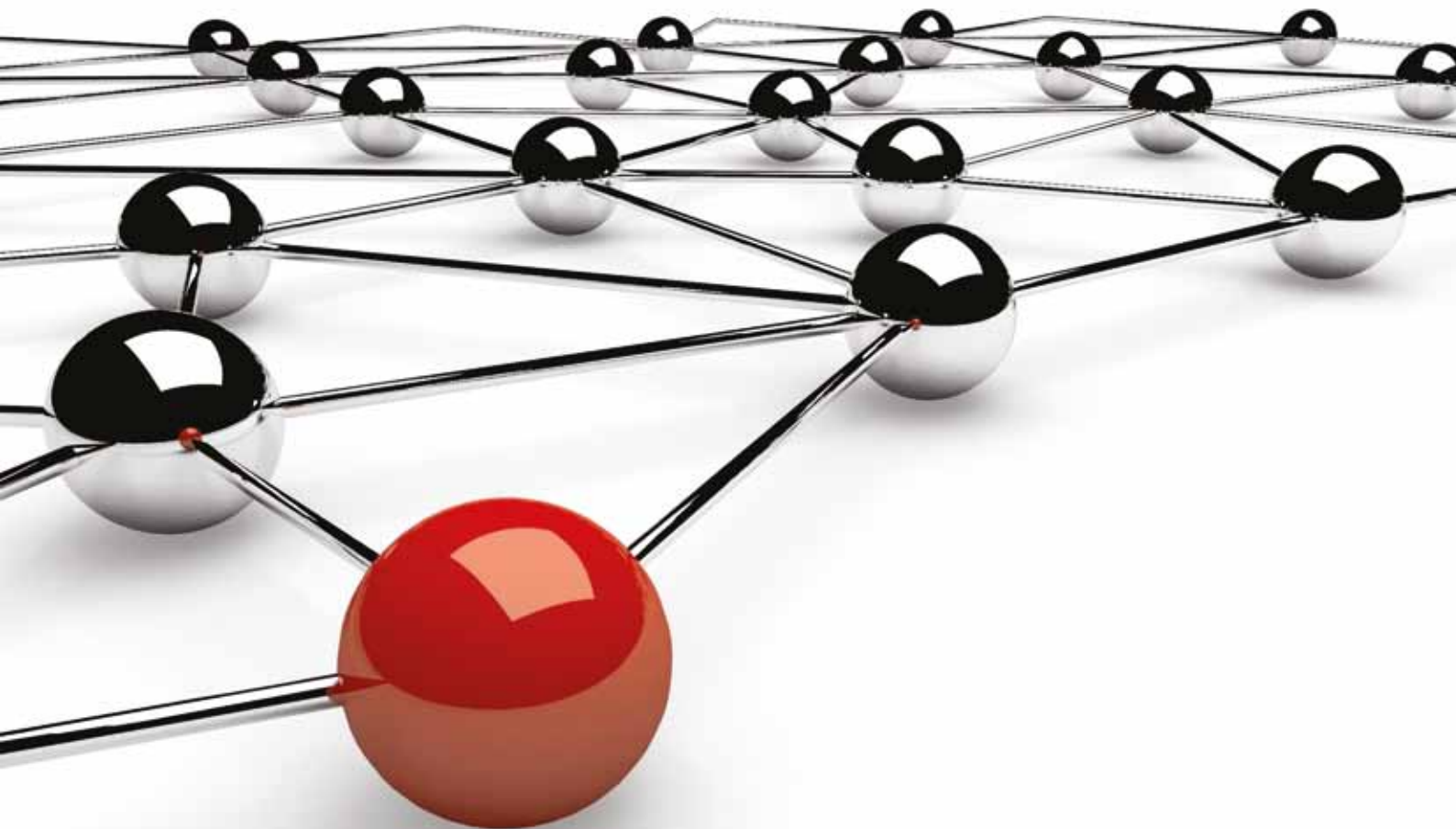




**ALUBAF BANK**

بنك اليوباف الدولي - تونس

ALUBAF INTERNATIONAL BANK - TUNIS



# **ALUBAF** **INTERNATIONAL BANK TUNIS**

---

**ANNUAL REPORT**  
2014

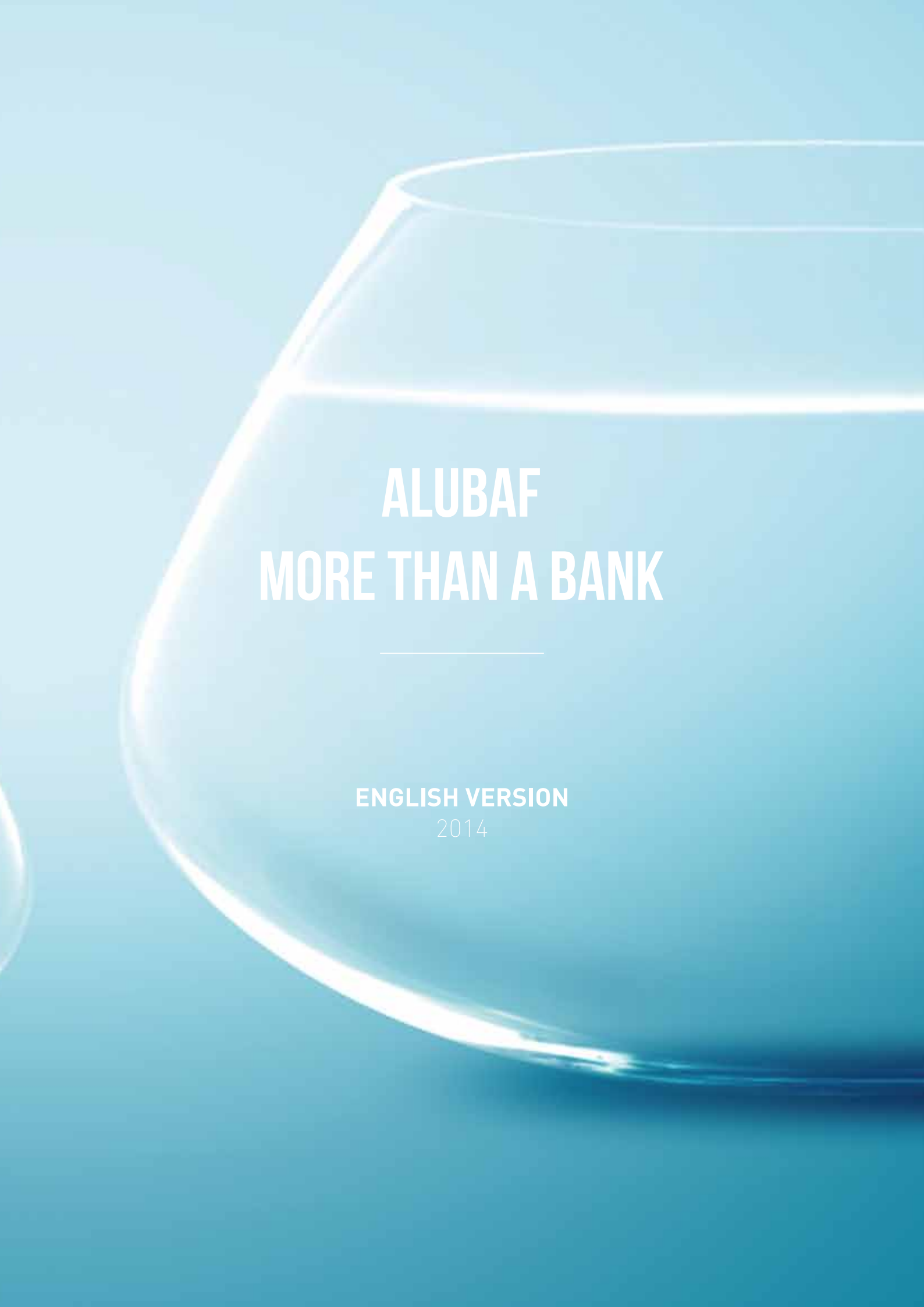


**ALUBAF**  
**INTERNATIONAL BANK TUNIS**

---

**ANNUAL REPORT**  
2014





# **ALUBAF MORE THAN A BANK**

---

**ENGLISH VERSION**  
2014

# LFB GROUP

## DESCRIPTION

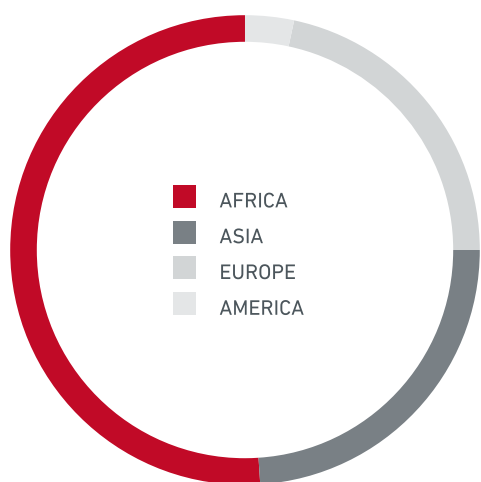


### THE GLOBAL NETWORK OF THE LIBYAN FOREIGN BANK GROUP

The participations of the Libyan Foreign Bank extends across the globe to include the continents of Africa, Asia, Europe and America. The bank strives through these short-and-long term participations to realize the maximum added value on its investments.

*For more information  
on the Libyan Foreign Bank Group*

[www.lfb.com](http://www.lfb.com)



#### Africa

Libya  
Tunisia  
Algeria  
Egypt  
Mauritania  
Mali  
Burkina Faso  
Togo  
Zimbabwe  
Chad  
Uganda  
Niger

#### Asia

Turkey  
Lebanon  
Bahrain  
Jordan  
Hong Kong

#### Europe

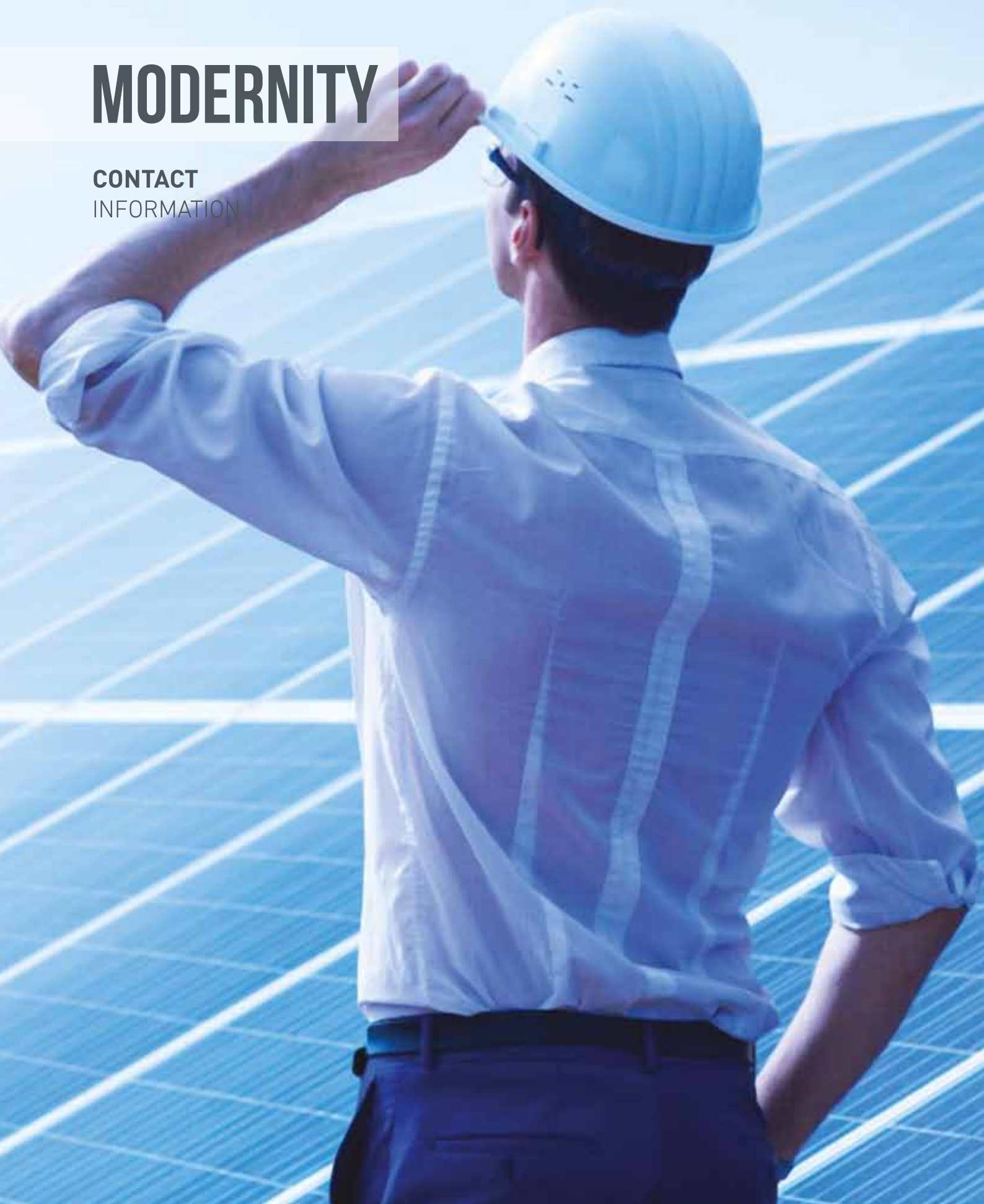
France  
Spain  
Italy  
United Kingdom

#### America

Mexico

# MODERNITY

**CONTACT**  
INFORMATION





# **CONTACT INFORMATION**

---

## **ADDRESS**

Avenue de la Bourse, Les Berges du Lac II - 1053 Tunis, Tunisia  
P. O. Box 51-1002 Tunis Belvedere

## **TELEPHONES**

General : +216 70 015 600  
General Management : +216 71 198 069  
Dealing Room : +216 71 198 128  
Documentary Credit Department : +216 71 198 127  
Customer Service : +216 71 198 089  
Credit Administration Department : +216 71 198 093

## **GENERAL TELEFAX**

+216 71 198 000

## **REUTERS MONITOR AND DEALING CODE**

UBAT

## **SWIFT CODE**

ALUB TN TT

## **COMMERCIAL REGISTRATION**

B1997 7 1998

# DEVELOPMENT

## TABLE OF CONTENTS



# TABLE OF CONTENTS

---

## **BOARD OF DIRECTORS' STATEMENT**

*page 14*

## **FINANCIAL HIGHLIGHTS**

*page 18*

Balance sheet  
Total assets  
Deposits placed and taken  
Shareholders' equity  
Profit and loss account  
Operating income and expenses and net profit  
Financial highlights  
Profit before provisions and tax  
Earning per share

## **AUDITORS' REPORT**

*page 24*

## **FINANCIAL STATEMENTS**

*page 26*

Balance sheet  
Income statement  
Cash flow statement  
Statement of changes in equity

## **NOTES TO THE FINANCIAL STATEMENTS**

*page 32*

# PARTNERSHIP

BOARD OF  
DIRECTORS



# **BOARD OF DIRECTORS**

---

## **CHAIRMAN**

Mr. Abdelfatah Essaghair Ghafar

## **MEMBERS**

Mr. Bashir Mohamed Samalous  
Mrs. Karima H.M Al Kech  
Mr. Mohamed Ali tarhouni  
Mr. Milad Farag El Sahli  
Mrs. Mongia Taher Nashnoush  
Mr. Najmeddine Moussa Chaabane (starting 01/03/2014)



# INNOVATION

A glowing lightbulb is the central focus, resting on a dark, textured surface. Several pens and pencils are scattered around it, some lying horizontally and others diagonally. The background is a blurred grid pattern, possibly a desk mat or a wall. The overall color palette is dominated by cool blues and greys, with the warm yellow light from the bulb providing a strong contrast.

**BOARD OF  
MANAGEMENT**

# **BOARD OF MANAGEMENT**

---

## **GENERAL MANAGER**

Mr. AL Taher Al Shames

## **SENIOR MANAGER ADMINISTRATION, FINANCIAL & LEGAL**

Mrs. Eya Abdeslem Fourati

## **MANAGER L/C & L/G DEPARTMENT**

Mr. Ezzedine Chlibek

## **MANAGER CREDIT ADMIN**

Mr. Mahmoud Jribi

## **MANAGER COMPLIANCE**

Mr. Mohamed Mhiri

## **MANAGER INFORMATION TECHNOLOGY DEPARTMENT**

Mrs. Khadouja Mankousa

## **MANAGER TREASURY (BACK OFFICE)**

Mrs. Hella Malki Korte

# LEADERSHIP

**BOARD OF DIRECTORS'**  
STATEMENT





# BOARD OF DIRECTORS' STATEMENT

---

*Dear Shareholders  
of ALUBAF International Bank Tunis*

ALUBAF bank's board of directors, is pleased to present the bank's annual report relating to the activity and results achieved during the financial year 2014, which is considered as a successful year, where positive results have been reached and the growth outperformed the target.

Despite all the difficulties that characterized 2014 of a continuous political and security instability and discomfort in the Arab spring areas, and most Arab countries, mainly in the North African region which is the main focus of most of the banks business.

Also, considering the economical disturbance and the successive financial crises, ALUBAF financial bank managed to maintain the good level achieved during the past three years.

In this respect, we note that the Arab and the international financial market during 2014 went through a number of economic and financial fluctuations and monetary disturbance on both regional and global levels, such situation might have negative repercussions on banks and financial institutions in general, and our Bank in particular.

However by means of caution and care policies and overcoming the intensive competition of the Tunisian market, the bank managed to achieve results that exceeded the estimated budget figures, reaching satisfactory figures and thereby maintaining its usual level despite the decrease in the total balance sheet from 599,142 million dollars at the end of 2013 to 496,415 million dollars at the end of 2014, due to exceptional and temporary circumstances currently taking place in the Libyan market, in addition to the decline in the flow of funds and the volume of transactions in general, comparing to previous years.

As well as net profit before tax deduction reached 9,023 million US dollars, slightly less than last year as a result to provision allowances.

Total shareholders' equity also reached 99, 9 million US Dollars comparing to 91, 8 million US Dollars last year, thereby an increase reaching the rate of 9%.

At the organizational level, during 2014 ALUBAF Bank managed to develop and increase the performance of its main departments by recruiting new cadres, and by taking the necessary measures to implement a new organizational structure with the assistance of specialized offices, which resulted in setting up new departments and divisions, in line with present business requirements, besides the bank continuous strive to consolidate relationships with institutions and banks which were and still the main partners of ALUBAF International Bank, also the bank gave priority to expand the business geographically and qualitatively as it was set as one of the main targets.

The Bank has continued to follow a balanced policy, as pursued in the previous years with respect to the use of funds at short and medium term – also the bank managed to work on the assessment (evaluation) of risks thoughtfully following consistent measures, in accordance with the financial and banking standards and rules.

Finally, we would express our thanks and appreciation to the bank's customers mainly for their confidence and trust, and emphasize that the Bank continuously works on improving the quality of services and providing the best of them.

We would also present our thanks to all staff members for their good will and encourage them to make more efforts to achieve better positive results in the future.

**The Board of Directors**

*Alubaf International Bank, Tunis*



# PERFORMANCE

**FINANCIAL**  
HIGHLIGHTS



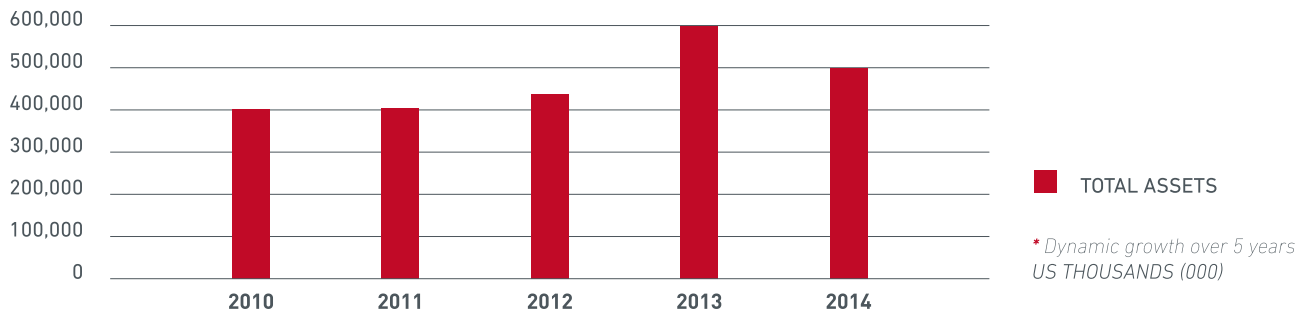
# FINANCIAL HIGHLIGHTS

Year ended 31 December 2014

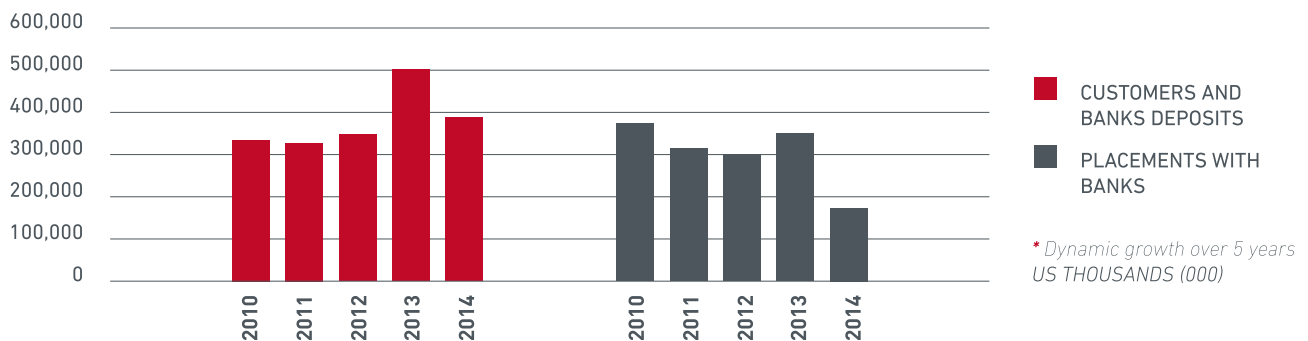
## BALANCE SHEET

USD (000)	2010	2011	2012	2013	2014
<b>ASSETS</b>					
Cash and balances with Central Bank	183	5,629	1,885	742	15,768
Balances with banks and other financial institutions	12,107	20,691	42,547	143,487	150,378
Deposits with banks and other financial institutions	374,025	314,840	300,553	352,479	170,511
Loans and advances to banks and other financial institutions	2,009	6,639	39,839	5,301	22,135
Loans, advances and overdrafts to customers	6,007	48,880	27,129	51,634	51,383
Facilities & Advances under Letters of Credit	5,226	3,779	16,131	37,387	78,306
Fixed Assets & Premises	1,897	2,058	4,064	7,327	7,218
Debtors and other assets	612	609	809	785	716
<b>TOTAL ASSETS</b>	<b>402,066</b>	<b>403,125</b>	<b>432,957</b>	<b>599,142</b>	<b>496,415</b>
<b>LIABILITIES</b>					
Due to Central Banks	55,759	77,939	69,004	68,445	60,871
Due to banks and other financial institutions	98,423	48,403	84,892	205,737	106,323
Customers' deposits	179,502	202,571	194,077	228,294	221,870
Provisions	367	5	912	896	1,270
Creditors and other liabilities	2,283	2,642	3,223	8,916	6,132
<b>TOTAL LIABILITIES</b>	<b>336,334</b>	<b>331,560</b>	<b>352,108</b>	<b>512,289</b>	<b>396,466</b>
<b>EQUITY</b>					
Share capital	25,000	25,000	25,000	25,000	25,000
Statutory reserve	2,500	2,500	2,500	2,500	2,500
General reserve	2,000	2,000	2,000	2,000	2,000
Proposed dividends	1,000	2,500	5,000	-	-
Retained earnings	35,232	39,565	46,349	57,352	70,449
<b>TOTAL EQUITY</b>	<b>65,732</b>	<b>71,565</b>	<b>80,849</b>	<b>86,852</b>	<b>99,949</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>402,066</b>	<b>403,125</b>	<b>432,957</b>	<b>599,142</b>	<b>496,415</b>

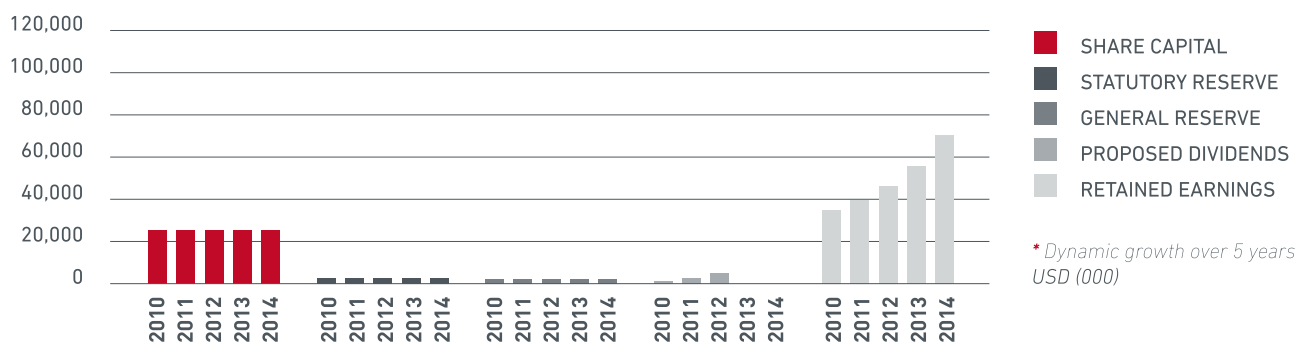
## TOTAL ASSETS



## DEPOSITS PLACED AND TAKEN



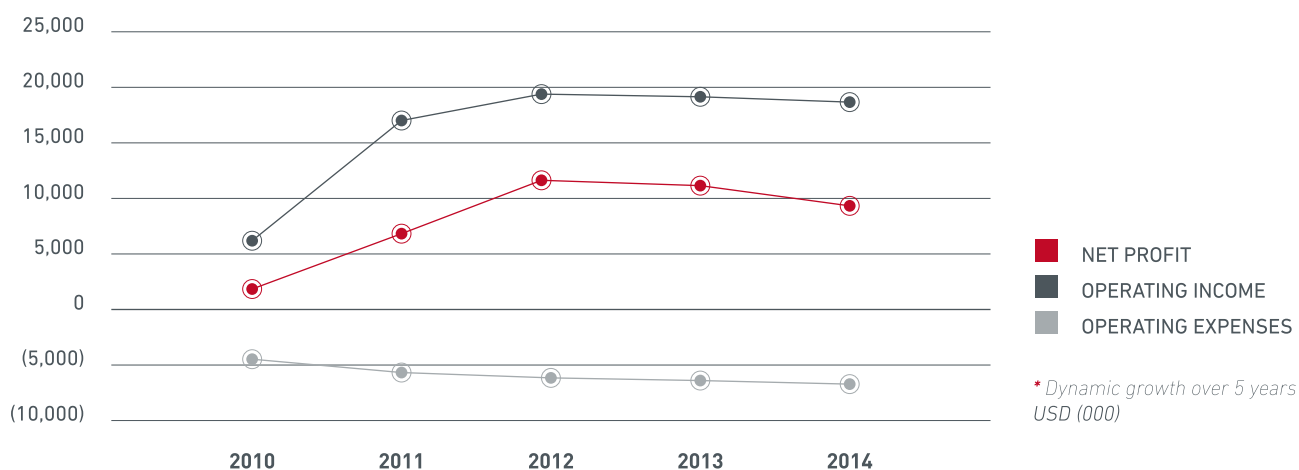
## SHAREHOLDERS' EQUITY



## PROFIT AND LOSS ACCOUNT

USD (000)	2010	2011	2012	2013	2014
Interest income	1,882	3,130	5,309	4,783	6,407
Interest expense	(355)	(637)	(611)	(716)	(753)
<b>Net interest income</b>	<b>1,527</b>	<b>2,493</b>	<b>4,698</b>	<b>4,067</b>	<b>5,654</b>
Fees and commission income	4,466	9,340	13,521	11,827	11,613
Other operating income	563	3,603	1,175	3,223	830
<b>OPERATING INCOME</b>	<b>6,556</b>	<b>15,436</b>	<b>19,394</b>	<b>19,117</b>	<b>18,097</b>
Staff expenses	(3,346)	(3,679)	(4,808)	(4,831)	(4,710)
Depreciation	(272)	(289)	(361)	(389)	(587)
Other operating expenses	(1,133)	(1,430)	(1,247)	(1,634)	(1,697)
loss on ordinary items	-	-	-	-	-
<b>OPERATING EXPENSES</b>	<b>(4,751)</b>	<b>(5,398)</b>	<b>(6,416)</b>	<b>(6,854)</b>	<b>(6,994)</b>
Profit before Provisions	1,805	10,038	12,978	12,263	11,103
Net Provisions	230	(3,205)	(1,194)	(1,259)	(2,080)
<b>NET PROFIT BEFORE CORPORATE TAX</b>	<b>2,035</b>	<b>6,833</b>	<b>11,784</b>	<b>11,003</b>	<b>9,023</b>
Corporate Tax	-	-	-	-	927
<b>NET PROFIT AFTER TAX</b>	<b>2,035</b>	<b>6,833</b>	<b>11,784</b>	<b>11,003</b>	<b>8,096</b>
Dividends	(1,000)	(2,500)	(5,000)	-	-
Profit retained for the financial year	1,035	4,333	6,784	11,003	8,096
<b>EARNING PER SHARE (EPS) USD/share</b>	<b>0.81</b>	<b>2.73</b>	<b>4.71</b>	<b>4.40</b>	<b>3.24</b>

## OPERATING INCOME AND EXPENSES AND NET PROFIT

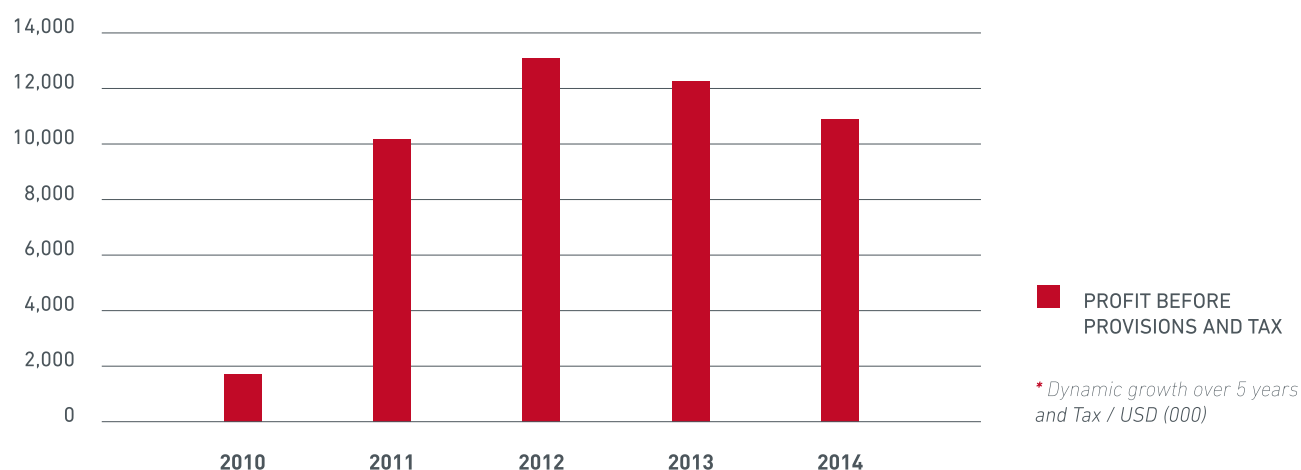


## FINANCIAL HIGHLIGHTS

USD (000)	2010	2011	2012	2013	2014
Operating Income & Prov Recoveries	6,902	15,817	19,396	19,501	18,156
Operating Expenses & Provisions Allowances	(4,867)	(8,984)	(7,612)	(8,498)	(9,133)
Net Profit After Tax	2,035	6,833	11,784	11,003	8,096
Dividends	1,000	2,500	5,000	-	-
EARNING PER SHARE (EPS) USD/share	0.81	2.73	4.71	4.40	3.24
Dividends per share (USD)/Share	0.40	1.00	2.00	-	0.00
Returned on equity (ROE)	3.1%	9.5%	14.6%	12.7%	8.1%
Returned on assets (ROA)	0.5%	1.7%	2.7%	1.8%	1.6%
Customers and Banks deposits	333,684	328,913	347,973	502,476	389,064
Placements with banks	374,025	314,840	300,553	352,479	170,511
Total equity	65,732	71,565	80,849	86,852	99,949
<b>Total assets</b>	<b>402,066</b>	<b>403,125</b>	<b>432,957</b>	<b>599,142</b>	<b>496,415</b>
Number of shares (actual)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000



## PROFIT BEFORE PROVISIONS AND TAX



## EARNING PER SHARE



■ EARNING PER SHARE

\* Earning Per Share (EPS)  
USD USD / SHARE

# OPPORTUNITIES

AUDITORS'  
REPORT



# AUDITORS' REPORT

*Translation of an extract from the legal auditors' general report on the financial statements  
for the financial year ended december 31st, 2014*

*To the attention of the Shareholders of ALUBAF International Bank Tunisia*

In compliance with the assignment entrusted to us by your General Meeting, we present below our report on the F/S of ALUBAF International Bank Tunisia for the year ended December 31, 2014 and the specific procedures as prescribed by law and professional standards.

We have audited the accompanying F/S of ALUBAF International Bank at December 31, 2014, including the balance sheet, the income statement, the cash flow statement, the off balance sheet statement, and a summary of significant accounting policies and other explanatory information.

These F/S show positive equity of KUSD 99 948, including profit for the year amounting KUSD 8 096.

Management is responsible for the preparation and fair presentation of these F/S in accordance with the Tunisian Accounting System of Companies, this responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of F/S that are free from material misstatement, whether they arise from fraud or error, and that the accounting estimates are reasonable in the circumstances.

Our responsibility as auditors is to express an opinion on these F/S, based on our audit examination carried out and conducted in accordance with the professional standards of auditing applied in Tunisia and the Central Bank of Tunisia prudential standards.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the F/S are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the above-mentioned F/S, present fairly, in all material respects, the financial position of the ALUBAF International Bank Tunisia as at December 31, 2014 and the results of its operations and its cash flows, for the year ended at that date. These F/S have been established in accordance with the accounting principles prevailing in Tunisia and consistently applied.

*Tunis, May 14th, 2015*

**Haythem AMOR**  
Consulting Management & Governance

*Haythem Amor*

**Tarek ZAHAF**  
ProAudit

*Tarek Zahaf*

# ASPIRATIONS

**FINANCIAL**  
STATEMENTS



# BALANCE SHEET

Year ended 31 December 2014

USD (000)	NOTES	2014	2013
<b>ASSETS</b>			
Cash and balances with Central Bank	3	15,768	742
Balances with banks and other financial institutions		150,378	143,487
Deposits with banks and other financial institutions	4	170,511	352,479
Loans and advances to banks and other financial institutions	5	22,135	5,301
Loans, advances and overdrafts to customers	6	51,383	51,634
Facilities & Advances under Letters of Credit		78,306	37,387
Fixed Assets & Premises	8	7,218	7,327
Other assets	9	716	785
<b>TOTAL ASSETS</b>		<b>496,415</b>	<b>599,142</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to Central Banks	10	60,871	68,445
Due to banks and other financial institutions	11	106,323	205,737
Customers' deposits	12	221,870	228,294
Provisions	13	1,270	896
Other liabilities	14	6,132	8,916
<b>Total liabilities</b>		<b>396,466</b>	<b>512,289</b>
<b>Equity</b>			
Share capital	15	25,000	25,000
Statutory reserve	16	2,500	2,500
General reserve	16	2,000	2,000
Retained earnings		62,353	46,349
Profit for the year		8,096	11,003
<b>Total equity</b>		<b>99,949</b>	<b>86,853</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>496,415</b>	<b>599,142</b>

\* The attached notes 1 to 25 form part of these financial statements.

# BALANCE SHEET

Year ended 31 December 2014

USD (000)	NOTES	2014	2013
<b>OFF BALANCE SHEET COMMITMENTS</b>			
Letters of credit	24	295,260	306,400
Guarantees	24	23,555	39,321
<b>TOTAL OFF BALANCE SHEET COMMITMENTS</b>		<b>318,815</b>	<b>345,721</b>
<b>OFF BALANCE SHEET COMMITMENTS RECEIVED</b>			
Banks Counter Guaranties received	25	5,155	5,155

\* The attached notes 1 to 25 form part of these financial statements.

**Mr. Abdelfatah ESSAGHAIR GHAFAR**

Deputy Chairman

*Abdelfatah Essaghair Ghafar*

**Taher AL-SHAMES**

General Manager

*Taher Al-Shames*



# INCOME STATEMENT

Year ended 31 December 2014

USD (000)	NOTES	2014	2013
Interest income	17	6,407	4,783
Interest expense	18	(753)	(716)
<b>Net interest income</b>		<b>5,654</b>	<b>4,066</b>
Fees and commissions net income	19	11,613	11,827
Exchange and Revaluation Profit	20	790	3,176
Operating Income		40	47
<b>Net Profit From Commissions and Other Income</b>		<b>12,443</b>	<b>15,050</b>
<b>OPERATING INCOME</b>		<b>18,097</b>	<b>19,116</b>
Staff expenses		(4,710)	(4,831)
Depreciations	8	(587)	(389)
Net Provisions, write off and recoveries	21	(2,080)	(1,259)
Other operating expenses		(1,697)	(1,634)
<b>OPERATING EXPENSES</b>		<b>(9,074)</b>	<b>(8,113)</b>
<b>NET PROFIT FOR THE YEAR BEFORE TAX</b>		<b>9,023</b>	<b>11,003</b>
Corporate Tax		(927)	0
<b>NET PROFIT FOR THE YEAR AFTER TAX</b>		<b>8,096</b>	<b>11,003</b>
Basic earnings per share (expressed in US dollars per share)	22	3,24	4.40
Return on capital		32,38%	44.40%
Return on equity		8,1%	12.7%

\* The attached notes 1 to 25 form part of these financial statements.

# CASH FLOW STATEMENT

Year ended 31 December 2014

USD (000)	NOTES	2014	2013
<b>OPERATING ACTIVITIES</b>			
Net profit for the year		8,096	11,003
Adjustments:			
Depreciation		587	389
Net from provisions on Loans and facilities to customers		2,080	1,259
Profit sale fixed assets		0	(12)
Operating profit before changes in operating assets and liabilities		10,763	12,639
Deposits with banks and other financial institutions		9,657	18,039
Loans and advances to banks		(16,834)	34,538
Loans and advances to customers		(1,357)	(25,729)
Facilities & Advances under Letters of Credit		(40,919)	(21,256)
Other assets		69	24
Due to banks and other financial institutions		0	0
Customers' deposits		(6,424)	34,217
Other liabilities		(2,881)	642
<b>Net cash (used in) from operating activities</b>		<b>(47,926)</b>	<b>53,114</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of equipment		(478)	(3,654)
Proceeds from sale of equipment		0	14
<b>Net cash (used in) from investing activities</b>		<b>(478)</b>	<b>(3,640)</b>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		0	0
Dividends added to retained earnings		5,000	0
<b>Net cash (used in) from financing activities</b>		<b>5,000</b>	<b>0</b>
<b>INCREASE/(DECREASE ) IN CASH AND CASH EQUIVALENTS</b>		<b>(43,404)</b>	<b>49,474</b>
Cash and cash equivalents at 1st of January		212,867	163,393
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	23	<b>169,463</b>	<b>212,867</b>
<i>(Including Accrued Interests As at 31/12/14)</i>			

\* The attached notes 1 to 25 form part of these financial statements.



# STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

USD (000)	Share Capital	Statutory Reserve	General Reserve	Retained Earnings	The Dividends	The Total
Balance at 31 December 2012	25,000	2,500	2,000	46,350	5,000	80,850
Dividends Paid				-	-	0
Net profit for the year - 2013	-	-	-	11,003	-	11,003
Transfer to Legal Reserve						0
Transfer to General Reserve						0
Proposed Dividends				-	(5,000)	(5,000)
Balance at 31 December 2013	25,000	2,500	2,000	57,353	0	86,853
Dividends added to Retained Earnings	-	-	-	5,000		5,000
Net profit for the year - 2014	-	-	-	8,096	-	8,096
Transfer to statutory reserve	-	-	-	-	-	0
Transfer to general reserve	-	-	-	-	-	0
Proposed dividends	-	-	-	-	-	0
Balance at 31 December 2014	25,000	2,500	2,000	70,449	0	99,949

\* The attached notes 1 to 25 form part of these financial statements.

It is to be noted that as per shareholders resolution to renounce to the disbursement of dividends for the year 2012 and their proposal of adding the amount to retained earnings balance, in support of shareholders' equity, the General Assembly approved in its meeting dated 24.06.2014 this resolution .

# GROWTH

**NOTES TO THE**  
FINANCIAL STATEMENTS



# NOTES TO THE FINANCIAL STATEMENTS

*Year ended 31 December 2014*

## **1. ACTIVITIES :**

ALUBAF International Bank - Tunis was incorporated as a Tunisian joint stock company in the Republic of Tunisia, and operates as an Offshore Banking Unit under Tunisian particularly law No 85 -108, dated 06 December 1985 as amended by law No 64-2009 dated 12 August 2009, relating to foreign offshore units, and the laws of foreign exchange and trade finance business, also the commercial law and other complementary regulations. The bank has become wholly owned subsidiary of the Libyan Foreign Bank, Libya since the year 2001.

## **2.1. SIGNIFICANT ACCOUNTING POLICIES :**

The significant accounting policies adopted in the preparation of the financial statements are as follows :

### **Basis of preparation :**

These financial statements have been prepared in accordance with Tunisian Accounting Standards pursuant to the law number 112-96 dated December 30,1996, taking into consideration the standards issued or adopted by the International Accounting Standards Board, and interpretations issued by the International Financial Reporting Interpretations Committee.

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in the base currency of the Bank, US dollars , as Alubaf International Bank Tunis is an off-shore company , as such there are restrictions on the operations in local currency.

The financial statements have been prepared based on the concept of matching revenues and expenses.

The Financial statements have been prepared in accordance with the principle of prudence.

The accounting policies are consistent with those used in the previous years.

### **Deposits with banks and other financial institutions :**

Deposits with banks and other financial institutions are stated net of any amounts written off and provision for impairment.

### **Loans and advances to customers :**

Loans and advances are stated net of any amounts written off and provision for impairment, in accordance with Central Bank of Tunisia' regulations and the accounting standards related to the banking sector.

### **General Provision on loans and advances :**

In accordance with the provisions of article 10 bis( New) of the Tunisian Central Bank circular no 1991-24 a provision allowance of a general nature under the designation "Collective provision" has been made to cover the latent risks inherent to current commitments (class 0) and those that require specific follow-up (class 1) in the meaning of article 8 of the same publication.

The amount of the said provision has been determined according to referential methodology as stipulated in the Note No 20-2012 dated 6 December 2012, relating to the financial institutions.

### **Deposits :**

All money market and customer deposits are carried at amortized cost less repaid amounts.

### **Premises and equipments :**

Premises and equipments are recorded at cost.

### **Depreciation :**

Depreciation is provided on all premises and equipments, other than freehold land, at rates calculated to write off the cost of each asset over its expected useful life.

### **Revenue recognition :**

Interest income and related receivables, as well as, processing, commitment, management and financing commissions and fees are recognised on a time proportion basis, within the relevant financial year result.

The fees relating to the off- balance sheet commitments are recognized, within the revenues of the financial year, when collected.

According to the Central Bank of Tunisia circular number 24 for the year 1991 and accounting standards relating to banking sector, the interests and fees related to non performing (classified) debts (class 2,3 and 4), are excluded from income.

### **Cash and cash equivalents :**

Cash and cash equivalents comprise balances of the following maturing within 3 months of acquisition :

cash and balances with banks, including with the Central Bank, deposits placed with banks and other financial institutions and net of due to banks and other financial institutions.

#### **Derivatives :**

The Bank enters into derivative instruments, mainly forwards in the foreign exchange markets. Derivatives are stated at fair value. The fair value of a derivative is the equivalent of the unrealised gain or loss from marking to market the derivative using prevailing market rates or internal pricing models. Derivatives with positive market values (unrealised gains) are included in other assets and derivatives with negative market values (unrealised losses) are included in other liabilities in the balance sheet.

#### **Offsetting :**

Financial assets and financial liabilities are only offset and the net amount reported in the balance sheet, when there is a legally enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **Foreign currencies :**

Monetary assets and liabilities in foreign currencies are retranslated into US dollars at the rates of exchange prevailing at the balance sheet date. Any resultant exchange gains or losses are taken to the statement of income.

#### **Impairment and uncollectability of financial assets :**

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired.

If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows discounted at original effective interest rates, recognised in the statement of income.

#### **Trade and settlement date accounting :**

All "regular way" purchases and sales of financial assets are recognised on the trade date, i.e. the date that the Bank commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

## **2.2. SIGNIFICANT EVENTS RELATING TO 2014 FINANCIAL YEAR :**

In support of shareholders' equity, the General Assembly approved in its meeting dated 24.06.2014 the shareholders' resolution to renounce to the disbursement of dividends for the year 2012 and their proposal of adding the relevant amount to retained earnings balance.

### **3. CASH AND BALANCES WITH THE CENTRAL BANK :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Cash in hand	135	380
Balances with the Central Bank of Tunisia	15,633	362
	<b>15,768</b>	<b>742</b>

### **4. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Time deposits maturing within 3 months	170,511	342,822
Time deposits maturing after 3 and before 6 months	0	9,657
	<b>170,511</b>	<b>352,479</b>

*The above mentioned amounts include accrued interests on deposits as of 31/12/2014*

### **5. LOANS AND ADVANCES TO BANKS AND OTHER FINANCIAL INSTITUTIONS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Banks Overdrafts	18,956	0
Loans to financial institutions	3,033	3,034
Other Due from Banks	146	2,267
	<b>22,135</b>	<b>5,301</b>

### **6. LOANS AND ADVANCES TO CUSTOMERS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Overdrafts companies and organizations	51,085	50,815
Overdrafts private organizations	616	177
Overdrafts individuals	76	5
Past due obligations	13,418	12,697
	<b>65,195</b>	<b>63,694</b>
Less: Collective and Specific Provisions and suspended interests	(13,812)	(12,060)
	<b>51,383</b>	<b>51,634</b>

Loans and advances are stated net of provisions for loan losses and collective provisions.

The provisions' movements during the year were as follows :

USD (000)	2014	2013
<b>At 1 January</b>		
Collective Provisions	1,194	1,194
Provisions on Doubtful debts	10,866	9,027
<b>Total At 1 January</b>	<b>12,060</b>	<b>10,221</b>
Provisions Charge for the year (note 21)	1,667	1,609
Interest suspended during the year	474	533
Recoveries/(write backs)	(59)	(385)
Revaluation	(439)	82
Amounts written off	109	0
<b>At 31 December</b>	<b>13,812</b>	<b>12,060</b>

The collective provisions covers the latent risks inherent to direct and indirect facilities granted to non-classified customers.

## 7. RELATED PARTY TRANSACTIONS :

The Bank enters into transactions with their shareholders, directors and general management and their related concerns in the ordinary course of business at interest and commission rates approved by the management. All the loans and advances to these parties are performing advances and are free of any provision for possible loan losses.

USD (000)	2014	2013
<b>Balance sheet items</b>		
Deposits with banks and other financial institutions	39,896	247,788
Due to banks and other financial institutions	111,162	118,855
Other due from Banks	21	0
Other Banks deposits	511	119
Loans to financial institutions	3,033	3,034
Customers deposits	1,501	907
<b>Off balance items</b>		
Letters of credit commitments	57,086	69,587
Banks Guarantees received	3,955	3,955

The income and expenses in respect of related parties included in the statement of income are as follows :

USD (000)	2014	2013
Interest income	493	597
Interest expense	399	407
Net income from Fees and commission	(4)	4

\* It is to be noted that no facilities have been granted to Board of directors members, and that all transactions aroused from credit balances.

## **8. FIXED ASSETS :**

The estimated useful lives of the assets for the calculation of depreciation are as follows :

Freehold land	-	Not depreciated
Building	-	20 years
Furniture and equipment	-	3 to 5 years
Motor vehicles	-	5 years

	Freehold land	The Building	Furniture & equipment	Intangible fixed assets	Motor Vehicles	Fixed assets in progress	The total
<b>Cost :</b>							
At 1 January	2,109	4,459	1,803	1,604	166	1,122	11,263
Additions	0	304	1,197	99	0	0	1,600
Fixed Assets in progress	0	0	0	0	0	(1,122)	(1,122)
Disposals	0	0	0	0	0	0	0
<b>At 31 December 2014</b>	<b>2,109</b>	<b>4,763</b>	<b>3,000</b>	<b>1,703</b>	<b>166</b>	<b>0</b>	<b>11,741</b>
<b>Depreciation :</b>							
At 1 January	-	1,064	1,524	1,254	94	0	3,936
Depreciation During the year	-	233	225	104	25	0	587
Depreciation of Disposals	0	0	0	0	0	0	0
<b>At 31 December 2014</b>	<b>-</b>	<b>1,297</b>	<b>1,749</b>	<b>1,358</b>	<b>119</b>	<b>0</b>	<b>4,523</b>
<b>Net book value :</b>							
<b>At 31 December 2014</b>	<b>2,109</b>	<b>3,466</b>	<b>1,251</b>	<b>345</b>	<b>47</b>	<b>0</b>	<b>7,218</b>



## **9. OTHER ASSETS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Staff loans (Including advances)	539	571
Sundry debtors	33	52
Provision on Sundry Debtors	(13)	(14)
Prepayments	152	171
Commissions & Fees Receivables	5	5
	<b>716</b>	<b>785</b>

## **10. DUE TO CENTRAL BANKS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Call deposits	10,862	18,442
Time Deposits maturing within 3 months	50,000	50,000
Interests accrued on Time Deposits	9	3
	<b>60,871</b>	<b>68,445</b>

## **11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Call deposits	55,461	155,246
Time Deposits	50,000	50,000
Interests accrued on Time Deposits	6	9
Guarantee deposits and other dues	856	482
	<b>106,323</b>	<b>205,737</b>

## **12. CUSTOMERS DEPOSITS :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Call deposits	146,098	130,357
Time Deposits	6,276	14,170
Guarantee deposits	12,223	20,198
Interests accrued on Time Deposits	4	4
Other Deposits	57,269	63,566
	<b>221,870</b>	<b>228,294</b>

### **13. OTHER PROVISIONS :**

USD (000)	Indirect credit facilities	Legal cases	The others	The total
Balance at the beginning of the year	0	24	872	896
Utilised during the year (Note 22)	0	0	0	0
Addition during the year	0	0	472	472
Recoveries/(write backs)	0	0	0	0
Reclassification			6	6
Revaluation	0	(3)	(101)	(104)
<b>Balance at 31 December</b>	<b>0</b>	<b>21</b>	<b>1,249</b>	<b>1,270</b>

### **14. OTHER LIABILITIES :**

USD (000)	2014	2013
Interest and commissions received in advance	195	100
Provisions for Retirement	741	518
Provisions for staff end of service's compensation	1,383	1,221
Taxes and Social contributions payable	1,448	460
Reserve For Expenses	2,294	1,531
Sundry Creditors	71	5,087
	<b>6,132</b>	<b>8,916</b>

### **15. SHARE CAPITAL :**

The authorised, issued and fully paid share capital as of 31 December 2014 and 2013 comprised 2,500,000 ordinary shares with nominal value of US\$ 10 each.

### **16. STATUTORY RESERVE AND GENERAL RESERVE :**

As required by the Tunisian Companies Law, the statutory reserve equals to 10 percent of the issued share capital. The reserve is not distributable but may be utilised in such circumstances as stipulated by Tunisian Law.

Transfers from previous years' profits have created the general reserve amounting 2 (two) million USD dollars. There are no restrictions on the distribution of this reserve.

### **17. INTEREST INCOME :**

USD (000)	2014	2013
Banks call Accounts	111	100
Balances with banks and other financial institutions	556	534
Time deposits	1,580	1,521
Loans and advances to customers	4,160	2,628
	<b>6,407</b>	<b>4,783</b>

#### **18. INTEREST EXPENSE :**

USD (000)	2014	2013
Banks call Accounts	221	280
Banks Time deposits	329	256
Customers current accounts	153	90
Customers Time deposits	38	79
Other Interest expenses	12	13
	<b>753</b>	<b>716</b>

#### **19. NET INCOME FROM FEES AND COMMISSIONS :**

USD (000)	2014	2013
Letters of Guarantees commissions	524	372
Letters of Credit commissions	9,646	7,468
Documents of collection commissions	554	2,838
Customers Services commissions	720	1,000
Other Commissions	260	219
	<b>11,704</b>	<b>11,897</b>
Less: Commissions Paid	(91)	(70)
	<b>11,613</b>	<b>11,827</b>

#### **20. EXCHANGE AND REVALUATION PROFIT :**

USD (000)	2014	2013
Exchange Profit	793	3,118
Revaluation profit and Loss	(3)	58
	<b>790</b>	<b>3,176</b>

## **21. NET PROVISIONS, DEBTS WRITE- OFF AND RECOVERIES :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
<b>Provisions allowances</b>		
Specific provisions on loans and credit facilities	1,667	1,609
Provision for other risks and charges-	472	35
Collective provisions on the current commitments	0	0
<b>Recoveries</b>		
Recovered provisions on loans losses	(59)	(385)
<b>Debts Write-off</b>		
Losses on bad debts	0	0
	<b>2,080</b>	<b>1,259</b>

## **22. EARNINGS PER SHARE :**

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Weighted average number of shares outstanding during the year	2,500	2,500
Net profit for the year (US\$ 000) before tax	9,023	11,003
Basic earnings per share ( in US dollars per share) before tax	3,61	4,40
Net profit for the year after tax	8,096	11,003
Basic earnings per share (expressed in US dollars per share) After tax	3,24	4.40

## **23. CASH AND CASH EQUIVALENTS :**

Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts :

<b>USD (000)</b>	<b>2014</b>	<b>2013</b>
Cash and balances with the Central Bank	15,768	742
Balances with banks and other financial institutions	150,378	143,487
Deposits with banks and other financial institutions	170,511	342,822
Due to banks and other financial institutions	(167,194)	(274,184)
Cash and cash equivalents at 31 December	169,463	212,867

## 24. OFF BALANCE SHEET ITEMS :

Commitments include commitments to extend credit, confirmed and standby letters of credit, guarantees and acceptances, which are designed to meet the requirements of the Bank's customers. All these commit the Bank to make payments on behalf of customer's contingent upon the failure of the customer to perform under the terms of the contract.

Commitments generally have fixed expiry dates or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash requirements.

The Bank has the following credit related off balance sheet items :

USD (000)	2014	2013
Confirmed Export letters of credit	202,144	184,814
Import letters of credit	93,116	121,586
Documents on Collection/ Undertaking	10,689	17,162
Reimbursements	2,347	596
Advance payment guarantees	2,247	3,507
Payment Guarantees	5,763	5,845
Performance guarantees	2,144	8,554
Customs guarantees	365	1,738
Other guarantees	0	1,919
	<b>318,815</b>	<b>345,721</b>

## 25. OFF BALANCE SHEET ITEMS RECEIVED :

USD (000)	2014	2013
Banks Counter-guaranties received	5,155	5,155

