AVIS DES SOCIETES

ETATS FINANCIERS CONSOLIDES

TUNIS INTERNATIONAL BANK
-TIB-

SIEGE SOCIAL AU 18, AVENUE DES ETATS D'AMERIQUE
1002 TUNIS-BELVEDERE

Tunis International Bank –TIB- publie ci-dessous, ses états financiers consolidés arrêtés au 31 décembre 2010 tels qu'ils seront soumis à l'approbation de l'assemblée générale ordinaire qui se tiendra le 12 avril 2011. Ces états sont accompagnés des rapports des commissaires aux comptes, (AMC) M. Fehmi LAOURINE et Cabinet Mourad GUELLATY (Mourad GUELLATY).

CONSOLIDATED BALANCE SHEET
As at December 31, 2010
(Amounts in US Dollars)

	Notes	2010	2009
ASSETS			
Bank demand and call deposits	**3**	7 781 767	7 093 971
Time deposits	**4**	262 070 228	291 064 548
Investments carried at fair value through P&L		152 271	43 613
Investments carried at fair value through equity	**5**	61 390 287	48 048 537
Held to maturity investments	**6**	21 304 268	13 943 420
Investments in associated companies	**7**	58 594 415	31 781 485
Loans and advances, net	**8**	119 834 762	100 493 780
Accrued interest and other assets	**9**	2 393 881	1 031 387
Property and equipment, net	**10**	3 030 935	3 161 756
TOTAL ASSETS		**536 552 814**	**496 662 497**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		**441 764 302**	**409 026 792**
Deposits from banks and financial institutions	**11**	180 756 479	172 147 789
Deposits from customers	**12**	252 564 718	230 275 523
Accrued interest and other liabilities	**13**	8 443 105	6 603 480

SHAREHOLDERS' EQUITY	**14**	**94 788 512**	**87 635 705**
Share capital		50 000 000	25 000 000
Reserves		21 668 139	30 482 972
Foreign currency translation reserve		1 253 906	1 330 372
Retained earnings		21 866 467	30 822 361
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**536 552 814**	**496 662 497**

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2010
(Amounts in US Dollars)

	Notes	2010	2009
TOTAL INCOME		**21 866 392**	**35 929 708**
Interest income	**15**	5 347 648	7 633 998
Other income, net	**16**	9 154 114	24 271 907
Share of results of associated companies		7 364 630	4 023 803
INTEREST EXPENSES		**2 196 845**	**3 727 076**
Interest expenses	**17**	2 196 845	3 727 076
OPERATING INCOME		**19 669 547**	**32 202 632**
Salaries and benefits	**18**	3 922 834	3 303 006
General and administrative expenses	**19**	2 752 066	3 076 914
NET OPERATING INCOME (BEFORE WRITE DOWN AND PROVISIONS)		**12 994 647**	**25 822 712**
Allowance for doubtful loans		975 000	10 775 000
NET INCOME FOR THE YEAR		**12 019 647**	**15 047 712**
Number of shares		5 000 000	2 500 000
Earning per share	**20**	**2,40**	**6,02**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2010
(Amounts in US Dollars)

		2010	2009
OPERATING ACTIVITIES			
Net income of the year		**12 019 647**	**15 047 712**
Adjustments for :			
Depreciation		348 644	316 757
Social fund		-260 000	-300 000
Share of profit from associates companies		-5 414 084	-1 709 083
Operating profit before changes in operating assets and liabilities		**6 694 207**	**13 355 386**
Changes in operating assets and liabilities			
Time deposits		28 994 320	85 054
Loans and advances		-19 340 981	28 797 827
Accrued interest and other assets		-1 362 494	565 672
Deposits from banks and financial institutions		8 608 690	4 543 841
Deposits from customers		22 289 195	-11 515 813
Accrued interest and other liabilities		1 839 624	-1 145 659
Net cash provided by operating activities		**47 722 561**	**34 686 308**
INVESTING ACTIVITIES			
Purchase of held to maturity investments		-10 000 000	-12 102 796
Sale of held to maturity investments		2 639 152	6 284 898
Purchase of investments available for sales		-17 675 727	-13 420 681
Sale of investments available for sales		6 219 633	4 134 280
Purchase of investment properties		-23 000 000	-16 080 032
Purchase of fixed assets net		-217 823	-233 371
Net cash used by investing activities		**-42 034 765**	**-31 417 702**
FINANCING ACTIVITIES			
Dividends paid		-5 000 000	-5 000 000
Net cash used by financing activities		**-5 000 000**	**-5 000 000**
Increase / Decrease in cash and cash equivalents		687 796	-1 731 394
Cash and cash equivalents as of 1st January		7 093 971	8 825 365
Cash and cash equivalents as of 31 December	**3**	**7 781 767**	**7 093 971**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2010
(Amounts in US Dollars)

	Share Capital	Statutory Reserve	General Reserve	Revaluation Reserve	Investment FV reserve	Foreign Currency Reserve	Retained Earnings	Total
Balance at December 31, 2008	**25 000 000**	**8 564 422**	**15 300 000**	**1 000 000**	**(1 271 130)**	**203 889**	**33 092 566**	**81 889 747**
Investment revaluation reserve					(555 046)			(555 046)
Transfer to statuary reserve		1 544 726					(1 544 726)	-
Transfer to general reserve			900 000				(900 000)	-
Transfer to general reserve (others)			5 000 000				(5 000 000)	-
Dividends distributed							(5 000 000)	(5 000 000)
Transfer to social fund							(300 000)	(300 000)
Profit for the year							15 047 712	15 047 712
Share of changes recognised directly in associate's equity						1 126 483	(4 573 191)	(3 446 708)
Balance at December 31, 2009	**25 000 000**	**10 109 148**	**21 200 000**	**1 000 000**	**(1 826 176)**	**1 330 372**	**30 822 361**	**87 635 705**
Investment revaluation reserve					1 994 315			1 994 315
Transfer to statuary reserve		1 333 862					(1 333 862)	0
Transfer to general reserve			900 000				(900 000)	0
Transfer to general reserve (others)			5 000 000				(5 000 000)	0
Dividends distributed							(5 000 000)	(5 000 000
Transfer to social fund							(260 000)	(260 000)
Profit for the year							12 019 647	12 019 647
Capital increase	25 000 000	(6 443 010)	(11 600 000)				(6 956 990)	-
Share of changes recognised directly in associate's equity						(76 466)	(1 524 689)	(1 601 155)
Balance at December 31, 2010	**50 000 000**	**5 000 000**	**15 500 000**	**1 000 000**	**168 139**	**1 253 906**	**21 866 467**	**94 788 512**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Tunis International Bank for the year ended December 31, 2010 were authorised for issue in accordance with resolution of the Board of Directors on 8 February 2011.

Tunis International Bank S.A. (TIB) was established in June 1982 in Tunisia as a fully licensed Bank operating mainly with non residents under the current Tunisian law 2009-64 of August 12th, 2009 and under the supervision of the Central Bank of Tunisia. The main activity of the Bank is corporate and private banking and Money Market operations. The Bank is exempted from corporate tax for activities with non residents. The Bank's registered address is 18, avenue des Etats Unis d'Amerique P.O. Box 81 – Le Belvedere 1002, Tunis, Tunisia.

TIB is a subsidiary of Burgan Bank (Kuwait), member of KIPCO Group (Kuwait).

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for available for sale investments that have been measured at fair value.

The consolidated financial statements have been presented in US Dollars being the functional currency of the Bank.

2.2. Principles of consolidation

The consolidated financial statements include the financial statements of the Bank and an investment in an associated company accounted for by the equity method.

The associated company included in the consolidated financial statements of TIB is the following:

Name of associated company	Country	Year of incorporation
Algeria Gulf Bank	Algeria	2003

An associated company is one in which the Bank exercises significant influence (but not control) over its operations, generally accompanying, directly or indirectly, a shareholding of between 20% and 50% of the equity share capital.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Bank's share of net assets of the investee. The Bank recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commences until the date that it effectively ceases.

Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Bank's share in the associate arising from changes in its equity that have not been recognised in the associate's profit or loss. The Bank's share of those changes is recognised directly in equity.

Whenever impairment requirements of IAS 36 indicate that investment in an associate may be impaired, the entire carrying amount of the investment is tested by comparing its recoverable amount with its carrying value. Goodwill is included in the carrying amount of an investment in an associate and, therefore, is not separately tested for impairment.

Unrealised gains on transactions with an associate are eliminated to the extent of the Bank's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment of an associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

2.3. Significant accounting judgments and estimates

In the process of applying the Bank's accounting policies, management has used its judgment and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgment and estimates are as follows:

Impairment allowances on loans and advances

The Bank reviews its problem loans and advances at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances against individual significant loans and advances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted.

Impairment allowances on investments

The Bank treats investments as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists.

2.4. Summary of significant accounting policies

(a) Foreign currency translation

Translation of foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken in the income statement. Income and expenses items incurred in foreign currencies are translated, into the functional currency daily using the functional currency rate of exchange prevailing at that date.

Translation of financial statements of foreign operations

Assets and liabilities of foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the relevant period. All resulting exchange differences are taken directly to a ***foreign currency translation reserve*** the consolidated statement of changes in equity table.

(b) Investments

All investments are initially recognised at cost being the fair value of consideration given and including acquisition charges associated with the investments. After the initial recognition, investments, other than investments in associated companies, are measured as follows:

Investments carried at fair value through P&L :

Investments classified as "Investments carried at fair value through P&L" are measured at fair value. Fair value is determined by reference to quoted bid prices.

Realised and unrealised gains and losses on "Investments carried at fair value through P&L " are included in the income statement .

Investments carried at fair value through equity :

Investments classified as *"Investments carried at fair value through equity"* are measured at fair value. Fair value of investments listed on active markets is determined by reference to quoted bid prices. Fair value of investments listed on inactive markets and unlisted investments are determined using other generally accepted methods such as discounted cash flows or adjusted prices of similar investments. Investments whose fair value cannot be reliably measured are booked at cost. The fair value changes of "*Investments carried at fair value through equity"* are directly recognised in equity. Realised gains and losses on "*Investments carried at fair value through equity* " are included in the income statement .

Investments held to maturity:

Investments which have fixed or determinable repayments and which are intended to be held to maturity are carried at amortised cost, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognised in the income statement if the investment is derecognised or impaired.

(c) Deposits with banks and other financial institutions

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

(d) Allowance for possible losses on income earning assets

The Bank provides for possible losses on its income earning assets based upon a review and evaluation of its exposures, taking into consideration the applicable regulations of Central Bank of Tunisia. Income earning assets include placements with other banks, loans and advances, marketable securities investments and commitments and contingencies arising from off balance sheet items.

The Bank has estimated the allowance for possible losses on income earning assets based upon all the circumstances and events known at the date of these financial statements. The allowance for loan losses comprises specific allowances against loans and advances and a collective impairment allowances.

Specific allowances are calculated based on the borrowers' debt servicing ability and adequacy of security. Specific allowances are made as soon as the debt servicing of the loan has been identified as doubtful and when management considers the estimated repayment realisable from the borrower is likely to fall short of the amount of principal and interest outstanding. These are treated as non-performing loans.

A collective impairment allowance is maintained for losses that are not yet identified but can reasonably be expected to arise, based on historical experience, from the existing overall credit portfolio over its remaining life. In determining the level of the collective impairment allowances, management also refers to the composition of the portfolio, industry and the Tunisian Central Bank requirements.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash and those balances of the demand and call deposits with banks including Central Banks and financial institutions.

(f) Offsetting

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

(g) Trade and settlement date accounting

All purchases and sales of consolidated financial assets including "regular way" ones are recognised on settlement date.

(h) Interest income and expenses

The Bank recognises interest income and expenses on an accrual basis. The Bank does not recognise interest income on loans or other income earning assets which are classified as non-performing.

Loans and other income earning assets are classified as non-performing when these are classified as doubtful or loss, respectively class 2, 3 and 4 following the regulations issued by Central Bank of Tunisia, or when in the opinion of management, collection of interest and/or principal is doubtful.

When a loan is classified as non-performing, any interest income previously recognised but not yet collected is reversed. Interest on non-performing loans and other income earning assets under Central Bank of Tunisia guidelines is recognised in the statement of income only to the extent of cash received.

(i) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Expenditures which extend the future useful life of assets or provide further economic benefits are capitalised and depreciated. Fixed assets are depreciated using the straight line method over their estimated useful life.

It's worth mentioning that the damage caused at our Bizerte branch as result of the recent riots occurred in the country had no significant impact on our fixed assets. The book value of the assets stolen/damaged is about 2 500 USD. Replacement cost is estimated at 23 000 USD.

3. Bank demand and call deposits

	2010	2009
Cash	1 261 432	1 412 168
Due from Banks	6 520 335	5 681 803
	7 781 767	**7 093 971**

4. Time deposits

	2010	2009
Up to 3 months	252 536 765	283 225 032

From 3 months to 1 year	9 533 463	7 839 516
	262 070 228	**291 064 548**

5. Investments carried at fair value through equity

A - By nature	2010	2009
Listed securities	37 927 901	26 337 547
Unlisted securities	23 462 386	21 710 990
	61 390 287	**48 048 537**

B - By currency	2010	2009
Kuwaiti Dinars	29 727 923	29 155 682
US Dollars	21 366 874	12 577 482
Bahrain Dinars	3 133 289	3 133 289
EURO	3 929 310	-
United Arab Emirate Dirhams	1 649 833	1 599 973
Tunisian Dinars	1 574 368	1 582 111
Jordanian Dinars	8 690	-
	61 390 287	**48 048 537**

6. Held to maturity investments

A - By nature	2010	2009
Government bonds and debt securities	11 304 268	13 943 420
Other bonds and debts securities	10 000 000	-
	21 304 268	**13 943 420**

B - By currency	2010	2009
Euros	11 304 268	12 102 796
USD	10 000 000	-
Japanese Yen	-	1 840 624
	21 304 268	**13 943 420**

C - By maturity

	2010	2009
From 3 months to 1 year	8 631 268	1 840 624
Over 1 year	12 673 000	12 102 796
	21 304 268	**13 943 420**

7. INVESTMENTS IN ASSOCIATED COMPANIES

The Bank has a participation in Algeria Gulf Bank (AGB), a Bank incorporated in Algeria. The shares of AGB are not listed in any public exchange.

Summarised financial information of AGB is set out below:

	2010	2009
Total assets	778 927 828	611 451 543
Total liabilities	(611 629 312)	(452 544 118)
Net assets	**167 298 516**	**158 907 424**
Revenues	**70 706 836**	**65 408 348**
Profit for the year	**27 339 407**	**20 119 017**

8. LOANS AND ADVANCES, NET

	2010	2009
Bank and financial institutions	104 594 443	77 681 896
Corporate businesses, private and others	29 585 562	36 182 127
	134 180 005	**113 864 023**
Allowances for loan losses	(14 345 243)	(13 370 243)
	119 834 762	**100 493 780**

8.1 Geographical analysis

	2010	2009

	2010	2009
Middle East/Africa	119 834 762	100 493 780
	119 834 762	**100 493 780**

8.2 Maturity analysis

	2010	2009
Up to 3 months	23 481 996	19 923 901
From 3 months to 1 year	47 855 663	13 546 903
Over 1 year	48 497 103	67 022 976
	119 834 762	**100 493 780**

8.3 Allowances for loan losses

The movements of allowances for loan losses are as follows :

	Specific allowance	General allowance	Total
Balance at 31 December 2009	**10 855 000**	**2 515 243**	**13 370 243**
Allowances of the year	975 000		975 000
Reclassification	1 000 000	(1 000 000)	-
Balance at 31 December 2010	**12 830 000**	**1 515 243**	**14 345 243**

The general allowance is intended to cover potential risks which may arise as consequence of the recent event in the country.

8.4 Non-performing loans

	Loans and advances	Provisions & interest suspended	Collateral held against NPL
Bank and financial institutions	15 000 000	12 750 000	-
Corporate businesses, private and others	665 749	540 083	130 311
	15 665 749	**13 290 083**	**130 311**

9. ACCRUED INTEREST AND OTHER ASSETS

	2010	2009

Accrued interest receivable	680 257	565 102
Prepayments	1 713 624	466 285
	2 393 881	**1 031 387**

10. PROPERTY AND EQUIPMENT

	Net value 2010	Net value 2009
Land	700 000	700 000
Building	1 640 338	1 734 698
Office furniture and other fixed assets	690 597	727 058
Total net	**3 030 935**	**3 161 756**

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2010	2009
Repayable on demand	493 796	335 051
Up to 3 months	147 059 578	169 559 610
From 3 months to 1 year	33 203 105	2 253 128
	180 756 479	**172 147 789**

12. DEPOSITS FROM CUSTOMERS

	2010	2009
Up to 3 months	247 280 363	227 804 619
From 3 months to 1 year	5 284 355	2 470 904
	252 564 718	**230 275 523**

13. ACCRUED INTEREST AND OTHER LIABILITIES

	2010	2009
Accrued interest payable	528 493	352 106
Waiting for settlement	517 521	1 597 270
Accrued expenses	1 851 728	1 203 571
Retirement benefits provision	2 306 099	2 064 015

Other liabilities	3 239 263	1 386 518
	8 443 104	**6 603 480**

14. STATEMENT OF CHANGES IN CAPITAL AND RESERVES

		2010	**2009**
Share capital		50 000 000	25 000 000
Reserves	(a)	21 668 139	30 482 972
Foreign currency translation reserve	(b)	1 253 906	1 330 372
Retained earnings		9 850 204	15 774 649
Net profit of the period		12 019 646	15 047 712
		94 788 512	**87 635 705**

a- Reserves are detailed as follows :

	2010	**2009**
Statutory Reserves	5 000 000	10 109 148
General reserve	15 500 000	21 200 000
Revaluation reserve	1 000 000	1 000 000
Fair value Reserve	168139	(1 826 176)
	21 668 139	**30 482 972**

b- The foreign currency translation reserve represents the net foreign exchange gain (loss) arising from translating the financial statements of the associated companies from their functional currencies into United States Dollars.

15. INTEREST INCOME

	2010	**2009**
Interest on interbank placements	2 420 253	3 469 050
Interest on loans and advances	2 927 395	4 164 948
	5 347 648	**7 633 998**

16. OTHER INCOME

	2010	**2009**
Investment income (16.1)	1 162 123	17 032 603
Foreign exchange	4 060 504	3 589 668

Fees and commissions	3 931 487	3 649 636
	9 154 114	**24 271 907**

16.1 Investment income

	2010
Interest on Bonds	1 580 375
Dividends	247 857
Realized Gain/loss on Investments	(666 109)
	1 162 123

17. INTEREST EXPENSES

	2010	2009
Interest expenses on deposits and collaterals	440 365	1 015 819
Interest expenses on interbank deposits	1 756 480	2 711 257
	2 196 845	**3 727 076**

18. SALARIES AND BENEFITS

	2010	2009
Wages and salaries	3 013 456	2 532 256
Social security costs	655 995	496 765
Pension costs	243 730	263 438
Other	9 653	10 547
	3 922 834	**3 303 006**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
Depreciation	348 644	316 757
Premises costs	281 756	303 216
IT costs	163 976	165 527
Communication	328 214	326 267
Marketing, donations & Advertising costs	211 268	211 988

Board fees	223 000	273 000
Administration costs	1 195 208	1 480 159
	2 752 066	**3 076 914**

20. EARNINGS PER SHARE

The capital has been increased from USD 25 to 50 million by capitalisation of reserves and issuance of 2.5 million new shares.

	2010	**2009**
Net profit attributable to ordinary equity holders	12 019 647	15 047 712
Weighted average number of ordinary shares	5 000 000	2 500 000
Basic earnings per share	**2,40**	**6,02**

21. COMMITMENTS AND CONTINGENCIES

	2010	**2009**
Forward exchange contracts purchases	4 092 537	4 489 478
Forward exchange contracts sales	4 100 893	4 508 754
Letters of credit, guarantees and acceptances	30 174 085	44 847 769
	38 367 515	**53 846 001**

Letters of credit, guarantees and acceptances

Letters of credit, guarantees and acceptances commit the Bank to make payments on behalf of customers contingent upon the failure of the customer to perform under the terms of the contract.

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

22. FAIR VALUE HIERARCHY

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

• **Level 1** – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

• **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

• **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3	TOTAL
Investments carried at fair value through P&L				
Equity Securities	152 271	-	-	**152 271**
Debt Securities	-	-	-	**-**
Investments carried at fair value through equity				
Equity Securities	14 794 384	23 462 386	-	**38 256 770**
Debt Securities	23 133 517	-	-	**23 133 517**
Held to maturity investments				
Equity Securities	-	-	-	**-**
Debt Securities	21 304 268	-	-	**21 304 268**
Investments in associated companies				
Equity Securities	-	50 139 276	-	**50 139 276**
Debt Securities	-	-	-	**-**
	59 384 440	**73 601 662**	**-**	**132 986 102**

23. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments.
The Bank's interest sensitivity position is based on maturity dates and contractual repricing arrangements. As at **31 December 2010** it was as follows:

	Up to 3 months	3 month to 1 year	Over 1 year	Non interest bearing items	TOTAL
Bank demand and call deposits	6 520 335	-	-	1 261 432	**7 781 767**
Time deposits	252 536 765	8 834 504	698 959	-	**262 070 228**
Securities held for trading	-	-	-	152 271	**152 271**
Investments held at fair value through equity	-	12 923 310	10 204 207	38 262 770	**61 390 287**
Held to maturity investments	-	8 631 268	12 673 000	-	**21 304 268**

Investments in associated companies	-	-	-	58 594 415	**58 594 415**
Loans and advances, net	23 481 996	47 855 663	48 497 103	-	**119 834 762**
Accrued interest and other assets	-	-	-	2 393 881	**2 393 881**
Property and equipment	-	-	-	3 030 935	**3 030 935**
Total assets	**282 539 096**	**78 244 745**	**72 073 269**	**103 695 704**	**536 552 814**
Deposits from Banks and financial institutions	147 553 374	33 203 105	-	-	**180 756 479**
Deposits from customers	247 280 363	5 284 355	-	-	**252 564 718**
Accrued interest and other liabilities	-	-	-	8 443 105	**8 443 105**
Shareholders' equity	-	-	-	94 788 512	**94 788 512**
Total liabilities and shareholders' equity	**394 833 737**	**38 487 460**	**-**	**103 231 617**	**536 552 814**

Currency wise interest rates are as follows:

	2010	**2009**
US Dollars	%	%
Assets	0.88 - 5.46	0.12 - 5.61
Liabilities	0.33 – 1.09	0.06 – 1.25
Kuwaiti Dinars		
Assets	-	-
Liabilities	2.50	1.25 – 3.00
Tunisian Dinars		
Assets	4.77 – 8.00	3.79 – 7.50
Liabilities	3.73 - 5.00	3.79 - 4.70
Euros		
Assets	0.65 - 4.30	0.23 - 6.25
Liabilities	0.50- 0.95	0.12- 2.00
British Pounds		
Assets	0.51	0.20 – 0.39
Liabilities	0.40	0.12 - 0.25

24. CURRENCY RISK

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank considers the US Dollar as its functional currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.
The Bank had the following net exposures denominated in foreign currencies as of 31 December 2010:

	2010 - 000'USD	
	Long position	Short position
US Dollars	369	-
Euros	-	-584
Tunisian Dinars	65	-
Saudi Riyals	26	-
British Pounds	7	-
Japanese Yen	9	-
Moroccan Dirham	11	-
Canadian Dollars	44	-
Swiss Francs	1	-
Arab Emarat Dirham	13	-
Others	35	-7
	580	**-591**

25. LIQUIDITY RISK

The maturity profile of the assets and liabilities at **31 December 2010** was as follows :

	Up to 3 months	3 month to 1 year	1 year to 5 years	Undated	TOTAL
Bank demand and call deposits	7 781 767	-	-	-	**7 781 767**
Time deposits	252 536 765	8 834 504	698 959	-	**262 070 228**
Securities held for trading	-	-	-	152 271	**152 271**
Investments held at fair value through equity	-	12 923 310	10 204 207	38 262 770	**61 390 287**
Held to maturity investments	-	8 631 268	12 673 000	-	**21 304 268**
Investments in associated companies	-	-	-	58 594 415	**58 594 415**
Loans and advances, net	23 481 996	47 855 663	48 497 103	-	**119 834 762**
Accrued interest and other assets	-	-	-	2 393 881	**2 393 881**
Property and equipment	-	-	-	3 030 935	**3 030 935**
Total assets	**283 800 528**	**78 244 745**	**72 073 269**	**102 434 272**	**536 552 814**

Deposits from Banks and financial institutions	147 553 374	33 203 105	-	-	**180 756 479**
Deposits from customers	247 280 363	5 284 355	-	-	**252 564 718**
Accrued interest and other liabilities	-	-	-	8 443 105	**8 443 105**
Shareholders' equity	-	-	-	94 788 512	**94 788 512**
Total liabilities and shareholders' equity	**394 833 737**	**38 487 460**	**-**	**103 231 617**	**536 552 814**

26. RELATED PARTY BALANCES & TRANSACTIONS

	December 2010			
Assets	**Major shareholder "BB"**	**Associated companies "AGB"**	**Others Related Parties**	**Total**
Bank demand and call deposits	103 628	4 184	-	107 812
Time deposits	14 701 500	-	25 000 000	39 701 500
Investments in Associated Companies	-	50 139 276	-	50 139 276
Investments Carried at Fair Value Through Equity	-	-	25 891 296	25 891 296
Accrued Interest receivable	189	-	77 291	77 480
	14 805 317	**50 143 460**	**50 968 587**	**115 917 364**
Liabilities				
Deposits from Banks and financial institutions	61 866 605	-	4 889 236	66 755 841
Accrued Interest payable	81 536	-	4 520	86 056
	61 948 141	**-**	**4 893 756**	**66 841 897**
Off-Balance sheet				
Letters of credit, guarantees and acceptances	-	3 955 217	-	3 955 217
	-	**3 955 217**	**-**	**3 955 217**

December 2010

Income Statement	**Major shareholder "BB"**	**Associated companies "AGB"**	**Others Related Parties**	**Total**
Interest Income	435 920	-	561 941	997 861
Other Income	-	-	253 162	253 162
Share of profit of associates	-	7 364 630	-	7 364 630
Interest Expense	-1 000 732	-	-282 780	-1 283 512
General & Administrative expenses	-	-	-351 000	-351 000
	-564 812	**7 364 630**	**181 323**	**6 981 141**

Key management compensation

Remuneration paid or accrued in relation to key management, including Directors and other Senior Officers was as follows:

	2010	**2009**
Short term employee benefits - including salary & bonus	909 290	895 904
Accrual for end of services indemnity	110 502	88 238
	1 019 792	**984 142**

27. SEGMENTAL INFORMATION

	2010	**2009**
Assets		
North America	5 292 000	830 751
Europe	164 432 000	131 841 716
Middle East/ Africa	345 167 700	358 346 964
Austria	12 221 850	-
Asia	-	16 732
	527 113 550	**491 036 163**
Liabilities		
Europe	38 066 500	24 638 892
Middle East/ Africa	403 697 801	384 387 900
	441 764 301	**409 026 792**

	2010	**2009**
Investment Income		

Middle East/ Africa	3 455 762	19 754 862
North America	1 120	941
	3 456 882	**19 755 803**
Interest Income		
Europe	828 835	2 697 850
Middle East/ Africa	4 518 813	4 936 148
	5 347 648	**7 633 998**
Other Income		
Middle East/ Africa	7 991 990	7 239 304
	7 991 990	**7 239 304**

28. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank manages credit risk by setting limits for individual counterparties, and groups of counterparties and for geographical and industry segments. The Bank also monitors credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Bank obtains security where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.
For details of the composition of the assets by geographic segment refer to note 25.
Credit risk in respect of derivative financial instruments is limited to those with positive fair values.

29. CONCENTRATIONS

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.
The distribution of assets and liabilities by geographic region is disclosed in note 25.

30. MARKET RISK

Market risk is defined as the risk of loss in the value of on or off balance sheet financial instruments caused by a change in market.

STATUTORY AUDITORS' REPORT

Consolidated financial statements as at December 31, 2010

To the Shareholders of Tunis International Bank,

In compliance with the assignment entrusted to us by your General Meeting held in in March 26, 2010, we present below our report on the consolidated financial statements of Tunis International Bank for the year ended December 31, 2010 and on the specific procedures as prescribed by law and professional standards.

1. Opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Tunis International Bank which comprise the balance sheet as at December 31, 2010, the income statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements present positive equities of USD 94 788 512, including a net income of USD 12 019 647.

These consolidated financial statements are the responsibility of the company's Management and its Board of Directors. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Tunisian Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tunis International Bank as at December 31, 2010 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

2. Specific examinations

We have also carried out the specific procedures prescribed by law and professional standards.

We have nothing to report on with respect to the consistency of the financial information included in the Board of Directors' report with the financial statements.

Tunis, March 24th, 2011

AMC Ernst & Young
Fehmi LAOURINE

Cabinet Mourad GUELLATY
Mourad GUELLATY

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