

الجمعية المهنية التونسية للبنوك
والمؤسسات الماليّة

APTBEF

TUNISIA'S PROFESSIONAL ASSOCIATION OF BANKS
AND FINANCIAL INSTITUTIONS

ANNUAL REPORT **2005**

VOLUME I

2006

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TUNISIA'S ECONOMIC SITUATION

TUNISIA'S ECONOMIC SITUATION

A - THE INTERNATIONAL ENVIRONMENT

Favourable financing conditions and cost-effectiveness of enterprises in a great number of countries benefited to world economy which grew at a sustained pace in 2005, amounting to 4.8% in real terms, though at a slight slowdown, after exceptional 5.3% growth the year before.

World economic expansion was due mainly to economic development in the U.S and China, but progress was moderate in most European countries as well as in Japan.

Crude oil prices were up the year long to reach new historical records over 70 USD for a barrel of Brent which led to higher inflation and consequently monetary policy tightening.

TRENDS IN THE MAIN ECONOMIC AND FINANCIAL INDICATORS IN THE WORLD

DESCRIPTION	Growth in GDP (volume & %)			Inflation (variation in consumer prices %) (1)			Budget balance (% of GDP)			Unemployment (% of working population)		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
COUNTRIES												
Developed Countries ⁽²⁾	2.0	3.3	2.7	1.8	2.0	2.3	-3.9	-3.6	-3.1	6.6	6.3	6.0
<i>Of which: - United states</i>	2.7	4.2	3.5	2.3	2.7	3.4	-5.0	-4.7	-4.1	6.0	5.5	5.1
<i>- Japan</i>	1.8	2.3	2.7	-0.2	0.0	-0.3	-8.1	-6.6	-5.8	5.3	4.7	4.4
European Union	1.3	2.4	1.6	2.0	2.0	2.1	-3.0	-2.6	-2.3	8.1	9.1	8.7
<i>Of which: Euro Zone</i>	0.7	2.1	1.3	2.1	2.1	2.2	-3.0	-2.7	-2.3	8.7	8.9	8.6
Emerging and Developing countries												
of which:	6.7	7.6	7.2	5.8	5.7	5.4	-3.4	-2.1	-1.3	-	-	-
<i>- Tunisia</i>	5.6	6.0	4.2	2.7	3.6	2.0	-3.2	-2.3	-2.6	14.5	14.2	14.2
<i>- Morocco</i>	5.5	4.2	1.8	1.5	1.5	1.0	-	-	-	-	-	-
<i>- South Africa</i>	3.0	4.5	4.9	5.8	1.4	3.4	-	-	-	-	-	-
<i>- Chile</i>	3.7	6.1	6.3	2.8	1.1	3.1	-	-	-	-	-	-

Source : world economic outlook by IMF, world Bank, the European Central Bank, the Central Bank of Tunisia 2005 Annual Report, Ministry of Development and International Cooperation and the National Institute of Statistics for statistics concerning Tunisia.

(1) Base 100 in 2000

(2) Most developed countries

(-): not available

■ **Economic growth** was due to the main regions with the following characteristics:

In the Euro zone, economic activity remained clearly behind compared to the previous year. Growth rate was just 1.3% vs. 2.1% the year before, because of weak domestic demand, notably household consumption over the first semester of the year. Most countries of the Euro zone were marked by this downward trend, in particular France and Germany, the main economies of the zone, the GDP of which dropped from 2.1% and 1.6% respectively to 1.4% and 0.9%.

Growth **in the United Kingdom** slowed down substantially from 3.1% to 1.8% from one year to the next. Private consumption suffered the negative effects of wealth related to drop in housing market and rise in short term interest rate for the past two years.

In the other countries of Europe and Central Asia, economic activity grew at much slower pace in 2005, with GDP growth falling from 6.5% in 2004 to 5.3% in 2005. This is attributable to weak domestic and external demand and soaring prices of crude-oil products. Thus growth rate fell in Russia (6.4% vs. 7.2% in 2004), Ukraine (2.6% vs. 12.1% in 2004), Poland (3.2% vs. 5.3% in 2004) and Turkey (7.4% vs. 8.9% in 2004).

Economic growth in **the United States** dropped from 4.2% in 2004 to 3.5% in 2005 largely due to the impact of higher oil prices, increase in short term interest rates and unprecedented climate conditions because of the hurricanes.

The **Japanese** economy continued on the path of recovery in 2005 reaching thus a real GDP growth rate of 2.7% against 2.3% in 2004, attributable to higher domestic demand sustained not only by higher wages and the falling unemployment rate but also by increase in foreign investment boosted by maximum financing conditions and export recovery towards the end of year, mainly those to china.

China managed to maintain a high 9.9% GDP growth in 2005 (compared to 10.1% the year before).

Economic reforms implemented by the government for the past decades now, to switch to market economy continued to bear fruit, however risk for the economy to overheat still hung over.

In the countries of **Latin America** economic growth went on improving substantially (4.3%) but at a less sustained pace than in 2004 (5.6%). This was the case in particular for Brazil and Mexico where real GDP growth went down from 4.9% to 2.3% and from 4.2% to 3% respectively. However GDP growth rate in Argentina was 9.2% vs. 9% in 2004.

Economic growth in **sub-Saharan Africa** remained vigorous at 5.5% in 2005 vs. 5.6% in 2004. For all oil exporting countries growth rate was 7.0% in real terms vs. 7.2% a year before. Among these countries, growth rate accelerated in Nigeria (6.9% vs. 6.0%), but slowed down in other countries, especially in Chad and Equatorial Guinea.

As for oil importing countries, economic growth rate was 4.4% vs. 4.8% in 2004. South Africa and Zambia were among these countries where higher metal prices sustained the economic activity.

However, decrease in food prices and agricultural raw materials as well as shortage in food production due to weather conditions weighed on growth in the Sahel region and parts of eastern and southern Africa such as Zimbabwe (-6.5% vs. -3.8% in 2004).

Moreover modest results on cotton market affected negatively growth rate in the countries of CFA Franc zone the GDP of which was 4.1% vs. 7.7% the previous year.

In **the Maghreb countries**, economic growth continued to consolidate but at a less sustained pace (4.1% vs. 5.1%). The Algerian economy experienced higher growth (5.3% vs. 5.2% in 2004) thanks to increase in oil exports and sustained development in service and building sector.

Growth rate in **Morocco** fell from 4.2% in 2004 to 1.8% in 2005 because of drought.

In **the Middle East**, oil exporting countries experienced substantial increase in income from their exports and thus had an average growth rate of 5.9% vs. 5.4% in 2004.

■ **World trade**, measured by export of goods went up 6% in real terms after an exceptional 9% rise in 2004. This slowdown which reflects slower pace of world economy growth started mid-2004.

After increasing at annual pace of 16% towards mid-2004, export of goods fell with a progress of just 8.5% in the third quarter of 2005.

This slowdown concerned Exports of countries with high revenue. The volume of these exports increased by less than 4% in annual terms in the first quarter of 2005.

The volume of developing countries export of goods was comparatively high, up 12% over the first half of 2005.

■ **On commodities markets**, crude oil product prices skyrocketed for the second year in a row. Over the whole year, the price for a barrel of Brent increased on average 55 USD, which represents 45% more than 2004 average. This price rise was due, in particular, to the persistent imbalance between supply and demand and the erosion of unused capacities along supply channel.

If energy is excluded, commodity prices dropped a bit in April and May before stabilizing, on the whole, over the following six months, to increase again starting November 2005. Expressed in US dollar, commodity prices, exclusive energy, went up 9.5% on average in 2005.

■ **As for external payments**, world imbalances in current balance was deteriorating. The United States current deficit became larger (6.4% of GDP vs. 5.7% a year earlier) and the Euro zone current transactions account was marked by a deficit of 0.4% of GDP vs. a surplus of 0.6% of GDP in 2004. This was due, mainly, to surplus deterioration in goods and, to a lesser extent, deficit worsening in revenues.

■ **Capital market** performed well in 2005 despite soaring oil prices and the United States tightening monetary policy.

The Euro zone stock markets have been on an upward trend since 2003.

Dow Jones Eurostoxx index was up 23% at the end of the year compared to the same period a year earlier because of substantial drop in long term real interest rates which benefited, to a large extent, to market prices of the zone; whereas American stock markets showed weaker results as confirmed by Standard & Poor's 500 index.

On the contrary, the Nikkei 225 in Japan made the best result of the year thanks to the country's favourable conditions to do business.

On bond markets, long-term bond yields dropped in the Euro-zone, reflecting, in particular lower bond yields and expectations of inflation remained basically unchanged.

In the United States, long-term yield rates rose slightly despite efforts to curb inflation.

■ **Foreign exchange market** was marked by overall fall in the yen against the main foreign currencies despite positive signs of economic recovery in Japan.

After a slight depreciation in September 2005, real nominal exchange rate of the euro, measured against the currencies of the most important 23 trade partners of the European Union, came almost to its level of end September, but still 2.3% below its 2004 average rate.

On the other hand, the dollar appreciated in 2005 against other main foreign currencies, in particular, the euro, thus taking advantage of interest rate differential in favour of the United States because of higher growth prospects and increase in portfolio investments that confirmed vigorous foreign demand for American assets to the detriment of the euro-zone.

The dollar appreciation was about 14% against the euro and 14.4% against the yen from one year to the next.

China decided to adopt a more flexible regime directed towards controlled floating of its currency against a basket of foreign currencies. Besides, the Chinese Yuan was revalued by 2.1% compared to the American dollar.

■ **The upward trend in consumer prices** strengthened in several countries, in particular, in the United States of America, thus reflecting to a large extent the shot-up in crude oil and refined product prices. In OECD member countries, consumer prices went up 2.7% on average over the whole year.

To reduce pressure on prices, the Federal Reserve introduced eight 25 basis points increases in a row in its key rate, thus bringing it up to 4.25% at the end of 2005.

Despite economic activity slowdown in the Euro-zone, the European Central Bank introduced 25 basis points increase in its key rate, up to 2.25%. Inflation rate remained, however, quasi-stable, up from 2.1% to 2.2% from one year to the next.

■ As for **public finance**, overall situation improved compared to last year. Indeed all developed countries budget deficit fell from 3.6% in 2004 to 3.1% in 2005.

But, many developed economies were characterized by large budget deficit that required pursuit of budget reorganization.

In the United States, deficit dropped from 4.7% to 4.1% thanks to substantial improvement in tax revenue as tax on profit.

In the Euro-zone, deficit was up just 2.3% vs. 2.7% in 2004, even though it remained high in the main economies of the zone, being close to an above 3%.

Thus, deficit in Germany and France was 3.3% and 2.9% respectively vs. 3.7% a year before.

B - TRENDS IN THE TUNISIAN ECONOMY:

Despite unfavourable international environment due notably to combined effect of weak demand in Europe, greater world competition in the wake of dismantling of the multifibre agreements in 2005 and soaring oil prices, the tunisian economy was able to past results that were for the most part positive.

Ongoing growth in services, particularly, in tourism, air transport, telecommunications and new technologies as well as improvement in exports offset by far the slight slowdown in growth pace of agriculture and fishing and slower growth in production of agrofood industries and the textile-clothing/leather-footwear sector.

Economic activity consolidated starting the second half of 2005, leading thus to a 4.2% growth rate in real terms for the whole year vs. 6% in 2004.

■ Though in slight deceleration compared to the previous campaign, **the 2004-2005 agriculture campaign** met no particular difficulty due to abundant rainfall since December 2005 and agriculture production was within a range far beyond average.

■ **Industrial production** on the whole kept on the downward trend observed since the end of 2004.

Over the year 2005, overall index progressed just 0.9% vs. 4.8% the previous year.

Slower growth characterised, notably, manufacturing industries (0.7% vs. 5.1% in 2004), and textile/clothing and leather/footwear industries and agrofood industries were even harder hit, -5% and -1.1% respectively vs. -0.6% and 7.2% in 2004.

The mining sector was also on the downward trend (-1.5% vs. -0.6%); but production in energy rose 2.3% in annual terms thanks to improvement in electricity production and distribution (+4.8%).

■ **Tourism** continued to evolve favourably in 2005, reflected in the improved figures for the main parameters, reaching record levels of foreign tourist entries; about 6.4 million tourists in 2005, and earnings in foreign currency: 2,587 MTD vs. 2,290 MTD in 2004, up 13%. Overall tourist bednights increased 8.4% in 2005 to exceed 36 million units, leading to a rise in relative occupancy rate of 2.8 percentage points to 51.5% on average over 2005.

■ Improved investment participated also in economic growth.

Gross fixed capital formation (GFCF) amounted to 8,410 MTD, up 6.3% vs. 5% in 2004. This progress benefited mainly to manufacturing industries. After -2.7% fall in 2004, GFCF in this branch of activity improved, amounting to 1,030 MTD up +3.7%.

Investment in mechanical and electrical industries kept going up, amounting to 200 MTD vs. 185 MTD in 2004; but investment in textile/clothing and leather/footwear stagnated compared to 2004 level.

Investment rate remained stable 22.6% in GDP percentage from one year to the next.

■ **The balance of payments** yielded a sizeable surplus, amounting to 1,216 MTD in 2005 vs. 1,213 MTD the year before.

The balance of current payments improved over 2005 and deficit was down from 686 MTD to 393 MTD. As a ratio of GDP this deficit fell from 2% to 1.1% respectively.

The improvement in the deficit balance of current payments was attributable, notably, to reduction of trade deficit by 411 MTD and improvement of surplus in the balance of services by 316 MTD.

Exports that grew at a faster pace than imports, developments that yielded a 4.1 percentage point increase in the rate of coverage, which came in at 79.6% vs. 75.5% in 2004.

In the same way, tourist earnings were up 13%.

Direct investment flows to Tunisia improved by 131 MTD. This was accomplished, notably, by privatisation transactions SOTACIB (48.5 MTD)* and the Bank of the South (98 MTD) to consortium Wafa Bank/Banco Santander. Thus surplus in the balance of foreign investment came in to 940 MTD vs. 767 MTD in 2004.

Current deficit cut and increase in capital net income strengthened external payments, despite a drop in the surplus of capital and financial transactions (1,640 MTD vs. 1,930 MTD) due to surplus shrinking by 385 MTD of the balance of loans/ borrowings.

■ **In public finances**, budget deficit exclusive debt redemption came in to 2.6% of GDP vs. 2.3% in 2004.

Core resources growth slowed down (6.6% vs 11.4% in 2004) due, notably, to drop in non-tax revenue (-6.2% vs. + 23% in 2004).

State expenditure amounted to 13,025 MTD in 2005 vs. 13,004 MTD in 2004.

■ **In the monetary field**, M3 aggregate went up 11% vs. 10.3% a year earlier.

In terms of average, this progress was 9.6% vs. 8.6% in 2004 for a nominal economic growth of 6.2% vs. 8.8% in 2004 raising the liquidity rate from 58.8% to 60.7%.

In the area of financial system uses, net claims on abroad were up 986 MTD vs. 848 MTD.

After decreasing over September-November period due, notably, to negative effect of debenture loan "Samourai IV" reimbursement worth 15,375 million yens in September, net claims on abroad improved 186 MTD in December 2005 following, encashment of 63.1 MTD grant from the European Union and drawing of 58.5 million euros on credit given by the African Development Bank within the programme to enhance the economy competitiveness. Thus, net assets in hard currency totalled 5,872 MTD in December 2005, a 124 day coverage of imports vs. a 107 day coverage in December 2004.

Net claims on the State grew 341 MTD vs. 536 MTD in December 2004. This slowdown was attributable to drop in the outstanding balance of Treasury bonds to the financial system (103 MTD vs. 444 MTD in 2004).

Financing of the economy went up 6.3% vs. 5.3% in December 2004. This rise resulted from increase in loans from ordinary resources (7.1% vs. 8.2%) and the outstanding balance of securities portfolio up 10.9% vs. 1.6% in 2004. Treasury bills outstanding picked up 52 MTD vs. 129 MTD drop a year before.

*The Tunisian – Algerian company was sold for 97 MTD to a Spanish cement group against the purchase of 100% of shares. The sum was divided equally between the two former shareholders.

The outstanding balance of loans from special resources continued on the downward trend, but in less pronounced way (-141 MTD vs. -216 MTD).

With reference to the credit registry and the individual loan registry, services sector benefited the most from growth in granted loans, 1,186 MTD (just 668 MTD in 2004), followed by industry (425 MTD vs. 415 MTD).

■ **Inflation** was kept down despite pressure to make prices of some components of household basket go up. Thus, the general price index for household consumption was up 2% in annual pace vs. 3.6% in 2004 thanks to quasi-stable food prices (+0.1% vs. 5% in 2004).

Oils price hikes (+17.2% vs. 2.1% in 2004) were attenuated by the drop in prices for vegetables (-3.9% vs. 7.3%), fruits (-8.6% vs. 4.5%) and especially poultry (-7.3%).

TRENDS IN TUNISIA'S MAIN ECONOMIC INDICATORS

(In MTD unless otherwise indicated)

Description	2002	2003	2004	2005	Variation %	
					2004/2003	2005/2004
GDP in constant 1990 prices	18,330	19,349	20,517	21,384	6.0	4.2
GDP exclusive of agriculture & fishing	16,339	16,930	17,853	18,853	5.5	5.6
GNP per capita (in dinars)	2,921	3,122	3,368	3,530	7.9	4.8
Total national consumption	23,520	25,366	27,600	29,490	8.8	6.8
Gross national saving	6,600	7,123	7,799	7,968	9.5	2.2
National savings rate (in % of GNAI) ¹	21.9	21.9	22.0	21.3	0.1	-0.7
Gross fixed capital formation (GFCF)	7,607	7,536	7,914	8,410	5.0	6.3
Investment rate (in % of GDP) ¹	25.4	23.4	22.6	22.6	-0.8	0.0
Consumer price index (base 100 in 2000)	104.8	107.6	111.5	113.8	3.6	2.0
Jobs created (in thousand jobs) ²	65.0	67.4	74.4	76.5	10.4	2.8
Balance of trade deficit (FOB/CIF)	3,762	3,696	3,905	3,494	5.7	-10.5
Rate of coverage (Exports/Imports in %)	72.2	73.7	75.5	79.6	1.8	4.1
Tourism earnings	2,021	1,903	2,290	2,587	20.3	13.0
Current deficit (in % of GDP)	3.5	2.9	2.0	1.1	-0.9	-0.9
Balance of the general balance of payments ³	+200	+496	+1,213	+1,216	717	3
External debt service ratio (in % of current revenue) ¹	14.9	13.1	14.1	12.1	1.0	-2.0
Rate of external indebtedness (in % of GNAI) ¹	53.5	53.4	54.3	54.6	0.9	0.3
Budget deficit (in % of GDP) ¹	2.5	3.2	2.3	2.6	-0.9	0.3
Total State indebtedness/GDP (in %) ¹	61.0	60.0	58.6	58.3	-1.4	-0.3
M3 Money supply of the financial system	18,302	19,457	21,466	23,821	10.3	11.0
Liquidity rate of the economy (M3/GDP) in % ¹	59.1	58.9	58.8	60.7	-0.1	1.9
Net foreign assets ³	1,909	2,279	3,127	4,113	848	986
of which: net assets in foreign currency ³	3,011	3,503	4,733	5,872	1,230	1,139
in day of import ⁴	80	90	107	124	17	17
Net claims on the State ³	3,391	3,289	3,825	4,166	536	341
Financing of the economy	20,954	21,911	23,083	24,538	5.3	6.3

Source : Central Bank of Tunisia, Ministry of Development and International Cooperation and Ministry of Finances and INS.

1. Variations in percentage points

2. In non-agricultural activity

3. Variations in MTD

4. Variations expressed in days

■ The Foreign Exchange Market

The foreign-exchange market activity developed at a less sustained pace than a year earlier. After 27% increase in 2004, the overall volume of cash transactions grew just 3.7% because of 156 MTD drop in the transactions of foreign currency against the dinar, that came in to -1.5% vs. +24% in 2004, and slower growth in transactions of foreign currency against foreign currency (7% vs. 28.8% a year earlier).

In terms of annual averages, the dinar exchange rate depreciated against the U.S dollar and the euro.

Trends in the dinar against the main foreign currencies:

The greenback appreciated on international foreign exchange markets, taking advantage of the widening of the interest differential in its favour, compared to the other big economic regions and strong foreign demand for American assets as proved by portfolio investment increase in the United States.

Using end-of-period rates, the dinar depreciated by 12% against the US dollar, by 1.8% against the pound sterling, by 2.1% against the Moroccan dirham, and by 0.5% against the Japanese Yen. Against the euro, however, it appreciated by 1.6%.

In terms of annual averages, the dinar depreciated in 2005 by 4% against the euro, the US dollar and the Moroccan dirham, by 3.2% against the pound Sterling and by 2.2% against the Japanese yen.

AVERAGE RATES OF MAIN FOREIGN CURRENCIES AGAINST THE DINAR ⁽¹⁾

Description	2001	2002	2003	2004	2005	Variation % ⁽²⁾	
						2004/2003	2005/2004
1 US dollar	1.4390	1.4212	1.2877	1.2456	1.2981	3.4	-4.0
1 euro	1.2877	1.3418	1.4573	1.5486	1.6126	-5.9	-4.0
1 pound sterling	2.0649	2.1242	2.0943	2.2730	2.3492	-7.9	-3.2
1,000 japanese yens	11.7993	11.3004	11.0600	11.4812	11.7453	-3.7	-2.2
10 moroccan dirham	1.2737	1.2887	1.3391	1.4021	1.4601	-4.5	-4.0

Source : Central Bank of Tunisia 2005 Annual Report.

(1) These are rates on the interbank market.

(2) (-) Means a depreciation of the dinar. (+) An appreciation.

Trends in foreign exchange market transactions:

Spot transactions:

The volume of spot transactions on the foreign exchange market was up just 4% over its 2004 level (+26.9%) and (-2.8% in 2003).

Interbank market share amounted to 92% of overall volume transactions vs. 85% in 2004. Deposit banks dominated activity on this market with an 81% share, compared to 19% for offshore banks.

Central Bank intervention came in at 766 MTD in 2005 compared to 1,480 MTD in 2004, and that of banks rose by 558 MTD from one year to the next, reflecting higher liquidity on the market.

On interbank market and at the Central Bank, breakdown by currency, the share of euro/dinar was down from 55% to 50%, but the share of dollar /dinar grew from 42% to 46%.

Exchange transactions from one foreign currency to another amounted to 17,595 MTD in 2005, up from 16,444 MTD in 2004, an increase of 1,151 MTD, their share in the overall volume of spot exchange transactions rose from 62% to 64%. Transactions involving foreign correspondents represented almost 93%.

Forward transactions:

The total amount of forward exchange transactions rose from 1,430 MTD in 2004 to 1,674 MTD in 2005, an increase of 244 MTD.

The share of forward transactions to cover imports came in at 71% of the volume handled by banks and companies vs. 29% of that to cover exports.

Forward sales by authorised intermediaries totalled 1,179 MTD, an increase of 116 MTD. Similarly forward purchases rose from 335 MTD to 476 MTD.

The share of forward transactions denominated in euro in the overall volume of these transactions was 55% for forward sales and 72% for forward purchases.

Forward transactions denominated in US dollar for forward sales and purchases came in at 40% and 27% respectively.

TRENDS IN FOREIGN EXCHANGE MARKET INDICATORS

(In MTD)

End of periode Description	2003	2004	2005	Variation %	
				2004/2003	2005/2004
SPOT TRANSACTIONS	20,961	26,600	27,595	+26.9	+3.7
A- TRANSACTIONS FROM FOREIGN CURRENCY TO DINARS	8,191	10,156	10,000	+24.0	-1.5
* Interbank Market	6,774	8,676	9,234	+28.1	+6.4
Of which:- Resident banks	5,027	6,615	7,439	+31.6	+12.5
- Offshore banks	1,747	2,061	1,795	+18.0	-12.9
* Central Bank of Tunisia	1,417	1,480	766	+4.4	-48.2
B- TRANSACTIONS FROM ONE FOREIGN CURRENCY TO ANOTHER	12,770	16,444	17,595	+28.8	+7.0
Of which: Transactions between Tunisian Authorised Intermediaries	748	1,144	1,308	+52.9	+14.3
FORWARD TRANSACTIONS	964	1,430.3	1,674.3	+48.4	+17.1
Of which: Transactions between Tunisian Authorised Intermediaries and Companies	945	1,398.1	1,654.6	+47.9	+18.3
TOTAL	21,925.0	28,030.3	29,269.3	+27.8	+4.4

Source : Central Bank of Tunisia, 2005 Annual Report.

Foreign exchange swaps and Forward Rate Agreement « FRA »:

Foreign currency/dinar exchange swap transactions fell 33%, amounting to 322.5 MTD vs. 482.7 MTD in 2004.

There were no forward rate agreements signed in 2005 compared to 53.9 MTD a year earlier.

TRENDS IN FOREIGN EXCHANGE SWAP TRANSACTIONS

(In MTD)

Description	2003	2004	2005	Variation In MTD	
				2004/2003	2005/2004
Interbank Market	9	110.4	1.1	+101.4	-109.3
Transactions with foreign correspondents	429.8	366.4	311.7	-63.4	-54.7
Transactions between Tunisian Authorised Intermediaries and Companies	11.1	5.9	9.7	-5.2	3.8
TOTAL	449.9	482.7	322.5	+32.8	-160.2

Source : Central Bank of Tunisia 2005 Annual Report.

2

**MONETARY,
FINANCIAL AND
FOREIGN EXCHANGE
CONDITIONS IN 2005**

MONETARY, FINANCIAL AND FOREIGN EXCHANGE CONDITIONS IN 2005

A- MAIN ECONOMIC , MONETARY AND FINANCIAL REGULATING MEASURES

2005 was marked by new structural reforms to accompany Tunisia's economy integration process in world market. The main reforms are :

- Reorganisation of the money market,
- Strengthening of the financial market activity,
- Consolidation of the enterprise competitiveness,
- Promotion of investments and employment,
- Conservation of energy and protection of the environment.

I°/ REORGANISATION OF THE MONEY MARKET

Under the terms of new regulating measures related to the reorganisation of the money market (Circular 2005-09 of 14 July 2005 for the organisation of the money market and Circular 2005-10 of 10 July 2005 which set the terms of specifications for keeping and administering certificate of deposit accounts and commercial paper accounts), this market, is now open to private individuals, as subscribers, in addition to public or private lending institutions and corporate bodies.

Cash exchanges on the money market continue to be transacted :

- between banks, in the framework of credit lines they make available to each other, or by means of firm purchase of pawning of public or private notes or any other means agreed between the two parties ;
- between lending institutions and corporate bodies governed by public or private law or by private individuals (who are new players on this market) through certificate of deposits ;
- between companies or with private individuals, through banks by using negotiable certificates of indebtedness, by transfer from one account to another labelled commercial paper.

Commercial paper and certificates of deposit, which can also be issued by leasing companies, are considered as nominative certificates of indebtedness, paperless and registered in specific accounts in the name of the holder at the lending institution that has issued them, mandated by the holder or asked by the latter to be "an administering intermediary".

The negotiability of securities is handled by transfers from one account to another. They are subject to remuneration at a fixed rate payable in advance for securities with a duration of no more than one year. For securities with a duration of more than one year, remuneration is effected at a set or floating rate and is payable at the end of each year ; payment is effected on due date for the remaining portion of the year. Rates imposed on these securities are indexed to a rate of reference.

Worth of note, payment on due date of interest due on securities with a duration of more than one year has been adopted in order to develop a secondary market for these securities, limit the difficulties that hamper their negotiability, and harmonise the method for calculating interest on money market transactions. Remuneration of these securities was in the past deducted no matter what these securities duration was. Interest calculation is made in accordance with provisions of circular 2005-09.

On the other hand, issue conditions relating to commercial paper amount, maturity and term are kept unchanged.

2°/ CONSOLIDATION OF CAPITAL MARKET ACTIVITY

Aware of its leading role in mobilising long-term savings and channelling these resources to investment, authorities in 2005 continued their efforts to make the capital market more dynamic through the following measures :

■ Amendment of Tunis Stock Market (BVMT) and Capital Market Council (CMF) general regulation

The main new element for the Tunis Stock Market targeting organisation of the stock market is unifying the first and second markets in a single market designated : capital securities market.

In the framework of entry on the capital securities market, a company must have published certified financial statements for the two years preceding the application for admission (previously three years), which must show a profit.

Company stocks held by the public for which admission to the market has been requested must be held by at least 200 stockholders compared to 500 previously.

To enter the capital securities market a company has to justify by the date of posting issue to the public of at least 10% of its capital compared to 20% for the first market and 10% for the second in the past.

As for the procedure to distribute securities during the period immediately preceding their initial posting, the Capital Market Council can authorise that an issue be handled partially in the framework of an investment proposed to one or more investors when the main procedure used is a public offer for sale and the transaction represents at least 10% of capital in the given company or an amount of 2 million dinars.

It should be mentioned that in the past this rate was meant to be at least 20% of company capital or the equivalent of 2 million dinars for the first market and 10% of capital or an amount of one million dinars for the second market.

In preparing prospectus for guaranteed borrowings, it is no longer required that the guarantor be presented if the latter is a bank listed on the stock market or tied by a rating contract as per Minister of Finance directive of 24 September 2005 published in the Official Journal of the Tunisian Republic (JORT) n°79 of 4 October 2005.

■ **Setting up of Capital risk mutual investment funds**

These funds have been set up under the provisions of Law 2005-105 of 19 December 2005, mainly through holdings on behalf of shareholders, with a view to passing them on, increasing corporate equity for companies carrying out the activities listed in Article 21 of Law n°88-92 of 2 August 1988.

Investment by these funds can take the form of subscriptions or acquisition of ordinary shares or with priority dividends without the right to vote and in general all categories of investment with the status of capital stock equity.

To encourage institutional bodies to subscribe to these funds, the ceiling of the original value of shares in circulation of joint stock investment funds dealing in securities, which in the past was set at 10 million dinars for issues of new shares, has now been raised to 50 million dinars (Cf. Decree n°2005-1976 of 11 July 2005 published in the Official Journal of the Tunisian Republic (JORT) n°57 of 19 July 2005).

Tax regime relating to these funds is defined by Articles 23 to 25 of 2006 finance law*. Given that these capital risk mutual investment funds intervene in the same fields as venture capital investment companies, it was decided that they should be eligible for the same tax incentives.

Start-up funds were created in pursuance of law 2005-58 of 18 July 2005. These are mutual funds which intervention consists in helping promoters to tap patents and finishing the technical and economic study of the project prior to marketing and final securing of finances. Management of these funds is entrusted to a bank or a stock broker or one of a company that is legally empowered to manage securities portfolios for third parties (Cf. Law 2005-58 and 2005-59 of 18 July 2005 published in the Official Journal of the Tunisian Republic (JORT) n°57 of 19 July 2005).

■ **Encouraging companies to enter the stock market (Cf. Article 29 of 2006 finance law)**

To mobilise long term savings through consolidation of supply on the capital market by encouraging companies to join the stock market, it was decided to extend tax incentives for subscribers to the capital companies working in the field of services, computer engineering and related services as well as those operating in the field of communications and new technologies to all other companies listed on the stock market, regardless of their field of activity.

* the appropriations of 2006 finance law are regulated according to law 2005-106 of 19 December 2005 published in the Official Journal of the Tunisian Republic (JORT) n°101 of 20 December 2005.

These incentives relate to taking up options to subscribe to capital in these companies and consist in , for companies that offer a subscription option :

- deducting from the tax base the loss from taking up an option , up to 25% of the actual value of stocks, on condition that the total deduction is no more than 5% of the company's taxable profits of a company subject to corporate tax, after deduction of provisions ,
- exempting these companies from the vocational training tax and from contributions to the fund to promote housing for wage earners, on the basis of earning by their employees of gains from taking up a subscription option.

It should be mentioned, wage earners at these companies benefit from tax exemption from the tax on income as gains on the transaction to take up a subscription option.

■ Widening the field of intervention for venture capital investment companies

Given their role in increasing corporate equity, venture capital investment companies have been empowered to make advances to joint current accounts to companies in which they hold a share in capital.

Methods and conditions to make these advances are fixed by Decree (Cf. Law n°2005-104 of 19 December 2005 published in the Official Journal of the Tunisian Republic (JORT) n° 101 of 20 December 2005).

■ Pursuit of financial liberalisation process

To encourage non-residents to subscribe more to securities issued by the State or by resident companies, it was decided to raise to 10% the rate of subscription and acquisition by non-residents of bonds equivalent to Treasury bonds (BTA), up from 5% previously. Calculation of this share will in the future be done on the basis of a six monthly projection of issues, which in the past was calculated on the basis of the outstanding balance of each line of issues (Cf. Circular to authorised intermediaries n°2005-19 of 8 November 2005).

■ Adjustment of conditions for entry and keeping of stock accounts

Stock accounts have to date been handled exclusively by stockbrokers or lending institutions, acting as authorised intermediaries now extended to the Tunisian Interprofessional Stock Clearing and Deposit Company (STICODEVAM). This activity is subject to signature of specifications governed by either a Central Bank of Tunisia circular or Capital Market Council regulations.

Authorised intermediaries remain subject to the authority of the Central Bank and of the Capital Market Council, in line with their mandates. They cannot delegate this responsibility to STICODEVAM, as was the case in the past (Cf. Decree n°2005-3144 of 6 December 2005 published in the Official Journal of the Tunisian Republic (JORT) n°99 of 13 December 2005).

3°/ CONSOLIDATION OF COMPANIES COMPETITIVENESS

To strengthen companies competitiveness, the following actions were taken :

■ **Increase in the rate for deductible provisions of taxable profits for lending institutions
(Cf. Article 30 of 2006 finance law)**

With a view to improving the performance of lending institutions which act as banks, or of the leasing companies and their capacity to face non-payment risks as well as to strengthening their financial base ; it has been decided to increase from 85% to 100% the rate of deductible provisions for taxable profits subject to corporate tax, for profits earned from 1st January 2005 to 31 December 2009.

■ **Increase in the advance rate for value added tax (VAT) repayment credit
(Cf. Article 31 of 2006 finance law)**

To soften more VAT repayment credit procedure to companies which submit their accounts for audit, it was decided to increase from 25% to 35% the rate of repayment without prior control.

■ **Use of electronic means to submit a request for tax breaks prior to delivery of merchandise
(Cf. Article 34 of 2006 finance law)**

To shorten the timeframe between declaring goods to customs and taking them out of customs, it will now be possible to submit requests for tax breaks using reliable electronic means in line with legislation governing electronic trade, prior to arrival of merchandise.

■ **Facilitating of integration on the local market of companies that export their total production
(Cf. Article 35 of 2006 finance law)**

Companies that export their total production are now, like non resident companies, able to procure services or make sales through international calls for bids for public procurement of services or of goods.

4°/ MEASURES TO PROMOTE INVESTMENTS AND EMPLOYMENT

To enhance investment promotion, a series of measures were taken :

■ Spin-offs from economic companies

Companies fostering spin-offs can deduct relevant expenditure from the tax base within limits fixed by Decree (Cf.Law n°2005-56 of 18 July 2005).

■ Setting-up of economic public interest business centres

The setting up of economic public interest business centres is part of the framework for strengthening investment incentive mechanisms. These centres are set up under a constitutive contract in relation with terms of Law 2005-57 of 18 July 2005. They are run up by an orientation council.

Standard statute approved by Decree n° 2005-261 I of 24 September 2005 defines the modalities for setting up these centres, their mandates, administrative and financial organisation and means of oversight.

■ Widening of the field of intervention of the regime to promote innovation in information technologies (Cf. Article 32 of 2006 finance law)

It was decided to let the promotor choose between holdings in capital through venture capital investment companies and obtaining reimbursable allotments that will be run up by a lending institution. In the past, only venture capital investment companies could manage these allotments under an agreement signed with the Ministry of Finance.

■ Support to companies in the textile / clothing sector

In the framework of efforts to help the textile/clothing sector which is encountering difficulties after dismantling of the multifibre agreements, the fund to develop industrial competitiveness introduced two new measures for recapitalising companies in this sector. In effect, this fund granted to tunisian promoters of businesses in the sector or shareholders in industrial companies operating in the textile /clothing sector that are converting from subcontracting to co-contracting, a reimbursable allotment or holdings in the capital of above mentioned companies (Cf. Decree n° 2005-44 of 30 May 2005 published in the Official Journal of the Tunisian Republic n°43 of 31 May 2005).

A number of measures were taken to promote employment :

To encourage private sector companies to recruit university graduates, the State helped them by assuming for a period of one year 50% of the wages paid by these companies to newly recruited tunisian nationals who hold a higher education diploma. State intervention can go no higher than 250 dinars per month, and charged to the resources of the Fund to Develop Industrial Competitiveness. Loans are transferred from the Fund to the National Agency of Employment and Independent Work, which provides management of these interventions as per an annual provisional schedule presented to the Ministry of Industry (Cf. Law n°2005-91 of 30 october 2005 published in the Official Journal of the Tunisian Republic (JORT) n° 79 of 4 october 2005)

5°/ A SYSTEM TO CONSERVE ENERGY AND PROTECT THE ENVIRONMENT

Under the terms 12 and 13 of Law n° 2005-106 of 19 December 2005, a special fund of Treasury called "National Fund to Conserve Energy" has been set up, meant to finance operations to rationalise energy consumption, promote renewable energies, and substitute energy.

There are also subsidies for implementing operations provided for in article 1 of law n° 2005-82 of 15 August 2005. Amounts, modalities and granting conditions will be outlined by Decree.

To protect the environment, there has been a widening of the field of intervention of the cleaning-up fund. It is extended, from now on, to finance public systems in charge of managing different categories of waste, operating expenditure of the national agency of waste management as well as part of the cost to process household waste (Article 14 of 2006 finance law).

B- FINANCIAL SYSTEM SITUATION

1°/ BANK LIQUIDITY AND REFINANCING OF THE FINANCIAL SYSTEM

As the three previous years, 2005 was marked by growth of deposit banks' core resources at a sustained pace and liquidity improvement accompanied with:

- consolidation of claims on abroad,
- improvement in net claims on the State,
- increase in financing to the economy at a relatively sustained pace.

1-a- trends in deposit banks liquidity

Increase in the item « **Net assets on abroad** » amounting to 681 MTD in 2005 influenced bank liquidity which grew 105 MTD. This improvement due, mainly, to the expansionary effect of net assets on abroad was attenuated by the restrictive effects of other items, notably, bills and coins in circulation (-245 MTD).

Bank assets in current accounts went up by 7 MTD in 2005 to 177 MTD, whereas monetary policy operations fell from 323 MTD to 225 MTD from one year to the next.

In general, bank liquidity in 2005 evolved unsteadily and went through the following:

■ **Over 2005 first quarter**, (data in terms of daily averages), net assets on abroad contributed in bank liquidity tightening by 169 MTD. This decrease was due, mainly, to a 76 MTD increase in the account foreign currency held by authorised intermediaries and the 84 MTD drop in net assets in foreign currency caused by trade deficit worsening and major expenditure for repayment of foreign debt. Bills and coins in circulation had a restrictive effect of 120 MTD on bank liquidity. They fluctuated over the period under review between a minimum of 3,105 MTD on 3 January and a maximum of 3,317 MTD on 19 January.

The net balance of public administration had also a 9 MTD expansionary effect on bank liquidity. This increase is attributable to a 12 MTD drop in the balance of Treasury current account due, mainly, to expenditure to settle external public debt maturities.

Bank assets in current accounts rose 3 MTD over 2005 first quarter, totalling 173 MTD.

■ **Over the following period, covering April to August 2005**, the cash position at banks became tighter, under the influence of the restrictive effects of bills and coins in circulation -304 MTD compared to March and, to a lesser degree of the item " other net factors" 144 MTD.

Bank liquidity improved, notably, starting September and, in particular, over the last two decades of this month. Given this upward trend in liquidity, the Central Bank intervened to absorb-excess funds. The increase in net assets on abroad was due to the 984 MTD rise in net assets in foreign currency attributable to the higher level of tourism earnings and remittances from Tunisian workers abroad, combined with drawings on external borrowings, especially the debenture loan in euros in the amount of 400 million euros encashed on 22 June 2005. Thus the net balance of public administration had an expansionary effect of 76 MTD on bank cash position reflecting the 50 MTD drop in the balance of the Treasury's current account.

■ **Over the last four months of the year**, the trend was confirmed and bank cash position showed excess liquidity, reflecting in particular the significant expansionary effect exerted by net assets on abroad, which was attenuated by a restrictive effect of 184 MTD in the net balance of public administration. In this context, the Central Bank intervened to absorb excess funds through negative calls for bids and Treasury bonds sales in the framework of the open market.

Source : Periodical of Central Bank of Tunisia economic situation n° 70

TRENDS IN BANK LIQUIDITY FACTORS

(Data in terms of daily averages in MTD)

Period Description	2004	2005	Variation (1)	
			2004/2003	2005/2004
Bills and coins in circulation	-3,029	-3,274	-265	-245
Net balance of public administrations	+411	+401	-94	-10
Of which: Treasury current account balance	-464	-503	-93	-39
Net assets on abroad	+2,385	+3,066	+666	+681
Of which: Net assets in foreign currency	+4,128	+5,122	849	+994
Other net factors	+80	-241	-227	-321
Total autonomous factors (A)	-153	-48	+80	+105
Calls for bids	+196	+106	-60	-90
1-7 day allowance uptakes	0	+1	0	+1
Pawn of 3 month Treasury bonds	+101	0	-24	-101
Net tapping transactions	+5	-9	-2	-14
Open market transactions	+21	+127	+9	+106
Monetary policy operations (B)	+323	+225	-77	-98
Assets in banks' current accounts (A)+(B)	+170	+177	+3	+7

Source : Central Bank of Tunisia 2005 Annual Report.

(1) The (-) sign indicates a restrictive effect and the (+) indicates an increase on bank liquidity.

Bank cash position improvement was due to a 220 MTD increase in net assets in foreign currency, mainly from drawings on external loans notably the one given by the African Development Bank (BAD), 58 million euros in the framework of the programme to support economic competitiveness, PACE IV and 39 million euros from a European Union grant. These funds were refloated by proceeds from privatisation of the Bank of the South (61 million euros) and of SOTACIB (48.5 million dinars). Bills and coins in circulation exerted an expansionary effect of 9 MTD.

Worth of note, over that period bills and coins in circulation were at a record of 3,620 MTD on 30 December 2005, due to a good olive growing agricultural season as well as to an increase in household expenditure in Ramadhan and the religious holiday Aïd-el-Fitr. In this context of excess funds attributable to trends in main autonomous factors, the Central Bank intervened, over that period, to absorb an average of 79 MTD.

I-b- trends in monetary policy operations:

Monetary policy operations taken by the Central Bank showed a significant drop at 225 MTD for 2005 compared to 323 MTD the year before. These operations were marked in 2005 by intensive use of open market transactions (56% of interventions on the money market compared to 7% in 2004) to regulate the global level of bank liquidity, the absence of 3 month pawns and the tightening of the amount injected in the form of calls for bids (47% in 2005 compared to 61% in 2004).

QUARTERLY TRENDS IN THE VOLUME OF MONETARY POLICY OPERATIONS

(Data in terms of daily average in MTD)

Description	Year	Quarterly averages 2005				Year
	2004	I	II	III	IV	2005
Calls for bids	196	235	195	105	-112	106
1-7 day allowance uptakes	0	1	0	0	4	1
Pawn of 3 month Treasury bonds	101	0	0	0	0	0
Net tapping transactions	5	-23	13	-1	-23	-9
Open market transactions	21	34	206	246	21	127
Total	323	247	414	350	-110	225

Source : Central Bank of Tunisia 2005 Annual Report.

There were two distinct phases in how monetary policy operations evolved in 2005:

1°/ for the first period (January-August), The Central Bank injected an average envelope of 376.9 MTD.

However, this period can be further divided into two sub-phases:

■ Over 2005 first quarter the Central Bank intervened to inject an average envelope of 235 MTD in the form of calls for bids, along with fine tuning transactions yielding net taping of 23 MTD, and one to seven day allowance uptakes (1 MTD). Open market operations increased, amounting to 147.6 MTD for the quarter.

■ Over the next period (April to August), banks had greater recourse to Central Bank refinancing. Intervention by the Issuing Institution on the money market came in 51% in the form of open market transactions, 46% in the form of calls for bids and 3% in the form of tapping operations. It should be mentioned that, in line with new orientation of Central Bank monetary policy, the Issuing Institution consolidated its public securities portfolio with firm purchase of Treasury bonds.

2°/The final period of the year, from September to the end of the year, was marked by excess liquidity that obliged the Central Bank to intervene to tap liquidity through negative calls for bids and to effect firm sale operations of Treasury bonds.

2°/TRENDS IN FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS

The financial system was marked in 2005 by a higher level of net claims on abroad, from 3,127 MTD in 2004 to 4,113 MTD at the end of 2005, up 986 MTD; an increase in domestic loans at a similar pace as that in 2004; and less State indebtedness to banks.

FINANCIAL SYSTEM RESOURCES AND THEIR COUNTERPARTS

Description	MTD			Variation %	
	2003	2004	2005	2004/2003	2005/2004
M4 AGGREGATE	19,814	21,694	24,101	9.5	11.1
Money supply broad sense (M3)	19,457	21,466	23,821	10.3	11.0
Money supply strict sense (M2)	17,859	19,846	22,130	11.1	11.5
Money M1	6,992	7,686	8,742	9.9	13.7
Fiduciary money	2,664	2,968	3,478	11.4	17.2
Bank money	4,328	4,718	5,264	9.0	11.6
Quasi-money M1	10,867	12,160	13,388	11.9	10.1
M3 – M2	1,598	1,620	1,691	1.4	4.4
M4 – M3	357	228	280	-36.1	22.8
OTHER RESOURCES	7,665	8,341	8,716	8.8	4.5
TOTAL RESOURCES = TOTAL COUNTERPARTS	27,479	30,035	32,817	9.3	9.3
NET FOREIGN ASSETS*	2,279	3,127	4,113	848	986
Domestic loans	25,200	26,908	28,704	6.8	6.7
Net claims on the Sate *	3,289	3,825	4,166	536	341
Financing of the economy	21,911	23,083	24,538	5.3	6.3
Loans to the economy	20,696	21,848	23,168	5.6	6.0
Securities portfolio	1,215	1,235	1,370	1.6	10.9

Source : Central Bank of Tunisia 2005 Annual Report.

*Variations are expressed in MTD

2-a- financial system resources:

Financial system resources were strongly marked by faster growth in the M3 aggregate, up 11% vs 10.3% a year before.

Money supply M2 grew in 2005 at a significant rate of 11.5% compared to its last year rate. This was the result mainly of higher increase in monetary availability M1: 13.7% in 2005 vs. just 9.9% increase in 2004. It should be mentioned that a substantial share of this rise was due to faster increase in demand for bills and coins in circulation.

The «M3-M2» aggregate went up 4.4% in 2005 (or 71 MTD) vs. just 1.4% (or 22 MTD) the year before. This faster pace was influenced by recovery in the outstanding balance of debenture loans (3.2% vs. -8.2% in 2004) following signature of a private borrowing agreement between a Tunisian bank and a national institution involving 70 MTD.

2-b- financial system resources counterparts:

Marked by the upward trend of net foreign assets, the counterparts of financial system resources grew in 2005 by 9.3%, at the same pace as that a year before.

On the whole, net foreign assets continued on the upward trend in effect since 2001 due, in particular, to improvement in the balance of the current balance.

But this trend was not steady the year-long.

After rising in January 2005, **net foreign assets** started on a downward course that continued until April to pick up over the four next months, thanks to encashment of the debenture loan in euros (400 million) contracted in June 2005 and drawing of the first portion of a special loan from the French Agency for Development (AFD) to the Bank for Housing in the amount of 15.2 million euros.

From September to end November, net foreign assets fell as a result of major expenditure, notably, to external debt repayment.

At 4,113 MTD in December 2005, net foreign assets improved by 186 MTD thanks, in particular, to encashment of a European Union grant in the amount of 39 million euros and drawing in the amount of 58.5 million euros from the loan granted by the African Development Bank in the framework of the programme to support economy competitiveness « PACE IV ».

Consequently **net assets in foreign currency** rose considerably in December 2005, amounting to 5,872 MTD, the equivalent of 124 days of imports compared to 107 days in December 2004.

Net claims on the State increased just 341 MTD in 2005 compared to 536 MTD the year before. This slower growth was due, in particular, to the outstanding balance of Treasury bonds held by the financial system, up just 103 MTD vs. 444 MTD in 2004.

FINANCING OF THE ECONOMY

Description	MTD			Variations %	
	2003	2004	2005	2004/2003	2005/2004
Loans to the economy	20,696	21,848	23,168	5.6	6
Loans from ordinary resources	18,320	19,817	21,226	8.2	7.1
Loans from special resources	2,019	1,803	1,662	-10.7	-7.8
Commercial paper*	357	228	280	-129	52
Securities portfolio	1,215	1,235	1,370	1.6	10.9
Total	21,911	23,083	24,538	5.3	6.3

Source : Central Bank of Tunisia 2005 Annual Report.

*Variations are expressed in MTD.

Financing of the economy increased by 6.3% or 1,455 MTD in 2005 compared to 5.3% or 1,171 MTD a year earlier.

This upward trend was attributable, notably, to:

- * Faster growth of the outstanding balance of securities portfolio (10.9% vs. just 1.6% in 2004), given the high level of shareholdings by certain banks in the capital of companies, and recovery in the outstanding balance of commercial paper (+52 MTD vs. -129 MTD a year earlier).
- * Improvement in the outstanding balance of loans from ordinary resources, up 7.1% the same rate as that for 2004, amounting to 21,226 MTD.

Loans from special resources, on the other hand continued to fall, although at a slower pace than the year before -7.8% vs. -10.7% respectively.

3°/ TRENDS IN BANKING ACTIVITY AND OTHER FINANCIAL INSTITUTIONS (USE OF FUNDS AND RESOURCES)

3- a- Deposit Banks Use of Funds and Resources:

2005 was marked by growth in banks' core resources at a faster pace than their use of funds. This meant a situation of liquidity improvement, and the Issuing Institution had to launch operations to tap excessive liquidity.

DEPOSIT BANKS USE OF FUNDS AND RESOURCES

(in MTD)

Description	Period	2004	2005	Variations 2005/2004	
				MTD	In %
- Financing of the economy		20,853	22,409	+1,556	7.5
- Claims on the State		2,076	2,167	-91	4.4
- Cash accounts		1,699	1,849	+150	8.8
- Other net headings		-771	-818	-47	-6.1
Total uses = Total resources		23,857	25,607	+1,750	7.3
- Monetary and quasi-monetary resources		18,297	20,131	+1,834	10.0
- Special resources		2,230	2,275	+45	2.0
- Provisions		1,570	1,611	+41	2.6
- Available capital stock equity		1,670	1,780	+110	6.6
- Refinancing: financing by the Central Bank of Tunisia		90	-190	-280	-311.1

Source : Central Bank of Tunisia 2005 Annual Report.

1) USE OF FUNDS

Use of funds by banks amounted to 25,607 MTD for 2005 at somewhat lower pace of 7.3% compared to 8.5% in 2004. This lower growth was attributable mainly to lower growth in claims on the State and in cash accounts.

1-a- Financing of the economy

Financing of the economy rose over 2005, amounting to 22,409 MTD* an increase of 7.5% compared to 6.8% in 2004; and such financing represented 87.5% of overall use of funds.

The higher rate was influenced by faster growth in the securities portfolio of deposit banks and the higher level of loans from ordinary resources, while loans from special resources continued on the downward trend.

Breakdown of bank loans by sector shows a higher share for services (59.4% vs. 57.8%) to the detriment of industry (32.4% vs. 33.5%) and agriculture (8.2% vs. 8.7%).

*The analysis is related to the following 14 banks: ATB, BFT, BNA, BS, BT, AB, BIAT, STB, UBCI, UIB, BH, CB, BTS and ABC.

FINANCING OF THE ECONOMY BY DEPOSIT BANKS

(In MTD)

Description	Period	2004	2005	Variations 2005/2004	
				MTD	In%
- Loans from ordinary resources		18,009	19,556	+1,547	8.6
- Loans from special resources		1,668	1,548	-120	-7.2
- Securities portfolio		1,176	1,305	+129	11.0
Total financing of the economy		20,853	22,409	+1,556	7.5

Source : Central Bank of Tunisia 2005 Annual Report.

Amounting to 19,556 MTD, the outstanding balance of loans from ordinary resources grew 8.6% vs. 9.2% a year earlier.

The discount portfolio held by banks shows a sizeable increase in the growth rate: +16.1% in 2005 vs. +8.5% in 2004, totalling 1,756 MTD compared to 855 MTD the year before.

Net performing loans on the other hand, reflected a reversal in trend down 3.8% (-177 MTD) compared to an increase of 14.5% (585 MTD) the year before. This decrease was attributable to banks' efforts to collect on bad loans and to transactions to write off and to transfer claims to collection companies, involving 631 MTD compared to just 139 MTD in 2004.

The outstanding balance of loans from special resources continued on the downward trend, although not as steep, decreasing by 7.2% vs. -12.3% in 2004, and reflecting the lower volume in loans from external loan funds (-12.7 vs. -19.9%).

On the other hand loans from State funds went on rising but at lower pace than in 2004, due, notably, to the increase in loans from the Special Fund for Agricultural Development (FOSDA) and the Fund to Promote Social Housing (FOPROLOS).

Long-term loans from special resources, though marked by a slight progress in 2005 (+45 MTD), their share represented just 67% vs. almost 69% in 2004.

Banks' securities portfolio returned to faster growth in 2005 due to the increase both in the overall volume of equity securities and that of equity loans: 46 MTD and 69 MTD respectively vs. 35 MTD and 12 MTD in 2004.

I-b- Claims on the State

State indebtedness to banks grew just 91 MTD compared to 421 MTD in 2004, amounting to 2,167 MTD. This trend was due to a slowdown in the volume of net subscriptions to Treasury bonds, coming in at 107 MTD vs. 462 MTD in 2004.

The share of medium and long-term Treasury bonds in deposit bank portfolio came in at 95% vs. 82% a year earlier. This reflects the State's will to better manage its indebtedness through stable resources use and with longer maturities issues.

I-c- Cash accounts

Cash accounts grew at a lower rate, coming in at 8.8% in 2005 vs. 20.9% in 2004. This slower growth was attributable to foreign currency accounts and the "bank correspondents" heading.

2) RESOURCES

Deposit bank resources went up in 2005 but at a significant slower pace than that in 2004: 7.3% and 8.5% respectively. Slower growth involved all core resources except those of a special nature.

2-a- Monetary and quasi-monetary resources

Monetary and quasi-monetary resources amounted to 20,131 MTD, a 10% increase compared to 11.7% the year before.

Monetary resources rose by 10.9% in 2005 compared to 10.3% in 2004. This growth was due to resident sight deposits rising in December to 4,649 MTD and to non-resident sight deposits (1,351 MTD in 2005 vs. 1,179 MTD in 2004).

DEPOSIT BANKS MONETARY AND QUASI-MONETARY RESOURCES

(In MTD)

Description	End of period	2004	2005	Variations 2005/2004	
				MTD	In%
Monetary resources		5,408	6,000	+ 592	10.9
- Residents sight deposits		4,229	4,649	+420	9.9
- non-residents sight deposits		1,179	1,351	+172	14.6
Quasi-monetary resources		12,889	14,131	+1,242	9.6
Of which :					
-Residents forward deposits and other financial products		4,438	5,201	+763	17.2
-Residents savings accounts		4,774	5,087	+313	6.6
-Residents home savings accounts		954	1,002	+48	5.0
-Residents certificates of deposit		1,020	955	-65	-6.4
-Bonds and borrowings with a duration of more than one year (Residents)		321	332	+11	3.4
- Non-residents forward deposits and financial products		437	560	+123	28.1
Total		18,297	20,131	+1,834	10.0

Source : Central Bank of Tunisia 2005 Annual Report.

Quasi-monetary resources amounted to 14,131 MTD in December 2005, up by 9.6% vs. 12.3% in 2004.

This increase was attributable, notably, to high growth in resident forward deposits and other financial products (17.2% vs. 12.9% in 2004) as well as in non-resident forward deposits and other financial products (28.1% vs. 22.8% in 2004).

Savings accounts increased by 6.3% vs. 7% in 2004 to 6,089 MTD. This slowdown was due to a significant drop in the rate of home savings accounts, down from 9.7% in 2004 to 5% in 2005.

Certificates of deposit were on the down trend and this drop involved all economic agents except insurance companies which showed a rise in the outstanding balance.

On the other hand, the volume of resident bonds and borrowings with a duration of more than one year recorded recovery of 3.4% in 2005 compared to a drop of 9.1% in 2004. This trend was the result of a private borrowing by a bank in February in the amount of 70 MTD, largely attenuated by repayments by banks.

Non-resident bonds and borrowings of more than one year dropped by 29 MTD in 2005 after increasing by 115 MTD in 2004.

2-b- Special resources:

Special resources enjoyed double the previous year's rate of increase: 2% vs. 1%. This improvement reflects that of State funds, mainly after transfers to the Special Fund for Agricultural Development (24 MTD) and the Assistance and Loans Fund (13 MTD).

2-c- Available Capital stock equity:

The 32 MTD cash increase in BIAT's corporate capital in February, the 22 MTD increase at ABC in June and the 52 MTD increase at ATB in December contributed to higher growth of available capital stock equity 6.6% compared to 10.2% in 2004.

COVERAGE OF FIXED ASSETS AND WORTHLESS SECURITIES NET OF AMORTISATION BY CAPITAL STOCK EQUITY*(In MTD unless otherwise indicated)*

Description	End of period	2004	2005	Variations 2005/2004	
				MTD	In %
1- Capital stock equity (1)		2,157	2,301	144	6.7
Of which:					
- Paid up capital		1,020	1,090	70	6.9
- Issuing premiums		278	292	14	5.0
- Reserves		769	831	62	8.1
2- Fixed assets and worthless securities net of amortisation (2)		487	521	34	7.0
- Buildings and furniture		923	988	65	7.0
- worthless securities		20	27	7	35
- Amortisation (less)		-456	-494	-38	-8.3
Ratio of fixed assets and worthless securities net of amortisation 2/1 (in%)		22.6	22.6	-	-
Available capital stock (1) – (2)		1,670	1,780	110	6.6

Source : Central Bank of Tunisia 2005 Annual Report.

The balance of reserves improved over 2005, up from 769 MTD in 2004 to 831 MTD in 2005. This increase was due to higher exceptional reserves (54 MTD) and reserves from tax-exempt reinvestment (13 MTD).

The ratio of coverage of fixed assets and worthless securities net of amortisation remained stable at 22.6%.

2-d- Provisions:

Growth of building up provisions was at a slower pace in 2005 (2.6% compared to 8.7% in 2004) due to the higher volume of non-performing loans handed over to collection companies as well as the increase in claim write-offs and the increased volume of provisions for depreciation of securities.

2-e- Financing by the Central Bank of Tunisia:

At the beginning of 2005, deposit banks sought refinancing from the Central Bank. Then a better cash position took hold towards the end of the year that required intervention by the Issuing Institution to absorb excess of liquidity.

3-b- Mixed banks use of funds and resources:

Approved financing remained stable in 2005, at 168 MTD. This was due to faster growth in medium and long term financing (+10.9%) while leasing loans fell by -57.7%. Tourism, real estate, industry and services had the largest share of approvals.

Commitments stagnated in 2005, 107 MTD because of the lower volume of leasing loans.

Disbursements, on the other hand, dropped by 16.5% in 2005, caused by the fall in disbursements on medium and long term loans (-22.9%) and outlays (-35.7%).

Financing of the economy by Mixed banks was up 2.6% compared over the 2004 figure (-3.5%) amounting to 892 MTD after sale of a number of compromised claims to their collection company affiliates.

Claims on the State remained at virtually the same level as in 2004: 95 MTD at the end of 2005.

Capital stock equity fell by 15 MTD to 490 MTD at the end of 2005, affected by use of reserves of one bank to cancel out losses incurred in clearing up its financial situation.

Domestic borrowings by Mixed banks dropped in 2005 by 18 MTD amounting to 155 MTD compared to 173 MTD in 2004. This trend is due to the drop in net banks' borrowings (-10 MTD or -8%) and that of bonds and borrowings with a duration of more than one year (-8 MTD or -16.7%).

MIXED BANKS USE OF FUNDS AND RESOURCES

(In MTD)

Description	2004	2005	Variations 2005/2004	
			MTD	In %
Financing of the economy	869	892	23	2.6
- Loans to the economy	700	721	21	3
- Securities portfolio	169	171	2	1.2
Claims on the state	96	95	-1	-1.0
Total Use of funds = Total Resources	965	987	22	2.3
Capital stock equity	505	490	-15	-3
Of which:				
- Reserves	116	100	-16	-13.8
Provisions	44	41	-3	-6.8
Domestic borrowings	173	155	-18	-10.4
- Bonds and borrowings on more than one year	48	40	-8	-16.7
- Net borrowings from banks	125	115	-10	-8
Special resources	130	131	1	0.8
Of which:				
- External borrowings fund	130	131	1	0.8
Other net resources	113	170	57	50.4
- Of which: clients' deposits	97	119	22	22.7

Source : Central Bank of Tunisia 2005 Annual Report.

3-c- Leasing companies Use of Funds and Resources:

The leasing sector continued to contribute to financing of the economy but at a moderate pace. The rate of penetration in private gross fixed capital formation fell from 10.8% in 2004 to 9.6% in 2005, following a drop in disbursements, coming in at 456.9 MTD compared to 472.5 MTD a year earlier.

The outstanding balance of leasing decreased by 1.1% to 1,094.1 MTD at the end of 2005 compared to 1,106.8 MTD at the end of 2004.

Leasing companies resources are made, mainly, of borrowed resources that went down by 26.4 MTD coming in 823 MTD in 2005 compared to 849.4 MTD in 2004.

Bonds represented by themselves 44.6% of borrowed resources, external resources 25.6% and bank resources the remaining 20.8%.

TRENDS IN THE MAIN INDICATORS OF LEASING COMPANIES ACTIVITY

(In MTD)

Description	2004	2005	Variations 2005/2004	
			MTD	In %
Activity				
Disbursements	472.5	456.9	-15.6	-3.3
Of which: real estate	57.1	44.9	-12.2	-21.4
Private GFCF	4,384	4,735	351	8
Rate of penetration (in %)*	10.8	9.6	-	-1.2
Use of Funds and Resources				
Outstanding balance of leasing	1,106.8	1,094.1	-12.7	-1.1
Capital stock equity	142.9	142.2	-0.7	-0.5
Borrowed resources	849.4	823.0	-26.4	-3.1
Of which:				
- External resources (share in %)*	23.5	25.6	-	2.1
- Bank resources (share in %)*	25.3	20.8	-	-4.5
- Bond resources (share in %)*	40.1	44.6	-	4.5

Source : Central Bank of Tunisia 2005 Annual Report.

*Variations are expressed in percentage points.

3- d- Factoring companies Use of Funds and Resources:

Factoring continued to contribute to financing and management of commercial claims at about the same rate as in 2004. Thus the volume of purchased invoices grew from 275.9 MTD in 2004 to 323.6 MTD in 2005, up 17.3%.

Domestic activity share was 86.4% in the volume of purchased invoices in 2005 compared to 89.6% in 2004, and international activity increased by 53.9% for the year under review.

Concurrently with this increase, the outstanding balance of financing rose from 71.7 MTD in 2004 to 77.4 MTD in 2005, up 7.9%.

The sector helped 366 members with 19,617 buyers in 2005, compared to 344 members and 17,617 buyers a year earlier.

Borrowed resources of factoring companies increased from 60.8 MTD in 2004, to 68.9 MTD in 2005. 56.9% of these resources were made up of short-term resources in the form of commercial paper and banking borrowings.

(In MTD)

Description	2004	2005	Variations 2005/2004	
			MTD	In %
Volume of purchased invoices	275.9	323.6	47.7	17.3
Outstanding balance of financing	71.7	77.4	5.7	7.9
Capital stock equity	16.1	18.1	2.0	12.4
Borrowed resources	60.8	68.9	8.1	13.3
Of which:				
- Short-term borrowings from banks (in %)	39.3	15.2	-	-24.1
- Commercial paper (in %)	44.5	41.7	-	-2.8
- Bonds resources (in %)	6.9	33.1	-	26.2

Source : Central Bank of Tunisia 2005 Annual Report.

3

2005

**ACTIVITY REPORT
SUBMITTED
TO THE BOARD**

2005 ACTIVITY REPORT SUBMITTED TO THE BOARD

The Tunisian Banking and Financial Institution Professional Association (APTBEF) participated in a wide range of events and meetings relating to the profession, in full consultation with its members. The Association helped the Central Bank of Tunisia in several activities, and worked in close collaboration with a number of ministries, when discussing matters relating to banking and financial sector activity.

To make the Association play its role fully and contribute efficiently in promoting the profession, the APTBEF Board held four meetings over 2005.

Indeed, the Association examined in 2005 community activities relating, in particular, to:

- Funds transport organisation by IBS,
- Monetics development,
- Social negotiations,
- Contribution in the World Summit on Information Society,
- Attachment matter management,
- Training diversification (Bank-insurance, leasing...)

A- THE ASSOCIATION COMMUNITY ACTIVITIES

The Association participated in the review of a number of matters relating to the profession:

I°/THE REGULATING ENVIRONMENT

Teams were set up within the Association to examine:

■ **Review of regulations governing the banking sector**, notably, within updating texts related to banking regulation, foreign exchange regulation and foreign trade.

■ **Shortening credit period**

The Central Bank of Tunisia came up with the idea which aims at making a study on credit allocation and corresponding periods with a view to defining necessary procedures to be followed and harmonising credit files management to shorten credit periods.

■ Accounts keeping and management

This was related to the Central Bank of Tunisia circular draft relating to keeping and management of deposit certificates accounts, leasing certificates accounts, and cash accounts. Proposals from interbank meetings were submitted to the Issuing Institution.

■ Industrial Competitiveness Development (FODEC)

Before signing the draft agreement relating to "FODEC" provisions management, the banking sector was asked to make remarks and proposals concerning this matter.

2°/ INTERBANK COOPERATION

■ Setting up of internal control and collection follow-up bodies

There were several interbank meetings to examine the profession proposals and suggestions relating to this matter; in order to prepare the XI Development Plan and follow up the implementing of the X Plan, notably, through the setting up of an internal audit mechanism and follow up of claims collection.

■ Contribution in recovery of enterprises in economic difficulties

Following the seventh national seminar on Law relating to recovery of enterprises in economic difficulties, organised by the Ministry of Justice and Human Rights and the Ministry of Industry, Energy and Small and Medium Sized Enterprises; the Association examined with a number of credit institutions the situation of their relations with such enterprises ten years after the promulgation of the law relating to their recovery.

■ Support to credit institutions

- Support to leasing companies

In its efforts to help leasing sector improve, the Association held a meeting with leasing companies to examine their activity growth in Tunisia.

- Consolidation of complementarity relations between banks and BFPME

An interbank meeting was held at the Association Headoffice to appoint the correspondent of each bank to the Bank for Financing Small and Medium Sized Enterprises, created recently, to act as its representative within the project assessment committee in charge of evaluating projects financed by this bank.

■ Attachment orders agreement

Interbank meetings were held to examine agreement draft relating to attachment orders sentences that were not carried out between banks and financial institutions.

■ Intervention methods of the Guarantee Fund of Cultural Industries (FGIC)

Within the framework of the agreement between the Tunisian Government and the Intergovernmental Agency of the French-speaking world (AIF) and after the AIF delegation official visit to Tunisia last September, interbank meetings were held to discuss the different methods and conditions of FGIC intervention and present the problems of collecting loans given to finance cultural projects.

■ Default on cashing cheques (*) and implementing of notice to banks n° 2005-07

Interbank meetings were held to review implementing mechanisms of notice to banks n° 2005-07 relating to legal period of time to invite the drawer to deposit funds in his account or make provision available and the content of which is a reminder of the terms of article 410rd of the Trade Code and of Circular n°2002-10 of 25 June 2002.

To solve problems of reception period of bounce cheque notice to the drawer, interbank meetings were held too with the Tunisian Post representatives to show services offered by WEBTELEGRAM and encourage banks to use these services. Indeed, this system issues automatic notice of bounce cheques and acknowledgment of receipt and a copy of the telegram reception on the same day of its issue.

■ Family-Computer

There was consultation with BTS and all other banks to inform about technical procedures to debit an account held whether at a bank or at the post office and credit title, to ease financing and credit collection for the purchase of a family portable computer or portable.

At the end of 2005, banks lent 11 MTD to purchase 11,163 computers compared to 9,443 and 7,666 in 2004 and 2003 respectively.

Banks' intervention in this field will increase because of new incentives that will be implemented in 2006.

(*) Default on cashing cheque is regulated by Circular to banks n° 2002-10 of 25 June 2002 relating to implementing the terms of Trade Code related to the cheque as modified by subsequent texts, notably, law n°96-28 of 3 April 1996.

TRENDS IN BANKS FAMILY COMPUTER LOANS

(In thousand dinars)

Year	2003		2004		2005*		Variations %			
	Number	Amount	Number	Amount	Number	Amount	2004		2005	
							Number	Amount	Number	Amount
Amount of given loans	7 666	7,669	9 443	9,617	11 163	11,484	23,2	25,4	18,2	19,4

*Provisional figures.

The Tunisian Solidarity Bank financed more than 63% of computer acquisitions in 2005.

■ Computerization of Trade Register identifier

To implement the Industrial Modernisation Programme "PMI"; an interbank meeting was held to review the possibilities of improving the operating of trade register that can be consulted electronically by the public.

■ Tunisian Net Trade "TTN" follow-up system, difficulties ironing out and procedures facilitation

2005 was marked by ironing out of some difficulties of operating the system, such as pending files; caused, most of the time, by interfacing problems of profession applications or communication problems. Limited technical meeting led and supervised by APTBEF, between each bank, TTN, the Central Bank of Tunisia and customs made it possible, not only to identify system bugs and improve its performance, but also do away with misunderstandings between bank departments who are the system users on the one hand and the administrators, the other intervening parties and TTN on the other hand. This improved bank quality services benefited to foreign trade operators.

■ Follow up of NT I 12.23 norm application relating to electronic bill of exchange

This follow up aims at generalising NT I 12.23 Norm application to reduce technical bounce within electronic clearing.

3°/ PROMOTING MONETICS

3.1- Measures to promote monetics

■ Funds electronic transfer

Officials from “ Banks Electronic Trade and Monetics” met at APTBEF headoffice to review provisions of Law 2005-51 of 27 June 2005 relating to funds electronic transfer and text application so that banks take one common position in relation to new regulation.

On the other hand, the profession took part in the committee work in charge of elaborating a bill-draft that aims at making legal electronic payments by bank card. The Law has already been published in the Official Journal of the Tunisian Republic (JORT) n°2005-51 of 28 June 2005. The profession helps also enterprises which adopt the securitized payment system (SPS) on their trade WEB sites and sees to reinforcement of Law by customers and banks, and collects all types of problems met by economic operators in electronic trading.

■ Improving electronic procedures

Besides the profession’s intervention in improving electronic payments through bank accounts debits to collect value added tax (VAT) from big enterprises; it contributes in the project on salaries electronic declaration and electronic payments of contributions in Social Security Fund. This contribution is going on in 2006 to integrate the maximum of means of payment and, possibly, integrate interfacing in Banks’ e-banking WEB sites. Improving electronic procedures with electronic payment has been a major concern to meet administration and customers’ new needs in “e-Government”.

■ Setting up of “Monetics” Watch Group

Before holding the second phase of the World Summit of Information Society, banks met together to discuss the different modalities of organising and setting up a Permanent Group of Monetics Coordination and a Green Free-call Number to be used by the public. This group was then raised, in a permanent way and within the national approach, to the status of “the administration at the citizen’s service”. The target aimed at is to see to the good functioning of teller machines and to encourage the use of TPE (Electronic Payment Terminals). These work seven days a week from seven o’clock in the morning to ten o’clock in the evening.

3.2- Trends in monetics indicators

I. TRENDS IN 2005

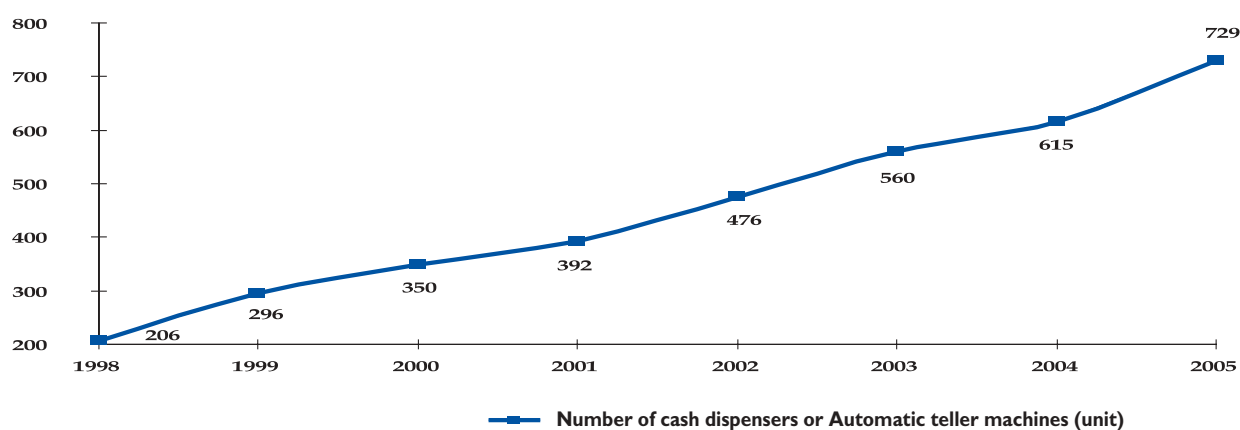
Monetics indicators were on an upward trend at the end of 2005.

	2001	2002	2003	2004	2005	Variations %	
						2004-2003	2005-2004
Number of Teller machines (unit)	392	476	560	615	729	9.80%	18.50%
Number of TPE (unit)	3509	4842	4885	5535	6577	13.30%	18.80%
Number of affiliates	6800	7000	8968	10001	10404	11.52%	4.03%
Number of cards (Thousand)	508	666	792	900	952	13.70%	5.70%
Of which credit cards	196	359	519	636	773	22.50%	21.50%
Of which cash cards	312	307	273	264	179	-3.00%	-32.30%

Most indicators were marked by this trend:

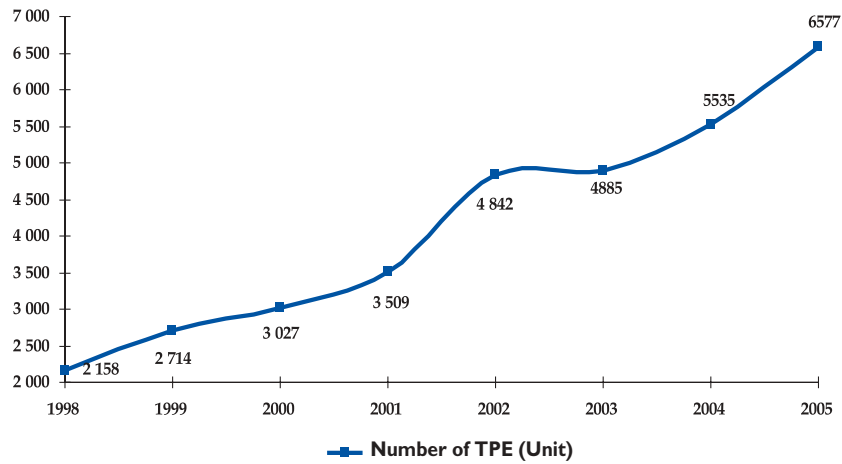
- I- Monetics network grew to **729** machines up **18.5%** vs. **9.8%** in 2004. There was one cash dispenser and automatic teller machine per **13 760** inhabitants compared to one cash dispenser and automatic teller machine per **16 150** inhabitants a year earlier.

Trend in the number of cash dispensers or Automatic teller machines (1998-2005)



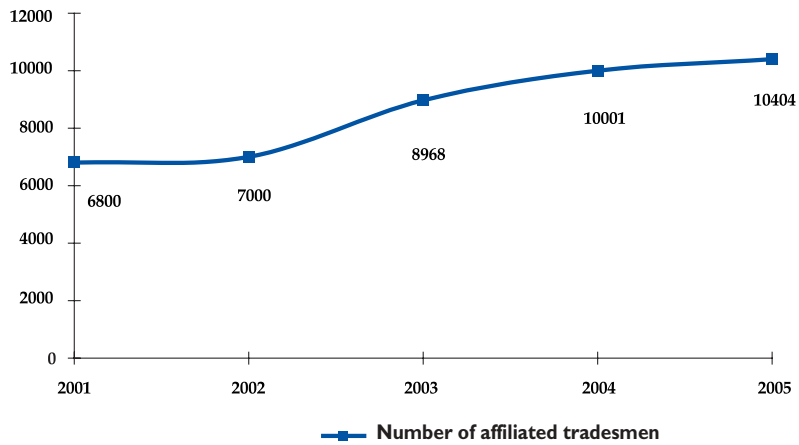
2- The number of electronic payment terminals continued to grow, up from **5 535** units in 2004 (**13.3%**) to **6 577** units in 2005 (**18.8%**). However the number of TPE set up remains low; coming in 2% of the current accounts* opened in 2004.

Trend in the number of Electronic Payment Terminals (1998-2005)



3- The number of affiliated tradesmen to the system increased **4%** to amount to **10 404** affiliated tradesmen compared to **12%** rise in 2004.

Trend in the number of affiliated tradesmen



(*) The number of current accounts of professionals eligible to TPE set up is estimated at 70% of the total number of current accounts, 294,000 in 2004.

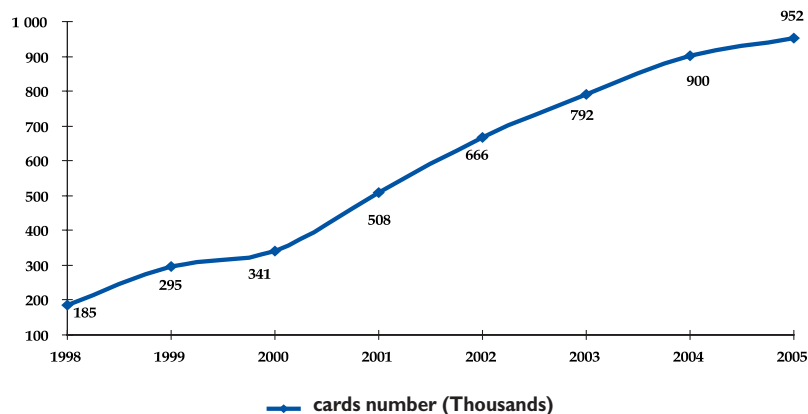
- 4- Bank cards number went up by **5.7%** totalling **952 thousand** cards by the end of 2005 compared to **13.3%** rise in 2004. Given this trend, only **9.5** tunisians out of 100 have a bank card. The number of issued cards comes in **41%** of the accounts* number opened in 2004.

Payment cards number was up **22%**, coming in **81%** of cards total number compared to a drop in cash cards number by about **32%** compared to 2004.

Interbank cards(**CIB**), however, increased by **14%** compared to 2004, coming in **34%** of cards total number vs. **32%** a year earlier.

Visa cards rose **29%** vs. **24%** in 2004, coming in **39%** of cards total number compared to **32%** the year before. **Master card** on the other hand, increased by **23%** coming in **8%** of cards in circulation total number compared to a **7%** market share in 2004.

Trend in cards number (1998-2005)



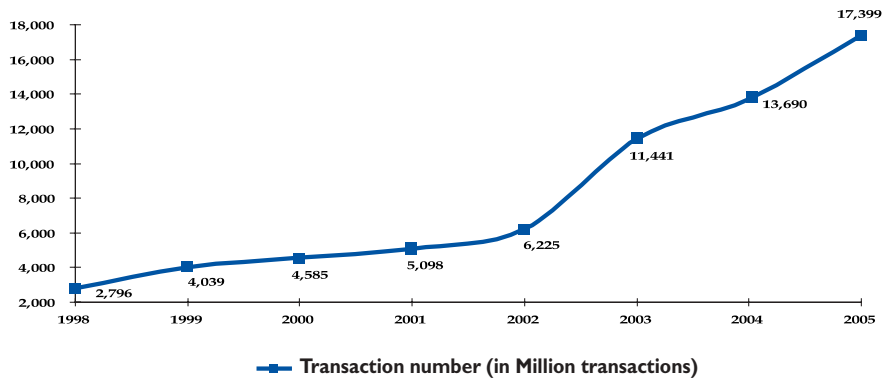
- The number of drawings in Tunisia through cards issued by tunisian credit institutions was **12.7 million** amounting to **1.085 million** dinars compared to **10.1 million** transactions, totalling **815 million** dinars in 2004. Payments number by cards increased **52%**, totalling **2 million**, for an amount of **111 million dinars**, up **17%**.

- Holders with cards issued by foreign institutions made **1.7 million** drawing transactions, amounting to **281 million** dinars and **1.1 million** payment operations, amounting to **241 million** dinars.

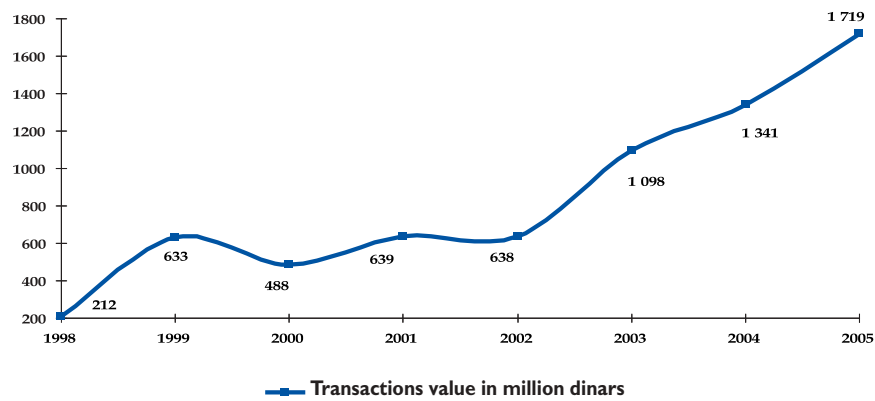
(*):Assessment that 100% of cheque accounts +30% of current accounts +30% of savings accounts are eligible to have a card, 2,316 million accounts.

■ As for the bank card use, purchase by card was **17%** of transactions total number and **21%** in transactions total amount on 31 December 2005.

Trend in the number of transactions in Tunisia (1998-2005)



Trend in transactions value in Tunisia (1998-2005)



II. RESULTS OF THE FIRST FIVE MONTHS OF 2006:

By the end of the first five months of 2006, the sector showed as far as electronic means of payment are concerned, the following results:

- 1- The number of cards in circulation increased by **85 thousand** cards, up **9%** compared to 31 December 2005 against a **2%** decrease over the same period in 2005.
- 2- **Affiliated members** rose **4%** compared to the end of the year 2005, (**414** new tradesmen) vs. **6%** over the first five months of the year before.
- 3- There were **233** new **TPE** units (**4%**) vs. **396** new units (**7%**) a year earlier,
- 4- Bank card **use** improved **18%** compared to the same period in 2005, totalling **8 million** transactions in **five** months; that is **52,000** use of card per day.

Payment by card increased too, up **32%** compared to the first five months in 2005 vs. just **28%** the year before, coming in **18%** of total transactions compared to just **16%** over the first five months in 2005.

This growth was faster than that of drawing transactions, which were up **16%** compared to the same period in 2005. Transactions number totalled **6 million**, amounting to **612 million** dinars over the first five months in 2006 vs. just **505 million** a year earlier.

However, despite this upward trend, bank must double effort within community activity to reach targets set in the programme to promote monetics.

The table below shows in detail the sector achievements with reference to targets set for the year 2006:

	December 2005	31 May 2006	Progress	Projected progress for the period	Rate of the period achieved targets	Forcasts as of 31 December 2006 on the basis of recorded progress	Targets as of 31 December 2006	Estimate rate of target achievements as of 31 December 2006
Cards issuing	951 798	1 036 830	85 032	208 333	41%	1 155 875	1 451 798	80%
Affiliated members	10 404	10 818	414	1 667	25%	11 398	14 404	79%
Electronic payment Terminals	6 577	6 810	233	2 083	11%	7 136	11 577	62%
Cash dispensers/ Automatic teller machines	729	767	38	52	73%	820	854	96%
Transactions	6 701 651	7 926 130	1 224 479	3 333 333	37%	20 338 237	25 399 487	80%
Of which: payment	1 105 699	1 458 035	352 336	2 083 333	17%	3 843 472	7 997 866	48%
Of which: drawings	5 595 952	6 468 095	872 143	1 250 000	70%	16 494 764	17 401 621	95%

■ From 1st January 2005 to 31 May 2005.

B- OTHER ACTIVITIES

In addition to matters closely related to banking profession, the Association was involved in several other fields with relation to the sector

I°/ SUPPORT TO THE ECONOMY

Pursuing its efforts to support national economy improvement, the Association undertook several actions, which aimed mainly at:

■ Promoting exports

Because of its high interest in promoting exports and improving relations between banks and exporting enterprises, the Association participated in a number of organised events for this purpose. Thus, the Association was member of committees for “facilitating foreign trade modalities”, “Study of the national consultation recommendation in relation with financing businesses and consumer-loans”.

The Association took also part in the preliminary meeting of national consultation on exports, COPIL meeting about the opportunities for tunisian enterprises to operate abroad.

It contributed, in collaboration with CEPEX and the exporters' Club, in adopting new practices and IBAN, IPI, ePI international payment norms and international trade Incoterms; through meetings and seminars to enhance exporters' awareness and anticipate bank rejection. Exporters were informed, notably, about how to prepare appropriate documents to be presented for a loan or documentary remittances and about electronic presentation of documents in the framework of eUCP settlement.

Within the same context, the Association organised, in collaboration with CEPEX and ICC of Geneva, a seminar on “How to facilitate bank relation and maximize financial instruments at exports”.

The Association was also invited to FAMEX2 Club meetings and to seminars organised by CEPEX.

■ Boosting foreign investment

The Association participated in meetings related to the follow-up of recommendations from the national council of foreign investment promotion, held in Foreign Investment Promotion Agency (FIPA) headoffice.

■ Conserving energy

In line with the policy to conserve energy, launched by the Ministry of Industry, Energy and Small Businesses, APTBEF had two working sessions with the National Agency to Conserve Energy (ANME) to set up a mechanism to finance solar water-heaters in Tunisia.

Several interbank meetings were also held under the auspices of the Association to encourage banks to finance suppliers operating in this sector.

■ Promoting employment

Promoting employment and reducing unemployment rate are major concerns of the Association. In this context and besides its activities within investment and employment sector committee, APTBEF attended, the National Symposium on the new intervention methods of the National Job Fund (21-21).

■ Fighting against money laundering

The Association, with the Central Bank of Tunisia participated in reviewing measures to take against money laundering in the framework of implementing Law n° 2003-75 of 10 December 2003 relating to support international efforts to fight against terrorism and suppress money laundering.

In the context of the above-mentioned Law, the Association, in collaboration with the Tunisian Commission of Financial Analysis (CTAF) led by the Central Bank of Tunisia, organised working sessions to review two directive drafts on, first, the declaration model of unusual or suspect transactions or operations, and second, the organisational and regulating procedures the lending institution must take to implement the law mentioned-above.

The Profession organised information sessions to banks on display of detecting and filtering softwares and their editors. A number of these editors organised seminars about their products to banks.

■ Promoting cultural industry

In collaboration with the Ministry of Culture and Cultural Heritage Safeguard, the Association took part in the day of raising public awareness of Cultural Industries Guarantee Fund, and in cultural drafts review to encourage their financing through banks.

■ Granting Student loans

In compliance with Circular to banks n° 99-11 of 2 August 1999, related to student loans to encourage a larger number of tunisians to follow university studies, the banking sector granted loans which trend is in the following table:

TREND IN “ UNIVERSITY LOANS” THROUGH BANKS

(In thousand dinars)

Years	2003		2004		2005*		Variations %			
	Number	Amount	Number	Amount	Number	Amount	2004		2005	
							Number	Amount	Number	Amount
Amount of granted loans	757	328	795	395	813	406	5	20.4	2.3	2.8

* Provisional figures

■ Elaborating the XIth Plan

The Association took an active part in preliminary work of the XIth development plan. Indeed it was member in several sectoral committees:

- Sectoral sub-commissions on « Total Convertibility of the Dinar » and « Monetary Policy Development » derived from Sectoral committee on « Monetary Policy and the Banking Sector »,
- Working-group on “Enterprise Financial Organisation” and “Financial Market” derived from sectoral committee “Public Finances and Financial Market”,
- Sub-committee on “Economic base variation in the regions”,
- Working-group of the sectoral committee on industrial upgrading,

The Association participated too in the meetings of:

- Sectoral committee on employment and investment,
- Sub-committees on “internal trade and services” and “competition and prices” derived from sectoral commission of commerce and handicrafts,
- Working-group relating to statistics coordination mechanisms and to sectoral economic statistics kept at the Statistics National Council Headquarters.

2°/ SPECIALISED COMMITTEES

■ WEB software development and e-Banking made the Profession more and more aware of risks financial institutions are likely to face. Thus with the help of the National Agency of Information System Security, the Profession started, long time ago, to set up mechanisms capable of averting computer risk. A web site (www.ossit.org.tn) of information system security observatory was created in 2005 and the Profession supervised a number of work such as:

- Making a survey to financial and banking sector in order to rank the level of the information system security in these institutions,
- Elaborating programmes to heighten awareness of financial institutions high executives and those responsible for RSSI training about the security of information system to guarantee a high level of security,
- Updating and distribution of security warnings to those in charge of security.

The Profession's target is to comply with international norms of the security of information system and avert operating risks that follow.

It should be mentioned that enterprises, worldwide, spend about 20 billion U.S dollars per year on Antivirus Softwares and Firewalls and that security of information system industry is booming.

- The Association, in collaboration with the Ministry of Finance, participated in the meetings held by the National Council of Insurance, relating to guidelines review of the new law text application of the regime for compensation of corporal prejudice due to road accident, and in the study of insurance companies upgrading programmes.
- To support Information and Communication Technologies sector in Tunisia, APTBEF attended the seminar on " Protecting copyrights : Lever to Develop Economy and Information and Communication Technologies Sector ", organised by the Ministry of Communication Technologies and Business Software Alliance.
- The Association participated in the meeting of CT.73 standardization technical commission held at the headoffice of the National Institute of Norms and Industrial Property (INNORPI)
- The Association asked also to participate in seminars on repurchase agreement (REPO) and deposit guarantee systems organised by the Central Bank of Tunisia.

3° / SOCIAL FIELD

In the context of collective agreements review, the committee made of some banks Presidents led social negotiations with social partners about quantitative, qualitative and regulating matters. These negotiations, started in April 2005 with Union representatives (Banks and Financial Institutions General Federation) resulted into a three-year period agreement in December 2005; the strong points of which are: salaries increase, improving conditions of granting social loans and setting-up of a complementary structure to the benefit of employees in the position of Section Head Off Category.

C- INTERNATIONAL RELATIONS

Given an environment characterised by more and more openness and with view to intervening more, the Association developed its relations with abroad.

1° / INTER-MAGHREB PARTNERSHIP

- Organisation of the 8th General Meeting and the 10th conference of Maghreb banks presidents jointly with the Maghreb Banking Union (UBM),
- Participation in the seminar on emergence dynamic and public policies: What lessons for the Maghreb? organised by the Arab Institute of Business Managers IACE and the French Agency for Development (AFD).

2°/ INTERNATIONAL COOPERATION

- Collaboration with the European Committee for Banking Standard (ECBS) on ISO and european norms applications in the Tunisian banking sector: Application to the local banking sector of european norms relating to payments, notably (IPI, ePI...) international transfers is meant to integrate local banks in the european space. ISO and these norms are first adopted by INNORPI and then defined as national norms. Training was offered to banks to raise their awareness of IBAN, IPI, ePI and e-banking security european norms over 2005, with view to helping banks develop Straight Through Processing (STP) applications for international payments. An STP guide has been put at banks disposal to help them comply with european and SWIFT norms to prevent irregularities with correspondents that can be expensive and negative to both banks and clients,
- Heightening big enterprises awareness to join SWIFTNET system: Organisation of information day in collaboration with SWIFT, the Central Bank of Tunisia and SIBTEL to raise banks and big enterprises awareness of this matter and to encourage big accounts to join Swift-Net (closed groups) and thus benefit from high technologies in the field of cash management and simplification of banks-enterprises relations. The purpose was also to automate international fund transfer operations and integrate, as much as possible Bank-Big enterprise relations to give the latter the opportunity to be more competitive and comply with Prime Ministry Circular n° 17 of 25 March 2005 which obliges enterprise foreign subsidiaries to repatriate quickly their excess of funds.
- Participation in the launching day of World Pact System in Tunisia and in the seminar on « The enterprise social responsibility and competitiveness » organised by the United Nations Organisation (ONU), the International Organisation for Employment (OIT) and the Italian Cooperation,
- Participation in the preliminary meeting of the seminar on micro-credit organised by the United Nations Programme for Development (PNUD),
- Collaboration with the Intergovernmental Agency of French-Speaking Countries to promote cultural activities and present intervention modalities and conditions of Cultural Industries Guarantee Fund (FGIC),
- Attending an information day on Tuniso-Senegalese partnership,
- Participation in the day on Tuniso-Chinese partnership organised by the Foreign Investment Promotion Agency in cooperation with CEPEX, UTICA and China Merchants International Travel.

4

VOCATIONAL
TRAINING

VOCATIONAL TRAINING

A- TRAINING THAT CONFERS A DIPLOMA

A-MEDIUM-TERM CYCLE

1- The fifth entering class

In January 2005, the fifth entering class of medium-term cycle of the Banking Training Professional Centre-CPFNB began with the syllabus of the first year of the common curriculum. The number of people registered was 91 vs. 95 in January 2004.

The first semester of studies for the fifth entering class finished in June 2005; the second semester was scheduled from September 2005 to January 2006.

2- The fourth entering class

Pass exam from the first year to the second year of the common curriculum took place in February 2005. Of the 95 people registered for the first year of the common curriculum as part of the fourth entering class that began in January 2004, 68 candidates took the written part of the final exam for the second semester. 58 candidates out of the 68 ones gained admission to the second year, representing a pass rate of 85.29%; this compares to 76.84% in 2003, 75.89% in 2002 and 75.78% in 2001.

3- The third entering class

Of the 85 people registered, 77 took the oral part of the exam and 54 passed, yielding a 70.12% pass rate, a drop compared to the 84% pass rate for the second entering class.

4- The second entering-class

The second entering class of the new training system targeting areas of specialization counted 56 students. It will finish training in mid 2006 first semester. The written portion of exams for the end of the third year is set for June 2005, practical training from August to October 2005 and the major oral exam conferring a diploma in specialized banking training for March 2006.

5- The first entering class

The year 2005 was marked by the first entering class graduation. Students registered obtained "the Diploma in specialized banking training, and details about result are in the following table:

	Registered	Promoted	
		Number	%
Front office specialization customer relations	35	29	83%
Middle office specialization Financing / Commitments /Collection	24	15	63%
TOTAL	59	44	75%

59 students from the first entering class took the major oral exam conferring the Centre Diploma. After the written exam, 44 students succeeded representing a 75% pass rate. At the end of this session, it was decided to review CPF, medium-term cycle training syllabus in order to:

- Strengthen training syllabus by adding new modules related to financial and economic general culture, service quality and audit and control. These modules will be added either in the common curriculum at CPF or in the year of specialization,
- Consolidate end of studies practical training which will last two months. The student will then present a report in front of a small jury,
- Assist students for major oral through preparation sessions on recent financial and economic matters on the one hand, and in relation with specialization area on the other hand,
- Monitor those who passed from the first and the second entering class at work, to assess training and make the necessary changes according to institution credit needs and the profession requirements,
- Enhance the existing profession range by new specializations relating to “leasing”, “international operations” and “project analysis”.

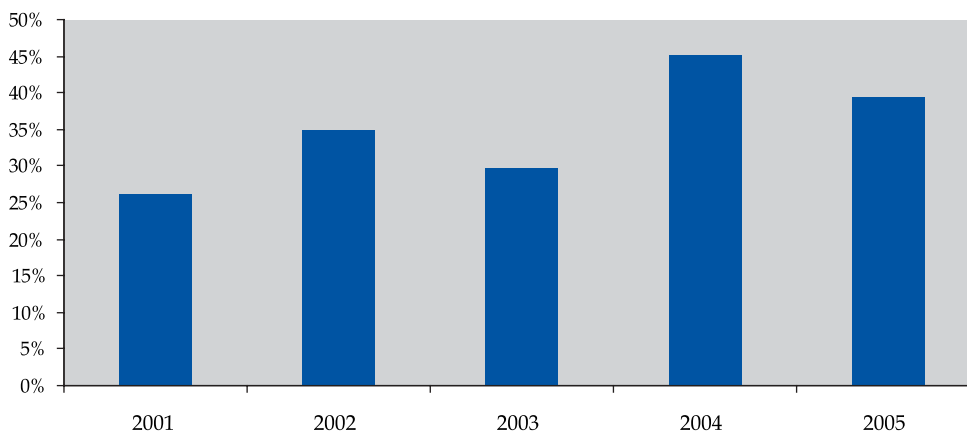
6- The competitive exam leading to admission to the Medium-Term Cycle at CPF

61 candidates took the written part of the competitive exam to gain admission to the first year of the common curriculum of the medium-term cycle at CPF, out of the 70 registered in the preparatory cycle. 29 candidates qualified for admission and 24 actually matriculated, a 39.34 % pass rate.

The following table summarizes the number of eligible candidates as well as the number of those who actually began the first year of the Common Curriculum of the medium-term cycle at CPF over the period 2001-2005.

Session	Candidates	Eligible	Registered	Pass rate
2001	88	25	23	26.14%
2002	80	30	28	35%
2003	74	25	22	29.73%
2004	62	34	28	45.16%
2005	61	29	24	39.34%

Pass rate



7- Training for specialization

For the academic year 2004-2005, there were 57 students registered in the training specialization of credit man and customer relations compared to 59 students registered in 2003-2004.

In September 2005 a new front-office specialization, bank-Insurance was started with the following prior conditions and goals:

Prior conditions:

- The concept of bank-insurance in Tunisia is relatively recent and is governed by a very precise regulatory framework that limits its coverage, bank-insurance-distribution, as defined in the legal framework by Law n° 2002-37 of 1 April 2002.
- Banks are particularly well suited for this new activity, thanks to their extensive nationwide distribution networks, their reputation for security, and their interest in extending the range of products and services available to clients.

Goals:

- Fully operational status: to help students master in a pragmatic manner the latest, most innovative techniques relating to these operations, insurance products and services.
- Professionalism:
 - To learn about and master the tools, procedures and aids in the main categories of insurance and bank insurance. This is done through conceptual approaches, of course, but also through practical application and case studies,

- To develop a commercial outlook and the ability to sell bank insurance products, which is very much a front office specialization,
- To create professional reflexes, especially in management and resolution of problems encountered in the field,
- To give top priority to quality,
- To motivate and ensure adherence, by showing what is behind transactions, their ultimate objective, what they generate for the institution, how they work, the risks involved and their profitability,
- To transform bank agents into bank insurance agents by also imparting a minimum of banking culture. He or she will be able:
 - To fully understand and apprehend insurance, banking and bank insurance products,
 - To explain these products to clients, convince the client of their value and make the sale,
 - To manage bank insurance products in the context of a banking environment and to overcome any management problems that come up,
 - To monitor bank insurance affairs and resolve claims.

B- UPPER CYCLE: IN COLLABORATION WITH BANKING TECHNICAL INSTITUTE (ITB)

For the academic year 2004-2005, there were 372 students registered in the training cycle of the Banking Technical Institute, a drop of 22.66% compared to the number registered in 2003-2004.

The following table shows trends in the number of students registered at ITB over the three previous years:

	2002/2003	2003/2004	2004/2005
1 ST YEAR FUNDAMENTAL SUBJECTS	215	213	160
2 ND YEAR EXPERTISE SUBJECTS	174	268	212
TOTAL REGISTERED	389	481	372

The tables below show results of end of year exams.

FIRST YEAR FUNDAMENTAL SUBJECTS

YEAR	REGISTERED	THOSE WHO TOOK THE EXAM (1)	DIPLOMAS EARNED Numbers (2)	PASS RATE (2/1) %
2002/2003	215	205	177	86.34%
2003/2004	213	213	163	76.52%
2004/2005	160	160	114	71.25%

SECOND YEAR EXPERTISE SUBJECTS

YEAR	REGISTERED	ELIGIBLE FOR ORAL EXAM (1)	DIPLOMAS EARNED Numbers (2)	PASS RATE (2/1)%
2002/2003	174	170	65	38.23%
2003/2004	268 (80 of whom in make up test)	256 (69 of whom in make up test)	125 (33 of whom in make up test)	48.83%
2004/2005	212 (75 of whom in make up test)	194 (67 of whom in make up test)	97 (36 of whom in make up test)	50.00%

Thus, 97 students from the new regime third entering class earned their diploma compared to 125 registered a year earlier.

B- ONGOING TRAINING

Different activities, starting from initiation to expertise, were achieved over 2005 to meet the Profession's increasing needs. Training with diversified subjects focused on practice. The 2005 programme focused on a series of chosen topics, presented in a two-form seminars:

- Two or three day specific seminars to junior staff aiming at specific upgrading of different topics,
- Seminars on current events meant for senior staff over the decision makers' days.

These two kinds of seminars were on risk management, collection bank insurance, training and organisation of internal promotion-exam for banks and Monetics. A specific remote training to bank cashiers on " Counterfeiting" will be available.

Thus, in the framework of periodic meetings of banks and financial institutions upper management, various themes were discussed and reflexions were made on international and national current events with well-known experts' participation:

- Suitability between a bank size, bank number and the country's size,
- Total convertibility of a currency,
- Retirement regimes in Tunisia and private insurance contribution,
- Bank-insurance: A procedure to identify strategic inflection effects and a means to share experiences and achievements,
- Trends in bank-insurance: The French Experience.

Specific activities: preparatory sessions for the major oral of the first entering class of the medium-term cycle at CPF B on presentation and discussion techniques, and programmes targeting general and monetary economic issues as well as financing and risk management were organised for candidates seeking to earn a diploma in specialized banking training.

Similarly preparatory seminars for the major oral exam leading to the higher banking diploma (ITB) were carried out for students in the higher cycle.

In the framework of cooperation between the Agency for the Transfer of Financial Technology in Luxemburg and the Tunisian Banking and Financial Institution Professional Association, the following activities were carried out:

- Seminars in Tunisia to Tunisian bankers on “Managerial Skills”, “Assets and liabilities Management and Risk Management” and “ Control of bank activity compliance with norms into force”,
- A multinational seminar in Luxemburg on “Wealth management”,
- Tunisian bankers’ study visit to Luxemburg on “Presentation of Luxemburg European Financial centre structures”. Eight people from bank and APTBEF upper management staff went on this visit.

The Association, in cooperation with “Expert” magazine organised two colloquiums on “collection problematics: impact on economic activities and procedural difficulties” and “ convertibility, financial system and enterprise in Tunisia”.

Mr. Robert MUNDELL, 1999 economics Nobel price attended the second colloquium and made a presentation on “ the international monetary system and impact on countries’ economies”.

Furthermore, the Maghreb Banks Union held its General Meeting in June 2005 in Tunisia which brought together bank Presidents of the five Arab Maghreb countries. They attended also “ the Maghreb banks’ Presidents tenth conference ” on “ Maghreb banks improvement and their financial security safeguard”.

Credit institutions, highly aware that training gives the opportunity to acquire and improve knowledge, to face quickly changes, to fill gaps and to develop potential..., have now become more and more interested in these activities. Participants’ number has risen significantly since 2001 and the table below shows trends in participants’ number to seminars over the past five years:

YEAR	ACTIVITIES	PARTICIPANTS
2001	10	658
2002	17	680
2003	25	945
2004	29	1047
2005	30	1069

The next table shows breakdown by theme of the number of participants in activities carried out over 2005. In all 30 activities benefited to 1069 bank employees compared to 29 activities, to 1047 employees in 2004.

BREAKDOWN BY THEME OF THE NUMBER OF PARTICIPANTS IN ACTIVITIES CARRIED OUT OVER 2005

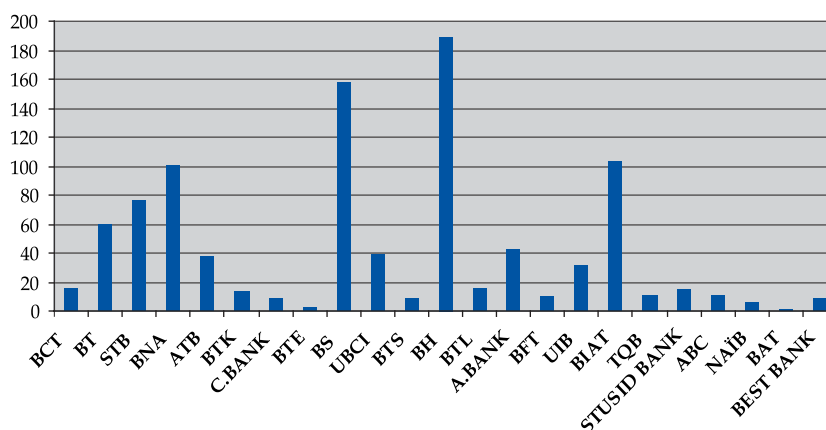
TRAINING THEME	NUMBER OF PARTICIPANTS
STANDARDIED LETTER OF EXCHANGE	93
CONSOLIDATION OF FINANCIAL STATEMENTS	18
THE OPERATOR AND THE MEANS OF PAYMENT	17
2005 BUDGET LAW	35
SUITABILITY BETWEEN A BANKING INSTITUTION SIZE, BANKS NUMBER AND A COUNTRY'S SIZE	19
TECHNIQUES AND MANAGEMENT OF FOREIGN EXCHANGE RISK	14
MANAGERIAL SKILLS	6
PRICING NEGOTIATION WITH CUSTOMERS	18
CREATE VALUE AND CUSTOMER LOYALTY	20
CARD PAYMENT: LEGAL ASPECTS	22
STIMULATION AND DRIVE TECHNIQUES TO THOSE IN CHARGE OF CUSTOMER RELATIONS	12
IMPORTANCE OF MORTGAGE GUARANTEE IN THE FRAMEWORK OF COLLECTION AND ASSETS COVERING	50
PREPARATION OF REMOTE TRAINING AT THE PROFESSIONAL BANKING TRAINING CENTRE OF APTBEF	16
RETIREMENT REGIMES IN TUNISIA AND PRIVATE INSURANCE CONTRIBUTION	25
ELECTRONIC SIGNATURE PRACTICE	15
INTELLIGENT SECURITY	10
A DAY TO HEIGHTEN AWARENESS ON THE COURSE ON COUNTERFEITING DETECTION	32
PREPARATION FOR THE MAJOR ORAL EXAM (ITB)	185
IMPROVING BANK INSURANCE: FRENCH EXPERIENCE	17
E-TRAINING COURSE ON COUNTERFEITING DETECTION	138
BANK INSURANCE: A PROCEDURE TO IDENTIFY EFFECTS OF STRATEGIC INFLECTION, TO SHARE EXPERIENCES AND ACHIEVEMENTS	19
CONTROL OF BANK ACTIVITY COMPLIANCE WITH NORMS INTO FORCE	12
ASSETS AND LIABILITIES MANAGEMENT AND RISK MANAGEMENT	23
STRUCTURE OF A EUROPEAN FINANCIAL CENTRE-LUXEMBURG	8
MULTIMEDIA-INTERACTIVE APPLICATION TO PRACTICE ENGLISH	25
TRAINING FOR AND ORGANISATION OF INTERNAL PROMOTION EXAM (BH)	64
PREPARATION FOR THE COMPETITIVE EXAM CONFERRING ADMISSION TO THE FIRST YEAR OF THE COMMON CURRICULUM	70
PRESENTATION OF REMOTE TRAINING ON COUNTERFEITING DETECTION	28
OPENING ACCOUNTS	20
REGULATIONS ON FOREIGN EXCHANGE AND FOREIGN TRADE	38
TOTAL	1069

BREAKDOWN BY INSTITUTION OF 2005 STATISTICS

INSTITUTION	NUMBER OF PARTICIPANTS	INSTITUTION	NUMBER OF PARTICIPANTS
BCT	16	TUNISIA LEASING	4
BT	60	AMEN LEASE	1
STB	76	MODERN LEASING	3
BNA	101	BEST LEASE	1
ATB	37	ATL	5
BTK	13	GENERAL LEASING	1
C.BANK	9	BAT	1
BTE	2	UNIFACTOR	4
BS	158	TUNISIA FACT.	7
UBCI	39	TIB	3
BTS	8	BEST BANK	9
BH	189	SRR	1
BTL	16	BNA CAPITAUX	2
A.BANK	42	STB Manager	1
BFT	10	SICAF	1
UIB	31	IRC	1
BIAT	103	ONP	46
TQB	11	APTBEF	11
STUSID BANK	14	SIBTEL	1
ABC	11	CPSCS	1
NAÏB	6	STEG	1
HANNIBAL LEASE	1	SUD INVEST	2
CIL	4	TOTAL	1069
UTL	5		

BREAKDOWN BY BANK

PARTICIPANTS



C- REMOTE TRAINING

After designing pedagogical contents and setting up a platform for e-learning, the system was started under the form of a pilot site to students in Preparatory Year. This experience which groups six tutors and sixteen learners registered in the preparatory cycle at the Professional Banking Training Centre began in December 2005.

The new training system will be set up concurrently with the old system to give banks enough time to prepare themselves and provide conditions to start the system.

In this context, the Association held several meetings with bank staff to set up the necessary logistics for the good functioning of remote training system.

To guarantee the best conditions for the system success, it was recommended within:

■ The Centre

- To integrate, first, modules to be taught remotely with modules taught conventionally for transitory period (six months to one year) so that banks adapt adequately to learners, tutor and administrator modes,
- To move progressively from classic training to remote training and maintain the principle of providing teaching sessions in which both student and teacher are physically together in the same place at the same time,
- To accelerate the formatting pace of pedagogical aids,
- To start tutors' training programme,
- To do one's best to improve the system through exchange of experiences with other bodies.

■ The institutions

Institutions should take measures that will provide the best conditions to learners to benefit from this training and obtain best results; such as: provide each learner with a personal computer, take in charge internet connection fees, continue to pay learners for attending courses within the framework of overtime allowance...

D-PEDAGOGICAL COMMITTEE

In 2005 the Pedagogical Committee of the Professional Centre for Banking Training held a series of meeting devoted to the following issues:

- Elaboration of a set of rules that will govern end of studies training of the medium-term cycle at CPFEB (Training for spacialization),
- Marking procedure of end of studies training report of the medium-term cycle at CPFEB,
- Setting up bank-insurance specialization,
- Discussion of remote-training project,
- Review of some articles within the general regulations that govern studies at CPFEB,
- Setting up procedures to validate CPFEB pedagogical aids.

www.apbt.org.tn