

below 4% only after the decision to lower the key rate at the end of June. This was a decision that also affected the corridor of fluctuation in market rates, ranging from the 24 hour deposit facility rate (threshold) to the 24 hour loan facility rate (ceiling), the new limits of which are now set at between 3.5% and 4.5%.

SECTION 4 – DISTRIBUTION OF CREDIT

The outstanding balance of loans exclusive of endorsements and guarantees granted by the financial system to the economy, as recorded in the credit registry and individual loan registry, amounted to 43 billion dinars at the end of 2010, an increase of 18.5%, well above the 7.8% figure from the year before. This increase was attributable mainly to the higher outstanding balance of medium and long term loans, which represents 57.8% of the overall outstanding balance.

Loans recorded by the financial system went to almost 302,000 companies and more than 983,000 private individuals, an increase of 10,000 companies and 43,000 individuals compared to the 2009 figures.

BREAKDOWN OF THE OUTSTANDING BALANCE OF LOANS TO THE ECONOMY BY BENEFICIARY, BY SECTOR AND BY TERM

(In MTD unless otherwise indicated)

Description	2009	2010	June 2011	Variation (in %)	
				2009/2008	2010/2009
Loans to professionals	27,532	32,353	34,606	8.1	17.5
Agriculture & fishing¹	1,340	1,506	1,585	6.6	12.4
Short term	807	859	906	2.7	6.4
Medium & long term	533	647	679	13.2	21.4
Industry	9,935	11,568	12,489	2.9	16.4
Short term	6,233	7,202	7,719	-1.8	15.5
Medium & long term	3,702	4,366	4,770	12.0	17.9
Services	16,257	19,279	20,532	11.6	18.6
Short term	7,109	8,193	9,064	-0.4	15.2
Medium & long term	9,148	11,086	11,468	23.2	21.2
Loans to individuals	8,813	10,702	11,531	19.6	21.4
Consumer loans	2,177	2,323	2,333	-6.2	6.7
Short term	1,828	1,902	1,911	-8.7	4.0
Medium & long term	349	421	422	9.7	20.6
Housing loans	6,636	8,379	9,198	31.5	26.3
Medium & long term	6,636	8,379	9,198	31.5	26.3
Total	36,345	43,055	46,137	10.7	18.5
Short term	15,977	18,156	19,600	-1.8	13.6
Medium & long term	20,368	24,899	26,537	23.0	22.2

The outstanding balance of loans granted as of end 2010 by the financial system, broken down by category of beneficiary, shows a drop in the share of loans to professionals, posting 75.1%. This was caused by the lower volume of loans to industry (a drop of 0.4 percentage point) and agriculture/fishing (a drop of 0.2 percentage point). Consequently, the share of loans to private individuals increased to 24.9% (up from 24.2% in 2009), influenced by the higher share of housing loans, which account for 78% of the outstanding balance of loans to individuals.

Loans granted by the financial system to the economy would have been more important if it had not been for transactions by certain banks to write off and sell claims to collection companies, involving 95.7 MTD. There was also increasingly common recourse by companies to issuing

¹ This concerns loans granted directly to farmers and fishermen.

treasury bills to lighten the cost of debt¹. The outstanding balance of this category rose from 653 MTD in 2009 to 773 MTD in 2010.

Over the first half of 2011, the outstanding balance of loans granted by the financial system to the economy went up by some 7.2%, 37.4% of which was financing of a transaction by private parties to acquire 25% of capital in the leading private cell phone operator, as well as by the higher level of loans to the Tunisian refining industries company *STIR*, to the second private phone operator, to *Tunisair* airline company and the Tunisian navigation company *CTN*.

BREAKDOWN OF THE OUTSTANDING BALANCE OF LOANS TO (PUBLIC AND PRIVATE) COMPANIES AND TO INDIVIDUALS
(In MTD unless otherwise indicated)

Description	2009	2010	June 2011	Variation (in %)	
				2009/2008	2010/2009
Loans to professionals	27,532	32,353	33,606	8.1	17.5
Agriculture & fishing	1,340	1,506	1,585	6.6	12.4
Public companies	24	31	43	9.1	29.2
Private companies	1,316	1,475	1,542	6.6	12.1
Industry	9,935	11,568	12,489	2.9	16.4
Public companies	652	1,021	1,508	-5.4	56.6
Private companies	9,283	10,547	10,981	3.5	13.6
Services	16,257	19,279	20,532	11.6	18.6
Public companies	1,696	2,489	2,659	9.4	46.8
Private companies	14,561	16,790	17,873	11.9	15.3
Loans to individuals	8,813	10,702	11,531	19.6	21.4
Total	36,345	43,055	46,137	10.7	18.5
Public companies	2,372	3,541	4,210	4.9	49.3
Private companies	25,160	28,812	30,396	8.4	14.5
Individuals	8,813	10,702	11,531	19.6	21.4

The breakdown between public enterprises, private companies and individuals of the outstanding balance of loans granted by the financial system shows a slight drop in the share of private companies (down to 66.9% in 2010), involving mainly agriculture/fishing and industry. Whereas the share of public enterprises went up to 8.2% and there was a slight increase in the share of private individuals, to 24.9%.

The 49.3% increase in the outstanding balance of loans to public enterprises is due mainly to the increase in the outstanding balance of loans to the cereals Board and to *STIR* to finance their activities. There was also an increase in the outstanding balance of loans to *CTN*, the Tunisian electricity and gas company *STEG* and *Tunisair* in the framework of financing of their investment programmes.

The outstanding balance of loans to companies that are part of business groups went up from 14.8 billion dinars in 2009 to 17 billion in 2010, an increase of almost 14.9%. But the share of loans to business groups in the overall outstanding balance of loans fell from 40.7% to 39.5% in 2010.

Public banks continue to play a predominant role in financing of the economy, providing 11.4 billion dinars or almost 26.5% of loans granted in 2010 to companies operating in the various sectors. The national agricultural bank *BNA* provides more than 56% of direct loans to the agriculture/fishing sector, the Tunisian banking company *STB* monopolises nearly 37.3% of loans to tourism, and the bank of housing *BH* covers almost 20.2% of loans to the real estate sector.

¹ 4.51% is the average rate for issues of treasury bills, well below the average overall effective rate for short term loans exclusive of overdrafts (6.75%) and that of overdrafts (8.52%).

The bank to financing to small and medium sized businesses *BFPME*, from start of operations through the end of 2010, has approved 1001 initiatives at an overall investment cost of 787.7 MTD, which will help create more than 21,800 jobs. The Tunisian solidarity bank *BTS*, specialised in microcredit, approved 107,159 initiatives at an overall cost of 939.3 MTD, expected to create more than 212,700 jobs.

1. Financing for agriculture and fishing

Bank financing paid out to the agriculture/fishing sector includes both loans granted directly to farmers and fishermen and indirect loans granted through structures that trade in agricultural products and materials, which on lend the funds to farmers and fishermen applying the same conditions that these structures obtained from the financial system.

The outstanding balance of loans to agriculture and fishing went up by 24.4% as of yearend 2010, after dropping by 19% in 2009. These increases involved mainly indirect loans and, secondarily, direct loans. However, the 3.5% increase in loans **over the first half of 2011** involved mainly direct loans.

OUTSTANDING BALANCE OF LOANS TO THE AGRICULTURE AND FISHING SECTOR (In MTD)

Description	Short term loans			Medium & long term loans			Total		
	2009	2010	June 2011	2009	2010	June 2011	2009	2010	June 2011
Direct loans	807	859	906	533	647	679	1,340	1,506	1,585
Indirect loans	446	788	808	272	267	258	718	1,055	1,066
Agricultural products commercialisation structures	446	788	808	188	172	166	634	960	974
<i>of which :</i>									
<i>National Oil Board</i>	73	88	121	97	89	87	170	177	208
<i>Cereals Board</i>	178	518	556	0	1	0	178	519	556
<i>Central Wheat Cooperative</i>	26	18	0	6	6	6	32	24	6
<i>Central Cooperative for Large Scale Cropping</i>	51	38	33	61	54	50	112	92	83
Agricultural material marketing companies	-	-	-	84	95	92	84	95	92
Total	1,253	1,647	1,714	805	914	937	2,058	2,561	2,651

1-1. Short term loans

Short term loans granted to the agriculture/fishing sector grew by 31.4% in 2010, compared to a drop of 30% in 2009. This trend was based essentially on an increase in indirect loans to the cereals Board, which posted an outstanding balance that increased significantly by more than 191% after dropping by almost 75% a year earlier. This in turn was due to the 300 MTD advance granted by the general equalisation fund, which helped the cereals Board to reduce its recourse to bank loans.

The higher outstanding balance of management loans granted indirectly to farmers and fishermen in 2010 was influenced mainly by an increase in short term loans to finance imports of wheat by the cereals Board following a modest cereal harvest in 2010.

In the first half of 2011, the 4.1% progress in short term loans was due to an increase in direct loans and secondarily in indirect loans which went up by 2.5%, following the cereals Board and the national oil Board, financing of imports of wheat and grain oils respectively.

1-2. Medium and long term loans

The outstanding balance of medium and long term loans to the agriculture/fishing sector recorded an increase of 13.5% for 2010 vs. 7.3% the year before. This progress was due to faster growth in the outstanding balance of direct loans (in the wake of financing for investment projects carried out by various operators) as well as rescheduling of loans to farmers hit by drought¹.

It should be specified that the drop in the outstanding balance of loans to structures that market agricultural products is due to reimbursement of maturities by the national oil Board of medium and long term loans for restructuring.

2. Financing for industry

The 15.5% increase in the outstanding balance of operating loans in 2010 was due to an increase in the outstanding balance of loans mainly to private companies in the agrofood sector and to *STIR*.

BREAKDOWN BY BRANCH OF THE OUTSTANDING BALANCE OF LOANS TO THE INDUSTRIAL SECTOR

(In MTD)

Description	Short term loans			Medium & long term loans			Total		
	2009	2010	June 2011	2009	2010	June 2011	2009	2010	June 2011
- Energy products extracting	5	16	15	30	22	18	35	38	33
- Other than energy products extracting	93	84	96	75	91	89	168	175	185
- Agrofood and foodstuff industries	1,422	1,717	1,697	844	859	841	2,266	2,576	2,538
- Textile and clothing industries	476	493	542	162	192	184	638	685	726
- Leather and footwear industries	75	72	84	28	25	23	103	97	107
- Wood and worked products	147	134	141	40	61	62	187	195	203
- Paper and cardboard, publishing and printing	235	264	279	229	225	228	465	489	507
- Coking, refinery, nuclear industries	17	281	380	1	1	371	18	282	751
- Chemical industries	471	518	606	226	264	278	697	782	884
- Rubber and plastic industries	354	417	453	168	178	169	523	595	622
- Other mineral or metal product manufacturing	506	560	593	634	900	956	1,140	1,460	1,549
- Metallurgy and metal work	923	959	998	273	324	330	1,196	1,283	1,328
- Machines & equipment manufacturing	193	236	245	56	50	53	249	286	298
- Electrical and electronic equipment manufacturing	205	272	295	101	119	130	306	391	425
- Transport material manufacturing	200	171	204	106	105	104	305	276	308
- Other manufacturing industries	132	150	159	76	94	100	208	244	259
- Electricity, gas & water production & distribution	33	60	70	191	303	298	224	363	368
- Construction	746	798	862	461	553	536	1,207	1,351	1,398
Total	6,233	7,202	7,719	3,702	4,366	4,770	9,935	11,568	12,489

¹Central bank of Tunisia note to banks n°2010-21 of 24 August 2010.

The 17.9% increase in the outstanding balance of investment loans in 2010 was due to an increase in the outstanding balance of loans to private companies producing cement and to *STEG*.

At the end of June 2011, the outstanding balance of loans had gone up by almost 8%, following increases in the outstanding balance of short term loans to the *STIR* and to private businesses operating in chemical and construction industries and the outstanding balance of medium and long term loans that went mostly to *STIR* (91.6%) (meant to finance import of oil products).

3. Financing for services

The 15.2% increase in the outstanding balance of short term loans in 2010 was based mainly on the higher volume of loans to companies operating in commerce, transport and communications, notably *CTN* and *Tunisair*.

The 21.2% increase in the outstanding balance of medium and long term loans involved practically all branches, notably real estate, transport and communications (mainly *CTN*, *Tunisie Autoroutes*, *Tunisie Télécom* and *Tunisair*) and commerce (the Tunisian oil activities company *ETAP*).

In the first half of 2011, progress in the outstanding balance of loans to the services sector came to 6.5% due mainly to an increase in the outstanding balance of short term loans to hotel and restaurant companies, financial activities transport and communications (*CTN* and *Tunisair*) and real estate and secondarily to an increase in long and medium term loans to transport and communications.

BREAKDOWN BY BRANCH OF THE OUTSTANDING BALANCE OF LOANS TO THE SERVICES SECTOR

(In MTD)

Description	Short term loans			Medium & long term loans			Total		
	2009	2010	June 2011	2009	2010	June 2011	2009	2010	June 2011
- Trade	3,931	4,747	4,771	1,875	2,221	2,171	5,806	6,968	6,942
- Hotels and restaurants	949	966	1,206	2,338	2,445	2,368	3,287	3,411	3,574
- Transport & communications	323	484	627	1,152	1,753	2,217	1,475	2,237	2,844
- Financial activities	336	369	595	769	944	897	1,105	1,313	1,492
- Real estate, renting & service to businesses	1,101	1,099	1,239	2,096	2,731	2,826	3,197	3,830	4,065
- Public administration	19	63	78	57	89	90	76	152	168
- Education	15	19	23	44	61	60	59	80	83
- Health & social services	45	41	49	254	303	312	299	344	361
- Collective, social & personal services	208	265	337	343	383	373	551	648	710
- Miscellaneous	182	140	139	220	156	154	402	296	293
Total	7,109	8,193	9,064	9,148	11,086	11,468	16,257	19,279	20,532

4. Loans to individuals

The 21.4% increase in the outstanding balance of loans to private individuals in 2010 was due to the higher level of both short (4%) and medium and long term (26%) loans. Progress in the outstanding balance of medium and long term loans was in turn due notably to a higher outstanding balance of loans to private individuals, mainly for purchase of new housing, home improvements, and additions to older housing. Another factor was purchase of new vehicles, following the increase in import quotas decided by public authorities, up from 38,000 vehicles in 2009 to 45,030 in 2010.

BREAKDOWN BY FINANCING CATEGORY OF THE OUTSTANDING BALANCE OF LOANS TO INDIVIDUALS

(In MTD)

Description	2009	2010	June 2011	Variation in %	
				2009/2008	2010/2009
Short term loans	1,828	1,902	1,911	-8.7	4.0
Medium & long term loans	6,985	8,800	9,620	30.2	26.0
Housing	6,636	8,379	9,198	31.5	26.3
Vehicles	284	336	336	7.2	18.3
Solar water heating	37	58	62	54.2	56.8
Family computer	27	26	23	-3.6	-3.7
University loans	1	1	1	0.0	0.0
Total	8,813	10,702	11,531	19.6	21.4

Progress in the outstanding balance of loans to private individuals (7.7%) at end June 2011 was led by higher outstanding balance of loans to finance purchase of housing.