

# ANNUAL REPORT 2019



## **Société Tunisienne de Banque**

a limited liability company

With a capital of 776,875,000 dinars

**Headquarters** : rue Hedi Nouria - 1001 TUNIS

**Trade register** : B 182331996

**Landline** : +216 70 140 000

**Telegraphic address** : SOTUBANK

**Code** : Peterson 4th Edition Acme

**Telex** : N° 14135 - 14815 - 15376 - 15377

**SWIFT Address** : STBK TN TT

## **Websites :**

Commercial : [www.stb.com.tn](http://www.stb.com.tn)

Electronic commerce : [ecom.stb.com.tn](http://ecom.stb.com.tn)

Online banking : [stbnet.stb.com.tn](http://stbnet.stb.com.tn)

Facebook : STB BANK-authorized page







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Jellal BEN ABDALLAH  
Collection privée STB



# Governance Structures







# THE BOARD OF DIRECTORS



**Mrs. Nejia GHARBI**  
Chairman of the Board,  
representing the State



**Mr. Hatem SALAH**  
Representing the State



**Mr. Tarek BEN LARBI**  
Representing the State



**Mr. Mohamed MRAIDHA**  
Representing the State



**Mr. Lassaad ZARROUK\***  
Representing MAE



**Mr. Mohamed Salah KHALFALLAH\***  
Representing private  
stockholders



**Mr. Mohamed Tahar BELLASSOUED**  
Representing the State, La STAR  
represented by its General Director



**Mr. Taïeb BELAID\***  
Representing private  
stockholders



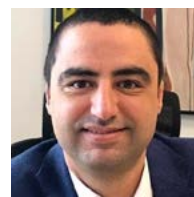
**Mr. Moez BEN ZID**  
Representing minority  
stockholders



**Mr. Abderrazek LOUATI\*\***  
Independent member



**Mrs. Olfa BEN OUDA SIOUD\*\***  
Independent member



**Mr. Hassen FEKI**  
Representing La STAR

[\*] : New directors have been nominated by the Board of Directors on August 29th, 2019 [in place of Mr. Abdelkader HAMROUNI and Mr. Mohamed Salah KHALFALLAH who have resigned].

[\*\*] : End of mandate (Ordinary General Meeting of April 27th, 2019).





## THE BOARD OF DIRECTORS' COMMITTEES

### **Audit Committee**

The basic mission of this committee is to ensure the establishment and the proper functioning of the internal control system as well as to monitor and supervise the internal control activities thereof.

### **Risk Committee**

This committee is mandated to help the Board of Directors carry out its responsibilities related to management and monitoring risks along with respecting regulations and policies in these areas.

### **Committee for appointments and remuneration**

Its mission is to assist the Board of Directors in determining remuneration policy in line with the Bank's medium and long term performance.

### **Strategic Committee**

Its role is to assist the Board of Directors to monitor the implementation of STB Bank's strategy and business plan.

### **Superior Committee of Resolution**

Its mission is to set and monitor the bank's strategy for debt collection, to follow its commitments and to review & decide on proposed arrangement, transaction settlement, litigation files and cases against the Bank.

### **Markets' Commission**

Its mission is to examine the regularity of the appeal procedures to the competition, the awarding of contracts, the truthfulness and the transparency of the procurement procedures and to ensure the acceptability of the administrative, financial and technical conditions.

### **Subsidiaries and participations follow-up committee**

The fundamental mission of this Committee is to monitor the performance of subsidiaries & equity investments and the assessment of governance systems within the STB group based on the best practices in this area.

## DIRECTORATE GENERAL



**Directorate General**  
**Mr. Lotfi DEBBABI**





## AUDITORS

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Their role is to ensure the reliability and sincerity of the financial statements and their conformity to Tunisian accounting norms as well as the rules set by financial authorities (the Central Bank of Tunisia (CBT), the Capital Market Council (CMC), Tax authorities ...). Auditors also assess the effectiveness of the Bank's internal control system.

### **Cabinet «CFA»**

represented by Mr. Fathi SAIDI



**Mr. Fathi SAIDI**

### **Le Groupement : CSL - CNH**

represented by Mr. Samir LABIDI



**Mr. Samir Labidi**



**Mrs. Nour El Houda  
HANAN**

## State Controller



**Mr. Anes EL HANI**



## CONDITIONS FOR ATTENDING ASSEMBLIES

In accordance with the terms of article 40 of its statutes, only those holding at least ten shares, of which the due payments have been discharged, can attend the General Assembly or be represented by another stockholder by means of a power of attorney remitted to a proxy or submitted at least three days prior to the meeting at STB FINANCE,

a subsidiary of STB Bank located on "Rue Hedi Karray 1004 Tunis".

Those holding less than ten shares can join together to reach this number and be represented by one of them or by a member of the assembly.

## STB'S CAPITAL STRUCTURE AT THE END OF 2019

Shareholders	Number of shares	Amount	%
<b>Tunisian Shareholders</b>	<b>153 543 699</b>	<b>767 718</b>	<b>98,82%</b>
<b>Moral Persons</b>	<b>140 453 612</b>	<b>702 268</b>	<b>90,40%</b>
Public Moral Persons	129 568 465	647 842	83,39%
Private Moral Persons	10 885 147	54 426	7,01%
<b>Physical persons</b>	<b>13 090 087</b>	<b>65 450</b>	<b>8,42%</b>
<b>Foreign Shareholders</b>	<b>1 831 301</b>	<b>9 157</b>	<b>1,18%</b>
<b>Moral Persons</b>	<b>1 159 135</b>	<b>5 796</b>	<b>0,75%</b>
<b>Physical persons</b>	<b>672 166</b>	<b>3 361</b>	<b>0,43%</b>
<b>Total</b>	<b>155 375 000</b>	<b>776 875</b>	<b>100%</b>



Pierre BOUCHERLE  
Collection privée STB





## A WORD FROM THE PRESIDENT OF THE BOARD OF DIRECTORS



### **The STB Bank ... to the bank of reference and choice**

In 2019, the global economic context was marked by persistent uncertainties due to slower growth. This situation is mainly related to energy and trade tensions, as well as the turbulence that has marked the monetary policies of several countries around the world.

In this context, growth in national gross domestic product was precarious, largely due to the slowdown in the rate of change in non-manufacturing industry indices despite a good tourist season and a good cereal and olive harvest.

The non-agricultural sector, which is generally stable and has evolved under reassuring conditions,

has not managed to compensate for this shortfall. This is reflected in the figures of sectors such as construction and the textile, clothing and footwear considered as the spearhead of the national economy.

The stock market activity in 2019 has been fluctuating with a Tunindex that has stabilized at 7122.09 points. This situation is due, in particular, to market volatility, as well as the movement of rates and arbitrage in favor of monetary investments. Nevertheless, the overall performance of listed companies declined only moderately.

The banking sector demonstrated a notable robust performance in 2019. Net outstanding loans of all listed banks amounted to 68.1 billion dinars, up 2.7 billion dinars or 4.2%.

Customer deposits rose by 8.4% to 66.3 billion dinars. In addition, and given a 13.4% growth in GDP to 4.95 billion dinars and a change in personnel costs of 6.3% and general operating expenses of 12.1%. The result before tax and asset impairment charges amounted to 2.93 billion dinars, an increase of 17.2%.

For the year 2019, STB Bank has honored the commitments it has made to its customers, partners and shareholders. This has resulted in a balance sheet that exceeds expectations, both commercially and financially. Net Banking Income grew by 27% and the gross operating result marked a record increase of 43.3%.

However, our great pride lies in the long-awaited pleasant surprise that was illustrated by the record increase in Net Income of 135.3% to reach 157.3 million dinars.

Thanks to this solidity confirmed year after year, the bank is strengthening its competitiveness and increasing its resilience. This result reinforces the confidence that binds the bank to the players in its environment, enabling it to innovate and seize new development opportunities.

The Bank's ongoing strategic orientation has given rise to numerous structuring projects that accompany its growth in a sustainable manner. Born of the initiative of the Board of Directors, they now present decisive achievements that reflect a robust and visionary governance. It is thanks to the commitment of its general management and its teams that STB Bank has been able to record



these remarkable performances. They reflect the relevance of the strategic choices adopted and conducted within the framework of the 2016-2020 takeoff plan.

Considering the evolution of the banking sector's business lines, STB Bank wants to be a sustainable partner of its customers, individuals and companies, in order to meet their new expectations.

The digital revolution, combined with the importance of support and advice in the banking profession, has given the Bank the successful and pioneering anchoring in the sector of a perfect synergy between human and digital. This work has been crowned with unprecedented success both nationally and regionally by drawing on the expertise of the employees who build the bank in their everyday work.

STB Bank will thus continue to contribute to shaping the future with innovative approaches to support its clients in their projects.

However, we cannot think about the future of the Bank without integrating a global vision of our country, to correlate our performance with that of Tunisia.

It is with this conviction that the Bank's choices have been shaped to go beyond a corporate strategy, by making STB Bank's approaches part of a responsibility that is at once economic, societal and civic.

Economic commitment, promotion of financial inclusion and ethics are today imperatives that must be taken into account in order to sustain our activities and develop a genuine culture of positive impact, right up to our financing and investment projects.

These commitments give meaning to our missions, and contribute to reinforcing the CSR values that we apply in our relationships with our customers, partners, employees and, more generally, society. They are echoed in the rationale behind several actions that have been implemented and others that are in the process of being put in place, specifically in the service of hard work for the benefit of a new ecosystem of entrepreneurship.

We are setting our sights on the future with innovation, transformation, successful new synergies and new products to strengthen our market presence. All

mobilized around the objectives of our strategic choices, we confidently rely on our solidity and expertise to become the bank of reference, and preferably, in Tunisia.

Mrs. Nejia Gharbi  
PRESIDENT OF THE BOARD  
OF DIRECTORS





## A WORD FROM THE DIRECTOR GENERAL



### **STB Bank, reinventing the customer experience and the involvement of its partners**

At the end of 2019, STB Bank reaffirmed its competitive position by posting a significant increase in its economic and financial aggregates, reflecting the dynamic growth and performance initiated in the wake of its strategic objectives of rebound and takeoff, which have been largely achieved.

The Bank continued its economic development, illustrated by exceptional growth in its Net Banking Income, driven by both the dynamism of its net interest margin and by net commissions and income from the securities portfolio and financial transactions.

In addition, its vocation as a real driving force for mobilizing national savings has been affirmed by being, in this respect, in first place in the sector. Moreover, an additional 1,026.4 million dinars of expanded resources was collected, covering all components of deposits. The evolution in this area is 15.9% for a total amount of 7,370.6 million dinars.

Obviously, the surge in deposits has increased the claims on customers while being in strict control of transformation risks. Outstanding loans increased by 7.8% to reach 9,803.0 million dinars.

In line with its policy of supporting all economic actors, the increase concerned both management loans and those intended for investment and individuals.

With an increase in Net Banking Income of 27% to 601.1 million dinars, largely explained by the improvement in the Net Interest Margin (+108.3 million dinars the equivalent of a 42.5% increase), the Gross Operating Income rose to 374.7 million dinars at the end of 2019, marking a rather remarkable appreciation of 113.2 MD or 43.3%.

However, the cost of risk, which is a fundamental monitoring point at the Bank, has seen a continuous improvement by falling in net terms by 19.6% to stabilize at 142.7 million dinars. This had a remarkable impact on Net Income, which stood at 157.3 million dinars, up 135.3%.

Nevertheless, improving the quality of the internal control system and optimizing the processes of permanent control and compliance monitoring have been at the heart of our strategic and essential work.



From these different angles, 2019 was a year of ambitious actions and projects for STB Bank, inspired by a keyword: innovation, particularly digital innovation, which accompanies us in our approaches, in the design of new products and in our way of working.

The excellence of our services is a key dynamic: it is through this quest that the Bank strives to reinvent not only the customer experience, but also its way of working on a daily basis.

The performance achieved during the year, driven by our ever-renewed efforts to improve customer satisfaction, is linked to our firm and multidimensional commitment, particularly in terms of encouraging young talent recruited on a massive scale in recent years and closely supervised by senior staff, strengthening the managerial culture and our true internal values of belonging and dedication, which are the cornerstone of our corporate culture.

Over the last few years and particularly in 2019, STB has been a pioneering bank and its work has been a resounding success. Indeed, it is now looking towards 2020, a pivotal and challenging year that we intend to finalize our transformation plan, a strategic vision tailored to change our Bank.

In order to capitalize on our success and prosperity, and to guide the dynamic that the Bank is achieving, we are constantly trying, through a collegial approach, to unite our strengths and the levers that inspire our choices and actions to ensure that our ambitions and our new take-off are sustainable.

A sustainable development that each of our employees supports on a daily basis.

Finally, we cannot talk about the quantitative and qualitative advances made in 2019 without going back over the tremendous opportunities we have had to confirm our multiple CSR commitments, mainly through our major project to shape the entrepreneurial ecosystem.

STB Bank's role will no longer be limited to traditional financing but will evolve towards a status of partner that stimulates strategic thinking for business transformation, to be in tune with disruptive economies in order to achieve sustainable business models. Among, the axes of this project, the bank has chosen to adopt an atypical and creative collaborative workspace, Innovation Lab.

It should be noted that the consolidated net income of the STB Group stood at 178.7 million dinars at the end of 2019 against 59.9 million dinars in 2018.

The bank refers to a strategic axis entitled "Profitability of Subsidiaries and Participations", with the aim of continuing to achieve several objectives, principally the withdrawal from subsidiaries and non-financial holdings, the restructuring of the portfolio of holdings and the acquisition of holdings in buoyant sectors in parallel with the consolidation of profitable holdings.

DIRECTOR GENERAL  
Mr. Lotfi Debbabi





Ali BELLAGHA  
Collection privée STB

# International Economic Environment





# INTERNATIONAL ECONOMIC ENVIRONMENT

Globally, economic growth was 2.9% in 2019, its slowest pace since the global financial crisis...

The new situation is essentially the consequence of the multiplication of barriers to world trade resulting from the increased uncertainty surrounding trade, the geopolitical situation and social instability in some Middle Eastern countries.

This situation is also explained by less vigorous economic activity in some large emerging economies such as India and by structural factors for advanced countries such as low productivity and an aging population. As a result, economic growth in advanced countries has slowed to 1.7 percent in 2019.

For emerging and developing countries, growth accelerated to 3.9 percent in 2019. This acceleration is explained in part by a weaker recovery or recession in troubled emerging countries such as Turkey, Argentina and Iran, thanks to more accommodative economic policies, and in part by a recovery in countries where growth slowed considerably in 2018, such as Brazil, Mexico, India, Russia and Saudi Arabia.

Inflation excluding food and energy also eased below historical averages in many emerging and developing countries, with the exception of a few countries such as Argentina, Turkey and Venezuela.

**In the United States**, the growth rate reached 2.3% in 2019, its deceleration being mainly due to the return to fiscal neutrality following the completion of the U.S. Administration's fiscal stimulus program, as well as uncertainties related to the stagnation of world trade, which is beginning to alter the business climate.

The trade dispute between the United States and China has had an impact on the US economy, whose growth was limited to 0.5% quarter-on-quarter in Q2 2019.

Employment and consumption remain, however, solid, also stimulated by the stimulus measures. The unemployment rate actually fell to 3.5% at the end of 2019, which is 0.4 percentage points lower than its level at the end of 2018. The inflation rate, for its part, reached 2.3%.

**In Japan**, growth was higher than expected and the unemployment rate fell slightly to 2.2% in 2019. Price increases accelerated to 0.8% at the end of December 2019.

**The Euro Zone** seems to be heading towards a prolonged period of slower growth. Gross Domestic Product (GDP) grew by only 1.2% in 2019.

This vulnerability is explained by the recession in Italy, which is also experiencing a high level of indebtedness and a budget deficit that exceeds the level required by the European Commission, as well as the under-performance of German industry impacted by the drop in demand and the 25 basis point cut in the Fed's key rate.

Despite a less favorable external environment, the European economy has been resilient and economic growth has continued. However, it could face difficulties due to a period of great uncertainty linked to trade conflicts, heightened geopolitical tensions, continued weakness in the manufacturing sector, and the Brexit.

However, the fundamentals of the European economy are sound. Employment is at an all-time high, and unemployment is at its lowest level since the turn of the century. As such, despite a slowdown in net job creation, the unemployment rate has stabilized at 7.5% in 2019 compared to 7.9% a year earlier.

Inflation was low at 1.3% year-on-year in December 2019. Its level recorded this year in the euro zone is mainly due to lower energy prices and the fact that companies have largely chosen to pass on the cost of wage increases to their margins rather than to their customers.

Public debt levels in Europe fell for the fifth consecutive year, while deficits widened slightly. Public finances in Europe also continue to benefit from very low interest rates on outstanding debt. As a result, the total public debt-to-GDP ratio in the euro zone stood at 86.4%.

**In the United Kingdom**, growth was 1.2% in 2019 under the negative impact of fragile global growth, continued uncertainties surrounding Brexit and increased public spending.





The forecast assumes a well-managed exit from the European Union, followed by a gradual transition to the new regime.

**In Asia**, growth has tightened in 2019 due to the many uncertainties related to the business environment and business regulation, which, combined with fears about the soundness of non-bank financial institutions, have weighed on demand.

**China** maintains its position as a leading exporter with a market share of 20.45%. In 2019, this country will post the lowest growth rate for 27 years, at 6.2%.

This situation is the result of trade tensions with the United States and the slowdown of the domestic Chinese market.



Abdelaziz GORGI  
Collection privée STB



## TUNISIAN ECONOMY

Growth of the Tunisian economy revised downward to 1% in 2019 against 2.5% in 2018

The growth rate of the Tunisian economy has been revised downward to 1% in 2019 against 2.5% in 2018. This decline is attributable to several factors including the decline in demand from the Euro Zone which has negatively impacted manufacturing industries and internal factors such as the decline in the olive oil harvest and continued difficulties in the hydrocarbon sector.

However, it is worth noting the improvement in indicators relating to the tourism sector, agricultural production thanks to the exceptional harvest of cereals and the gradual resumption of production of phosphate and derivatives.

With regard to industrial activity, production slowed more sharply than in the same period of the previous year. This trend affected both manufacturing and non-manufacturing industries.

As regards the decline in the manufacturing sector, it is mainly explained by the contraction in the achievements in the energy sector (-7.8%), the textile, clothing and leather industries (-3.5%) and mechanical and electrical industries (-2%) due to the weakness of foreign demand from the Euro zone.

In addition, production in the chemical industry sector recovered (+2.8%), in line with the increase in the level of phosphate production.

On the other hand, the mining sector experienced a significant recovery (+18.8%) in relation to the increase in phosphate production (4.1 million tons in 2019).

In addition, 2019 saw the continued strengthening of tourism activity, although at a slower pace than that recorded at the end of December 2018.

In this sense, the number of entries of foreign tourists has exceeded forecasts, showing an increase of 13.6% compared to 2018 and reaching about 9.4 million tourists. This development concerned, in particular, the entries of European tourists, mainly French, Italian and British. For its part, the number of Algerian tourists consolidated by 8.3% in 2019.

Overall tourist overnight stays have experienced a correlative increase of 10.9% to reach 30 million nights. This development has affected most tourist areas, including those of Yasmine-Hammamet, Monastir-Skanes and Sousse.

This, however, tourism revenues rose by 35.7% to reach 5,619 MTD at the end of the year.

The GDP of market services (transport, tourism, trade ...) recorded a growth of 2.2%. An increase affecting almost all sectors such as hotels, restaurants, telecommunications and financial services.

Air passenger traffic has experienced, among other things, a slowdown in its pace of development compared to 2018 or 7.5% to reach 11.7 million passengers for the whole of 2019. This improvement was seen at almost all airports.

For their part, non-market services continued to grow at a moderate pace of 0.3% year-on-year in the fourth quarter and 1.0% for the full year, compared with 0.4% last year.

The total declared investments amounted to 3.436 MD and concerned 14,516 projects and 81.3 thousand jobs to be created including 49.6 thousand in industry.

The declared investments in the industry sector were 2,966 million dinars at the end of 2019 against 3,568 million dinars during the year 2018 showing a decrease of 16.9%. This decline has affected mainly the investments reported in the leather and footwear industries (-58.4%) and to a lesser extent the miscellaneous industries (-43.4%) and food processing industries (-32.1%).

However, an increase was noted in the textile and clothing industries (+43.4%) and chemical industries (+22.6%).

The number of reported projects reached 3,910 projects in FY 2019 against 3,749 in 2018, an increase of 4.3%. These projects resulted in the creation of 52,575 new jobs, which corresponds to a decrease of 16% compared to 2018.

The year 2019 was characterized, moreover, by a decrease at the level of the declared investment in the regional development areas of 10.5% to be located at 1,571,3 MD against 1,755,8 MD during the year 2018. The share relating to these areas has increased from 49.2% at the end of 2018 to 53.0% at the end of 2019.

The share of 100% foreign investments in the total reported industrial investments was 16.2%.

Regarding the service sector, declared investments have shown a significant decline of 37% to reach 869.7 MD in 2019.



Regarding foreign trade, imports grew by about 5.7% compared to the same period in 2018 at a slower pace than that of exports which have shown, in parallel, a slowdown, that is to say, a current price evolution of 7% affected by the weakness of demand from mainly the Euro Zone.

Marked by a widening of the food balance deficit to 1,398 MD and a widening of the energy balance by 1,577 MD to reach -7.8 billion dinars under the effect of rising world prices of energy products and the limited level of national production of these products.

The increase in imports is explained by the increase observed in almost all sectors. Thus, imports of energy products increased by 19.6% in value, mainly in line with the increase in natural gas supplies and the increase in purchases of refined products, mainly in connection with the continued shutdown of activity of the Bizerte refinery.

In addition, imports of food products and consumer goods showed a slowdown in their rate of growth, with increases of 5.4% and 4% respectively in 2019, compared with increases of 15.1% and 12.5% in 2018.

Purchases of raw materials and semi-finished products were down 2%, compared with an increase of 22.5% in 2018.

The positive evolution of exports during the year 2019 concerned the majority of sectors and more particularly, the sectors of mining, phosphates and derivatives (+21.3%) and energy products (+3.9%).

This increase was, moreover, favored by the progress noted in the sectors of Textile, clothing and leather (+4.2%), mechanical and electrical industries (+12.3%) and other manufacturing industries (+12.2%). On the other hand, exports of the agriculture and food processing industries sector showed a decline of 13% related to the decline in sales of olive oil.

Average inflation stood at 6.7% over the whole year 2019 against 7.3% in 2018 following the slowdown in prices of food products, housing, water, gas, electricity and other fuels, transportation, leisure and cultural activities and education.





Jellal BEN ABDALLAH  
Collection privée STB

# Activity of Société Tunisienne de Banque

BANK'S FINANCIAL SITUATION AT DECEMBER 31, 2019





# BANK'S FINANCIAL SITUATION

## AT DECEMBER 31, 2019

### Quantitative and qualitative achievements in line with the expected 2019 forecasts

During fiscal year 2019, the fourth year of the implementation of the 2016-2020 strategy, the STB continued to implement its strategic orientations and even managed to achieve financial performance exceeding the expected objectives.

### In qualitative terms,

the main achievements have been both strategic and functional projects, which are structured around the following components :

#### Human Resources

- ◆ Completion of the social restructuring program with the voluntary retirement of 92 people and the recruitment of 258 employees on the basis of an external competition and the sponsorship of 9 new managers with the "Institut de Financement du Développement du Maghreb".
- ◆ Adoption of a motivating variable remuneration system based on the evaluation of overall and individual performance.
- ◆ Start of the implementation of the integrated human resources management platform and implementation of an online training platform for employees;

#### Commercial development

- ◆ Opening of 6 new agencies.
- ◆ Fitting out and relooking of the agencies network.
- ◆ Production of the self-service space in the Soukra;
- ◆ Overhaul of the marketing function;
- ◆ Implementation of a digital platform and marketing of new digital products.

#### Information system

- ◆ Start of the project to upgrade the IT solutions and launch of the information system urbanization project ;
- ◆ Overhaul of the network infrastructure of the head office and reinforcement of the components related to IT security;
- ◆ Launching of the data enrichment and reliability project;

#### Digital transformation

- ◆ Production of eight digital applications for resolving customer complaints, enriching his experience and that of his employees.
- ◆ Implementation of an Open Bank platform to interact with FINTECH and partners through open and secure interfaces (APIs);
- ◆ Implementation of the new SWIFT platform for GPI (Global Payments Innovation) instant payments;
- ◆ Implementation of a "data" strategy and an Agile approach to managing DATA projects, enabling the management of activity and the transformation of the bank's businesses through the modeling and development of analytical dashboards.
- ◆ Awarded the trophy for the best digital bank in North Africa.

#### Organization and prudential management

- ◆ Start of the business process modeling project;
- ◆ Implementation of an operational and market risk management system;
- ◆ Progress of the project to set up an internal rating system with the assistance of the World Bank.
- ◆ Implementation of proactive management of prudential liquidity and transformation ratios (LCR and LTD).

### In quantitative terms,

the main activity and performance aggregates showed a remarkable improvement compared with the levels reached at the end of 2018 :

**On the resources side,** and with a view to achieving sustainable compliance with the LTD Ratio requirements, the bank has stepped up its resource mobilization efforts. In this regard, the bank has stepped up its resource mobilization efforts to achieve sustainable compliance with the LTD Ratio:

Customer deposits increased by 15.9% compared to the previous year to reach 7,370.6 MD at the end of 2019. an increase affecting all items while maintaining a virtually stable structure;





Borrowing resources increased by 28.2 million TND or 9.9% to reach 313.0 million TND. An improvement linked, mainly, to the increase in outstanding bond and private loans following, mainly, the realization of the first part of the 2019-11 loan.

**On the jobs front**, the Bank also continued its efforts to further stimulate the country's economic growth despite a difficult environment, while paying particular attention to the cleanup and coverage of its struggling portfolio.

Gross outstanding customer loans amounted to 9,803.0 MD against 9,093.5 MD a year earlier, which corresponds to a 709.6 MD or 7.8% increase affecting particularly, management loans (+8.5%) and to a lesser extent, investment loans (+6.0%) and loans to individuals (+3.6%).

At the same time, the bank has been working to clean up its portfolio of commitments in order to further reduce the rate of outstanding loans, which fell from 20.8% at the end of 2018 to 18.3% at the end of fiscal year 2019.

- ◆ The commercial securities portfolio posted an increase of 16.5 MD or 5.1% which affected short-term treasury bills.
- ◆ The investment securities portfolio stood at 1.134.6 MD at the end of 2019 against 1.155.1 MD at the end of fiscal year 2018, thus registering a 20.5 MD or 1.8% regression;



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## KEY FIGURES

	TND in millions	dec.-15	dec.-16	dec.-17	dec.-18	dec.-19	CAGR (2015-2019)
<b>Activity</b>	Balance sheet total	7 693,6	8 279,2	9 050,9	10 519,8	11 301,9	10,1%
	Customer deposits	5 285,1	5 443,2	5 963,8	6 357,0	7 370,6	8,7%
	Borrowing resources	444,0	354,3	289,0	284,8	313,0	(8,4%)
	<b>Total resources collected</b>	<b>5 729,1</b>	<b>5 797,5</b>	<b>6 252,8</b>	<b>6 641,8</b>	<b>7 683,5</b>	<b>7,6%</b>
	Outstanding Gross Customer Loans	7 348,8	7 671,9	8 150,5	9 093,5	9 803,0	7,5%
	Outstanding net customer loans	5 341,4	5 529,8	6 114,8	7 133,4	7 978,2	10,6%
	Net contributions to the economy	6 478,3	6 970,5	7 650,8	8 655,7	9 490,6	10,0%
<b>Results</b>	Intermediation margin	152,5	160,0	190,4	254,6	363,0	24,2%
	Net commissions	51,7	67,6	77,1	85,9	101,2	18,3%
	Income Securities portfolios	66	82	115	133	137	20%
	Net banking income	269,7	309,6	382,7	473,4	601,1	22,2%
	Operating expenses	138,1	155,1	191,2	219,8	234,2	14,1%
	Gross operating income	137,5	160,6	198,4	261,5	374,5	28,5%
	Net income for the year	33,0	40,5	44,4	66,9	157,3	47,7%
	Total Turnover	504,1	527,7	639,4	846,2	1 048,0	20,1%
<b>Equity</b>	Capital	776,9	776,9	776,9	776,9	776,9	0,0%
	State endowment	117,0	117,0	117,0	117,0	117,0	0,0%
	Reservations	496,5	496,9	485,1	485,1	485,0	(0,6%)
	Result carried forward	(727,8)	(694,7)	(620,5)	(575,6)	(508,3)	(8,6%)
	Result for the period	33,0	40,5	44,4	66,9	157,3	47,7%
	<b>Total shareholders' equity</b>	<b>695,7</b>	<b>736,6</b>	<b>802,9</b>	<b>870,2</b>	<b>1 027,9</b>	<b>10,3%</b>



## KEY FIGURES

		in million TND	dec.-15	dec.-16	dec.-17	dec.-18	dec.-19
Risk	Solvency ratio		13,5%	12,1%	11,5%	10,7%	12,6%
	Tier 1		9,0%	8,5%	7,7%	7,7%	9,2%
	LCR		169,4%	199,3%	88,3%	96,9%	142,8%
	LTD		-	-	-	150,0%	137,4%
	Rate of classified receivables		30,3%	28,2%	24,4%	20,8%	18,3%
	Coverage rate for classified receivables		74,9%	79,5%	80,2%	81,8%	81,6%
	Coverage rate for classified receivables (net of reserved premiums)		67,9%	73,1%	73,5%	75,4%	75,4%
Profitability	Return on equity (ROE)		5,0%	5,8%	5,8%	8,3%	18,1%
	Return on assets (ROA)		0,4%	0,5%	0,5%	0,7%	1,4%
	Net Results / GNP		12,3%	13,1%	11,6%	14,1%	26,2%
	Net commissions/N.B.P.		19,2%	21,8%	20,1%	18,1%	16,8%
	Intermediation margin/GNP		56,6%	51,7%	49,7%	53,8%	60,4%
	Net commissions/wage bill		48,5%	59,2%	54,5%	59,9%	67,2%
Productivity	Deposits / headcount (in thousands of Dinars)		2 784,6	2 542,4	2 907,8	3 426,9	3 822,9
	Credits / number of employees (in thousands of Dinars)		2 814,2	2 582,8	2 981,4	3 845,5	4 138,1
	GNP/employee (in thousands of Dinars)		142,1	144,6	186,6	255,2	311,8
	Cost/income ratio		51,2%	50,1%	49,9%	46,4%	39,0%
Other indicators	Workforce		1 898	2 141	2 051	1 855	1 928
	Number of branches		123	130	140	143	149
	Number of ATMs		174	178	184	197	202
	Number of electronic payment terminals		790	775	848	901	1 082
Stockholders' dashboard	Number of shares (in thousands)		155 375	155 375	155 375	155 375	155 375
	Closing price (in dinars)		5,6	3,9	3,6	3,7	4,7
	Stock market capitalization (in million dinars)		870,1	606,0	556,2	571,8	727,2
	Earnings Per Share (in dinars)		0,2	0,3	0,3	0,4	1,0





## RESOURCES

**Remarkable mobilization of customer deposits in the various forms of deposits, reflecting the objective of maintaining a loyal, stable and diversified commercial base**

“Société Tunisienne de Banque” closed the 2019 financial year with an increase in extended resources of 1.026.4 million TND or 15.2%, mainly observed in the different categories of deposits collected from customers (+1.013.6 million TND or 15.9% ).

in million TND

	dec.-18	dec.-19	Variation	%
Client deposits	6 357	7 371	1 014	15,9%
Customer Deposits	126	111	(15)	(12,2%)
Financial intermediation	285	313	28	9,9%
<b>Borrowing resources</b>	<b>6 768</b>	<b>7 794</b>	<b>1 026</b>	<b>15,2%</b>
Total Expanded Resources				

### 1. Clients' deposits

The outstanding deposits collected from customers amounted to 7,370.6 MD at the end of 2019 against 6,357.0 MD at the end of fiscal year 2018, with an acceleration of its growth rate (15.9% in 2019 against 6.6% in 2018). The observed progression is explained by the commercial effort in terms of resource mobilization to comply with the BCT requirements in terms of LTD Ratio.

This increase largely benefited term deposits following the implementation of a policy based on financial engineering mechanisms, the recovery of old historical relationships and the maintenance of existing relationships through the renewal of their investments.

Indeed, these deposits went from 1,004.5 MD at the end of December 2018 to 1,461.3 MD at the end of December 2019, i.e. an increase of 45.5% against a 5.5% increase recorded one year earlier.

in million TND

	dec.-18	share	dec.-19	share	Variation	%
Demand deposits	2 417	38,0%	2 627	35,6%	210	8,7%
of which demand deposits in foreign currencies	784	12,3%	790	10,7%	6	0,8%
Term Deposits	1 005	15,8%	1 461	19,8%	457	45,5%
Savings deposits	2 773	43,6%	3 021	41,0%	248	8,9%
Other amounts due to customers	162	2,5%	260	3,5%	99	61,1%
<b>Total Customer Deposits</b>	<b>6 357</b>	<b>100,0%</b>	<b>7 371</b>	<b>100,0%</b>	<b>1 014</b>	<b>15,9%</b>

By continuing to be the first collector of savings at the sector level STB was able to increase this form of deposit by 248.0 MD or 8.9% from 2.773.4 MD in 2018 to 3.021.4 MD in 2019.

As for the sight deposits, they went from 2.417.4 MD in 2018 to 2.627.5 MD in 2019 with an increase 210.0 MD or 8.7%.

With reference to these evolutions, the structure of the customers' deposits remains characterized by the predominance of the low remunerated deposits (savings deposits and sight deposits) up to 77%.

### 2. Loan resources

At the end of 2019, the outstanding borrowing resources stood at 313.0 MD, up 28.2 MD or 9.9% compared to its level at the end of December 2018. This improvement is mainly due to the increase of the outstanding bonds and private loans generated mainly by the closing of the first tranche of the STB-2019 bond issue up to 50 MD.

### 3. Financial intermediation

At the end of fiscal year 2019, the outstanding customer investments in monetary and financial instruments amounted to 110.6 MD against 125.9 MD at the end of 2018, i.e. a 15.4 MD or 12.2% regression resulting from the 9.5 MD or 11.7% drop in investments in Treasury Bills on the one hand and the 5.9 MD or 13% outstanding Treasury Bills on the other hand.



## USES

### 1. Contribution to the economy

Les concours bruts à l'économie ont affiché Gross contributions to the economy showed a 655.5 MD or 6.0% increase and reached 11,490.7 MD at the end of 2019 against 10,835.2 MD at the end of FY 2018.

This progression mainly concerned the gross customer receivables (+709.6 MD or 7.8%).

As for the securities portfolio, it showed a decrease of 48.2 MD by returning from 1,696.7 MD to 1,648.5 MD at the end of 2019.

Taking into account the provisions and reserved agios allocated to cover the depreciation of these uses, the net outstanding amount of loans to the economy amounted to 9,490.6 MD at the end of 2019 against 8,655.7 MD one year earlier, i.e. an increase of 834.9 MD or 9.6%.

	in million TND			
	dec.-18	dec.-19	Variation	%
Gross contributions to the economy	10 835	11 491	655	6,0%
Gross claims on customers	9 093	9 803	710	7,8%
Securities portfolio	1 697	1 648	(48)	(3%)
Treasury Bills	45	39	(6)	(13,0%)
Reserved Provisions and Agios	2 179	2 000	(179)	(8,2%)
Provisions	1 551	1 434	(117)	(7,5%)
Reserved Agios	629	566	(62)	(9,9%)
Nets to the Economy Contest	8 656	9 491	835	9,6%

### 2. Net claims on customers

At the end of December 2019, gross outstanding customer claims stood at TND 9,803.0 million against TND 9,093.5 million a year earlier, marking an increase of TND 709.6 million or 7.8%.

This increase mainly affected management appropriations, which increased by TND 338.7 million or 8.5% to TND 4,342.0 million at the end of 2019, a development in line with the Bank's guidelines for increasing the share of this form of commitment.

Investment appropriations increased by TND 188,3 million or 6,0% from TND 3,138,1 million to TND 3,326,4 million at the end of the 2019 financial year.

This development takes into account the writeoffs and disposals to STRC of certain compromised claims for an envelope of 2 19.0 million TND, an action to be linked to the bank's objective to reduce the rate of the loans.

In the case of loans to individuals, they increased by TND 64.2 million or 3.6% to TND 1,758.7 million to TND 1,822.9 million.

At the same time, the Bank continued to allocate the provisions necessary to cover outstanding claims, including those that have been in risk classes 4 and 5 for 3 years or more, in accordance with Circular BCT No. 2013-21 establishing the additional provisions.

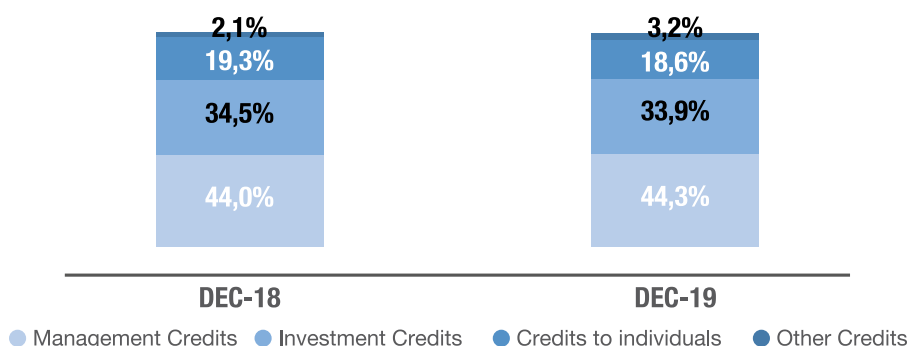
The outstanding net customer receivables showed an increase of 844.8 MD or 11.8% to reach 7,978.2 MD at the end of 2019 against 7,133.4 MD at the end of the fiscal year 2018.

The observed progression is explained by the growth of gross outstandings (+709.6 MD) combined with the decrease of provisions and reserved agios (-135.2 MD).

	in million TND			
	déc.-18	déc.-19	Variation	%
Gross receivables from customers	9 093	9 803	710	7,8%
Management Credits	4 003	4 342	339	8,5%
Investment Credits	3 138	3 326	188	6,0%
Credits to individuals	1 759	1 823	64	3,6%
Other credits	193	312	118	61,2%
Reserved provisions and premiums	(1 960)	(1 825)	135	-6,9%
Provisions	(1 331)	(1 258)	73	-5,5%
Reserved Agios	(629)	(566)	62	-9,9%
Net receivables from customers	7 133	7 978	845	11,8%

With reference to the above, the structure of gross loans changed slightly: management loans (+0.3 pp to 44.3%), investment loans (-0.6 pp to 33.9%) and loans to individuals (-0.7 pp to 18.6%).

This structure remains marked by the predominance of management loans with a share of 44.3%.



### 3. Securities portfolio

The gross outstanding commercial and investment securities portfolio showed a 48.3 MD or 2.8% regression to 1,648.5 MD at the end of 2019 against 1,696.7 MD one year earlier.

As for the net outstanding amount of the securities portfolio, it remained stable and largely made up of government securities. To comply with the threshold of 20% presence in non-financial subsidiaries (banking law 2016-48), and restructuring of the capital of some other subsidiaries, the major movements recorded at the level of participations reflect operations of disposals.

in million TND				
	dec.-18	dec.-19	Variation	%
Commercial securities portfolio	322	339	16	5,1%
Gross investment securities portfolio	1 374	1 310	(65)	(4,7%)
Gross securities portfolio	1 697	1 648	(48)	(2,8%)
Provisions	(219)	(175)	44	(20,2%)
Net securities portfolio	1 477	1 473	(4)	(0,3%)

This variation observed in the securities portfolio is detailed as follows:

#### a. Commercial securities portfolio: (+16.5 million TND ou 5.1%)

The commercial securities portfolio reached 338.7 MD at the end of 2019, an increase of 16.5 MD or 5.1% compared to its level recorded at the end of the fiscal year 2018 which is explained by the increase of the outstanding BTCTs.

in million TND				
	dec.-18	dec.-19	Variation	%
Trading securities	0,5	14	13	
Investment securities	322	325	3	0,9%
Commercial securities portfolio	322	339	16	5,1%

This increase is explained by the rise in outstanding short-term treasury bonds.

#### b. Investment securities portfolio: (-64.7 million TND ou 4.7%)

The outstanding gross investment securities portfolio decreased by 64.7 MD or 4.7% to 1,309.7 MD at the end of December 2019 against 1,374.5 MD at the end of fiscal year 2018.

This observed regression is mainly explained by the reduction of the stock of Treasury Bills held for the bank's own account (1.154 MD to 1.140 MD), the settlement of the maturities of some loans subscribed, the sale of some hotel participations for an amount of 6.2 MD (banking law 2016-48) and the restructuring of some subsidiaries (TFBank and STRC).

Net of provisions, the outstanding portfolio of the Bank's investment securities stood at 1,134.6 MD, down 20.5 MD or 1.8% compared to its level at the end of 2018.

in million TND				
	dec.-18	dec.-19	Variation	%
Gross securities portfolio	1 374	1 310	(65)	(4,7%)
Investment securities	933	883	(51)	(5,5%)
Equity investments	204	209	5	2,3%
Shares in associates and joint ventures	46	41	(5)	(11,8%)
Shares in affiliated companies	168	156	(12)	(7,1%)
Companies in liquidation	0	0	-	0,0%
Retrocession holdings	19	19	(0)	(2,3%)
Related receivables and payables	3	2	(1)	(18,7%)
Provisions	219	175	(44)	(20,2%)
Net securities portfolio	1 155	1 135	(20)	(1,8%)





## OFF BALANCE SHEET COMMITMENTS

The off-balance sheet commitment items changed as follows :

◆ **At the level of contingent liabilities**, the outstanding amount increased by 73.1 MD or 4.1% from 1,786.7 MD to 1,859.8 MD. This variation concerned the heading of documentary credits (+92.0 MD or 22.3%). On the other hand, guarantees and endorsements regressed by 18.9 MD or 1.4%.

◆ **At the level of the given commitments**, the outstanding amount of this heading regressed by 54.3 MD or 35.0% to total 101.0 MD under the effect of the decrease of the given financings.

◆ **At the level of received commitments**, the value of received guarantees increased by 66.9 MD or 3.1% to reach 2,199.0 MD.

in million TND

	dec.-18	dec.-19	Variation	%
<b>CONTINGENT LIABILITIES</b>	1 787	1 860	73	4%
Deposits, endorsements and other guarantees given	1 374	1 355	(19)	(1%)
Documentary Credits	413	505	92	22%
Assets pledged as collateral				
<b>COMMITMENTS GIVEN</b>	155	101	(54)	(35%)
Financing commitments given	155	100	(54)	(35,1%)
Commitments on securities	1	1	(0)	(5,8%)
<b>COMMITMENTS RECEIVED</b>	2 132	2 199	67	3%
Financing commitments received				
Guarantees received	2 132	2 199	67	3,1%



## EQUITY

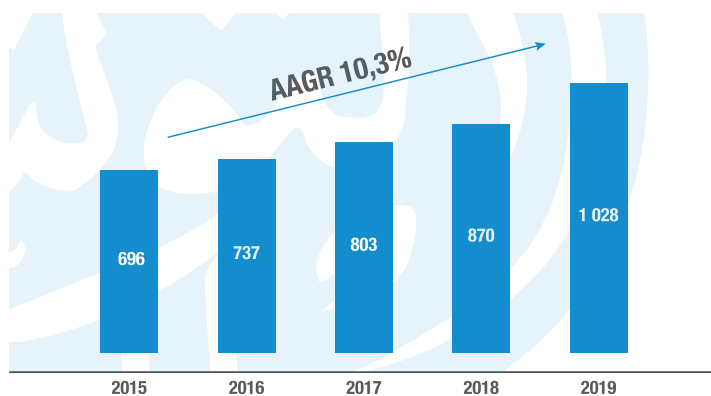
**Continued consolidation of shareholders' equity since the Bank's recapitalization in 2015 allowing for full coverage of risks and compliance with prudential ratios and the strengthening of the bank's financing capacity.**

The Bank's equity increased by 157.7 MD to reach 1,027.9 MD at the end of 2019.

in million TND

	dec.-18	dec.-19	Variation	%
Capital	777	777	-	0,0%
State endowment	117	117	-	0,0%
Reservations	466	466	0	0,1%
Treasury stock	(6)	(6)	-	0,0%
Other shareholders' equity	25	24	(0)	(2%)
Deferred results	(576)	(508)	67	(12%)
Net income for the year	67	157	90	135,3%
<b>Total shareholders' equity</b>	<b>870</b>	<b>1 028</b>	<b>158</b>	<b>18,1%</b>

## Equity (MTND)



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## QUALITY OF ASSETS & LIQUIDITY

**Sustained effort by the bank in terms of commitment control allowing a 12 percentage point reduction in the rate of outstanding loans over the 2016-2019 period.**

**Solvency ratios still above prudential standards despite new regulatory constraints.**

### 1. Evolution of non-performing loans NPLs

The rate of hanging debts continued during the 2019 financial year to settle at 18.3% (Vs 20.8% in 2018).

This performance was the result of a fairly sustained increase in healthy debts (+718.2 MD or 8.4%) coupled with a decrease in hanging debts [- 171.2 MD or -7.7%].

#### STB - Asset Quality

	in million TND			
	dec.-18	dec.-19	Variations	%
Gross receivables	10 737	11 284	547	5,1%
Healthy receivables	8 506	9 223,9	718	8,4%
Hanging receivables	2 231	2 059,9	(171)	(7,7%)
<i>As a % of gross receivables</i>	<i>20,8%</i>	<i>18,3%</i>		
Provisions	(1 246)	(1 158)	88	(7,1%)
Reserved Agios	(578)	(524)	55	(9,4%)
Net receivables	8 913	9 602	675	7,6%
% coverage of outstanding receivables (net of Reserved Agios)	75,38%	75,36%		

STB Bank continued, during 2019, its efforts in terms of constitution of the required provisions.

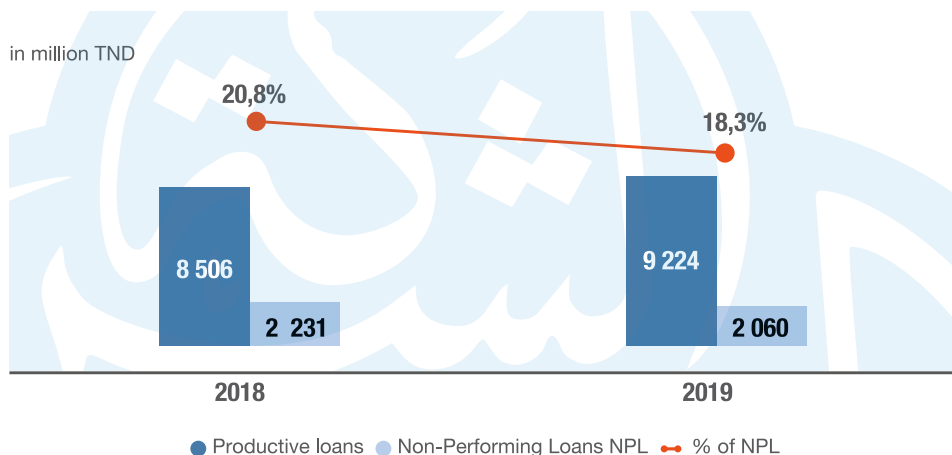
In this regard, the overall coverage rate of non-performing loans (net of reserved agios) increased from 75.4% at the end of 2018 to 76.4% at the end of 2019, which corresponds to an improvement of 1.0 percentage point.

This level of coverage is due, on the one hand, to the constitution over the years of additional provisions for class 4 & 5 NPLs with a seniority of more than 3 years and, on the other hand, to the decline in NPLs generated in part by write-offs and the transfer to the STRC of certain impaired receivables.

It should be noted that the outstanding provisions and reserved agios taken into account for the determination of the coverage remain quite significant up to 1,696.6 million TND at the end of 2019 (1,824.2 million TND at the end of 2018).

### 2. Coverage of non-performing loans NPLs

#### Trends in the rate of NPLs





### 3. Solvency

Solvency ratios remain above the required thresholds and were 9.21% for Tier I and 12.62% for the risk coverage ratio (overall solvency ratio).

It should be noted that the risks incurred have increased by 277.0MD to total 9,121.6MD. The variation noted is detailed as follows:

- ◆ Weighted assets for credit and counterparty risks on derivative instruments (+436.2 MD or 5.8%)
- ◆ Capital requirements for operational risks (+182.2 MD or 25.0%)
- ◆ Capital requirements on market risks (+105.6 MD or 82.7%)
- ◆ Reduced risk of exceeding divisional ratios of 447.1MD

At the same time, the net basic equity (Tier 1) increased by 158.7 MD to total 840.5 MD. As for the total net equity capital, it amounted to 1,151.3 MD against 943.5 MD in 2018.

### 4. Liquidity

#### a - Liquidity Coverage Ratio (LCR)

Throughout 2019, STB Bank succeeded in maintaining a short-term liquidity ratio (LCR) above the regulatory threshold of 100% (effective in 2019).

in million TND

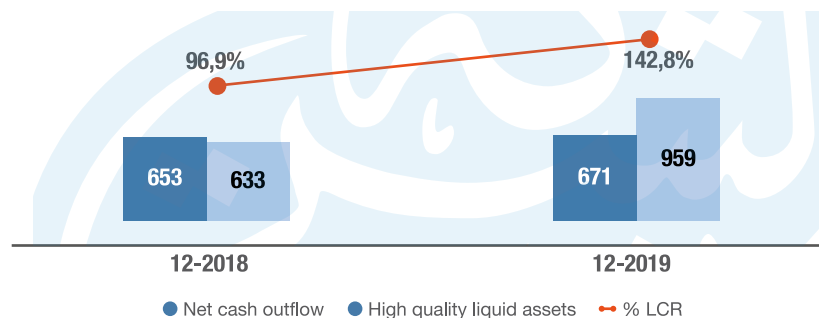
	dec.-18	dec.-19	Variation	%
Net core equity	682	840	159	23,3%
Additional equity capital	262	311	49	18,8%
Total Net Equity	943	1 151	208	22,0%
Total Risks Incurred	8 845	9 122	277	3,1%
<b>Overall solvency ratio</b>	<b>10,67%</b>	<b>12,62%</b>		
<b>Solvency ratio (tier one)</b>	<b>7,71%</b>	<b>9,21%</b>		

in million TND

	dec.-18	dec.-19	Variation	%
Net cash outflow	653	671	18	2,8%
High quality liquid assets	633	959	326	51,4%
<b>% LCR</b>	<b>96,94%</b>	<b>142,83%</b>		
Regulatory level	90%	100%		

#### Evolution of the short term liquidity ratio LCR

in million TND





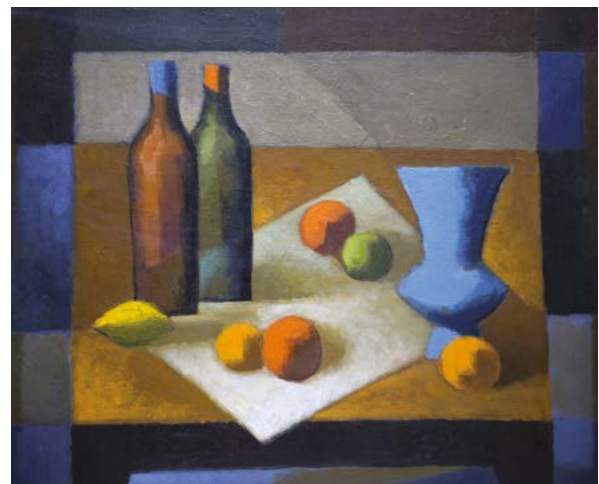
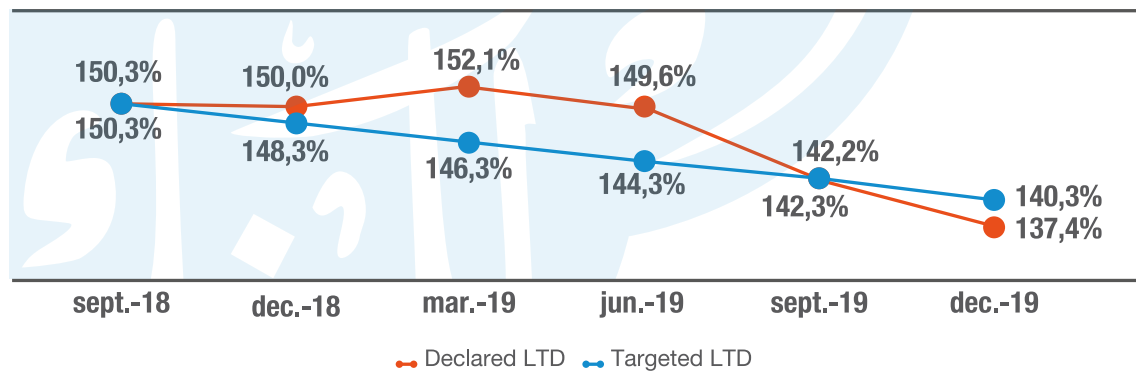
### b-Loan to Deposit Ratio (LTD)

The "Loans/Deposits" or LTD ratio, subject of the BCT circular n° 2018-10 aims at monitoring the adequacy between resources and uses in order to control the transformation risk.

in million TND

	dec.-18	dec.-19	Variation	%
Receivables from customers	8 439	8 895	456	5,4%
Deposits	5 628	6 474	846	15,0%
<b>LTD</b>	<b>149,95%</b>	<b>137,40%</b>		
Target LTD Ratio	148%	140%		

As a result of a growth in deposits at a more pronounced rate than that of receivables, the LTD could be reduced to 137.4% at the end of 2019 [Vs 150% at the end of 2018]. This is lower than the level required by the Central Bank. This reflects the efforts undertaken by the bank to meet the requirements.



## PERFORMANCE INDICATORS

**Remarkable growth in intermediate management balances, particularly in net banking income, making it possible to perpetuate the improvement in performance that has begun since the beginning of the restructuring plan and to achieve much better results than forecast.**

### Evolution of NBI's components

At the end of December 2019, the Net Banking Product stood at 601.1 MD, up 127.8 MD or 27.0% compared to its level in fiscal year 2018. This increase is explained up to 85% by the improvement of the net interest margin (+108.3 MD or 42.5%).

in million TND

	dec.-18	dec.-19	Variation	%
Net interest margin	255	363	108	42,6%
Net commissions	86	101	15	17,8%
Income from securities portfolio and financial transactions	133	137	4	3,2%
<b>Net banking income</b>	<b>473</b>	<b>601</b>	<b>128</b>	<b>27,0%</b>

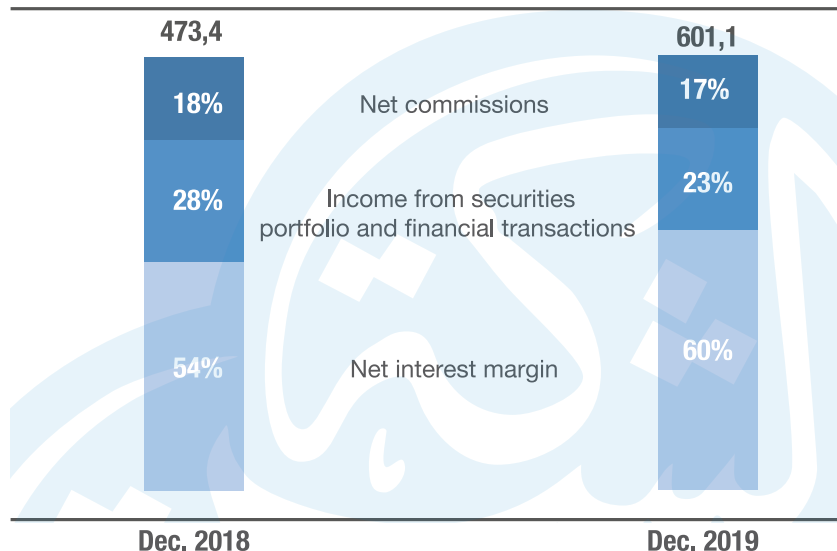
Given the fairly rapid increase in the net interest margin, its contribution to the formation of NBI increased further by nearly 6.6 pp to 60.4%.



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### STB - Structure of Net Banking Income

in million TND







The evolution noted concerned all the components of the GNP and is detailed as follows:

◆ **Net Interest Margin (NIM) : +108.3 MD or 42.5%** under the effect of the increase in interest income combined with a control of the evolution of interest charges.

The significant improvement of the global MNI is explained by the increase of the key interest rates

decreed by the BCT covering 2019 as well as the increase of the average managed outstandings.

The commercial activity generated an additional margin of 127.5 MD, which largely compensated for the increase of the deficit characterizing the margin on money market and interbank lending and borrowing operations (+20.5 MD).

in million TND

	dec.-18	dec.-19	Variation	%
Margin on treasury operations	(90,5)	(111,0)	(20,5)	22,6%
Interest income	17,7	20,8	3,1	17,5%
Interest expense	(108,2)	(131,7)	(23,6)	21,8%
Margin on customer transactions	335,5	463,0	127,5	38,0%
Interest income	581,1	755,3	174,1	30,0%
Interest expense	(245,6)	(292,3)	(46,7)	19,0%
Other net revenues	9,6	10,9	1,3	13,9%
Overall net margin	254,6	363,0	108,3	42,5%

◆ **Net commissions: +15.3 MTD or 17.8%,**

following the improvement of the commercial effort and the revision of the tariffs of certain recurring operations mainly affecting commissions on checks

operations (+3.2 MTD), account management (+6.0 MTD), studies (+3.1 MTD) and other operations (+3.0 MTD): EPS, electronic banking, direct banking...

in million TND

	dec.-18	dec.-19	Variation	%
Cheques, bills of exchange, transfers and account maintenance	42,29	51,84	9,55	23%
Securities transactions	0,49	0,26	(0,23)	(47%)
Foreign exchange transactions	9,17	9,93	0,77	8%
Foreign trade operations	2,46	3,08	0,61	25%
Studies	17,48	20,62	3,14	18%
Others	19,26	22,30	3,04	16%
Commissions received	91,15	108,03	16,88	18,5%
Commissions paid	(5,25)	(6,83)	(1,58)	30,2%
Net commissions	85,90	101,20	15,30	17,8%

◆ **Gains / Portfolio of commercial securities and financial transactions: +4.1 million DT or 3.1%, explained by :**

The increase of the revenues of the Portfolio of commercial securities and financial operations by +3.6 MTD or 6.1% to reach 63.9 MTD (against 60.3 MTD at the end of December 2018).

The quasi-stagnation of the investment securities portfolio revenues of 73.1 MDT.

in million TND

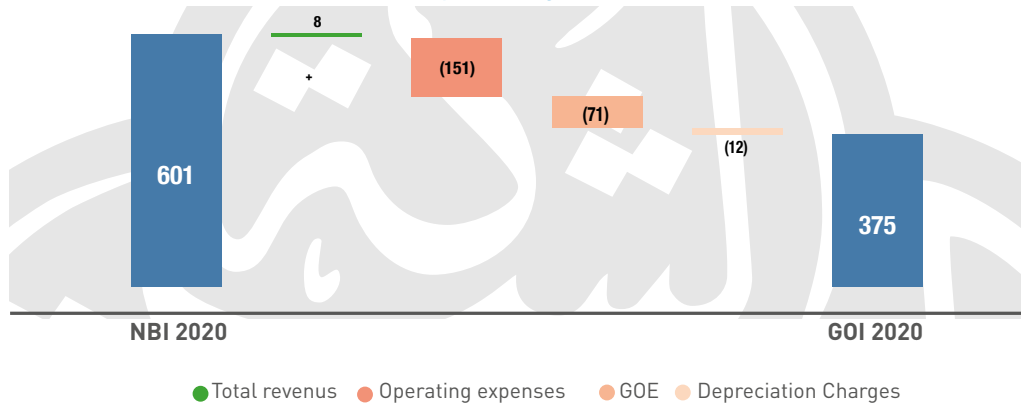
	dec.-18	dec.-19	Variation	%
Gains on commercial securities portfolio and financial transactions	60,25	63,90	3,65	6%
Income from the investment securities portfolio	72,59	73,08	0,50	1%
Income from the securities portfolio and financial transactions	133	137	4	3,1%

## Gross Operating Income GOI

The gross operating result (GER) increased from 261.5 MD at the end of 2018 to 374.5 MD at the end of 2019, marking a remarkable appreciation of 113

MD or 43.2%. This evolution is explained by the differentiated effects related to the progression of the GNP (+127.8 MD or 27.0%) and a lesser increase of the operating expenses (+14.5 MD or 6.6%).

### Evolution of Gross Operating Income GOI (MTND)



The increase in operating expenses is mainly due to the increase in personnel costs, which account for nearly two-thirds of these expenses, and a slight increase in certain fixed costs.

In light of these trends, the cost/income ratio rose sharply from 46.4% to 39.0%, gaining nearly 7.5 percentage points.

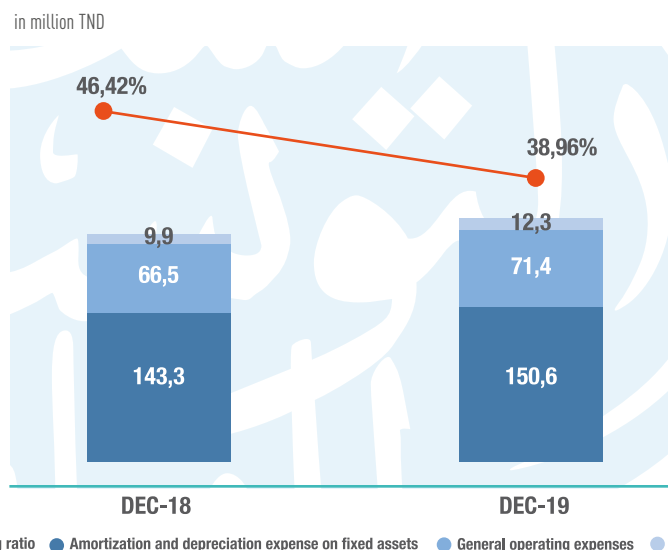
However, these various increases were accompanied by a decrease in legal fees (3.6 MTD) and a rise in

expenses recovery (+1.4 MTD).

As for depreciation expenses, they increased by 2.4 million TND or 23.8%, to be linked to the investments made in fixed assets (+11.9 million TND).

Taking into account these evolutions, the operating ratio increased significantly from 46.4% to 39.0%, thus gaining nearly 7.5 percentage points.

## STB - Structure of Operating Expenses



	dec.-18	dec.-19	Variation	%
Net banking income	473 387	601 141	127 754	27,0%
Other operating income	7 881	7 633	(248)	(3%)
Personnel expenses	(143 341)	(150 584)	(7 243)	5%
General operating expenses	(66 511)	(71 385)	(4 874)	7%
Depreciation, amortization and provisions on fixed assets	(9 908)	(12 262)	(2 354)	24%
Gross operating income	261 508	374 542	113 035	43,2%



## Net Income

The net result before accounting changes for fiscal year 2019 amounted to 157.3 MD, an increase of 90.5 MD or 135.3% compared to its level in 2018.

This result takes into account the following elements:

- The decrease in the cost of net risks of 34.7 million TND or 19.6% to come back from 177.4 million TND at the end of 2018 to 142.7 million TND at the end of 2019, detailed as follows:
  - The allocation of an amount of 94.9 MD to cover compromised debts, including

56.0 MD representing the additional net allocations (cost of conservation of debts having stayed 3 years and more in risk classes 4 and 5) as instituted by the BCT circular N°2013-21 of December 30th, 2013

- The recognition of a charge on the portfolio of investment securities of (- 21.9 MD) against a positive cost of 3.8 MD at the end of 2018.
- The allocation of a 25.9 MD charge for the coverage of various risks
- The recognition of a tax charge of 82.8 MD at the end of 2019 (against 25.8 MD for fiscal year 2018).

in thousand TND

	dec.-18	dec.-19	Variation	%
Interest and similar income	622 188	803 026	180 837	29,1%
Interest incurred and similar costs	(367 541)	(440 067)	(72 526)	19,7%
<b>Net interest margin</b>	<b>254 647</b>	<b>362 958</b>	<b>108 311</b>	<b>42,53%</b>
Fees received	91 151	108 033	16 882	18,5%
Fees paid	(5 249)	(6 833)	(1 584)	30,2%
<b>Net fees</b>	<b>85 902</b>	<b>101 200</b>	<b>15 298</b>	<b>17,81%</b>
Gains on the commercial securities portfolio & financial operations	60 252	63 899	3 648	6,1%
Income from the investment securities portfolio	72 587	73 083	497	0,7%
<b>Net Banking Income</b>	<b>473 387</b>	<b>601 141</b>	<b>127 754</b>	<b>26,99%</b>
Other operating proceeds	7 881	7 633	(248)	(3,1%)
Staff costs	(143 341)	(150 584)	(7 243)	5,1%
General operating costs	(66 511)	(71 385)	(4 874)	7,3%
Allotments to depreciation	(9 908)	(12 262)	(2 354)	23,8%
<b>Gross operating results</b>	<b>261 508</b>	<b>374 542</b>	<b>113 035</b>	<b>43,22%</b>
Allotments to provisions & result of correction of values on claims off balance sheet & liabilities	(181 226)	(120 770)	60 457	(33,4%)
Allotments to provisions & result of correction of values on the investment portfolio	3 828	(21 904)	(25 732)	(672,1%)
<b>Operating results</b>	<b>84 110</b>	<b>231 869</b>	<b>147 759</b>	<b>175,67%</b>
Balance of profit/loss on other common components	11 501	13 039	1 538	13,4%
Corporate tax	(25 800)	(82 828)	(57 029)	221,0%
<b>Result of ordinary activity</b>	<b>69 812</b>	<b>162 080</b>	<b>92 268</b>	<b>132,17%</b>
Balance of profit/loss on other extraordinary components	(2 949)	(4 733)	(1 785)	60,5%
<b>Net income before accounting changes</b>	<b>66 863</b>	<b>157 347</b>	<b>90 484</b>	<b>135,33%</b>
Effects of accounting changes (net of income taxes)	13 988	-	(13 988)	(100,0%)
<b>Net income after accounting changes</b>	<b>80 851</b>	<b>157 347</b>	<b>76 496</b>	<b>94,61%</b>
Net income after accounting changes	13 988	-	(13 988)	(100,0%)
<b>Résultat net après des modifications comptables</b>	<b>80 851</b>	<b>157 347</b>	<b>76 496</b>	<b>94,61%</b>





## EVENTS SUBSEQUENT TO THE CLOSING OF THE FINANCIAL YEAR 2019: COVID-19

The emergence and expansion of the coronavirus in early 2020 has affected not only China's economic and commercial activities but also, on a broader scale, the global economic environment. The first case of contagion reached Tunisia on March 02, 2020.

This epidemic and its consequences are events subsequent to the closing of the fiscal year which are not likely to adjust the accounts closed on December 31, 2019 but must, however, give rise to adapted information in the appendix to the financial statements and in the management report.

The impact of this pandemic is, of course, important and significant on the financial situation of Tunisian banks in general and of the STB in particular, but cannot be estimated at present, particularly with regard to the evolution of deposits, credit risk (provisions and reserved agios), market risk (liquidity, rates...) and operational risks (claims...) as well as general operating expenses and will depend on the evolution of the recovery of the health and economic situation in the country.

To mitigate the adverse impact of the coronavirus on social and economic life, the Central Bank of Tunisia was quick to take a series of exceptional measures affecting the banking sector. Indeed, on March 17, 2020, the Board of Directors of the Central Bank of Tunisia, decided within the framework of its monetary policy to :

- ◆ Lowering the key interest rate by 100 basis points to 6.75%, which will ease the financial burden on those who have taken out variable-rate loans from the banking system and businesses, especially SMEs.
- ◆ Provide banks with the necessary liquidity to enable them to continue their activity normally in order to face the challenges of this exceptional period.

Also, on March 25, 2020, the BCT issued a circular to banks providing :

- ◆ The deferral of the fall of credits (principal and interest) that fall due during the period from March 1 to the end of September 2020 and the revision of the amortization schedule, according to the capacity of each beneficiary. This measure will concern professional credits granted to clients classified 0 and 1, who apply to banks and financial institutions.
- ◆ The possibility of granting new financing to beneficiaries of the extension of maturities.

- ◆ The possibility of extending the deferral measures to clients classified 2 and 3 on a case-by-case basis and depending on the assessment of the client's situation.

At the same time, prudential standards have been made more flexible :

- ◆ The support measures will not be considered a restructuring operation and the deferral period will not be taken into account in the calculation of the history of arrears.
- ◆ The calculation and requirements of the credit/deposit ratio will be more flexible: Quarterly decrease of 1% instead of 2% of this ratio if it exceeds 120%.

Finally, from the point of view of service pricing, it was decided to provide ATM withdrawal services free of charge and to issue, for free, a bank card to any customer holding an account who requests it and a prepaid bank card to any person who requests it.



Collection privée STB  
Ali BELLAGHA



Jellal BEN ABDALLAH  
Collection privée STB



# Activity of Société Tunisienne de Banque

INFORMATION SYSTEM AND MODERNIZATION OF THE BANK







## COMMERCIAL DEVELOPMENT

During 2019, several communication campaigns were launched and focused on major themes such as "STB Bank first digital bank in Africa", sponsorship of the national handball team following its participation in the World Cup in January 2019 in Denmark and new products for Tunisians Living Abroad (TLA).

In this sense, in order to develop the TLA segment, campaigns have been scheduled during the peak period of this customer base, mainly concerning the launch of the "Immo 48h Chrono" credit, the self-service space in Soukra and STB prepaid cards.

The communication campaigns also concerned the event "STB Bank 1st SWIFT GPI bank in North Africa" following the certification of the STB first SWIFT GPI bank in Tunisia.

In addition, the STB proceeded to the sponsorship of 26 events in various fields: economic, scientific, cultural, sports etc... (The National Handball Team, 2nd edition of the Festival "Les Journées Chorégraphiques de Carthage", SUPCOM 12th edition of the "Challenge projets d'entreprendre", Ulysse Djerba International Festival, Arab Union of Banks 2019, etc.).

In this same context, the STB has granted, during 2019, subsidies to 11 beneficiaries (humanitarian & student associations and charities).

During 2019, the Individuals Market Development and TLA Directorate continued to periodically and monthly monitor the sales performance of the branches and regional directorates in terms of the various products and financial performance.

With respect to electronic payment products, the total number of active cards reached 202,553 at the end of December 2019, compared with 169,515 at the end of 2018, representing a 19% increase.

The sale of telematics products (STB NET and STB SMS), during 2019, was characterized by a remarkable increase in the number of subscribers in general.

For the STB NET product, the total number of active memberships at the end of 2019 reached 38,429 compared to 29,290 at the end of 2018, an increase of 31%.

Concerning the STB SMS product, the total number of active subscribers as of 12/31/2019 reached 108,158 while it was 95,902 memberships as of 12/31/2018, registering an evolution of 13%.

Concerning the new STB DIRECT product, the total number of registrations is 51,176 as of 12/31/2019 against 10,134 in 2018, i.e. an evolution of 405%.

### **New dynamics based on a better knowledge of the customer**

The development of the commercial activity represented one of the priority axes of the 2016-2020 strategy. Several projects have been set up with the aim of identifying new avenues of development, building customer loyalty and prospecting new ones.

This approach has led to a new segmentation of the customer base and the enrichment and differentiation of the offer targeting it after benchmarking the products and services offered by the competition.

With regard to the Professional and VSE Market, a STB 2018-2019 Marketing Plan has been drawn up based on knowledge of the Market, identification of priority targets, design of the differentiated offer, marketing of the offer, planning of highlights and commercial action.

The « Société Tunisienne de Banque » has launched new products, in particular :

- ◆ New bank insurance products developed to provide STB customers with a wide range of products rich in guarantees, as follows :
  - Legal protection assistance (as a guarantee for Eslah Masken credits). This product was launched in partnership with STAR and AXA (reinsurer) and is offered on the Tunisian market exclusively by STB.
  - Home assistance (offered with all STB cards).
  - Travel assistance in Tunisia (offered with all STB cards).
  - Travel assistance for high-end cardholders
- ◆ The MASTERCARD STB TRAVEL card: a reloadable prepaid card, for withdrawal and payment for exclusively electronic use, intended for resident individuals with Tunisian nationality or foreign nationality who are eligible for the tourist allowance and who are customers of the Bank.
- ◆ The C-CASH prepaid card: a reloadable prepaid card issued by the Bank, which is associated with the VISA payment card network. For exclusively national use, this card enables its holder to carry out all withdrawal and payment operations.
- ◆ The C-PAY prepaid card: a reloadable prepaid card issued by the Bank, which is associated with the VISA payment card network. For exclusively national use, this card allows its holder to carry out all withdrawal and payment operations.



The bank also continued to invest in digital technology by improving and enriching its STB DIRECT digital offer with new functionalities (STB Direct V3, DigiTransfer, Digicarte V3, etc.).

The number of new accounts opened in 2019 was 49,049, a 4% increase compared to 2018, bringing the total number of accounts to 1,220,300 (including closures).

In addition, as part of the monitoring of the commercial and financial performance of the Bank's branch network, monthly workshops with all Regional Directors and quarterly workshops with all branch managers have been scheduled during 2019.

Similarly, and in order to boost the network, ensure that the assigned objectives are met and reward the best branches, a quarterly performance bonus has been introduced since 2017.

In order to ensure proximity to the sales force, two tours have also been scheduled every six months for the entire network of the Bank's branches.

During the first half of 2019, the "Société Tunisienne de Banque" implemented an attrition scoring model "Individual and Professional Segments", a credit scoring model "VSE Segments" and new dashboards and reports to monitor the Retail activity through the development of :

- ◆ KPI's Tracking Dashboards for Credit Granting Activity.
- ◆ Reportings of follow-up of the deadlines of credits to the private individuals, the liberal professions segment, the sales of the packs "Ibn El Jazzar" and "Avicenne" and the adhesion to the E-commerce solution.
- ◆ Statistics and dashboardings concerning "Isleh Masken" credits, credits granted to professionals and VSEs, E-commerce affiliations for the professionals segment, E-commerce solution memberships by sector of activity, VSE sub-segments operating in the car and motorcycle retail business and detailed statistics of merchants and craftsmen.

In addition, the bank has begun the project to improve the reliability and enrichment of customer data, the finalization of the second phase of the project "Design and implementation of a data preparation strategy" and the start of work on the third phase of this project.



## BUSINESS CENTER CREATION

As part of the implementation of its business strategy based on an understanding of customer needs and challenges, the STB has created a Business Center with the following main mission:

- ◆ On-site visits of important customers.
- ◆ Rigorous and periodic monitoring of their activities using relevant indicators.
- ◆ Improving the bank's profitability.

### Periodic monitoring of Business Center relationships

In 2019, the Business Center team, along with the Director General and the bank's relevant managers, visited the clients of the central branch and the 11 regional directorates on several occasions.

### Follow-up of the evolution of the customer portfolio indicators

#### Turnover entrusted

The overall revenue entrusted by the Business Center's clients was on an upward trend with a growth rate of 28%.

- ◆ The strongest increases are posted by the regional directorates Tunis South, Jendouba and Bizerte with growth rates of 133%, 100% and 83%, respectively.
- ◆ The relations of the regional directions Tunis North, Nabeul, Sousse, Monastir, Sfax and Gafsa experienced increased the turnover entrusted by 30%, 39%, 33%, 45%, 29% and 30% respectively, thus exceeding the average growth rate of the portfolio which is 28%.

#### Collected deposits

The average growth rate of the Business Center's customer deposits is 36%. The largest increases were achieved at the level of the Tunis Centre and Monastir regional directorates with growth rates of 1076% and 98% respectively.

#### Commitments received

The Business Center's customer commitments rose by 22% on average. The largest increases were recorded by the regional directorates of Jendouba (70%), Tunis South (65%), Nabeul (50%) and Gafsa (44%).

#### Loan default evolution

The volume of unpaid debts recorded by the Business Center's customers is low (895 thousand TND) and represents only 0.07% of the total customer commitment.

Most of the unpaid invoices were cleared, as they showed a decrease of 83% from 5,291 thousand dinars to 895 thousand dinars. The unpaid debts of the Regional Directorates of Gafsa, Médenine and Bizerte were fully settled.

Outstanding payments of the Regional Directorates of Tunis Center, Nabeul and Sousse are partially

## DEBT COLLECTION ACTIVITY

### Dynamism at the level of the debt collection activity

#### Follow-up of Major Issues

The particular context in which Tunisian banks operate, marked by real difficulties in making indebted economic operators respect their commitments, encourages the bank to improve its collection process and better manage the collection of compromised debts at different levels.

In 2019, as part of the study of major cases requiring close monitoring, the following has been carried out:

- ◆ The identification of 31 debtors (excluding tourism) at risk in order to draw up recovery plans in collaboration with stakeholders.
- ◆ The early settlement of an amount relating to the consolidation credit not guaranteed by the State granted to the Tunisian Sugar Company in accordance with the decision of the Higher Resolution Committee.

The follow-up steps for major cases are mainly as follows:

Ensure the follow-up and control of major files of all categories;

Prioritize efforts on major projects with a risk of downgrading in the risk class;

Monitor the status of commitments and act in time on early signs of improvement;

Monitor the evolution of commitments, assigned turnover and its adequacy or inadequacy in relation to authorizations, commitments and overall turnover, ensure the updating of operating credit files that are overdue and/or incompatible with the activity;

Ensure that debtors' authorizations and commitments are in line with the evolution of the revenue generated and, above all, entrusted, with a control of the nature of the commitment and its evolution, and inform the structures concerned;

Issuing an opinion on the classification of major files;

Participate in the development of objectives concerning the debt collection of major cases and issue an opinion on the proposed arrangements to be submitted to the authorized committee;

Ensure close monitoring of the arrangements agreed;

Ensure the holding of periodic follow-up meetings and schedule field visits;

Activate the implementation of committee decisions;

Prepare a periodic activity report for the Directorate and inform the hierarchy.

## Directorate of Resolution

The resolution department is essentially responsible for the clean-up of non-performing loans by the mechanism of the transactional arrangement, assignment or write-off of loans. It also plays the role of analyzing and drafting the resolution notes submitted to the Resolution Committee.

As of 12/31/2019, the Resolution Committee, issued from the Board of Directors, approved within the framework of the law 2018-36 of 06/06/2018, 204 files covered up to 84% by provisions and reservations and a total transaction amount of 195 million TND of which 117 million TND were accepted by the debtors.

The transactional recovery realized at the end of December 2019 amounted to 52 million TND releasing a realization rate of 102% with an impact of 52 million TND on cash and 36 million TND on the result. Thus, the activity of the Resolution Department resulted in a global amount of approvals of 191 501 thousand TND on a total commitment of 278 832 thousand TND :



Sector	No. Of files	Total Commitments Excluding Late Interest	Transactions
Commitments higher than 200 thousand TND			
Tourism	37	184 807	133 885
Excluding tourism	30	94 025	57 616
Sub total	67	278 832	191 501
Commitments less than 200 thousand TND			
Excluding tourism	137	3 270	3 707
Overall total	204	282 102	195 208

In fiscal year 2019 :

- ◆ 67 files, treated within the framework of the law 2018-36, were submitted to the High Resolution Committee and approved by the bank's Board of Directors.
- ◆ 137 files were approved by the structures concerned according to the delegation scheme approved by our Board of Directors. Among these approvals, 133 885 thousand TND are related to the tourism sector which monopolizes 70% of the total approvals.

Indeed, the STB has taken all necessary steps to ensure a new, efficient and disciplined approach to the collection of overdue and outstanding debts. However, the completion and success of all the procedures already in place will continue to depend on certain exogenous factors, namely substantive reforms of the regulatory framework, improvement of the geostrategic situation, economic growth, and the implementation of an ambitious recovery plan for the tourism sector.





## Animation of recovery and performance monitoring

The missions of the Directorate for Coordination and Monitoring of Collection Performance consist mainly of :

- Controlling and monitoring the dynamic collection of outstanding debts on current receivables, ensured by the network's commercial structures.
- Contributing to the settlement of unpaid debts by proposing classic restructuring solutions or within the framework of the Support Fund in coordination with the restructuring structures (Tourism and Other Sectors).
- Ensure the amicable recovery of arrears and overdue payments on outstanding receivables, excluding litigation.

## SYNERGY OF STB GROUP SUBSIDIARIES

### Restructuring of the investment portfolio and creation of synergies within the STB Group

As part of the implementation of the restructuring plan of its subsidiaries, the STB has undertaken several actions in particular:

- Reorganization of STB Group subsidiaries by business line:
  - c The transfer of UCITS management from the STB MANAGER subsidiary to the STB FINANCE subsidiary.
  - The merger by absorption of the subsidiary SOFI ELAN by the subsidiary STB INVEST in order to limit itself to only one SICAF in the group.
  - The partial acquisition of the holdings of STB FINANCE by STB INVEST.
- Compliance with the regulations in force (Law 2016-48):
  - The elaboration of the terms of reference for the choice of a law firm for the sale of a block of shares of 67.87% of the capital of ED-DKHILA on agreement of CAREPP. The choice of a specialized firm for the realization of the privatization operation of the company l'Immobilière de l'Avenue, following the authorization granted by CAREPP for the transfer of the totality of the capital of this company.

- Increase in the contribution of subsidiaries and investments to the Group's overall performance :

- The implementation of a recovery plan for the company ACTIVHOTELS based essentially on the management of units belonging to the STB and the judicial acquisition of a certain number of tourist units (in litigation) to be rented after renovation with the final objective of their sale, the acquisition of 13 tourist holdings from the Bank, and two capital increases (the first by conversion of the associated current account and the second by contribution in kind).
- The initiation of an action plan to develop the commercial activity, and the preparation of a social reorganization plan for STB FINANCE (based on the report of the human capital diagnosis carried out by a specialized firm).
- The implementation of additional modules dedicated to the management of venture capital fund (FCPR) by STB MANAGER and the obtaining of a Visa from the Financial Market Council (CMF) for the first venture capital fund : "ESSOR FUND".
- The elaboration and implementation of a reorganization and restructuring plan for the STB SICAR based on the orientation towards new products, an active recovery policy in synergy with the STRC and the STB and SICAR as a mode of financing and support to the Bank's traditional credits.
- The realization of a financial restructuring operation of the STRC aimed at strengthening its equity capital through an accordion feature operation.



## ACHIEVEMENT OF THE 2016-2020 STRATEGY

Since 2015, the STB has designed its new 2016-2020 strategy following internal and external diagnostics, and to ensure its success, the bank has allocated adequate and necessary resources to achieve the goals set.

This strategy focuses on human capital development, modernization of the information system and business development.

At the end of 2019, the STB was able to successfully complete the majority of the projects that have been implemented since 2016, with the aim of achieving the set objectives :

### Development of human capital :

- ◆ Closure of the reorganization and social restructuring plan through the completion of the recruitment plans and the reorganization plan
- ◆ The start of the HRIS platform project (12 modules)
- ◆ Launch of the "Digi Social Space" Application (Version 1): An application that gives employees better visibility of their rights in terms of insurance coverage.
- ◆ Digitalization of the training: Implementation of an online training platform for employees.

### Commercial development :

- ◆ Implementation of a "data" strategy and management of the activity by the DATA department.
- ◆ Redesign of the marketing function
- ◆ Launch of the electronic payment platform (prepaid cards, express money transfer, agreements with the CNP and STEG, etc.).
- ◆ Implementation of a digital platform and marketing of new digital products.
- ◆ Opening of 26 new branches including 6 in 2019 (Sfax Sakiet Eddaier, Mghira, Kalaa El kbira, Manouba, Sfax Poudrière, Jerba Houmet Essouk II).
- ◆ Development of 11 branches.
- ◆ Production of the self-service area in the Soukra.
- ◆ Implementation of an operational risk management and market risk management system.

### Information system

- ◆ Launch of the IS urbanization project
- ◆ Start of the process modeling project
- ◆ Implementation of a High Availability Infrastructure for Global Banking
- ◆ Implementation of the new SWIFT platform for instant payments GPI (Global Payments Innovation)
- ◆ Redesign of the headquarters' network infrastructure assets and strengthening of IT security components
- ◆ Launch of an external IS security audit mission



## INTERNATIONAL ACTIVITY

### A marked improvement in turnover and products

Despite a still unfavorable national economic climate, the bank's international activity in 2019 recorded an improvement in cumulative turnover of around 21.3% and an increase in operating volume of around 1.6%.

### Transactions with Foreign Countries

The total volume of settlements with foreign countries reached 726,656 transactions in 2019, resulting in an increase in cumulative turnover of 21.3% to reach 22,366.806 million dinars at the end of 2019. Revenues grew from 17.488 million dinars in 2018 to 19.222 million dinars in 2019 and thus recorded a considerable increase of 1.735 million dinars or 9.92%.

#### This evolution is mainly due to :

- The rise in production capacity and the improvement of processing times and the quality of the service provided at the level of the various entities of the foreign bank thanks essentially to the actions undertaken within the framework of the urbanization of the Ibansys computer application, in particular the optimization of exchange times with the trading room and the progressive abandonment of teleclearing for a direct impact on the customer account in real time. These measures, which have been accelerated by the Swift GPI project, will have a direct and more visible positive effect on the activity of the financial year 2020, which has already begun.

- The consolidation of the network of foreign correspondents with the entry into contact in 2019 with 8 new correspondents including 4 in Türkiye, the country with which the flow of trade is constantly changing.
- Diversification of the portfolios of our branches composed of more and more small and medium sized companies allowing a better profitability of international operations despite a significant decrease in transactions carried out by institutionals and groups and large companies such as STIR, ETAP, OCT and ONH.
- The export of services and especially the realization of markets abroad also represented in 2019 a source of foreign exchange inflow. The new market being the emerging African market which opens a new horizon for Tunisian international operators and represents an opportunity to be seized by the bank in order to achieve its strategic choice of development in Africa.

Nature of operations	2018	2019	Variation en %
	Turnover	Turnover	Turnover
Domiciliation	4 711 649	5 253 053	11,49%
Documentary operations imports	1 823 996	1 606 226	(11,94%)
Documentary operations exports	555 038	875 824	57,80%
Transfers of commercial operations	1 546 871	2 199 063	42,16%
Transfers financial operations	3 367 925	2 934 660	(12,86%)
"Movements of funds on corresponding CEDCs."	6 439 753	9 497 981	47,49%
<b>TOTAL ACTIVITY</b>	<b>18 445 232</b>	<b>22 366 807</b>	<b>21,26%</b>



## International relations

As part of the strengthening of foreign relations and the bank's international presence, a number of actions have been taken during 2019, in particular :

- ◆ Visits of STB customers to listen to their expectations and to follow and develop their international operations as well as the canvassing new customers.
- ◆ Assistance of two important relations " STEG IS " and " SORUBAT TUNISIE" for the good outcome of their foreign trade operations and the financing of investments abroad and mainly in Sub-Saharan Africa.
- ◆ Assistance to foreign customers holding accounts on the bank's books and the successful conclusion of all their entrusted operations related to their activities in Tunisia in terms of foreign trade operations.
- ◆ Unwinding of claims raised by our foreign customers holding accounts on our books or by our Tunisian customers, relating to their international operations.
- ◆ Periodic confirmation of circularization of accounts of foreign companies holding accounts on our books at the request of the auditors of the said companies.
- ◆ Follow-up of international calls for tenders within the framework of a mutual collaboration between the STB and its foreign correspondents for the identification of new opportunities.
- ◆ Organization of a meeting of the Board of Directors of the SONIBANK Niger subsidiary at the STB headquarters and close collaboration with it to further develop the synergy between the two banks by ensuring the processing of their operations entrusted to the international through their two accounts opened on the STB's books. Indeed, during the past fiscal year, 390 operations were carried out representing a turnover of 92,831 million TND.
- ◆ Supporting Tunisian customers operating in Tunisia or abroad and wishing to establish partnerships with their foreign counterparts.
- ◆ Participation in partnership with Tunisie Afrique Export "TAE" export consultant, in the 4th Edition of the International Exhibition of Technologies and Information "SITIC AFRICA 2019", which took place in Tunisia, at the exhibition center of Kram from 18 to 20 June 2019.
- ◆ As part of promoting our brand image internationally, we have further consolidated direct relations with the trade sections of the mixed chambers of commerce Italian "CTICI", French "CTFCI", German "AHK", Dutch "CTNCI", British "CCTB", Belgian-Luxembourg "CCTBL", CONECT, CEPEX, TABC, TAE.
- ◆ Canvassing and domiciliation, on the bank's books, of companies that are totally exporting within the framework of the law 93/120. During the year 2019, we have recorded the entry of 23 new companies totally exporting while ensuring them the good outcome of their foreign trade operations.

## INFORMATION SYSTEM AND MODERNIZATION OF THE BANK

**The objectives set by the restructuring plans in terms of IS are becoming a reality and the bank is in the process of making improvements**

The 2016-2020 strategy stipulates a simplification and optimization of the operational process. The objective is to focus on high value-added tasks and reduce processing times.

As part of this ongoing transformation, during fiscal year 2019, STB continued its program of urbanization, optimization and improvement of the information system, the ramp-up of the new version of Global Banking, the optimization and improvement of the customer journey through the review and digitalization of processes, the security and modernization of IT infrastructure and platforms, and the control of suspense and the generalization of transaction reports.

In addition, it has begun :

- ◆ The start of the implementation of the integrated human resources management platform
- ◆ The start of the process modeling project
- ◆ The implementation of a High Availability infrastructure for Global Banking
- ◆ The implementation of the new SWIFT platform for instant payments (GPI)
- ◆ The overhaul of the headquarters network infrastructure and the strengthening of IT security aspects





The "Société Tunisienne de Banque" also launched an external audit mission of the information system security, the finalization of the Zero Suspense project, the start of the upgrade project (Version 2) of the Global Banking Carthago and the implementation of an IT continuity plan.

Moreover, with regard to Digital Development, efforts have been undertaken to :

- ◆ Implement innovative solutions for improving and enriching the customer journey
- ◆ Implement an open and innovative approach to interacting with companies specializing in financial technology (Fintech)
- ◆ Adopt an AGILE-Lean Banking approach for business transformation
- ◆ Respond to the cultural change initiated by the new generations,
- ◆ Equip employees with collaborative work tools to improve productivity.

The "Société Tunisienne de Banque" proceeded, during fiscal year 2019 to the implementation of an agile approach to manage DATA projects "Business Transformation By DATA", data modeling and the development of dashboards and analytical models, the launch of the data reliability project and the implementation of a data strategy enabling the transformation of the bank's businesses (SNI, ALM, Performance Management, Customer Knowledge and Market Knowledge, Operational Risk, etc.).

## ADOPTION OF IFRS STANDARDS

### Elaboration of a roadmap for a thoughtful adoption of IFRS standards

IAS/IFRS standards have led to the harmonization of the rules and methods used to prepare the financial statements of the companies that have adopted them. They have thus made financial information more readable and comparable between different countries.

The STB's adoption of the IFRS international accounting standards for the presentation of its individual and consolidated accounts is part of a national vision aimed at improving the transparency of economic entities through the disclosure of high-quality financial reporting.

At the national level, the National Accounting Council has decided to adopt IFRS for public-interest companies for the consolidated financial statements from 2021, effective September 6, 2018.

For its part, the CBT has issued a circular to Banks and Financial Institutions n°2020-01 dated 01/29/2020 requiring banks to submit to it, within three months, a strategic plan and a roadmap validated by the Board of Directors.

In addition, the Financial Market Council FMC, in its press release of February 11, 2020 addressed to companies listed on the Tunis Stock Exchange, banks and financial institutions, insurance and reinsurance companies, calling on them to prepare their consolidated financial statements according to International Financial Reporting Standards (IFRS) as of January 1, 2021 and to put in place to this end, an action plan detailing the steps necessary for the implementation of the new accounting standards.

In this context, the STB aims to seize the opportunity offered by the adoption of these standards to :

- ◆ Comply with international standards in terms of accounting and financial reporting;
- ◆ Maintain its accounts on the basis of the economic reality of the transactions carried out in order to establish a better visibility of its risk exposure;
- ◆ Improve the readability of its financial statements and harmonize its system with international standards.

As this project should concern all the structures of the bank, the STB has, in a first step, set up a team whose mission is to develop a strategic plan for the conduct of this project.

This plan includes:

- ◆ The strategic and operational steering process of the project;
- ◆ The roadmap for the project management;
- ◆ The project team and the structures involved in the project;
- ◆ The measures required to adapt the information and accounting system to IFRS requirements;
- ◆ The internal and external communication plan; The training plan for all project stakeholders.

In order to ensure an adequate implementation of the IFRS referential, the STB will call upon a specialized firm for an assistance and support mission.



Overall, the objective of this mission is to :

**1 - Conduct a complete and thorough diagnostic study that will be used to:**

- ◆ Identify and analyze the differences between the Tunisian national accounting standards currently applied to the STB's financial statements and the IFRS standards;
- ◆ Establish a review of the STB's information systems as well as recommendations on the adaptations and/or investments necessary for the preparation of the STB Group's annual accounts under IFRS standards as from 2020;
- ◆ Conduct a qualitative analysis of the data in the current information system (history, reliability, availability, granularity, audit trail, etc.) in order to anticipate needs in the context of the project to adopt IFRS;
- ◆ Identification of areas of significant impact;

**2 - Develop a detailed action plan defining all the necessary steps for the independent implementation of IFRS at the STB from 2020 onwards ;**

**3 - Provide capacity building, including the necessary training for relevant STB staff to prepare them for the transition to IFRS;**

**4 - Supporting the STB in the conduct of the project;**

**5 - Assist the STB in the deployment of the standards and the production of IFRS financial reports.**



## HUMAN RESOURCES

### Perfect adhesion of the staff to the Bank's social restructuring project

#### Management of human resources

The year 2019 was marked by the completion of the social reorganization plan with the definitive early retirement of 92 employees in February 2019 and the recruitment of 258 employees. The bank's workforce was optimized from 1855 at the end of 2018 to 1928 at the end of 2019, 57% of which was assigned to the branches.

By renewing its age pyramid with young recruits "22-39 years old", the bank's overall workforce has been characterized, moreover, by an average age reduced to 41 years old compared to 50 years old before the start of the social restructuring plan in 2016. Broken down by gender, the bank's staff comprises 885 male (46%) and 1043 female employees.

The bank's active staff totals 1,881, including 1,430 permanent employees, 424 permanent contract employees, 9 trainees and 18 seconded employees. The number of staff on temporary contracts was 47, including 38 employees on secondment, one employee on lay-off, 5 on long-term illness and 3 pending.

This being the case, the staff management rate reached 59% or 1142 employees, showing an improvement of 16% compared to fiscal year 2018 and 30% compared to 2015. Le taux d'absentéisme au titre de l'exercice 2019, est maîtrisé et est expliqué entre autre par le rajeunissement des effectifs de la banque.

With regard to efforts to rationalize work outside of conventional working hours, the STB processed a total of 73,376 hours of overtime in 2019, down 10% from 2018.

With the assistance of a Human Resources expert, the bank is working to improve employee career management and has introduced a new staff appraisal system that ensures employee motivation through skills management and the measurement of performance against individual objectives.

At the operational level, the bank has developed and implemented a job reference system comprising 30 generic job descriptions based on the new nomenclature of the Tunisian Professional Association of Banks and Financial Institutions (APBT), and 151 job descriptions, implemented and validated during 2019 in consultation with business actors.

In addition, the bank has set up an internal communication plan, enabling fruitful exchanges and timely resolution of employee complaints.

Also, 2019 saw the launch of the project to set up the Human Resources Information System (HRIS) platform, which includes various modules for managing and developing human capital.

#### Management social

The social policy of Société Tunisienne de Banque aims to meet the expectations of staff in terms of coverage against the hazards of life (risk of illness, risk of death, risk of accidents at work ...), and aims to provide social benefits to ensure employees an honorable level of satisfaction and fulfillment.

In this context, during fiscal year 2019, the bank has initiated new social actions that are essentially detailed as follows :

Launch of the "Digi Social Space" application: This application enables employees to better manage their health insurance coverage.

Reopening of the restaurant of the social block: The Tunisian Bank Company has used a caterer to ensure the restoration of staff at the level of the social block.

Assignment of a dietician and a pediatrician to the Home Soukra kindergarten: The secondment of a dietician for the control of the hygiene and the menus presented at the Restaurant of the social block as well as at the "Home Soukra" Kindergarten and the recruitment of a temporary pediatrician to ensure the follow-up of the health of the children enrolled in this kindergarten.

Refurbishment of the "Home Soukra" kindergarten in order to guarantee the best conditions of hygiene and safety for the children.

In addition, a Human Resources Legal entity has been set up to draw up credit contracts, amendments and letters of commitment relating to loans granted to staff.

Within the framework of solidarity in favor of its staff, the Bank granted donations and relief to 26 beneficiaries for a total amount equal to 89 thousand TND.



## Training and skills development

In terms of training, 2019 was marked by the implementation of the new training digitalization program, the migration to electronic newspaper subscriptions, the organization of two open days on HR Strategy, Digital Transformation and DATA, and the signing of a Senior agreement. In addition, training programs were organized for 51% of the Bank's workforce, i.e. 974 employees, including 327 senior managers, 554 middle managers and 93 line managers.

Inter-company and intra-company training programs totaled 115 and 18 training sessions, respectively, spread over a total of 978 training days.

In addition, 72 employees were enrolled in diploma and certification training and 13 in training abroad.

## DEVELOPMENT PROSPECTS

STB has continued, for the fourth consecutive year, to successfully implement its 2016-2020 strategy, enabling it to accomplish its mission as a benchmark partnership in the development of its customers, to achieve profitable and sustainable growth for its shareholders, to support its employees who are increasingly committed and fulfilled and to be a responsible and influential player in the sustainable and inclusive development of Tunisia.

Indeed, the year 2019 saw the acceleration of the Bank's transformation in terms of modernization of its information system with a view to optimizing processing and improving services offered to customers. This is evidenced by the implementation of several innovative digital products and the Bank's ongoing digital transformation process.

Similarly, the social restructuring of human resources (rejuvenation of staff, targeted recruitment, etc.) has been completed in a clear manner and the development of human capital (training, upgrading, etc.) has been stepped up with targeted themes and the adoption of new tools adapted to technological developments.

In terms of management and financial equilibrium, the STB has succeeded in introducing proactive management allowing it to better manage its equity capital and liquidity reserves in order to ensure its solvency and liquidity on a sustainable basis. This

has enabled it, on the one hand, to ensure permanent compliance with all prudential standards and, on the other hand, to optimize its profitability.

These acquired performances encourage the STB to make 2020, the last year and third horizon of the strategy and the business plan, the year of takeoff as initially planned in 2016, the year of conception of this strategy.

Thus, the STB should maintain or even improve the financial results achieved in 2019, which have already earned it a place on the podium of high-performance banks and improved its positioning.

A new strategy, new ambitions and new horizons are mandatory and will be defined in 2020 for the next five-year period 2021-2025.

This new strategy, which will rely on the expertise of human capital and the ongoing development of employee skills, will obviously take into account the current economic climate, in particular the adverse social and financial repercussions of the coronavirus pandemic on the various economic agents, the impact of which cannot be estimated at this time.

But this will in no way prevent the STB from acting and doing its best to achieve its objectives and remain a citizen bank that fully ensures its social and environmental responsibility and accompanies the country's development.





Jellal BEN ABDALLAH  
Collection privée STB



# Activity of Société Tunisienne de Banque

CONTROL & RISK MANAGEMENT





# INTERNAL CONTROL

## Continuous improvement of the quality of the internal control system

With a view to strengthening its internal control system in accordance with the regulations in force, particularly Circular BCT 2006-19 and the Banking Act 2016-48, and in line with best practices in this area, the STB continues to improve this system along the following lines :

### Operational and procedural control system

Control of the compliance of operations, organization and internal procedures with the legal and regulatory provisions in force is carried out by operational staff, their hierarchical superiors, the second-level control structures, in particular the Permanent Compliance Control Body and, as a last resort, by the periodic control bodies: the Internal Audit Department and the Inspection Department, within the framework of the assignments carried out.

This control is based on a set of regulatory texts and procedural notes and an information system allowing the processing and analysis of data, the control of operations and processes and the dissemination of results.

The adoption of a system of application control, empowerment and delegation of authority is a pragmatic solution to ensure better control of operations.

STB has also continued to develop and to update a certain procedural notes and regulatory decisions in order to ensure a better delineation of responsibilities and a clear delegation of authority.

As an example, the decisions to grant credit to individuals or companies are subject to formal delegations of authority by decision-making hierarchy (branch manager, regional director, credit manager, central credit manager, credit committee).

These delegations of authority shall be updated whenever it is deemed necessary.

Also with a view to strengthening its internal control system, the STB has launched a series of projects in 2019, focusing on:

- ◆ The optimization of the permanent control process: This project consists of defining the operational controls to be carried out at the level of the bank's various processes and the second level controls to be introduced in the new system to be put in place;
- ◆ The optimization of the compliance control process: This project consists in bringing the Carthago Agency application into compliance with the regulatory obligations in terms of the fight against the financing of terrorism & the suppression of money laundering and the FATCA law ;
- ◆ The optimization of the accounting control process: This project consists of defining the permanent accounting controls to be implemented to ensure their interpretation and the correct recording of transactions.

### Accounting organization and information processing

The accounting function is carried out by a Central Directorate, organized into 3 directorates :

- ◆ The Financial Statements Preparation and Analysis Directorate, which is responsible for centralizing accounting information via the central site and for preparing the financial statements and closing the interim financial statements.
- ◆ The Accounting Control Directorate, which is in charge of controlling and ensuring the consistency of accounting entries, the regularization of errors and the justification and clearance of suspense items noted in collaboration with the concerned departments.
- ◆ The Accounting System Overhaul Directorate is responsible for optimizing accounting procedures and formalizing accounting procedures.

The Bank also prepares consolidated financial statements for the STB Group, in compliance with the relevant standards. Data integration is carried out using a new IT tool on the basis of information provided by the subsidiaries entering the scope of consolidation.

In 2019, STB continued to improve its accounting information system by generalizing the supply of accounting data in an automated manner. The objective of this transformation is to improve information processing by guaranteeing the audit trail for justification and control purposes.



## Documentation and information system

The core of the new information system constitutes a base that interfaces with all the functional business applications.

It includes, among others, an accounting module allowing the integration of the principle of separation of operational and accounting treatments in compliance with the new Tunisian accounting standards.

This device which was repositioned in the new organization of the bank allows, in addition to the preparation of regulatory reports intended for the supervisory and control bodies and financial communication, the establishment of management charts and management reports for the various trades and structures of the bank.

Information is systematically saved as part of the IT continuity plan, which is a set of measures designed to temporarily ensure the maintenance and continuity of activity of the Bank's critical business lines, followed by the planned resumption of initial activities.

IT security is periodically audited by a specialist firm chosen following a call for tenders in accordance with the regulations in force.

With regard to the security of the Bank's information system and premises, it should be noted that :

The various servers and equipment are housed in the premises, where an access control system using smart cards is installed, making it possible to identify the person's name and the time of access.

All branches are monitored by an alarm system connected to a security control station at the head office level.



Abdelaziz GORGI  
Collection privée STB





# PERMANENT CONTROL

## Continuous strengthening to mitigate operational risks

The main objectives of permanent control remain to ensure compliance with procedures, the correct completion of operations and the implementation of the necessary upstream and downstream controls.

The main actions undertaken during 2019 with a view to gradually strengthening the permanent control system are as follows :

### Awareness-raising and training actions

As part of a workshop dedicated to the bank branches' staff, an awareness-raising campaign was carried out jointly with the Operational and Market Risks Directorate and the Good Governance and Compliance Control Body.

The target population consisted of Regional Directors, branches' managers and Permanent Regional Controllers. The interventions presented were intended to :

- ◆ Outline the importance of different levels of control,
- ◆ Strengthen the first-level control,
- ◆ Develop and specify new procedures for reporting operational incidents and anomalies to the control structures.
- ◆ Disseminate and popularize the culture of risk and control.

### Identification of existing system checkpoints

In coordination with the technical administrators of the business applications, actions of enumeration and identification of the various mechanized control points are carried out by module and by stage or product, the aim being to check as much as possible their effectiveness and conformity with the regulatory requirements.

### Introduction of new automated checkpoints

The points to be checked that are not yet integrated into the automated transaction processing systems (input blocks, consistency checks, locks, reconciliations, etc.) are defined by the permanent control team in coordination with the operational entities, the other control structures and the management of the organization.

This work is based on an exhaustive and regularly updated mapping of operational risks, failures noted by operational staff in relation to their knowledge of the risks, the review and adaptation of controls to new products implemented, incidents and shortcomings detected by other internal control bodies and reports from external control bodies (Statutory Auditors, CBT, etc.).

### Process control

As part of its functional projects, the Permanent Control Directorate began implementing a permanent control system for the following activities in 2019 :

- ◆ Engagement process
- ◆ Foreign banking and market operations in dinars and foreign currencies

# RISK MANAGEMENT

## Continuous reinforcement of the risk management system.

Within the STB, the risk management system covers the three main types of risk, i.e. credit risks, operational risks and market risks, under the supervision of a risk committee from the Board of Directors.

### Credit risk management system

With regard to credit risk management, and in addition to compliance with regulations on the valuation and classification of claims in accordance with the regulations in force, the Bank is continuing its work on setting up the credit risk module and an Internal Rating System (IRS) after completion of the external assistance contract.



## Implementation of the credit risk module

As part of the implementation of the Credit Risk module acquired from the Corporate and Investment Banking software publisher, teams have been set up as commissions to define, test and validate the various formulas and variables required to calculate provisions.

## Internal Rating System (IRS)

Following the completion, in December 2018, of the assistance contract with the firm CH&CO, which was commissioned by the World Bank, the credit risk team continued the internal rating work while awaiting the hiring of a new expert.

Training courses on internal counterparty risk ratings have been stepped up, and reference research and practices in this area have been carried out internally.

In the same vein, the Credit Risk Department proceeded, during 2019, to :

- ◆ The optimization of the proposed models and the adjustment of the default definition for companies (corporate)
- ◆ Revision of the segmentation and adjustment of the default definition
- ◆ The integration of the IFRS9 component in the Internal Rating System project
- ◆ Completion of back-testing and model calibration of the models.
- ◆ The observation of several important counterparties in the first bases, hence the need to revise the models (in progress)
- ◆ Validation of a negotiated purchase contract for audit and validation of models after cancellation of the consultation
- ◆ Discussions with IRS solution specialists and the development of specifications

## Market risk management system

The main aspects of market risk management realized during 2019 are as follows :

### Market risk management policy development

This policy defines all the rules of conduct governing the processes for managing, identifying, measuring, assessing, monitoring and reporting market risks.

## Development of the Trading Portfolio Management Policy

This policy aims to determine the positions to be included and excluded from the trading portfolio, the definition of trading intention, the valuation of the trading portfolio and the rules for the transfer of instruments between the trading and banking portfolios.

### Market risk measurement :

The evaluation of market risks within the Bank is based on the combination of several types of indicators, including the 95% Value at Risk (VaR) method, which estimates the maximum potential loss that the Bank could incur in the event of unfavorable variations in market parameters, thus ensuring the day-to-day monitoring of the market risks taken by the Bank. The VaR is also used to calculate the minimum amount of capital required within the bank.

Backtesting tests are carried out periodically to ensure the validity of the estimates.

The bank also calculates other indicators: duration of holding a position, maximum maturity and sensitivity indicators.

### Establishing internal limits :

The Bank's exposure to market risks is managed by setting internal exposure limits and operational ceilings, both overall and by type of risk incurred. These limits are set for over-night foreign exchange positions, for the overall foreign exchange position and for bank counterparties. Compliance with the limits is regularly monitored and alerts are sent to the parties concerned. A regular review of internal limits is established in accordance with the policy set by the Bank.

### Simulation of crisis scenarios :

In application of Article 34 of CBT Circular No. 2006-19, crisis simulations are regularly carried out to assess the market risks incurred in the event of strong variations in interest rates and exchange rates.

### Capital requirements for market risk :

The Operational and Market Risks Directorate regularly calculates the capital requirements to deal with possible market-related losses (CBT Circular No. 2018-06).



Jellal BEN ABDALLAH  
Collection privée STB



# Activity of Société Tunisienne de Banque

SOCIAL RESPONSIBILITY (CSR)







## CORPORATE SOCIAL RESPONSIBILITY (CSR)

### STB, a citizen bank ...

The STB has adopted a CSR approach at the heart of its 2016-2020 strategy and has thus chosen a transitional passage through the implementation of a strategic plan operating in project mode whose mission is to improve management processes, better risk management, contribution to the corporate culture, improvement of operational efficiency, etc.

To this end, the STB has developed its CSR report, which is part of an information approach to the voluntary integration of social, environmental and economic concerns into the bank's business activity and its relations with all stakeholders. For the bank, it consists of drawing up a public report on its economic, environmental and social impacts, and consequently on its positive or negative contributions to the achievement of sustainable development objectives.

The construction of CSR will then be built through :

1. Engagement with a partner, in particular for CSR reporting
2. Prioritization of CSR axes
3. Creation of a CSR structure to formalize the bank's commitment: reporting / training
4. Choice of one of the standards: Signature of the global compact (support and supervision by the local network of the global compact)

The first step was to join the Global Compact, the world's leading global corporate citizenship initiative, under which the STB commits to respect and promote in its activities and sphere of influence the 17 SDOs related to human rights, labor rights, the environment and anti-corruption. The signature took place on 20/01/2020.

In addition, the creation of a STB foundation can only enrich and support the bank's CSR approach. Indeed, certain actions can be carried out by the foundation. The STB's CSR is based on 3 axes: an economic commitment, an environmental commitment and a social commitment.

**With regard to economic commitment**, the STB's social responsibility consists, as a priority, in the effectiveness of its action to create and support sustainable growth for companies, helping them to

undertake a lasting transformation that creates value.

During 2019, STB:

- ◆ Agreed to the financing of:
  - A pilot project of 8.4 Million Dinars for the installation of a photovoltaic power plant with a power of 10 Mega Watt in Meknassi Sidi Bouzid within the framework of a PPP.
  - Two energy efficiency projects for an amount of 6 Million dinars to reduce the consumption of two industrial units operating in the textile sector in BOUHAJER.
- ◆ Engaged several negotiations to mobilize various external lines dedicated to green financing, value chain financing and financing of the social and solidarity economy :

Thus, two lines are currently available:

- A 26 million KFW line for responsible financing
- An AFD line for 50 million euros, 15% of which is earmarked for green financing
- ◆ Reserved budgets and dedicated resources for the implementation of an ESMS (Environmental and Social Risk Management System) in accordance with SFI standards to be integrated into the IS.

The year 2019 was also a year in which employees were able to increase their skills by attending training courses on financing renewable energy projects and financing the sustainable economy through financial inclusion via the financing of value chains.

The STB was an official partner of various national events and various Challenges and competitions on the promotion of entrepreneurship, innovation and digital transformation: TDS, ENACTUS MSB, Hult Prize Competition, Taylor Competition, FITA 2019 partner, Startup Competition carthage weekend, Entrepreneurship Fair, Tunisia 2020, Challenge entrepreneurial projects of sup'com.

**In terms of social commitment**, the STB actively participates in solidarity, sports, artistic and cultural actions in the following areas :



- ◆ Sports : sponsoring of sporting events (ASGAbes, Sakiet Ezzit Sports Club, National Handball Team, Tennis Club of Kerkennah Islands)
- ◆ Health: Fight and prevention against Alzheimer's disease (Action Memory Run) / Action in favor of people with myopathy
- ◆ Solidarity : Action to help the homeless (Association Dar Tounis) / Financial aid during the floods of 2018
- ◆ Education, research and higher education : Sponsorship of academic events (TuniRobots, Electro-Gills, Raid, Isam Run, ENIT, AIESEC, SUPCOM)
- ◆ STB partnership with the Ministry of Education : The STB will provide the means of electronic payment TPE in the branches of the national pedagogical center.

Internally, social commitment is manifested by :

- ◆ Recruitment, mobility and training : Responsible employment management with dynamic career management guaranteeing equal opportunities based on merit-based recruitment procedures, the creation of the status of business expert, ...
- ◆ Health field: Coverage of the financial risks of medical care (health insurance) / medical coverage (agreements drawn up with clinics & medical centers) / Medical coverage through occupational medicine groups.
- ◆ Solidarity area: Creation of a mutual aid fund (Financing part of the medical expenses that have not been covered / the Donations & Relief action (donations granted to staff facing difficulties)
- ◆ Field of Education: A STB " Home La Soukra " kindergarten opened for the benefit of the children of the personnel
- ◆ Sports & Leisure: Football, Handball, Volleyball & Basketball STB teams

- ◆ The employee-management relationship: Develop internal trust in the employee-employer relationship in accordance with Principle 6 of the Global Compact, Respect the STB's legal obligations towards its employees and implement appropriate working conditions in terms of hygiene, health, physical integrity and safety. Among the actions we mention :

- Digitization of the process of monitoring the payment of medical expenses to active and retired staff.
- Implementation of an HR information system to improve HR actions.
- STB Academy
- Implementation of a collaborative platform

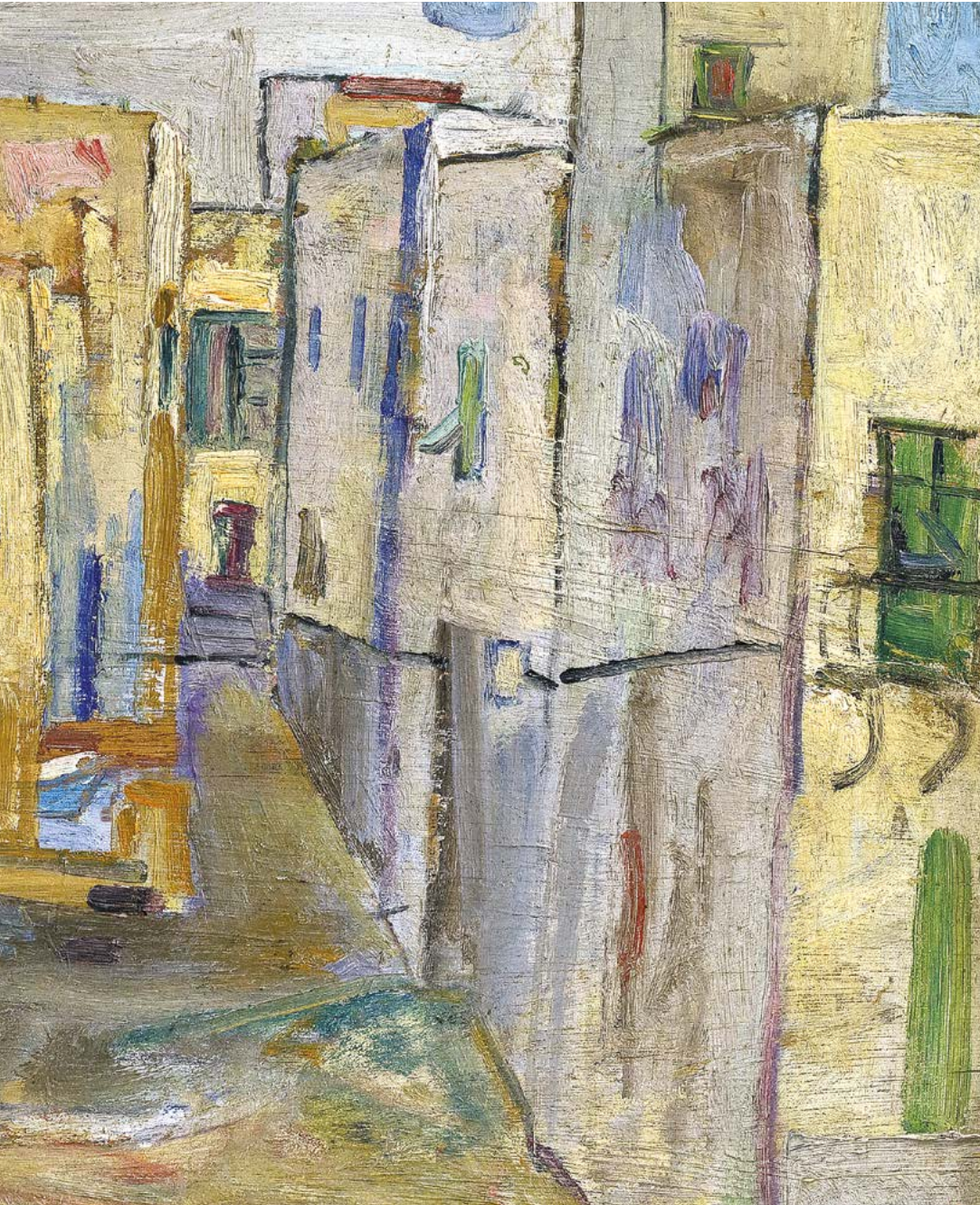




Yahia TURKI  
Collection privée STB



# Financial Statements







# BALANCE SHEET

Period from January 1 to December 31, 2019

(Unit: in 1000 TND)

	Notes	2019	2018	Variation	%
<b>ASSETS</b>					
AC1 - Cash and assets with CBT, Tunisian Post Office and TGT	6.1	519 434	300 833	218 601	72,7%
AC2 - Receivables from banking and financial institutions	6.2	518 287	445 990	72 297	16,2%
AC3 - Receivables from customers	6.3	7 978 168	7 133 408	844 760	11,8%
AC4 - Commercial securities portfolio	6.4	338 719	322 265	16 455	5,1%
AC5 - Investment portfolio	6.5	1 134 604	1 155 076	(20 472)	(1,8%)
AC6 - Fixed assets	6.6	127 894	128 267	(373)	(0,3%)
AC7 - Other assets	6.7	684 754	1 033 993	(349 239)	(33,8%)
<b>Total assets</b>		<b>11 301 860</b>	<b>10 519 832</b>	<b>782 028</b>	<b>7,4%</b>
<b>LIABILITIES</b>					
PA1 - Central Bank and Tunisian Post Office	6.8	1 426 074	1 731 309	(305 235)	(17,6%)
PA2 - Deposits and assets of banking and financial institutions	6.9	212 676	292 262	(79 586)	(27,2%)
PA3 - Customer deposits and assets	6.10	7 370 560	6 356 968	1 013 592	15,9%
PA4 - Loans and special resources	6.11	312 987	284 825	28 162	9,9%
PA5 - Other liabilities	6.12	951 653	984 290	(32 637)	(3,3%)
<b>Total liabilities</b>		<b>10 273 950</b>	<b>9 649 654</b>	<b>624 296</b>	<b>6,5%</b>
<b>EQUITY</b>					
CP1 - Equity	6.13	776 875	776 875	-	-
CP2 - Government allocation	6.13	117 000	117 000	-	-
CP3 - Reserves	6.13	466 461	466 076	385	0,1%
CP4 - Own shares	6.13	(5 509)	(5 509)	-	-
CP5 - Other equity	6.13	24 042	24 510	(468)	(1,9%)
CP6 - Reported results	6.13	(508 306)	(575 637)	67 331	11,7%
CP7 - Financial year outcome	6.13	157 347	66 863	90 484	135,3%
<b>Total equity</b>		<b>1 027 910</b>	<b>870 178</b>	<b>157 732</b>	<b>18,1%</b>
<b>Total equity and liabilities</b>		<b>11 301 860</b>	<b>10 519 832</b>	<b>782 028</b>	<b>7,4%</b>



# STATEMENT OF OFF-BALANCE SHEET COMMITMENTS

Period from January 1 to December 31, 2019

(Unit: in 1000 TND)

	Notes	2019	2018	Variation	%
<b>CONTINGENT LIABILITIES</b>					
HB1 - Bonds, endorsements and other guarantees given	7.1	1 354 692	1 373 598	(18 906)	(1,4%)
HB2 - Documentary credits		505 097	413 083	92 014	22,2%
HB3 - Assets pledged as collateral	7.2	-	-	-	-
<b>Total contingent liabilities</b>		<b>1 859 789</b>	<b>1 786 681</b>	<b>73 108</b>	<b>4,1%</b>
<b>COMMITMENTS GIVEN</b>					
HB4 - Funding commitments given	7.3	100 230	154 502	(54 272)	(35,1%)
HB5 - Securities commitments	7.4	809	859	(50)	(5,8%)
<b>Total commitments given</b>		<b>101 039</b>	<b>155 361</b>	<b>(54 322)</b>	<b>(35,0%)</b>
<b>COMMITMENTS RECEIVED</b>					
HB7 - Guarantees received	7.5	2 198 960	2 132 046	(66 914)	(3,1%)
<b>Total commitments received</b>		<b>2 198 960</b>	<b>2 132 046</b>	<b>(66 914)</b>	<b>(3,1%)</b>



Pierre BOUCHERLE  
Collection privée STB



# PROFITABILITY REPORT

Period from January 1 to December 31, 2019

(Unit: in 1000 TND)

	Notes	2019	2018	Variation	%
<b>Banking operating income</b>					
PR1 - Interest and similar income	8.1	803 026	622 188	180 838	29,1%
PR2 - Commissions (in income)	8.2	108 033	91 151	16 882	18,5%
PR3 - Gains on commercial securities portfolio and financial transactions	8.3	63 899	60 252	3 646	6,1%
PR4 - Income from the investment portfolio	8.4	73 083	72 587	496	0,7%
<b>Total banking operating income</b>		<b>1 048 041</b>	<b>846 177</b>	<b>201 864</b>	<b>23,9%</b>
<b>Bank operating expenses</b>					
CH1 - Interest payable and similar charges	8.5	(440 067)	(367 541)	(72 526)	(19,7%)
CH2 - Commissions incurred		(6 833)	(5 249)	(1 584)	(30,2%)
<b>Total banking operating expenses</b>		<b>(446 900)</b>	<b>(372 790)</b>	<b>(74 110)</b>	<b>(19,9%)</b>
<b>Net banking income</b>	<b>8.6</b>	<b>601 141</b>	<b>473 387</b>	<b>127 754</b>	<b>27,0%</b>
PR5-CH4 - Allocations to provisions and result of value adjustments on receivables, off-balance sheet and liabilities	8.7	(120 770)	(181 226)	60 456	33,4%
PR6-CH5 - Allocations to provisions and result of value adjustments on the investment portfolio	8.8	(21 904)	3 828	(25 732)	(672,2%)
PR7 - Other exploitation products	8.9	7 633	7 881	(248)	(3,1%)
CH6 - Personnel costs	8.10	(150 584)	(143 341)	(7 243)	(5,1%)
CH7 - General charges of exploitation	8.11	(71 385)	(66 511)	(4 874)	(7,3%)
CH8 - Depreciation and provisions on fixed assets		(12 262)	(9 908)	(2 354)	(23,8%)
<b>Operating result</b>		<b>231 869</b>	<b>84 110</b>	<b>147 759</b>	<b>175,7%</b>
PR8-CH9 - Balance in gain / loss from other ordinary items	8.12	13 039	11 501	1 538	13,4%
CH11 - Income tax	8.13	(82 828)	(25 800)	(57 028)	(221,0%)
Result from ordinary activities		162 080	69 812	92 268	132,2%
PR9-CH10 - Balance in gain / loss from other extraordinary items		(4 733)	(2 949)	(1 784)	(60,5%)
<b>Net profit for the year</b>		<b>157 347</b>	<b>66 863</b>	<b>90 484</b>	<b>135,3%</b>
Effect of accounting changes (Net of tax)		-	13 988	(13 988)	(100,0%)
<b>Result after accounting modification</b>		<b>157 347</b>	<b>80 851</b>	<b>76 496</b>	<b>94,6%</b>





# STATEMENTS OF CASH FLOWS

Period from January 1 to December 31, 2019

(Unit: in 1000 TND)

	Notes	2019	2018	Variation	%
<b>Operating activities</b>					
Bank operating income received		928 044	807 017	121 027	15,0%
Bank operating expenses disbursed		(440 656)	(371 569)	(69 087)	(18,6%)
Deposits / withdrawals of deposits with banking and financial institutions		168 474	115 420	53 054	46,0%
Loans and advances / repayments loans and advances granted to customers		(919 413)	(1 195 757)	276 344	23,1%
Deposits / withdrawal of customer deposits		1 014 341	399 532	614 809	153,9%
Investment securities		(7 087)	139 045	(146 132)	(105,1%)
Amounts paid to staff and various creditors		(136 349)	(151 081)	14 732	9,8%
Other cash flows from operating activities		123 124	(268 241)	391 365	145,9%
Income tax		(16 270)	(2 366)	(13 904)	(587,7%)
Net cash flow from operating activities	9.1	714 208	(528 001)	1 242 209	235,3%
<b>Investment activities</b>					
Interest and dividends received on the investment portfolio		68 971	61 959	7 012	11,3%
Acquisitions / disposals of investment portfolio		54 742	(146 333)	201 075	137,4%
Acquisitions / disposals of fixed assets		(4 596)	(7 284)	2 688	36,9%
Other investment flows		-	-	-	-
Net cash flow from investing activities	9.2	119 117	(91 658)	210 775	230,0%
<b>Fundraising activities</b>					
Repurchase of own shares		-	-	-	-
Issue of shares		-	-	-	-
Issuance of loans		53 700	26 300	27 400	104,2%
Repayment of loans		(34 802)	(34 822)	20	0,1%
Increase / decrease in special resources		7 527	5 585	1 942	34,8%
Dividends paid		-	-	-	-
Net cash flow allocated to financing activities	9.3	26 425	(2 937)	29 362	999,7%
Impact of changes in exchange rates on cash and equiv. cash		-	-	-	-
Impact of changes in methods on liquidity and equiv. cash		-	-	-	-
Net change in cash and cash equivalents		859 750	(622 596)	1 484 257	238,1%
Cash and cash equivalents at the start of the period		(1 398 184)	(775 588)	(622 596)	(80,3%)
Cash and cash equivalents at end of period	9.4	(538 434)	(1 398 184)	(1 936 618)	(138,5%)



# NOTES TO FINANCIAL STATEMENTS

AT 31 DECEMBER 2019

(Amounts expressed in thousand dinars - mTND)

## 1 - PRESENTATION OF THE BANK

STB is a limited liability company governed by law n°2016-48 of July 11th, 2016 pertaining to banks and financial institutions. STB's inaugural general assembly was held on January 18th, 1957 and capital stands at 776,875,000 Tunisian dinars, made up of 155,375,000 shares worth five dinars each. STB stock is traded on the Tunis stock market (BVMT).

Its head office is located on Avenue Hedi Nouria, 1001 Tunis and its network includes 140 premises and 181 ATMs.

The structure of STB capital as at December 31st, 2018 is given in the following table.

Shareholders	Number of shares	Amount in thousand TD	% of Capital
A/TUNISIAN SHAREHOLDERS	Amount in	767 718	98,82%
- THE TUNISIAN STATE	% of capital	555 800	71,54%
- PUBLIC ENTERPRISES	18 408 461	92 042	11,85%
- PRIVATE LEGAL ENTITIES	10 205 160	51 026	6,57%
- BUYBACK OF ITS SHARES BY THE BANK	679 987	3 400	0,44%
- PRIVATE INDIVIDUALS	13 090 087	65 450	8,42%
B/FOREIGN SHAREHOLDERS	1 831 301	9 157	1,18%
- LEGAL ENTITIES	1 159 135	5 796	0,75%
- PRIVATE INDIVIDUALS	672 166	3 361	0,43%
<b>TOTAL</b>	<b>155 375 000</b>	<b>776 875</b>	<b>100,00%</b>

## 2 - REFERENCIAL FOR DRAWING UP THE FINANCIAL STATEMENTS

STB's financial statements as at December 31st, 2017 have been drawn up in line with the terms of law n°96-112 of December 30th, 1996 pertaining to corporate accounting and sectoral Tunisian accounting standards, notably NCT 21, 22, 23, 24 and 25 regarding banking institutions.

## 3 - BASIS FOR MEASUREMENT AND PERTINENT ACCOUNTING PRINCIPLES APPLIED

STB's financial statements have been drawn up on the basis of measuring the components of patrimony at their historical cost. The most significant accounting principles are listed below.

### 3.1 - Accounting for commitments and related income

#### 3.1.1 - Accounting for off balance sheet commitments

Financing commitments related to medium and long term loans, documentary credit and guarantees in the form of endorsements and warranties are entered on the off balance sheet as they are contracted, then transferred to the balance sheet as funds are released, at their face value.

#### 3.1.2 - Accounting for loans to clients

Loans net of discount are entered on the balance sheet at their face value less interest entered in advance but not yet accrued.

Disbursed loans and overdrawn current accounts are entered after deduction of interest and reserved agios, proceeds received or entered in accounting in advance, along with related provisions.



### 3.1.3 - Accounting for loans to clients

Interest, related proceeds and commissions are taken into account under results for the year ending December 31st, 2019, in the amounts relating to that year.

Interest on short term loans are paid in advance and entered into accounting on adjustment lines when loans are released, treated as a subscription at the end of the month for the portion accrued.

Unpaid interest pertaining to doubtful medium and long term loans (classes B2, B3 and B4), in the sense of central bank of Tunisia (CBT) circular n° 91-24, is entered as reserved interest, subtracted from the line entitled "claims on clients". Such interest is taken into account under results when it is actually deposited.

Accrued interest not yet paid pertaining to loans classified as current assets (class A) or assets requiring particular monitoring (class B1) in the sense of central bank of Tunisia (CBT) circular n° 91-24, which are reasonably sure of being actually paid, is entered under results as it accrues.

Reserving of proceeds for overdrawn current accounts is entered on the basis of the criteria relating to freezing of an account as well as class of risk.

An account is deemed frozen if the sum of net credit entries is less than the debit agios generated by the account.

Agios on disputed claims in closed overdrawn current accounts are not entered into accounting.

### 3.1.4 - Accounting for late interest

Late interest is entered by STB when the client makes the payment or when loans are consolidated for a given client.

However, following introduction in 2007 of new software for monitoring disputed loans (« IMX »), some late interest has been calculated, reserved and entered into accounting, in the amount of 343,631 thousand dinars.

### 3.1.5- Provisions for commitments

#### i . Individual provisions

Provisions required for client commitments have been determined in line with the prudential norms of division, coverage of risk and monitoring of commitments, as per central bank of Tunisia (CBT) circular n° 91- 24, as modified by subsequent texts that define classification of risk and minimum rate of provisioning, as follows.

Classes	Description	Provision Rate
A	Actifs courants	0%
B1	Actifs nécessitant un suivi particulier	0%
B2	Actifs incertains	20%
B3	Actifs préoccupants	50%
B4	Actifs compromis	100%

Provisioning rates by category of risk are applied to uncovered net risk, i.e. the amount of the commitments minus reserved agios, and the value of guarantees obtained in the form of financial assets, mortgaged buildings, State guarantees as well as bank and insurance guarantees.

Provisions for loans and overdrawn accounts are presented with the relevant lines deducted.

Provisions for off balance sheet commitments are presented under « other liability lines ».

#### ii . Collective provisions

In application of article 10bis of central bank of Tunisia (CBT) circular n° 91-24 of December 17th, 1991, to which was added circular n° 2012-20 of December 6th, 2012, STB constituted provisions of a general character entitled «Collective provisions» in order to cover latent risk on current commitments (class 0) and those requiring particular monitoring (class 1) in the sense of article 8 of central bank of Tunisia (CBT) circular n° 91-24.

To determine the amount of this provision, the bank has retained the referential methodology annexed to circular n° 91-24.



### iii . Additional provisions

In application of circular to banks n° 2013-21 of December 30th, 2013, STB has constituted additional provisions for assets that have been in class 4 for three or more years in order to cover net risk, in line with the following minimum rates:

- 40% for assets that have been in class 4 for three to five years
- 70% for assets that have been in class 4 for six or seven years
- 100% for assets that have been in class 4 for eight years or more

## 3.2 - Accounting for the securities portfolio and related income

There are two categories in the Bank's securities portfolio: the investment portfolio and the commercial securities portfolio.

### 3.2.1 - Investment portfolio and related income

The investment portfolio includes:

- Securities representing shares in the capital of companies for which ongoing possession is considered to be useful for the Bank's activity, i.e. holdings of a sustainable nature: equity interests, shares in associated companies and shares in related companies;
- Fixed-income securities acquired by the Bank with the intention of holding them until their maturity (investment securities including bonds);
- Securities issued by the State "Treasury Bonds" acquired by the Bank with the intention of holding them until their maturity;
- Securities representing financing participation governed by a buyback agreement but which have not yet been definitively transferred;
- Funds managed by capital risk companies.

Regulations pertaining to accounting for transactions regarding these various categories of securities are summarized as follows.

Les règles de comptabilisation des opérations sur ces différentes catégories de titres sont résumées comme suit :

#### i . Participation securities of a durable nature

Such securities are entered into accounting on the balance sheet at the cost of acquisition, exclusive of charges and costs.

Subscribed and non-paid-up participations are recorded as off-balance sheet commitments for their issue value.

Transactions to acquire and sell participation securities are entered either on the date they are transferred or on the date the transaction is recorded at the Tunis Stock Market. Profits resulting from sale of these securities are entered on the line entitled « Allotments to provisions and result of correction of values on the investment portfolio ».

Dividends on securities held by the Bank are taken into account under results when their distribution has been officially approved.

#### ii . Investment securities

Income from fixed return securities (bonds) are taken into account as proceeds spread out over the relevant period.

When the purchase price of the fixed income securities is higher or lower than their redemption price, the difference referred to as premium or discount is included in the acquisition cost and spread over the remaining life of the securities.

#### iii . Securities representing equity financing

Financing shares are considered as an extension of mainline financing activities and gains resulting from their sale are treated as interest, constituting a portion of proceeds from banking operations. These gains are entered as proceeds just once, at the time they are transferred, on the line entitled « income from the investment portfolio ».

Dividends on securities held by the Bank are entered as results when their distribution is officially approved.

Unpaid amounts in capitalized interest (converted to capital shares) are transferred from claims accounts to holdings accounts. Related reserved agios accounts are transferred to provisions for holdings.





#### iv . Provisions for holdings

Les titres de participation sont évalués à leur valeur d'usage à la date d'arrêt des comptes et donnent lieu à la constitution de provisions pour couvrir des pertes qui pourraient être rencontrées et qui sont de nature durable. Cette valeur prend en compte :

- The market value for shares traded on the stock market,
- The mathematical value calculated from the last balance sheet available for investments in non-hotel projects,
- The mathematical value calculated from the last adjusted balance sheet, taking into account the capital gain on fixed assets for participating in hotel projects,

Holdings in funds managed by capital risk funds that are carried out in the framework of retrocession agreements are assessed at their use value, taking into account prospects for recovery. In this case there is provisioning for holdings that have not made retrocession payments as scheduled and for which the use value does not cover the cost of acquisition of shares.

#### 3.2.2 - Commercial securities portfolio and related income

The commercial securities portfolio held by the Bank is classified into two categories:

- Transaction securities: securities marked by their liquidity and which have been held for no more than three months.
- Investment securities: securities acquired with the intention of holding them for no more than one year

These securities are recognized on the balance sheet at the acquisition price, exclusive of costs and charges.

Income related to these securities is included in the income statement over the period concerned.

The premium or discount on investment securities is spread over the remaining term of the securities.

At each accounting close, trading securities must be valued at market value. The market value corresponds to the weighted average share price on the closing date or on the most recent earlier date. Price variations resulting from their valuation at market value are taken to profit or loss. Income relating to trading securities is carried to profit or loss upon realization.

### 3.3 - Accounting for client deposits and related charges

Les charges d'intérêts sur les dépôts et avoirs de la clientèle sont constatées par nature de dépôt de la manière suivante :

Interest charges on client deposits and holdings are entered by type of deposit as follows :

- Interest on current accounts is positioned on client accounts and entered into accounting on a quarterly basis. The dates of value used to calculate interest on client current accounts varies according to the nature of withdrawal or deposit transactions made by clients, in line with circular n° 91-22.
- Interest on forward accounts is positioned on client accounts that have fallen due and it is the object of subscription on each closing date.

### 3.4 - Accounting for resources and related charges

Loans contracted by the Bank are entered on the balance sheet as and when drawings are made. Interest on loans is recognized as an expense as it accrues.

External loans in foreign currency are converted into dinars at the rate of exchange in effect when the funds are made available. The currency risk is the object of coverage from the national guarantee fund managed by the reinsurance company TUNIS-RE.

Debts labelled in foreign currency are updated to the exchange rate on the date of closing. And the coverage contract signed with TUNIS-RE, which provides protection from currency risk, is entered into accounting as an instrument of coverage, as per international accounting standard IAS 39. It is then assessed at its true value, which corresponds to the currency risk estimated on the date of closure.

### 3.5 - Buyback of its own stock

In line with the terms of Tunisian accounting norm 02 pertaining to equity:

- Repurchase of treasury shares is entered on the balance sheet subtracted from equity.
- Gains or losses on repurchased treasury shares are entered into accounting directly under equity.
- Dividends paid on repurchased treasury shares are entered under the line entitled « deferred results ».

### 3.6 - Accounting for transactions labelled in foreign currency and foreign exchange gains & losses

Transactions for foreign currency exchange are entered into accounting daily at the rate posted for the day on which the transaction took place. The result on exchange represents in this case the difference between the buying rate and the selling rate on the day in question.

Balance sheet lines labelled in foreign currency, including exchange positions, are the object of revaluation of the set rate for exchange in effect on the closing date. The difference is recorded on the balance sheet account line 38.391: Difference on conversion.

### 3.7 - Fixed assets and depreciation

Fixed assets are recorded at their acquisition cost given the percentage of VAT recovery from the previous year.

Fixed assets are depreciated using the straight-line method. The depreciation rates applied by the Bank are given below:

-Buildings	2%
-Transport equipment	20%
	10%
-Office furniture and equipment	15%
	20%*
-Security, communication and air conditioning equipment	10%
	15%
-Computer equipment	33%*
-Computer software	33%
-Facilities, fixtures & fittings	10%

*(\*) Rate applied for acquisitions starting January 1st, 2008.*

However, contrary to the accounting principle of historical cost, the Bank in 2000 began to revalue land and buildings, which led to an increase in equity of 37.324 million dinars, entered on the line entitled «other equity».

As of December 31st, 2017, in application of IAS standard 16, a portion of the balance of the difference upon revaluation was transferred to results carried forward, in order to take into account the decreased accounting value of revaluated fixed assets.

### 3.8 - Provisions for departure indemnities on retirement and other post-employment benefits

A provision for staff benefits is entered into accounting by the Bank in order to meet commitments corresponding to the actual value of rights acquired by staff with regard to indemnities outlined in an official agreement, amounting to six months of pay due to them at the time of departure on retirement. This is the result of a calculation made using the retrospective method of projected units of credit, as per IAS 19 Staff benefits, which has no equivalent in Tunisia. It takes into account mortality risk, projected trends in wages, staff rotation and a discount rate.

An additional provision is also entered into accounting to cover the Bank's commitments to retired staff with regard to social insurance, using the same accounting method and projected life expectancy for staff as well as yearly costs of social security.

## 4 - KEY EVENTS FOR THE YEAR

### 4.1 - Voluntary retirement

In the framework of its restructuring programme, STB drew up a plan for recomposing staff through the voluntary retirement of which 378 employees took advantage from this opportunity at the end of 2018.

The departure of 92 employees has been scheduled for 2019.



#### 4.2 - Write-off and assignment of receivables

In application of paragraph VII 4i of article 48 of the code governing personal income tax as well as corporate tax, STB wrote off unrecoverable banking claims in 2018.

With reference to law n°98-4 of February 2nd, 1998 concerning claims collection companies, STB wrote off sale of two lots of banking claims to its affiliate STRC.

The overall amount of these write-offs and transferred claims came to 440.29 million dinars, 171.99 million of which were in late interest.

In application of paragraph VII 4i of article 48 of the code governing personal income tax as well as corporate tax, STB wrote off unrecoverable banking claims in 2018.

With reference to law n°98-4 of February 2nd, 1998 concerning claims collection companies, STB wrote off sale of two lots of banking claims to its affiliate STRC.

#### 4.3 - Contribution to the Deposit Guarantee Fund

In application of article 149 and following of the law n° 2016-48 of July 11th, 2016 relative to the banks and the financial institutions as well as the provisions of the decree n° 2017-268 of February 1st, 2017 relative to the setting of the rules of intervention, organization and operation of the fund, STB is obliged to join the deposit guarantee fund for an annual fee of 0.3% of its outstanding deposits. The contribution for the year 2018 is 17 795 thousand dinars.

#### 4.4 - The BRUNO POLI case

Mr. Bruno Poli took legal action against the Bank, claiming to have deposited at the former BNTND (Banque Nationale de Développement de Tunisie) seven cash vouchers in the name of the bearer in dollars, with no mention of the issuing bank nor date of validity, backed up by a certified copy of the original of an attestation, undated and issued in the personal name of a former employee of BNTND, with no bank stamp. An unwarranted judgement ordered STB to recompense these vouchers or the equivalent value. The decision was appealed but the initial ruling was upheld.

A cassation complaint was drawn up and this led to a suspension of the decision without consignment.

A ruling was then delivered in favour of the Bank on 26 March 2018, by which the court of cassation overturned dismissal of the appeal with remand.

## 5 – EXPLANATORY NOTES ON THE LINES OF THE FINANCIAL STATEMENTS

The financial statements are closed and authorized for publication by the Board of Directors meeting on March 27, 2020. As a result, they do not reflect events occurring after that date.

It should be noted that the situation related to the COVID-19 pandemic which is raging globally and in Tunisia does not require any adjustment to the financial statements for the fiscal year 2019. These are events unrelated to existing conditions at the closing date. However, they may have an impact on the financial position in future years.

As it stands, and based on the information available, the possible future impact of the COVID-19 pandemic on business and financial situation cannot be estimated.

In addition, and as part of national efforts to mitigate the economic and social fallout from the said pandemic, the Central Bank of Tunisia announced a series of exceptional measures to support businesses and individuals, and help preserve the economic fabric and jobs.

With reference to circular CBT 2020-05 “Measures relating to the pricing and continuity of certain banking services”, the Bank has activated its business continuity plan and has set up a security system for its staff as well as its customers.

## 6 - EXPLANATORY NOTES RELATING TO BALANCE SHEET ITEMS

### 6.1 - Cash, and assets with CBT, CCP and TGT

Assets in cash and with the CBT, CCP and TGT totalled 519,434mTND as of 12/31/2019 against 300,833mTND as of 12/31/2018, an increase of 218,601 MTD.

The different headings that make up this position are as follows:

Heading	2019	2018	Variation	%
Cash	72 525	73 337	(813)	(1,1%)
Cash in dinars	57 433	53 439	3 994	7,5%
Cash in foreign currency	15 092	19 898	(4 807)	(24,2%)
CBT	446 595	227 326	219 269	96,5%
CBT in Dinars	34 042	27 065	6 977	25,8%
CBT foreign currency	352 542	200 261	152 281	76%
Deposit facility	60 011	-	60 011	100%
CCP	310	166	144	86,7%
TGT	4	4	-	-
<b>Total</b>	<b>519 434</b>	<b>300 833</b>	<b>218 601</b>	<b>72,7%</b>

#### Liquidity ratio

Pursuant to the provisions of CBT circular n ° 2014-14 of 10 November 2014, banks are required to respect a minimum liquidity ratio of 100% at the end of 2019 and of 90% at the end of 2018. The STB displays these ratios:

Label	regulatory threshold	2019	regulatory threshold	2018
Solvency ratio	100%	142.83%	90%	96,90%

The movement of provisions for various risks on banking and financial institutions during the year is as follows:

Label	2018	Endowments	Reclass	2019
Provisions for various risks (Assets with the CBT dinars)	4 547	8 464	-	13 011
<b>Total</b>	<b>4 547</b>	<b>8 464</b>	<b>-</b>	<b>13 011</b>





## 6.2 - Receivables from banking and financial institutions

Receivables from banking and financial institutions totalled 518,287mTND at 12/31/2019 against 445,990mD at 12/31/2018.

The different sections that make up this post are detailed as follows:

Description	2019	2018	Variation	%
Claims on banking institutions	157 931	97 062	60 869	62,7%
Resident bank current accounts	2	2	-	-
Non-resident bank current accounts	156 614	96 996	59 618	61,5%
Correspondents' debtor accounts in convertible dinars	1 315	64	1 251	1954,7%
Loans to banking institutions	218 742	180 584	38 158	21,1%
Loans on the money market in dinars	140 000	70 000	70 000	100,0%
Off-market loans in Dinars	-	5 000	(5 000)	(100,0%)
Loans on the money market in foreign currency	78 742	105 584	(26 842)	(25,4%)
Loans to specialised financial institutions	141 360	165 968	(24 608)	(0)
Receivables and loans to specialized financial organizations (leasing)	40 500	52 500	(12 000)	(22,9%)
Receivables and loans to specialized financial organizations (Tunis Re)	100 860	113 468	(12 608)	(11,1%)
Attached claims	254	2 376	(2 122)	(89,3%)
Attached claims on interbank loans in dinars	119	150	(31)	(20,7%)
Attached claims on interbank loans in foreign currency	135	2 226	(2 091)	(93,9%)
<b>Total</b>	<b>518 287</b>	<b>445 990</b>	<b>72 297</b>	<b>16,2%</b>

The receivables due to refinancing by the CBT are as follows:

Description	2019	2018	Variation	%
Receivables from banking and financial institutions			-	-
Eligible for CBT refinancing	-	-	-	-
Not eligible for CBT refinancing	518 033	445 990	72 043	16,1%
<b>Total</b>	<b>518 033</b>	<b>445 990</b>	<b>72 043</b>	<b>16,1%</b>

The breakdown of claims on banking and financial institutions (excluding attached claims) according to whether or not they are materialized by interbank market securities is as follows:

Description	2019	2018	Variation	%
Receivables from banking and financial institutions			-	-
Materialized by securities from the interbank market	-	-	-	-
Not materialized by securities from the interbank market	518 033	445 990	72 043	16,1%
<b>Total</b>	<b>518 033</b>	<b>445 990</b>	<b>72 043</b>	<b>16,1%</b>



The breakdown of receivables from banking and financial institutions (excluding related receivables) according to the residual maturity at 12/31/2019 is detailed as follows:

Description	≤ 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total
	157 931	-	-		
Claims on banking institutions	2	-	-	-	2
Resident bank current accounts	156 614	-			156 614
Resident bank current accounts	1 315	-	-	-	1 315
Correspondents' debtor accounts in convertible dinars	216 783	1 959	-	-	218 742
Loans to banking institutions	140 000	-	-	-	140 000
Loans on the money market in dinars	-	-	-	-	-
Off-market loans in Dinars	76 783	1 959	-	-	78 742
Loans in the money market in convertible dinars	40 500	-	-	-	40 500
Loans to specialised financial institutions (leasing)	100 860	-	-	-	100 860
Claims on specialized financial institutions (Tunis Re)	516 033	1 959	-	-	518 033
<b>Total</b>					

Breakdown of claims on banking and financial institutions (exclusive of attached claims) by type of relation: affiliated company, associated company, and others.

Description	Affiliated company	Associated company	Joint ventures	Others	Total
Claims on banking institutions	-	9 726	-		
Resident bank current accounts	-	-	-	2	2
Resident bank current accounts		9 726		146 888	156 614
Correspondents' debtor accounts in convertible dinars	-	-	-	1 315	1 315
Loans to banking institutions	-	-	-	218 742	218 742
Loans on the money market in dinars	-	-	-	140 000	140 000
Off-market loans in Dinars	-	-	-	-	-
Loans in the money market in convertible dinars	-	-	-	78 742	78 742
Loans to specialised financial institutions (leasing)	-	-	-	40 500	40 500
Claims on specialized financial institutions (Tunis Re)	-	-	-	100 860	100 860
<b>Total</b>	-	9 726	-	508 307	518 033



### 6.3 - Claims on clients

The comparative change in net commitments between 2019 and 2018 is as follows:

Description	2019	2018	Variation	%
Overdrawn current accounts	1 119 151	1 187 789	(68 638)	(5,8%)
Loans from special resources	154 109	155 279	(1 170)	(0,8%)
Claims taken over by the State	22 252	26 522	(4 270)	(16,1%)
Subsidy paid by the State	6 177	6 177	-	-
Associated current accounts	109 023	166 999	(57 976)	(34,7%)
Other financing for clients	8 719 521	7 898 961	820 560	10,4%
Claims to be abandoned	3 562	3 562	-	-
Attached claims	59 943	40 982	18 960	46,3%
Gross Total	10 193 738	9 486 271	707 467	7,5%
Provisions	(1 258 495)	(1 331 290)	72 795	(5,5%)
Provisions for current accounts	(182 387)	(205 477)	23 090	(11,2%)
Provisions for special resources	(46 365)	(53 446)	7 081	(13,2%)
Provisions for other loans to clients	(868 446)	(928 020)	59 574	(6,4%)
Provisions for associated current accounts	(63 378)	(62 764)	(614)	1,0%
Provisions for claims to be abandoned	(455)	(455)	-	-
Collective provisions	(97 464)	(81 128)	(16336)	20,1%
Reserved agios	(907 975)	(987 972)	79 997	(8,1%)
Reserved agios for current accounts	(73 024)	(96 102)	23 078	24,0%
Reserved agios for other loans to clients	(793 778)	(800 372)	6 594	0,8%
Reserved agios for associated current accounts	(36 930)	(38 037)	1 107	2,9%
Reserved agios for special resources	-	(46 511)	46 512	100,0%
Reserved agios for claims to be abandoned	(3 107)	(3 107)	-	-
Reserved agios for attached claims	(1 136)	(3 843)	2 707	70,4%
Deferred revenue	(49 100)	(33 601)	(15 499)	(46,1%)
<b>Net total in thousand TD</b>	<b>7 978 168</b>	<b>7 133 408</b>	<b>844 760</b>	<b>11,8%</b>



The breakdown of customer receivables by nature of the relationship is as follows:

Description	Affiliated companies	Associated companies	Joint ventures	Others	Total
- Debtors' current accounts	440	-	-	1 118 711	1 119 151
- Special resources account	2 668	-	-	151 441	154 109
- Associated current accounts	28 115	-	-	80 908	109 023
- Other customer support	33 794	-	-	8 714 156	8 747 950
- Receivables to be waived	-	-	-	3 562	3 562
- Related receivables and income received in advance	3 182	-	-	7 661	10 843
<b>Gross total</b>	<b>68 199</b>	<b>-</b>	<b>-</b>	<b>10 076 439</b>	<b>10 144 638</b>
- Provisions on customer receivables	(28 678)	-	-	(1 229 817)	(1 258 495)
- Reserved interests and Agios	(1 716)	-	-	(906 259)	(907 975)
<b>Net total</b>	<b>37 806</b>	<b>-</b>	<b>-</b>	<b>7 940 362</b>	<b>7 978 168</b>

The structure of net customer receivables at 12/31/2019 is as follows:

Description	Gross outstanding balance	Individual provisions	Additional provisions	Reserved agios	Proceeds collected in advance	Net Outstanding balance
provisions	provisions	Additional	(42 372)	(73 024)	-	863 739
provisions	provisions	Reserved	(18 475)	-	-	107 744
agios	agios	Proceeds collected in advance	Net Outstanding balance	(36 930)	-	8 715
Other loans to clients	8 747 950	(403 760)	(464 685)	(793 778)	(49 100)	7 036 627
Claims to be abandoned	3 562	(455)	-	(3 107)	-	-
Attached claims	59 943	-	-	(1 136)	-	58 807
<b>Total</b>	<b>10 193 738</b>	<b>(619 635)</b>	<b>(541 396)</b>	<b>(907 975)</b>	<b>(49 100)</b>	<b>8 075 632</b>
Collective provisions	-	-	-	-	-	(97 464)
Net outstanding balance	-	-	-	-	-	7 978 168

The gross outstanding receivables from customers excluding unpaid debts and related receivables is broken down according to the residual term as follows:

Description	≤ 3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total
- Overdrawn current accounts	1 119 151	-	-	-	1 119 151
- Other loans to clients	1 918 798	1 700 271	2 745 980	829 416	7 194 465
- Loans from special resources	746	5 292	31 235	20 544	57 817
<b>Total</b>	<b>3 038 695</b>	<b>1 705 563</b>	<b>2 777 216</b>	<b>849 960</b>	<b>8 371 433</b>

The outstanding receivables at December 31, 2019 takes into account the write-off and transfer of receivables





for a total amount of 212.885bn.

Reserved agios: The reserved agios accounts closed on 12/31/2019 are detailed as follows:

Description	2019	2018	Variation	%
Reserved agios on current accounts	(73 024)	(96 102)	23 078	24,1%
Reserved agios on endorsements and deposits	(3 653)	(4 061)	408	10,0%
Reserved agios on ordinary medium term interest	(196 426)	(159 328)	(37 098)	(23,3%)
Reserved agios on consolidated medium term loans	(250 072)	(275 470)	25 398	9,2%
Reserved agios on loans guaranteed by the State	(2 027)	(2 316)	289	12,5%
Reserved agios on special resources	-	(46 511)	46 512	100,0%
Reserved agios on associated current accounts	(36 930)	(38 037)	1 107	2,9%
Reserved late interest on disputed claims	(341 600)	(359 197)	17 597	4,9%
Reserved agios / claims to be abandoned	(3 107)	(3 107)	-	-
Reserved agios on attached claims	(1 136)	(3 843)	2 707	70,4%
Sous Total	(907 975)	(987 972)	79 998	8,1%
Reserved agios on claims assumed by the State	(4 198)	(5 037)	840	16,67%
<b>Total</b>	<b>(912 173)</b>	<b>(993 009)</b>	<b>80 837</b>	<b>8,14%</b>

The late payment interest reserved on disputed debts is calculated and entered automatically by the system, at 31/12/2019 they amounted to 343,631 thousand dinars.

The change in provisions for customer receivables can be broken down as follows:

Description	2018	Allocations	Rebounds	Reclass	2019
Provisions on current accounts	(205 477)	(38 502)	62 176	(584)	(182 387)
Provisions on special resources	(53 446)	(2 772)	9 839	14	(46 365)
Provisions for other customer loans	(928 020)	(124 342)	183 012	904	(868 446)
Provisions on associated current accounts	(62 764)	(1 405)	791	-	(63 378)
Provisions on receivables to be waived	(455)	-	-	-	(455)
Collective provisions	(81 128)	(16 336)	-	-	(97 464)
<b>Total</b>	<b>(1 331 290)</b>	<b>(183 358)</b>	<b>255 819</b>	<b>334</b>	<b>(1 258 495)</b>

Description	2018	Allocations	Rebounds	Reclass	2019
Individual provisions for doubtful debts to customers	(652 813)	(122 936)	155 631	483	(619 635)
Additional provisions on doubtful debts to customers	(597 349)	(44 085)	100 188	(149)	(541 396)
Collective provisions on doubtful debts to customers	(81 128)	(16 336)	-	-	(97 464)
<b>Total</b>	<b>(1 331 290)</b>	<b>(183 358)</b>	<b>255 819</b>	<b>334</b>	<b>(1 258 495)</b>

#### - Eligibility for Central Bank refinancing

The breakdown of customer receivables according to whether or not they are eligible for central bank refinancing is as follows:

Description	2019	2018	Variation	%
Receivables eligible for refinancing	-	-	-	-
Receivables not eligible for refinancing	10 144 638	9 452 671	691 967	-7,3%
<b>Total</b>	<b>10 144 638</b>	<b>9 452 671</b>	<b>691 967</b>	<b>-7,3%</b>

### 6.3.1 - Guarantees

Guarantees retained by the Bank to determine provisions for commitments are used in certain cases in the absence of an inventory of legal documents that are considered to provide justification: certificates of ownership, attestations from the Tunisian land agency (AFT), the Tunisian industrial land agency (AFI), etc.

### 6.3.2 - Provisions additionnelles

#### 6.3.2 - Additional provisions

In application of the terms of central bank of Tunisia circular n° 2013-21 of December 30th, 2013, STB tapped additional provisions for 25,710 thousand dinars in 2018, involving commitments that have been in category 4 for three or more years.

The balance of additional provisions at December 31, 2019 amounted to 574,449 thousand dinars (including additional provisions on commitments by signature presented among other liabilities (PA5)).

#### 6.3.3 - Collective provisions

In application of article 10bis of central bank of Tunisia circular n° 91-24 of December 17th, 1991, further elaborated by circular n° 2012-20 of December 6th, 2012, STB set up provisions of a general character called « Collective provisions » in order to cover latent risk on current commitments (class 0) as well as those requiring particular monitoring (class 1), along the lines of article 8 of central bank of Tunisia circular n° 91-24.

The collective provision, determined in accordance with the referential methodology appended to Circular 91-24, was estimated at the end of 2019 at 97,464 million dinars.

#### 6.3.4 - Consolidated claims and State assumption without interest

Claims assumed by the State involve those of certain public enterprises taken on by the State in the framework of 1999 legislation governing finances, the outstanding balance of which comes to 26.522 million dinars. These claims were consolidated over a period of 20-25 years at no interest and with a State guarantee.

### 6.4 - Commercial securities portfolio

The balance of this item amounts to 338,719 thousand dinars at 12/31/2019 compared to 322,265 thousand dinars at 12/31/2018. The commercial securities portfolio consists of fixed income securities issued by the State and variable income securities.

Description	2018	Acquisition / Endowment	Assignment / Liquidation / Takeover	Reclass.	2019
<b>I- Investment securities</b>	<b>321 735</b>	<b>59 050</b>	<b>(56 061)</b>	<b>(1)</b>	<b>324 723</b>
<b>1.1 Securities issued by the State</b>	<b>321 735</b>	<b>59 050</b>	<b>(56 061)</b>	<b>(1)</b>	<b>324 723</b>
Gross values	317 364	62 571	(55 484)	-	324 451
Haircuts	(8 421)	(3 521)			(11 942)
Receivables and related debts	12 792		(577)	(1)	12 214
Provisions	-	-	-	-	-
<b>II- Transactions securities</b>	<b>530</b>	<b>13 465</b>	<b>-</b>	<b>-</b>	<b>13 995</b>
<b>2.1 Fixed income trading securities</b>	<b>530</b>	<b>13 465</b>	<b>-</b>	<b>-</b>	<b>13 995</b>
Treasury bills	556	13 960	-	-	14 516
Receivables and related debts	(26)	(495)	-	-	(521)
Provisions	-	-	-	-	-
<b>Net Total</b>	<b>322 265</b>	<b>72 515</b>	<b>(56 061)</b>	<b>(1)</b>	<b>338 719</b>

### 6.5 - Investment portfolio



The value of the investment securities portfolio amounted to 1,134,604m TND as of 12/31/2019 compared to 1,155,075 MD as of 12/31/2018 and is detailed as follows:

Description			Variation	%
Investment T-Bonds	798 100	835 662	(37 562)	(4,5%)
Premiums/Discounts on T-Bonds	(25 899)	(30 544)	4 645	15,2%
Related receivables	29 463	27 075	2 388	8,8%
Total Investment T-Bonds	801 664	832 193	(30 529)	(3,7%)
Bond issues	52 857	59 099	(6 242)	(10,6%)
National loan	28 000	42 175	(14 174)	(33,6%)
Provisions Bonds	(1 050)	(650)	(400)	61,5%
Related receivables	2 644	3 177	(533)	(16,8%)
Mutual Fund	82 451	103 801	(20 350)	(20,6%)
Total other investment securities	76 849	76 867	(18)	(0,0%)
SICAR Managed Funds	(52 260)	(50 484)	(1 776)	(3,5%)
Provisions Managed funds	24 589	26 383	(1 794)	(6,8%)
Total Managed Funds	35 396	30 459	4 937	16,2%
Shares in related companies	(1 096)	-	(1 096)	-
Shares in associates and joint ventures	34 300	30 459	3 841	12,6%
Equity securities	156 430	168 410	(11 980)	(7,1%)
Retrocession participations	40 883	46 331	(5 448)	(11,8%)
Companies in liquidation	96 404	96 670	(266)	(0,3%)
Provisions equity securities	18 935	19 379	(444)	(2,3%)
Accounts receivable and related debts	30	30	-	-
Total Equity Securities	(120 750)	(168 248)	47 498	(28,2%)
Total Investment T-Bonds	(332)	(332)	-	-
Bond issues	191 600	162 240	29 360	18,1%
<b>Total</b>	<b>1 134 604</b>	<b>1 155 076</b>	<b>(20 472)</b>	<b>(1,8%)</b>

Movement by category of securities in the investment portfolio is given in the following table:



Description	2018	Subscription	Transfer/ reimbursement / restitution	Capitalized results	2019
Investment BTA	835 662	1 200	(38 762)	-	798 100
Bond loans	59 099	-	(6 243)	-	52 857
National loan	42 174	-	(14 174)	-	28 000
SICAR managed funds	76 867	-	-	(18)	76 849
Mutual fund	30 459	4 936	-	-	35 396
Equity securities	96 670	-	(266)	-	96 404
Shares in associates and joint ventures	46 331	-	(5 448)	-	40 883
Shares in affiliated companies	168 410	12 413	(74 067)	-	156 430
Company in liquidation	30	-	-	-	30
Participation in retrocession	19 379	-	(444)	-	18 935
<b>Total in mTND</b>	<b>1375 082</b>	<b>18 549</b>	<b>(139 404)</b>	<b>(18)</b>	<b>1 254 208</b>

The breakdown of investment securities excluding BTA as of 12/31/2019 into listed securities and unlisted securities is as follows:

Description	2019	2018	Variation	%
Unlisted securities	484 034	518 133	(34 099)	(2,6%)
Listed securities	19 140	20 002	(842)	(100,0%)
UCITS securities	1 305	1 305	-	-
Gross value in mTND	505 784	539 420	(33 636)	(6,2%)

The list of the main subsidiary companies at 12/31/2019 is detailed as follows:

Affiliates	Share of capital held by STB	Gross Accounting Value	Provision	Net Accounting Value
<b>FINANCIAL SECTOR</b>				
STRC	91,93%	36 462	0	36 462
STB SICAR	81,99%	16 205	0	16 205
STB INVEST	92,00%	36 986	0	36 986
STB-FINANCE	61,34%	4 749	0	4 749
<b>TOURISM SECTOR</b>				
SKANES PALACE INTERNATIO	99,76%	6 180	6 180	0
AFRICA SOUSSE	96,94%	9 050	9 050	0
ED-DKHILA	61,21%	3 221	0	3 221
<b>CONSTRUCTION SECTOR</b>				
IMMOBILIERE DE L'AVENUE	84,71%	7 461	1 492	5 969
<b>SERVICES</b>				
STE LA GENERALE DE VENTE	50,00%	2 000	1 485	515

The results and shareholders' equity of subsidiaries are as follows:





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Collection privée STB

Legal name	Headquarters	Own funds	Results 2019
FINANCIAL SECTOR		154 322	373
STB INVEST	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	54 435	1 313
STRC	Avenue Habib Bourguiba-Immeuble Africa -1000 Tunis	45 661	3 257
SICAV AVENIR	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	1 161	47
STB FINANCE	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	8 006	(48)
SICAV L'INVESTISSEUR	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	1 314	54
STB SICAR	Immeuble Sawarby-Centre Urbain NORD-1003 Tunis	24 795	522
STB MANAGER	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	1 757	66
TUNISIAN FOREIGN BANK	19, rue des Pyramides 75001 Paris	17 193	(4 838)
SOFI ELAN	IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	-	-
CONSTRUCTION SECTOR		8 896	67
L'IMMOB.DE L'AVENUE "IA"	31, Avenue de Paris, 1002 Tunis	8 896	67
TOURISM SECTOR		6 190	(21)
ED-DKHILA	25, Avenue Jean Jaurès-1002 Tunis	6 190	(21)
SERVICES		(6 530)	(1 925)
GEVE	C/O Immeuble STB Rue Hédi NOUIRA 1001 Tunis	301	(434)
SOCIETE ACTIVHOTELS	C/O Immeuble STB Med V - 1001 Tunis	(7 430)	(1 454)
STB MOYENS GENERAUX	1, Rue des Entrepreneurs - 1001 Tunis	480	(10)
STB SECURITE ET GARDIENNAGE	1, Rue des Entrepreneurs - 1001 Tunis	119	(27)

The investment portfolio includes the Funds Managed by the company "STB SICAR" with a total gross value of 88,958 MTND, and which have been provisioned for -52,260 MTND.

Managed funds	Initial funds	Capitalized result	Previous Refunds	Retrocession of profit-sharing	Direct profit-sharing	SICAV securities	Balance 2019
FG STB 1	8 000	-1 168	2 127	2 216	2 094	63	4 705
FG STB 2	8 000	1 493	4 331	4 691	299	6	5 162
FG STB 3	5 000	913	2 077	2 393	1 000	211	3 836
FG STB 4	6 500	1 488	2 008	5 911	120	691	5 980
FG STB 5	6 824	1 471	2 633	5 183	231	321	5 662
FG STB 6	2 707	247	1 085	1 370	80	1 160	1 869
FG STB 7	800	67	140	265	390	70	727
FG STB 8	6 752	3 290	3 852	2 720	382	2 476	6 190
FG STB 9	4 800	368	519	3 738	0	712	4 649
FG STB 10	8 748	170	186	8 523	0	226	8 732
FG STB 11	6 000	510	0	4 826	83	1 302	6 510
FG STB 12	9 898	1 463	0	6 021	1 526	2 245	11 361
FG ID 1	2 000	861	1 630	1 289	0	1	1 231
FG ID 2	2 000	215	957	1 639	0	2	1 258
FG ID 3	5 436	1 168	2 839	3 779	140	10	3 765
FG ID 4	360	74	28	358	0	17	406
FG ID 5	1 133	255	173	967	0	263	1 215
FG ID 6	4 000	614	1 023	3 366	0	671	3 591
<b>Total</b>	<b>88 958</b>	<b>13 499</b>	<b>25 608</b>				<b>76 849</b>

As of December 31, 2019, the employment situation on the Managed Funds is detailed as follows:

Managed funds	2019	2018	Variation	%
Current accounts of resident banks	1 154	18	1 136	6311,1%
Shares(placement)	1 116	786	330	42,0%
Units in UCITS	10 460	14 557	(4 097)	(28,1%)
Other equity securities	2 286	2 286	-	-
Retrocession participations	68 225	65 044	3 181	4,9%
Receivables related to retrocession participations	723	729	(6)	(0,8%)
Various debtors	-	30	(30)	(100,0%)
Provisions on equity securities	(200)	(1 400)	1 200	85,7%
Provisions on retrocession participations	(52 060)	(49 085)	2 955	(6,0%)
Accounts of banking establishments in dinars	(14)	(14)	-	-
Other creditors	(7 101)	(6 569)	(532)	(8,1%)
<b>Total</b>	<b>24 589</b>	<b>26 382</b>	<b>1 794</b>	<b>6,8%</b>

## 6.6 – Fixed assets

The net fixed assets amounted to 127,894 MTND as of 12/31/2019. The movements recorded during the 2019 financial year are detailed as follows



Description	Gross Value 2018	Acquisition / Disposal 2019	Gross value 2019	Depreciation 2018	Endowment / Prov. 2019	Transf.	Titres SICAV	Solde 2019
Intangible assets	Deprec. 2019	Net value 2019	25 787	(18 542)	(3 070)	-	(21 612)	4 175
Computer software	22 639	3 091	25 730	(18 542)	(3 070)	-	(21 612)	4 118
Right to lease	57	-	57	-	-	-	-	57
Tangible fixed assets	267 546	9 640	276 345	(143 433)	(9 192)	-	(152 625)	123 720
Land	17 554	(843)	16 711	-	-	-	-	16 711
Constructions	75 056	-	75 056	(34 256)	(1 523)	-	(35 779)	(39 277)
Office furniture	6 391	62	6 453	(5 785)	(263)	-	(6 048)	405
Transportation equipment	1 903	593	2 496	(1 069)	(164)	-	(1 233)	1 263
Hardware	42 667	5 119	47 786	(37 471)	(3 624)	-	(41 095)	6 691
Communication material	3 227	14	3 241	(2 340)	(140)	-	(2 480)	761
Office equipment	17 014	412	17 426	(16 053)	(317)	-	(16 370)	1 056
Safety equipment	4 625	704	5 329	(2 771)	(276)	-	(3 047)	2 282
Air conditioning equipment	5 802	15	5 817	(5 005)	(245)	-	(5 250)	567
Fixtures, furnishings. and instal.	39 304	709	40 013	(28 321)	(1 759)	-	(30 080)	9 933
Non-operating office furniture	33	-	33	(31)	-	-	(31)	2
Non-operating equipment and tools	377	11	388	(330)	(9)	-	(339)	49
Non-operating buildings	44 629	-	44 629	(10 001)	(872)	-	(10 873)	33 756
Building awaiting allocation	8 964	2 003	10 967	-	-	-	-	10 967
<b>TOTAL</b>	<b>290 242</b>	<b>12 731</b>	<b>302 132</b>	<b>(161 975)</b>	<b>(12 262)</b>	<b>-</b>	<b>(174 237)</b>	<b>127 894</b>

## 6.7 – Other assets

As of 12/31/2019, the other asset items totaled 684,754 MTND against 1,033,993 MTND as of 12/31/2018 and are detailed as follows:



Description	2019	2018	Variation	%
Staff loans	140 341	155 086	(14 745)	(9,5%)
Medical expenses to be recovered	3 147	3 147	-	-
State taxes and levies	24 926	7 931	16 995	214,3%
Miscellaneous stock	2 656	2 557	99	3,9%
Difference on exchange assumed by the State	475	226	249	110,2%
Difference on conversion (3)	15 624	-	15 624	-
Headquarters, bank branches and agencies (1)	13	155 887	(155 874)	(100,0%)
Asset regularisation accounts *	148 242	160 352	(12 110)	(7,6%)
Amounts presented for compensation *	86 018	72 777	13 241	18,2%
Financial instruments entered as revenue	107	107	-	-
Debits to be regularised	1 233	4 596	(3 363)	(73,2%)
Charges to be paid in advance	6 206	3 408	2 798	82,1%
Proceeds to be taken in	1 098	4 299	(3 201)	(74,5%)
Transferred claims	2 646	2 120	526	24,8%
Difference on the portfolio of sums due after encashment (2)	36 442	22 327	14 115	63,2%
Other	215 580	439 173	(223 593)	(50,9%)
<b>TOTAL</b>	<b>684 754</b>	<b>1 033 993</b>	<b>(349 239)</b>	<b>(33,8%)</b>

(1) The portfolio item collection due after collection shows a debit balance of 36,442 mTND. This balance is the result of the offsetting between several asset and liability accounts relating to the securities for collection and the values due after collection.

The details of this section are as follows:

Nature	2019	2018	Variation	%
Deposits in transit	147 553	148 323	(770)	(0,5%)
Accounts payable after cashing	(111 111)	(125 996)	14 885	11,8%
<b>Total</b>	<b>36 442</b>	<b>22 327</b>	<b>14 115</b>	<b>63%</b>

(2) Account balances in foreign currencies are converted into dinars on each cut-off date by applying the average rate on that date. The resulting conversion difference offset with the balances of the foreign exchange position and countervalue accounts is provisioned for up to 50% if there is a debit balance.

The details of the provisions recorded on the items of other assets are as follows:





Description	Provision 2018	Endowment 2019	Recovery 2019	Provision 2019
- Staff loans	(1 732)	-	-	(1 732)
- State tax and levies	(829)	-	-	(829)
- Miscellaneous stock	(28)	-	-	(28)
- Difference on conversion	(8 472)	(3 633)	-	(12 105)
- HQs, bank branches and agencies	(8 133)	-	-	(8 133)
- Asset regularisation accounts	(298)	-	223	(75)
- Values presented for compensation	(111)	-	-	(111)
- Financial instruments in hand	(2 018)	-	658	(1 360)
- Debits to be regularised	(134)	-	-	(134)
- Charges paid in advance	(2 137)	-	-	(2 137)
- Transferred claims	(471)	-	-	(471)
- Difference on the portfolio of sums due after encashment	(20 727)	(13 578)	-	(34 305)
<b>Total</b>	<b>(45 090)</b>	<b>(17 211)</b>	<b>881</b>	<b>(61 420)</b>

### 6.8 – Central bank and the postal checks centre

As of 12/31/2019, this item totals TND 1426,074m against TND 1,731,309 as of 12/31/2018. This post is detailed as follows:

Description	2019	2018	Variation	%
Call for bids	1 374 000	1 288 000	86 000	6,7%
Loan facility	-	311 000	(311 000)	(100,0%)
Uses at the central bank of Tunisia BCT	50 397	129 864	(79 467)	(61,2%)
Attached debts	1 677	2 445	(768)	(31,4%)
<b>TOTAL</b>	<b>1 426 074</b>	<b>1 731 309</b>	<b>(305 235)</b>	<b>(17,6%)</b>

### 6.9 – Deposits and assets of banking and financial institutions

As of 12/31/2019, this item totals 212,676 MTND compared to 292,262 MTND as of 12/31/2018. Its breakdown by type of banking and financial institution is as follows:

Category	2019	2018	Variation	%
Current accounts of banking establishments	4 947	76 923	(71 976)	-93,6%
- Deposit banks	1	1	-	-
- Non-resident banks	4 946	76 922	(71 976)	-93,6%
Loans from banking institutions	189 827	201 997	(12 170)	(6,0%)
- Loans in dinars	-	55 000	(55 000)	(100,0%)
- Foreign currency loans	189 827	146 997	42 830	29,1%
Assets on financial institutions' accounts	16 156	13 332	2 824	21,2%
Related debts	1 746	11	1 735	15772,7%
<b>Total</b>	<b>212 676</b>	<b>292 262</b>	<b>(79 586)</b>	<b>(27,2%)</b>

The breakdown of loans from banking and financial institutions according to the materialization of loans by securities on the interbank market.



Description	2019	2018	Variation	%
Materialized by securities	-	-	-	-
Not materialized by securities	212 676	292 262	(79 586)	(27,2%)
<b>Total</b>	<b>212 676</b>	<b>292 262</b>	<b>(79 586)</b>	<b>(27,2%)</b>

The breakdown of deposits and assets of banking and financial institutions according to the residual maturity at 12/31/2019 is detailed as follows:

Description	≤3 months	3 months- 1 year	1-5 years	> 5 years	Total
Current accounts of banking establishments	4 947	-	-	-	4 947
- Deposit banks	1	-	-	-	1
- Non-resident banks	4 946	-	-	-	4 946
Loans from banking institutions	-	111 940	77 887	-	189 827
- Loans in dinars	-	-	-	-	-
- Foreign currency loans	-	111 940	77 887	-	189 827
Assets on financial institutions'accounts	16 156	-	-	-	16 156
Related debts	1 746	-	-	-	1 746
<b>Total</b>	<b>22 849</b>	<b>111 940</b>	<b>77 887</b>	<b>-</b>	<b>212 676</b>

### 6.10 – Customer deposits and assets

The balance of this item amounts to 7,370,559 MTND as of 12/31/2019 compared to 6,356,969 MTND as of



12/31/2018. Deposits are detailed as follows:

Description	2019	2018	Variation	%
Sight deposits	1 743 188	1 548 371	194 817	12,6%
Savings deposits	3 021 421	2 773 420	248 001	8,9%
Term accounts	736 713	462 615	274 098	59,2%
Convertible dinar accounts	94 073	84 426	9 647	11,4%
Deposits in foreign currency	605 208	620 993	(15 785)	(2,5%)
Investment in foreign currency	184 450	162 631	21 819	13,4%
Cash vouchers	542 491	441 979	100 512	22,7%
Other sums due to clients	260 341	161 609	98 732	61,1%
Attached debts	(17 325)	(16 575)	(750)	(4,5%)
Certificates of deposit	200 000	117 500	82 500	70,2%
<b>Total</b>	<b>7 370 560</b>	<b>6 356 969</b>	<b>1 013 591</b>	<b>15,9%</b>

Breakdown of client deposits and holdings by residual duration, exclusive of attached debt, is given in the following table.

Description	Less than 3 months	3 months to 1 year	1 - 5 years	5 years & more	Gross outstanding balance
Sight deposits	2 520 486	106 433	-	-	2 626 919
Sight deposits in dinars	1 743 188	-	-	-	1 743 188
Convertible dinar accounts	94 073	-	-	-	94 073
Foreign currency accounts	605 208	-	-	-	605 208
Investment in foreign currency	78 017	106 433	-	-	184 450
Savings deposits	3 021 421	-	-	-	3 021 421
Special savings accounts	2 977 322	-	-	-	2 977 322
Other savings accounts	44 099	-	-	-	44 099
Forward deposits	457 252	706 588	312 540	2 824	1 479 204
Term account	231 075	383 099	119 715	2 824	736 713
Cash vouchers	110 677	250 489	181 325	-	542 491
Certificates of deposit	115 500	73 000	11 500	-	200 000
Other sums due to clients	260 341	-	-	-	260 341
<b>Total at 31-12-2019</b>	<b>6 259 500</b>	<b>813 021</b>	<b>312 540</b>	<b>2 824</b>	<b>7 387 885</b>
<b>Total at 31-12-2018</b>	<b>5 563 437</b>	<b>473 599</b>	<b>333 685</b>	<b>2 824</b>	<b>6 373 545</b>

The breakdown of customer deposits and deposits according to the nature of the relationship at 12/31/2019 is

detailed as follows:

Libellé	Related companies	Associated companies	Joint ventures	Others	Total
Dinar sight deposits	21 594	-	-	1 815 667	1 837 261
Foreign currency accounts	-	4 084	-	601 124	605 208
Foreign currency investment	-	-	-	184 450	184 450
Savings deposits	-	-	-	3 021 421	3 021 421
Term account	43 710	1 485	-	691 518	736 713
Coupons	600	-	-	541 891	542 491
Deposit certificates	4 500	-	-	195 500	200 000
Other amounts due to customers	-	-	-	260 341	260 341
<b>Total</b>	<b>70 404</b>	<b>5 569</b>	<b>-</b>	<b>7 311 912</b>	<b>7 387 885</b>

### 6.11 – Loans and special resources

The balance of this item totals 312,987 MTND as of 12/31/2019 compared to 284,825 MTND as of 12/31/2018 and breaks down as follows:

Description	2019	2018	Variation	%
Bond and private loans	189 077	170 178	18 899	11,1%
Special resources	119 299	113 351	5 948	5,2%
Budgetary resources	46 437	37 971	8 466	22,3%
External resources	72 862	75 380	(2 518)	(3,3%)
Interest on bond loans	9 034	7 392	1 642	22,2%
Interest to be paid on foreign resources	1 069	974	95	9,8%
Attached debt	388	388	-	-
Difference on conversion for loans *	(5 880)	(7 458)	1 578	21,2%
<b>Total</b>	<b>312 987</b>	<b>284 825</b>	<b>28 162</b>	<b>9,9%</b>

(\*) Coverage for currency risk is covered by the national guarantee fund via Tunis Ré.

#### (a) Bond and private loans

The breakdown of bond and private loans according to the residual maturity at 12/31/2019 is detailed as follows:

Description	≤3 months	3 months-1 year	1 yr-5 yrs	> 5 yrs	Total
Bond and private loans	17 741	18 774	122 747	29 815	189 077

The breakdown of bond and private loans into long-term and short-term loans is detailed at 12/31/2019 as follows:

Description	Balance 2018	New loans	Reimburse-ments	Reclass	Balance 2019
Long term loan	64 134	53 700	(34 801)	-	83 033
Short term loan	106 044	-	-	-	106 044
<b>Total</b>	<b>170 178</b>	<b>53 700</b>	<b>(34 801)</b>	<b>-</b>	<b>189 077</b>

#### (b) Special resources





The breakdown of special resources according to the residual duration is detailed at 12/31/2019 as follows:

Description	≤3 months	3 months-1 yr	1 yr-5 yrs	> 5 yrs	Total
Budget resources	791	5304	30 962	35 806	72 863
Special resources	484	1 647	9 812	34 494	46 437

The breakdown of special resources into long-term and short-term resources is detailed at 12/31/2019 as follows:

Description	Balance 2018	New loans	Reimbursement	Reclassification	Revaluation	Balance 2019
Long term resources	75 380	3 265	(5 783)	-	-	72 862
Short term resources	37 971	10 472	(2 006)	-	-	46 437
Total resources before hedging	113 351	13 737	(7 790)	-	-	119 299
Currency Resources Hedging	(7 458)	1 578	-	-	-	(5 880)
Total resources	105 893	15 316	(7 790)	-	-	113 419

The breakdown of loans and special resources by type is as follows:

Description	Related companies	Associated companies	Joint ventures	Others	Total
Bond & private loans	37 614	-	-	151 463	189 077
Special resources	-	-	-	119 299	119 299
Budget resources	-	-	-	46 437	46 437
External resources	-	-	-	72 862	72 862
Interest on bond issues	2 026	-	-	7 008	9 034
Interest payable on external resources	-	-	-	1 069	1 069
Related debts	-	-	-	388	388
Translation difference on loan	-	-	-	(5 880)	(5 880)
Total	39 640	-	-	273 347	312 987

## 6.12 – Other liabilities

This item totals 951,653 MTND at 12/31/2019 compared to 984,290 MTND at 12/31/2018:

Description	2019	2018	Variation	%
Provisions for liabilities and charges (1)	235 316	227 478	7 838	3,4%
State, taxes, duties and social debts (2)	120 060	32 316	87 744	271,5%
Unmatured financial bills (3)	21 015	46 190	(25 175)	(54,5%)
Reserved agios supported by the State	4 198	5 037	(839)	(16,7%)
Fees to pay	46 220	52 558	(6 338)	(12,1%)
Other creditors	2 598	2 832	(234)	(8,3%)
Suspense to be regularized	5 915	5 915	-	-
Headquarters, branches and agencies	21 133	30 792	(9 659)	(31,4%)
Accruals-Liabilities	263 740	257 720	6 021	2,3%
Remotely cleared securities pending settlement	213 442	206 192	7 250	3,5%
Translation difference	-	98 518	(98 518)	(100,0%)
Other credits	658	501	157	31,3%
Credits to be regularized	3 640	4 523	(883)	(19,5%)
Interest to be recovered from special resources	13 717	13 718	(1)	-
<b>Total in mTND</b>	<b>951 653</b>	<b>984 290</b>	<b>(32 637)</b>	<b>(3,3%)</b>

(1) The provisions for liabilities and charges made by the bank at the end of the 2019 financial year amounted to 235,316 mTND compared to 227,478 mTND at the end of the previous year. The provisions established cover the risks on off-balance sheet items and various risks, and are detailed as follows:

Description	Provisions 2018	Recov.	Endow.	Reassignment and correction	Provisions 2019
Prov on E/S	55 711	(2 696)	4 579	334	57 928
Prov on retirement	66 055	(21 150)	1 975	-	46 880
Prov on risks	105 712	(882)	25 677	-	130 508
<b>Total</b>	<b>227 478</b>	<b>(24 728)</b>	<b>32 232</b>	<b>334</b>	<b>235 316</b>

(2) This section is detailed as follows:

Section	2019	2018	Variation	%
Corporation tax	83 296	-	83 296	-
VAT	3 505	2 664	841	31,6%
Withholding	19 127	17 833	1 294	7,3%
Foreign exchange equalization fund	9 909	8 189	1 720	21,0%
Social solidarity contribution	155	65	90	138,5%
Other	4 068	3 566	502	14,1%
<b>Total</b>	<b>120 060</b>	<b>32 316</b>	<b>87 744</b>	<b>271,5%</b>



(3) Cette rubrique se détaille comme suit :

Section	2019	2018	Variation	%
Unmatured medium-term financial effects	1 246	1 185	61	5,2%
Short-term unmaturred financial instruments	-	-	-	-
Financial effects on unmaturred medium-term interest	4 420	4 399	21	0,5%
Unmaturred financial bills received from compensation	547	547	-	-
Unmaturred collection bills sent to remote clearing	5 672	27 669	(21 997)	(79,5%)
Unmaturred discount bills sent to collection	9 130	12 390	(3 260)	(26,3%)
<b>Total</b>	<b>21 015</b>	<b>46 190</b>	<b>(25 175)</b>	<b>(54,5%)</b>

### 6.13 – Equity

At the closing date, the share capital amounts to 776,875 MTND. It is made up of 155,375,000 shares with a par value of TND 5, fully paid up. Movements in the bank's equity are detailed as follows:

Libellé	Balance 2018	Assignment of results	Subscription	Amort 2018	Transf. Prov	Titres SICAV	Solde 2019
Share capital	Distribution of dividends	Other movements	Result of the period	Balance 2019	-	-	776 875
State allotment	117 000	-	-	-	-	-	117 000
Premiums tied to capital	142 663	-	-	-	-	-	142 663
Legal reserves	12 430	-	-	-	-	-	12 430
Statutory reserves	49 479	-	-	-	-	-	49 479
Special regime reserves	196 906	-	-	-	-	-	196 906
Reserves for tax-free reinvestment	9 974	-	-	-	-	-	9 974
Reserves for the social fund	9 597	-	-	-	384	-	9 981
Reserves for banking risk	45 028	-	-	-	-	-	45 028
Treasury shares	(5 509)	-	-	-	-	-	(5 509)
Other equity	24 510	-	-	-	(468)	-	24 042
Deferred results	576 573	66 863	-	-	468	-	(508 305)
Net result for the year	66 863	(66 863)	-	-	-	157 347	157 347
<b>TOTAL</b>	<b>870 179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>384</b>	<b>157 347</b>	<b>1 027 910</b>

(1) These are revaluation reserves for an amount of TND 37,324 (land: TND 15,328 and operating buildings: TND 21,996). Pursuant to IAS 16, part of the balance of the revaluation surplus, i.e. 468 mTND in 2019, was transferred to deferred income to take into account the decrease in the book value of the revalued fixed assets.

### 6.13.1 – State allotment

In line with law n°2012-17 of September 17th, 2012, STB has included under equity a State allotment of 117 million dinars, which is subject to possible restitution if the Bank restores financial balance.

### 6.13.2 – Earnings per share

Decription	2019	2018	Variation	%
Net profit for the year before accounting changes (in MTND)	157 346	66 863	90 483	135,3%
Number of ordinary shares	155 375 000	155 375 000	-	0,0%
Number of own shares	679 987	679 987	-	0,0%
Number of ordinary shares outstanding at the start of the period	154 695 013	154 695 013	-	0,0%
Number of ordinary shares outstanding at the end of the period	154 695 013	154 695 013	-	0,0%
Weighted average number of shares	155 375 000	155 375 000	-	0,0%
Profits accruing to treasury shares (in MTND)	688	293	395	134,8%
Earnings per share of nominal value of TND	1 013	430	583	135,6%



Zoubeir TURKI  
Collection privée STB





## 7 - NOTES RELATING TO THE STATEMENT OF OFF-BALANCE SHEET COMMITMENTS

### 7.1 - Contingent liabilities

The contingent liability item made up of the headings "Bonds, endorsements and other guarantees given" and "documentary credits" breaks down as of December 31, 2019 as follows:

Description	2019	2018	Variation	%
Customer deposits and endorsements	892 816	826 312	66 504	8,0%
Other irrevocable, unconditional guarantees from banks	461 876	547 286	(85 410)	(15,6%)
Total deposits, endorsements and other guarantees given	1 354 692	1 373 598	(18 906)	(1,4%)
Documentary credits and import acceptances	359 590	336 794	22 796	6,8%
Documentary credits and export acceptances	145 507	76 289	69 218	90,7%
Total documentary credits	505 097	413 083	92 014	22,3%
<b>Total contingent liabilities</b>	<b>1 859 789</b>	<b>1 786 681</b>	<b>73 108</b>	<b>4,1%</b>

Breakdown of commitments by type of relationship

Description	Related companies	Associated companies	Joint ventures	Others	Total
a- In favor of banking establishments	-	-	-	-	-
Against guarantees	-	-	-	-	-
Debtors by letter of guarantees from our foreign correspondents	-	-	-	-	-
b- In favor of customers	-	-	-	892 816	892 816
Guarantee and customer orders	-	-	-	892 816	892 816
Debtors by letters of guarantee	-	-	-	-	-
Debtors by guaranteed bonds	-	-	-	-	-
Debtors by fiscal guarantees	-	-	-	-	-
Debtors with guarantees on public contracts	-	-	-	-	-
Commercial paper guarantees	-	-	-	-	-
Debtors by bank guarantees automatic taxation	-	-	-	-	-
c- In favor of the State	-	-	-	461 876	461 876
Other irrevocable, unconditional guarantees from banks	-	-	-	461 876	461 876
Bonds, endorsements and other guarantees given	-	-	-	1 354 692	1 354 692

### Documentary credits

Documentary credits totaled 505,097 mTND as of 12/31/2019 against 413,083 mTND as of 12/31/2018. The breakdown of documentary credits by type of relationship is as follows:

Description	Related companies	Associated companies	Joint ventures	Others	Total
Foreign currency export letters of credit	-	-	-	145 507	145 507
Foreign currency import letters of credit	-	-	-	359 590	359 590
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>505 097</b>	<b>505 097</b>

## 7.2 - Commitments given

The item "Commitments given" amounted to 101,039 MTND as of December 31, 2019, compared to 155,361 MTND as of December 31, 2018.

Description	2019	2018	Variation	%
Financing commitments	100 230	154 502	(54 272)	(35,1%)
Securities commitments	809	859	(50)	(5,8%)
<b>Total</b>	<b>101 039</b>	<b>155 361</b>	<b>(54 322)</b>	<b>(35,0%)</b>

## 7.3 - Guarantees received

The balance of the "Guarantees received" item at December 31, 2019 amounted to TND 2.198.960 against TND 2.132.046 as at December 31, 2018:

Description	2019	2018	Variation	%
Counter-guarantees received from Banks established abroad	461 876	547 287	(85 411)	(15,6%)
Guarantees received from banks and financial institutions established in Tunisia	28 822	21 221	7 601	35,8%
Guarantees received from the State and insurance organizations	1 002 630	919 475	(83 155)	(9,1%)
Guarantees received from customers	705 632	644 063	61 569	9,5%
<b>Total</b>	<b>2 198 960</b>	<b>2 132 046</b>	<b>(66 914)</b>	<b>(3,1%)</b>

For this section, these are the non-accounting figures communicated by the various departments of the bank. Counter-guarantees received from banks are presented as contingent liabilities and guarantees received from banks.

The actual guarantees received from customers to cover the loans granted are not taken.

For this section, these are the non-accounting figures communicated by the various departments of the bank.



Ammar FARHAT  
Collection privée STB



## 8 - NOTES RELATING TO THE INCOME STATEMENT

### 8.1 – Interest and similar income

Interest and similar income amounted to 803,026 MTND as of December 31, 2019 compared to 622,188 MTND as of December 31, 2018 and breaks down as follows:

Description	2019	2018	Variation	%
Interest on receivables from banking and financial institutions	20 754	17 666	3 088	17,5%
Interest on dinar money market loans	6 864	5 629	1 235	21,9%
Interest on currency money market loans	13 890	12 037	1 853	15,4%
Interest on customer receivables	755 284	581 149	174 135	29,9%
Interest in agios on debit accounts	117 665	94 540	23 125	24,5%
Interest on customer loans	637 619	486 609	150 010	31,03%
Assimilated income	26 988	23 373	3 615	15,5%
<b>Total</b>	<b>803 026</b>	<b>622 188</b>	<b>180 838</b>	<b>29,1%</b>

### 8.2 – Commissions (in income)

The amount of commissions on December 31, 2019 was 108,033 MTND compared to 91,151 MTND on December 31, 2018 and breaks down as follows:

Description	2019	2018	Variation	%
Checks, bills, transfers and account maintenance	51 844	42 292	9 552	22,6%
Securities transactions	259	492	(233)	(47,4%)
Foreign exchange transactions	9 935	9 169	766	8,4%
Foreign trade operations	3 076	2 463	613	24,9%
Safe	31	30	1	3,3%
Studies	20 623	17 479	3 144	18,0%
Other	22 265	19 226	3 040	15,8%
<b>Total</b>	<b>108 033</b>	<b>91 151</b>	<b>16 882</b>	<b>18,5%</b>

### 8.3 – Gains on commercial securities portfolio and financial transactions

The balance of this item amounts to 63,899 MTND as of December 31, 2019 compared to 60,252 MTND as of December 31, 2018 and breaks down as follows:

Description	2019	2018	Variation	%
Net gains on trading securities	498	5 278	(4 780)	(90,6%)
Net interest on treasury bills	498	5 278	(4 780)	(90,6%)
Unrealized capital gain on treasury bills	-	-	-	-
Net gains (losses) on investment securities	17 883	17 537	346	2,0%
Dividends and similar income from investment securities	21 272	25 880	(4 608)	(17,8%)
Losses on investment securities	(3 389)	(8 343)	4 954	59,4%
Allocations to provisions for depreciation of investment securities	-	-	-	-
Reversals of provisions for depreciation of investment securities	-	-	-	-
Net gains on foreign exchange transactions	45 518	37 437	8 081	21,6%
Result on foreign exchange transactions	42 928	35 070	7 858	22,4%
Manual exchange commissions	2 590	2 367	223	9,4%
<b>Total</b>	<b>63 899</b>	<b>60 252</b>	<b>3 647</b>	<b>6,1%</b>



#### 8.4 – Income on investment securities portfolio

Income on investment securities portfolio amounted to 73,084 mTND as of December 31, 2019 compared to 72,586 mTND as of December 31, 2018 and breaks down as follows:

Description	2019	2018	Variation	%
Interest and similar income on investment securities	5 649	7 609	(1 960)	(25,8%)
Interest and similar income on BTA investment	57 680	54 617	3 063	5,6%
Dividends and similar income / equity securities	9 754	10 361	(607)	(5,9%)
<b>Total in mTND</b>	<b>73 083</b>	<b>72 587</b>	<b>496</b>	<b>0,7%</b>

As of 12/31/2019, the breakdown of dividends and similar income in shareholdings, affiliated companies and companies is as follows:

Description	Related companies	Associated companies	Joint ventures	Others	Total in mTND
Dividends	825	3 555	-	4 353	8 733
Attendance fees	89	-	-	48	137
Capital gains on investment securities	-	-	-	14	14
SICAR income	856	-	-	14	870
<b>Total in mTND</b>	<b>1 770</b>	<b>3 555</b>	<b>-</b>	<b>4 429</b>	<b>9 754</b>

#### 8.5 – Interest incurred and similar charges

Interest incurred and similar charges amounted to -440,067mTND as of December 31, 2019 compared to -367,540mTND as of December 31, 2018 and are detailed as follows:

Description	2019	2018	Variation	%
Transactions with banking institutions	(131 730)	(108 154)	(23 576)	(21,8%)
Customer transactions	(292 297)	(245 622)	(46 675)	(19,0%)
Loans and special resources	(16 040)	(13 726)	(2 314)	(16,9%)
Other interest and charges	-	(39)	39	100,0%
<b>Total</b>	<b>(440 067)</b>	<b>(367 541)</b>	<b>(72 526)</b>	<b>(19,7%)</b>

#### 8.6 – Analysis of changes in net banking income

The net banking income recorded an increase of 26.5% between the 2018 financial year and the 2019 financial year, this evolution is explained as follows:

Description	2019	2018	Variation	%
Interest and similar income	803 026	622 188	180 838	291%
Accrued interest and similar charges	(440 067)	(367 541)	(72 526)	(19,7%)
Net interest margin	362 959	254 647	108 312	42,5%
Commissions received	108 033	91 151	16 882	18,5%
Paid commissions	(6 833)	(5 249)	(1 584)	(30,2%)
Net commissions	101 200	85 902	15 298	17,8%
Gains on commercial securities portfolio and financial transactions	63 899	60 252	3 647	6,1%
Income from the investment securities portfolio	73 083	72 587	496	0,7%
<b>Net banking income</b>	<b>601 141</b>	<b>473 388</b>	<b>127 753</b>	<b>27%</b>





## 8.7 - Allocations to provisions and result of value adjustments on receivables, off-balance sheet and liabilities

Description	2019	2018	Variation	%
Allocations to provisions on customer commitments	(94 865)	(165 101)	70 236	42,5%
Allocations to provisions for doubtful debts	(127 293)	(95 768)	(31 525)	(32,9%)
Allocations to additional provisions	(44 309)	(96 084)	51 775	53,9%
Allocations to collective provisions	(16 336)	(26 106)	9 770	37,4%
Reversals of provisions for bad debts	158 247	123 079	35 168	28,6%
Reversals of additional provisions	100 267	121 794	(21 527)	(17,7%)
Reversal of collective provisions on unclassified receivables	-	-	-	-
Receivables assigned to STRC or written off	(212 885)	(268 292)	55 407	20,7%
Receivables written off	(26 542)	(4 430)	(22 112)	(499,1%)
Resumption of reserved agios on transferred, written off or abandoned receivables	73 986	80 707	(6 721)	(8,3%)
Allocations to provisions for risks and charges	(25 905)	(16 126)	(9 779)	(60,6%)
Allocations to provisions for risks and charges	(27 653)	(22 232)	(5 421)	(24,4%)
- Provisions on suspense accounts	(1 627)	(5 136)	3 509	(68,3%)
- Provisions on corresponding accounts and translation difference	(12 097)	(5 887)	(6 210)	105,5%
- Provisions on accounts in litigation and cases against the bank	(11 951)	(5 681)	(6 270)	110,4%
- Provisions on miscellaneous debtors	(3)	(810)	807	(99,6%)
- Provisions for insufficient inventory	-	(429)		
- Provisions on accounts for the electronic payment activity	-	(17)		
Allocations to provisions related to social sanitation and IDR	(1 975)	(4 272)	2 297	24,4%
Allowances and pensions linked to social rehabilitation	(20 284)	(20 349)	65	0,3%
Reversals of provisions for risks and charges	1 748	4 081	(2 333)	(57,2%)
Reversal of provisions for retirement and social restructuring	20 284	22 374	(2 090)	(9,3%)
<b>TOTAL</b>	<b>(120 770)</b>	<b>(181 226)</b>	<b>60 457</b>	<b>33,4%</b>

## 8.8 – Allocations to provisions and result of value adjustments on the investment portfolio

As of December 31, 2019, the balance of this item breaks down as follows:

Description	2019	2018	Variation	%
Allocations to provisions for depreciation of the investment portfolio	(7 475)	(886)	(6 590)	(743,8%)
Allocations to provisions for managed funds	(3 556)	(1 866)	(1 691)	(90,6%)
Allocations to provisions for risk capital funds	(1 096)		(1 096)	
Capital gains or losses on the disposal of the investment portfolio	(5 280)	2 407	(7 687)	(319,4%)
Reversals of provisions for depreciation of the investment portfolio	54 574	8 026	46 548	580,0%
Losses on equity securities	(60 850)	(4 427)	(56 423)	(1274,5%)
Reversals of provisions for managed funds	1 781	574	1 207	210,3%
<b>Total</b>	<b>(21 904)</b>	<b>3 828</b>	<b>(25 732)</b>	<b>(672,2%)</b>



### 8.9 – Other exploitation products

The heading other operating income reached a total of 7,633 mTND on 31/12/2019 compared to 7,881 mTND on 31/12/2018, detailed as follows:

Description	2019	2018	Variation	%
Income from buildings	1 185	1 111	74	6,7%
Interest on staff loans	6 380	6 736	(356)	(5,3%)
Other accessory products	68	34	34	100,0%
<b>Total</b>	<b>7 633</b>	<b>7 881</b>	<b>(248)</b>	<b>(3,1%)</b>

### 8.10 – Personal expenses

Staff costs reached a total of 150,584 MTND on December 31, 2019 against 143,341 MTND on December 31, 2018, detailed as follows:

Description	2019	2018	Variation	%
Staff remuneration	(112 836)	(110 093)	(2 743)	(2,5%)
Social charges	(35 683)	(31 251)	(4 432)	(14,2%)
Other personnel expenses	(2 065)	(1 997)	(68)	(3,4%)
<b>Total</b>	<b>(150 584)</b>	<b>(143 341)</b>	<b>(7 243)</b>	<b>(5,1%)</b>

### 8.11– General charges of exploitation

General operating expenses reached a total of 71,385 mTND as of December 31, 2019 compared to 66,511 mTND as of December 31, 2018, detailed as follows:

Description	2019	2018	Variation	%
Rent	(3 944)	(3 573)	(371)	(10,4%)
Maintenance and repairs entrusted to third parties	(11 339)	(10 473)	(866)	(8,3%)
Work and manners performed by third parties	(9 351)	(8 571)	(780)	(9,1%)
Membership fee Deposit guarantee fund	(17 795)	(18 500)	705	3,8%
Insurance premium	(1 721)	(558)	(1 163)	(208,4%)
Other	(2 334)	(2 762)	428	15,5%
Dues and taxes	(2 213)	(1 277)	(936)	(73,2%)
Supplies made to the company	(2 717)	(1 915)	(802)	(41,9%)
Intermediary and honorary remuneration	(1 965)	(1 413)	(552)	(39,1%)
Transport and travel	(268)	(458)	190	41,5%
Miscellaneous management fees	(17 738)	(17 011)	(727)	(4,3%)
<b>Total</b>	<b>(71 385)</b>	<b>(66 511)</b>	<b>(4 874)</b>	<b>(7,3%)</b>



### 8.12– Balance in gain / loss from other ordinary items

The gain / loss balance from other ordinary items is 13,039 mTND as of 12/31/2019 compared to 11,502 mTND as of 12/31/2018 and is detailed as follows:

Description	2019	2018	Variation	%
Gains from other ordinary items	15 718	15 036	681	4,5%
- Capital gain on disposal	7 293	-	7 293	-
- TFP grant	1 349	1 259	90	7,1%
- Other gains	7 076	13 777	(6 702)	(48,6%)
Losses from other ordinary items	(2 679)	(3 535)	857	24,2%
<b>Total</b>	<b>13 039</b>	<b>11 501</b>	<b>1 538</b>	<b>13,4%</b>

### 8.13– Corporation tax

The profit tax charge amounted to TND 82,828 m as of December 31, 2019 compared to TND 25,800 m as of December 31, 2018.

Description	2019	2018	Variation	%
Fiscal result	236 653	73 714	162 939	(221,0%)
Society taxes	(82 828)	(25 800)	(57 028)	(221,0%)

## 9 – NOTES RELATING TO THE STATEMENT OF CASH FLOWS

### 9.1 – Net cash flow allocated to operating activities

Operating activities generated a positive net cash flow of TND 714,208 million in fiscal 2019.

The main variations are detailed as follows:

- The operating income received recorded a surplus of TND 487,388 million over the operating expenses paid.
- Loans and loan repayments made by customers generated a negative net flow of TND 919,413 million.
- Customer deposits and withdrawals generated a positive net flow of TND 1,014,341m.
- The acquisitions / disposals of investment securities generated a negative net flow of TND 7,087 million.
- The sums paid to staff and to various creditors reached 136 349 mTND.
- Other cash flow from operating activities resulted in a net inflow of TND 123,124 million.

### 9.2 – Net cash flow allocated to investing activities

The investment activities generated during the 2019 financial year, a positive net flow of TND 119,117m.

### 9.3 – Net cash flow used in financing activities

Financing activities generated, in fiscal 2019, a positive net cash flow of TND 26,425 million.

### 9.4 – Cash and cash equivalents

The bank's liquidity and cash equivalents reached as of December 31, 2019, a balance of -538.434 MTND against -1.398.184 MTND as of December 31, 2018, detailed as follows:

Description	2019	2018	Variation	%
Cash, CCP and liquidity recovery	72 839	73 507	(668)	(0,9%)
CBT	(979 477)	(1 501 538)	522 061	34,8%
Banks and specialized organizations	137 426	7 264	130 162	1791,9%
Money market loans	216 783	22 053	194 730	883,0%
Transactions securities	13 995	530	13 465	2540,6%
<b>Total</b>	<b>(538 434)</b>	<b>(1 398 184)</b>	<b>859 750</b>	<b>61,5%</b>



**Ladies and Gentlemen, Stockholders in the  
Société Tunisienne de Banque STB**

**GENERAL AUDIT REPORT  
FOR THE YEAR ENDING DECEMBER 31st, 2019**

**Report on the annual financial statements**

**1 - Qualified opinion**

In line with the mandate entrusted to us by your general assembly, we have carried out the audit of the attached financial statements of the "SOCIÉTÉ TUNISIENNE DE BANQUE -STB", which include the balance sheet as at December 31st, 2019, the statement of off-balance sheet commitments, the income statement, the cash flow statement at this same date along with related notes, including a summary of the main accounting methods employed.

In our opinion, subject to the possible impact of issues raised in the section entitled « basis for a qualified opinion », the attached financial statements present faithfully, in all significant aspects, the financial status of STB as at December 31st, 2019, as well as its financial performance and cash flow for the year ending on that same date, in accordance with the accounting principles generally applied in Tunisia.

**2 - Basis of a qualified opinion**

We have carried out our audit in line with the international audit norms applicable in Tunisia. Our responsibilities under these norms were largely described in this report in the section entitled «Responsibilities of the auditors for the audit of the financial statements ». We are independent from the Bank according to the ethical rules pertaining to the financial statements' audit in Tunisia, and we have fulfilled the other ethical responsibilities of which we are aware according to these norms.

We consider that the evidences we have obtained are sufficient and appropriate to form our audit opinion.

2-1 Our audit work was limited by:

- The bank's information system has shortcomings that affect the procedures and processes for handling and reporting financial information. These deficiencies are related particularly to the justification and reconciliation of flows and operations and the establishment of the commitments' statement.
- The absence of a multi-currency accounting, autonomous held in currency according to a double bookkeeping system.

This does not make it possible to identify clearly the impact of transactions carried out in foreign currencies on the result of the period and to assess the Bank's exposure to currency risk.

2.2 The items "Cash, and holdings within the CBT, PCC and GTT", "Claims on banking and financial institutions", "Central Bank and CCP "and" Deposits and assets of banking and financial institutions " include accounts that have old outstanding undischarged related mainly to accounts CBT Dinars, CBT Currencies and corresponding currencies.

Likewise, certain accounts under "Other assets" and "Other liabilities" have fixed balances and outstandings mainly related to inter-services accounts (in dinars and foreign currencies).

The bank has begun work to justify and clear outstanding transactions that it has outsourced to external accounting firms. As this action is in progress at the end of fiscal year 2019, the potential impact on the elements of the financial statements cannot be identified.

2.3 STB does not have a regular and exhaustive accounting of off-balance sheet commitments. The off-balance sheet commitments have been drawn up in an extra-accounting manner on the basis of situations communicated by STB's internal structures, with the exception of guarantees and sureties.

Therefore, we make a reservation about the regularity and completeness of the off-balance sheet commitments.

2.4 STB's commitments declared to the Central Bank of Tunisia "BCT", the basis for calculating the required provisions, are lower than the commitments recorded in the financial statements under the headings AC3



"Customer receivables", AC7 "other assets" and HB "off-balance sheet commitments" for a compensated amount of 30.821 million dinars.

Also, certain types of commitments have not been declared to the BCT, including credits granted to staff on own funds, current credits on repurchase agreements, confirmed export documentary credits and unused notified credits. This situation is likely to impact the amount of provisions required on customer commitments.

### 3 - Key issues for audit

Key issues for audit are those which in our professional opinion were the most important issues that arose in auditing the financial statements for the period under review. These issues were dealt with in the context of our audit of financial statements taken as a whole, contributing to formulation of our opinion about them, but without expressing a specific opinion on these issues.

We have determined that the subjects described below constitute the key issues for audit, which must be raised in our report.

#### 3.1 Classifying claims and estimating provisions

##### Key issues for audit

Receivables amounted to 11,393 million dinars as of December 31, 2019, provisions set aside to cover the risks associated with these receivables amounted to 1,220 million dinars and interest and premiums reserved for 561 million dinars.

As indicated in the note to financial statements 3.1 "Accounting for commitments and related income", the bank classifies and evaluates commitments and accounts for related provisions as soon as it considers that the criteria defined by Circular BCT No. 91-24 of December 17, 1991, as amended by subsequent circulars, are met.

In view of the Bank's exposure to credit risk, the estimation of which is based on quantitative and qualitative criteria requiring a high level of judgment, we considered the classification of receivables, the valuation of related provisions and the calculation of reserved interest and premiums as a key point in our audit.

##### Implemented Audit procedures

Based on interviews with management and a review of the control procedures implemented by the Bank, we have become familiar with the method used to assess counterparty risk and the recognition of the necessary provisions in view of the guarantees obtained. The method used to classify the Bank's commitments is mainly based on the age of the receivable.

We have therefore used the following approach for this audit exercise:

- Reconciliation of the situation of customer commitments to accounting data ;
- The assessment of the methodology used by the Bank in terms of classification of receivables in relation to the rules issued by the Central Bank of Tunisia;
- Assessment of the reliability of the risk coverage and product reservation system;
- Verification of the taking into account of certain qualitative criteria resulting from the operations carried out and the behavior of the relationship during the financial year;
- Examination of the guarantees retained for the calculation of provisions and the assessment of their values, in view of the rules enacted and the methods adopted;
- Verification of the arithmetic calculation of the amount of the provisions required for individual, collective and additional customer receivables, in accordance with the regulations in force;
- Verification that the proposed adjustments have been taken into account by the Bank.



### 3.2 Accounting for interest and commissions

#### Key issue for audit

Interest on commitments and commissions entered under results for 2019 came to 911 million dinars.

We considered that the inclusion of interest and commissions in the income statement is a key audit point because of the importance of this item and the inherent limitations of the bank's information system.

#### Implemented audit procedures

In the framework of our audit of the accounts, our work focused more particularly on the following aspects:

- A review of the policies, processes and controls put in place by the bank for revenue recognition and accounting ;
- An assessment of the IT environment with respect to the automatic generation and recognition of revenues in accounting ;
- Verification of compliance with accounting standard NCT 24 on "Commitments and related income in banking institutions" with regard to the recognition of income and the separation of accounting periods;
- The realization of analytical procedures on the evolution of interest and commissions;
- Verification of the reliability of interest reservation methods;
- Verification of the appropriateness of the information provided in the notes to the financial statements.

### 3.3 Recognition and presentation of Fungible Treasury Bonds (T-Bonds)

#### Key issues for audit

Presentation of T-Bonds in the investment portfolio or in the commercial portfolio is the result of policy set by the Bank.

As at December 31st, 2019, the value of the Bank's T-Bonds portfolio came to 1 085 million dinars. The application of the policy adopted by the Bank has led to the presentation of a T-Bonds portfolio of 313 million dinars on the commercial securities portfolio (AC4) and of 772 million dinars on the investment securities portfolio (AC5).

Because of the significant level of the outstanding balance of T-Bonds and of recourse to the hypotheses and intentions of the Bank's governance with regard to assignment of these securities, we consider that taking into account of the portfolio and its valuation is a key issue for audit.

#### Implemented audit procedures

We have assessed the control procedures implemented by the Bank with respect to the valuation and accounting of its portfolio. In particular, our work focused on the following elements:

- Compliance with the provisions of the accounting standard n°25 relating to the securities portfolio in banking institutions ;
- Assessment of the Bank's liquidity policy and its corroboration with the history of holding and investment of the T-Bonds;
- Assessment of the portfolio classification criteria and the reliability of the valuation models applied;
- Verification of the information provided in the notes to the financial statements.

## 4 - Observations

Without calling into question our opinion expressed above, we consider it useful to draw your attention to the following points:

1. The bank's shareholders' equity includes a State endowment of 117 million dinars established under Law No. 2012-17 of September 21, 2012 and with a possibility of restitution in case of restoration of the bank's financial balance.
2. The assets of the bank include 22 million dinars in claims assumed by the State, over a period of 25 years and without interest, under the Finance Act for the year 1999.
3. A lawsuit was brought against the bank in 2011 by Mr. BRUNO POLI for the return of cash vouchers given to the BNDT. On 29/10/2015, a judgment of first instance, confirmed on appeal, was pronounced against the bank condemning it to return the cash vouchers and failing this, to pay 7 million dollars. An appeal to the Supreme Court was filed with a stay of execution without deposit. Based on the opinion of the lawyer in charge of this case, the bank does not incur any risk.
4. The note to the financial statements No. 5 "Subsequent events", which describes the measures taken by



STB (continuity of action plan, security system for its staff and customers) following the COVID -19 virus pandemic, as well as the uncertainties relating to the estimation of the possible impact on the bank's activity and financial situation.

## 5 - Management report

The board of directors is responsible for the management report. Our opinion on the financial statements does not extend to the management report and we express no assurance whatsoever with regard to this report.

In application of the terms of article 266 of the commercial companies' code, we are responsible for verifying the accuracy of the information given with reference to the Bank's accounts in the board of directors management report with reference to the data provided in the financial statements. Our work consists of reading the management report and in doing so to determine if there is any significant incoherence between the management report and the financial statements or with reference to any information we have come across in the course of our audit, or even if the management report seems in any other way to contain a significant anomaly. If, in the light of work that we have carried out, we determine the presence of a significant anomaly in the management report, we are required to point this out.

We have nothing to report in this regard.

## 6 - Responsibility of upper management and the board of directors in the preparation and the presentation of financial statements

The board of directors and upper management are responsible for the preparation and the faithful presentation of these financial statements, in line with the company accounting system as well as the internal control that it considers to be necessary to allow for preparation of financial statements that are free of significant anomalies whether due to fraud or error.

When financial statements are being prepared, it is up to the board of directors and upper management to assess the Bank's ability to continue as a going concern, for communicating going concern issues, if any, and for applying the going concern accounting principle, except when the Board of Directors and Management intend to propose to liquidate or discontinue the Bank or when no realistic alternative is available.

It is up to the board of directors to monitor the Bank's financial information process.

## 7 - Responsibility of the co-auditors for audit of the financial statements

Our objectives are to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance corresponds to a high level of assurance, which does not, however, guarantee that an audit carried out in accordance with the international auditing standards applicable in Tunisia will always detect any significant anomalies that may exist. Anomalies may result from fraud or error and are considered material when it is reasonable to expect that, individually or collectively, they may influence the economic decisions that users of the financial statements make based on them.

In the framework of an audit carried out in line with the international audit norms applicable in Tunisia, we exercise our professional judgement in a critical manner throughout the audit. Furthermore:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures to respond to those risks, and obtain sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of detecting a material misstatement due to error because fraud may involve collusion, forgery, willful omission, misrepresentation or circumvention of internal control ;
- We obtain an understanding of the elements of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;
- We evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the appropriateness of the related information provided by management;
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the evidence obtained, on whether there is any material uncertainty regarding events or conditions



that may cast significant doubt about the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention of the readers of our report to the disclosures in the financial statements about that uncertainty or, if those disclosures are not adequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. Future events or conditions may cause the Bank to cease operations;

- We evaluate the overall presentation, form and content of the financial statements, including the disclosures in the notes, and assess whether the financial statements present fairly the underlying transactions and events.
- We communicate to those charged with governance, among other things, the planned scope and timing of the audit work and our significant findings, including any significant deficiencies in internal control that we may have identified in the course of our audit.



## Report concerning legal and regulatory obligations

As part of our mission of co-auditing, we also carried out the specific verifications required by the standards published by the Order of Chartered Accountants of Tunisia and by the regulatory texts in force in this area.

### 1. Effectiveness of the internal control system

In application of the terms of article 266 (line 2) of the commercial companies code and article 3 of law n° 94-117 of November 14th, 1994, as modified by law n° 2005-96 of October 18th, 2005, we have carried out the periodic verifications relating to the effectiveness of the internal control system with regard to processing accounting data and preparing financial statements. In this regard, we recall that the responsibility for the design and the implementation of an internal control system as well as the periodic monitoring of its effectiveness and efficiency lies with the upper Management and the Board of Directors.

A report dealing with the weaknesses and the deficiencies identified during our audit has been submitted to the Bank's upper management. This report points out issues that could have an impact on procedures and processes for assembling and presenting financial information.

### 2. Compliance of securities account maintenance with applicable regulations

In accordance with the provisions of Article 19 of Decree no. 2001-2728 of November 20, 2001, we have verified that the accounts of the securities issued by the Bank have been kept in accordance with the regulations in force.

The upper management is responsible for ensuring compliance with the requirements of the regulations in force.

Based on the procedures we considered necessary, we have not detected any irregularities relating to the compliance of the Bank's securities accounts with applicable regulations.

### 3. Cross-shareholdings

In accordance with the provisions of Article 466 of the Commercial Companies Code, "A joint stock company may not own shares in another joint stock company if the latter holds a fraction of its capital greater than ten percent. ». Two companies of STB Group held, as of December 31, 2019, 305,712 shares in the capital of STB.

These companies will be deprived of the voting rights attached to them at the Ordinary General Meeting approving the financial statements for the year ending December 31, 2019.

### 4. Foreign exchange position

With reference to Article 5 of the circular of the Central Bank of Tunisia N°97-08, we have not been able to assess the foreign exchange position of the Bank due to the failure to keep multi-currency accounting records in accordance with the requirements of the Tunisian accounting standard N°23.

Tunis, April 02nd, 2020  
Co-auditors

CFA Fathi Saidi

Fathi Saidi



CSL- CNH Group

Samir Labidi





## Ladies and Gentlemen, Stockholders in the Société Tunisienne de Banque STB

### SPECIAL AUDIT REPORT FOR THE YEAR ENDING DECEMBER 31st, 2019

Pursuant to the provisions of Articles 43 and 62 of Law No. 2016-48 of July 11, 2016, relating to banks and financial institutions, and Articles 200 and 475 of the French Commercial Companies Code, we report below on the agreements and transactions covered by these texts.

Our responsibility is to ensure compliance with the legal procedures for authorizing and approving these agreements or transactions and their correct translation, in fine, in the financial statements.

It is not our responsibility to specifically and extensively search for the possible existence of such agreements or transactions, but to inform you, on the basis of the information given to us and that obtained during the implementation of our audit procedures, of their essential characteristics and terms, without having to express an opinion on their usefulness or appropriateness. It is your responsibility to evaluate the benefits resulting from these agreements and transactions prior to their approval.

#### Agreements and operations newly launched

**1** - STB has signed a foreign currency financing agreement with the Tunisian State, its main shareholder, for an amount of 20 million Euros, within the framework of the syndicated loan granted by Tunisian banks to the State for a total amount of 341 million Euros. This loan is repayable over 3 years with an interest rate of 2.25%.

The outstanding amount of this loan as of December 31, 2019 is 20 million Euros, i.e. the equivalent of 62.854 million dinars.

**2** - The "Société Tunisienne de Banque" STB has concluded, with its subsidiary "Société Tunisienne de Recouvrement des Créances" STRC, an agreement for the transfer of a batch of bank receivables (batch 2019-1) in an amount equal to 59.610 million dinars and its accessories. The assignment was granted at the price of one symbolic dinar.

**3** - The "Société Tunisienne de Banque" STB has concluded, with its subsidiary the "Société Tunisienne de Recouvrement des Créances" STRC, an agreement to transfer a batch of bank receivables (batch 2019-2) in an amount equal to 102.682 million dinars and its accessories. The sale was granted at a price of 10 million dinars.

This acquisition of receivables was financed by a bank loan granted by STB to its subsidiary STRC for 10 million dinars. The terms of this credit are as follows:

- Duration: 7 years ;
- Reimbursement: only one annuity on December 15th of each year;
- Rate: MMR+1.5%;
- Guarantee: Contract of pure form & credit title.

The outstanding amount of this credit as well as the accrued interest not yet due are of the order of 10.041 million dinars as of December 31, 2019.

**4** - The Board of Directors, meeting on April 4, 2019, approved the reconstitution of the shareholders' equity of the subsidiary "STRC", which consists of :

- A capital reduction for an amount of 33.8 million dinars by absorbing part of the accumulated losses through the elimination of shares held by STB ;
- A capital increase for 36.462 million dinars by converting part of the associated current account "ACA" ;
- An allocation of the balance of the "ACA", i.e. 13.211 million dinars, to a special reserve account that will be used to absorb the balance of previous losses up to 12.042 million dinars.





**5 -** During fiscal year 2019, STB granted its subsidiary "L'Immobilière de l'Avenue" a consolidation credit up to 8.530 million dinars. This credit is intended to absorb the unpaid and outstanding balance relating to the consolidation credit of 8.624 million dinars.

The terms of this credit are detailed as follows:

- Term: 4 years with simple annual interest in arrears ;
- Repayment: In finite with possibility of early settlement without penalty;
- Rate: MMR+1%;
- Guarantee: Mortgage in 1st rank on land located in Rades-Ezzahra subject of TF n°12883 Ben Arous of a surface of 103074 m<sup>2</sup>.

The outstanding amount of this credit as well as accrued interest not yet due is about 9.097 million dinars as of December 31, 2019.

**6 -** During fiscal year 2019, STB granted its subsidiary "ACTIVHOTELS" a short-term loan of 1,500 million dinars.

The terms of this credit are detailed as follows:

- Duration: one year ;
- Repayment: in arrears ;
- Rate: MMR+0.5%;
- Guarantee: Pure form contract & credit security.

The outstanding amount of this credit as well as the accrued interest not yet due are of the order of 1.553 million dinars as of December 31, 2019.

**7 -** Pursuant to decisions by the Minister of Finance, STB has benefited from a guarantee package granted by the government, the main shareholder, to cover the commitments of certain public companies. These guarantees amount to 87.164 million dinars.

**8 -** During fiscal year 2019, STB entered into an agreement with its subsidiary "STB FINANCE" to invest and manage STB SUB 2019 subordinated bond loan.

Under the terms of this agreement, STB FINANCE received a commission of 0.6% of the amount of the loan as set-up costs and placement fees. This commission is of the order of 300 000 dinars excluding tax.

For the preparation of the prospectus and the setting up of the operation, STB FINANCE received a flat-rate commission of 50 000 dinars excluding tax.

**9 -** During the fiscal year 2019, the subsidiaries, associated companies and directors of STB subscribed to STB 2019-1 subordinated bond loan issued by STB for a total amount of 50 million dinars. The amount subscribed, up to 10.680 million dinars, is detailed as follows:

Company	Category	Amount
STB INVEST	Category A	1 000 000
STB SICAR	Category A	500 000
SICAV L'EPARGNE OBLIGATAIRE	Category C	4 000 000
SICAV L'INVESTISSEUR	Category C	100 000
SICAV L'AVENIR	Category C	80 000
<b>Total bonds subscribed by subsidiaries and associates</b>		<b>5 680 000</b>
STAR	Category E	2 000 000
STAR	Category A	3 000 000
Total bonds subscribed by directors		5 000 000
<b>Global total in dinars</b>		<b>10 680 000</b>



**10 -** The outstanding term deposits subscribed, during 2019, by subsidiaries, associated companies and STB directors totaled, as of December 31, 2019, an amount of 123.295 million dinars, broken down as follows :

Relation	Certificate of Deposit	Term deposit	Global total
IMMOBILIERE DE L'AVENUE	500 000	1 920 000	2 420 000
MAGASINS GENERAUX ET ENTREPOT REEL	-	3 300 000	3 300 000
POLE DE COMPET MONASTIR EL FEJJA	3 500 000	-	3 500 000
SICAV AVENIR	-	25 000	25 000
SICAV L EPARGNE OBLIGATAIRE	13 000 000	5 500 000	18 500 000
STAR	-	55 000 000	55 000 000
STB FINANCE	-	2 400 000	2 400 000
STB INVEST	-	1 950 000	1 950 000
STB SICAR	-	3 000 000	3 000 000
STRC	-	1 700 000	1 700 000
SICAV L EPARGNANT	15 500 000	15 500 000	31 000 000
STE TOURISTIQUE EDDKHILA	500 000	-	500 000
<b>Total en dinars</b>	<b>33 000 000</b>	<b>90 295 000</b>	<b>123 295 000</b>

#### Operations carried out under earlier agreements

**1-** Pursuant to Law No. 2012-17 of September 21, 2012, STB has recognized, during fiscal year 2011, among its shareholders' equity an endowment from the State in the amount of 117 million dinars with the possibility of restitution in case of restoration of the bank's financial equilibrium.

**2-** Prior to the audited fiscal year, STB has concluded agreements with the Tunisian State for the management of several budget funds (intended to finance either non-refundable grants, endowments or credits) in return for the collection of commissions.

As of December 31, 2019, these budgetary funds amounted to 37.010 million dinars against 38.008 million dinars as of December 31, 2018.

**3-** Prior to the audited fiscal year and pursuant to the decisions of the Minister of Finance, STB benefited from a guarantee package granted by the State, the main shareholder, to cover the commitments of certain public enterprises. These guarantees amount to 342.996 million dinars..

**4-** Prior to the audited financial year, STB subscribed to the 2014 national loan issued by the Tunisian State, the main shareholder, for 70 million dinars redeemable over 7 years with a grace period of 2 years and an interest rate equal to 6.15% (category B) and for an amount of 756 thousand dinars purchased on the market redeemable over 5 years with a grace period of 1 year and an interest rate equal to 5.95% (category A). The outstanding amount of this loan was 28 million dinars as of December 31, 2019.

**5-** Prior to the audited financial year, STB signed a foreign currency financing agreement with the Tunisian State, its main shareholder, for an amount of 10 million Euros within the framework of the syndicated loan granted by Tunisian banks to the State for a total amount of 250 million Euros. This loan is repayable over 3 years with an interest rate of 2%.

The outstanding amount of this loan as of December 31, 2019 is 3.333 million Euros, i.e. the equivalent of 10.476 million dinars.

**6-**The assistance granted by STB to the Tunisian State, its main shareholder, via the Ministries amounts to 91.793 million dinars (excluding syndicated loans).

**7-** By virtue of the correspondence received in 2019, the State guarantee signed following the decision of the Ministerial Council of June 2, 2011 was renewed until January 15, 2020. Pursuant to this decision, STB granted its subsidiary "Banque Franco-Tunisienne" BFT an interbank loan of 70 million dinars for a period of 7 days renewable with an interest rate of 8.75%.



**8-** STB has granted its subsidiary "Banque Franco-Tunisienne" BFT a short-term interbank loan in foreign currency, which amounts to USD 700 thousand on December 31, 2019, equivalent to 1.959 million dinars.

**9-** STB subscribed on October 18, 2016 to the private subordinated bond issued by the TFB, a company belonging to STB group, for a total amount of 16 million Euros, i.e. the equivalent of 39.560 million Dinars guaranteed by the State under the decision of the Minister of Finance dated October 17, 2016.

STB proceeded on May 26, 2017 and March 28, 2018 to the conversion of the above-mentioned loan into capital of the said company for 6 million Euros and 3 million Euros respectively, i.e. the equivalent of 22.253 million dinars.

The outstanding loan amounts to 7 million Euros, equivalent to 17.308 million dinars, as of December 31, 2019.

**10-** Prior to the audited financial year, the directors, associates and subsidiaries of STB subscribed to the various bonds issued by STB.

The outstanding amounts subscribed are detailed as follows:

Relation	Loan	Subscribed amount	Outstanding 12/31/2019
SICAV L'EPARGNANT	STB 2008-2	5 035 200	1 888 200
SMGERT	STB 2018/1	100 000	100 000
STB FINANCE	STB 2008-2	200 000	75 000
STB FINANCE	STB 2018/1 B	500 000	500 000
STB INVEST	STB 2008-2	3 535 200	1 325 700
STB INVEST	STB 2010/1 Cat A	1 000 000	100 000
STB INVEST	STB 2017/1	1 300 000	1 180 000
STB INVEST	STB 2018/1 B	2 000 000	2 000 000
STB INVEST	STB 2008/1 CATEGORIE B	375 000	117 188
STB SICAR	STB 2018/1 B	500 000	500 000
<b>Total bonds subscribed by subsidiaries and associates</b>		<b>14 545 400</b>	<b>7 786 088</b>
STAR	STB 2008/1 CATEGORIE C	2 000 000	900 000
STAR	STB 2008/1 CATEGORIE D	5 000 000	2 800 000
STAR	STB 2008-2	10 000 000	3 750 000
STAR	STB 2010/1 Cat B	20 000 000	7 994 000
STAR	STB 2018/1 B	5 000 000	5 000 000
<b>Total bonds subscribed by directors</b>		<b>42 000 000</b>	<b>20 444 000</b>
<b>Global total in Dinars</b>		<b>56 545 400</b>	<b>28 230 088</b>

**11 -** The outstanding term deposits subscribed, prior to the fiscal year 2019, by STB's subsidiaries and associated companies totaled, as of December 31, 2019, an amount of 34.770 million dinars, broken down as follows:

Relation	Term deposit
SICAV INVESTISSEUR	270 000
MAGASINS GENERAUX ET ENTREPOT REEL	300 000
SICAV AVENIR	200 000
SICAV L EPARGNE OBLIGATAIRE	4 000 000
STE SICAV L EPARGNANT	30 000 000
<b>Global total in Dinars</b>	<b>34 770 000</b>



**12** - The sight deposit accounts (creditors) opened by some companies in STB group show as of 12/31/2019, a total of 56.414 million dinars detailed as follows :

Related party	Credit balance
STE TOURISTIQUE EDDKHILA	30 787
STRC	17 182 855
IMMOBILIERE DE L'AVENUE	22 607 649
STB FINANCE	4 893 869
STB MANAGER	3 357 085
STB SICAR	2 327 461
STE TUNISIENNE DE CONTRÔLE VERITAS	116 361
PÔLE DE COMPETITIVITE MONASTIR EL FEJJA	199 960
SICAR AVENIR	12 472
SICAV INVESTISSEUR	5 227
STB INVEST	100 649
SICAV L'EPARGNANT	5 579 628
<b>Total in Dinars</b>	<b>56 414 003</b>

**13** - Prior to the audited fiscal year, STB has concluded agreements of associated current accounts with companies belonging to the group whose outstanding balance as of December 31, 2019 amounts to 17.800 million dinars detailed as follows:

Company	Outstanding 31/12/2019	Rate of Remuneration	Interest 2019
STRC	-	TMM+0,5%	1 532
ACTIVHOTELS	12 800	TMM+2%	-
L'IMMOBILIERE DE L'AVENUE- avance CCA	5 000	Non rémunéré	-
<b>Total in thousand Dinars</b>	<b>17 800</b>		<b>1 532</b>



**14 -** Prior to the audited financial year, STB signed with its subsidiary STB SICAR several agreements for the management of venture capital funds. The situation of these managed funds is detailed as follows:

Managed funds	Date souscription	Montant souscrit	En-cours au 31/12/2019
Managed funds STB 1	1999	8 000	4 707
Managed funds STB 2	2000	8 000	5 161
Managed funds STB 3	2001	5 000	3 836
Managed funds STB 4	2002	6 500	5 980
Managed funds STB 5	2003	6 824	5 663
Managed funds STB 6	2005	2 707	1 869
Managed funds STB 7	2006	800	726
Managed funds STB 8	2007	9 371	6 190
Managed funds STB 9	2008	4 800	4 649
Managed funds STB 10	2008	8 748	8 733
Managed funds STB 11	2009	6 000	6 511
Managed funds STB 12	2009	9 898	11 361
Managed funds ID STB 1	2002	2 000	1 230
Managed funds ID STB 2	2002	2 000	1 258
Managed funds ID STB 3	2003	5 436	3 764
Managed funds ID STB 4	2005	360	406
Managed funds ID STB 5	2006	1 133	1 214
Managed funds ID STB 6	2007	4 000	3 591
<b>Total in thousand dinars</b>		<b>91 577</b>	<b>76 849</b>

The conditions of remuneration of STB SICAR for the management of these funds are summarized as follows:

- Management fee of 1% of the assets valued at the closing date of the managed fund paid prior to the deduction of all fees and commissions with a minimum of 1% of the amount of funds allocated per year;
- Performance fee of 10% to 20% calculated on the capital gains realized on the sale of shares or units and dividends paid;
- Performance commission of 10% deducted from the investment income earned by the funds.

During the fiscal year 2019, STB recorded a total expense of 991.789 thousand dinars for these various commissions.

**15 -** Under the agreements concluded with the SICAV L'Épargne, the SICAV Investisseur, the SICAV Avenir and the SICAV l'épargne obligataire, STB acts as a custodian and/or distributor of securities and funds for these SICAVs.

In remuneration for the services provided in this respect, the bank receives the following commissions:

- 0.15% of the amount of the net assets of the SICAV the investor calculated daily. The commission relating to the fiscal year 2019 amounts to 445,599 TD including all taxes.
- 0.2% of the amount of the net assets of the SICAV the investor calculated daily. The commission relating to the fiscal year 2019 amounts to 2 632 TD.
- 1 000 TND (excluding taxes), fixed commission paid annually by the SICAV Avenir.
- 0.15% of the amount of the net assets of the SICAV bond savings calculated daily. The commission relating to the fiscal year 2019 amounts to 55 352 TND including all taxes.





**16 -** In Under the agreements concluded with its subsidiary STB MANAGER, STB acts as a securities and fund custodian for the FCP DELTA and FCP HIKMA funds managed by STB MANAGER.

In remuneration for the services provided in this respect, the bank receives a commission of 0.1% (including tax) of the amount of the net assets of each fund calculated daily. The commission relating to the fiscal year 2019 amounts to 586 TND excluding taxes.

**17 -** Under the agreements concluded with its subsidiary STB FINANCE, STB acts as a securities and fund custodian for the FCP INNOVATION and FCP CAPITAL PLUS funds managed by STB FINANCE.

In remuneration for the services provided in this capacity, the bank receives a commission of 0.1% (excluding tax) of the amount of the net assets of each fund calculated daily. The commission relating to the fiscal year 2019 amounts to TND 8,200 excluding taxes.

**18 -** Under the agreements entered into with its subsidiary STB FINANCE, the latter performs the following functions:

- Management of all the portfolio lines of securities shares and related rights and obligations in deposit on STB's accounts. STB undertakes to transfer all its own securities portfolios and on behalf of its clients. STB-Finance will retrocede to STB a commission, known as the brokerage commission, equal to 40% of the commissions invoiced by STB Finance relating to transactions coming from the Bank's network. The commission for the 2019 financial year amounts to 236 DT excluding taxes.
- In remuneration of these services, STB FINANCE receives a commission of 0.2% on all operations entrusted to it and relating to STB securities portfolio. However, above a certain amount, a ceiling will be fixed by mutual agreement between the two parties. The commission relating to the 2019 fiscal year amounts to 238 TND excluding taxes.
- Management of securities transactions of all the lines of the National Bond Issue 2014 subscribed by STB and its clients. STB FINANCE passes on to STB one third of the commissions received in connection with the processing of the National Bond 2014 lines. No amount was retroceded in 2019.
- Management of STB shareholding, which includes operations relating to the keeping of STB's register of shareholders and the holding of meetings and related operations. In remuneration for these services, STB FINANCE receives an annual lump sum of 40 thousand dinars (excluding taxes).

**19 -** Some STB staff have been seconded to its subsidiaries. The amounts invoiced by STB for the year 2019 are as follows:

Subsidiaries	1st trimester	2nd trimester	3rd trimester	4th trimester
ACTIVHOTELS	-	-	21 599	17 817
IMMOBILIERE DE L'AVENUE	23 046	24 438	28 179	21 094
STB FINANCE	20 938	64 396	44 960	37 342
STB MANAGER	80 092	98 808	82 629	74 710
STB SECURITE ET GARDIENNAGE	24 362	28 317	28 270	20 621
STRC	-	10 205	24 220	19 960
MGERT	23 189	27 691	27 612	20 006
STB SICAR	46 745	61 361	26 882	32 487
<b>Total in dinars</b>	<b>218 371</b>	<b>315 215</b>	<b>284 349</b>	<b>244 038</b>



**20** - STB leases some of its premises from its subsidiaries. The annual terms of the lease agreements are as follows :

Subsidiaries	Amount of the annual rent in Dinars	Rental start date	Increase per year	Start date of the increase	Rental 2019 VAT INCLUDED
STRC 1st floor	10000 (VAT INCLUDED)	01/07/2004	5%	second year of rental	20 428
STRC 2nd floor	10000 (VAT INCLUDED)	01/09/2001	5%	second year of rental	23 357
STRC 3rd floor	10000 (VAT INCLUDED)	01/05/2005	5%	second year of rental	19 729
STB INVEST	8400 (EXCLUDING VAT)	01/07/2004	5%	second year of rental	31 118
STB MANAGER	5400 (EXCLUDING VAT)	01/01/2003	5%	second year of rental	29 691
STB FINANCE	27875 (EXCLUDING VAT)	01/01/2010	5% (every 2 years)	third year of rental	65 066
STB INVEST	5 227 (EXCLUDING VAT)	01/12/2011	5% (every 2 years)	third year of rental	6 051
STB SECURITE ET GARDIENNAGE	4 800 (EXCLUDING VAT)	01/01/2016	5% (every 2 years)	third year of rental	5 998
STB MOYENS GENERAUX	5 400 (EXCLUDING VAT)	01/01/2016	5% (every 2 years)	third year of rental	6 747
<b>TOTAL IN DINARS</b>					<b>208 185</b>

In addition, the costs of premises maintenance and guarding invoiced by STB for fiscal year 2019 amounted to 184,443 thousand dinars broken down as follows:

Subsidiaries	Invoice Amount
STB INVEST	55 831
STB MANAGER	34 230
STB FINANCE	94 382
<b>Total in Dinars</b>	<b>184 443</b>

**21** - In 2016, STB signed a service agreement with its subsidiary, "STB Sécurité et Gardiennage", to provide security services for the premises and facilities owned by STB for a period of three years from January 1, 2016, renewable by tacit agreement. The price of the security services is calculated on the basis of the gross monthly salary of each security agent plus benefits and "STB Sécurité et Gardiennage's" head office expenses. The amounts invoiced for services provided for the year 2019 totaled 5 438 thousand dinars.

**22** - During 2015, STB signed a service agreement with its subsidiary, "STB Moyens Généraux", to provide cleaning services for the premises and establishments belonging to STB for a period of three years from February 1, 2015, renewable by tacit agreement. The price of the cleaning services is calculated on the basis of the gross monthly salary of each cleaning agent plus benefits and the costs of the "STB Moyens Généraux" head office. The amounts invoiced for services provided for the year 2019 totaled 4,271 thousand dinars.



**23** - The bank loans granted by STB to companies, related parties, its directors and officers totaled, as of December 31, 2019, an amount of 18.247 million dinars, broken down as follows :

Company	Othe commitments	Account debit	Accrued interest	Total in Dinars
LA GENERALE DE VENTE GEVE	1 159 670	82 261	-	1 241 931
L'IMMOBILIERE DE L'AVENUE	9 755 155		367 147	10 122 302
S.T.B SECURITE GARDIENNAGE		78 447	-	78 447
STB INVEST		281	-	281
STB MOYENS GENERAUX		32 678	-	32 678
STB SICAR		5 810	-	5 810
STE EDDKHILA	2 585 234		32 495	2 617 729
<b>Total loans/subsidiaries</b>	<b>13 500 059</b>	<b>199 477</b>	<b>399 642</b>	<b>14 099 177(*)</b>
STAR	4 117 564	-	-	4 117 564
<b>Total loans/administrators</b>	<b>4 117 564</b>	<b>-</b>	<b>-</b>	<b>4 117 564</b>
Directeur Général	30 019	-	-	30 019
<b>Global Total</b>	<b>17 647 641</b>	<b>199 477</b>	<b>399 642</b>	<b>18 246 759</b>

(\*) : These amounts do not take into account the credits granted in 2019 mentioned above.

### STB's obligations and commitments to its directors

**1** - The obligations and commitments towards the directors as referred to in article 200 (new) II § 5 of the Commercial Companies Code are detailed as follows :

- The current Chief Executive Officer was appointed by decision of the Board of Directors at its meeting of March 7, 2019. The elements of remuneration are the same elements of the former General Manager as set by the bank's remuneration committee and approved by STB Board of Directors meeting of May 30, 2016.

The components of the CEO's compensation are as follows :

- a fixed element which consists of a monthly net salary set at 16 thousand dinars,
- a variable annual element which does not exceed 50% of the amount of the fixed element, i.e. 96 thousand dinars and which will be calculated on the basis of the rate of achievement of the objectives set by the Board of Directors as well as financial indicators.

The benefits in kind are a company car with a quota of 500 liters of fuel per month, the coverage of telephone communication expenses with a ceiling of 250 dinars per month as well as the reimbursement of all expenses incurred within the framework of the exercise of its activity upon presentation of the related invoices.

- The compensation package for the former Deputy Chief Executive Officer, as reviewed by the bank's Nomination and Remuneration Committee, was approved by STB Board of Directors at its meeting on November 16, 2016. The compensation elements of the CAO have been revised as follows in meeting the objectives set by the board of directors and with regard to financial indicators:

- a fixed element which consists of a gross monthly salary fixed at 4.767 thousand dinars, i.e. a net salary of 2.670 thousand dinars;
- and a variable annual element which does not exceed 50% of the amount of the fixed element and which will be calculated on the basis of the rate of achievement of the objectives set by the Board of Directors as well as financial indicators.

The benefits in kind are a company car with a quota of 400 liters of fuel per month as well as the reimbursement of telephone expenses.



- The compensation of Executive Management advisors was set by decisions of the Boards of Directors at their meetings on July 17, 2018, November 21, 2018 and October 30, 2019. Remuneration components are detailed as follows:

Nature	Advisor 1		Advisor 2	
	from 07/01/2018 to 06/30/2019	from 07/01/2019 to 07/31/2019	from 12/01/2018 to 11/30/2019	from 12/01/2018 to 11/30/2019
Fixed Remuneration	5 450 dinars in gross/month		5 000 dinars in net/month	
Variable remuneration	up to 10 thousand dinars on proposal of the General Director and at the discretion of the Board of Directors		up to 20 thousand dinars at the discretion of the General Director depending on the achievement of objectives	
Benefits in kind	company car and 400 liters of fuel/month		200 liters of fuel/month	

- The amount of attendance fees due to STB directors was set by decision of the Ordinary General Meeting held on April 27, 2019 at 4000 dinars net per meeting for the chairman of the Board of Directors and 2000 dinars net per meeting for members of the Board of Directors.
- The amount of attendance fees due to directors members of the Standing Audit Committee and the Risk Committee was set by decision of the Ordinary General Meeting held on 27 April 2019 at 2000 dinars net per session for the chairman of each committee and at 1000 dinars net per session for committee members. Chairmen and members of more than one committee will be remunerated on the basis of their presence in a single committee of their choice.

2 - STB's obligations and commitments to its officers, as reflected in the financial statements for the year ended December 31, 2019, are as follows (in TND)

Nature of remuneration	GD		Executive Managing Director and Advisors		Administrators	
	Expenses for the year	Liabilities at 12/31/2019	Expenses for the year	Liabilities at 12/31/2019	Expenses for the year	Liabilities at 12/31/2019
Short-term benefits	717 854	72 093	313 381	176	108 750	48 265
- Former General Director	289 804	-	146 252	-	-	-
- Current General Manager (gross compensation)	353 498	72 093	132 884	176	108 750	48 265
- (social security charges and taxes)	74 552	-	34 245	-	-	-
<b>Post-employment benefits (*)</b>	<b>*</b>	<b>*</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>717 854</b>	<b>72 093</b>	<b>313 381</b>	<b>176</b>	<b>108 750</b>	<b>48 265</b>

(\*) Post-employment benefits are determined by reference to the national collective bargaining agreement for employees of banks and financial institutions. Expenses for the year and liabilities as of December 31, 2019 amounted to 146 thousand dinars and 169 thousand dinars respectively.

In addition, and apart from the aforementioned agreements and operations, our audit work has not revealed the existence of other agreements or operations falling within the framework of the aforementioned legal texts.

Tunis, April 2nd, 2020  
Co-auditors

CFA Fathi Saidi  
Fathi Saidi



CSL- CNH Group  
Samir Labidi







Pierre BOUCHERLE  
Collection privée STB



# RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF STB





## RESOLUTIONS

# RESOLUTIONS OF THE ORDINARY GENERAL ASSEMBLY OF STB

**STB from May 06, 2020 (FISCAL YEAR 2019)**

### FIRST RESOLUTION

Having heard the report of the Board of Directors for the fiscal year 2019 and the general report of the statutory auditors as well as the additional explanations provided, the Ordinary General Assembly approves the report of the Board of Directors and the financial statements for the fiscal year ended December 31, 2019, as presented to it.

**This resolution, put to the vote, was adopted unanimously by those present.**

**According to the remote vote, 49 votes in favour and one vote against.**

### SECOND RESOLUTION

Having taken note of the special report of the statutory auditors in accordance with the provisions of Article 200 et seq. and Article 475 of the Commercial Companies Code and Articles 43 and 62 of Law n°2016-48 of July 11, 2016 relating to banks and financial institutions, the Ordinary Shareholders' Meeting approves all operations falling within the scope of the provisions of the said articles as presented.

**This resolution put to the vote is adopted unanimously by the present members.**

**According to the remote vote, 49 votes in favour and one vote against.**

### THIRD RESOLUTION

Having heard the management report on STB Group and the statutory auditors' general report, the Ordinary Shareholders' Meeting approves the consolidated financial statements for the fiscal year ended December 31, 2019, as presented.

**This resolution put to the vote is adopted unanimously by those present**

**According to the remote vote, 49 votes in favour and one vote against.**

### FOURTH RESOLUTION

The Ordinary Shareholders' Meeting gives the members of the Board of Directors full, final and unconditional discharge from their management duties for fiscal year 2019.

**This resolution put to the vote is adopted unanimously by those present.**

**According to the remote vote, 49 votes in favour and one vote against.**

### FIFTH RESOLUTION

On the proposal of the Board of Directors, the Ordinary Shareholders' Meeting resolves to appropriate the income for fiscal year 2019, as detailed below:

In Dinars

- Result for the financial year 2019: 157,346,868.158
- Retained earnings -508,305,582.819
- Results carried forward: -350.958.714,661

**This resolution put to the vote is adopted by a majority of those present.**

**According to the remote vote, 46 yes votes and 4 no votes were cast.**



## SIXTH RESOLUTION

The Ordinary Shareholders' Meeting shall determine :

a net amount of 4,000 Dinars per meeting to be allocated to the Chairman of the Board of Directors.

a net amount of 2,000 Dinars per effective presence per meeting to be allocated to the members of the Board of Directors.

a net amount of 2,000 Dinars per effective presence per meeting to be allocated to the Chairman of the Permanent Internal Audit Committee and to the Chairman of the Risk Committee.

a net amount of 1,000 Dinars per meeting to be allocated to the members of the Board of Directors:

- to each member of the Permanent Internal Audit Committee and of the Risk Committee

- to each Chairman or member of the other committees of the Board of Directors

Chairmen and members belonging to more than one committee may receive only one remuneration calculated on the basis of their attendance at a single committee of their choice.

**This resolution put to the vote was adopted unanimously by those present.**

**According to the remote vote, 47 votes in favour and 3 votes against.**

## SEVENTH RESOLUTION

The Ordinary Shareholders' Meeting, having noted the end of the term of office of the two independent directors, coopts the appointment of Mrs. Rym OUESLATI and Mr. Sadok ATTIA as independent directors, chairing respectively the Risk Committee and the Audit Committee, for a period of three years, expiring at the end of the Ordinary Shareholders' Meeting which will have to rule on the financial statements for the financial year 2021.

En Dinars

Members Term of office	Mandat
Independent Members	
Mr. Sadok ATTIA (Chairman of the Audit Committee)	2019-2021
Ms. Rym OUESLATI (Chairman of the Risk Committee)	2019-2021

**This resolution put to the vote was adopted unanimously by those present.**

**According to the remote vote, 50 yes votes**

## EIGHTH RESOLUTION

The Ordinary Shareholders' Meeting approves the decision of the Board of Directors held on August 29, 2019 concerning the appointment of Mr. Lassaad ZARROUK and Mr. Taïeb BELAID as directors representing private individuals for a period of three years which will end with the Ordinary Shareholders' Meeting called to approve the financial statements for the financial year 2021:

Member representing private individuals Term of office	Mandat
Mr Lassaad ZARROUK (representing the MAE)	2019-2021
Mr Taïeb BELAID (representing private shareholders)	2019-2021

**This resolution put to the vote was adopted unanimously by those present.**

**According to the remote vote, 48 votes for and 2 votes against**



## NINTH RESOLUTION

The Ordinary Shareholders' Meeting, having noted the end of the current auditors' term of office, decides to appoint the Groupement d'Expertise Comptable "CFA" and "CBC" of Mr. Fethi SAIDI and Mr. Chokri BEN LAKHAL and the Groupement d'Expertise Comptable "CSL and "CNH" of Mr. Samir LABIDI and Mrs. Nour El Houda HENANE as auditors, for a period of three years, expiring at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for fiscal year 2022.

**This resolution put to the vote was adopted unanimously by those present.**

**According to the remote vote, 47 votes in favour and 3 votes against.**

## TENTH RESOLUTION

All powers are given to the Bank's legal representative or its agent for the purpose of carrying out the necessary registration, filing and legal publicity formalities.

**This resolution put to the vote is adopted unanimously by the present members.**

**According to the remote vote, 50 yes votes**

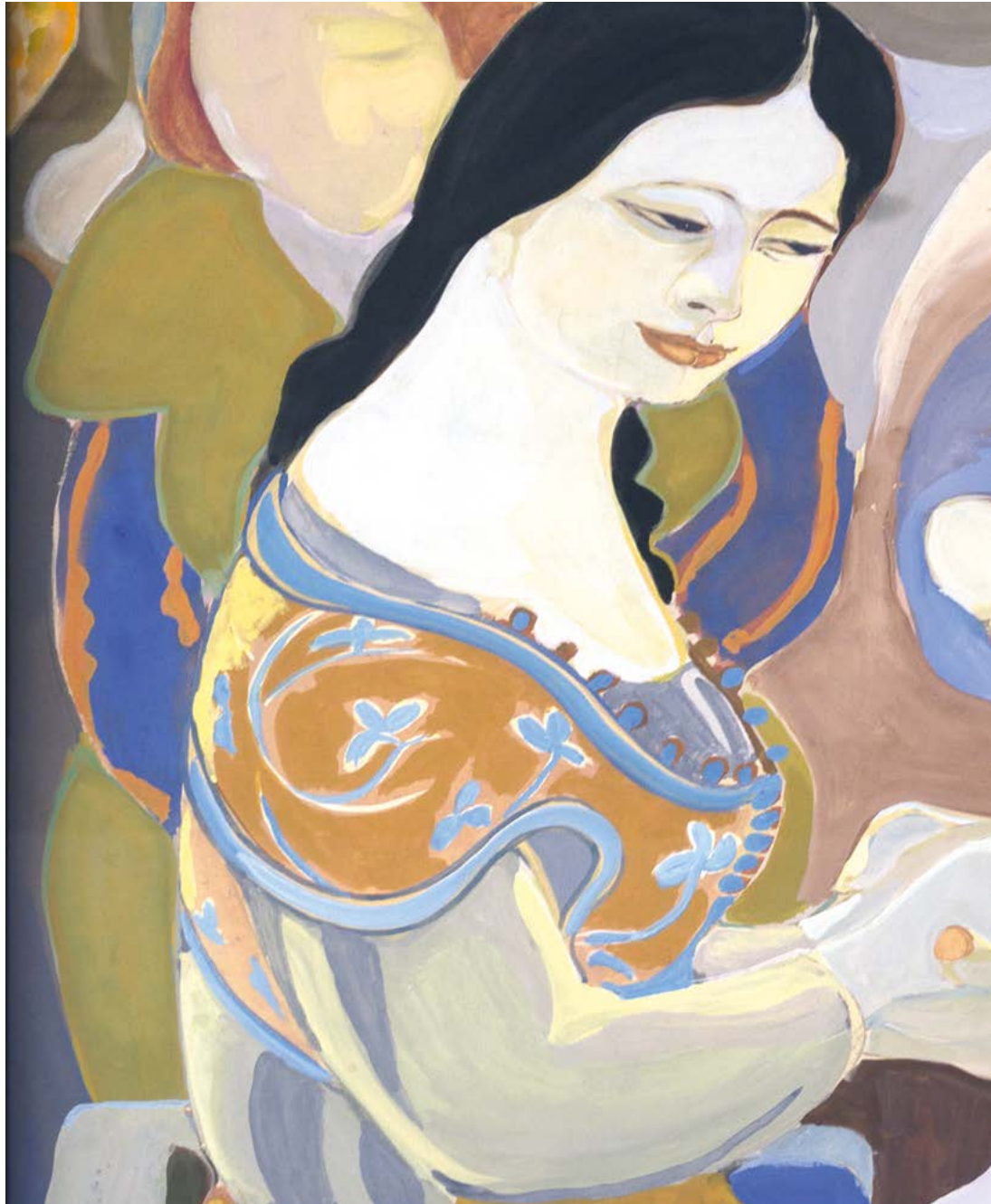




Ali BELLAGHA  
Collection privée  
STB

Bellagha





Zoubeir TURKI  
Collection privée STB

# STB GROUP MANAGEMENT REPORT





# STB Group Management Report

Financial Year 2019

## I - STB Group Management Report

### 1 - STB Group Management Report

STB Group consists of the bank, the parent company, 12 subsidiaries and 9 associates, operating mainly in the financial, banking and other services sectors.

The parent company, "Société Tunisienne de Banque", is a credit institution founded in 1958 and governed by the provisions of Law No. 2016-48 of July 11, 2016. It is listed on the stock exchange and its capital of TND 776,875,000 is fully paid up and is divided into 155,375,000 ordinary shares with a par value of 5 dinars each.

STB Group is mainly active in four business areas :

- Financial division: this sector includes the entities approved within the framework of the law 2016/48 governing the activity of credit institutions as well as the entities whose activity is an extension of it, namely: stock exchange intermediation, management of undertakings for collective investment in transferable securities (Law n°88-92 of 2-8-88 and law n°2001-83 of 24-7-2001) and SICARs governed by law n°95-87 of 30-10-95.

- Real estate division : this division includes entities approved under Law No. 90-17 of February 26, 1990 to professionally carry out operations of subdivision and development of land intended mainly for housing and the construction or renovation of collective or semi-collective buildings for residential, commercial, professional or administrative use.

- Tourism division: This division groups together entities approved for the management of hotel and tourism units.

- Services division: this division groups together entities that are specialized in studies, commercial and intellectual services, consulting and debt collection.

### 2- Presentation of the main companies belonging to STB Group

#### STB INVEST SICAF

STB INVEST was created in 1991, its corporate purpose is to promote investment in the country under the regime of investment companies with fixed capital (SICAF).

STB INVEST is a beneficiary company that regularly distributes dividends.

As part of the reorganization plan of STB Group subsidiaries by business line, it was decided to merge SOFI ELAN with STB INVEST in order to limit itself to a single SICAF within the Group.

This operation was approved by the EGA of December 3, 2019, at the rate of 101 SOFIELAN shares against 100 STB INVEST shares materialized by a capital increase from 36 000 mD to 39 351.9 mD.

On 12/31/2019, STB holds directly 92% in the capital of STB INVEST.

#### SOFI ELAN SICAF

Created in 1994, SOFI ELAN SICAF's corporate purpose is the management of securities portfolios. It is a beneficiary company and regularly distributes dividends.

Within the framework of the implementation of decisions to reorganize STB Group's subsidiaries by business segment, a decision was made to merge SOFI ELAN by absorption by STB INVEST in order to limit itself to a single SICAF within the Group.

This operation was initiated in 2018 and the valuation report was drawn up and validated by the company's Board of Directors.

The merger operation was approved by the EGM of December 3, 2019, at the rate of 101 SOFIELAN shares against 100 STB INVEST shares materialized by a capital increase from 36 000 mD to 39 351.9 mD.

Before the merger operation, STB directly held 15.52% in the capital of SOFI ELAN SICAF which amounted to 5 000 000 D at that date.

#### SICAVS (SICAV L'INVESTISSEUR, SICAV L'EPARGNANT et SICAV L'AVENIR)

These three SICAVs are open-ended investment companies whose purpose is to manage a portfolio of securities using its own funds.

The SICAV L'EPARGNANT is a bond fund while the SICAV L'INVESTISSEUR and the SICAV L'AVENIR are mixed funds.



Their objective is to provide their shareholders with regular and consequent incomes as well as an optimal liquidity.

All three SICAVs are profitable and regularly distribute dividends.

As part of the restructuring and reorganization plan of the subsidiaries, the Bank has decided to transfer the UCITS from STB MANAGER to STB FINANCE. The CMF approved this transfer on October 31, 2019.

### STB MANAGER

**Created in 2002, its corporate purpose is to manage the portfolios of STB Group's UCITS (Undertakings for Collective Investment in Transferable Securities).**

Although STB MANAGER's activity has been affected by the precarious economic environment, its results remain positive.

As part of the restructuring of STB subsidiaries, STB MANAGER has set up additional modules dedicated to the management of venture capital funds. As for SICAVs, the CMF has given its approval for the transfer of their management to STB Finance.

After obtaining an approval for the management of venture capital funds, STB Manager obtained a Visa from the CMF for the 1st venture capital fund: "ESSOR FUND" for an amount of 10 MD of which 6 MD is currently subscribed by STB, which participates in it up to 3 MD fully paid up.

On 12/31/2019, STB holds 29.96% in the capital of STB MANAGER which amounts to 500 mD.

### STB SICAR

Created in 1998, the venture capital investment company STB SICAR, aims at taking participations for its own account or for the account of third parties in the share capital of companies with a view to retrocession.

Since its creation, STB SICAR has remained dependent on the funds allocated by the Bank and the management fees paid by the latter. Upon the restitution of the due funds, STB SICAR risks to find itself in a situation of imbalance where its income no longer covers its expenses. In order to bring STB SICAR to rely on itself and to develop its activity, a reorganization and restructuring plan has been elaborated and put in place, materialized by the following actions:

Implementation of an organization and a management method that meets the needs of the venture capital activity;

Implementation of a new information system: A draft specification is being prepared for the three subsidiaries: STB INVEST, STB SICAR and STB Manager;

Orientation towards new products;

Adoption of an active collection policy in synergy with the STRC and STB;

Search for the best adequacy between productivity, profitability and operating costs;

Making venture capital funds a mode of financing and support to the traditional credits of the Bank;

As of 12/31/2019, STB directly holds 81.99% in the capital of STB SICAR which amounts to 19 495 mD.

### STB SECURITE ET GARDIENNAGE

The "STB Sécurité et Gardiennage" is a public limited company created in 2015 with the aim of ensuring the security and guarding of goods and establishments and generally any service operation directly or indirectly related to its purpose.

In addition, and as part of the Group's synergy, "STB Sécurité et Gardiennage" is called upon to take over the guarding services of STB Group's subsidiaries.

As of 12/31/2019, the Bank directly holds 0.5% of the capital of "STB Sécurité et Gardiennage" which amounts to 200 mD. The participation of the whole STB Group in the capital of the said company is 99%.

### STB FINANCE (Ex SOFIGES)

Created in 1967, this company operates in the field of stock exchange intermediation.

Its purpose is to carry out all transactions and management of securities.

As part of the decisions to reorganize STB Group's subsidiaries by business line, it was decided to transfer the management of UCITS from STB Manager to STB Finance. On October 31, 2019, the CMF gave its approval for the transfer of the management of SICAVs to STB FINANCE.

An action plan has been initiated with a view to develop the company's commercial activity. In addition, a social audit has been initiated to serve as a basis for preparing a social reorganization plan (redeployment of staff according to required needs). A new organizational chart has also been put in place.

As of 12/31/2019, STB holds 61.34% of the capital of STB Finance which amounts to 6 500 mD.





### STB MOYENS GENERAUX

STB Moyens Généraux is a public limited company created in 2014 with the purpose of providing cleaning services for premises and establishments and generally any service operation directly or indirectly related to its purpose.

In 2018, and following the extension of its corporate purpose, the company holds a tax identification card stipulating a main activity "cleaning and disinfection of premises" and a secondary activity "other provision of human resources".

As a result, the company is now in a position to meet the needs of the Bank and its various subsidiaries in terms of human resources for support and assistance activities (e.g., drivers, handlers, couriers, reception staff, gardeners, etc.).

As of 12/31/2019, STB directly holds 29.98% of the capital of the said company, which amounts to D 500,000. STB Group as a whole holds 99% of the company's capital.

### SOCIETE TUNISIENNE DE RECOUVREMENT DES CREANCES

The STRC, created in 1999, is the first bank debt collection company approved under Law 98-4 of February 2, 1998. The corporate purpose of the STRC is the collection of debts for its own account and for the account of third parties.

To meet the objectives of effectiveness and efficiency, the company should strengthen its human, material and logistical resources and develop its information system, procedures and organization.

In addition, and in order to strengthen the STRC's equity capital, STB's Board of Directors on December 28, 2018 gave its approval to the financial restructuring of the STRC through an accordion operation. This decision was concretized during the EGM of June 24, 2019 which decided to reduce the capital of the STRC for an amount of 33 800.5 mD (written off corresponding to STB's share compensated by a write-back on provision of the same amount) and to increase the said capital by 36 462.4 mD by conversion of a part of the CCA subscribed in full by STB.

At 12/31/2019, STB held 91.93% in the capital of the STRC which amounted to 36 462.4 mD at that date.

### TUNISIAN FOREIGN BANK « TFB EX UTB »

Created in 1977, the Tunisian Foreign Bank "TFB" is a public limited company whose purpose is to carry out all financial and banking operations.

TFB's network is composed of five branches: Three in Paris, one in Marseille and one offshore branch in Tunis.

In order to comply with the standards of prudential ratios, the EGA of 05/04/2019 decided the following:

The capital reduction of 26 958 005.52 € representing the amount of accumulated losses at the end of December 2018 which reduced the capital from 41 070 276 € to 14 112 270.48 €.

The capital increase of €7,799,984.40 to €21,912,254.88.

As of 12/31/2019, STB holds 45.73% in the capital of the Tunisian Foreign Bank "TFB" which amounts to € 21 912 254. The book value of STB reached 26 575.3 mD, and its participation is provisioned up to 12%.

### L'IMMOBILIERE DE L'AVENUE

Founded in 1931, Immobilière de l'Avenue is one of the oldest real estate development companies in the sector.

After a continuous history of deficit, Immobilière de l'Avenue was able to generate a profit in 2018 of 353.2 mD, thanks to the marketing strategy initiated as part of the reorganization and restructuring plan of STB subsidiaries.

In accordance with the regulations in force (Law 2016-48), CAREPP authorized the decision and deliberation bodies of STB group, on 12/06/2018, to sell a block of shares representing the totality of the company's capital.

In 2019, STB has undertaken to launch the necessary tenders for the selection of the specialized office for the realization of the privatization operation. The firm KPMG was selected for this mission.

As of 12/31/2019, STB holds 84.71% in the capital of Immobilière de l'Avenue which amounts to 9 400 mD. The participation of STB is provisioned up to 20%.

### ED-DKHILA

Created in 1966, the Tourist Company ED-DKHILA has for object the creation and management of hotel and tourist units. Since 1968, it has been operating the vacation village "Résidence Club Skanès" located in the tourist area of Monastir.

Within the framework of the program for the sale of companies operating in the competitive sector, it was decided to privatize this hotel unit which owns a land reserve of about 34 hectares. It should be noted that the hotel, built on approximately 15 hectares, is under a lease contract.

In 2018, and following the launch of calls for tenders for the sale of three lots of land, not in operation, with a total surface area of 19 hectares, a first lot among the three lots constituting this reserve was sold. The two remaining lots were the subject of four calls for tenders, which were declared unsuccessful.





In addition, and in order to comply with the regulations in force (Law n°2016-48), CAREPP authorized the decision and deliberation bodies of STB, on 12/06/2018, to sell a block of shares of 67.87% of the capital, representing the participation of the group, on the basis of specifications and an evaluation through a call for tenders.

As of 12/31/2019, the capital of ED-DKHILA amounts to TND 7,500,000.

### GENERALE DE VENTE « GEVE »

The GEVE was created pursuant to the CAREPP decision of 03/12/2007 within the framework of the STIA privatization operation. Its corporate purpose is the acquisition of STIA's non-operating assets (equity interests, land and construction) and their resale.

To finance its purchases, the company contracted a loan of 11,800 thousand dinars divided equally between STB and BNA.

In 2019, an invitation to tender was issued for the disposal of non-operating assets.

As of 12/31/2019, STB holds 50% in the capital of GEVE which amounts to 4000 mD STB's participation is provisioned up to 74.23%.

### ACTIV HOTELS

Created in 2006, ACTIVHOTELS is a limited company whose purpose is the creation, acquisition, sale, rental, operation and management of any hotel, tourist or seaside resort.

The company holds in stock a hotel under construction in Tunis and a leisure center in Chaffar-Sfax.

The company has not yet realized any turnover and continues to suffer the effects of the partner's current account (CCA).

On the other hand, the company benefits from the investment income of the advance of 1 500 mD cashed in 2010 following the signature of the promise of sale of the Hotel Tunis Palace.

In order to restructure the company, the Board of Directors of STB of 09/07/2017 gave its agreement for the implementation of a recovery plan based initially on :

The sale of the 2 units belonging to ACTIVHOTELS ;

The management of units belonging to STB and the judicial acquisition of a certain number of tourist units (in litigation) to be rented after renovation with the final objective of their transfer. In this respect, a call for tenders for the rental/sale of the hotel "Les jardins de Hammamet" has been launched and the sale of the DALIA hotel has been completed;

The acquisition of 13 tourist participations of the Bank. To date, ACTIVHOTELS has acquired 8 tourist participations from STB.

As of 12/31/2019, STB holds directly 30% of the capital which amounts to 1 000 mD. The participation of STB is fully provisioned.



### 3 - List of STB Group Companies as of December 31, 2019

In thousand dinars

Subsidiary's' name	Area of activity	Capital
STB BANK (Parent company)	Credit Intitution	776 875
STB INVEST	Credit Intitution	39 352
STB MANAGER	Credit Intitution	500
STB FINANCE	Credit Intitution	6 500
STB SICAR	Credit Intitution	19 495
L'IMMOBILIERE DE L'AVENUE	Real estate	9 400
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC"	Services	36 462
STE LA GENERALE DE VENTE	Services	4 000
ED-DKHILA	Tourism	7 500
SOCIETE ACTIVHOTELS	Tourism	1 000
SICAV L'INVESTISSEUR	Financial Institution	1 043
SICAV AVENIR ( EX SICAV BDET)	Financial Institution	1 153
SICAV OBLIG	Financial Institution	798
SICAV EPARGNANT	Financial Institution	7 423
TUNISIAN FOREIGN BANK " TF BANK"	Credit Intitution	31 496
STE MOYENS GENERAUX	Services	500
MAGASINS GENERAUX ET ENTREPOTS REELS DE TUNIS	Services	20
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	Services	649
SONIBANK	Credit Intitution	14 373
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER"	Services	1 773
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	Tourism	8 000
STE DE SECURITE ET DE GARDIENNAGE	Services	200

### 4 - Identification of companies included in the scope of consolidation of STB Group as of December 31, 2019

#### Fully consolidated companies

In thousand dinars

Subsidiary's' name	Capital	Area of activity
STB BANK (Parent company)	776 875	Credit Intitution
STB INVEST	39 352	Financial Institution
STB MANAGER	500	Financial Institution
STB FINANCE	6 500	Financial Institution
STB SICAR	19 495	Financial Institution
L'IMMOBILIERE DE L'AVENUE	9 400	Real estate
STE TUNISIENNE DE RECOUVREMENT DES CREANCES "STRC"	36 462	Services
STE LA GENERALE DE VENTE	4 000	Services
ED-DKHILA	7 500	Tourism
SOCIETE ACTIVHOTELS	1 000	Tourism
STE MOYENS GENERAUX	500	Services
STE DE SECURITE ET DE GARDIENNAGE	200	Services
MAGASINS GENERAUX ET ENTREPOTS REELS DE TUNIS	20	Services



#### COMPANIES CONSOLIDATED USING THE EQUITY METHOD

##### Consolidation of the group's two SICAVs using the equity method :

The two SICAVs of the group are created by STB, which acts as custodian and has more or less important participations in the capital of each of them;

- The Boards of Directors of the Group's SICAVs are controlled by STB, directly or through its authorized financial agents (in the case of STB Group, this is the indirect holding through STB MANAGER, a subsidiary linked to and created by STB and called upon to manage the Group's SICAVs). This explains the high percentage of control and the adoption of the full consolidation method as the consolidation method for these mutual funds. However, the regulatory framework for SICAVs in Tunisia stipulates that these companies are subject to the control of market authorities, in this case the Financial Market Council (CMF). Special rules apply to them with regard to the nature of the assets they may hold and their distribution.

- Indeed, the exclusive control that is presumed to be exercised by STB over its SICAVs is incompatible with the regulatory framework for SICAVs, all the more so as, as things stand at present, STB does not guarantee the performance of its SICAVs and does not bear the risks associated with their activities or their assets, even though the holding of the securities of these specific entities falls within the classic context of long-term holding envisaged by the parent company and not in the context of a Trading activity. The Group has rightly opted to consolidate the two SICAV l'Avenir & l'Investisseur funds using the equity method.

##### Companies accounted for using the equity method (IAS 28.5 and NCT36) :

These are companies in which STB is presumed to exercise significant influence in the form of power to participate in the financial and operational policy decisions of each investee company, without however exercising control over these policies.

STB Group companies accounted for by the equity method operate in diversified business sectors such as mutual funds, services and mainly tourism; as a result, and as part of its support for the national economy, the parent company highlights this significant influence by the following facts :

- Representation on the Board of Directors or equivalent management body of the investee company;
- Participation in the policy-making process through advice and logistical and financial assistance;
- Significant transactions between STB and the investee company in terms of equity and/or credit commitments (banking pool);
- An exchange of management personnel (seconded personnel).

in thousand dinars

Subsidiary's name	Capital	Area of activity
SICAV L'INVESTISSEUR	1 043	Financial Institution
SICAV AVENIR ( EX SICAV BDET)	1 153	Financial Institution
SICAV OBLIG	798	Financial Institution
SICAV EPARGNANT	7 423	Financial Institution
TUNISIAN FOREIGN BANK " TF BANK"	31 496	Credit Institution
SOCIETE TUNISIENNE DE CONTROLE VERITAS "STCV"	649	Services
SONIBANK	14 373	Credit Institution
STE CIVILE IMMOBILIERE "LA MAISON DU BANQUIER"	1 773	Services
STE DU POLE DE COMPETITIVITE DE MONASTIR-ELFEJJA	8 000	Touristic



## 5 - Changes in percentage of control, interest percentages and variation in the scope of consolidation

### Control percentages

Control is the power to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The percentage of control reflects the direct and/or indirect dependency between STB and the consolidated companies. It is used to determine which companies should be included in the scope

of consolidation and the consolidation methods to be applied. The percentage of control shows the number of voting rights held by STB in the consolidated company. It is calculated as the sum of all the voting rights held directly or indirectly by the companies under the exclusive control of STB.

The following table shows the percentage of control as of December 31, 2019, and as of December 31, 2018:

Consolidated companies	Change in the percentage of Control within the Group		"Variation 2019-2018"
	2019	2018	En %
STB BANK (Parent company)	100,00%	100,00%	0,00%
STB INVEST	94,60%	99,51%	-4,91%
SOFI ELAN SICAF	0,00%	60,63%	-60,63%
STB MANAGER	99,96%	99,96%	0,00%
STB FINANCE	96,71%	96,71%	0,00%
STB SICAR	99,50%	99,50%	0,00%
L'IMMOBILIERE DE L'AVENUE	99,90%	99,90%	0,00%
STE TUN.RECOUVR. DES CREANCES "STRC"	100,00%	100,00%	0,00%
SOCIETE LA GENERALE DES VENTES	50,00%	50,00%	0,00%
SOCIETE ED DKHILA	67,87%	67,87%	0,00%
SOCIETE ACTIVHOTELS	99,97%	99,97%	0,00%
SICAV L'INVESTISSEUR	76,27%	76,27%	0,00%
SICAV L'AVENIR	98,44%	98,44%	0,00%
SICAV OBLIG	1,61%	1,59%	0,01%
SICAV EPARGNANT	3,23%	4,39%	-1,16%
TUNISIAN FOREIGN BANK EX « U.T.B»	45,73%	44,93%	0,80%
STE MOYENS GENERAUX	99,98%	99,98%	0,00%
MAGASINS GENERAUX ET ENTREPORTS REELS DE TUNIS	49,95%	0,00%	49,95%
S.T.C.V VERITAS	27,06%	27,06%	0,00%
SONI BANK	25,00%	25,00%	0,00%
S.C.I " LA MAISON DU BANQUIER"	19,96%	19,96%	0,00%
S.P.C.M "ELFEJJA"	20,00%	20,00%	0,00%
STB SECURITE ET GARDIENNAGE	99,95%	99,95%	0,00%



### Percentage of interest or financial dependence on the group

The percentage of interest expresses the share of capital held by STB directly and/or indirectly in each consolidated company. In contrast to the percentage of control, which determines the consolidation method, the percentage of interest enables the consolidation to be implemented. It is used to assess STB's rights in the net assets of the consolidated companies and the share attributable to minority shareholders.

It is also used as a main tool in the implementation of consolidation entries at the time of elimination of reciprocal transactions and the allocation of equity. The percentage interest is calculated by adding the percentages of capital held directly by the parent company in the capital of the subsidiary and the product of the percentages of capital held directly and indirectly in the sub-subsidiaries.

The following statement presents the percentages of interest as of December 31, 2019, as well as those as of December 31, 2018:

Consolidated companies	Change in the percentage of interests in the Group		"Variation 2019-2018"
	2019	2018	En %
STB BANK (parent company)	99,99%	99,97%	0,01%
STB INVEST	94,73%	99,48%	-4,75%
SOFI ELAN SICAF	0,00%	59,89%	-59,89%
STB MANAGER	97,05%	94,60%	2,45%
STB FINANCE	95,55%	95,62%	-0,07%
STB SICAR	98,58%	99,07%	-0,48%
L'IMMOBILIERE DE L'AVENUE	99,16%	98,61%	0,55%
STE TUN.RECOUVR. DES CREANCES "STRC"	99,72%	99,94%	-0,22%
SOCIETE LA GENERALE DES VENTES	49,99%	49,99%	0,01%
SOCIETE ED DKHILA	67,51%	67,82%	-0,31%
SOCIETE ACTIVHOTELS	98,58%	99,81%	-1,24%
SICAV L'INVESTISSEUR	74,01%	76,03%	-2,02%
SICAV L'AVENIR	97,65%	98,08%	-0,43%
SICAV OBLIG	1,55%	1,47%	0,07%
SICAV EPARGNANT	3,08%	4,19%	-1,12%
TUNISIAN FOREIGN BANK EX « U.T.B»	45,73%	44,92%	0,81%
STE MOYENS GENERAUX	97,16%	94,31%	2,84%
MAGASINS GENERAUX ET ENTREPOTS REELS DE TUNIS	49,94%	0,00%	49,94%
S.T.C.V VERITAS	27,05%	27,05%	0,00%
SONI BANK	25,00%	24,99%	0,00%
S.C.I " LA MAISON DU BANQUIER"	19,96%	19,95%	0,00%
S.P.C.M "ELFEJJA"	20,00%	19,99%	0,00%
STB SECURITE ET GARDIENNAGE	97,11%	94,35%	2,76%





## II- Overview of changes in STB Group's consolidated indicators

### 1 - Overview of changes in STB Group's consolidated indicators

	In million dinars	dec.- 2015	dec.- 2016	dec.-2017	dec.-2018	dec.-2019	CGAR
<b>Activity</b>	Balance sheet total	7 764,2	8 426,5	9 089,9	10 615,0	11 406,8	10,1%
	Customer deposits	5 434,2	5 481,0	5 985,5	6 340,1	7 331,9	7,8%
	Outstanding net customer loans	5 538,1	5 528,5	6 043,7	7 074,1	7 974,2	9,5%
<b>Results</b>	Intermediation margin	129,7	142,1	158,2	247,9	359,4	29,0%
	Net commission volume	53,6	63,5	75,7	86,2	103,0	17,7%
	Turnover	503,7	519,9	437,8	613,5	800,5	12,3%
	Net banking income	252,6	288,9	350,6	465,0	596,6	24,0%
	Operating expenses	177,3	185,6	245,3	240,7	255,7	9,6%
	Net income for the year	-3,5	8,6	17,6	59,9	178,7	
<b>Equity</b>	Capital	776,9	776,9	776,9	776,9	776,9	0,0%
	Consolidated reserves	-327,9	-341,3	-314,0	79,8	132,7	
	Treasury shares	-5,5	-5,5	-5,5	-5,5	-5,5	0,1%
	Results for the period	-3,5	8,6	17,6	59,9	178,7	
	Shareholders' equity	440,0	438,7	475,0	911,1	1 082,7	25,2%
<b>Profitability</b>	Return on equity (ROE)	-0,8%	2,0%	3,7%	6,6%	16,5%	
	Return on assets (ROA)	-0,05%	0,10%	0,19%	0,56%	1,57%	
	Net income / NBI	-1,4%	3,0%	5,0%	12,9%	30,0%	
	Net commissions/ NBI	21,2%	22,0%	21,6%	18,5%	17,3%	
	Margins of intermediation / NBI	51,4%	49,2%	45,1%	53,3%	60,2%	
	Net commissions/wage bill	43,2%	46,4%	43,0%	49,0%	58,6%	
	Cost/income ratio	70,2%	64,3%	70,0%	51,8%	42,9%	



## 2 - Main Changes in the Consolidated Balance Sheet

### At the asset item level :

At the end of 2019, the total consolidated assets of STB Group amounted to 11,406.8 million dinars, up 791.8 million dinars or 7% compared to its level at the end of 2018. The increase recorded is explained by the following main variations:

- Increase in outstanding customer loans by 900.1 MD or 12.7% which amounted to 7,974.2 MD at the end of fiscal year 2019. The outstanding amount of this category of the parent company's employment recorded an increase of 844.8 MD or 11.8%;
- Increase of the commercial securities portfolio by 9.6 MD or 2.7% that of the parent company registered an increase of 16.5 MD or 5.1%;
- Increase of the balance of the heading "debt on banking and financial institutions" by 77.4 MD or 17.4%;
- Decrease of the investment securities portfolio by -57.3 MD or -5.3%, as well as the parent company (-20.5 MD or 1.8%).

### At the level of liability items :

The Group's total liabilities and equity increased by 619.6 MD or 6%

which is mainly explained by the following differentiated variations :

- Central Bank and Postal Code: -305.2 MD or -17.6%, that of the parent company recorded a decrease in the recourse to refinancing with the BCT of -305.2 MD.
- Deposits and assets of banking and financial institutions: -75.8 MD or -25.9%.
- Customer deposits and assets: 991.8 MD or 15.6% bringing their outstanding amount at the end of FY 2019 to 7,331.9 MD against 6,340.1 MD at the end of 2018. The parent company registered a 1,013.6 MD or 15.9% increase;
- Borrowings and special resources: 17.1 MD or 6.0% the outstanding amount of this category of resources of the parent company recorded an increase of 28.2 MD or 9.5%.

### At the level of equity items

STB group's total shareholders' equity amounted to 1,082.8 MD at the end of 2019 against 911.1 MD at the end of fiscal year 2018 thus registering an increase of 171.7 MD or 19%.

## 3 - Changes in Group net income and its main components

At the end of December 2019, STB group's consolidated net result stood at 178.7 MD against 59.9 MD at the end of 2018, mainly due to the positive contribution of the parent company (157.3 MD).

The analysis of the components of the group's net result allows to note the following remarks :

- The net banking income amounted to 596.6 MD, recording an increase of 131.6 MD or 28.3% as follows :
  - banking operating income: +207.8 MD or 24.9%.
  - bank operating expenses: + 76.2 MD or 20.6%.
- Operating expenses increased by 13.3 million dinars to reach 255.7 million dinars at the end of December 2019. This situation is explained at the level of :
  - The payroll which amounted to 169.2 MD at the end of 2019 includes the cost of recruitment operated by the parent company during the 1st and 4th quarters of 2019 and the expenses related to voluntary retirements.
  - The increase in general operating expenses of 4.1 MD.
- The cost/income ratio decreased by 8.9 percentage points to 42.9% . The parent company's cost/income ratio reached 39.0% in 2019 compared with 46.4% at the end of 2018.
- The group's operating profit amounted to 251.6 million dinars at the end of December 2019 against 78.0 million dinars at the end of 2018.

### Breakdown of Group net income by sector

in thousand Dinars

Sector	Consolidated Net Income (Loss)
CREDIT INSTITUTIONS	172 756
FINANCIAL INSTITUTIONS	3 840
SERVICES	2 078
<b>Total</b>	<b>178 674</b>



## Breakdown of the Group's net income according to the consolidation standard

In thousand dinars

Consolidated companies	Consolidated reserves		Consolidated Net Income (Loss)	
	2019	2018	2019	2018
GLOBALLY INTEGRATED COMPANIES	122 547	54 278	167 252	64 111
1 STB	146 405	83 124	163 976	58 578
2 STB INVEST	14 559	12 744	918	345
3 SOFI ELAN SICAF	0	1 650	0	592
4 STB MANAGER	1 088	950	64	103
5 STB FINANCE	1 366	491	-313	884
6 STB SICAR	4 970	4 194	239	543
7 IMMOB.DE.L'AVENUE	-721	-1 038	111	319
8 STRC	-42 616	-44 340	2 278	1 776
9 LA GENERALE DES VENTES	-1 632	-1 484	-214	-148
10 ED DKHILA	479	-940	-24	1 403
11 ACTIVHOTELS	-1 279	-1 044	-1 433	-251
12 STE MOYENS GENERAUX	-10	0	-10	-10
13 MAGASINS GENERAUX ET ENTREPORTS REELS DE TUNIS	-10	0	1 687	0
14 STE SECURITE ET GARDIENNAGE	-52	-29	-27	-23
COMPANIES ACCOUNTED FOR BY THE EQUITY METHOD	10 157	25 492	11 422	-4 197
15 SICAV L'INVESTISSEUR	-1	224	40	40
16 SICAV L'AVENIR	-4	3	44	52
17 SICAV OBLIG	-36	-16	36	16
18 SICAV EPARGNANT	-523	-683	534	785
19 STCV VERITAS	-21 673	-7 285	-7 240	-12 020
20 UNION TUNISIENNE DE BANQUE « UTB »	1 065	1 058	398	406
21 SONI BANK	30 520	31 609	16 020	5 412
22 MAISON DU BANQUIER	-513	-504	50	58
23 EL FEJJA	1 322	1 086	1 540	1 054
<b>TOTAL</b>		<b>79 770</b>	<b>178 674</b>	<b>59 914</b>



### III. STB Group perspectives

The status of the restructuring plan for STB Group's subsidiaries approved by MAZARS and their development prospects are as follows :

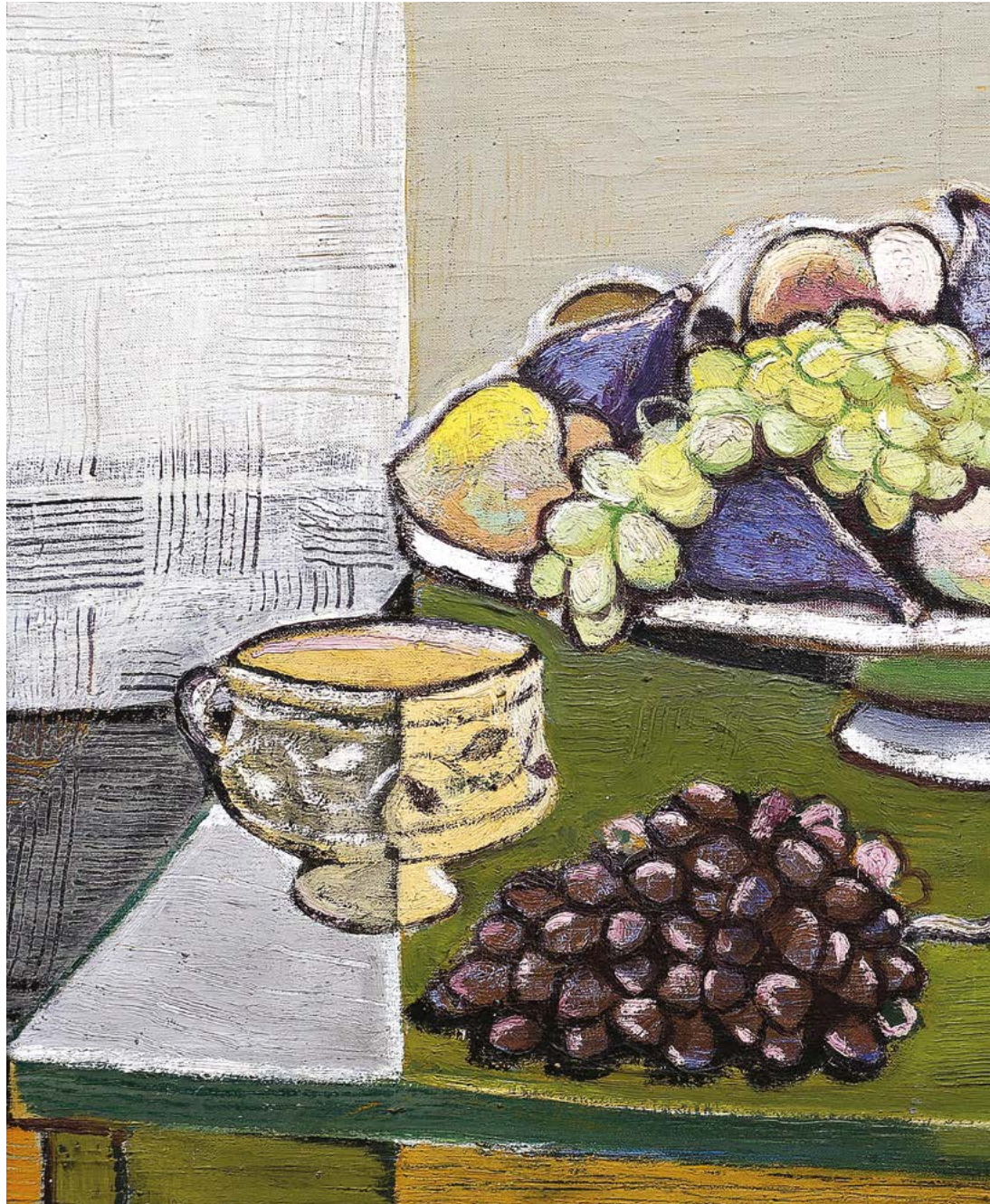
- STB Manager will launch a project of a second venture capital fund "STB GROWTH FUND" oriented towards innovative and start-up sectors;
- Motivation agreements will be put in place for the development of STB FINANCE commercial activity through STB network and the preparation of a social reorganization plan (redeployment of staff according to the needs required).
- STB INVEST will proceed to other partial acquisition of STB FINANCE's shares according to opportunities and available cash.
- STB SICAR will be led to rely on itself and to develop its activity through a reorganization and restructuring plan elaborated and implemented, materialized by the following actions :
  - Implementation of an organization and a management method that meets the needs of the venture capital activity;
  - Orientation towards new products;
  - To make SICAR a mode of financing and accompaniment to the traditional credits of the Bank. Within this framework, a note detailing the activity of the SICAR has been disseminated to the network and a training program for the customer managers on the SICAR products is planned for the 1st quarter of 2020.
- Adoption of an active collection policy in synergy with the STRC and STB, which will optimize, if not improve, the efficiency of the collection of overdue files;
- Search for the best adequacy between productivity, profitability and operating costs;
- A second increase in ACTIVHOTEL's capital by contribution in kind (DALIA: 4,050 mD and JARDIN DE HAMMAMET: 3,600 mD) as well as the development and rental of the former branch MOHAMED V.
- The launching of a consultation was carried out in order to choose an external firm for the recruitment of service personnel for "STB Sécurité et Gardiennage" and "STB Moyens Généraux".

• With reference to the bank's strategic axis entitled "Profitability of Subsidiaries and Participations", STB will continue to pursue the following main objectives :

- Withdrawal of subsidiaries and non-financial participations referred to in the Banking Law n°48-2016 ;
- Sanitation of the portfolio of participations and disinvestment of loss-making subsidiaries through privatization, sale or liquidation ;
- Acquisition of holdings in the sectors with high growth potential and consolidation of profitable holdings ;

The implementation of these actions, which can only significantly improve the performance of the subsidiaries and the Group's consolidated results, would depend on the economic situation in the post-pandemic coronavirus country.





Ammar FARHAT  
Collection privée STB



# CONSOLIDATED FINANCIAL STATEMENT





# CONSOLIDATED BALANCE SHEET

As at December 31, 2019

in thousand Dinars

	Notes	2019	2018	Variation	%
<b>Assets</b>					
AC1 - Cash and assets with CBT, Tunisian Post Office and TGT	6.1	520 068	301 460	218 608	72,5%
AC2 - Receivables from banking and financial institutions (*)	6.2	523 548	446 120	77 428	17,4%
AC3 - Receivables from customers (*)	6.3	7 974 170	7 074 053	900 117	12,7%
AC4 - Commercial securities portfolio (*)	6.4	365 481	355 901	9 580	2,7%
AC5 - Investment portfolio (*)	6.5	1 015 963	1 073 283	(57 320)	(5,3%)
AC5b - Investments in associates (*)	6.6	103 964	96 507	7 457	7,7%
AC6 - Fixed assets	6.7	148 427	149 120	(693)	(0,5%)
Deferred tax asset (*)		546	-	546	-
AC7 - Other assets	6.8	754 676	1 118 578	(363 902)	(32,5%)
<b>Total assets</b>		<b>11 406 843</b>	<b>10 615 022</b>	<b>791 821</b>	<b>7,5%</b>
<b>Liabilities</b>					
PA1 - Central Bank and CCP	6.9	1 426 074	1 731 309	(305 235)	(17,6%)
PA2 - Deposits and assets of banking and financial institutions (*)	6.10	216 570	292 329	(75 759)	(25,9%)
PA3 - Customer Deposits and Assets	9.11	7 331 934	6 340 136	991 798	15,6%
PA4 - Borrowings and special resources (*)	6.12	305 059	287 937	17 122	5,9%
Deferred tax liabilities (*)		33 704	26 722	6 982	26,1%
PA5 - Other liabilities (*)	6.13	1 003 671	1 018 987	(15 316)	(1,5%)
<b>Total liabilities</b>		<b>10 317 012</b>	<b>9 697 420</b>	<b>619 592</b>	<b>6,4%</b>
<b>Minority Interests (*)</b>		<b>7 086</b>	<b>6 550</b>	<b>536</b>	<b>8,2%</b>
<b>Equity</b>					
CP1 - Capital	6.14	776 875	776 875	-	-
CP2 - Consolidated reserves (*)		132 704	79 770	52 934	66,4%
CP4 - Treasury shares		(5 508)	(5 507)	(1)	(0,0%)
CP7 - Consolidated net income, group share (*)		178 674	59 914	118 760	198,2%
<b>Total Equity</b>	6.14	<b>1 082 745</b>	<b>911 052</b>	<b>171 693</b>	<b>18,8%</b>
<b>Total Equity and Assets</b>		<b>11 406 843</b>	<b>10 615 022</b>	<b>791 821</b>	<b>7,5%</b>

(\*)2018 data restated for comparability (Note 3.10)



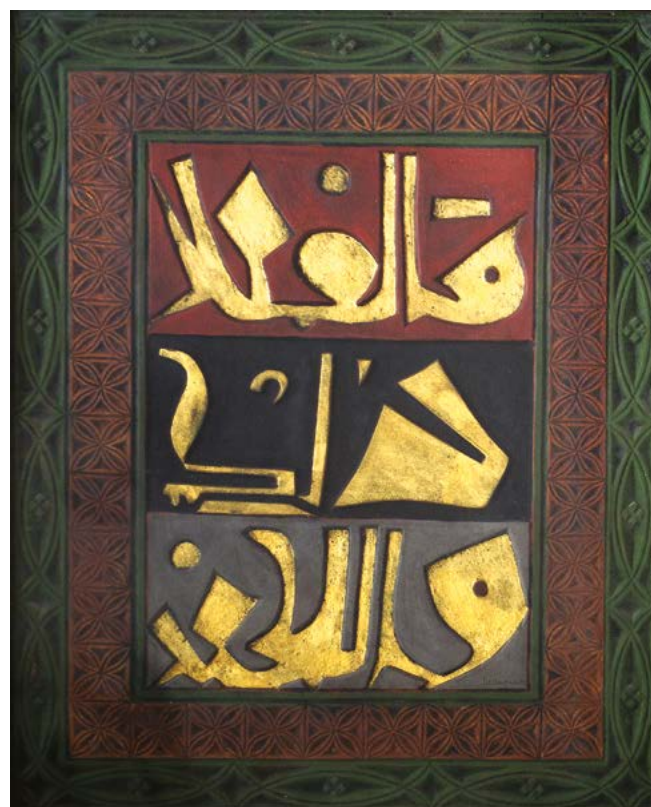


# CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS

As at December 31, 2019

in thousand Dinars

	Notes	2019	2018	Variation	%
<b>Contingent liabilities</b>					
HB1 - Sureties, endorsements and other guarantees given		1 354 692	1 373 598	(18 906)	(1,4%)
HB2 - Documentary Credits		505 097	413 083	92 014	22,3%
<b>Total Contingent Liabilities</b>	<b>7.1</b>	<b>1 859 789</b>	<b>1 786 681</b>	<b>73 108</b>	<b>4,1%</b>
<b>Commitments given</b>					
HB4 - Financing commitments given		100 230	130 534	(30 304)	(23,2%)
HB5 - Commitments on securities		809	859	(50)	(5,8%)
<b>Total commitments given</b>	<b>7.2</b>	<b>101 039</b>	<b>131 393</b>	<b>(30 354)</b>	<b>(23,1%)</b>
<b>Commitments received</b>					
HB7 - Guarantees received		2 178 460	2 132 046	46 414	2,2%
<b>Total commitments received</b>	<b>7.3</b>	<b>2 178 460</b>	<b>2 132 046</b>	<b>46 414</b>	<b>2,2%</b>



Ali BELLAGHA  
Collection privée STB



# CONSOLIDATED INCOME STATEMENT

Period from January 1 to December 31, 2019

Unit: Thousand Dinars

	Notes	2019	2018	Gap	%
<b>Banking operating income</b>					
PR1 - Interest and similar income	8.1	800 523	613 539	186 984	30,5%
PR2 - Commissions (in products) (*)	8.2	108 610	91 070	17 540	19,3%
PR3 - Gains on commercial securities portfolio and financial transactions	8.3	63 875	63 566	309	0,5%
PR4 - Investment Portfolio Revenues (*)	8.4	70 269	67 322	2 947	4,4%
<b>Total banking income</b>		<b>1 043 277</b>	<b>835 497</b>	<b>207 780</b>	<b>24,9%</b>
<b>BANKING OPERATING EXPENSES</b>					
CH1 - Interest incurred and similar expenses	8.5	(441 130)	(365 643)	(75 487)	(20,6%)
CH2 - Incurred commissions (*)		(5 596)	(4 881)	(715)	(14,6%)
<b>Total bank operating expenses</b>		<b>(446 726)</b>	<b>(370 524)</b>	<b>(76 202)</b>	<b>(20,6%)</b>
<b>Net Banking Income</b>		<b>596 551</b>	<b>464 973</b>	<b>131 578</b>	<b>28,3%</b>
PR5-CH4 - Allocations to provisions and income from value adjustments on receivables, off-balance sheet items and liabilities	8.6	(96 327)	(179 381)	83 054	46,3%
PR6-CH5 - Allocations to provisions and result of value adjustments on the investment portfolio	8.7	(11 865)	257	(12 122)	(4716,7%)
PR7 - Other operating income (*)	8.8	18 905	32 912	(14 007)	(42,6%)
CH6 - Staff costs (*)	8.9	(169 195)	(159 498)	(9 697)	(6,1%)
CH7 - General operating expenses (*)	8.10	(73 696)	(69 567)	(4 129)	(5,9%)
CH8 - Depreciation, amortization and provisions on fixed assets		(12 818)	(11 680)	(1 138)	(9,7%)
<b>Operating income (loss)</b>		<b>251 555</b>	<b>78 016</b>	<b>173 539</b>	<b>222,4%</b>
PR11 - Share of profit (loss) of associates (*)		11 451	(4 161)	15 612	375,2%
PR8-CH9 - Balance in gain/loss from other ordinary items	8.11	10 754	15 752	(4 998)	(31,7%)
CH11 - Income Taxes	8.12	(90 220)	(25 706)	(64 514)	(251,0%)
Income from ordinary activities		183 540	63 901	119 639	187,2%
PR9-CH10 - Balance in gain/loss from other extraordinary items (*)		(4 733)	(2 963)	(1 770)	(59,7%)
<b>Net Profit for the year</b>		<b>178 807</b>	<b>60 938</b>	<b>117 869</b>	<b>193,4%</b>
Minority interests in income (*)		133	1 024	(891)	(87,0%)
<b>Consolidated Net Profit</b>		<b>178 674</b>	<b>59 914</b>	<b>118 760</b>	<b>198,2%</b>

(\*)2018 data restated for comparability (Note 3.10)



# CONSOLIDATED STATEMENT OF CASH FLOWS

Period from January 1 to December 31, 2019

Unit: Thousand Dinars

	Notes	2019	2018	Gap	%
<b>Operating Activities</b>					
Bank operating income received		929 941	807 017	122 924	15,2%
Disbursed bank operating expenses		(442 419)	(371 571)	(70 848)	(19,1%)
Deposits/withdrawals of deposits with banks and financial institutions		163 381	113 702	49 679	43,7%
Loans and advances / repayments loans and advances to customers		(902 137)	(1 205 930)	303 793	25,2%
Deposits / withdrawal of customer deposits		1 000 126	427 487	572 639	134,0%
Acquisitions/disposals of marketable securities		(452)	142 810	(143 262)	(100,3%)
Payments to employees and sundry creditors		(151 945)	(167 011)	15 066	9,0%
Other cash flows from operating activities		129 921	(251 022)	380 943	151,8%
Income Taxes		(19 080)	(3 100)	(15 980)	(515,4%)
Net cash flow from operating activities	9.1	707 336	(507 619)	1 214 955	239,3%
<b>Investment activities</b>					
Interest and dividends received on the investment portfolio		71 423	62 421	9 002	14,4%
Acquisitions / disposals on investment portfolio		44 446	(142 898)	187 344	131,1%
Acquisitions / disposals of fixed assets		(5 630)	(5 580)	(50)	(0,9%)
Net cash flow from investing activities	9.2	110 239	(86 057)	196 296	228,1%
<b>Financing activities</b>					
Issuance /Repayment of borrowings		15 116	(9 216)	24 332	264,0%
Issuance/Reimbursement of special resources		7 377	5 585	1 792	32,1%
Dividends paid and other distributions		(778)	(2 207)	1 429	64,7%
Net cash used in financing activities	9.3	21 715	(5 838)	27 553	472,0%
Effect of changes in the scope of consolidation on cash and cash equivalents		51	360 767	(360 716)	(100,0%)
Impact of reclassifications and corrections on cash and cash equivalents		44	-	44	-
Net change in cash and cash equivalents	9.3	839 385	(238 746)	1 078 131	451,6%
Cash and cash equivalents at beginning of period		(1 372 039)	(1 133 292)	(238 747)	(21,1%)
Cash and cash equivalents at end of period	9.4	(532 654)	(1 372 039)	839 385	61,2%





# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

(Amounts expressed in thousand dinars - mTND)

## NOTE 1 - GROUP'S PRESENTATION

STB Group consists of the bank, the parent company, 12 subsidiaries and 9 associates, operating mainly in the financial, banking and other services sectors.

The Group is presented as of 12/31/2019 as follows :

<b>STB : Société Tunisienne de Banque</b> Credit Institution, Bank Head Office: Rue Hédi Nourira - 1001 Tunis - Tunisia	
<b>Financial Services</b>	
<b>STB SICAR</b> Immeuble Sawarby-Centre Urbain NORD-1003 Tunis	<b>STB INVEST</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah
<b>STB FINANCE</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	<b>SOCIETE TUNISIENNE DE RECOUVREMENT DES CREANCES</b> Avenue Habib Bourguiba-Immeuble Africa -1000 Tunis
<b>STB MANAGER</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	<b>SICAV L'INVESTISSEUR</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah
<b>SICAV L'EPARGNE OBLIGATAIRE</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	<b>SICAV L'EPARGNANT</b> STB, rue Hédi NOUIRA - 1001 TUNIS
<b>SICAV AVENIR</b> IMMEUBLE STB-34, rue Hédi KARRAY-1004 El Menzah	
<b>Banking services</b>	
<b>TUNISIAN FOREIGN BANK</b> 19, rue des Pyramides 75001 Paris	<b>SONI BANK</b> AVENUE DE LA MAIRIE NIAMEY NE 0891, Ave de l'Africa, Niamey, Niger
<b>Other services</b>	
<b>GEVE</b> C/O Immeuble STB Rue Hédi NOUIRA 1001 Tunis	<b>SOCIETE ACTIVHOTELS</b> C/O Immeuble STB Med V - 1001 Tunis
<b>STB MOYENS GENERAUX</b> 1, Rue des Entrepreneurs - 1001 Tunis	<b>STB SECURITE ET GARDIENNAGE</b> 1, Rue des Entrepreneurs - 1001 Tunis
<b>ED-DKHILA</b> 25, Avenue Jean Jaurès-1002 Tunis	<b>STVC VERITAS</b> BP 728, Les Berges du Lac. 1080 LES BERGES DU LAC Tunis
<b>L'IMMOBILIERE DE L'AVENUE</b> 31, Avenue de Paris, 1002 Tunis	<b>MAISON DU BANQUIER</b> 13 Av.khereddine Pacha. 1002 Tunis
<b>Hôtel d'entreprises, Pôle industriel «EL FEJJA»</b> 1153 Mornaguia La Mannouba	<b>Magasins Généraux et Entrepôt Réel de Tunisie MGERT</b> 132 bis Rue DE LA CHIMIE, Sidi Rezig

The headquarters of STB is located in Avenue Hédi Nourira 1001 Tunis. Its network includes 149 agencies and 202 ATMs.



The capital structure of the Bank as at 31 December 2019 is as follows:

	Number of shares	Amount in mTND	% of Capital
<b>SHAREHOLDERS</b>			
<b>A - TUNISIAN SHAREHOLDERS</b>	<b>153 543 699</b>	<b>767 718</b>	<b>98,8%</b>
Tunisian State	111 160 004	555 800	71,5%
Public Companies	18 408 461	92 042	11,8%
Private Moral Persons	10 205 160	51 026	6,6%
Repurchase by the Bank of its Securities	679 987	3 400	0,4%
Physical persons	13 090 087	65 450	8,4%
<b>B - FOREIGN SHAREHOLDERS</b>	<b>1 831 301</b>	<b>9 157</b>	<b>1,2%</b>
Moral Persons	1 159 135	5 796	0,7%
Physical persons	672 166	3 361	0,4%
<b>TOTAL</b>	<b>155 375 000</b>	<b>776 875</b>	<b>100,0%</b>

## NOTE 2 - BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of STB Group have been prepared in accordance with the provisions of Law No. 96-112 of December 30, 1996, on the Corporate Accounting System, Decree No. 96-2459 of December 30, 1996, approving the Conceptual Framework of Accounting, Tunisian Accounting Standards, in particular Sectoral Accounting Standards No. 21 to 25 published by order of the Minister of Finance of March 25, 1999, and Technical Accounting Standards No. 35 to 39 published by order of the Minister of Finance of December 1, 2003.



## NOTE 3 - BASES OF MEASUREMENT AND ACCOUNTING POLICIES APPLIED

The consolidated financial statements are based on the individual annual accounts of STB and all significant subsidiaries controlled by it.

The most significant accounting principles applied are summarized as follows :

### 3.1- CONSOLIDATION PRINCIPLES

#### 3.1.1- Consolidation methods

##### Global integration method

Les sociétés intégrées globalement sont les entreprises sur lesquelles le groupe exerce un contrôle exclusif Fully consolidated companies are companies over which the Group exercises exclusive control, de jure, de facto or de facto. The Group has exclusive control of a subsidiary when it is in a position to govern the financial and operating policies of an entity in order to benefit from its activities.

This method consists of substituting the assets, liabilities, income and expenses of each of the consolidated companies for the amount of their investments, indicating the share of minority interests in consolidated shareholders' equity and in consolidated net income for the year.

The full consolidation method consists of the following successive steps:

- The separate financial statements of the parent company and its subsidiaries are combined line by line by adding together similar items of assets, liabilities, equity, income and expenses;
- The carrying amount of the parent's investment in each subsidiary and the parent's share of each subsidiary's equity are eliminated;
- Minority interests in the net income of consolidated subsidiaries for the year are identified and deducted from the Group's income to obtain net income attributable to owners of the parent ;
- Minority interests in the equity of consolidated subsidiaries are identified and presented in the consolidated balance sheet separately from the liabilities and equity of the parent company.

Minority interests in equity include the amount at the date of the original business combination, calculated in accordance with NC38, relating to business combinations and the minority interest in movements in equity since the date of the combination.

- Intra-group balances and intra-group transactions and the resulting unrealized gains are eliminated on a reciprocal basis. Unrealized losses resulting from intra-group transactions are also eliminated unless the cost cannot be recovered.
- Temporary differences arising from the elimination of unrealized gains and losses from intra-group transactions are treated in accordance with the accounting rules relating to income tax.

##### Equity method of accounting

Companies accounted for by the equity method are companies over which the Group exercises only a significant influence. The Group exercises significant influence over a company when it is in a position to participate in the financial and operating policy decisions of the investee, without however exercising control over these policies.

Under the equity method, the investment is initially recorded at cost and the carrying amount is increased or decreased to reflect the investor's share of the results of the investee after the date of acquisition. Distributions received from the investee reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes due to changes in the equity of the investee that have not been included in the income statement.

Thus, the value of the investment will be substituted by the Group's share in the equity including the result of the equity method.



### 3.1.2 - Specific consolidation rules

The consolidated financial statements are prepared using consistent accounting policies for transactions and other events in similar circumstances.

\* Full consolidation for subsidiaries engaged in activities dissimilar to those of entities operating in the financial services industry

All subsidiaries controlled exclusively by STB are fully consolidated, regardless of their sector of activity. The financial statements of consolidated companies are restated to bring them into line with STB Group's recognition, measurement and presentation rules. The accounting principles and valuation rules specific to non-banking activities have been maintained in the consolidated financial statements of STB Group.

\* Presentation of the consolidated financial statements

The presentation of STB Group's consolidated financial statements complies with the provisions of standard NC 21 on the presentation of financial statements of banking institutions.

Non-banking income generated by subsidiaries is included in "Other operating income".

\* Restatement of bank receivables assigned to the collection company

After elimination of the internal profit or loss on disposal, the gross amount of receivables sold to STRC (lots 2017-2018-2019) and their coverage are reconstituted.

In the consolidated balance sheet, receivables net of provisions and reserved premiums are presented under "Loans and advances to customers".

\* Restatement of funds under management

The outstanding funds managed by the SICARs are replaced by the uses made of these funds in accordance with the financial statements of each fund, thus the provisions and results on managed funds are reclassified in provisions and results on the said uses,

\* Elimination of reciprocal transactions

Reciprocal balances resulting from transactions between Group companies and the transactions themselves, including income, expenses and dividends, are eliminated. Gains and losses on intra-group asset disposals and internal provisions are eliminated.

\* Goodwill on first consolidation

Goodwill on first consolidation is the difference at the time of acquisition between the acquisition cost of the shares and the corresponding share in the net book assets of the consolidated company. This difference is broken down into goodwill corresponding to the unrealized capital gains or losses on assets and goodwill corresponding to positive or negative goodwill.

Wherever information has been available, goodwill has been identified and recognized as such among intangible assets in assets. Goodwill identified has been amortized on a straight-line basis over a period of 5 years.

\* Change in percentage interest in a consolidated company

An increase in the percentage interest held in a company included in the scope of consolidation gives rise to the recognition of additional goodwill amortized in accordance with the rules specified above.

A decrease in the percentage interest in a company that remains consolidated, notably following a dilutive capital transaction for the Group company holding the interest in said company, results in the derecognition of goodwill in the amount of the interest disposed of.

\* Treatment of losses attributable to minority interests

In the event that losses attributable to minority interests in a consolidated subsidiary exceed the minority interest in the subsidiary's equity, such excess and any future losses relating to the minority are allocated to the majority interest unless the minority has an irrevocable obligation to offset the losses and is able to do



so. If the subsidiary subsequently generates profits, the majority interest is allocated all such profits until the minority interest's share of losses previously allocated to the majority interest has been recovered.

#### \* Deconsolidation

Securities held by the Group in a deconsolidated subsidiary are recognized at the date of exit from the scope of consolidation at their carrying amount, i.e. the share of consolidated shareholders' equity they represent at that date, plus, where applicable, the corresponding share of residual goodwill.

The carrying amount of the investment at the date on which it ceases to be a subsidiary is considered to be its cost thereafter. The cost is fixed unless subsequently written down, when its value in use falls below the new carrying amount.

### **3.2 - Recognition of commitments and related income**

#### **3.2.1 - Off-balance sheet commitments**

Financing commitments relating to medium and long-term loans, documentary credits and guarantees in the form of endorsements and sureties are recorded off-balance sheet as they are contracted and are transferred to the balance sheet as and when funds are released at their nominal value.

#### **3.2.2 - Accounting for customer loans**

Credits net of discounts are presented in the balance sheet at their face value less pre-discounted interest not yet accrued.

Credits disbursed and current accounts receivable are shown net of interest and premiums reserved, income received or accrued in advance and related provisions.

#### **3.2.3 - Recognition of income on customer loans**

Interest and similar income as well as commissions are included in the income statement for the fiscal year ending December 31, 2019 for the amounts related to the said fiscal year.

Interest on short-term loans is received in advance and recorded in accruals and deferred income when the loans are released and is subject to a subscription at the end of the month for the accrued portion.

Unpaid interest relating to doubtful long and medium-term loans (class B2, B3 and B4), within the meaning of B.C.T. Circular No. 91-24, is recorded as reserved interest and is subtracted from "Loans and advances to customers". This interest is recognized in the income statement when it is actually received.

Accrued interest not yet due on loans classified as current assets (class A) or as assets requiring special monitoring (class B1) within the meaning of B.C.T. Circular No. 91-24 and for which there is a reasonable assurance of effective collection is recognized in the income statement as it accrues.

Income on current accounts in debit is booked on the basis of the "account freeze" criterion and risk class.

An account is considered frozen if the sum of its net credit movements is less than the debit premiums generated by the account.

Premiums on disputed receivables in closed current accounts are not recognized.

#### **3.2.4 - Recognition of interest on arrears**

Default interest is recognized by the S.T.B. when the client pays or when a loan consolidation is carried out for a given client.

However, and following the implementation since 2007 of the new litigation software package "IMX", part of the late interest has been calculated, reserved and booked for an amount of 343,631 thousand dinars.





### 3.2.5 - Provisions for commitments

#### i . Individual provisions

The required provisions on customer commitments have been determined in accordance with the prudential standards of division, risk coverage and commitment monitoring set out in B.C.T. Circular No. 91-24, as amended by subsequent texts, which define the risk classes and minimum provisioning rates as follows:

Classes	Description	Provision rate
A	Current assets	0%
B1	Assets requiring special monitoring	0%
B2	Uncertain assets	20%
B3	Assets of Concern	50%
B4	Compromised assets	100%

The provisioning rates by risk class are applied to the net unhedged risk, i.e. the amount of the commitment less premiums reserved and the value of guarantees obtained in the form of financial assets, mortgaged buildings, government guarantees and bank and insurance guarantees.

Provisions on loans and accounts receivable are presented as a deduction from the relevant headings.

Provisions on off-balance sheet commitments are presented under "Other Liabilities".

#### ii . Additional provisions (BCT Circular No. 2013-21)

Pursuant to the circular to Banks No. 2013-21 of December 30, 2013, STB has set up additional provisions on assets with a seniority in class 4 greater than or equal to 3 years to cover the net risk and this, in accordance with the following minimum quotas:

- 40% for assets with a seniority in class 4 of 3 to 5 years;
- 70% for assets with a seniority in class 4 of 6 and 7 years;
- 100% for employees with a seniority in class 4 greater than or equal to 8 years.

#### iii . Collective provisions

Pursuant to Article 10 bis of BCT Circular No. 91-24 of December 17, 2012 added by Circular No. 2012-20 of December 6, 2012, STB has set up provisions of a general nature called "Collective Provisions" in order to cover latent risks on current commitments (class 0) and those requiring special monitoring (class 1) within the meaning of Article 8 of BCT Circular No. 91-24.

For the determination of the amount of this provision, the bank has adopted the reference methodology appended to Circular 91-24.

### 3.3 - Accounting for the securities portfolio and related revenues

The securities portfolio held by the Bank is classified into two categories: the investment portfolio and the commercial securities portfolio.

#### 3.3.1 - Investment portfolio and related revenues

Are classified in the investment portfolio :

- Securities representing equity interests in companies whose long-term ownership is deemed useful to the Group's business;
- Fixed-income securities acquired by the Group with the intention of holding them until maturity (investment securities including notably bonds);
- Government treasury bills purchased by the Group with the intention of holding them to maturity;
- Securities representing financial investments that have been the subject of a retrocession agreement but which have not yet been definitively sold;



The accounting rules for transactions involving these various categories of securities are summarized as follows:

#### **i . Long-term equity investments**

These securities are recorded in the balance sheet at acquisition cost, excluding costs and expenses.

Subscribed and unpaid shareholdings are recorded as off-balance sheet commitments at their issue value.

The acquisition and disposal of equity investments are recorded either on the date of transfer of ownership of the shares or on the date of registration of the transaction at the Tunis Stock Exchange. Capital gains resulting from the disposal of these securities are presented under the heading "Provisions and Value Adjustments on Investment Portfolio".

Dividends on securities held by the Group are recognized in the income statement as soon as their distribution has been officially approved.

#### **ii. Investment securities**

Income from fixed-income securities is recognized as income over the period concerned.

When the acquisition price of fixed-income securities is higher or lower than their redemption price, the difference called premium or discount, as appropriate, is included in the acquisition cost and spread over the residual life of the securities.

#### **iii. Securities representing financing interests**

Financing investments are considered to be an extension of the main financing activity and the capital gains resulting from their disposal are treated as interest and form part of banking operating income. These capital gains are recognized as income only once at the time of disposal and are presented under "Income from the investment portfolio".

Dividends on securities held by the Group are recognized in income as soon as their distribution has been officially approved.

Unpaid capitalized interest (converted into equity interests) is transferred from receivables accounts to equity accounts. The related premium reserves are transferred to provisions for equity investments.

#### **iv. Provisions for investments**

Investments in subsidiaries and affiliates are valued at their value in use at the balance sheet date and provisions are recorded to cover any capital losses of a lasting nature. This value takes into account :

- The market value of the share for listed securities,
- The mathematical value calculated from the last available balance sheet for non-hotel investments,
- The mathematical value calculated from the last available balance sheet adjusted for the capital gain on fixed assets for the participations in hotel projects.

Participations on the funds managed by the SICARs, which are made within the framework of retrocession agreements, are valued at their value in use and taking into account the prospects of recovery. Thus, provisions are made for investments with unpaid retrocession maturities and whose value in use does not cover the acquisition cost of the shares.

### **3.3.2- Commercial securities portfolio and related revenues**

The commercial securities portfolio held by the Bank is divided into two categories:

- Trading securities: securities characterized by their liquidity and whose holding period does not exceed three months.
- Marketable securities: securities acquired with the intention of holding them for a period not exceeding one year.

These securities are recorded in the balance sheet at acquisition cost, excluding costs and expenses.



Income from these securities is recognized in the income statement over the period concerned.

Premiums or discounts on marketable securities are spread over the remaining life of the securities.

At each balance sheet date, trading securities must be marked to market. Market value corresponds to the weighted average market price on the balance sheet date or the most recent previous date. Changes in price following their valuation at market value are recorded in the income statement. Income from trading securities is recognized in the income statement upon realization.

### **3.4 - Accounting for customer deposits and related expenses**

Interest expense on customer deposits and assets is recognized by type of deposit as follows:

- Interest on current accounts is positioned on customer accounts and recorded quarterly. The value dates used for the calculation of interest on customer current accounts vary according to the nature of the withdrawal or deposit operations carried out by customers, in accordance with Circular No. 91-22.

- Interest on term accounts is positioned on customer accounts in arrears and is subject to subscription at each balance sheet date.

### **3.5 - Accounting for resources and related expenses.**

Borrowings contracted by the Bank are recognized in the balance sheet as and when drawn down. Interest on borrowings is recognized as an expense as it accrues.

External borrowings denominated in foreign currencies are translated into dinars at the rate of exchange at the time of release. The risk of exchange rate fluctuations is hedged with the national guarantee fund managed by the "Tunis - Ré" reinsurance company.

Debts denominated in foreign currencies are discounted at the exchange rate at the closing date. The hedging contract concluded with Tunis-Ré against exchange rate fluctuations is recognized as a hedging instrument in accordance with International Accounting Standard IAS 39. It is then measured at its fair value, which corresponds to the foreign exchange risk incurred and estimated at the balance sheet date.

### **3.6 - Repurchase of own shares**

In accordance with the provisions of the Tunisian Accounting Standard 02, relating to equity :

- The treasury shares bought back are presented in the balance sheet as a subtraction from shareholders' equity;

- Capital gains or losses on treasury shares repurchased are recognized directly in shareholders' equity;

- Dividends received on treasury shares repurchased are recorded in the "Retained earnings" account.

### **3.7 - Accounting for transactions denominated in foreign currencies and foreign exchange gains and losses.**

Manual exchange transactions for bank bills are recorded daily at the rate of the day of the transaction. In this case, the exchange result represents the difference between the buying and selling rate of the day in question.

Balance sheet accounts denominated in foreign currencies, including foreign exchange positions, are revalued at the exchange rate prevailing at the balance sheet date. The resulting difference is recorded in the balance sheet under "38,391: Translation adjustment".



### 3.8 - Fixed assets and depreciation

Fixed assets are recorded at their acquisition cost, taking into account the VAT recovery percentage of the previous year.

Fixed assets are depreciated on a straight-line basis. The depreciation rates applied by the Group are as follows :

Buildings	2%
Transport equipment	20%
	10%
Office Furniture and Equipment	15%
	20%*
Security, communication and air-conditioning equipment	
Computer hardware	
Computer Software	10%
Fixtures, fittings and installationsMatériel de sécurité, de communication et de climatisation	
	15%
Computer hardware	33%*
Computer Software	33%
Fixtures, fittings and installationsMatériel de sécurité, de communication et de climatisation	10%

(\*)Rate applied for acquisitions from January 1, 2008.

However, and as an exception to the historical cost accounting principle, STB revalued land and buildings during the 2000 fiscal year. This revaluation induced an increase in shareholders' equity for an amount of 37 324 MD presented at the level of the item "Other shareholders' equity".

In application of IAS 16, part of the balance of the revaluation variance was transferred to the reported results to take into account the decrease in the book value of the revalued fixed assets.

### 3.9 - Provisions for retirement indemnities and other post-employment benefits

A provision for employee benefits is recognized by STB to meet the obligations corresponding to the present value of the rights acquired by employees in respect of the contractual indemnities (six monthly payments) to which they will be entitled on retirement. It results from a calculation carried out using the retrospective method of projected credit units (provided for by International Accounting Standard IAS 19, Employee Benefits, which has no equivalent in Tunisia), which takes into account in particular the mortality risk, the projected evolution of salaries, staff turnover and a financial discount rate.

An additional provision is also recorded to cover STB's social insurance commitments to its retired staff, using the same accounting method and based on estimates of the life expectancy of beneficiaries and the annual charges arising from the social insurance contract.



### 3.10 - Reclassifications and restatements of certain financial statement line items

For comparability purposes and to improve the presentation of STB Group's consolidated financial statements, the balances as of December 31, 2018 have been restated to reflect the following reclassification and restatements :

Balance sheet accounts	2018 published	2018 retired	Variation	Comments and explanations
AC2 - Receivables from banks and financial institutions	published	2018	18	Impact of the restatement of uses of managed funds on the various headings of the financial statements - managed funds are now replaced by the corresponding uses in consolidation.
AC3 - Claims on customers	retired	Variation	Comments and explanations	Correction of a consolidation of investments.
AC4 - Commercial portfolio	356 651	355 901	(750)	Restatements of managed funds (+15,627 md).
AC5 - Investment portfolio	1 041 805	1 073 283	31 478	Elimination of bonds and savings mutual funds (-14,056 md) following the equity method accounting for both companies.
AC5b - Investments in associates	113 333	96 507	(16 826)	Restatements of Managed Funds replaced by the corresponding jobs in consolidation.
Goodwill on acquisitions	32 232	-	(32 232)	Correction of the value of equity affiliates of TFB and SONIBANK with the impact of the final financial statements for the year 2018 (-31,102 md).
Deferred tax asset	8 573	-	(8 573)	Equity accounting of the two companies SICAV L'EPARGNANT and SICAV L'EPARGNE OBLIGATAIRE in the scope of consolidation for the year 2018 (+14,226 md).
PA2 - Deposits and assets of banking and financial institutions	292 315	292 329	14	Cancellation of the recognition of GW on TFB and ELFEJJA.
PA4 - Emprunts et ressources spéciales	248 991	287 937	38 946	Change in the presentation of deferred tax, offsetting of deferred tax assets and liabilities in consolidation by Group entity (treatment provided for under IAS12).
Deferred tax liabilities	35 295	26 722	(8 573)	Impact of restatements of managed funds now replaced by jobs.
PA5 - Other liabilities	1 012 379	1 018 987	6 608	Impact of restatements of managed funds replaced by the corresponding jobs.
Minority Interests	7 333	6 550	(783)	Update effect of sharing with reprocessed data.
CP2 - Consolidated reserves	128 514	79 770	(48 744)	Effect of the cancellation of GW recorded on the TFB and ELFEJJA (-27,795 bn) and taking into account the final financial statements of the TFB and SONIBANK (-25,083 md)
CP6 - Consolidated profit	73 914	59 914	(14 000)	See details of income statement restatements
PR2 - Commissions (in income)	86 054	91 070	5 016	Reclassification of the elimination of STBSG revenue to PR7.
PR4 - Investment portfolio revenues	71 991	67 322	(4 669)	Elimination of dividends distributed by companies accounted for by the equity method.
CH2 - Incurred commissions	(3 337)	(4 881)	(1 544)	Reclassification to heading CH7 of expense eliminations relating to services provided by STBMG and STBSG.
PR7 - Other operating income	37 929	32 912	(5 017)	Reclassification of an elimination of the turnover of STB Sécurité et gardiennage from the heading PR2
CH6 - Staff costs	(151 471)	(159 498)	(8 027)	Reclassement de l'élimination des charges / prestations fournies par STBSG et STBMG vers la rubrique CH7.
CH7 - General operating costs	(79 139)	(69 567)	9 572	Reclassification to heading CH7 of expense eliminations relating to services provided by STBMG and STBSG. Reclassification of the elimination of expenses / services provided by STBSG and STBMG.





Balance sheet accounts	2018 published	2018 retired	Variation	Comments and explanations
PR11 - Share in the results of companies accounted for by the equity method	5 545	(4 161)	(9 706)	Cancellation of the amortization of GW recorded on TFB and el FEJJA shares (-4,436 md)
				Updated versions of the TFB and SONIBANK financial statements (-6,025 md)
				Inclusion of SICAV Epargne Obligataire and SICAV Eparparparant in the 2018 scope (+833 md)
Minority interests in income	(1 399)	(1 024)	375	Updated effect of sharing with reprocessed data

### 3.13 - Income Taxes

In accordance with generally accepted principles in Tunisia, the Group distinguishes between current and deferred taxes.

#### 3.13.1 - Current taxes

Current income tax expense is determined on the basis of the rules and rates applicable to each Group company for the period to which the results relate.

#### 3.13.2 - Deferred Taxes

Only eliminations of intercompany transactions affecting income and reserves gave rise to the recognition of deferred tax.

Temporary differences arising from the individual financial statements of Group companies have not given rise to the recognition of deferred tax.

Current and deferred taxes are recognized as tax income or expense in the income statement.

For fiscal year 2019 and beyond, the effective tax rates used to calculate the deferred tax inventories of consolidated companies by entity are as follows :

CONSOLIDATED COMPANIES	NOMINAL RATE	EFFECTIVE RATE
<b>Credit Institutions</b>		
SOCIETE TUNISIENNE DE BANQUE	35%	35%
<b>Financial sector</b>		
STB INVEST	35%	35%
STRC	35%	35%
STB FINANCE	35%	35%
STB SICAR	35%	35%
STB MANAGER	35%	35%
<b>Building sector</b>		
L'IMMOB.DE L'AVENUE "IA"	25%	25%
<b>Services sector</b>		
GEVE	20%	20%
SOCIETE ACTIVHOTELS	20%	20%
STB MOYENS GENERAUX	25%	25%
STB SECURITE ET GARDIENNAGE	25%	25%
SOCIETE EDDKHILA	25%	25%
SOCIETE MGERT	25%	25%



## NOTE 4 - Consolidation scope

The Bank's consolidated financial statements include all entities under exclusive control or significant influence, with the exception of those whose consolidation is not material to the preparation of the Group's consolidated financial statements.

The scope of consolidation includes all companies over which STB exercises, directly or indirectly, exclusive control through its consolidated companies and companies over which it exercises significant influence.

A subsidiary is consolidated from the date on which the Group effectively obtains control.

Excluded from the scope of consolidation are entities for which equity interests have been acquired solely with a view to their subsequent disposal in the near future. Where severe and lasting restrictions call into question the Group's ability to control the operating policy and assets of a subsidiary or investment, the subsidiary or investment is also excluded from the scope of consolidation. This is the case for subsidiaries in liquidation or under the control of a receiver.

The companies included in the scope of consolidation as well as the business sectors and countries of residence of each company are as follows :

Consolidatable companies	DESIGNATION	BUSINESS POLE	COUNTRY
1. STB BANK (parent company)	STB	CREDIT ESTABLISHMENT	TUNISIA
2. STB INVEST	STB INVEST	FINANCIAL INSTITUTION	TUNISIA
3. SOFI ELAN SICAF (Fusionnée en 2019 avec STB INVEST)	SOFELAN	FINANCIAL INSTITUTION	TUNISIA
4. STB MANAGER	STB MANAGER	FINANCIAL INSTITUTION	TUNISIA
5. STB FINANCE	STB FINANCE	FINANCIAL INSTITUTION	TUNISIA
6. STB SICAR	STB SICAR	FINANCIAL INSTITUTION	TUNISIA
7. L'IMMOBILIERE DE L'AVENUE	IMM. AVENUE	SERVICE	TUNISIA
8. STE TUN.RECOUVR. DES CREANCES "STRC"	STRC	FINANCIAL INSTITUTION	TUNISIA
9. SOCIETE LA GENERALE DES VENTES	GEVE	SERVICE	TUNISIA
10. SOCIETE ED DKHILA	EDDKHILA	SERVICE	TUNISIA
11. SOCIETE ACTIVHOTELS	ACTIVHOTELS	SERVICE	TUNISIA
12. SICAV L'INVESTISSEUR	SICAV INVEST	FINANCIAL INSTITUTION	TUNISIA
13. SICAV L'AVENIR	SICAV AVENIR	FINANCIAL INSTITUTION	TUNISIA
14. SICAV EPARGNE OBLIGATAIRE	SICAV OBLIG	FINANCIAL INSTITUTION	TUNISIA
15. SICAV EPARGNANT	SICAV EPARGNANT	FINANCIAL INSTITUTION	TUNISIA
16. TUNISIAN FOREIGN BANK EX « U.T.B»	TFB	CREDIT ESTABLISHMENT	FRANCE
17. STE MOYENS GENERAUX	STBMG	SERVICE	TUNISIA
18. MAGASINS GENERAUX ET ENTREPORTS REELS DE TUNIS	MGERT	SERVICE	TUNISIA
19. S.T.C VERITAS	STCV	SERVICE	TUNISIA
20. SONI BANK	SONIBANK	CREDIT ESTABLISHMENT	NIGER
21. S.C.I " LA MAISON DU BANQUIER"	SCIMB	SERVICE	TUNISIA
22. S.P.C.M "ELFEJJA"	ELFEJJA	SERVICE	TUNISIA
23. STB SECURITE ET GARDIENNAGE	STBSG	SERVICE	TUNISIA

In addition to the parent company, the scope of the consolidated financial statements includes 21 entities as of December 31, 2019:

- 12 fully consolidated subsidiaries ;
- 9 associates accounted for by the equity method.



The Group's controlling and beneficial interests, as well as the consolidation methods of each entity in the scope of consolidation, are as follows :

Consolidatable companies	% GROUP CONTROL			CONSOLIDATION METHOD		% GROUP INTEREST		
	2019	2018	VAR %	2019	2018	2019	2018	VAR %
STB	100,00%	100,00%	0,00%	IG	IG	99,99%	99,97%	0,01%
STB INVEST	94,60%	99,51%	-4,91%	IG	IG	94,73%	99,48%	-4,75%
SOFELAN	0,00%	60,63%	-60,63%	NI	IG	0,00%	59,89%	-59,89%
STB MANAGER	99,96%	99,96%	0,00%	IG	IG	97,05%	94,60%	2,45%
STB FINANCE	96,71%	96,71%	0,00%	IG	IG	95,55%	95,62%	-0,07%
STB SICAR	99,50%	99,50%	0,00%	IG	IG	98,58%	99,07%	-0,48%
IMM. AVENUE	99,90%	99,90%	0,00%	IG	IG	99,16%	98,61%	0,55%
STRC	100,00%	100,00%	0,00%	IG	IG	99,72%	99,94%	-0,22%
GEVE	50,00%	50,00%	0,00%	IG	IG	49,99%	49,99%	0,01%
EDDKHILA	67,87%	67,87%	0,00%	IG	IG	67,51%	67,82%	-0,31%
ACTIVHOTELS	99,97%	99,97%	0,00%	IG	IG	98,58%	99,81%	-1,24%
SICAV INVEST	76,27%	76,27%	0,00%	MEE	MEE	74,01%	76,03%	-2,02%
SICAV AVENIR	98,44%	98,44%	0,00%	MEE	MEE	97,65%	98,08%	-0,43%
SICAV OBLIG	1,61%	1,59%	0,01%	MEE	MEE	1,55%	1,47%	0,07%
SICAV EPARGNANT	3,23%	4,39%	-1,16%	MEE	MEE	3,08%	4,19%	-1,12%
TFB	45,73%	44,93%	0,80%	MEE	MEE	45,73%	44,92%	0,81%
STBMG	99,98%	99,98%	0,00%	IG	IG	97,16%	94,31%	2,84%
MGERT	49,95%	0,00%	49,95%	IG	NI	49,94%	0,00%	49,94%
STCV	27,06%	27,06%	0,00%	MEE	MEE	27,05%	27,05%	0,00%
SONIBANK	25,00%	25,00%	0,00%	MEE	MEE	25,00%	24,99%	0,00%
SCIMB	19,96%	19,96%	0,00%	MEE	MEE	19,96%	19,95%	0,00%
ELFEJJA	20,00%	20,00%	0,00%	MEE	MEE	20,00%	19,99%	0,00%
STBSG	99,95%	99,95%	0,00%	IG	IG	97,11%	94,35%	2,76%

FC : Full Consolidation

EM : Equity Method

NI : Not integrated

In addition, it should be noted that the consolidated financial statements have been prepared on the basis of the financial statements of the parent company and those of the companies included in the scope of consolidation. However, the companies ACTIVHOTELS, EDDKHILA, STCV, La Maison du Banquier, ELFAJJA, TFB and SONIBANK have not provided accounts certified by their statutory auditors at the closing date of the consolidated financial statements.

#### 4.1.1- Specific treatments

Consolidation of the accounts of the TUNISIAN FOREIGN BANK -TFB-: STB group's controlling percentage in the TFB was set at 45.73% at December 31, 2019. However, the TFB has been consolidated by the equity method since STB believes that it does not have the power to direct the financial and operational policies of the said company.

Consolidation of the accounts of SICAVs: STB Group's percentage of control in certain SICAVs exceeds 50%. However, the SICAVs have been consolidated using the equity method since STB does not have the power to direct their financial and operational policies (control exercised by the the Financial Market Council).



For SICAV EPARGNANT and SICAV EPARGNE OBLIGATAIRE, although the percentage of control of STB group does not exceed 20%, these 2 sicavs have been retained in the scope of consolidation since the influence exists as soon as the management of the 2 companies is ensured by STB MANAGER.

#### 4.1.2- Changes in the scope of consolidation of STB Group

##### A/ Exit from the scope

Following the merger-absorption operation of the company " SOFI ELAN " by " La STB INVEST " with effective date on January 01, 2019, the company SOFIELAN is no longer part of the perimeter of STB group as of December 31, 2019,

SOFIELAN's contribution, fully consolidated in 2018, to reserves and consolidated earnings for fiscal year 2018 is as follows :

CONSOLIDATED RESERVES 2018	1 650
CONSOLIDATED RESULTS 2018	592
Total in thousand dinars	2 242

##### B/ Entry into the scope

The company Magasins Généraux Et Entrepôts de Tunisie (General Stores and Warehouses of Tunisia) entered the perimeter of STB group on 31/12/2019. The percentage of control of STB group on this date is 49.95%,

#### 4.2 - Companies excluded from the scope of consolidation

45 companies are excluded from the scope of consolidation of STB Group for the reasons set out below:

- Companies in liquidation or in a compromised situation :

Order	Company's name
1	SKANES PALACE INTERNATIONAL
2	AFRICA SOUSSE
3	STE TOURISTIQUE AIN DRAHAM "HOTEL NOUR EL AIN"
4	EL MARASSI
5	STE D'ANIMATION ET DE LOISIRS PARADISE PARK (H PHEDRA)
6	STE D'ETUDES ET DE DEV. HAMMAMET SUD "SEDHS"
7	STE D'ET. DEVPT AUDIO-VISUEL DE TSIE "SEDAT"
8	STE COND. IMPR. & PUBLICITE "CIP"
9	STE DES IND. METALLURGIQUES "SIMET"
10	CIE MED. DE TOURISME "HOTEL DALIA"
11	STIA
12	KURIAT PALACE
13	LA BANQUE FRANCO-TUNISIENNE BFT.

- Companies on the back burner:

Order	Company's name
1	COMPAGNIE DE DEVELOPPEMENT DU GRAND KORBOUS
2	STE D'ETUDES ET DE DEVELOPPEMENT DE SOUSSE
3	STE D'ET. & DE DEVPT "ZOUARAA"
4	DUNES DE NEFZAOUA
5	CIE DE DEVELOPPEMENT "LELLA HADHRIA"



- Companies whose financial statements at December 31, 2019 are unavailable :

Order	Company's name
1	SIDCO SICAR
2	CIE TQUE ARABE «CTA" (MARINA MONASTIR)
3	STE DE DEV.ECO. DE KASSERINE SODEK-SICAR
4	STE DE COMMERCE INTERNATIONAL DE KEBILI "SOCIK
5	STE TANIT INTERNATIONAL
6	MARINA HAMMAMET
7	SOPINO
8	SOPIC
9	OPTIMA SICAR
10	SED SOUSSE NORD

- Companies over which STB has lost control following a court decision (companies under judicial administration) :

Order	Company's name
1	S.H.T. LES BERGES 2000 "Hôtel l'Atrium"
2	COPRAT HAMMAMET GARDEN HOTEL
3	STE HOTELIERE "BEL AIR"

- Companies acquired and held with the sole intention of being sold in the near future, as well as companies for which a sale procedure has been initiated:

Order	Company's name
1	CIE HOTELIERE DES CENTRES VILLES (HOTEL ANDALOUS)
2	STE RAMLA TOZEUR
3	STE D'ANIMATION TOURISTIQUE BISAT SA
4	STE D'ACTIVITE TQUE "HOTEL ZODIAC"
5	Sté d'Etudes et de Prom.Tque " Hôtel Mariqueen" JERBA MARITIM
6	STE HOTEL YOUNES
7	STE TOURISME & ANIMATION "RAIS CLUB"
8	STE DE PROMOTION TOURISTIQUE LES CYCLAMENS
9	STE INTLE DE GEST. HOT. "H. BYBLOS"
10	STE HOTEL BYZANCE
11	STE MEDITERRANNE TOURISME»MAISON BLANCHE»
12	ARTEMIS HOTEL NEPTUNIA
13	IMACO
14	STE HOTELIERE «DAR DHIAFA » TROPICANA CLUB





## NOTE 5 - HIGHLIGHTS OF THE PERIOD

### 5.1 - Voluntary retirement

As part of its restructuring program, STB has developed a social reorganization plan involving the voluntary retirement of 378 employees. The program was closed during 2019 following the departure of 92 employees.

### 5.2 - Write-off and assignment of receivables

Pursuant to paragraph VII quater decies of Article 48 of the IRPP and IS Code, STB wrote off bad bank loans during fiscal year 2019.

And with reference to Law No. 98-4 of February 2, 1998, relating to debt collection companies, STB has transferred the batches of bank receivables to its subsidiary STRC.

The total amount of receivables written off and transferred is 322.889 million dinars, including 110.004 million dinars for late payment interest.

### 5.3 - Contribution to the Deposit Guarantee Fund

Pursuant to Article 149 and following of Law n°2016-48 of July 11, 2016 relating to banks and financial institutions as well as the provisions of Decree n° 2017-268 of February 1, 2017 relating to the determination of the rules of intervention, organization and operation of the said fund, STB is obliged to join the deposit guarantee fund in return for an annual contribution of 0.3% of its outstanding deposits. The membership fee for the year 2019 is 17,795 md.

### 5.4 - BRUNO POLI'S Case

Case brought against the bank by Mr BRUNO POLI claiming to have deposited with the Ex BNTND 07 bearer cash bonds denominated in dollars without specifying the issuing bank and the due date, by availing himself of a copy of an undated certificate drawn up in the personal name of a former employee of the BNTND and without bearing the stamp of the bank. An unfounded judgment condemned STB to return the bonds in question or the equivalent value, this judgment is the subject of an appeal which confirmed the judgment of the first instance.

An appeal in cassation was formulated with a stay of execution without deposit.

A judgment was rendered in favor of the Bank on March 26, 2018, in which the Court of Cassation overturned the appeal judgment with reference.

### 5.5 - Merger absorption of the company SOFIELAN SICAF by the company STB INVEST SICAF

Following the merger-absorption operation of the company "SOFI ELAN SICAF" with an effective date of January 01, 2019, the share capital of STB INVEST was increased to 39,351,980 TND through the creation of 335,198 shares with a nominal value of 10 TND each, distributed among the shareholders of the absorbed company at the rate of 100 shares of STB INVEST against 101 shares of the company SOFI ELAN. The amount of the merger premium generated by this operation amounts to 2,883,785 Dinars.



## NOTE 6 - NOTES RELATING TO CONSOLIDATED BALANCE SHEET ITEMS

(The figures are expressed in thousands of Tunisian Dinars)

### 6.1 - Cash, and assets with the BCT, CCP and TGT

The assets in cash and with the BCT, CCP and TGT totaled 520 068 mTND as of 31/12/2019 against 301 460 mTND as of 31/12/2018, an increase of 301 460 mTND.

The different headings composing this item are as follows :

Section	2019	2018	Variation	%
CASH	72 533	73 339	(806)	(1,1%)
Cash in Dinars	57 442	53 441	4 001	7,5%
CASH in foreign currency	15 091	19 898	(4 807)	(24,2%)
CBT	446 596	227 326	219 270	96,5%
BCT in Dinars	34 042	27 065	6 977	25,8%
BCT foreign currency	412 554	200 261	212 293	106,0%
CCP	310	166	144	86,7%
TGT	629	629	-	-
<b>Total</b>	<b>520 068</b>	<b>301 460</b>	<b>218 608</b>	<b>72,5%</b>

### 6.2 - Receivables from banks and financial institutions

Receivables from banks and financial institutions totaled 523,548 thousand TND as of 12/31/2019 against 446,120 thousand TND as of 12/31/2018.

The different headings composing this item are detailed as follows:

Section	2019	2018	Variation	%
Receivables from banks	163 191	97 192	65 999	67,9%
Resident bank current accounts	5 263	132	5 131	3887,1%
Non-resident bank current accounts	156 613	96 996	59 617	61,5%
Accounts receivable from correspondents in convertible dinars	1 315	64	1 251	1954,7%
Loans to financial institutions	218 742	180 584	38 158	21,1%
Money market loans in Dinars	140 000	70 000	70 000	100,0%
Off-market loans in Dinars	-	5 000	(5 000)	(100,0%)
Money Market Loans in Foreign Currencies	78 742	105 584	(26 842)	(25,4%)
Receivables and loans to specialized financial organizations	141 361	165 968	(24 607)	(14,8%)
Receivables and loans to specialized financial organizations (leasing)	40 500	52 500	(12 000)	(22,9%)
Receivables from specialized financial institutions (TUNIS RE)	100 861	113 468	(12 607)	(11,1%)
Related receivables	254	2 376	(2 122)	(89,3%)
Related claims on interbank loans in dinars	119	150	(31)	(20,7%)
Related receivables on foreign currency interbank loans	135	2 226	(2 091)	(93,9%)
<b>Total</b>	<b>523 548</b>	<b>446 120</b>	<b>77 428</b>	<b>17,4%</b>



Receivables due for refinancing by the CBT are as follows :

Description	2019	2018	Variation	%
Receivables from banks and financial institutions			-	-
Eligible for CBT refinancing	-	-	-	-
Not eligible for CBT refinancing	523 548	446 120	77 428	17,4%
<b>Total</b>	<b>523 548</b>	<b>446 120</b>	<b>77 428</b>	<b>17,4%</b>

Breakdown of receivables from banking and financial institutions (excluding related receivables) according to whether or not they are represented by interbank market securities.

Description	2019	2018	Variation	%
Receivables from banks and financial institutions			-	-
Materialized by interbank market securities			-	-
Not evidenced by interbank market securities	523 548	446 120	77 428	17,4%
<b>Total</b>	<b>523 548</b>	<b>446 120</b>	<b>77 428</b>	<b>17,4%</b>

The breakdown of receivables from banks and financial institutions (excluding related receivables) by residual maturity at 12/31/2019 is as follows:

Section	< 3 months	3 months to	1 an à 5 ans	> 5 ans	Total
Receivables from banks	1 year	1 year to	-	-	163 191
Current accounts of resident banks	5 years	> 5 years	Total	-	5 263
Current accounts of non-resident banks					
Accounts receivable from correspondents in convertible dinars	1 315	-	-	-	1 315
Loans to banks	216 783	1 959	-	-	218 742
Money market loans in dinars	140 000	-	-	-	140 000
Foreign currency money market loans	76 783	1 959	-	-	78 742
Loans to specialized financial institutions (leasing)	40 500	-	-	-	40 500
Claims on specialized financial institutions (Tunis Re)	100 860	-	-	-	100 860
Related receivables	255	-	-	-	255
<b>Total</b>		<b>1 959</b>	<b>-</b>	<b>-</b>	<b>523 548</b>

**6.3 - Claims on customers**

The comparative change in net commitments between 2019 and 2018 is as follows :

Section	2019	2018	Variation	%
Current accounts receivable	1 118 876	1 238 667	(119 791)	(9,7%)
Credits from special resources	57 817	51 386	6 431	12,5%
Receivables assumed by the State	22 252	26 522	(4 270)	(16,1%)
Bonus paid by the State	6 177	6 177	-	-
Associated current accounts	91 223	98 882	(7 659)	(7,7%)
Other Customer Contests	8 685 833	7 813 728	872 105	11,2%
Receivables to be abandoned	3 562	3 562	-	-
Related receivables	58 882	40 528	18 354	45,3%
Bank receivables held by the STRC	629 065	109 480	519 585	474,6%
Other credits from special resources	96 452	103 891	(7 439)	(7,2%)
Gross total	10 770 139	9 492 823	1 277 316	13,5%
Provisions	(1 838 961)	(1 397 266)	(441 695)	(31,6%)
Provisions on current accounts	(182 387)	(205 477)	23 090	11,2%
Provisions on special resources	(46 365)	(53 446)	7 081	13,2%
Provisions on other customer loans	(866 942)	(928 008)	61 066	6,6%
Provisions on associated current accounts	(50 578)	(50 298)	(280)	(0,6%)
Provisions on receivables to be waived	(455)	(455)	-	-
Collective provisions	(97 464)	(81 128)	(16 336)	(20,1%)
Provisions on bank receivables held by the STRC	(594 770)	(78 454)	(516 316)	(658,1%)
Reserted agios	(907 908)	(987 903)	79 995	8,1%
Agios reserved on current accounts	(73 022)	(96 100)	23 078	24,0%
Agios reserved on other customer contests	(793 712)	(800 306)	6 594	0,8%
Agios reserved on associated current accounts	(36 930)	(38 037)	1 107	2,9%
Agios reserved on special resources	-	(46 512)	46 512	100,0%
Agios reserved on receivables to be waived	(3 107)	(3 107)	-	-
Reserved agios on related receivables	(1 137)	(3 841)	2 704	70,4%
Prepaid income	(49 100)	(33 601)	(15 499)	(46,1%)
<b>Net Total in MTND</b>	<b>7 974 170</b>	<b>7 074 053</b>	<b>900 117</b>	<b>12,7%</b>



The structure of net customer loans outstanding at 12/31/2019 is as follows:

Section	Gross outstanding loans	Individuals Provisions	Additional Provisions	Resorted agios	Prepaid income	Net outstanding amount
Accounts receivable accruals	1 118 876	(140 015)	(42 372)	(73 022)		863 467
Credits from special resources	154 268	(27 890)	(18 475)	-		107 903
Associated current accounts	91 223	(34 714)	(15 864)	(36 930)		3 715
Other Customer Contests	8 714 261	(402 257)	(464 685)	(793 712)	(49 100)	7 004 507
Receivables to be abandoned	3 562	(455)	-	(3 107)		-
Receivables held by the STRC	629 065	(594 770)				34 295
Related receivables	58 883			(1 136)		57 747
Total	10 770 138	(1 200 101)	(541 396)	(907 907)	(49 100)	8 071 634
Collective reserves		(97 464)				(97 464)
Net outstanding amount	10 770 138	(1 297 565)	(541 396)	(907 907)	(49 100)	7 974 170

Gross customer loans outstanding, excluding overdue and related receivables, are broken down by residual maturity as follows:

Section	< 3 months	3 months to 1 an à 5 ans	1 an à 5 ans	> 5 ans	Total
Current accounts receivable	1 year	1 year to	-	-	1 118 876
Credits from special resources	5 years	> 5 years	Gross outstanding loans	20 544	57 817
Receivables assumed by the State	22 252	-	-	-	22 252
Bonus paid by the State	6 177	-	-	-	6 177
Associated current accounts	91 223	-	-	-	91 223
Other Customer Contests	8 685 833	-	-	-	8 685 833
Bank receivables held by the STRC	629 065	-	-	-	629 065
<b>Total as of December 31, 2018</b>	<b>10 554 172</b>	<b>5 292</b>	<b>31 235</b>	<b>20 544</b>	<b>10 611 243</b>

Changes in doubtful receivables and their provisions are detailed as follows:

Section	2018	Endowments	Repossessions	Reclass	2019
Provisions on current accounts	(205 477)	(37 693)	62 342	(1 559)	(182 387)
Provisions on special resources	(53 446)	(2 610)	9 971	(280)	(46 365)
Provisions on other customer loans	(928 008)	(135 064)	191 155	4 975	(866 942)
Provisions on associated current accounts	(50 298)	(1 405)	791	334	(50 578)
Provisions on receivables to be waived	(455)	-	-	-	(455)
Collective provisions	(81 128)	(16 228)	-	(108)	(97 464)
Provisions on bank receivables held by the STRC	(78 454)	(31)	4 272	(520 557)	(594 770)
<b>Total</b>	<b>(1 397 266)</b>	<b>(193 031)</b>	<b>268 531</b>	<b>(517 195)</b>	<b>(1 838 961)</b>



**6.3.1 - Guarantees**

The guarantees used by the Bank to determine provisions for commitments are determined in certain cases in the absence of an inventory of the legal documents justifying them (certificates of ownership, AFT certificate, AFI....).

**6.3.2 - Additional provisions**

Pursuant to the provisions of Circular BCT n°2013-21 of December 30, 2013, STB constituted a write-back on additional provisions in the order of 55 959 thousand dinars for the fiscal year 2019, on commitments having a seniority in class 4 greater than or equal to 3 years.

The balance of additional provisions amounts to 574 449 thousand dinars as of December 31, 2019 (including additional provisions on signature commitments presented among other liabilities (PA5)).

**6.3.3 - Collective provisions**

Pursuant to Article 10 bis of BCT Circular No. 91-24 of December 17, 2012 added by Circular No. 2012-20 of December 6, 2012, STB has set up provisions of a general nature called "Collective Provisions" in order to cover latent risks on current commitments (class 0) and those requiring special monitoring (class 1) within the meaning of Article 8 of BCT Circular No. 91-24.

The collective provision, determined in accordance with the reference methodology annexed to Circular 91-24, was estimated at the end of 2019 at 97 464 million dinars.

**6.3.4 - Receivables consolidated and assumed by the State without interest**

Claims assumed by the State are the claims of certain public enterprises assumed by the State within the framework of the 1999 budget law and whose outstanding amount totals 22.252 million dinars. These claims have been consolidated over a period of 20 to 25 years, without interest and with a State guarantee.

**6.4 - Trading securities portfolio**

The balance of this item amounts to 365,481 thousand dinars as of 12/31/2019 against 355,901 thousand dinars as of 12/31/2018. The commercial securities portfolio is composed of fixed income securities issued by the State and variable income securities.

Section	2018	Acquisition/ Endowment	Disposal/ Liquidation/ Takeover	Re- classe-ment	2019
I- Marketable securities	355 372	77 918	(78 955)	(2 848)	351 487
Shares (Placement)	20 795	2 736	(2 504)	(1 716)	19 311
Assimilable treasury bond	317 364	62 571	(55 484)	-	324 451
Bonds (Placement)	926	-	(648)	(278)	-
Commercial paper and certificates of deposit (Placement)	1 000	3 808	(3 008)	(1 800)	-
Units in UCITS (Placement)	15 503	12 325	(16 562)	150	11 416
Other marketable securities	334	-	-	(112)	222
Receivables related to BTAs (Placement)	12 792	-	(577)	(1)	12 214
Receivables related to bonds (Placement)	17	-	-	(17)	-
Receivables related to other marketable securities	18	(1)	(17)	25	25
Receivables related to shares (Placement)	155	-	(155)	-	-
Premiums / Discounts on Bonds (Placement)	(8 421)	(3 521)	-	-	(11 942)
Provisions on marketable securities	(5 111)	-	-	901	(4 210)
II- Securities trading	529	13 465	-	-	13 994
2.1 Fixed-income trading securities	529	13 465	-	-	13 994
Short-term treasury bills (Transaction)	556	13 960	-	-	14 516
Related receivables and payables	(27)	(495)	-	-	(522)
2.2 Variable-income trading securities	-	-	-	-	-
<b>Net Total</b>	<b>355 901</b>	<b>91 383</b>	<b>(78 955)</b>	<b>(2 848)</b>	<b>365 481</b>



### 6.5 - Investment portfolio

The value of the investment securities portfolio amounted to 1,015,963 thousand dinars as at 12/31/2019 against 1,073,283 thousand dinars as at 12/31/2018 and is detailed as follows:

Section	2019	2018	Variation	%
Bonds investment	798 100	836 032	(37 932)	(4,5%)
Discount/premiums on investment Bonds	(25 899)	(30 544)	4 645	15,2%
Related receivables	29 463	27 084	2 379	8,8%
Total Bonds investment	801 664	832 572	(30 908)	(3,7%)
Bond issues	55 638	63 525	(7 887)	(12,4%)
National Loan	28 110	42 274	(14 164)	(33,5%)
Provisions Bonds	(2 050)	(1 650)	(400)	(24,2%)
Related receivables	3 799	5 030	(1 231)	(24,5%)
Total other investment securities	85 497	109 179	(23 682)	(21,7%)
Shares in mutual funds	35 396	30 459	4 937	16,2%
Provisions on shares in mutual funds	(1 096)	-	(1 096)	-
Total Mutual Funds	34 300	30 459	3 841	12,6%
Equity securities	179 746	181 722	(1 976)	(1,1%)
Retrocession holdings	105 858	102 394	3 464	3,4%
Companies in liquidation	30	30	-	-
Provisions for equity investments	(131 151)	(128 654)	(2 497)	(1,9%)
Provisions on retrocession holdings	(60 371)	(56 809)	(3 562)	(6,3%)
Related receivables and payables	(334)	1 654	(1 988)	(120,2%)
Receivables related to retrocessional investments	724	736	(12)	(1,6%)
Total equity investments	94 502	101 073	(6 571)	(6,5%)
<b>Total</b>	<b>1 015 963</b>	<b>1 073 283</b>	<b>(57 320)</b>	<b>(5,3%)</b>

Movements by category of securities classified in the investment portfolio are shown in the following table :

Description	2018	Subscription	Assignment / Repayment / Restitution	Reclasse-ment	2019
Bonds investment					
Bond issues	63 525	817	(8 290)	(414)	55 638
National Loan	42 274	-	(14 184)	20	28 110
Units in mutual funds	30 459	4 936	-	1	35 396
Equity securities	181 722	788	(5 864)	3 100	179 746
Retrocession holdings	102 394	5 099	(2 289)	654	105 858
Companies in liquidation	30	-	-	-	30
<b>Total in mTND</b>	<b>1 256 436</b>	<b>12 906</b>	<b>(69 825)</b>	<b>3 361</b>	<b>1 202 878</b>



## 6.6 - Investments in associates

The Group's investments in companies accounted for by the equity method concern the following companies:

Company	Group shareholding 2019	Group shareholding 2018	Var %	Equity value 2019	Equity value 2018	Variation	%
SICAV INVEST	74,0%	76,0%	(2,0%)	1 002	1 043	(41)	(3,9%)
SICAV AVENIR	97,6%	98,1%	(0,4%)	1 143	1 162	(19)	(1,6%)
TFB	45,7%	44,9%	0,8%	24 712	21 913	2 799	12,8%
STCV	27,1%	27,1%	0,0%	1 578	1 579	(1)	(0,1%)
SONIBANK	25,0%	25,0%	0,0%	54 735	45 220	9 515	21,0%
SCIMB	20,0%	20,0%	0,0%	1 207	1 224	(17)	(1,4%)
ELFEJJA	20,0%	20,0%	0,0%	10 862	10 140	722	7,1%
SICAV EPARGNANT	3,1%	4,2%	(1,1%)	7 869	13 803	(5 934)	(43,0%)
SICAV OBLIG	1,5%	1,5%	0,1%	856	423	433	102,4%
<b>Total</b>				<b>103 964</b>	<b>96 507</b>	<b>7 457</b>	<b>7,7%</b>



## 6.7 - Fixed assets

Net fixed assets amounted to 148,427 m TND as of 12/31/2019. Movements recorded during fiscal year 2019 were as follows :

Section	Gross Value 2018	Acquisition/ Sale 2019	Gross Value 2019	Depreciation	Dotation / Prov. 2019	Transf.	Amort 2019	Valeur Nette 2019
<b>Intangible fixed Assets</b>	<b>2018</b>	<b>Endowment / Provision. 2019</b>	<b>Transf.</b>	<b>Depreciation</b>	<b>(3 083)</b>	<b>(19)</b>	<b>(22 472)</b>	<b>4 204</b>
Computer software	2019	Net Value 2019	26 599	(19 350)	(3 083)	(19)	(22 452)	4 147
Right to the lease	57	-	57	-	-	-	-	57
Other intangible assets	20	-	20	(20)	-	-	(20)	-
<b>Tangible fixed assets</b>	<b>318 115</b>	<b>10 671</b>	<b>328 786</b>	<b>(173 162)</b>	<b>(11 144)</b>	<b>(257)</b>	<b>(184 563)</b>	<b>144 223</b>
Land	18 479	(844)	17 635					17 635
Constructions	90 749	-	90 749	(45 089)	(1 996)	-	(47 085)	43 664
Office furniture	6 404	62	6 466	(5 785)	(263)	-	(6 048)	418
Transport equipment	3 090	873	3 963	(1 891)	(291)	(190)	(2 372)	1 591
Computer hardware	43 283	5 218	48 501	(37 914)	(3 654)	(182)	(41 750)	6 751
Communication material	3 234	16	3 250	(2 342)	(142)	(2)	(2 486)	764
Office equipment	17 501	458	17 959	(16 452)	(334)	(84)	(16 870)	1 089
Safety equipment	4 625	704	5 329	(2 771)	(276)	-	(3 047)	2 282
Air conditioning equipment	5 802	15	5 817	(5 005)	(245)	-	(5 250)	567
Arrangement and installation.	48 951	1 025	49 976	(33 347)	(2 567)	(209)	(36 123)	13 853
Mob- office-office	33	-	33	(31)	-	-	(31)	2
Non-functioning mat-tool	377	11	388	(330)	(9)	-	(339)	49
Tourist material and tools	14 128	-	14 128	(11 786)	(495)	3	(12 278)	1 850
Non-operating properties	44 629	-	44 629	(10 001)	(872)	-	(10 873)	33 756
Construction in progress	89	(89)	-					-
Imm. Pending assignment	8 963	2 004	10 967	-	-	-	-	10 967
Other tangible fixed assets	7 778	1 218	8 996	(418)	-	407	(11)	8 985
<b>TOTAL</b>	<b>341 652</b>	<b>13 810</b>	<b>355 462</b>	<b>(192 532)</b>	<b>(14 227)</b>	<b>(276)</b>	<b>(207 035)</b>	<b>148 427</b>

**6.8 - Other assets**

As of 31/12/2019, the other asset items totaled 754,676 thousand dinars against 1,118,578 thousand dinars as of 31/12/2018 and are detailed as follows:

Section	2019	2018	Variation	%
Loans and advances to employees	141 876	155 458	(13 582)	(8,7%)
Medical expenses to be recovered	3 147	3 147	-	-
State, taxes and duties	9 143	10 767	(1 624)	(15,1%)
Advance on corporate income tax	23 374	6 637	16 737	252,2%
Miscellaneous inventories	18 084	18 635	(551)	(3,0%)
Exchange rate difference charged to the State	475	226	249	110,2%
Currency translation adjustment Assets	15 624	-	15 624	-
Head office, branches and agencies Assets	13	155 887	(155 874)	(100,0%)
Accrued income and prepaid expenses	143 324	167 742	(24 418)	(14,6%)
Values presented for offset	86 018	72 777	13 241	18,2%
Financial effects in revenue	107	107	-	-
Debits to be regulated	1 233	4 596	(3 363)	(73,2%)
Prepaid expenses	6 339	3 504	2 835	80,9%
Accrued income	(688)	734	(1 422)	(193,7%)
Assigned receivables	2 646	2 120	526	24,8%
Difference PF due after collection	37 715	22 524	15 191	67,4%
Other asset accounts	216 435	439 202	(222 767)	(50,7%)
Miscellaneous debtors	16 415	11 264	5 151	45,7%
Inventories of completed real estate work	24 822	41 005	(16 183)	(39,5%)
Trade receivables and related accounts	6 491	2 501	3 990	159,5%
Current income taxes - Assets	4 130	1 953	2 177	111,5%
Provisions for government accounts, taxes and duties	(115)	(112)	(3)	(2,7%)
Provisions on other asset accounts	(1 371)	(1 336)	(35)	(2,6%)
Provisions for trade receivables and related accounts	(561)	(675)	114	16,9%
Provisions on stocks of real estate projects	-	(85)	85	100,0%
<b>TOTAL</b>	<b>754 676</b>	<b>1 118 578</b>	<b>(363 902)</b>	<b>(32,5%)</b>

**6.9 - Central Bank and Postal Code**

As of 12/31/2019, this item totals 1,426,074 thousand dinars against 1,731,309 thousand dinars as of 12/31/2018. This item is detailed as follows:

Section	2019	2018	Variation	%
Call for tenders	1 374 000	1 288 000	86 000	6,7%
Loan facility	-	311 000	(311 000)	(100,0%)
Uses at the CBT	50 397	129 864	(79 467)	(61,2%)
Related debts	1 677	2 445	(768)	(31,4%)
<b>TOTAL</b>	<b>1 426 074</b>	<b>1 731 309</b>	<b>(305 235)</b>	<b>(17,6%)</b>





## 6.9 - Deposits and assets of banking and financial institutions

As of 31/12/2019 this item totals 216 570 mTND against 292 329 mTND as of 31/12/2018. Its breakdown by type of banking and financial institution is as follows:

Section	2019	2018	Variation	%
Current accounts of financial institutions	21 711	90 321	(68 610)	(76,0%)
Deposit banks	116	68	48	70,6%
Non-resident banks	21 595	90 253	(68 658)	(76,1%)
Borrowings from financial institutions	193 080	201 997	(8 917)	(4,4%)
Borrowings in dinars	3 254	55 000	(51 746)	(94,1%)
Foreign currency borrowings	189 826	146 997	42 829	29,1%
Credit balances with financial institutions and related liabilities	1 779	11	1 768	16072,7%
<b>Total</b>	<b>216 570</b>	<b>292 329</b>	<b>(75 759)</b>	<b>(25,9%)</b>

- Breakdown by criterion of materialization by interbank market securities

Section	2019	2018	Variation	%
Deposits and assets of banking institutions	21 711	90 321	(68 610)	(76,0%)
Borrowings from financial institutions	193 080	201 997	(8 917)	(4,4%)
Deposits and assets of financial institutions	1 779	11	1 768	16072,7%
<b>Total</b>	<b>216 570</b>	<b>292 329</b>	<b>(75 759)</b>	<b>(25,9%)</b>

- Breakdown by criterion of materialization by interbank market securities

Section	2019	2018	Variation	%
Debts evidenced by interbank market securities	-	-	-	-
Debts not evidenced by interbank market securities	216 570	292 329	(75 759)	(25,9%)
<b>Total</b>	<b>216 570</b>	<b>292 329</b>	<b>(75 759)</b>	<b>(25,9%)</b>

Corresponding accounts payable are presented net of corresponding accounts receivable by currency.

The breakdown of deposits and assets of banking and financial institutions (excluding related liabilities) by residual maturity at 12/31/2019 is as follows:

Description	≤3 months	3 months to 1 year	1 year to 5 years	> 5 years	Total
Deposit banks	116	-	-	-	116
Non-resident banks	-	-	-	-	21 595
Borrowings from financial institutions	3 254	111 939	77 887	-	193 080
Borrowings in dinars	3 254	-	-	-	3 254
Foreign currency borrowings	-	-	-	-	189 826
Credit balances of financial institutions	1 779	-	-	-	1 779
<b>Total</b>	<b>26 744</b>	<b>111 939</b>	<b>77 887</b>	<b>-</b>	<b>216 570</b>

**6.10 - Customer deposits and assets**

The balance of this item amounts to 7,331,934 thousand TND as of 12/31/2019 against 6,340,136 thousand TND as of 12/31/2018. The deposits are detailed as follows :

Section	2019	2018	Variation	%
Demand deposits	1 720 832	1 536 247	184 585	12,0%
Savings deposits	3 021 421	2 773 420	248 001	8,9%
Term Account	722 143	459 907	262 236	57,0%
Accounts in convertible dinars	94 073	84 426	9 647	11,4%
Foreign currency deposits	605 208	620 994	(15 786)	(2,5%)
Investments in foreign currencies	184 450	162 631	21 819	13,4%
Cash vouchers	542 291	441 979	100 312	22,7%
Other amounts due to customers	260 341	161 609	98 732	61,1%
Related debts	(17 325)	(16 577)	(748)	(4,5%)
Certificates of Deposit	198 500	115 500	83 000	71,9%
<b>Total</b>	<b>7 331 934</b>	<b>6 340 136</b>	<b>991 798</b>	<b>15,6%</b>

The breakdown of customer deposits and assets excluding related liabilities by residual maturity excluding related liabilities is as follows:

Section	3 mois à 1 an	1 an à 5 ans	> 5 ans	Encours Brut
<3 months	3 months to 1 year	1 year to 5 years	> 5 years	Gross outstanding amount
Sight deposits dinars	1 720 832	-	-	1 720 832
Accounts in convertible dinars	94 073	-	-	94 073
Foreign currency accounts	605 208	-	-	605 208
Investment in foreign currencies	78 017	106 433	-	184 450
Savings deposits	3 021 421	-	-	3 021 421
Special savings accounts	2 977 322	-	-	2 977 322
Other savings accounts	44 099	-	-	44 099
Term Deposits	440 982	706 588	312 540	1 462 934
Term Account	216 505	383 099	119 715	722 143
Cash vouchers	110 477	250 489	181 325	542 291
Certificates of Deposit	114 000	73 000	11 500	198 500
Other amounts due to customers	260 341	-	-	260 341
<b>Total</b>	<b>6 220 874</b>	<b>813 021</b>	<b>312 540</b>	<b>7 349 259</b>



### 6.11 - Borrowings and special resources

The balance of this item totals 305,059 thousand dinars as of 12/31/2019 against 287,937 thousand dinars as of 12/31/2018 and is broken down as follows:

Section	2019	2018	Variation	%
Bonds & private loans	181 554	166 438	15 116	9,1%
Special Resources	119 299	113 352	5 947	5,2%
Budgetary Resources	46 437	37 971	8 466	22,3%
External Resources	72 862	75 381	(2 519)	(3,3%)
Interest on bonds	8 629	7 128	1 501	21,1%
Interest payable on external resources	1 069	973	96	9,9%
Other borrowed funds	-	4 727	(4 727)	(100,0%)
Debt related to other borrowed funds	-	2 389	(2 389)	(100,0%)
Related debts	388	388	-	-
Translation adjustment on borrowings	(5 880)	(7 458)	1 578	21,2%
<b>Total</b>	<b>305 059</b>	<b>287 937</b>	<b>17 122</b>	<b>5,9%</b>

### 6.12 - Other Liabilities

This item totals 1,003,671 mTND as of 31/12/2019 against 1,018,987 mTND as of 31/12/2018.:

Section	2019	2018	Variation	%
Provisions for liabilities and charges (1)	239 416	230 703	8 713	3,8%
State, taxes and social debts (2)	40 231	35 515	4 716	13,3%
Unmatured financial instruments (3)	21 015	46 190	(25 175)	(54,5%)
Reserved Agios supported by the State	4 198	5 037	(839)	(16,7%)
Accrued expenses	50 478	55 940	(5 462)	(9,8%)
Sundry accounts payable	24 685	15 353	9 332	60,8%
Suspens to regularize	5 915	5 915	-	-
Head office, branches and agencies	21 133	30 792	(9 659)	(31,4%)
Accrued expenses and deferred income - Liabilities	258 422	257 378	1 044	0,4%
Tele-compensated securities pending settlement	213 442	206 191	7 251	3,5%
Translation adjustment	-	98 518	(98 518)	(100,0%)
Other credits	276	276	-	-
Credits to be regularized	3 722	4 526	(804)	(17,8%)
Interest recoverable on special resources	13 717	13 717	-	-
Suppliers of fixed assets	8	1	7	700,0%
Deferred revenue	16 478	6 891	9 587	139,1%
State, IS to be paid	83 538	53	83 485	157518,9%
Miscellaneous suppliers	4 217	3 412	805	23,6%
Dividends payable	2 061	2 019	42	2,1%
Other credits to employees interest and expenses	338	336	2	0,6%
Other credits interest and fees	381	224	157	70,1%
<b>Total en mTND</b>	<b>1 003 671</b>	<b>1 018 987</b>	<b>(15 316)</b>	<b>(1,5%)</b>



(1) The provisions for liabilities and charges constituted by the Group at the end of the fiscal year 2019 amount to 239,416 thousand dinars against 230,703 thousand dinars at the end of the previous fiscal year. The provisions made cover the risks on off-balance sheet items and miscellaneous risks, and are detailed as follows :

Section	Provisions 2018	Endowment	Repossession	Re-assignment and correction	Provisions 2019
Prov for retirement	66 124	2 180	(21 150)	-	47 154
Prov for miscellaneous risks	108 868	26 408	(942)	-	134 334
<b>Total</b>	<b>230 703</b>	<b>33 153</b>	<b>(24 738)</b>	<b>298</b>	<b>239 416</b>

(2) This item is detailed as follows :

Section	2019	2018	Variation	%
Value added taxes	4 265	2 866	1 399	48,8%
Source deductions	19 930	18 598	1 332	7,2%
Currency Equalization Fund	9 909	8 189	1 720	21,0%
Social solidarity contribution	155	65	90	138,5%
Others	5 972	5 797	175	3,0%
<b>Total</b>	<b>40 231</b>	<b>35 515</b>	<b>4 716</b>	<b>13,3%</b>

(3) This section is detailed as follows:

Section	2019	2018	Variation	%
Unmatured medium-term financial instruments	1 247	1 185	62	5,2%
Financial effects on medium-term interest not yet due	4 420	4 399	21	0,5%
Unmatured financial instruments received from compensation	547	547	-	-
Unmatured bills for collection sent to remote clearing	5 672	27 669	(21 997)	(79,5%)
Unmatured discounted bills sent for collection	9 129	12 390	(3 261)	(26,3%)
<b>Total</b>	<b>21 015</b>	<b>46 190</b>	<b>(25 175)</b>	<b>(54,5%)</b>



### 6.13 - Minority interests

Minority interests break down by entity as follows :

Section Entities	Reserves		Result		Total Minority interests			
	2019	2018	2019	2018	2019	2018	Variation	%
STB	(42)	(61)	23	16	(19)	(45)	26	57,8%
STB INVEST	2 800	245	52	2	2 852	247	2 605	1054,7%
SOVELAN	-	3 125	-	397	-	3 522	(3 522)	(100,0%)
STB MANAGER	32	55	2	6	34	61	(27)	(44,3%)
STB FINANCE	312	256	(15)	40	297	296	1	0,3%
STB SICAR	180	137	3	5	183	142	41	28,9%
IMM. AVENUE	(28)	(34)	1	4	(27)	(30)	3	10,0%
STRC	7	(25)	6	1	13	(24)	37	154,2%
GEVE	366	515	(213)	(148)	153	367	(214)	(58,3%)
EDDKHILA	1 994	1 329	(12)	666	1 982	1 995	(13)	(0,7%)
ACTIVHOTELS	(18)	(2)	(21)	-	(39)	(2)	(37)	(1850,0%)
SICAV INVEST	1	1	1	-	2	1	1	100,0%
SICAV AVENIR	-	-	-	-	-	-	-	-
SICAV OBLIG	(1)	(1)	1	1	-	-	-	-
SICAV EPARGNANT	(63)	(19)	27	37	(36)	18	(54)	(300,0%)
TFB	(3)	(3)	(1)	(3)	(4)	(6)	2	33,3%
STBMG	-	1	-	(1)	-	-	-	-
MGERT	1 413	-	278	-	1 691	-	1 691	-
STCV	-	-	-	-	-	-	-	-
SONIBANK	4	8	2	2	6	10	(4)	(40,0%)
SCIMB	-	-	-	-	-	-	-	-
ELFEJJA	-	1	-	-	-	1	(1)	(100,0%)
STBSG	(1)	(2)	(1)	(1)	(2)	(3)	1	33,3%
<b>Total</b>	<b>6 953</b>	<b>5 526</b>	<b>133</b>	<b>1 024</b>	<b>7 086</b>	<b>6 550</b>	<b>536</b>	<b>8,2%</b>





### 6.14 - Shareholders' equity

At the closing date, the share capital amounted to TND 776,875 thousand. It is made up of 155,375,000 shares with a nominal value of TND 5 paid up in full. The movements on the bank's shareholders' equity are detailed as follows :

Section	Share capital	Consolidated reserves	Translation reserves	Own shares	Consolidated net income	Balance 2019
Balance at 12/31/2018	776 875	70 227	9 543	(5 507)	59 914	911 052
Appropriation of earnings	-	59 914	-	-	(59 914)	-
Capital increase	-	-	-	-	-	-
Distribution of dividends	-	-	-	-	-	-
Currency translation adjustment	-	-	(6 212)	-	-	(6 212)
Consolidated income (loss)	-	-	-	-	178 674	178 674
Reclassifications	-	-	-	-	-	-
Method change and error correction	-	(177)	-	-	-	(177)
Other changes (SF, grants, treasury shares)	-	(591)	-	(1)	-	(592)
<b>Balance at 12/31/2019</b>	<b>776 875</b>	<b>129 373</b>	<b>3 331</b>	<b>(5 508)</b>	<b>178 674</b>	<b>1 082 745</b>

#### 6.14.1 - State endowment

In accordance with the law n°2012-17 of September 17, 2012, STB has recognized among its shareholders' equity an endowment from the State amounting to 117 million Dinars with a possibility of restitution in case of restoration of the bank's financial equilibrium.

#### 6.14.2 - Earnings per share

Section	2019	2018	Variation	%
Net income for the year before accounting changes (in MTND)	178 674	59 914	118 760	198,2%
Number of common shares	155 375 000	155 375 000	-	-
Number of treasury shares (including STB shares held by subsidiaries)	985 699	975 699	10 000	1,0%
% of shares issued	0,63%	0,63%		
Number of common shares outstanding, end of period	154 389 301	154 399 301	(10 000)	(0,0%)
Weighted average number of shares	154 389 301	154 399 301	(10 000)	(0,0%)
Earnings on treasury shares	1 134	376	757	201,3%
Earnings per share of nominal value of TND	1,157	0,388	1	198,2%

#### 6.14.3 - Consolidated reserves

Consolidated reserves correspond to the earnings accumulated by the Group in the entities included in the scope of consolidation from the date on which control was acquired until the closing date of the financial year preceding the year covered by the publication.

Section	2019	2018	Variation	%
Contribution of the consolidating parent company	146 405	83 124	63 281	76,1%
+ Group share of additional paid-in capital	115 861	115 843	17	0,0%
+ Group share of the State's allocation	116 984	116 967	17	0,0%
+ Group share in other reserves	(86 440)	(149 686)	63 246	42,3%
Contribution of subsidiaries in the banking sector	8 848	24 325	(15 477)	(63,6%)
Contribution of subsidiaries in the financial services sector	(21 198)	(24 783)	3 585	14,5%
Contribution of subsidiaries in the Other Services segment	(1 351)	(2 896)	1 545	53,3%
<b>Total</b>	<b>132 704</b>	<b>79 770</b>	<b>52 934</b>	<b>66,4%</b>



Consolidated reserves are broken down by Group company as follows :

Entity	Consolidated reserves	Translation reserves	2019	Consolidated reserves	Translation reserves	2018	Variation	%
STB	146 007	398	146 405	82 726	398	83 124	63 281	76,1%
STB INVEST	14 559	-	14 559	12 744	-	12 744	1 815	14,2%
SOFELAN	-	-	-	1 650	-	1 650	(1 650)	(100,0%)
STB MANAGER	1 088	-	1 088	950	-	950	138	14,5%
STB FINANCE	1 366	-	1 366	491	-	491	875	178,2%
STB SICAR	4 970	-	4 970	4 194	-	4 194	776	18,5%
IMM. AVENUE	(721)	-	(721)	(1 038)	-	(1 038)	317	30,5%
STRC	(42 616)	-	(42 616)	(44 340)	-	(44 340)	1 724	3,9%
GEVE	(1 632)	-	(1 632)	(1 484)	-	(1 484)	(148)	(10,0%)
EDDKHILA	479	-	479	(940)	-	(940)	1 419	151,0%
ACTIVHOTELS	(1 279)	-	(1 279)	(1 044)	-	(1 044)	(235)	(22,5%)
SICAV INVEST	(1)	-	(1)	224	-	224	(225)	(100,4%)
SICAV AVENIR	(4)	-	(4)	3	-	3	(7)	(233,3%)
SICAV OBLIG	(36)	-	(36)	(16)	-	(16)	(20)	(125,0%)
SICAV EPARGNANT	(523)	-	(523)	(683)	-	(683)	160	23,4%
TFB	(23 242)	1 569	(21 673)	(10 863)	3 578	(7 285)	(14 388)	(197,5%)
STBMG	(10)	-	(10)	-	-	-	(10)	-
MGERT	(10)	-	(10)	-	-	-	(10)	-
STCV	1 065	-	1 065	1 058	-	1 058	7	0,7%
SONIBANK	29 156	1 364	30 520	26 042	5 567	31 609	(1 089)	(3,4%)
SCIMB	(513)	-	(513)	(504)	-	(504)	(9)	(1,8%)
ELFEJJA	1 322	-	1 322	1 086	-	1 086	236	21,7%
STBSG	(52)	-	(52)	(29)	-	(29)	(23)	(79,3%)
<b>Total</b>	<b>129 373</b>	<b>3 331</b>	<b>132 704</b>	<b>70 227</b>	<b>9 543</b>	<b>79 770</b>	<b>52 934</b>	<b>66,4%</b>

#### 6.14.4 - Consolidated net income

The fiscal year ended December 31, 2019 ended with a positive consolidated result of 178,674 thousand dinars against a similar result of 59,914 thousand dinars at December 31, 2018. The contribution to the consolidated result of the parent company and its subsidiaries can be detailed comparatively as follows :

Section	2019	2018	Variation	%
Contribution of the consolidating parent company	163 976	58 578	105 398	179,9%
Contribution of entities in the banking sector	8 778	(6 609)	15 387	232,8%
Contribution of entities in the financial services sector	3 840	5 135	(1 295)	(25,2%)
Contribution of entities in the other services sector	2 080	2 810	(730)	(26,0%)
<b>Total</b>	<b>178 674</b>	<b>59 914</b>	<b>118 760</b>	<b>198,2%</b>



The consolidated result is broken down by Group company as follows :

Heading	2019	2018	Variation	%
STB	163 976	58 578	105 398	179,9%
STB INVEST	918	345	573	166,1%
SO FELAN	-	592	(592)	(100,0%)
STB MANAGER	64	103	(39)	(37,9%)
STB FINANCE	(313)	884	(1 197)	(135,4%)
STB SICAR	239	543	(304)	(56,0%)
IMM. AVENUE	111	319	(208)	(65,2%)
STRC	2 278	1 776	502	28,3%
GEVE	(214)	(148)	(66)	(44,6%)
EDDKHILA	(24)	1 403	(1 427)	(101,7%)
ACTIVHOTELS	(1 433)	(251)	(1 182)	(470,9%)
SICAV INVEST	40	40	-	-
SICAV AVENIR	44	52	(8)	(15,4%)
SICAV OBLIG	36	16	20	125,0%
SICAV EPARGNANT	534	785	(251)	(32,0%)
TFB	(7 240)	(12 020)	4 780	39,8%
STBMG	(10)	(10)	-	-
MGERT	1 687	-	1 687	-
STCV	398	406	(8)	(2,0%)
SONIBANK	16 020	5 412	10 608	196,0%
SCIMB	50	58	(8)	(13,8%)
ELFEJJA	1 540	1 054	486	46,1%
STBSG	(27)	(23)	(4)	(17,4%)
<b>Total</b>	<b>178 674</b>	<b>59 914</b>	<b>118 760</b>	<b>198,2%</b>



## NOTE 7 - NOTES TO THE CONSOLIDATED STATEMENT OF OFF-BALANCE SHEET COMMITMENTS (Figures are expressed in MTND: thousands of Tunisian Dinars)

### 7.1 - Contingent liabilities

At December 31, 2019, contingent liabilities, consisting of "Sureties, endorsements and other guarantees given" and "Documentary credits", include the following items:

Section	2019	2018	Variation	%
Guarantees and endorsements from customers	892 816	826 312	66 504	8,0%
Other irrevocable, unconditional bank guarantees	461 876	547 286	(85 410)	(15,6%)
Total sureties, endorsements and other guarantees given	1 354 692	1 373 598	(18 906)	(1,4%)
Documentary Credits and Import Acceptances	359 590	336 794	22 796	6,8%
Documentary Credits and Export Acceptances	145 507	76 289	69 218	90,7%
Total documentary credits	505 097	413 083	92 014	22,3%
<b>Total contingent liabilities</b>	<b>1 859 789</b>	<b>1 786 681</b>	<b>73 108</b>	<b>4,1%</b>

### 7.2 - Commitments given

At December 31, 2019, the item "Commitments given" amounted to 101,039 thousand dinars against 131,393 thousand dinars at December 31, 2018:

Section	2019	2018	Variation	%
Financing commitments	100 230	130 534	(30 304)	(23,2%)
Commitments on securities	809	859	(50)	(5,8%)
<b>Total</b>	<b>101 039</b>	<b>131 393</b>	<b>(30 354)</b>	<b>(23,1%)</b>

### 7.3 - Guarantees received

The balance of the item "Guarantees received" amounts to 2,178,460 thousand dinars as of December 31, 2019 against 2,132,046 thousand dinars as of December 31, 2018:

Section	2019	2018	Variation	%
Against guarantees received from Banks established abroad	461 876	547 287	(85 411)	(15,6%)
Guarantees received from Banks and financial institutions established in Tunisia	8 322	21 221	(12 899)	(60,8%)
Guarantees received from the government and insurance companies	1 008 079	919 475	88 604	9,6%
Guarantees received from customers	700 183	644 063	56 120	8,7%
<b>Total</b>	<b>2 178 460</b>	<b>2 132 046</b>	<b>46 414</b>	<b>2,2%</b>

These are extra-accounting figures communicated by the various departments of the bank. Counter-guarantees received from banks are presented under contingent liabilities and guarantees received from banks.

The actual guarantees received from customers to cover the loans granted are not taken.



## NOTE 8 - NOTES TO THE CONSOLIDATED STATEMENT OF INCOME (Figures are expressed in MTND: thousands of Tunisian Dinars)

### 8.1 - Interest and related income

The interests and similar revenues amounted to 800,523 thousand dinars as of December 31, 2019 against 613,539 thousand dinars as of December 31, 2018 and are analyzed as follows:

Section	2019	2018	Variation	%
Interest on receivables from banks and financial institutions	20 754	17 663	3 091	17,5%
Interest on money market loans dinars	6 864	5 629	1 235	21,9%
Interest on money market loans foreign exchange	13 890	12 037	1 853	15,4%
Interest on other assets held with banks and financial institutions	-	(3)	3	100,0%
Interest on loans and advances to customers	751 610	572 678	178 932	31,2%
Interest in agios on accounts receivable	117 635	94 521	23 114	24,5%
Interest on customer credit	633 975	478 394	155 581	32,5%
Reversal of reserved interest on receivables	-	(237)	237	100,0%
Related revenues	28 159	23 198	4 961	21,4%
<b>Total</b>	<b>800 523</b>	<b>613 539</b>	<b>186 984</b>	<b>30,5%</b>

### 8.2 - Commissions (in income)

The amount of commissions amounts to 108,610 thousand dinars as of December 31st, 2019 against 91,070 thousand dinars as of December 31st, 2018 and is analyzed as follows:

Section	2019	2018	Variation	%
Cheques, bills of exchange, transfers and account maintenance	51 824	42 225	9 599	22,7%
Securities transactions	677	492	185	37,6%
Foreign exchange transactions	9 935	9 169	766	8,4%
Foreign trade operations	3 076	2 463	613	24,9%
Safe	31	30	1	3,3%
Studies	20 623	17 477	3 146	18,0%
Others	22 444	19 214	3 230	16,8%
<b>Total</b>	<b>108 610</b>	<b>91 070</b>	<b>17 540</b>	<b>19,3%</b>

### 8.3 - Gains on portfolio of commercial securities and financial transactions

Section	2019	2018	Variation	%
Net gains on trading securities	508	5 430	(4 922)	(90,6%)
Net interest on treasury bills	498	5 278	(4 780)	(90,6%)
Dividends and similar income from trading securities	-	112	(112)	(100,0%)
Capital gains on disposal of trading securities	10	40	(30)	(75,0%)
Net gains (losses) on marketable securities	17 848	20 700	(2 852)	(13,8%)
Dividends and similar income from investment securities	21 534	27 487	(5 953)	(21,7%)
Losses on marketable securities	(3 240)	(7 135)	3 895	54,6%
Provisions for impairment of marketable securities	(1 160)	(641)	(519)	(81,0%)
Reversals of provisions for impairment of marketable securities	714	989	(275)	(27,8%)
Net gains on foreign exchange transactions	45 519	37 436	8 083	21,6%
Foreign exchange gains and losses	42 928	35 070	7 858	22,4%
Commissions on manual exchange	2 591	2 366	225	9,5%
<b>Total</b>	<b>63 875</b>	<b>63 566</b>	<b>309</b>	<b>0,5%</b>





#### 8.4 - Income from investment securities portfolio

Revenues on portfolio investment securities amounted to 70,269 thousand dinars as at December 31, 2019 against 67,322 thousand dinars as at December 31, 2018 and are analyzed as follows:

Section	2019	2018	Variation	%
Interest and similar income on investment securities	174	249	(75)	(30,1%)
Interest and similar income on BTA Investissement	57 696	54 692	3 004	5,5%
Dividends and similar income / equity securities	4 812	3 705	1 107	29,9%
Retrocession income from equity investments	1 470	674	796	118,1%
Interest and similar income from bonds	6 117	8 002	(1 885)	(23,6%)
<b>Total en mTND</b>	<b>70 269</b>	<b>67 322</b>	<b>2 947</b>	<b>4,4%</b>

#### 8.5 - Interest incurred and similar expenses

The interests incurred and similar charges amounted to 441,130 thousand dinars as of December 31, 2019 against 365,643 thousand dinars as of December 31, 2018 and are detailed as follows:

Section	2019	2018	Variation	%
Transactions with banking institutions	(133 057)	(106 625)	(26 432)	(24,8%)
Operations with customers	(290 951)	(245 279)	(45 672)	(18,6%)
Borrowings and special resources	(15 987)	(13 521)	(2 466)	(18,2%)
Other interest and expenses	(1 135)	(218)	(917)	(420,6%)
<b>Total</b>	<b>(441 130)</b>	<b>(365 643)</b>	<b>(75 487)</b>	<b>(20,6%)</b>

#### 8.6 - Allocations to provisions and income from value adjustments on receivables, off-balance sheet items and liabilities

Section	2019	2018	Variation	%
Allocations to provisions for customer commitments	(71 043)	(163 534)	92 491	56,6%
Allowances for doubtful accounts	(125 822)	(95 846)	(29 976)	(31,3%)
Provisions on associated current accounts	10	-	10	-
Additional allocations to provisions	(44 309)	(96 084)	51 775	53,9%
Allocations to collective provisions	(16 336)	(26 106)	9 770	37,4%
Provisions for impairment of operating assets of non-financial subsidiaries	(32)	(460)	428	93,0%
Reversals of provisions for bad debts	162 499	9 951	152 548	1533,0%
Reversals of additional provisions	100 268	121 794	(21 526)	(17,7%)
Reversals of provisions for impairment of operating assets of non-financial subsidiaries	2	38	(36)	(94,7%)
Receivables assigned to STRC or written off	(232 112)	(153 025)	(79 087)	(51,7%)
Receivables written off	(414)	(4 104)	3 690	89,9%
Reversal of premiums reserved on receivables assigned, written off or abandoned	84 763	80 707	4 056	5,0%
Other allocations	(9)	(441)	432	98,0%
Other recoveries	449	42	407	969,0%
Allocations to provisions for contingencies and losses	(25 284)	(15 847)	(9 437)	(59,6%)
Allocations to provisions for contingencies and losses	(27 870)	(22 249)	(5 621)	(25,3%)
Allocations to provisions related to social reorganization	(173)	-	(173)	-
Indemnities and pensions related to social reorganisation	(20 284)	(20 349)	65	0,3%
Reversals of provisions for liabilities and charges	2 759	4 377	(1 618)	(37,0%)
Reversals of provisions for retirement and social reorganization	20 284	22 374	(2 090)	(9,3%)
<b>TOTAL</b>	<b>(96 327)</b>	<b>(179 381)</b>	<b>83 054</b>	<b>46,3%</b>

**8.7 - Allocations to provisions and result of value adjustments on the investment portfolio**

At December 31, 2019, the balance of this item is detailed as follows:

Section	2019	2018	Variation	%
Charges to provisions for impairment in value of equity investments	(9 249)	(1 282)	(7 967)	(621,5%)
Provisions for impairment of other investment securities	-	(31)	31	100,0%
Provisions for impairment in value of securities held for retrocession	(5 452)	(1 866)	(3 586)	(192,2%)
Capital gains or losses on disposal of other investment securities	(6 245)	(4 996)	(1 249)	(25,0%)
Capital gains or losses on the disposal of equity investments	1 839	3 101	(1 262)	(40,7%)
Reversals of provisions for impairment of the investment portfolio	7 159	7 895	(736)	(9,3%)
Reversals of provisions for impairment in value of securities held for retrocession	1 981	644	1 337	207,6%
Gains/Losses on equity investments	(1 898)	(3 208)	1 310	40,8%
<b>Total</b>	<b>(11 865)</b>	<b>257</b>	<b>(12 122)</b>	<b>(4716,7%)</b>

**8.8 - Other operating income**

The heading other operating income reached on 12/31/2019 a total of 18,905 thousand dinars against 32,912 thousand dinars on 12/31/2018, detailed as follows:

Section	2019	2018	Variation	%
Income from buildings	21 581	11 050	10 531	95,3%
Interest on employee loans	6 380	5 588	792	14,2%
Change in inventories of work in progress and work completed	(16 183)	658	(16 841)	(2559,4%)
Other accessory products	849	13 458	(12 609)	(93,7%)
Other products: Services	6 278	2 158	4 120	190,9%
<b>Total</b>	<b>18 905</b>	<b>32 912</b>	<b>(14 007)</b>	<b>(42,6%)</b>

**8.9 - Staff expenses**

Personnel expenses reached a total of 169,195 thousand dinars as of December 31, 2019 against 159,498 thousand dinars as of December 31, 2018 restated, detailed as follows:

Section	2019	2018	Variation	%
Staff Compensation	(128 017)	(122 138)	(5 879)	(4,8%)
Social security charges	(38 231)	(34 207)	(4 024)	(11,8%)
Change in vacation pay	(2)	(196)	194	99,0%
Other employee-related expenses	(2 945)	(2 957)	12	0,4%
<b>Total</b>	<b>(169 195)</b>	<b>(159 498)</b>	<b>(9 697)</b>	<b>(6,1%)</b>

**8.10 - General operating costs**



The general operating expenses reached on December 31st, 2019 a total of 73,696 thousand dinars against 69,567 thousand dinars on December 31st, 2018, detailed as follows:

Section	2019	2018	Variation	%
Rent	(4 650)	(3 634)	(1 016)	(28,0%)
Maintenance and repairs entrusted to third parties	(7 199)	(6 000)	(1 199)	(20,0%)
Work and ways performed by third parties	(3 935)	(3 557)	(378)	(10,6%)
Membership Fee Deposit Guarantee Fund	(17 795)	(18 500)	705	3,8%
Insurance Premiums	(1 851)	(600)	(1 251)	(208,5%)
Others	(4 487)	(3 782)	(705)	(18,6%)
Taxes and duties	(2 808)	(2 112)	(696)	(33,0%)
Supplies made to the company	(2 793)	(1 968)	(825)	(41,9%)
Intermediary's remuneration and fees	(2 799)	(2 020)	(779)	(38,6%)
Transportation and travel	(356)	(506)	150	29,6%
Attendance fees	(206)	(163)	(43)	(26,4%)
Social solidarity contribution	(38)	(12)	(26)	(216,7%)
Change in other inventories	(5 079)	(7 262)	2 183	30,1%
Miscellaneous management fees	(18 098)	(19 451)	1 353	7,0%
Other adjustment accounts	(1 602)	-	(1 602)	-
<b>Total</b>	<b>(73 696)</b>	<b>(69 567)</b>	<b>(4 129)</b>	<b>(5,9%)</b>

### 8.11- Balance in gain / loss from other ordinary items

The balance in gain/loss from other ordinary items is 10,754 thousand dinars as at 31/12/2019 against 15,752 thousand dinars as at 31/12/2018 and is detailed as follows:

Section	2019	2018	Variation	%
Gains from other ordinary items	16 374	19 590	(3 216)	(16,4%)
Capital gains/losses on disposals	7 704	2 722	4 982	183,0%
TFP Grant	1 351	1 259	92	7,3%
Other gains	7 319	15 609	(8 290)	(53,1%)
Losses from other ordinary items	(5 620)	(3 838)	(1 782)	(46,4%)
<b>Total</b>	<b>10 754</b>	<b>15 752</b>	<b>(4 998)</b>	<b>(31,7%)</b>

### 8.12 - Corporate Income Taxes

The income tax expense at December 31, 2019 amounted to 90,220 bn compared to 25,706 bn at December 31, 2018:

Section	2019	2018	Variation	%
Corporate Income Taxes	(83 650)	(26 384)	(57 266)	(217,0%)
Deferred taxes	(6 570)	678	(7 248)	(1069,0%)
<b>Total</b>	<b>(90 220)</b>	<b>(25 706)</b>	<b>(64 514)</b>	<b>(251,0%)</b>

## NOTE 9 - NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS



(Figures are expressed in mTND: thousands of Tunisian Dinars)

### 9.1 - Net cash used in operating activities

Operating activities generated a positive net cash flow of 707,336 mTND during the fiscal year 2019.

The main variations are detailed as follows

- The operating revenues received recorded a surplus of 929,941 thousand dinars compared to the operating expenses paid.
- Loans and repayments on loans made by customers generated a negative net flow of 902,137 thousand TND.
- Deposits and withdrawals from customers generated a positive net flow of 163,381 thousand TND.
- Acquisitions/disposals of investment securities generated a net negative flow of 452 thousand TND.
- The sums paid to the staff and to the miscellaneous creditors reached 151 945 thousand TND.
- The other cash flows related to the operating activities resulted in a net disbursement of 129,921 thousand dinars.

### 9.2 - Net cash used in investing activities

Investing activities generated a positive net flow of 110,239 mTND during the fiscal year 2019.

### 9.3 - Net cash used in financing activities

During fiscal year 2019, financing activities generated a positive net cash flow of 21,715mTND.

### 9.4 - Cash and cash equivalents

The bank's cash and cash equivalents reached on December 31, 2019, a balance of 532,654 mTND against 1,372,039 mTND on December 31, 2018, detailed as follows:

Section	2019	2018	Variation	%
Cash, postal banking account and liquidity recovery	73 472	74 134	(662)	(0,9%)
BCT	(979 478)	(1 503 983)	524 505	34,9%
Banks and specialized organizations	142 573	7 326	135 247	1846,1%
Money market loans	216 783	22 589	194 194	859,7%
Trading securities	13 996	27 895	(13 899)	(49,8%)
<b>Total</b>	<b>(532 654)</b>	<b>(1 372 039)</b>	<b>839 385</b>	<b>61,2%</b>

## NOTE 10 - NOTES ON EVENTS SUBSEQUENT TO THE CLOSING OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for publication by the Board of Directors on March 27, 2020. Consequently, they do not reflect events occurring after this date.

It should be noted that the situation related to the COVID-19 pandemic which is raging at the global level and in Tunisia does not require any adjustment to the financial statements for fiscal year 2019, since these events are not related to conditions existing at the closing date. However, they may have an impact on the financial position in future years.

At the present time, and on the basis of available information, the potential future impact of the COVID-19 pandemic on the business and financial position cannot be estimated.

In addition, and as part of national efforts to mitigate the economic and social impact of the said pandemic, the Central Bank of Tunisia has announced a series of exceptional measures to support businesses and individuals and help preserve the economic fabric and jobs.

With reference to circular BCT 2020-05 "Measures relating to the pricing and continuity of certain banking services", the Bank has activated its business continuity plan and set up a security system for the benefit of its staff and customers.

## NOTE 11 - NOTES ON RELATED PARTY TRANSACTIONS



1. STB MANAGER entered into a management agreement with the SICAV L'INVESTISSEUR on 20 December 2002, under the terms of which STB MANAGER ensures the commercial, administrative, accounting and financial management as well as the tasks relating to the communication of the SICAV to its shareholders and to third parties.

In return for management services, STB MANAGER receives an annual management fee of 0.5% exclusive of tax of the net assets of the SICAV L'INVESTISSEUR calculated daily and paid monthly in arrears. The booked income resulting from the management of the SICAV L'INVESTISSEUR during the financial year 2019 amounts to 6,574 TND.

2. STB MANAGER concluded a management agreement with the SICAV AVENIR on December 20, 2002, under the terms of which STB MANAGER ensures the commercial, administrative, accounting and financial management as well as the tasks relating to the communication of the SICAV to its shareholders and to third parties.

In return for management services, STB MANAGER receives an annual management fee at the rate of 0.5% (excluding VAT) of the net assets of the SICAV AVENIR calculated daily and paid monthly in arrears. The recorded income resulting from the management of the SICAV AVENIR during the 2019 financial year amounts to 5,817 dinars.

3. The company STB MANAGER concluded, on December 20, 2002, with the SICAV L'EPARGNANT a management agreement, under the terms of which STB MANAGER ensures the commercial, administrative, accounting and financial management as well as the tasks relating to the communication of the SICAV to its shareholders and third parties.

In return for management services, STB MANAGER receives annually a management commission at the rate of 0.312% including tax of the net assets of the SICAV L'EPARGNANT calculated daily and paid monthly in arrears. The recorded income resulting from the management of the SICAV during the financial year 2019 amounts to 778,856 dinars.

It should be specified that in accordance with the terms of the said agreement, the expenses inherent to the management of the SICAV are borne by STB MANAGER. The expenses recorded and specific to the management of the SICAV L'EPARGNANT during the financial year 2019 are notably the following:

- Remuneration of the Chairman of the Council and the General Manager for the fiscal year 2019 for a gross annual total of 8,470 dinars.
- Auditor's fees for the fiscal year 2019 estimated for an amount excluding taxes of 25,000 dinars.
- Attendance fees allocated to members of the Board of Directors for a gross annual amount of 8,750 dinars.

4. STB MANAGER concluded a management agreement with the SICAV L'EPARGNE OBLIGATAIRE on August 4, 2017, under the terms of which STB MANAGER ensures the administrative, accounting and financial management as well as the tasks relating to the communication of the SICAV to its shareholders and to third parties.

In return for management services, STB MANAGER receives annually a management fee of 0.4% including tax of the net assets of the MANDATORY SAVINGS SICAV calculated daily and paid monthly in arrears. The booked income resulting from the management of the SICAV L'EPARGNE OBLIGATAIRE during the financial year 2019 amounts to 124,030 TND.

It should be specified that the management fee received by STB MANAGER includes all expenses necessary for the management of the SICAV, promotion and advertising in any form whatsoever and excludes the remuneration of the custodian, the distribution fee, the CMF fee, the tax for the benefit of local authorities, the commission on stock exchange transactions and related taxes, brokerage fees and related taxes, and all justifiable expenses accruing to the CMF, BVMT, Tunisie Clearing or defined by a law, decree or order. Expenses recorded and specific to the management of the SICAV L'EPARGNE OBLIGATAIRE during the 2019 fiscal year are notably the following:

- Remuneration of the Chairman and Chief Executive Officer for fiscal year 2019 for a gross annual total of 4,235 dinars.
- Directors' fees for a total of 3,750 dinars.
- Auditor's fees for the fiscal year 2019 for an estimated amount of 12,900 dinars excluding taxes.

5. According to the issue prospectus of the FONDS COMMON DE PLACEMENT ISLAMIQUE ALHIKMA published in JORT No. 4 of January 9, 2016, STB MANAGER ensures the administrative, accounting and financial





management as well as the tasks relating to the communication of the fund to its shareholders and to third parties.

In return for management services, STB MANAGER receives an annual management fee of 1% (including tax) of the net assets of the ALHIKMA FCP calculated daily and paid monthly in arrears. The recorded income resulting from the management of the ALHIKMA FCP during the financial year 2019 amounts to 4,270 Dinars.

6. According to the issue prospectus of the FONDS COMMON DE PLACEMENT DELTA EPARGNE ACTION approved by the CMF N°4 -2007 of May 8, 2007, STB MANAGER ensures the administrative, accounting and financial management as well as the tasks relating to the communication of the fund to its shareholders and to third parties.

In return for management services, STB MANAGER receives an annual management commission of 0.8% (including tax) of the net assets of the FCP DELTA, calculated daily and paid monthly in arrears. The booked income resulting from the management of the FCP DELTA during the financial year 2019 amounts to 1,274 Dinars.

7. According to the issue prospectus of the FONDS COMMON DE PLACEMENT A RISQUE ESSOR FUND approved by decision of the CMF N°43-2017 of July 27, 2017, STB MANAGER ensures the administrative, accounting and financial management as well as the tasks relating to the communication of the fund to its shareholders and to third parties.

In return for management services, STB MANAGER receives a fee to cover management expenses:

- A basic remuneration at an annual rate of 2% excluding VAT. This remuneration is payable quarterly in advance. The basis of calculation of the basic remuneration to be served is the total nominal value of the shares subscribed and paid up at the beginning of each quarter.

- A performance and yield remuneration equal to 10%. This compensation is calculated on the additional return of the Fund, when its annual I.R.T. reaches and exceeds 9% at the end of its life. This compensation is payable as a lump sum upon the liquidation of the Fund.

The recorded income resulting from the fees, fees and commissions related to the constitution, launch and placement of the ESSOR FUND INVESTMENT COMMON FUND during fiscal year 2019 amounts to 15,000 Dinars.

8. STB signed a foreign currency financing agreement with the Tunisian State, its main shareholder, for an amount of 20 million Euros, within the framework of the syndicated loan granted by Tunisian banks to the State for a total amount of 341 million Euros. This loan is repayable over 3 years with an interest rate of 2.25%.

The outstanding amount of this loan as of December 31, 2019 is 20 million Euros, i.e. the equivalent of 62.854 million dinars.

9. Under the decisions of the Minister of Finance, STB has benefited from a package of guarantees granted by the State, the main shareholder, to cover the commitments of certain public companies. These guarantees amount to 87.164 million dinars.

10. During the fiscal year 2019, the associated companies and directors of STB subscribed to STB 2019-1 subordinated bond loan issued by STB for a total amount of 50 million dinars. The amount subscribed by related parties up to 9.180 million dinars, is detailed as follows:

Company	Category	Amount
SICAV L'EPARGNE OBLIGATAIRE	Catégorie C	4 000 000
SICAV L'INVESTISSEUR	Catégorie C	100 000
SICAV L'AVENIR	Catégorie C	80 000
Total obligations underwritten by associates		4 180 000
STAR	Catégorie E	2 000 000
STAR	Catégorie A	3 000 000
<b>Total obligations subscribed by directors</b>		<b>5 000 000</b>

11. The outstanding term deposit agreements subscribed, during 2019, the associated companies and the directors of STB totaled, as of December 31, 2019, an amount of 108.025 million dinars, broken down as follows :



Relation	Certificate of Deposit	Term deposit	Total
POLE DE COMPET MONASTIR EL FEJJA	3 500 000	-	3 500 000
SICAV AVENIR	-	25 000	25 000
SICAV L'EPARGNE OBLIGATAIRE	13 000 000	5 500 000	18 500 000
STAR	-	55 000 000	55 000 000
SICAV L'EPARGNANT	15 500 000	15 500 000	31 000 000
<b>Total in dinars</b>	<b>32 000 000</b>	<b>76 025 000</b>	<b>108 025 000</b>

12. Pursuant to Law No. 2012-17 of September 21, 2012, STB has recognized, during the fiscal year 2011, among its equity, a state endowment of 117 million dinars with a possibility of restitution in case of restoration of the bank's financial equilibrium.

13. Prior to fiscal year 2019, STB has concluded agreements with the Tunisian State for the management of several budget funds (intended to finance either non-refundable grants, endowments or credits) in return for the collection of commissions.

As of December 31, 2019, these budgetary funds amounted to 37.010 million dinars against 38.008 million dinars as of December 31, 2018.

14. Prior to fiscal year 2019 and pursuant to the decisions of the Minister of Finance, STB benefited from a guarantee package granted by the State, the main shareholder, to cover the commitments of certain public enterprises. These guarantees amount to 342.996 million dinars.

15. Prior to fiscal year 2019, STB subscribed to the 2014 national loan issued by the Tunisian State, the main shareholder, for 70 million dinars repayable over 7 years with a grace period of 2 years and an interest rate equal to 6.15% (category B) and for an amount of 756 thousand dinars purchased on the market repayable over 5 years with a grace period of 1 year and an interest rate equal to 5.95% (category A). The outstanding amount of this loan was 28 million dinars as of December 31, 2019.

16. Prior to fiscal year 2019, STB signed a foreign currency financing agreement with the Tunisian State, its main shareholder, for an amount of 10 million euros, as part of the syndicated loan granted by Tunisian banks to the State for a total amount of 250 million euros. This loan is repayable over 3 years with an interest rate of 2%.

The outstanding amount of this loan as of December 31, 2019 is 3.333 million Euros, i.e. the equivalent of 10.476 million dinars.

17. STB granted 91.793 million dinars (excluding syndicated loans) to the Tunisian State, its main shareholder, via the ministries.

18. By virtue of correspondence received in 2019, the State guarantee signed following the decision of the Ministerial Council of June 2, 2011 has been renewed until January 15, 2020. Pursuant to this decision, STB granted the Banque Franco-Tunisienne "BFT" an interbank loan of 70 million dinars for a period of 7 days renewable with an interest rate of 8.75%.

19. STB has granted to the Banque Franco-Tunisienne "BFT" a short-term interbank loan in foreign currency which amounts to USD 700 thousand as of December 31, 2019, equivalent to 1.959 million dinars.

20. STB subscribed on October 18, 2016 to the private subordinated bond issued by the TFB, a company belonging to STB group, for a total amount of 16 million Euro, equivalent to 39.560 million dinars guaranteed by the State under the decision of the Minister of Finance dated October 17, 2016.

STB proceeded on May 26, 2017 and March 28, 2018 to the conversion of the above-mentioned loan into capital of the said company for 6 million Euro and 3 million Euro respectively, equivalent to 22.253 million dinars.

The outstanding loan amounts to 7 million Euro or the equivalent of 17.308 million dinars as of December 31, 2019.

21. Prior to fiscal year 2019, the directors and associates subscribed to various bonds issued by STB.

Outstanding subscribed amounts break down as follows :



Relation	Loan	Amount subscribed	Outstanding at 12/31/2019
SICAV L'EPARGNANT	STB 2008-2	5 035 200	1 888 200
Total obligations underwritten by associates		5 035 200	1 888 200
STAR	STB 2008/1 CATEGORIE C	2 000 000	900 000
STAR	STB 2008/1 CATEGORIE D	5 000 000	2 800 000
STAR	STB 2008-2	10 000 000	3 750 000
STAR	STB 2010/1 Cat B	20 000 000	7 994 000
STAR	STB 2018/1 B	5 000 000	5 000 000
Total obligations subscribed by directors		42 000 000	20 444 000
<b>Total in Dinars</b>		<b>47 035 200</b>	<b>22 332 200</b>

22. The outstanding term deposits subscribed, prior to fiscal year 2019, by STB associated companies totaled, as of December 31, 2019, an amount of 34.470 million dinars, broken down as follows :

Relation	Term deposit
SICAV INVESTISSEUR	270 000
SICAV AVENIR	200 000
SICAV L'EPARGNE OBLIGATAIRE	4 000 000
STE SICAV L'EPARGNANT	30 000 000
<b>Total in Dinars</b>	<b>34 470 000</b>

23. The sight deposit accounts (creditors) opened by some companies in STB group show a total of 5.914 million dinars as of 31/12/2019, detailed as follows :

Related party	Credit balance
STE TUNISIENNE DE CONTRÔLE VERITAS	116 361
PÔLE DE COMPETITIVITE MONASTIR EL FEJJA	199 960
SICAR AVENIR	12 472
SICAV INVESTISSEUR	5 227
SICAV L'EPARGNANT	5 579 628
<b>Total in Dinars</b>	<b>5 913 648</b>

24. Pursuant to the agreements concluded with the SICAV L'Épargnant, the SICAV Investisseur, the SICAV Avenir and the SICAV l'épargne obligataire, STB acts as custodian and/or distributor of securities and funds for these SICAVs.

In remuneration for the services provided in this capacity, the bank receives the following commissions:

\* 0.15% of the amount of the net assets of the SICAV the investor calculated daily. The commission for the fiscal year 2019 amounts to 445 599 TND including all taxes \* 0.2% of the amount of the net assets of the SICAV the investor calculated daily. The commission relating to the fiscal year 2019 amounts to TND 2,632. \* 1 000 TND (excluding taxes), fixed commission paid annually by the SICAV Avenir.\* 0.15% of the amount of the net assets of the SICAV the investor calculated daily. The commission relating to the fiscal year 2019 amounts to 55 352 TND including all taxes.

25. The bank loans granted by STB to companies, related parties, its directors and officers totaled, as of December 31, 2019, an amount of 4,147 million dinars, broken down as follows:



Company	Other Commitments	Account debit	Total in Dinars
STAR	4 117 564		4 117 564
BEL LASSOUED MOHAMED TAHAR	-	239	239
<b>Total competitions/administrators</b>	<b>4 117 564</b>	<b>239</b>	<b>4 117 802</b>
General Manager	30 019		30 019
<b>Total</b>	<b>4 147 583</b>	<b>239</b>	<b>4 147 822</b>

26. The obligations and commitments of STB towards the directors as referred to in Article 200 (new) II § 5 of the Commercial Companies Code are detailed as follows :

\* The current Chief Executive Officer was appointed by decision of the Board of Directors meeting of March 07, 2019. The elements of remuneration are the same elements of the Former General Manager as set by the bank's remuneration committee and approved by STB Board of Directors meeting of May 30, 2016.

The elements of remuneration of the CEO are as follows :

- a fixed element which consists of a monthly net salary set at 16 thousand dinars,
- and a variable annual element which does not exceed 50% of the amount of the fixed element, i.e. 96 thousand dinars and which will be calculated on the basis of the rate of achievement of the objectives set by the Board of Directors as well as financial indicators.

The benefits in kind are a company car with a quota of 500 liters of fuel per month, the coverage of telephone communication expenses with a ceiling of 250 dinars per month as well as the reimbursement of all expenses incurred within the framework of the exercise of its activity upon presentation of the related invoices.

\* The elements of remuneration of the former Deputy Managing Director as reviewed by the bank's nomination and remuneration committee were approved by STB Board of Directors meeting held on November 16, 2016. The compensation elements of the CAO have been revised as follows :

- a fixed element which consists of a monthly gross salary set at 4.767 thousand dinars, i.e. a net salary of 2.670 thousand dinars ;

Nature	Counsellor 1		Counsellor 2	
	From 01/07/2018 To 30/06/2019	From 01/07/2019 To 31/07/2019	From 01/12/2018 To 30/11/2019	From 01/12/2018 To 30/11/2019
Fixed compensation	5 450 dinars in gross/month		5 000 dinars in net/month	
Variable compensation	Going up to 10 thousand dinars on the proposal of the CEO and at the discretion of the Board of Directors		Going up to 20 thousand dinars at the discretion of the CEO depending on the achievement of objectives	
Benefits in kind	Company car and 400 liters of fuel/month		200 liters of fuel per month	

\* The amount of attendance fees to be paid to STB directors was set by decision of the Ordinary General Meeting held on April 27, 2019 at 4000 dinars net per session for the chairman of the Board of Directors and 2000 dinars net per session for the members of the Board of Directors.

\* The amount of attendance fees to be paid to directors members of the Standing Audit Committee and the Risk Committee has been set by decision of the Ordinary General Meeting held on 27 April 2019 at 2000 dinars net per session for the chairman of each committee and at 1000 dinars net per session for committee members. Chairmen and members of more than one committee will be remunerated on the basis of their presence in a single committee of their choice.

27. The obligations and commitments of STB to its officers, as shown in the financial statements for the fiscal year ending December 31, 2019, are as follows (in TND) :



Nature of compensation	General Manager		Assistant General Manager and Advisors		Board members	
	Expenses for the period	Liabilities as of 12/31/2019	Expenses for the period	Liabilities as of 12/31/2019	Expenses for the period	Liabilities as of 12/31/2019
Short-term benefits	717 854	72 093	313 381	176	108 750	48 265
Post-employment benefits	145 972	169 494	-	-	-	-
<b>TOTAL</b>	<b>863 825</b>	<b>241 587</b>	<b>313 381</b>	<b>176</b>	<b>108 750</b>	<b>48 265</b>





Ali BELLAGHA

Collection privée  
STB



**Ladies and Gentlemen the shareholders of  
Société Tunisienne de Banque -STB**

## STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF STB GROUP

**FOR THE FINANCIAL YEAR ENDING ON DECEMBER 31st, 2019**

### 1. Qualified Opinions

In fulfilment of the mission entrusted to us by your general meeting, we have audited the attached consolidated financial statements of the group SOCIÉTÉ TUNISIENNE DE BANQUE -STB, which includes the balance sheet as at December 31st, 2019, the statement of off-balance sheet commitments, the income statement and the cash flow statement for the year then ended, as well as the notes thereto, including a summary of significant accounting policies.

In our opinion, subject to the implications of the matters described in the "Basis for a qualified opinion" section, the enclosed consolidated financial statements present, in all material respects, the financial position of the SOCIÉTÉ TUNISIENNE DE BANQUE Group -STB as of December 31st, 2019, as well as its financial performance and cash flows for the year then ended, in accordance with generally accepted accounting principles in Tunisia.

### 2. Basis of the Qualified Opinions

We conducted our audit in accordance with the applicable international auditing standards in Tunisia. Our responsibilities under these standards are more fully described in the "Auditors' Responsibilities for Auditing the Consolidated Financial Statements" section of this report. We are independent from the Group in accordance with the ethical rules that apply to the audit of financial statements in Tunisia and we have fulfilled the other ethical responsibilities incumbent on us according to these rules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

2.1 Our audit work on the financial statements of STB (parent company) has been limited by:

- The bank's information system has shortcomings that affect the treatment procedures and the reporting of financial information.

These deficiencies relate in particular to the justification and reconciliation of flows and transactions and to the preparation of the schedule of commitments.

- The absence of a multi-currency accounting, of an autonomous held in currency according to a system said in part double.

This does not make it possible to clearly identify the impact of transactions carried out in foreign currencies on the result of the period and to assess the Bank's exposure to currency risk.

2.2 The headings "fund, and assets deposited within the Central Bank of Tunisia, the Current Postal Account and the General Treasury of Tunisia", " Debts on banking and financial institutions ", "Central Bank and Current Postal Account " and "Deposits and assets of banking and financial institutions" of the financial statements of the STB's parent company include accounts with uncleared old outstanding mainly related to BCT Dinars, BCT Currencies and corresponding foreign currency accounts.

Likewise, some accounts under "Other assets" and "Other liabilities" have fixed balances and outstandings mainly related to inter-seat accounts (in dinars and foreign currencies).

The bank has begun work to justify and clear outstanding transactions that it has outsourced to external accounting firms. As this action is in progress at the end of fiscal year 2019, the potential impact on the elements of the financial statements cannot be identified.

2.3 The STB (parent company) does not have a regular and exhaustive accounting of off-balance sheet commitments. The off-balance sheet commitments have been drawn up in an extra-accounting manner based on the situations communicated by the STB's internal structures, with the exception of guarantees and sureties.

Accordingly, we make a caution about the regularity and completeness of the statement of consolidated off-balance sheet commitments.



2.4 The commitments of the STB (parent company) declared to the Central Bank of Tunisia "CBT", the basis for calculating the required provisions, are lower than the commitments entered in the financial statements under headings AC3 "Receivables", AC7 "other Assets" and off balance sheet "off balance sheet commitments" for a compensated amount of 30.821 million dinars.

Also, certain types of commitments have not been declared to the BCT, including credits granted to staff from own funds, current credits on repo transactions, confirmed export documentary credits and unused notified credits. This situation is likely to impact the amount of provisions required on customer commitments.

2.5 Bank receivables transferred by the STB (parent company) to its subsidiary, Société Tunisienne de Recouvrement des Créances (STRC) before 2017, are not restated to bring them back to their fair value by reconstituting the gross outstanding amount, on a consolidated basis, as well as their coverage in the form of provisions and reserved premiums after eliminating the results of internal transfers.

Thus, the assets of the STRC include receivables acquired for more than 4 years for 102 million dinars provisioned up to 74 million dinars and which are not subject to a discount policy.

The adjustments to be made to the fair value of these receivables and, consequently, the additional provisions to be set up may have an impact on the group's financial position and performance.

2.6 The financial statements of the subsidiary STB SICAR have been certified with reservations concerning the tax risk that the company could bear following the receipt of four notification and seizure procedures carried out by the tax authorities. The legal actions are still pending.

2.7 Certain STB Group companies do not recognize expenses relating to retirement indemnities and expenses relating to group insurance contributions for retirees until actual retirement. Recognition of these expenses would impact the Group's financial position and performance.

2.8 As described in Note 4 "Scope of consolidation", the consolidation work was carried out on the basis of the uncertified financial statements of 7 companies out of a total of 22.

As such, we are not in a position to estimate the effect of any adjustments that the work of the statutory auditors may highlight.

2.9 As mentioned in note 3.13.2 "Treatment of deferred taxes", deferred taxes are recognized only in respect of the elimination of intra-group transactions. Contingent tax assets and liabilities on other temporary differences arising from the individual financial statements of companies included in the scope of consolidation are not recognized in the Group's financial statements.



### 3. Key Audit Issues

The key audit issues are those matters that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the period under review. These matters have been addressed in the context of our audit of the consolidated financial statements taken as a whole and for the purpose of forming our opinion thereon, and we do not express a separate opinion on these matters.

We have determined that the matters described below are the key audit issues that should be communicated in our report:

#### 3.1 Classification of receivables and estimation of provisions

##### Key Audit Question

The Group classifies, measures commitments and records the related provisions when it considers that the criteria defined by CBT circular no. 91-24 of December 17, 1991, as amended by subsequent circulars, have been met.

In view of the STB Group's exposure to credit risk, the estimation of which is based on quantitative and qualitative criteria requiring a high level of judgment, we considered the classification of receivables, the valuation of related provisions and the calculation of reserved interest and premiums as a key point in our audit.

##### Implemented Audit procedures

Based on interviews with management and a review of the control procedures implemented by the STB Group, we have become familiar with the method used to assess counterparty risk and the recognition of the necessary provisions in view of the guarantees obtained. The method used to classify the Group's commitments is mainly based on the seniority of the receivable.

We therefore applied the following audit approach:

- Reconciliation of the situation of customer commitments to accounting data ;
- The assessment of the methodology used by the Group in terms of classification of receivables in relation to the rules issued by the Central Bank of Tunisia;
- Assessment of the reliability of the risk coverage and product reservation system;
- Verification of the consideration of certain qualitative criteria resulting from the operations carried out and the behaviour of the relationship during the financial year;
- Examination of the guarantees retained for the calculation of provisions and the assessment of their values, in view of the rules enacted and the methods adopted;
- Verification of the arithmetic calculation of the amount of the provisions required for individual, collective and additional customer receivables, in accordance with the regulations in force;
- Verification that the proposed adjustments have been taken into account by the Group.

#### 3.2 Accounting for interest and commissions

##### Key Audit Question

Interest on commitments and commissions included in the result for FY 2019 amounts to 909 million dinars.

We considered that the inclusion of interests and commissions in the result is a key audit point because of the importance of this item and the inherent limitations of the Group's information system.

##### Implemented Audit Procedures

In the context of our audit of the financial statements, our work focused in particular on the following items:

- A review of the policies, processes and controls implemented by the Group for the recognition and accounting of revenues ;
- An assessment of the IT environment with respect to the automatic generation and recognition of revenues in the accounting system;
- Verification of compliance with accounting standard NCT 24 on "Commitments and related income in banking institutions" with respect to the recognition of income and the separation of accounting periods;
- The realization of analytical procedures on the evolution of interest and commissions;
- Verification of the reliability of interest reservation methods;
- Verification of the appropriateness of the information provided in the notes to the financial statements.



### 3.3 Inclusion and presentation of Fungible Treasury Bonds - FTB

#### Key Audit Question

The presentation of the FTBs in the investment portfolio or in the commercial portfolio derives from the policy adopted by the STB (parent company).

At December 31, 2019, the value of the STB (parent company) FTB portfolio was 1085 million dinars. The application of the policy adopted by STB results in the presentation of an FTB portfolio of 313 million dinars in Commercial Securities Portfolio (AC4) and 772 million dinars in Investment Securities Portfolio (AC5).

Due to the materiality of the outstanding FTB and the use of the assumptions and intentions of the Group's governance with respect to the allocation of these securities, we believe that consideration of the portfolio and its valuation is a key point of the audit.

#### Implemented Audit Procedures

We have assessed the control system set up by the STB concerning the valuation and accounting of its portfolio. In particular, our work focused on the following elements:

- Compliance with the provisions of the accounting standard n°25 relating to the securities portfolio in banking institutions ;
- Assessment of the Bank's liquidity policy and its corroboration with the history of holding and investment of the FTBs;
- Assessment of the portfolio classification criteria and the reliability of the valuation models applied;
- Verification of the information provided in the notes to the financial statements.

### 3.4 Consolidation scope

#### Key Audit Question

STB Group's scope of consolidation comprises 22 companies, including 13 fully consolidated companies and 9 companies accounted for by the equity method. In addition, 45 companies have been excluded from the scope of consolidation for various reasons.

We considered the audit of the scope of consolidation to be a key point of the audit due to the large number of companies excluded.

#### Implemented Audit Procedures

As part of our audit of the scope of consolidation of the STB Group, our work focused in particular on the following elements:

- The verification of compliance with Tunisian Accounting Standards Nos. 35 to 37 related to the consolidated financial statements in the determination of the scope of consolidation;
- Verification of the method used to determine the percentage of control exercised by the Group over each entity;
- The assessment of the nature of the control exercised taking into account several rules laid down by the accounting standards, in particular the power to direct the financial and operational policies of the entity, the power to assemble the majority of the voting rights in meetings of the board of directors or equivalent management body ...;
- Examination of the merits of the reasons for exclusion of certain companies from the scope of consolidation of the Group;
- Verification of the appropriateness of the information provided in the notes to the financial statements.





#### 4. Paragraphs of observation

Without qualifying the opinion expressed above, we draw your attention to the following points:

1. With reference to Note 3.10 "Reclassification and restatement of certain financial statement items" to the consolidated financial statements, data for the year ended December 31, 2018 have been restated on a pro forma basis for comparability purposes. The implementation of a computer application that automates the publication of the consolidated financial statements has made it possible to correct certain techniques for processing and presenting consolidated financial information and, as a result, to lift reserve 2.7 for fiscal year 2018.
2. The Group shareholders' equity includes a State allowance of 117 million dinars set up under Law No. 2012-17 of 21 September 2012 and with the possibility of restitution in the event of recovery of the financial balance of the bank.
3. The assets of the Group include 22 million dinars for claims assumed by the State, over a period of 25 years and without interest, and this in the context of the Finance Act for the year 1999.
4. A lawsuit was filed against the STB (parent company) in 2011 by Mr BRUNO POLI for the return of vouchers given to the BNDT. On 10/29/2015, a judgment of first instance, confirmed in appeal, was pronounced against the bank condemning it to return the certificates of payment and by default to settle 7 million Dollars. An appeal in cassation was formulated with a reprieve without consignment. By reference to the advice of the lawyer in charge of this case, the bank does not incur any risk.
5. Note to the financial statements No. 10 "Subsequent events", which describes the measures taken by the STB Group following the COVID-19 virus pandemic and the uncertainties relating to the estimation of the potential impact on the Group's business and financial position.

#### 5. 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 with the provisions of Article 266 of the Commercial Companies Code, our responsibility is to verify the accuracy of the information given in the Group's financial statements in the Board of Directors' management report by reference to the data appearing in the consolidated financial statements. Our work consists of reading the management report and, therefore, assessing whether there is a material inconsistency between it and the consolidated financial statements or the knowledge that we acquired during the audit, or in addition to that to assess if the management report appears to contain a material misstatement. If, based on the work that we have done, we conclude that there is a material misstatement in the management report, we have to report.

We have nothing to report in this regard.

#### 6. Responsibility of the upper Management and the Board of Directors in the preparation and presentation of the consolidated financial statements

The Board of Directors and the upper Management are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the companies' accounting system, as well as the internal control that it considers necessary to enable the preparation of financial statements free from significant anomalies, whether due to fraud or error.

When preparing the consolidated financial statements, it is the responsibility of the Board of Directors and the upper Management to evaluate the ability of the STB Group to continue as a going concern, to communicate, if need be, the matters related to the exploitation continuity and apply the accounting principle of exploitation continuity, unless the Board of Directors and the upper Management intend to propose to liquidate the Group or cease its activity or if no other realistic solution is offered to them.

The Board of Directors is responsible for overseeing the Group's financial reporting process.



## 7. Responsibility of the Co-Auditors for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements taken as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report containing our opinion. Reasonable assurance corresponds to a high level of assurance, which does not, however, guarantee that an audit carried out in accordance with the international auditing standards applicable in Tunisia will always detect any significant anomaly that may exist. Anomalies may result from fraud or error and are considered significant when it is reasonable to expect that, individually or collectively, they may influence the economic decisions that users of the consolidated financial statements make based on them.

In the context of an audit performed in accordance with international auditing standards applicable in Tunisia, we exercise our professional judgment and exercise critical thinking throughout the audit. In addition :

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures to respond to those risks, and obtain sufficient appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of detecting a material misstatement due to error because fraud may involve collusion, forgery, willful omission, misrepresentation or circumvention of internal control ;
- We obtain an understanding of the elements of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We assess the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as the related information provided by management;
- We draw a conclusion on the appropriateness of management's use of the going concern accounting principle and, based on the evidence obtained, on whether or not there is any material uncertainty related to events or situations that could cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw the attention of the readers of our report to the disclosures in the consolidated financial statements about that uncertainty or, if those disclosures are not adequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. Future events or circumstances may cause the Group to cease operations;
- We evaluate the overall presentation, form and content of the consolidated financial statements, including the information disclosed in the notes, and assess whether the consolidated financial statements present fairly the underlying transactions and events.
- We communicate to those charged with governance, among other things, the planned scope and timing of the audit work and our significant findings, including any significant deficiencies in internal control that we may have identified in the course of our audit.

**Tunis, April 2nd, 2020**

**Co-statutory auditors**

**CFA Fathi Saidi**

**Fathi Saidi**

**Consortium CSL- CNH**

**Samir Labidi**





**Société Tunisienne de Banque**

a limited liability company

With a capital of 776,875,000 dinars

**Headquarters :** rue Hedi Nouira - 1001 TUNIS

**Trade register :** B 182331996

**Landline :** +216 70 140 000

**Telegraphic address :** SOTUBANK

**Code :** Peterson 4th Edition Acme

**Telex :** N° 14135 - 14815 - 15376 - 15377

**SWIFT Address :** STBK TN TT

**Websites :**

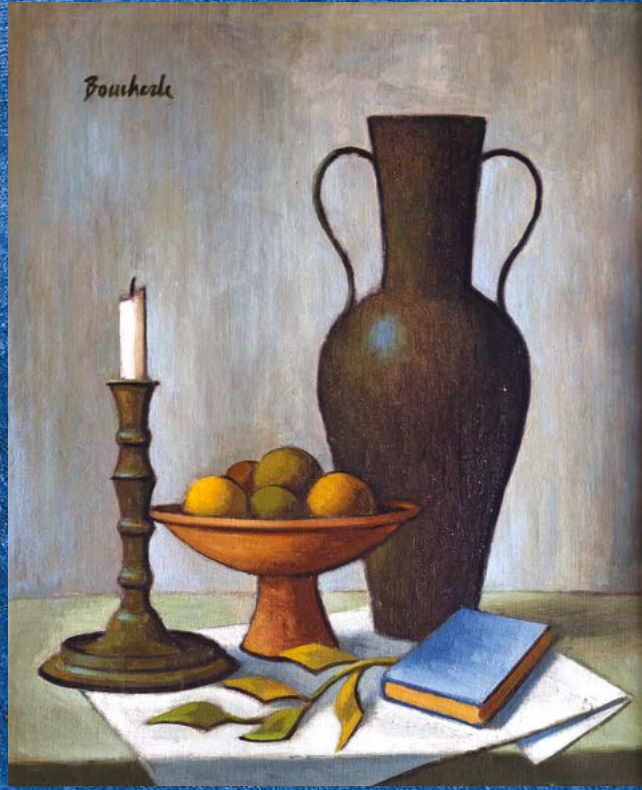
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Online banking : [stbnet.stb.com.tn](http://stbnet.stb.com.tn)

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**شركة خفية الإسم**  
رأس مالها 776 875 000 دينار  
المقر الرئيسي : نهج العادي نويرة - 1001 تونس  
السجل التجاري : 182331996 ب  
الهاتف : 70.140.000  
العنوان التلغرافي : ستبنك  
الرمزان المستعملان : بيترسون الطبعة الرابعة.أكمي  
رقم التلكس : 14135 - 14815 - 15376 - 15377  
عنوان شبكة سويفت ستبنك تونس ت.تفاكس :  
71.348.400 - 71.340.009  
موقع الأنترنت :  
www.stb.com.tn : التجاري  
ecom.stb.com.tn التجارة الإلكترونية  
stbnet.stb.com.tn : البنك عن بعد  
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Ali BELLAGHA  
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