AVIS DES SOCIETES

ETATS FINANCIERS CONSOLIDES

Tunis International Bank -TIB -

Siège Social : 18, avenue des états Unis d'Amérique 1002 Tunis-Belvédère

La Tunis International Bank - TIB- publie ci-dessous, ses états financiers consolidés arrêtés au 31 décembre 2013 tels qu'ils seront soumis à l'approbation de l'assemblée générale ordinaire qui se tiendra en date 18 du mars 2014. Ces états sont accompagnés du rapport des commissaires aux comptes, M. Dhia BOUZAYEN et M. Mourad GUELLATY.

As at December 31, 2013

(Amounts in US Dollars)

	Notes	2013	2012
ASSETS			
Bank demand and call deposits	**3**	72 320 447	72 793 033
Time deposits	**4**	284 640 817	252 974 719
Financial assets designated at fair value through P&L		1 870 281	2 036 455
Financial assets at fair value through other comprehensive income	**5**	18 662 640	28 523 594
Financial assets measured at amortized cost	**6**	32 275 328	35 385 118
Investments in associated companies	**7**	80 911 750	68 616 231
Loans and advances, net	**8**	126 421 745	98 784 462
Accrued interest and other assets	**9**	3 235 578	1 136 192
Property and equipment, net	**10**	2 950 335	2 918 640
TOTAL ASSETS		**623 288 921**	**563 168 444**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		**495 961 931**	**456 767 150**
Deposits from banks and financial institutions	**11**	184 677 779	188 471 616
Deposits from customers	**12**	295 886 291	258 757 346
Accrued interest and other liabilities	**13**	15 397 861	9 538 188
SHAREHOLDERS' EQUITY	**14**	**127 326 990**	**106 401 294**
Share capital		50 000 000	50 000 000
Reserves		24 601 593	21 280 547
Foreign currency translation reserve		-978 607	-1 398 820
Retained earnings		53 704 004	36 519 567
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**623 288 921**	**563 168 444**

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2013
(Amounts in US Dollars)

	Notes	2013	2012
TOTAL INCOME		**34 306 064**	**30 640 291**
Interest income	**15**	3 415 448	4 751 499
Other income, net	**16**	11 927 571	10 324 876
Share of results of associated companies		18 963 045	15 563 916
INTEREST EXPENSES		**1 460 073**	**2 322 992**
Interest expenses	**17**	1 460 073	2 322 992
OPERATING INCOME		**32 845 991**	**28 317 299**
Salaries and benefits	**18**	4 032 278	4 266 294
General and administrative expenses	**19**	3 165 985	2 958 637
NET OPERATING INCOME **(BEFORE WRITE DOWN AND PROVISIONS)**		**25 647 729**	**21 092 368**
Allowance for doubtful loans		2 972 616	2 500 000
NET INCOME FOR THE YEAR		**22 675 113**	**18 592 368**
Number of shares		5 000 000	5 000 000
Earning per share	**20**	**4,54**	**3,72**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
For the year ended December 31, 2013
(Amounts in US Dollars)

	2013	2012
PROFIT FOR THE YEAR	**22 675 113**	**18 592 368**
Net fair value (loss) gain from financial assets at fair value through other comprehensive income	-544 056	-206 486
Other comprehensive (loss) income for the year	**-544 056**	**-206 486**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**22 131 057**	**18 385 882**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2013
(Amounts in US Dollars)

	2013	2012
OPERATING ACTIVITIES		
Net income of the year	**22 675 113**	**18 592 368**
Adjustments for :		
Depreciation	437 552	451 612
Social fund	-200 000	-200 000
Share of profit from associates companies	-13 300 876	-9 941 299
Operating profit before changes in operating assets and liabilities	**9 611 789**	**8 902 681**
Changes in operating assets and liabilities		
Time deposits	-31 666 098	26 151 507
Loans and advances	-27 637 283	7 179 905
Accrued interest and other assets	-2 099 386	692 439
Deposits from banks and financial institutions	-3 793 837	10 039 271
Deposits from customers	37 128 945	13 941 794
Accrued interest and other liabilities	5 859 672	-580 074
Net cash provided by operating activities	**-12 596 198**	**66 327 523**
INVESTING ACTIVITIES		
Sales of financial assets designated at fair value through P&L	166 175	6 419
Purchase of financial assets at fair value through other comprehensive income	-3 036 980	-406 186
Sales of financial assets at fair value through other comprehensive income	12 353 875	824 939
Purchase of financial assets measured at amoertized cost	-5 001 493	-6 851 709
Sale of financial assets measured at amoetized cost	8 111 283	3 679 797
Purchase of fixed assets net	-469 247	-553 647
Net cash used by investing activities	**12 123 613**	**-3 300 387**
FINANCING ACTIVITIES		
Dividends paid	-	-5 000 000
Net cash used by financing activities	**-**	**-5 000 000**
Increase / Decrease in cash and cash equivalents	-472 585	58 027 136
Cash and cash equivalents as of 1st January	72 793 033	14 765 898
Cash and cash equivalents as of 31 December	**72 320 447**	**72 793 033**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2013
(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, 2011	**50 000 000**	**5 660 556**	**18 400 000**	**1 000 000**	**-7 604 284**	**-253 725**	**28 948 899**	**96 151 446**
Net income for the period							18 592 368	18 592 368
Other comprehensive income					-206 486			-206 486
Absorption of investment revaluation reserve			-7 604 288		7 604 284			-4
Total comprehensive income			***-7 604 288***		***7 397 798***		***18 592 368***	***18 385 878***
Transfer to statutory reserve		1 030 765					-1 030 765	0
Transfer to general reserve			1 000 000				-1 000 000	0
Transfer to general reserve (Others)			2 000 000				-2 000 000	0
Dividends distributed							-5 000 000	-5 000 000
Transfer to social fund							-200 000	-200 000
Share of changes recognized directly in associate's equity						-1 145 095	-1 790 935	-2 936 030
Balance at December 31, 2012	**50 000 000**	**6 691 321**	**13 795 712**	**1 000 000**	**-206 486**	**-1 398 820**	**36 519 567**	**106 401 294**
Net income for the period							22 675 113	22 675 113
Other comprehensive income					-544 056			-544 056
Absorption of investment revaluation reserve			-206 490		206 486			-4
Total comprehensive income			***-206 490***		***-337 570***		***22 675 113***	***22 131 053***
Transfer to statutory reserve		865 106					-865 106	0
Transfer to general reserve			1 000 000				-1 000 000	0
Transfer to general reserve (Others)			2 000 000				-2 000 000	0
Transfer to social fund							-200 000	-200 000
Share of changes recognized directly in associate's equity						420 213	-1 425 570	-1 005 357
Balance at December 31, 2013	**50 000 000**	**7 556 427**	**16 589 222**	**1 000 000**	**-544 056**	**-978 607**	**53 704 004**	**127 326 990**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Tunis International Bank for the year ended December 31, 2013 were authorised for issue in accordance with resolution of the Board of Directors on January 2013.

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 financial assets measured at fair value and financial assets measured at amortized cost.

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

2.2. Principles of consolidation

TIB has an associated company located in Algeria. For the preparation of the consolidated financial statement of the Bank, TIB has consolidated its shares in AGB using 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 non performing portfolio 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 collectively risk of default.

Impairment of financial assets at amortised cost

Where there is objective evidence that an identified financial asset is impaired, specific provisions for impairment are recognised in the income statement. Impairment is quantified as the difference between the carrying amount of the asset and the net present value of expected future cash flows discounted at the asset's original effective interest rate where applicable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The carrying amount of the asset is reduced directly only upon write-off.
The criteria that the Bank uses to determine that there is objective evidence of impairment loss include:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration in the borrower's competitive position
- Deterioration in the value of collateral.

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 recognised in the income statement. Income and expenses items incurred in foreign currencies are translated, into the functional currency monthly 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:

Financial assets designated at fair value through P&L :

Investments classified as *“Financial assets designated at fair value through P&L”* are measured at fair value. Fair value 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. Realised and unrealised gains and losses on “*Financial assets at fair value through P&L* ” are included in the income statement .

Financial assets at fair value through other comprehensive income :

Investments have been presented in financial assets at fair value through other comprehensive income in accordance with IFRS 9 to better reflect the Bank’s business model for managing such assets.
Investments classified as *“Financial assets at fair value through other comprehensive income”* 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. All fair value gain or losses are recognised in the statement of comprehensive income and not recycled through the income statement. Dividend income is recognized in the income statement.
The derecognition of the financial assets at fair value through other comprehensive income is recognised in profit or loss for the difference between:

(a) The carrying amount as of December 31, 2012 and
(b) The consideration received.

Financial assets measured at amortized cost:

Financial assets which held within a business model whose objective is to hold assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding 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.

(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.

3. BANK DEMAND AND CALL DEPOSITS

	2013	2012
Cash	898 441	943 955
Due from Banks	71 422 006	71 849 078
	72 320 447	**72 793 033**

4. TIME DEPOSITS

	2013	2012
Up to 3 months	281 594 451	248 397 566
From 3 months to 1 year	3 046 366	4 577 153
	284 640 817	**252 974 719**

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A - By nature	2013	2012
Listed securities	3 373 113	12 619 771
Unlisted securities	15 289 527	15 903 823
	18 662 640	**28 523 594**

B - By currency	2013	2012
Kuwaiti Dinars	11 194 896	22 089 666
US Dollars	2 042 785	1 720 390
Bahrain Dinars	3 133 302	3 133 289
United Arab Emirate Dirhams	219 984	824 939
Jordanian Dinars	635	635
Tunisian Dinars	2 071 038	754 675
	18 662 640	**28 523 594**

6. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A - By nature	2013	2012
Government bonds and debt securities	967 143	4 133 646
Other bonds and debts securities	31 308 185	31 251 472
	32 275 328	**35 385 118**

B - By currency	2013	2012
Euros	-	3 183 646
USD	32 275 328	26 860 923
KWD	-	5 340 549
	32 275 328	**35 385 118**

C - By maturity	2013	2012
Up to 3 months	-	3 183 646
From 3 months to 1 year	-	5 340 549
Over 1 year	32 275 328	26 860 923
	32 275 328	**35 385 118**

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:

	2013	2012
Total assets	1 843 405 051	1 345 762 048
Total liabilities	-1 601 715 413	(1 145 057 474)
Net assets	**241 689 638**	**200 704 574**
Revenues	**148 886 021**	**135 955 550**
Profit for the year	**63 210 150**	**51 879 721**

8. LOANS AND ADVANCES, NET

	2013	2012
Bank and financial institutions	103 883 058	84 793 034
Corporate businesses, private and others	31 691 515	20 127 840
	135 574 574	**104 920 874**
Allowances for loan losses	(9 152 828)	(6 136 412)
	126 421 745	**98 784 462**

8.1 Geographical analysis

	2013	2012
Middle East/Africa	126 421 745	98 784 462
	126 421 745	**98 784 462**

8.2 Maturity analysis

	2013	2012
Up to 3 months	20 309 287	13 461 201
From 3 months to 1 year	70 463 880	70 609 198
Over 1 year	35 648 578	14 714 063
	126 421 745	**98 784 462**

8.3 Allowances for loan losses

The movements of allowance for loan losses are as follows :

	Specific allowance	General allowance	Total
Balance at 31 December 2012	**5 473 763**	**662 649**	**6 136 412**
Allowances of the year	2 472 616	500 000	2 972 616
Exchange adjustment	43 800	-	43 800
Balance at 31 December 2013	**7 990 179**	**1 162 649**	**9 152 828**

In line with Central Bank instruction addressed to all banks in order to build up collective provision to cover potential risks arising from the ongoing, local as well as international, economic and financial environment. TIB has made a collective provision allocation amounting to 663 KUS$. This amount has been calculated using, as a minimum, the model indicated in the CBT circular N°2012-02 of January 11, 2011 followed by the circular N°2012-8 of March 2, 2012.

8.4 Non-performing loans

	Loans and advances	Interest suspended	Provisions	Collateral held against NPL
Bank and financial institutions	21 160 455	1 669 228	6 625 663	4 000 000
Corporate businesses, private and others	4 445 361	1 053 863	1 364 516	2 071 000
	25 605 816	**2 723 091**	**7 990 179**	**6 071 000**

9. ACCRUED INTEREST AND OTHER ASSETS

	2013	2012
Accrued interest receivable	462 722	486 783
Prepayments	2 772 856	649 409
	3 235 578	**1 136 192**

10. PROPERTY AND EQUIPMENT

	Net value 2013	Net value 2012
Land	700 000	700 000
Building	1 233 766	1 342 593
Office furniture and other fixed assets	1 016 570	876 047
Total net	**2 950 335**	**2 918 640**

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2013	2012
Repayable on demand	14 692 061	1 887 427
Up to 3 months	167 071 386	182 561 648
From 3 months to 1 year	2 914 332	4 022 541
	184 677 779	**188 471 616**

12. Deposits from customers

	2013	2012
Up to 3 months	290 633 551	253 561 048
From 3 months to 1 year	5 252 740	5 196 298
	295 886 291	**258 757 346**

13. Accrued interest and other liabilities

	2013	2012
Accrued interest payable	230 914	273 644
Waiting for settlement	7 161 776	834 910
Accrued expenses	2 276 364	2 352 995
Retirement benefits provision	2 818 699	2 896 596
Other liabilities	2 910 108	3 180 043
	15 397 860	**9 538 188**

14. Shareholders' equity

		2013	2012
Share capital		50 000 000	50 000 000
Reserves	(a)	24 601 593	21 280 547
Foreign currency translation reserve	(b)	-978 607	-1 398 820
Retained earnings		31 028 891	17 927 199
Part of reserve in associated company		*13 772 161*	*5 295 984*
Net profit of the period		22 675 113	18 592 368
		127 326 990	**106 401 294**

a- Reserves are detailed as follows :

	2013	2012
Statutory Reserves	7 556 427	6 691 321
General reserve	16 589 222	13 795 712
Revaluation reserve	1 000 000	1 000 000

Fair value Reserve	-544 056	-206 486
	24 601 593	**21 280 547**

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

	2013	2012
Interest on interbank placements	1 424 542	2 241 983
Interest on loans and advances	1 990 907	2 509 517
	3 415 448	**4 751 499**

16. OTHER INCOME

	2013	2012
Investment income (16.1)	2 846 246	2 843 387
Foreign exchange	3 614 691	2 602 913
Fees and commissions	5 466 634	4 878 576
	11 927 571	**10 324 876**

16.1 Investment income

	2013
Interest on financial assets at amortized cost	1 567 769
Dividends from financial assets at fair value through other comprehensive income	758 655
Dividends from financial assets designated at fair value through P&L	34 783
Losses on financial assets designated at fair value through P&L	-63 039
Gains from financial assets at fair value through other comprehensive income	548 078
	2 846 246

17. INTEREST EXPENSES

	2013	2012
Interest expenses on deposits and collaterals	354 965	490 644
Interest expenses on interbank deposits	1 105 108	1 832 347
	1 460 073	**2 322 992**

18. SALARIES AND BENEFITS

	2013	2012
Wages and salaries	3 049 173	3 325 934
Social security costs	653 923	596 950
Pension costs	322 800	332 800
Other	6 382	10 610
	4 032 278	**4 266 294**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
Depreciation	437 552	451 612
Premises costs	376 223	357 911
IT costs	163 252	167 423
Communication	330 034	330 179
Marketing & Advertising costs	112 444	168 878
Board fees	160 250	273 000
Tax	121 412	82 493
Administration costs	1 464 819	1 127 141
	3 165 985	**2 958 637**

20. EARNINGS PER SHARE

	2013	2012
Net profit attribualble to ordinary equity holders	22 675 113	18 592 368
Weighted average number of ordinary shares	5 000 000	5 000 000
Basic earnings per share	**4,54**	**3,72**

21. COMMITMENTS AND CONTINGENCIES

	2013	2012
Forward exchange contracts purchases	3 698 281	16 918 948
Forward exchange contracts sales	3 711 614	16 927 485
Letters of credit, guarantees and acceptances	23 176 876	18 047 718
	30 586 771	**51 894 151**

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
Financial assets designated at fair value through P&L				
Equity Securities	1 870 281	-	-	**1 870 281**
Debt Securities	-	-	-	**0**
Financial assets at fair value through other comprehensive income				
Equity Securities	3 373 113	15 289 527	-	**18 662 640**
Debt Securities	-	-	-	**0**
Financial assets measured at amortized cost				
Equity Securities	-	-	-	**0**
Debt Securities	32 275 328	-	-	**32 275 328**
Investments in associated companies				
Equity Securities	-	80 911 750	-	**80 911 750**
Debt Securities	-	-	-	**0**
	37 518 722	**96 201 277**	**0**	**133 719 999**

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 2013** 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	71 422 006	-	-	898 441	**72 320 447**
Time deposits	281 594 451	3 046 366	-	-	**284 640 817**
Securities held for trading	-	-	-	1 870 281	**1 870 281**
Investments held at fair value through equity	-	-	-	18 662 640	**18 662 640**
Held to maturity investments	0	0	32 275 328	-	**32 275 328**

Investments in associated companies	-	-	-	80 911 750	**80 911 750**
Loans and advances, net	20 309 287	70 463 880	35 648 578	-	**126 421 745**
Accrued interest and other assets	-	-	-	3 235 578	**3 235 578**
Property and equipment	-	-	-	2 950 335	**2 950 335**
Total assets	**373 325 744**	**73 510 246**	**67 923 906**	**108 529 025**	**623 288 921**
Deposits from Banks and financial institutions	181 763 447	2 914 332	-	-	**184 677 779**
Deposits from customers	290 633 551	5 252 740	-	-	**295 886 291**
Accrued interest and other liabilities	-	-	-	15 397 861	**15 397 861**
Shareholders' equity	-	-	-	127 326 990	**127 326 990**
Total liabilities and shareholders' equity	**472 396 998**	**8 167 072**	**-**	**142 724 851**	**623 288 921**

Currency wise interest rates are as follows:

	2013	**2012**
US Dollars	%	%
Assets	0.02 - 8.62	0.05 - 8.60
Liabilities	0.06 – 2.00	0.06 – 1.25
Kuwaiti Dinars		
Assets	0.0 – 0.0	2.37 – 2.5
Liabilities	2.00 – 2.50	2.00 – 2.50
Tunisian Dinars		
Assets	4.40 – 6.50	3.30 – 6.25
Liabilities	3.00 - 5.25	2.25 - 5.00
Euros		
Assets	0.09 - 7.14	0.01 - 7.00
Liabilities	0.03 - 2.00	0.06 - 2.30
British Pounds		
Assets	0.35 – 1.00	0.40 – 1.45
Liabilities	0.25 – 0.44	0.25 – 0.50

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 2013:

2013 - 000'USD

	Long position	Short position
Euros	-	-357
Tunisian Dinar	20	-
Saudi Riyals	24	-
Japanese Yen	-	-9
Canadian Dollar	43	-
Kuwaiti Dinar	184	-
Bahraini Dinar	-	-50
Danish Kroner	70	-
Libyan Dinar	16	-
Algerian Dinar	7	-
Swiss Francs	-	-1
Arab Emirate Dirham	25	-
Other	19	-9
	408	**-426**

25. LIQUIDITY RISK

The maturity profile of the assets and liabilities at **31 December 2013** was as follows :

	Up to 3 months	3 month to 1 year	1 year to 5 years	Undated	TOTAL
Bank demand and call deposits	72 320 447	-	-	-	**72 320 447**
Time deposits	281 594 451	3 046 366	-	-	**284 640 817**
Securities held for trading	1 870 281	-	-	-	**1 870 281**
Investments held at fair value through equity	-	-	-	18 662 640	**18 662 640**
Held to maturity investments	0	0	32 275 328	-	**32 275 328**
Investments in associated companies	-	-	-	80 911 750	**80 911 750**
Loans and advances, net	20 309 287	70 463 880	35 648 578	-	**126 421 745**
Accrued interest and other assets	-	-	-	3 235 578	**3 235 578**
Property and equipment	-	-	-	2 950 335	**2 950 335**
Total assets	**376 094 466**	**73 510 246**	**67 923 906**	**105 760 303**	**623 288 921**
Deposits from Banks and financial institutions	181 763 447	2 914 332	-	-	**184 677 779**
Deposits from customers	290 633 551	5 252 740	-	-	**295 886 291**

Accrued interest and other liabilities	-	-	-	15 397 861	**15 397 861**
Shareholders' equity	-	-	-	127 326 990	**127 326 990**
Total liabilities and shareholders' equity	**472 396 998**	**8 167 072**	**-**	**142 724 851**	**623 288 921**

26. RELATED PARTY BALANCES & TRANSACTIONS

December 2013

Assets	**Major shareholder "BB"**	**Associated companies "AGB"**	**Key management**	**Others Related Parties**	**Total**
Bank demand and call deposits	36 444	6 596	-	4 599	47 639
Time deposits	43 645 920	-	-	15 000 000	58 645 920
Financial assets designated at fair value through P&L	-	-	-	199 011	199 011
Financial assets at fair value through other comprehensive income	-	-	-	4 167 930	4 167 930
Financial assets measured at amortized cost	-	-	-	10 323 935	10 323 935
Investment managed by a related party	-	-	-	805 614	805 614
Investments in Associated Companies	-	80 911 750	-	0	80 911 750
Loans and advances, net	-	-	1 042 724	0	1 042 724
Accrued Interest receivable	98 172	-	-	20 278	118 450
	43 780 536	**80 918 346**	**1 042 724**	**30 521 367**	**156 262 973**
Liabilities					
Deposits from Banks and financial institutions	54 915 014	-	-	15 420 032	70 335 046
Accrued Interest payable	32 248	-	-	36 537	68 785
	54 947 262	**-**	**-**	**15 456 569**	**70 403 831**
Off-Balance sheet					
Letters of credit, guarantees and acceptances	-	9 783 893	-	-	9 783 893
	-	**9 783 893**	**-**	**-**	**9 783 893**

December 2013

Income Statement	**Major shareholder "BB"**	**Associated companies "AGB"**	**Key management**	**Others Related Parties**	**Total**
Interest Income	118 091	-	24 082	405 278	547 451
Other Income	-		-	1 235 403	1 235 403
Share of profit of associates		18 963 045			18 963 045
Interest Expense	-488 528	-	-	-197 388	-685 916

General & Administrative expenses	-	-	-	-630 000	-630 000
	-370 437	**18 963 045**	**24 082**	**813 293**	**19 429 983**

Key management compensation

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

	2013	**2012**
Short term employee benefits - including salary & bonus	679 064	892 030
Accrual for end of services indemnity	55 735	64 364
	734 799	**956 394**

27. SEGMENTAL INFORMATION

	2013	**2012**
Assets		
North America	61 458 308	12 622 000
Europe	157 479 891	138 680 000
Middle East/ Africa	404 350 722	411 866 444
	623 288 921	**563 168 444**
Liabilities		
Europe	50 000 000	43 842 000
Middle East/ Africa	445 961 931	412 925 150
	495 961 931	**456 767 150**

	2013	**2012**
Investment Income		
Middle East/ Africa	2 726 231	2 130 410
North America	120 015	399 957
Europe	-	313 020
	2 846 246	**2 843 387**
Interest Income		
Europe	260 702	493 044
Middle East/ Africa	3 154 746	4 258 455
	3 415 448	**4 751 499**
Other Income		
Middle East/ Africa	9 081 325	7 481 489
	9 081 325	**7 481 489**

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 27.
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 27.

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.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS AT DECEMBER, 31st 2013

To the Shareholders of Tunis International Bank,

In compliance with the assignment entrusted to us by the Management of Tunis International Bank, we present below our report on the consolidated financial statements of the said bank for the year ended December, 31st 2013, prepared in accordance with IFRS.

1. Introduction

We have audited the accompanying consolidated financial statements of Tunis International Bank which comprise the consolidated balance sheet as at December, 31st 2013, and the consolidated income statement, and the consolidated statement of comprehensive income, and the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements present positive equities for an amount of USD 127 326 990, including a net income of USD 22 675 113.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, the implementation and the monitoring of such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for making accounting estimates that are reasonable in the circumstances.

3. Statutory Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The selected procedures depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

4. Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tunis International Bank as at December, 31st 2013 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Tunis, February, 14th 2014

Mourad GUELLATY	**Dhia BOUZAYEN**
Cabinet Mourad GUELLATY	**F.M.B.Z KPMG TUNISIE**