 3.79%. this change results from the following subsections:

	31/12/2018	31/12/2017	Variation	In %
Provisions for liabilities and expenses(1)	85 467	88 385	(2 918)	-3,30%
Accounts of expectation and regularization(2)	211 371	209 427	1 944	0,93%
Other accounts(3)	105 957	90 279	15 678	17,37%
Total Other Liabilities	402 795	388 091	14 704	3,79%

(1) Provisions for liabilities and expenses

Provisions for liabilities and expenses went down between December 2017 and December 2018 from TND 88 385 thousand to TND 85 467 thousand, a decrease of TND 2 918 thousand or 3,3%.

	31/12/2018	31/12/2017	Variation	In %
Provisions for risks of exploitation	69 448	73 238	(3 790)	-5,17%
Provisions on off-balance sheet commitments	16 019	15 147	872	5,76%
Total Provisions for liabilities and expenses	85 467	88 385	(2 918)	-3,30%

(2) Account of expectation and regularization

The accounts of expectation and regularization shifted between December 2017 and December 2018 from TND 209 427 thousand to TND 211 371 thousand, an increase of TND 1944 thousand or 0.93%.

	31/12/2018	31/12/2017	Variation	In %
Other deferred revenues	7 049	7 010	39	0,56%
Accrued expenses	85 002	76 161	8 841	11,61%
Suspense accounts to be settled	119 320	126 256	(6 936)	-5,49%
Total Suspense accounts and regularization	211 371	209 427	1 944	0,93%

(3) Other accounts

The other accounts shifted between December 2017 and December 2018 from TND 90 279 thousand to TND 105 957 thousand, an increase of TND 15 678 thousand or 17.37%.

	31/12/2018	31/12/2017	Variation	In %
State, taxes and fees	61 088	56 206	4 882	8,69%
Deduction accounts	29 829	28 127	1 702	6,05%
Other accounts payable	15 040	5 946	9 094	152,94%
Total other accounts	105 957	90 279	15 678	17,37%

NOTE V – Statement of Shareholders Equity

(Figures are expressed in TND thousand: Thousand of Tunisian Dinars)

The total of shareholders equity shifted between December 2017 and December 2018 from TND 1 040 164 thousand to TND 1 223 108 thousand, recording thereby an increase of TND 182 944 thousand or 17.59%.

The following chart summarizes the shareholders equity's change between 2016 and 2018.

	Share Capital	Reserves	Other Shareholders Equity	Forwarded Results	Net income of the financial year	Total
Balance as at 31/12/2016	170 000	462 184	3	71 421	190 142	893 750
Allocation 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 2015	-	-	-	-	214 017	214 017
Balance as at 31/12/2017	170 000	484 580	3	171 564	214 017	1 040 164
Allocation of the income	-	100 044	-	113 973	(214 017)	-
Distributed dividends	-	(72 250)	-	-	-	(72 250)
Social funds	-	429	-	-	-	429
Net income of the financial year 2017	-	-	-	-	254 765	254 765
Balance as at 31/12/2018	170 000	512 803	3	285 537	254 765	1 223 108

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 to TND 135 510 thousand and detailed as follows:

Unavailable Reserves submitted to a particular tax regime:	TND 84 959 thousand
Reserves submitted to a particular tax regime:	TND 12 995 thousand
Other reserves:	TND 37 547 thousand
Retained earnings:	TND 9 thousand

Thus, the available equity capital is not subjected to withholding tax, amounts on December 31st, 2018 to TND 50 551 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 31/12/2018 amount to TND 1 421 949 thousand.

3) The value of securities to be delivered resulting from securities operations amounts on 31/12/2018 to TND 7 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 972 176 thousand on December 31, 2017 to TND 1 271 533 thousand on December 31, 2018, recording an increase of TND 299 357 thousand or 30.79%.

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 627 418 thousand on 31/12/2017 to TND 896 036 thousand on 31/12/2018, recording an increase of TND 268 618 thousand or 42.81%. This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Interests on bank ordinary accounts	164	88	76	86,36%
Interests on accounts of interbank loans	9 699	6 834	2 865	41,92%
Interests on customer loans	737 535	508 849	228 686	44,94%
Interests on accounts receivables to customer	105 965	77 973	27 992	35,90%
Interests and assimilated income from guarantee commitment	24 606	22 580	2 026	8,97%
Other interests and assimilated income	18 067	11 094	6 973	62,85%
Total interests and assimilated income	896 036	627 418	268 618	42,81%

VII-1-2. Commissions in income

The commissions in income shifted from TND 168 118 thousand on 31/12/2017 to TND 185 985 thousand on 31/12/2018, recording an increase of TND 17 867 thousand or 10.63%. This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Commission on foreign-exchange transactions	2 398	2 184	214	9,80%
Commission on financing commitments	33 691	39 481	(5 790)	-14,67%
Commission on guarantee commitments	11 868	10 495	1 373	13,08%
Commission on services of financial services	62 604	50 316	12 288	24,42%
Commissions on other banking operating	75 424	65 642	9 782	14,90%
Total Commissions (in income)	185 985	168 118	17 867	10,63%

VII-1-3. Gains on trade securities portfolio and financial operations

These gains total TND 86 845 thousand on 31/12/2018 against TND 88 002 thousand on 31/12/2017, a decrease of TND 1 157 or 1.31%.

	31/12/2018	31/12/2017	Variation	In %
Incomes on transaction securities (a)	5 165	13 536	(8 371)	-61,84%
Incomes on securities of investment	44	76	(32)	-42,11%
Gains on foreign-exchange transactions (b)	81 636	74 390	7 246	9,74%
Total Gains on trade securities portfolio and financial operations	86 845	88 002	(1 157)	-1,31%

This decrease is detailed as follows:

(a) Revenues of transaction securities

The income of transaction securities shifted between December 2017 and December 2018 from TND 13 536 thousand to TND 5 165 thousand, an increase of TND 8 371 thousand or 61.84%. these incomes are detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Incomes of transaction securities	9 701	8 406	1 295	15,41%
Capital gain or loss on sale or refund	253	2 335	(2 082)	-89,16%
Capital gain or loss of reassessment of BTA Securities	(4 789)	2 795	(7 584)	-271,34%
Total Incomes on transaction securities	5 165	13 536	(8 371)	-61,84%

(b) Net Gain on foreign-exchange transactions

The net gains on foreign-exchange transactions which consist mainly of gains and losses related to transactions of manual foreign-exchange, from spot and future foreign-exchange transactions increased from TND 74 390 thousand on 31/12/2017 to TND 81 636 thousand on 31/12/2018 recording an increase of TND 7 246 thousand or 9.74%.

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 14 029 thousand or 15,83% going from one period to another from TND 88 638 thousand to TND 102 667 thousand.

	31/12/2018	31/12/2017	Variation	In %
Interests and incomes of the investment securities	92 325	78 303	14 022	17,91%
Incomes of shares in the associated companies	7 750	8 712	(962)	-11,04%
Incomes of equity securities	2 592	1 623	969	59,70%
Total incomes of the investment securities	102 667	88 638	14 029	15,83%

VII-2. Bank operating expenses

The total of this heading went from TND 270 905 thousand on December 31, 2017 to TND 437 028 thousand on December 31, 2018, recording an increase of TND 166 123 thousand or 61.32%.

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 268 743 thousand on 31/12/2017 to TND 434 298 thousand on 31/12/2018, recording an increase of TND 165 555 thousand or 61.6%. this change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Interests on bank ordinary accounts	580	415	165	39,76%
Interests on interbank loans accounts	2 459	979	1 480	151,17%
Interests on customer's deposits	293 960	205 905	88 055	42,76%
Interests on obligatory and subordinate loans	15 817	11 608	4 209	36,26%
Interests on special resources	1 520	1 815	(295)	-16,25%
Other interests and expenses	119 962	48 021	71 941	149,81%
Total incurred interests and assimilated expenses	434 298	268 743	165 555	61,60%

VII-2-2. Incurred commissions

The incurred commissions went from TND 2 162 thousand on 31/12/2017 to TND 2 730 thousand on 31/12/2018, recording an increase of TND 568 thousand or 26.27%. This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Commissions on treasury transactions and interbank transactions	2 678	2 118	560	26,44%
Commissions on other transactions	52	44	8	18,18%
Total incurred commissions	2 730	2 162	568	26,27%

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 31/12/2018 a net allocation of TND 103 128 thousand broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocation to provisions on customer receivables	(105 812)	(90 446)	(15 366)	16,99%
Allocation to provisions for risks and expenses	(7 471)	(7 425)	(46)	0,62%
Total allocations	(113 283)	(97 871)	(15 412)	15,75%
Losses on receivables and other items	(97 536)	(64 447)	(33 089)	51,34%
Total allocations and losses on receivables	(210 819)	(162 318)	(48 501)	29,88%
Reversal of provisions on customer receivables	98 860	69 624	29 236	41,99%
Reversal of provisions for losses and expenses	8 699	9 773	(1 074)	-10,99%
Total reversals	107 559	79 397	28 162	35,47%
Recoveries of receivable written off	132	133	(1)	-0,75%
Total reversal and recoveries on receivables	107 691	79 530	28 161	35,41%
Balance	(103 128)	(82 788)	(20 340)	24,57%

VII-4. Allocation to provisions and the result of adjustment values on investment portfolio

The volume of this heading records on 31/12/2018 a loss on balance of TND 5 421 thousand broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocation to provisions on equity securities, portage and managed funds	(1 044)	(2 757)	1 713	-62,13%
Allocation to provisions on shares in the related companies and joint ventures	(2 101)	(197)	(1 904)	966,50%
Total allocation	(3 145)	(2 954)	(191)	6,47%
Expenses and losses on securities	(3 317)	(1 972)	(1 345)	68,20%
Total of allocations and losses on receivables	(6 462)	(4 926)	(1 536)	31,18%
Reversal of provisions on shares in the related companies and joint ventures	1 041	5 555	(4 514)	-81,26%
Total reversal	1 041	5 555	(4 514)	-81,26%
Total reversal and recoveries on receivables	1 041	5 555	(4 514)	-81,26%
balance	(5 421)	629	(6 050)	-961,84%

VII-5. Other operating incomes

This section, which is composed mainly of rental incomes and of interests on staff loans, shifted between December 2017 and December 2018 from TND 10 129 thousand to TND 11 449 thousand, recording thereby an increase of TND 1 320 thousand or 13,03%.

VII-6. Staff costs

This section, which is composed mainly of salaries, social expenses and other staff expenses, shifted between December 2017 and December 2018 from TND 217 314 thousand to TND 220 902 thousand, recording thereby an increase of TND 3 588 thousand or 1.65%.

VII-7. General operating expenses

The increase of TND 46 801 thousand recorded between December 2017 and December 2018 results from an increase in the non-banking operating costs at the rate of TND 7 321 thousand and an increase of other general operating expenses to the tune of TND 39 480 thousand.

VII-8. Allocations to depreciations and provisions on fixed assets

The balance of this section records on 31/12/2018 an amount of TND 34 703 thousand broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocations to depreciations of intangible fixed assets	8 038	7 862	176	2,24%
Allocations to depreciations of tangible fixed assets	16 369	15 973	396	2,48%
Allocations to depreciations of deferred expenses	10 296	9 721	575	5,92%
Total allocations to depreciations and to provisions on fixed assets	34 703	33 556	1 147	3,42%

VII-9. Balance in gain or in loss resulting from other ordinary items

This section is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Other ordinary losses	16	15	1	6,67%
+ Value of assignment of fixed assets	190	395	(205)	-51,90%
Total balance in gain/loss resulting from other ordinary items	206	410	(204)	-49,76%

VII-10. Income taxes

The balance of this section records on 31/12/2018 an amount of TND 88 821 thousand against TND 72 668 thousand on 31/12/2017, an increase of TND 16 153 thousand or 22,23%. The balance for 2018 includes the amount of the social solidarity contribution calculated in accordance with the provisions of Article 53 of the Finance Act for 2018.

VII-11. Balance in gain/loss resulting from other extraordinary items

The balance in gain/loss resulting from other extraordinary items amounts to TND 9.904 thousand on December 31, 2018 against TND 10.381 thousand on December 31, 2017 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 31/12/2018 to TND 730 414 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 31/12/2018 have generated an impact cash and cash equivalents in the amount of TND 180 565 thousand.

This change is attributable in the following sections:

Designation	31/12/2018
Bank operating incomes	107
Customer deposits	299 625
Loans and advances granted to customer	(84 273)
Amounts paid to staff and sundry creditors	605
Other cash flow generated from operating activities	(35 499)
Net change	180 565

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 13 453 thousand on 31/12/2017 to TND 237 802 thousand on 31/12/2018, recording a decrease of TND 251 255 thousand or 1867,65%, broken down as follows:

	31/12/2017	31/12/2016	Variation	In %
Cash in TND				
Cash in dinars	110 697	93 730	16 967	18,10%
Correspondents debtors	22 458	25 692	(3 234)	-12,59%
Correspondents creditors	(723)	(24 764)	24 041	-97,08%
Cash debtors equivalents	6 491	4 018	2 473	61,55%
Cash creditors equivalents	(408)	(3 252)	2 844	-87,45%
Total cash in TND	138 515	95 424	43 091	45,16%
Foreign currencies cash				
Foreign currencies cash	56 450	32 385	24 065	74,31%
Correspondents debtors	1 321 100	564 633	756 467	133,97%
Correspondents creditors	(38 768)	(49 101)	10 333	-21,04%
Foreign currencies investment	598 199	456 575	141 624	31,02%
Total foreign currencies cash	1 936 981	1 004 492	932 489	92,83%
Transactions securities	63 418	107 537	(44 119)	-41,03%
Loans in dinars	(2 376 716)	(1 194 000)	(1 182 716)	99,05%
Cash and cash equivalent	(237 802)	13 453	(251 255)	-1867,65%

Note X – Transactions with related parties

- BIAT concluded an agreement, in December 2018, with the International Arab Company for Debt Recovery "CIAR", for the assignment of bank receivables with an amount of TND 74.402 KDT for the price of TND 850 KDT.
- BIAT acquired 5,000 shares held by «PROTECTRICE» in the company «ASSURANCES BIAT» for a unit price of TND 360.
- BIAT acquired 999,997 shares held by STI in SPT Mohamed V for a unit price of TND 17,400.
- By decision of BIAT France's sole shareholder on 20/12/2018, and after becoming aware of the achievements of its subsidiary, it was decided to allocate an operating subsidy of TND 1.413 KDT, the equivalent value of € 400.000 for the financial year 2018.
- BIAT acquired from its subsidiary the Société de promotion touristique - Sfax (SPT- Sfax) a commercial space, with an area of approximately 190m², located on the ground floor of the IBIS-Sfax hotel and intended to house its new office «Sfax Hôtel IBIS» for a total price of TND 2 416 000,000 excluding tax (an amount of 2 875 040,000 TND including tax).
- BIAT concluded five agreements ,in 2018 with the International Arab Company for Debt Recovery "CIAR", for the onlending of bank receivables with an amount of TND 166KDT covered by provisions and Overdraft charges.
- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-01) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-02) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-03) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

- Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial fund 2019-04) with a total amount of 15.450 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional funds 2019-1) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Funds 2019-2) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-3) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-4) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

15. Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Regional Fund 2019-5) with a total amount of 10.000 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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.

16. Within the framework of the exonerated investment affecting the income of the year 2018, BIAT and BIAT CAPITAL RISQUE signed an agreement of funds management (Industrial Fund 2018-4) with a total amount of 24.550 KDT.

BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 17.902 tax excluded.

17. 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.

- 18.** 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 2018 amounts to TND 5.826.

- 19.** 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 BIAT incomes in 2018 amounts to TND 7.500.

- 20.** 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 amount recorded among BIAT incomes in 2018 amounts to TND 3.050.

- 21.** 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 2018 amounts to TND 479.665.

- 22.** 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 2018 amounts to TND 748.436.

- 23.** 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.

- 24.** 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.

An annual cumulative increase of 5% will be applied from august 1st, 2017.

Starting From November 2018, an amendment was signed, providing for the extension of all the rented spaces of three offices located on the second floor of the building in rue de Radhia Haddad. Starting from November 1st, 2018 till July 31st, 2019, the monthly rent for all the spaces rented to the «CIAR» amounts to TND 9.337,431 VAT excluded.

An annual cumulative rent increase will be applied, from August 1st, 2019 at an annual rate of 5%.

The amount recorded among BIAT's incomes in 2018 amounts to TND 88.615.

- 25.** Within the framework of the exonerated investment affecting the income of the year 2017, BIAT and BIAT CAPITAL RISQUE concluded on December 20th, 2017 an agreement of 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 698.725 tax excluded.

- 26.** 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 85.005 tax excluded.

- 27.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUES concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Fund 2018-1) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 71.114 tax excluded.

- 28.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Fund 2018-2) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 61.499 tax excluded.

- 29.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Industrial Funds 2018-3) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 62.049 tax excluded.

- 30.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Regional Fund 2018-1) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 70.174 tax excluded.

- 31.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUES concluded on March 12th, 2018, an agreement related to the management of funds (Regional Funds 2018-2) with an amount of 10.000 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.

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 2018 amounts to TND 68.299 tax excluded.

- 32.** Within the framework of exempted investment affecting the result of financial year 2017, BIAT and BIAT CAPITAL RISQUE concluded on March 12th, 2018, an agreement related to the management of funds (Regional Fund 2018-3) with an amount of 10.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 71.424 tax excluded.

- 33.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on March 17th, 2017, an agreement related to the management of funds (Industrial Fund 2017-1) with an amount of TND 6.000 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 104.638 tax excluded.

- 34.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Industrial Fund 2017-2) with an 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 outstanding funds, between the end of the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 63.865 tax excluded.

- 35.** Within the framework of the exonerated investment affecting the income of the year 2016, BIAT confided to "BIAT CAPITAL RISQUE" on March 9th, 2017 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 45.005 tax excluded.

- 36.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUES concluded on March 10th, 2017, an agreement related to the management of funds (FG BIAT Free 2017-2) with an amount of 5.501 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 96.255 tax excluded.

- 37.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Regional Fund 2017-1) with an amount of 5.100 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 89.057 tax excluded.

- 38.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on March 17th, 2017, an agreement related to the management of funds (Regional Fund 2017-2) with an amount of 4.750 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.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 82.981 tax excluded.

- 39.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE concluded on December 5th, 2016, an agreement related to the management of funds (Industrial Fund 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 RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 78.500 tax excluded.

- 40.** Within the framework of exempted investment affecting the result of financial year 2016, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 78.755 tax excluded.

- 41.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 86.459 tax excluded.

- 42.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 87.335 tax excluded.

- 43.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 invested amount.
- 1% per year on the invested amount between the seventh year and the tenth year.

In case where BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 88.241 tax excluded.

- 44.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 47.005 tax excluded.

- 45.** Within the framework of exempted investment affecting the result of financial year 2015, BIAT and BIAT CAPITAL RISQUE 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 RISQUE 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 RISQUE for 2018 amounts to TND 35.005 tax excluded.

- 46.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT confided to BIAT CAPITAL RISQUE on May 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 RISQUE 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 RISQUE for 2018 amounts to TND 44.265 tax excluded.

- 47.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT and BIAT CAPITAL RISQUE concluded, on March 18th, 2014, a management agreement 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 RISQUE for 2018 amounts to TND 30.657 tax excluded.

- 48.** Within the framework of exonerated investment affecting the income of financial year 2013, BIAT and BIAT CAPITAL RISQUE concluded on January 17th, 2014, an agreement related to the management of funds (Funds Free 2014-1) with an amount of 11.671 KDT.

BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 58.355 tax excluded.

- 49.** BIAT confided to BIAT CAPITAL RISQUE on March 15th, 2013, the management of 2013 industrial funds with an amount of 5.000 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 RISQUE for 2018 amounts to TND 75.022 tax excluded.

- 50.** BIAT confided to BIAT CAPITAL RISQUE 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 RISQUE for 2018 amounts to TND 85.137 tax excluded.

- 51.** BIAT concluded with BIAT CAPITAL RISQUE 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 2018 amounts to TND 19.500 tax excluded.

- 52.** BIAT concluded with BIAT CAPITAL RISQUE 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 2018 amounts to TND 8.144 tax excluded.

- 53.** BIAT confided, during 2010, to BIAT CAPITAL RISQUE 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.

BIAT CAPITAL RISQUE receives, for the management of the fund, an annual 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.

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 2018 amounts to TND 57.282 (tax excluded).

- 54.** BIAT confided to BIAT CAPITAL RISQUE, 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 RISQUE for 2018 amounts to TND 84.000 tax excluded.

- 55.** BIAT confided to "BIAT CAPITAL RISQUE" on December 28th 2011, the management of an industrial 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 2018 amounts to TND 57.750 (tax excluded).

- 56.** 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 RISQUE 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 2018 amounts to TND 1.277 tax excluded.

- 57.** 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 2018 amounts to TND 179.262 (tax excluded).

- 58.** 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.

- 59.** 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 2018 amounts to TND 42.017.

- 60.** 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 2018 amounts to TND 31.384.

- 61.** 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 the current rate.

The invoicing amount of BIAT amounts in 2018 to TND 714.180.

- 62.** 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 2018 amounts to TND 28.691 VAT excluded.

- 63.** An agreement was concluded in 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 2018 amounts to TND 55.384 VAT excluded.

- 64.** An agreement was concluded in 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 2018 amounts to TND 51.787 VAT excluding.

65. 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 2018 amounts to TND 16.969.

66. 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 2018 amounts to TND 73.500 VAT excluding.

67. The BIAT executed, in 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 2018 amounts to TND 164.471 Tax excluded.

68. 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 amendment 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.

69. 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 2018 amounts to TND 34.251.

70. 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 2018 amounts to TND 386.592.

71. The BIAT executed on October 25th, 2017 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 – CEA PNT TUNIAR.

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 TUNIAR. This remuneration, which is deducted daily, is monthly paid in arrears.

The amount stated for this post in 2018 amounts to TND 12.504.

72. 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 of income recorded in 2018 amounts to TND 15.949.

73. 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 under the result of the financial year 2018 amounts to TND 59.605.

74. 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.

The remuneration of BIAT will be paid by the company BIAT ASSET MANAGEMENT monthly in arrears on simple invoice presentation.

75. 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.

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 August 1st, 2018 by 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 2018 amounts to TND 76.127.

- 76.** 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 the current rate.

The amount of BIAT invoicing in 2018 amounts to TND 505.543.

- 77.** BIAT amended, on December 23rd, 2013 and on December 25th, 2017 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 2018 amount to TND 12.089.

- 78.** 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 2018 amount to TND 736.006.

- 79.** 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 2018 amounts to TND 664.785.

- 80.** 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 2018 amounts to TND 12.500 tax excluded.

- 81.** 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 under the result of the financial year 2018 amounts to TND 91.905.

82. 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.

83. 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 the current rate.

The amount included in the result of 2018 amounts to TND 733.816.

84. 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%.	-

85. 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 2018 amounts to TND 32.742 VAT excluded.

86. 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 2018 amount to TND 44.970.

87. 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 2018 amounts to TND 44.827.

88. On December 23rd, 2011, BIAT concluded with the << SICAF BIAT>> and << SGP>>agreements of accounting, financial and administrative assistance:

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.

In November 2018, These agreements were the subject of two separate amendments relating to BIAT's remuneration, and in particular to:

- The modification of the payment terms by replacing the quarterly payment with an annual payment.
- The annulment of the re-invoicing of overhead costs relating to the provision of premises and other logistical resources, supported by BIAT.
- The determination, now, at flat-rate salary and personnel expenses relating to human resources responsible for accounting and administrative assistance, calculated on the basis of a fixed scale. This amount will be subject, from the second year onwards following the effect of the 2018 amendment, to a cumulative increase of 6% applicable each year.
- The reduction of the margin on salary and personnel expenses relating to human resources in charge of management and administration from 10% to 5%.

The amounts listed under the result of the financial year 2018 amounted to TND 44.315.

89. 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 2018 amounted to TND 6.356.

90. 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, 2018, amounts to 1.519 KDT, broken down as follows:

- 1.519 KDT of subscriptions in outstanding shares and
- 53KDT 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, 2018 reached TND 6.563 tax excluded.

- 91.** 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, 2018, to 1.785 KDT, broken down as follows:

- 1.503 KDT of subscriptions in outstanding shares ;
- 282 KDT of subscription 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 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, 2018, amount to TND 17.443 tax excluded.

- 92.** BIAT concluded , in February 2018 ,with the company «Assurances BIAT» a lease agreement of premise for administrative office usage, with a surface of 183m² including common areas, situated on the 1st floor of the building in la place de Sidi Mtir in Mahdia.

This rent is granted for monthly rent of TND 638,140 and annual rent of TND 7 657 680 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental.

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND 8 041.

- 93.** BIAT concluded , in February 2018 ,with the company «Assurances BIAT» a lease agreement of part of premise for administrative office usage, with a surface of 87,5 m² located at Rue El Meniar, 47 Avenue Habib Bourguiba, la Manouba.

This rent is granted for monthly rent of TND 860 and annual rent of TND 10.320 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND10.836.

- 94.** BIAT concluded , in February 2018 ,with the company «Assurances BIAT» a lease agreement of part of premise for administrative office usage, with a surface of 80m² located at route de Tunis Km 6,5, Avenue Hédi Chaker Sakiet Ezzit, Sfax.

This rent is granted for monthly of TND 960 and annual rent of TND 11.520 Vat excluded for a period beginning from 01/01/2017 and ending on 31/12/2018.

At the end of this period, the sublease will be renewable from year to year by tacit consent.

This amount will be subject to a cumulative increase of 5% effective as of the second year of the rental

Rental income listed under the BIAT's result for the financial year 2018 amounts to TND12.096.

- 95.** Since 2004, BIAT concluded insurance contracts with the company « Assurances BIAT » - through the intermediate of the company "LA PROTECTRICE ASSURANCE".

The expense supported, in 2018, is detailed as follows :

Type	Amount of the expenses of Insurance (in TND)
Third-party insurance	56 950
Physical Accidents Insurance	100 177
Life insurance « Family Protection »	146 897
Insurance « Assistance à l'étranger pour les cartes bancaires visa premier » (assistance abroad for bankcards visa first)	975 840
Insurance « vol global banque » (Global Theft Bank)	336 047
Insurance against theft and loss of cards	627 625
Insurance « incendie et garanties annexes » (fire and attached guarantee)	409 338
Insurance automobile fleet	41 053
Insurance multi-risk on computers	33 623
Insurance Pack Saphir and Silver	969 764
Insurance carte BIAT travel	365
Insurance Pack Elite	39 060
Insurance Pack Platinum	87 930
Insurance «Assistance à l'étranger pour les cartes Platinum et infinite» (assistance abroad for platinum and infinite cards)	156 252
Insurance «carte de crédit» Credit Card	315 829
Insurance groups of the staff (employer's contribution)	9 929 328
Life Insurance (AFEK)(*)	1 487 990

(*) In 2012, BIAT signed a collective «life insurance» agreement with BIAT ASSURANCE in favor of its staff, known as «members».

96. 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 2018 amounts to TND 33.861.

97. 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 2018 amounts to TND 6.047.

98. 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 2018 amounts to TND 8.711.

99. 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 starting on January 1st, 2016 and ending on December 31st, 2019.

In return of the services rendered, the BIAT invoices the honorarium including salary shares and the advantages with all charges included.

The invoice amount will be increased by applicable dues and taxes at the date of the invoice.

100. 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 2018 amounts to TND 14.012.

Note XI – Subsequent events to the balance sheet date

These financial statements of the bank are approved and authorized for publication by the Board of Directors on 15 March 2019. Hence; they do not reflect events occurring after that date.

14

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2018

14.1 Statutory Auditors' Report on the Consolidated Financial Statements as at December 31, 2018

« BIAT » GROUP
STATUTORY AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS -
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018

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, 2018, 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 1 231 947 KTND, including the consolidated profit for the financial year amounting to 261 148 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, 2018 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 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:

Evaluation of customer's commitments

Key Audit Matter	Audit Procedures
<p>The Group is exposed to counterparty risk both on its portfolio of direct commitments and on off balance sheet commitments granted to customers. This inherent risk in the banking business constitutes a major area of attention because of the importance of the judgment required for its estimation and the significant size of receivables in the Group's balance sheet (64 %) totaling 10 632 421 KTND as at 31 December 2018 and the net cost of risk associated with the level of profit for the year, which amounts to 123 769 KTND in individual provisions and 4 760 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 to the financial statements. Note II-7 « Evaluation of the receivables rules», Note IV-3 « Customer loans» and Note VIII-3 «Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities».</p> <p>The valuation of the commitments and the valuation of the provisions involve a high degree of judgment and considering 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 put in place by your Bank, and have assessed the correct 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 regarding the process of depreciation 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 defined by the Bank to manage counterparty risk identify clients to classify, provision, and determine the minimum level of provision required by banking regulations. <p>In our customer engagement review procedures, we have taken a risk-based approach to sampling.</p> <p>We have assessed the repayment capacity of debtors and assessed the classification, taking into account late payments, accounts receivable financial information, future business prospects, collateral valuation reports and other available information.</p>

Valuation of Investment portfolio

Key Audit Matter	Audit Procedures
<p>The Group carries out an evaluation of its investment securities' portfolio at each closing date. This assessment constitutes a major area of attention because of the importance of the judgment necessary for its estimation and the significant importance of the «Investment Portfolio» item in the Group's balance sheet (10%), which totals as at December 31, 2018, 1 729 413 KTND, as well as the weight of related income which amounting during the year to 96 456 KTND.</p> <p>The additional information on this item in the annual financial statements are disclosed in the notes to the financial statements, respectively under Note IV-5 «Investment Portfolio», Note VIII-1-4 «Investments portfolio revenues».</p> <p>The valuation of Investment portfolio involves a high level of judgment regarding the specificities of the methods used and given the importance of the «Investment portfolio» item, we consider that this caption is a key audit Matter.</p>	<p>In particular, our audit procedures of the investment portfolio consisted of:</p> <ul style="list-style-type: none"> - Verifying the internal control procedures put in place by the bank in this respect, particularly with regard to the monitoring and evaluation of these assets and carry out enforcement tests in this respect. - Ensuring compliance with the rules provided by accounting standard NCT 25 relative to the securities' portfolio in banking institutions. - Appreciating the relevance of the methodology adopted by the bank in terms of the completeness of taking into account the income from investment securities, their evaluation and their connection to the financial year, in particular by examining the bases and modalities of their determination according to available information. - Verifying the appropriateness of the valuation method used for each security category and that it is adapted to the nature, characteristics and circumstances of the investment made. - Appreciating 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
<p>As indicated in the note VIII-1-1 to the annual consolidated financial statements, Interests and other similar revenues amounting to 893 885 KTND at December 31, 2018 and represent the largest revenue item of the Group's operation (64%).</p> <p>Because of their composition, their amounts, and the specificities of the rules of their accounting, As well as the large volume of transactions and the complexity of the rules' 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 Group.</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 the information system, policies, processes and controls put in place to recognize revenue from credit operations. - Verify the effective application of the automated or manual controls in place. - Carry out substantive analytical procedures on the development of outstanding interest and similar income. - Verify compliance with accounting standard NCT 24 «Commitments and related revenues in banking institutions» in terms of income recognition and separation of accounting periods "Cut off principle". - To carry out, by the sampling technique, detailed tests on the calculation of the breakage of the bank's revenues. - Perform tests to verify the validity of the suspended revenues based on a representative sample. - Verify the appropriateness of the information provided in the notes to the financial statements.

Management Report

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

Our opinion on the consolidated financial statements does not extend to the Management Report and we do not express any form of assurance on this report.

In accordance of 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 appearing in the financial statements. Our work consists in reading the management report and, in so doing, assessing whether there is a material inconsistency between it and the financial statements or the knowledge that we acquired during our audit, or if the report otherwise seems to have a significant anomaly. If, based on the work we have done, 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 management and those charged with governance for the financial statements consolidated

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

In preparing the consolidated financial statements, the board of director are 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 director either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

The governance of bank are responsible for overseeing the bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

The objectives of our audit 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 consolidated 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 management, as well as related information provided by management;
- We reach a conclusion as to the appropriateness of management's use of the going concern accounting principle and, based on the evidence obtained, whether or not there is significant uncertainty related to events or situations likely to cast significant doubt on the bank's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express an amended opinion. Our conclusions are based on the evidence obtained up to the date of our report. Future events or situations could cause the bank to cease operations.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate to the governance officers, in particular, the expected scope and timing of the audit work and our material findings, including any significant internal control deficiencies that we may have identified during our audit.

We are also required to provide 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.

Among the issues communicated to those charged with governance, we determine which were the most important in the audit of the financial statements of the period under review: these are the key questions of the audit. We describe these issues in our report, unless the legal or regulatory texts prevent them from being published or if, under extremely rare circumstances, we determine that we should not disclose an issue in our report because we can reasonably be expected to wait until the harmful consequences of communicating this issue outweigh the benefits to the public interest.

Tunis: March 25, 2019

Statutory auditors

F.M.B.Z KPMG TUNISIE
Kalthoum BOUGUERRA

FINOR
Walid BEN SALAH

14.2 Consolidated financial statements for the year 2018

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2018

CONSOLIDATED BALANCE SHEET

As of December 31st, 2018

(In Thousands of Dinars)

	Note	31/12/2018	31/12/2017	Variation	In %
ASSETS					
Cash and assets with BCT, CCP, TGT	IV-1	1 496 901	667 123	829 778	124,38%
Banking and financial institutions loans	IV-2	1 013 947	853 061	160 886	18,86%
Customer loans	IV-3	10 632 421	9 354 473	1 277 948	13,66%
Commercial Securities Portfolio	IV-4	722 668	731 853	(9 185)	-1,26%
Investment Portfolio	IV-5	1 729 413	1 646 428	82 985	5,04%
Equity Affiliates	IV-6	3 848	4 138	(290)	-7,01%
Fixed values	IV-7	342 252	326 613	15 639	4,79%
Net differential acquisition(Goodwill)	IV-8	9 054	9 720	(666)	-6,85%
Other Assets	IV-9	561 340	585 757	(24 417)	-4,17%
Total assets		16 511 844	14 179 166	2 332 678	16,45%
LIABILITIES					
Central Bank of Tunisia and Post Office	V-1	722	25 354	(24 632)	-97,15%
Deposits and holding with banking and financial institutions	V-2	2 427 567	1 260 259	1 167 308	92,62%
Customers deposits and assets	V-3	11 301 779	10 334 806	966 973	9,36%
Borrowings and special resources	V-4	223 363	213 589	9 774	4,58%
Other liabilities	V-5	771 300	698 592	72 708	10,41%
Total liabilities		14 724 731	12 532 600	2 192 131	17,49%
Minority Interests					
Minority share in consolidated reserves	VI	530 904	583 147	(52 243)	-8,96%
Minority share in consolidated income	VI	24 262	22 422	1 840	8,21%
Total minority interests		555 166	605 569	(50 403)	-8,32%
SHAREHOLDERS' EQUITY					
Share capital		170 000	170 000	-	0,00%
Consolidated reserves		800 796	661 949	138 848	20,98%
Other shareholders' equity		3	3	-	0,00%
Consolidated income of the financial year		261 148	209 045	52 103	24,92%
Total shareholders' equity	VII	1 231 947	1 040 997	190 950	18,34%
Total liabilities and shareholders' equity		16 511 844	14 179 166	2 332 678	16,45%

STATEMENT OF OFF-BALANCE COMMITMENTS

As of December 31st, 2018

(In Thousands of Dinars)

	31/12/2018	31/12/2017	Variation	In %
CONTINGENT LIABILITIES				
Guarantees and endorsements given	2 367 272	1 745 087	622 185	35,65%
a- To banks and financial institutions	773 304	660 644	112 660	17,05%
b- To costumers	1 593 969	1 084 443	509 526	46,99%
Letters of Credits	692 143	750 947	(58 804)	-7,83%
a- To costumers	653 357	689 404	(36 047)	-5,23%
b- Others	38 786	61 543	(22 757)	-36,98%
Total contingent liabilities	3 059 415	2 496 034	563 381	22,57%
COMMITMENTS GIVEN				
Financing commitments given	739 573	287 124	452 449	157,58%
To costumer	739 573	287 124	452 449	157,58%
Commitments on securities	2 838	4 288	(1 450)	-33,82%
a- Non paid up participations	2 796	4 253	(1 457)	-34,26%
b- Securities to be received	42	35	7	20,00%
Total commitments given	742 411	291 412	450 999	154,76%
COMMITMENTS RECEIVED				
Guarantees received	4 976 621	4 036 740	939 881	23,28%
Total commitments received	4 976 621	4 036 740	939 881	23,28%

CONSOLIDATED STATEMENT OF INCOME
Period from 1er January 1st to December 31st, 2018
(In Thousands of Dinars)

	Note	Financial Year 2018	Financial Year 2017	Variation	In %
BANKING OPERATING INCOME					
Interests and other similar revenues	VIII-1-1	893 885	626 474	267 411	42,69%
Commissions (in incomes)	VIII-1-2	281 007	255 490	25 517	9,99%
Gains on commercial securities portfolio and financial operations	VIII-1-3	124 184	113 663	10 521	9,26%
Investments portfolio revenues	VIII-1-4	96 456	88 686	7 770	8,76%
Total banking operating income		1 395 532	1 084 313	311 219	28,70%
BANKING OPERATING EXPENSES					
Interests incurred and related expenses	VIII-2-1	(419 357)	(258 378)	(160 979)	62,30%
Claims paid on insurance operations	VIII-2-2	(52 792)	(34 881)	(17 911)	51,35%
Incurred commissions	VIII-2-3	(3 328)	(2 549)	(779)	30,56%
Losses on commercial securities portfolio and financial transactions		(182)	(87)	(95)	109,20%
Total banking operating expenses		(475 659)	(295 895)	(179 764)	60,75%
Net banking income		919 873	788 418	131 455	16,67%
Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities	VIII-3	(135 388)	(128 601)	(6 787)	5,28%
Net provision charge and value adjustments on investment portfolio	VIII-4	(2 285)	(2 540)	255	-10,04%
Other operating income	VIII-5	42 243	36 008	6 235	17,32%
Personnel expenses	VIII-6	(237 150)	(227 613)	(9 537)	4,19%
General operating expenses	VIII-7	(149 535)	(102 984)	(46 551)	45,20%
Allocations to depreciations and provisions on fixed assets	VIII-8	(42 084)	(39 575)	(2 509)	6,34%
Operating Income		395 674	323 113	72 561	22,46%
Share in earnings of companies accounted for under the equity method		(442)	(125)	(317)	253,60%
Balance in gain/loss from other ordinary items	VIII-9	453	594	(141)	-23,74%
Income tax	VIII-10	(100 366)	(81 164)	(19 202)	23,66%
Income from ordinary activities		295 319	242 418	52 901	21,82%
Share of profit attributable to minority interests		(24 262)	(22 422)	(1 840)	8,21%
Income from ordinary activities of the group		271 057	219 996	51 061	23,21%
Net gain/loss from other extraordinary items		(9 909)	(10 951)	1 042	-9,52%
Consolidated Net income of the year		261 148	209 045	52 103	24,92%
Effect of accounting changes net of deferred tax		-	-	-	-
Consolidated Net income for the year after accounting changes		261 148	209 045	52 103	24,92%

CONSOLIDATED STATEMENT OF CASH FLOW
Period from January 1st to December 31st 2018
(In Thousands of Dinars)

	Financial Year 2018	Financial Year 2017
OPERATING ACTIVITIES		
Banking operating revenues collected (excluding investment portfolio revenues)	1 333 663	1 027 182
Banking operating charges disbursed	(516 542)	(330 770)
Deposits/ deposits withdrawal with other banks and financial institutions	(47 486)	163 524
Loans and advances/ repayment of loans and advances granted to customer	(1 289 613)	(1 795 452)
Deposits/ customer deposits withdrawal	958 158	1 477 033
Investment securities/ transaction securities	(1 366)	(22 157)
Payments made to personnel and other creditors	(370 511)	(379 857)
Other cash flow from operating activities	99 938	(159 093)
Corporate income tax	(103 347)	(63 850)
Net cash flow from operating activities	62 894	(83 440)
INVESTMENT ACTIVITIES		
Interests and collected dividends on investment portfolio	87 578	44 159
Purchase/ disposal on investment portfolio	(60 835)	(476 023)
Purchase / disposal on fixed assets	(112 146)	(68 666)
Net Cash flow from investment activities	(85 403)	(500 530)
FINANCING ACTIVITIES		
Issue/ repayment of loans	4 139	36 952
Increase / decrease of special resources	(6 887)	(2 611)
Paid dividends and other distributions	(83 573)	(82 420)
Other financing flow	(77 038)	35 255
Net cash flow from financing activities	(163 359)	(12 824)
Effect of reclassification of BTA portfolio on cash and cash equivalent	-	(940 278)
Net change in cash and cash equivalent during the financial year	(185 868)	(1 537 072)
Cash and cash equivalent at the beginning of the financial year	413 271	1 950 343
Cash and cash equivalent at the end of the financial year	227 403	413 271

Notes to the consolidated financial statements (as at December 31st 2018)

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 31-12-2018 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 2018 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, 2018 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 2018 and an amount of reserved income.

Note III – Companies included in the consolidation perimeter

By December 31st, 2018, the consolidation perimeter of BIAT group is detailed as follows:

	31/12/2018		31/12/2017	
	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	50,76	50,76	46,99	46,99
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	94,48	94,48	94,47
Société FAIZA	42,31	42,31	42,31	42,31
SICAV Opportunity	72,78	72,78	75,22	75,22
SICAV Trésor	4,24	0,85	4,14	0,95
SICAV Prosperity	5,70	5,70	8,54	8,54
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	98,80	98,69	96,22	95,88
Société de pôle de compétitivité de Monastir	52,49	52,49	52,49	52,49
SICAV PATRIMOINE Obligataire	1,70	1,38	4,58	4,26
Fonds commun de créances 1	100,00	100,00	93,10	92,77
Société tunisienne de promotion des pôles immobiliers et industriels	25,00	25,00	25,00	25,00
Fonds Commun de placement Epargne Actions	0,53	0,52	0,87	0,86
Fonds commun de créances 2	78,57	77,98	67,37	66,49
Société Touristique Sahara Palace	100,00	67,30	100,00	67,30
Société de Promotion Touristique Mohamed V	76,16	76,16	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	40,00	40,00
INMA HOLDING	23,50	40,00	-	-

III-2. Consolidation Method

By December 31st, 2018, the consolidation perimeter of BIAT group is detailed as follows:

	31/12/2018	31/12/2017
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	Global Integration
INMA HOLDING	Equity Method	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 2017 and December 2018 for TND 829 778 thousand or 124,38% passing from a period to another from TND 667 123 thousand to TND 1 496 901 thousand. This item is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Cash	150 772	111 985	38 787	34,64%
Holdings in CBT	1 346 040	555 049	790 991	142,51%
Holdings in POA	89	89	-	-
Total cash and balances with CBT, POA and GTT	1 496 901	667 123	829 778	124,38%

IV-2. Receivables from Banks and Financial Institutions

The volume of this post recorded an increase between December 2017 and December 2018 of TND 160 886 thousand or 18.86% passing from a period to another from TND 853 061 thousand to 1 013 947 thousand. This volume is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Receivables from banking institutions (a)	752 126	610 307	141 819	23,24%
Receivables from financial institutions (b)	261 821	242 754	19 067	7,85%
Total receivables from banking and financial institutions	1 013 947	853 061	160 886	18,86%

a) The increase in the volume of our receivables from banks of TND 141 819 thousand or 23,24% which passed from TND 610 307 thousand on 31/12/2017 to TND 752 126 thousand on 31/12/2018 relates the following positions:

	31/12/2018	31/12/2017	Variation	In %
Loan accounts with Central Bank of Tunisia CBT	406 178	218 821	187 357	85,62%
Loan accounts of interbank market	290 559	305 284	(14 725)	-4,82%
Accrued interests on loans	2 781	1 278	1 503	117,61%
Correspondents' accounts NOSTRI	29 908	63 590	(33 682)	-52,97%
Correspondents' accounts LORI	490	482	8	1,66%
Accrued interests on correspondents' accounts	5	4	1	25,00%
Non-allocated values	22 205	20 848	1 357	6,51%
Total	752 126	610 307	141 819	23,24%

b) The increase in our total receivables from financial institutions up to TND 19 067 thousand or 7.85% which shifted from TND 242 754 thousand on December 2017 to TND 261 821 thousand on December 2018 is mainly attributable to the increase of our loans to the Leasing companies. This section is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Loans granted to leasing companies	233 959	210 235	23 724	11,28%
Loans granted to other financial institutions	24 647	29 673	(5 026)	-16,94%
Related receivables and debts	3 215	2 846	369	12,97%
Total	261 821	242 754	19 067	7,85%

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 9 354 473 thousand on December 2017 to TND 10 632 421 thousand on December 2018 recording thereon an increase of TND 1 277 948 thousand or 13.66%. It is broken down as follows:

	31/12/2018	31/12/2017	Variation	In %
Customer accounts receivable	1 172 644	941 133	231 511	24,60%
Other customer loans	9 890 514	8 876 200	1 014 314	11,43%
Loans on special resources	62 236	65 770	(3 534)	-5,37%
Total	11 125 394	9 883 103	1 242 291	12,57%
Provisions and overdraft charges reserved on customer loans	(420 376)	(460 793)	40 417	-8,77%
Collective provisions	(72 597)	(67 837)	(4 760)	7,02%
Total Customer loans	10 632 421	9 354 473	1 277 948	13,66%

IV-4. Commercial securities Portfolio

The volume of this post shifted from December 2017 to December 2018 from TND 731 853 thousand to TND 722 668 thousand, recording thereby a decrease of TND 9 185 thousand or 1,26%.

	31/12/2018	31/12/2017	Variation	In %
Trading securities	449 802	507 653	(57 851)	-11,40%
Investment securities	272 866	224 200	48 666	21,71%
Total commercial securities portfolio	722 668	731 853	(9 185)	-1,26%

This change stems from a decrease in the trading securities volume of TND 57 851 thousand or 11,4% accompanied by an increase of the total investment securities amounting to TND 48 666 thousand or 21.71%.

IV-5. Investment portfolio

The total of this post shifted from TND 1 646 428 thousand in December 2017 to TND 1 729 413 thousand in December 2018, an increase of TND 82 985 thousand or 5.04%.

	31/12/2018	31/12/2017	Variation	In %
Gross outstanding of investment securities	1 697 730	1 622 162	75 568	4,66%
Receivables related to investment securities	58 069	49 194	8 875	18,04%
Provisions and overdraft charges reserved for the investment portfolio's depreciation	(26 386)	(24 928)	(1 458)	5,85%
Total investment portfolio	1 729 413	1 646 428	82 985	5,04%

IV-6. Equity affiliates

The total of this post shifted from TND 4 138 thousand in December 2017 to TND 3 848 thousand in December 2018, a decrease of TND 290 thousand or 7.01%.

	31/12/2018	31/12/2017	Variation	In %
Institut Tunis Dauphine	100	156	(56)	-35,90%
Société de Promotion Touristique Hammamet	3 060	3 060	-	-
Société tunisienne de promotion des pôles immobiliers et industriels	688	922	(234)	-25,38%
Total equity method securities	3 848	4 138	(290)	-7,01%

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 15 639 thousand or 4,79% passing from TND 326 613 thousand in 31/12/2017 to TND 342 252 thousand in 31/12/2018.

These fixed assets are detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Intangible assets	78 458	70 632	7 826	11,08%
Depreciation of intangible assets	(66 145)	(57 684)	(8 461)	14,67%
Tangible assets	534 644	503 343	31 301	6,22%
Depreciation of tangible assets	(240 528)	(219 476)	(21 052)	9,59%
Current assets and advances	35 823	29 798	6 025	20,22%
Total fixed assets	342 252	326 613	15 639	4,79%

IV-8. Goodwill

The total of this post shifted from TND 9 720 thousand in December 2017 to TND 9 054 thousand in December 2018, a decrease of TND 666 thousand.

	Gross value 31/12/2018	Accumu Depreciation 31/12/2018	Net Carrying Amount 31/12/2018	Gross Value 31/12/2017	Accumu Depreciation 31/12/2017	Net Carrying Amount 31/12/2017
Securities held by BIAT	20 351	(11 401)	8 950	20 351	(10 755)	9 596
SALLOUM	171	(121)	50	171	(112)	59
GSM	881	(881)	-	881	(881)	-
BCAP	16	(14)	2	16	(13)	3
ASSBIAT	10 802	(3 279)	7 523	10 802	(2 739)	8 063
BCR	95	(67)	28	95	(62)	33
SICAF	44	(29)	15	44	(26)	18
STI	6 540	(6 540)	-	6 540	(6 540)	-
STPI	12	(7)	5	12	(7)	5
SOPIAT	49	(30)	19	49	(27)	22
PROTECT	1 741	(435)	1 306	1 741	(348)	1 393
Securities held by SGP	1 015	(980)	35	1 015	(976)	39
OSI	78	(43)	35	78	(39)	39
GSM	937	(937)	-	937	(937)	-
Securities held by BCR	18	(18)	-	18	(18)	-
SICAF	18	(18)	-	18	(18)	-
Securities held by SICAF	308	(239)	69	308	(223)	85
TAAMIR	131	(105)	26	131	(98)	33
PROTECT	122	(90)	32	122	(85)	37
SGP	34	(27)	7	34	(26)	8
SOPIAT	21	(15)	6	21	(14)	7
Total	21 692	(12 638)	9 054	21 692	(11 972)	9 720

IV-9. Other Assets

The total of this post shifted from TND 585 757 thousand in December 2017 to TND 561 340 thousand in December 2018, recording a decrease of TND 24 417 thousand or 4,17%.

Thus, the total of the consolidated balance sheet recorded between December 2017 and December 2018, an increase of TND 2 332 678 thousand or 16.45 % passing from TND 14 179 166 thousand to TND 16 511 844 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 25 354 thousand to TND 722 thousand, a decrease of TND 24 632 thousand or 97,15%.

This change is mainly due to an increase of CBT checks awaiting for payment in the amount of TND 24 041 thousand or 97,08% and an increase of the credit balance of our foreign currencies accounts held by CBT of TND 591 in December 2018.

	31/12/2018	31/12/2017	Variation	In %
Check CBT awaiting payment	722	24 763	(24 041)	-97,08%
CBT foreign currencies accounts	-	591	(591)	-100,00%
Total Banque Centrale et CCP	722	25 354	(24 632)	-97,15%

V-2. Deposits and holdings of the banking and financial institutions

The volume of this post shifted from one period to another from TND 1260 259 thousand to TND 2 427 567 thousand, an increase of TND 1167 308 thousand or 92,62%.

	31/12/2018	31/12/2017	Variation	In %
Deposits and holdings of banking institutions	2 422 354	1 255 198	1 167 156	92,99%
Deposits of financial institutions	5 213	5 061	152	3,00%
Total deposits of banking and financial institutions	2 427 567	1 260 259	1 167 308	92,62%

This change is explained by:

* An increase in deposits and holdings of banking institutions from TND 1 167 156 thousand or 92,99% which shifted from TND 1 255 198 thousand in December 2017 to TND 2 422 354 thousand in December 2018.

	31/12/2018	31/12/2017	Variation	In %
Loan in dinars with the CBT	2 308 000	1 194 000	1 114 000	93,30%
Loan in dinars with banks	68 799	4 841	63 958	1321,17%
Deposits of correspondents bankers	39 641	52 905	(13 264)	-25,07%
Other amounts due	2 377	2 588	(211)	-8,15%
Related debts	3 537	864	2 673	309,38%
Deposits and holdings of banking institutions	2 422 354	1 255 198	1 167 156	92,99%

* An increase in deposits of the financial institutions from TND 152 thousand or 3% which shifted from TND 5 061 thousand in December 2017 to TND 5 213 thousand in December 2018. This change stems mainly from deposits of leasing companies.

V-3. Customer Deposits and holdings

Customer deposits recorded an increase of TND 966 973 thousand or 9,36%, passing from TND 10 334 806 thousand in December 2017 to TND 11 301 779 thousand in December 2018. This increase stems from the following posts:

	31/12/2018	31/12/2017	Variation	In %
Demand deposits	5 719 401	5 329 860	389 541	7,31%
Savings deposits	2 690 349	2 434 227	256 122	10,52%
Term accounts	1 867 841	1 436 714	431 127	30,01%
Term vouchers	260 023	263 366	(3 343)	-1,27%
Certificates of deposits money market	229 010	317 500	(88 490)	-27,87%
Related debts	45 444	33 162	12 282	37,04%
Other amounts due	489 711	519 977	(30 266)	-5,82%
Total customer deposits and holdings	11 301 779	10 334 806	966 973	9,36%

V-4. loans and special resources

Loans and special resources recorded an increase of TND 9 774 thousand or 4,58%, passing from TND 213 589 thousand in December 2017 to TND 223 363 thousand in December 2018. This increase results from the following posts:

	31/12/2018	31/12/2017	Variation	In %
Loans and debts for special resources	51 624	60 187	(8 563)	-14,23%
Related debts on special resources	158	195	(37)	-18,97%
Public funds	13 278	11 602	1 676	14,45%
Total public funds and foreign bodies	65 060	71 984	(6 924)	-9,62%
Subordinate loans	152 234	136 780	15 454	11,30%
Debts connected with loans	6 069	4 825	1 244	25,78%
Total loans and special resources	223 363	213 589	9 774	4,58%

V-5. Other liabilities

The total of this post shifted from TND 698 592 thousand on December 31st, 2017 to TND 771 300 thousand on December 31st, 2018, recording an increase of TND 72 708 thousand or 10,41%.

NOTE VI – Minority Interests*(Figures are expressed in Thousands of Tunisian Dinars)*

The minority interests are detailed by consolidated company as follows:

Companies	31/12/2018		31/12/2017	
	Reserves	Income	Reserves	Income
BIAT Capital	2	-	2	-
BIAT Assets Management	4	5	4	3
BIAT Capital risque	148	30	189	21
Société de Promotion Immobilière Arabe de Tunisie	1	-	1	-
Société de Promotion Touristique	2 133	(1)	2 142	(30)
Assurances BIAT	2 080	441	1 946	250
SICAV Opportunity	210	(3)	176	1
SICAV Trésor	182 801	8 037	271 942	10 071
SICAV Prosperity	10 560	274	6 450	192
Société Palm Links Immobilière	140	(1)	138	2
Société Tanit International	5 248	1 075	5 714	(466)
Société Tunisie Titrisation	3	(1)	6	(12)
Société de pôle de compétitivité de Monastir	21 183	2 462	20 144	2 009
SICAV PATRIMOINE Obligataire	221 337	10 804	213 500	8 513
Fonds commun de créances 1	-	-	164	(2)
Fonds Commun de placement Epargne Actions	58 034	985	33 436	916
Fonds commun de créances 2	565	6	1 360	5
Société de Promotion Touristique Mohamed V	8 034	881	7 335	1 219
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	3 176	(452)	3 176	-
FCP Equity Performance	4 193	75	3 907	75
Hammamet LeisureCompany	11 052	(355)	11 415	(345)
Total	530 904	24 262	583 147	22 422

NOTE VII – Statement of Shareholders' Equity*(Figures are expressed in Thousands of Tunisian Dinars)*

The total of the shareholders' equity shifted from December 2017 to December 2018 from TND 1 040 997 thousand to TND 1 231 947 thousand, recording thereby an increase of TND 190 950 thousand or 18.34%.

Companies	31/12/2018		31/12/2017	
	Reserves	Income	Reserves	Income
Banque Internationale Arabe de Tunisie	1 004 829	246 578	871 875	196 824
BIAT Capital	494	318	155	339
BIAT Assets Management	86	901	87	522
BIAT Capital risque	(435)	1 539	(417)	1 086
Compagnie Internationale Arabe de Recouvrement	4 943	3 805	4 358	3 185
SICAF BIAT	1 165	388	1 334	273
Société de Promotion Immobilière Arabe de Tunisie	(437)	208	(614)	205
Société de Promotion Touristique	(288)	(10)	(240)	(35)
Organisation et Service Informatique	184	(7)	184	-
Société la PROTECTRICE	198	(3 595)	(50)	211
Assurances BIAT	4 999	6 992	3 250	3 730
Société FAIZA	(681)	(3)	(678)	(3)
SICAV Opportunity	71	(7)	43	5
SICAV Trésor	(1 640)	69	(4 456)	97
SICAV Prosperity	126	17	91	18
Société Générale de Placement	1 488	50	1 558	28
Société TAAMIR	434	(36)	266	37
Société Golf Sousse Monastir	(19 202)	(731)	(18 782)	(420)
Société Palm Links Immobilière	31	(1)	28	2
Société Tanit International	(17 499)	2 212	(16 541)	(958)
Société Tunisie Titrisation	(423)	(78)	(136)	(287)
Société de pôle de compétitivité de Monastir	2 409	2 720	1 260	2 220
SICAV PATRIMOINE Obligataire	(32)	151	(275)	378
Fonds commun de créances 1	512	(9)	507	(32)
Société tunisienne de promotion des pôles immobiliers et industriels	(120)	(187)	68	(141)
Fonds Commun de placement Epargne Actions	59	5	50	8
Fonds commun de créances 2	3	24	(7)	9
Société Touristique Sahara Palace	(6 812)	(731)	(6 089)	(723)
Société de Promotion Touristique Mohamed V	1 760	2 814	(286)	2 341
Institut Tunis Dauphine	(743)	(56)	(759)	16
BIAT Consulting	195	191	17	178
STE DE PROMOTION TOURISTIQUE (SPT) SFAX	845	(2 168)	845	-
BIAT France	229	69	(202)	10
FCP Equity Performance	2 054	152	3 268	152
Hammamet LeisureCompany	(8 002)	(237)	(7 760)	(230)
INMA HOLDING	(1)	(199)	-	-
Total capital and shareholders' capital Group excluding income	970 799	261 148	831 952	209 045

Consolidated company	Integration method	Shareholders' Equity	Securities Elimination	Gross Acquisition Differences	Const amort/ losses val. EA	Neutr of div	Provisions and revaluation	Internal Gain	Deferred taxes and others	Minority Reserves	Total Shareholders' Equity
BIAT	Global Integration	968 343	-	-	-	7 951	24 186	(3 814)	8 163	-	1 004 829
BCAP	Global Integration	3 452	(2 998)	16	(13)	-	-	-	39	(2)	494
BAM	Global Integration	588	(498)	-	-	-	-	-	-	(4)	86
BCR	Global Integration	8 762	(8 046)	95	(62)	50	-	(1 086)	-	(148)	(435)
CIAR	Global Integration	1 355	(1 018)	-	-	-	-	2 592	2 014	-	4 943
SICAF	Global Integration	19 753	(19 000)	62	(44)	394	-	-	-	-	1 165
SOPIAT	Global Integration	26 086	(26 011)	70	(42)	13	-	(717)	165	(1)	(437)
SALLOUM	Global Integration	4 299	(2 548)	171	(111)	-	-	-	34	(2 133)	(288)
OSI	Global Integration	170	(24)	78	(39)	-	-	-	(1)	-	184
PROTECT	Global Integration	3 433	(4 699)	1 863	(433)	45	-	(11)	-	-	198
ASSBIAT	Global Integration	36 622	(38 623)	10 802	(2 739)	240	777	-	-	(2 080)	4 999
FAIZA	Global Integration	261	(542)	-	-	-	(400)	-	-	-	(681)
OPPRUNITY	Global Integration	771	(490)	-	-	-	-	-	-	(210)	71
TRESOR	Global Integration	191 205	(10 044)	-	-	-	-	-	-	(182 801)	(1 640)
PRESPERITY	Global Integration	11 199	(513)	-	-	-	-	-	-	(10 560)	126
SGP	Global Integration	2 826	(3 292)	34	(26)	254	1 692	-	-	-	1 488
TAAMIR	Global Integration	4 915	(4 655)	131	(98)	131	-	-	10	-	434
GSM	Global Integration	(2 717)	(4 135)	1 818	(1 818)	-	-	(18 453)	6 103	-	(19 202)
LINKS	Global Integration	281	(110)	-	-	-	-	-	-	(140)	31
STI	Global Integration	19 183	(28 300)	6 540	(6 540)	-	(4 295)	-	1 161	(5 248)	(17 499)
TITRIS	Global Integration	377	(797)	-	-	-	-	-	-	(3)	(423)
ELFEJJA	Global Integration	45 431	(20 997)	-	-	-	-	(1 123)	281	(21 183)	2 409
PATRIMOINE	Global Integration	224 993	(3 884)	-	-	196	-	-	-	(221 337)	(32)
FCC1	Global Integration	2 031	(1 519)	-	-	-	-	-	-	-	512
STPI	Equity Method	875	(1 000)	12	(7)	-	-	-	-	-	(120)
FCP	Global Integration	58 341	(248)	-	-	-	-	-	-	(58 034)	59
FCC2	Global Integration	2 635	(2 067)	-	-	-	-	-	-	(565)	3
STSP	Global Integration	1 188	(8 000)	-	-	-	-	-	-	-	(6 812)
SPTMV	Global Integration	33 701	(23 909)	-	-	2	-	-	-	(8 034)	1 760
ITD	Equity Method	72	(900)	-	-	-	-	-	85	-	(743)
BCO	Global Integration	695	(500)	-	-	-	-	-	-	-	195
SPTSFAX	Global Integration	18 421	(14 400)	-	-	-	-	-	-	(3 176)	845
BFR	Global Integration	3 143	(2 921)	-	-	-	-	-	7	-	229
PERFORMANCE	Global Integration	13 042	(6 795)	-	-	-	-	-	-	(4 193)	2 054
HLC	Global Integration	18 420	(15 370)	-	-	-	-	-	-	(11 052)	(8 002)
INMA	Equity Method	199	(200)	-	-	-	-	-	-	-	(1)
Total consolidated		1 727 411	(262 113)	21 692	(11 972)	9 276	21 960	(22 612)	18 061	(530 904)	970 799

Consolidated company	Integration method	Social Result	Neutr allocations provisions	Neutr of div	deduct (+v) internal	Consta-mort/ losses val. EA	Deferred taxes and others	Minority interests	Consolidated income
BIAT	Global Integration	254 765	1 542	(7 951)	-	-	(1 778)	-	246 578
BCAP	Global Integration	358	-	-	-	(1)	(39)	-	318
BAM	Global Integration	906	-	-	-	-	-	(5)	901
BCR	Global Integration	1 624	-	(50)	-	(5)	-	(30)	1 539
CIAR	Global Integration	3 442	-	-	-	-	363	-	3 805
SICAF	Global Integration	785	-	(394)	-	(3)	-	-	388
SOPIAT	Global Integration	225	-	(13)	-	(4)	-	-	208
SALLOUM	Global Integration	(3)	-	-	-	(9)	1	1	(10)
OSI	Global Integration	(3)	-	-	-	(4)	-	-	(7)
PROTECT	Global Integration	(2 483)	-	(45)	(1 300)	(92)	325	-	(3 595)
ASSBIAT	Global Integration	8 768	(555)	(240)	-	(540)	-	(441)	6 992
FAIZA	Global Integration	(3)	-	-	-	-	-	-	(3)
OPPRUNITY	Global Integration	(10)	-	-	-	-	-	3	(7)
TRESOR	Global Integration	8 106	-	-	-	-	-	(8 037)	69
PRESPERITY	Global Integration	291	-	-	-	-	-	(274)	17
SGP	Global Integration	304	1	(254)	-	(1)	-	-	50
TAAMIR	Global Integration	87	-	(131)	-	(7)	15	-	(36)
GSM	Global Integration	(975)	-	-	-	-	244	-	(731)
LINKS	Global Integration	(2)	-	-	-	-	-	1	(1)
STI	Global Integration	7 905	1 848	-	(7 406)	-	940	(1 075)	2 212
TITRIS	Global Integration	(79)	-	-	-	-	-	1	(78)
ELFEJJA	Global Integration	5 182	-	-	-	-	-	(2 462)	2 720
PATRIMOINE	Global Integration	11 151	-	(196)	-	-	-	(10 804)	151
FCC1	Global Integration	(9)	-	-	-	-	-	-	(9)
STPI	Equity Method	(187)	-	-	-	-	-	-	(187)
FCP	Global Integration	990	-	-	-	-	-	(985)	5
FCC2	Global Integration	30	-	-	-	-	-	(6)	24
STSP	Global Integration	(731)	-	-	-	-	-	-	(731)
SPTMV	Global Integration	3 697	-	(2)	-	-	-	(881)	2 814
ITD	Equity Method	(9)	-	-	-	-	(47)	-	(56)
BCO	Global Integration	191	-	-	-	-	-	-	191
SPTSFAX	Global Integration	(1 367)	-	-	(1 671)	-	418	452	(2 168)
BFR	Global Integration	76	-	-	-	-	(7)	-	69
PERFORMANCE	Global Integration	227	-	-	-	-	-	(75)	152
HLC	Global Integration	(592)	-	-	-	-	-	355	(237)
INMA	Equity Method	(199)	-	-	-	-	-	-	(199)
Total consolidated		302 458	2 836	(9 276)	(10 377)	(666)	435	(24 262)	261 148

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 1 084 313 thousand on December 31st, 2017 to TND 1 395 532 thousand on December 31st, 2018, recording an increase of TND 311 219 thousand or 28,7%.

VIII-1-1. Interests and other similar revenues

Interests and assimilated income shifted from TND 626 474 thousand on 31/12/2017 to TND 893 885 thousand on 31/12/2018, recording an increase of TND 267 411 thousand or 42,69%.

This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Interests on bank ordinary accounts	278	266	12	4,51%
Interests on accounts of interbank loans	9 995	7 204	2 791	38,74%
Interests on customer loans	733 890	506 635	227 255	44,86%
Interests on accounts receivables to costumer	105 827	77 845	27 982	35,95%
Interests and assimilated income on guarantee commitments	24 578	22 551	2 027	8,99%
Other interests and assimilated income	19 317	11 973	7 344	61,34%
Total Interests and assimilated income	893 885	626 474	267 411	42,69%

VIII-1-2. commissions in income

Commissions in income shifted from TND 255 490 thousand on 31/12/2017 to 281 007 TND thousand on 31/12/2018, recording an increase of TND 25 517 thousand or 9,99%. This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Commission on foreign-exchange transactions	2 398	2 184	214	9,80%
Commission on financing commitments	29 409	34 816	(5 407)	-15,53%
Commission on guarantee commitments	11 863	10 491	1 372	13,08%
Commission on services of financial services	61 191	49 785	11 406	22,91%
Commissions on other banking transactions	176 146	158 214	17 932	11,33%
Total Commissions (in income)	281 007	255 490	25 517	9,99%

VIII-1-3. Gains on commercial securities portfolio and financial transactions

These gains totaling TND 124 184 thousand on 31/12/2018 against TND 113 663 thousand on 31/12/2017, an increase of TND 10 521 or 9,26%.

	31/12/2018	31/12/2017	Variation	In %
Income of transactions securities (a)	6 598	14 966	(8 368)	-55,91%
Income of investment securities (b)	35 698	24 121	11 577	48,00%
Gains on foreign-exchange and arbitration (c)	81 888	74 576	7 312	9,80%
Total Gains on commercial securities portfolio and financial transactions	124 184	113 663	10 521	9,26%

This increase is detailed as follows:

(a) Income of trading securities

The income of trading securities shifted between December 2017 and December 2018 from TND 14 966 thousand to TND 6 598 thousand, a decrease of TND 8 368 thousand or 55,91%. This change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Income of transaction securities	6 173	12 438	(6 265)	-50,37%
Capital gain or loss of disposal or refund	425	2 528	(2 103)	-83,19%
Total income of trading securities	6 598	14 966	(8 368)	-55,91%

(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 an increase of TND 11 577 thousand or 48%, passing from one period to another from TND 24 121 thousand to TND 35 698 thousand.

	31/12/2018	31/12/2017	Variation	In %
Bonds Interests	35 602	24 019	11 583	48,22%
Incomes from debts securitization funds	96	102	(6)	-5,88%
Total income of investment securities	35 698	24 121	11 577	48,00%

(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 74 576 thousand on 31/12/2017 to TND 81 888 thousand on 31/12/2018 recording an increase of TND 7 312 thousand or 9,8%.

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 7 770 thousand or 8,76% passing from a period to another from TND 88 686 thousand to TND 96 456 thousand.

	31/12/2018	31/12/2017	Variation	In %
Interests and income of investment securities	92 237	86 853	5 384	6,20%
Income of equity securities	4 220	1 833	2 387	130,22%
Total income of investment portfolio	96 456	88 686	7 770	8,76%

VIII-2. Claims paid on insurance transactions

The total of this post shifted from TND 295 895 thousand on December 31st, 2017 to TND 475 659 thousand on December 31st, 2018, recording an increase of TND 179 764 thousand or 60.75%.

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 258 378 thousand on 31/12/2017 to TND 419 357 thousand on 31/12/2018, recording an increase of TND 160 979 thousand or 62.3%. this change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Interests on bank ordinary accounts	1 154	1 071	83	7,75%
Interests on interbank loans accounts	2 459	1 053	1 406	133,52%
Interests on customer deposits	281 488	197 323	84 165	42,65%
Interests on obligatory and subordinate loans	12 559	9 364	3 195	34,12%
Interests on special resources	1 520	1 814	(294)	-16,21%
Other interests and expenses	120 177	47 753	72 424	151,66%
Total incurred interests and assimilated expenses	419 357	258 378	160 979	62,30%

VIII-2-2. Claims paid on insurance transactions

The claims paid on insurance transactions shifted from TND 34 881 thousand on 31/12/2017 to TND 52 792 thousand on 31/12/2018, recording an increase of TND 17 911 thousand or 51.35%.

VIII-2-3. Incurred commissions

Incurred commissions shifted from TND 2 549 thousand on 31/12/2017 to TND 3 328 thousand on 31/12/2018, recording an increase of TND 779 thousand or 30.56%. this change is detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Commissions on treasury transactions and interbank transactions	2 733	2 160	573	26,53%
Commissions on other transactions	595	389	206	52,96%
Total incurred Commissions	3 328	2 549	779	30,56%

VIII-3. Net provision charge and value adjustments for loan losses, off-balance sheet items and liabilities

The balance of this section records on 31/12/2018 a net allocation of TND 135 388 thousand detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocation to provisions on receivables and claims	(146 662)	(140 041)	(6 621)	4,73%
Allocation to provisions for risks and expenses	(7 627)	(7 462)	(165)	2,21%
Total allocation	(154 289)	(147 503)	(6 786)	4,60%
Losses on receivables	(95 681)	(64 649)	(31 032)	48,00%
Total allocation and losses on receivables	(249 970)	(212 152)	(37 818)	17,83%
Reversal of provisions on customer receivables	105 393	72 863	32 530	44,65%
Reversal of provisions for losses and expenses	9 057	10 555	(1 498)	-14,19%
Total provision reversal	114 450	83 418	31 032	37,20%
Recoveries of receivable written off	132	133	(1)	-0,75%
Total reversal and recoveries on receivables	114 582	83 551	31 031	37,14%
Balance	(135 388)	(128 601)	(6 787)	5,28%

VIII-4. Net provision charge and value adjustment on investment portfolio

The volume of this section records on 31/12/2018 a loss of TND 2 285 thousand detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocation to provisions on equity securities, portage and managed funds	(2 695)	(3 019)	324	-10,73%
Expenses and losses on securities	(508)	(571)	63	-11,03%
Total allocation and losses on investment portfolio	(3 203)	(3 590)	387	-10,78%
Reversal of provisions on equity securities, portage and managed funds	844	964	(120)	-12,45%
Capital gain on the sale of equity securities	74	86	(12)	-13,95%
Total reversal	918	1 050	(132)	-12,57%
Total reversal and recoveries on investment portfolio	918	1 050	(132)	-12,57%
Balance	(2 285)	(2 540)	255	-10,04%

VIII-5. Other operating incomes

This section shifted between December 2017 and December 2018 from TND 36 008 thousand to TND 42 243 thousand, recording thereby an increase of TND 6 235 thousand or 17.32%.

VIII-6. Staff expenses

This section which consists mainly of salaries, social expenses and other staff expenses, shifted between December 2017 and December 2018 from TND 227 613 thousand to TND 237 150 thousand, recording thereby an increase of TND 9 537 thousand or 4.19%.

VIII-7. General operating expenses

The increase of TND 46 551 recorded between December 2017 and December 2018 results an increase of non-banking operating expenses in the amount of TND 7 352 thousand and an increase of other general operating expenses to the tune of TND 39 199 thousand.

VIII-8. Allocations to depreciation and provisions on fixed assets

The balance of this section records on 31/12/2018 an amount of TND 42 084 thousand detailed as follows:

	31/12/2018	31/12/2017	Variation	In %
Allocations to depreciations of intangible fixed assets	9 127	9 147	(20)	-0,22%
Allocations to depreciations of tangible fixed assets	21 052	19 479	1 573	8,08%
Allocations to depreciation of deferred expenses	11 905	10 285	1 620	15,75%
Other allocations to provisions	-	664	(664)	-100,00%
Total	42 084	39 575	2 509	6,34%

VIII-9. balance in gain or loss resulting from other ordinary items

The balance of this section is a gain of TND 453 thousand resulting from capital gain on the assignment of fixed assets for TND 289 thousand and other gains for TND 164 thousand.

VIII-10. Income tax

The balance of this section records on 31/12/2018 an amount of TND 100 366 thousand against TND 81 164 thousand on 31/12/2017, an increase of TND 19 202 thousand or 23.66%.The balance of 2018 includes the amount of the social solidarity contribution calculated in accordance with the provisions of Article 53 of the 2018 Finance Act.

— 15

RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY

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 2018 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 11th, 2016 relating to banks and financial institutions, as well as the individual and consolidated financial statements as at December 31st, 2018 as presented.

Consequently, it gives the Board of Directors Members complete and unconditional discharge of their management for the financial year of 2018.

This resolution, put to the vote, is adopted unanimously.

Second Resolution

The Ordinary General Assembly decides to allocate the net profit for the year 2018, which amounts to TND 254.764.776, 422 plus the retained earnings of TND 285.537.345, 450, representing a total distributable result of TND 540.302.121,872 as follows:

(En dinars)

Distributable result	540 302 121,872
Reserves For Financial Re-investments	-120.043.250,000
Amount to be allocated	420.258.871,872
Addback optional reserves prior to 2013	37.400.000,000
Total distributable	457 658 871,872
Dividends resulting from equity prior to 2013 to be distributed free from withholding taxes	37.400.000,000
Dividends resulting from profit for the year 2018	47.600.000,000
New Budget	372.658.871,872

As a result, the dividend per share is set at TND 5 per share, with 50 % of the nominal value of the shares. These dividends will be paid from May the 10th, 2019.

This resolution, put to the vote, is adopted unanimously.

Third Resolution

The Ordinary General Assembly decides to transfer to the optional reserves the reserves for financial reinvestments in the amount of TND 5.399.843, 400, which had been allocated in connection with the distribution of the profits for the financial years 2011 and 2012.

This resolution, put to the vote, is adopted unanimously.

Fourth Resolution

The ordinary general assembly appoints Mr. Mohamed Elyes BENRAYANA as a member of the Board of Directors for a three-year period ending at the close of the ordinary general assembly to be held to approve the financial statements for the financial year 2021.

This resolution, put to the vote, is adopted unanimously.

Fifth Resolution

The Ordinary General Assembly decides to allocate to the Board of Directors the gross sum of five hundred forty thousand dinars as directors' fees for the financial year 2019.

The Board of Directors shall decide on its distribution among its members.

The Ordinary General Assembly also decides to allocate to the members of the standing internal audit committee, the executive credit committee and the risk committee the gross sum of three thousand per member and attendance for the financial year 2019.

This resolution, put to the vote, is adopted unanimously.

Sixth Resolution

The Ordinary General Assembly renews the term of office of the Cabinet FINOR and cabinet F.M.B.Z –KPMG TUNISIE as the auditors for a three-year period ending at the close of the ordinary general assembly to be held to approve the financial statements for the financial year 2021.

The Ordinary General Assembly also renews the term of office of the said firms as auditors in charge of the statutory audit of the bank's consolidated financial statements for a three-year period ending at the close of the ordinary general assembly to be held to approve the financial statements for the financial year 2021.

The Ordinary General Assembly entrusts the Board of Directors with fixing their remuneration in accordance with the regulations in force.

This resolution, put to the vote, is adopted unanimously.

Seventh 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, put to the vote, is adopted unanimously.

Eighth 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, put to the vote, is adopted unanimously.

Annual Report 2018



Engagés
avec vous

