

2. Operating results and profitability indicators

2010 activity in the sector generated 15.9 MTD in income from factoring, of which 62.3% involved financing commissions and 37.7% factoring commissions.

(In MTD unless otherwise indicated)

Indicators	2009	2010	June 2010	June 2011 ¹	Variation 2010/2009		Variation June 2011/2010	
					In MTD	In %	In MTD	In %
Interest margin	4.0	4.9	2.3	2.7	0.9	22.5	0.4	17.4
Net proceeds from factoring	9.6	11.4	5.3	5.7	1.8	18.8	0.4	7.5
Operating charges	5.5	5.5	2.7	2.6	0	0	-0.1	-3.7
Net allotment to provisions ²	-0.3	0.3	-0.1	1.1	0.6	-	1.2	-
Net result	3.3	4.0	1.9	1.6	0.7	21.2	-0.3	-15.8

Income in the sector covered 31.4% of financial costs. The increase in net proceeds from factoring along with keeping down of operating charges yielded an 8.9 percentage point increase in the operating ratio, posting 48.3% at the end of 2010. Activity in the sector yielded 4 MTD in profits in 2010, helping the sector to maintain the level of its profitability.

(In %)

Indicators	2009	2010	June 2011 ¹
ROA	3.1	3.0	2.4
ROE	17.3	14.8	10.3

The sector's profitability indicators were affected by the events that occurred over the first half of 2011 and this led to a drop of 15.8% in the sector's results.

3. Financial situation

The quality of the sector's portfolio improved in 2010, thanks to ongoing efforts to clear up finances at one of the companies in this sector. The situation worsened over the first half of 2011 because of fallout from current events, but coverage of non performing loans has remained at a respectable level.

(In %)

Indicators	2009	2010	June 2011
NPL's ratio	13.1	11.9	13.7
Rate of coverage of non performing loans by provisions and accrued interest	83.9	82.6	84.4
Capital adequacy ratio	17.9	21.5	-

Solvency in the sector improved in 2010, following discharge of losses by one of the companies in the sector and an increase in its capital.

SECTION 4 – MERCHANT BANKS

2010 activity at merchant banks recorded a steeper drop than in 2009 and this carried over into the first half of 2011, as reflected in an ongoing drop in income. This drop was due to concentration of activity in the sector on assistance mission to the State in restructuring public structures, a number of which have been frozen, while others ended activity in 2009 and have not been revived. Activity in the sector consequently yielded a 0.9 MTD decline in 2010 and a further 0.1 MTD drop at the end of June 2011, taking into account the weight of operating costs and the constitution of provisions in 2010 for partial non collection of income because of the events that were to take place at a later date.

¹ Provisional figures.

² Net allotments to provisions and result of correction of values on claims and portfolio investment.

(In MTD unless otherwise indicated)

Indicators	2009	2010	June 2010	June 2011 ¹	Variation 2010/2009		Variation June 2011/2010	
					In MTD	In %	In MTD	In %
Net banking proceeds	2.2	0.9	0.6	0.4	-1.3	-59.1	-0.2	-33.3
Operating charges	1.7	1.4	0.5	0.5	-0.3	-17.6	0	0
Net allotment to provisions and amortization	0.1	0.2	0	0	0.1	100.0	0	0
Net result	-0.2	-0.9	-0.3	-0.1	-0.7	-350.0	-0.2	-66.6

SECTION 5 – NON RESIDENT BANKS

1. Activity

1-1. Uses

In 2010, activity at non resident banks evolved at a faster pace than the year before, due essentially to placements, which accounted for 49.2% of their assets. Almost one third of these transactions were made at banks based in Tunisia, compared to 429.5 million USD in resources collected by the offshore banking sector in Tunisia.

(In million USD unless otherwise indicated)

Description	In million \$ US			Variation 2010/2009		Variation June-11/2010	
	2009	2010 ¹	June 2011 ¹	In M\$ US	In %	In M\$ US	In %
Treasury operations	1,340.7	1,482.6	1,902.4	141.9	10.6	419.8	28.3
<i>of which : placements at banks</i>	<i>1,240.4</i>	<i>1,397.5</i>	<i>1,534.2</i>	<i>157.1</i>	<i>12.7</i>	<i>136.7</i>	<i>9.8</i>
<i>Based in Tunisia</i>	<i>387.1</i>	<i>471.5</i>	<i>633.0</i>	<i>84.4</i>	<i>21.8</i>	<i>161.5</i>	<i>34.3</i>
<i>Based abroad</i>	<i>853.3</i>	<i>926.0</i>	<i>901.2</i>	<i>72.7</i>	<i>8.5</i>	<i>-24.8</i>	<i>-2.7</i>
Loans	860.7	858.2	928.1	-2.5	-0.3	69.9	8.1
to residents	591.4	554.2	554.1	-37.2	-6.3	-0.1	0.0
to non residents	269.3	304.0	374.0	34.7	12.9	70.0	23.0
Securities portfolio	310.0	389.9	267.1	79.9	25.8	-122.8	-31.5
Total operating uses	2,511.4	2,730.7	3,097.6	219.3	8.7	366.9	13.4

Financing operations more or less stagnated at the same level as in 2009, which led to a 2.7% drop in their share in overall non resident bank assets to 30.2%. It is to be noted that the three non resident banks with Tunisian holdings remain the most active in the area of financing, accounting for 91.6% of all loans.

The securities portfolio continued to grow at a sustained pace, following in particular subscription by a non resident bank in US Treasury bonds and participation by another in its affiliate's capital increase. The outstanding balance of subscriptions to Tunisian State issues on the international financial market came to 63.4 million USD.

During the first half of 2011, activity at non resident banks grew at a faster pace than in 2010, resulting in particular from overdraft privileges granted by two Libyan banks based in Tunisia to banks located in Libya, intended to settle claims with Tunisian exporters. But the securities portfolio posted a drop of almost one third compared to the 2010 yearend figure, due mainly to the lower level of placement in investment funds.

¹ Provisional figures.