

ETATS FINANCIERS**TUNIS INTERNATIONAL BANK**

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

La Tunis International Bank - publie ci-dessous, ses états financiers arrêtés au **31 décembre 2011**. Ces états sont accompagnés des rapports général et spécial des commissaires aux comptes, M. Fehmi LAOURINE ET M. Mourad GUELLATY.

BALANCE SHEET
As at December 31, 2011
(Amounts in US Dollars)

ASSETS	Notes	2011	2010
Bank demand and call deposits	3	14 765 898	7 781 767
Time deposits	4	279 126 226	262 070 228
Financial assets designated at fair value through P&L		2 042 874	-
Financial assets at fair value through other comprehensive income	5	29 148 834	-
Financial assets measured at amortized cost	6	32 213 206	-
Investments carried at fair value through P&L		-	152 271
Investments carried at fair value through equity		-	61 390 287
Held to maturity investments		-	21 304 268
Investments in associated companies	7	49 155 151	49 155 151
Loans and advances, net	8	105 964 367	119 834 761
Accrued interest and other assets	9	1 828 631	2 393 881
Property and equipments	10	2 816 606	3 030 935
TOTAL ASSETS		517 061 793	527 113 549
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		433 366 158	441 764 301
Deposits from banks and financial institutions	11	178 432 345	180 756 479
Deposits from customers	12	244 815 552	252 564 718
Accrued interest and other liabilities	13	10 118 261	8 443 104
SHAREHOLDERS' EQUITY	14	83 695 635	85 349 248
Share capital		50 000 000	50 000 000
Reserves		17 456 272	21 668 139
Retained earnings		16 239 363	13 681 109
TOTAL LIABILITIES AND SHAREOLDERS' EQUITY		517 061 793	527 113 549

INCOME STATEMENT
For the year ended December 31, 2011
(Amounts in US Dollars)

	Notes	2011	2010
TOTAL INCOME		23 639 136	16 796 521
Interest income	15	6 351 963	5 347 648
Other income, net	16	17 287 173	11 448 873
INTEREST EXPENSES		2 676 639	2 196 845
Interest expenses	17	2 676 639	2 196 845
OPERATING INCOME		20 962 497	14 599 676
Salaries and benefits		4 314 875	3 922 834
General and administrative expenses		3 564 981	3 096 280
NET OPERATING INCOME (BEFORE WRITE DOWN AND PROVISIONS)		13 082 641	7 580 562
Provision for doubtful loans		2 774 984	975 000
NET INCOME FOR THE YEAR		10 307 657	6 605 562
Number of shares		5 000 000	5 000 000
Earning per share		2,06	1,32

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011
(Amounts in US Dollars)

	2011	2010
PROFIT FOR THE YEAR	10 307 657	6 605 562
Net fair value (loss) gain from financial assets at fair value through other comprehensive income	-5 180 503	1 994 315
Other comprehensive (loss) income for the year	-5 180 503	1 994 315
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5 127 154	8 599 877

CASH FLOW STATEMENT
For the year ended December 31, 2011
(Amounts in US Dollars)

	2011	2010
OPERATING ACTIVITIES		
Net income of the year	10 307 657	6 605 562
Adjustments for :		
Depreciation	390 679	348 644
Social fund	-200 000	-260 000
Operating profit before changes in operating assets and liabilities	10 498 336	6 694 205
Changes in operating assets and liabilities		
Time deposits	-17 055 998	28 994 320
Loans and advances	13 870 394	-19 340 981
Accrued interest and other assets	565 250	-1 362 494
Deposits from banks and financial institutions	-2 324 134	8 608 690
Deposits from customers	-7 749 166	22 289 195
Accrued interest and other liabilities	1 675 157	1 839 624
Net cash provided by operating activities	-520 161	47 722 560
INVESTING ACTIVITIES		
Purchase of financial assets designated at fair value through P&L	-1 214 955	0
Purchase of financial assets at fair value through other comprehensive income	0	0
Sales of financial assets at fair value through other comprehensive income	8 717 141	0
Purchase of financial assets measured at amortized cost	-4 712 064	0
Sale of financial assets measured at amortized cost	9 890 521	0
Purchase of held to maturity investments	0	-10 000 000
Sale of held to maturity investments	0	2 639 152
Purchase of investments available for sales	0	-17 675 727
Sale of investments available for sales	0	6 219 633
Purchase of investment in associated companies	0	-23 000 000
Purchase of fixed assets net	-176 350	-217 823
Net cash used by investing activities	12 504 293	-42 034 764
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	6 984 131	687 796
Cash and cash equivalents as of January 1st	7 781 767	7 093 971
Cash and cash equivalents at 31 December	14 765 898	7 781 767

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2011
(Amounts in US Dollars)

	Share Capital	Statutory Reserve	General Reserve	Revaluation Reserve	Investment FV reserve	Retained Earnings	Total
Balance at December 31, 2009	25 000 000	10 109 148	21 200 000	1 000 000	-1 826 176	26 526 399	82 009 371
Net income for the period						6 605 562	6 605 562
Other comprehensive income					1 994 315		1 994 315
Total comprehensive income					1 994 315	6 605 562	8 599 877
Transfer to statutory 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
Capital increase	25 000 000	-6 443 010	-11 600 000			-6 956 990	0
Balance at December 31, 2010	50 000 000	5 000 000	15 500 000	1 000 000	168 139	13 681 109	85 349 248
Net income for the period						10 307 657	10 307 657
Other comprehensive income					-5 180 503		-5 180 503
Total comprehensive income					-5 180 503	10 307 657	5 127 154
Transfer to statutory reserve		660 556				-660 556	0
Transfer to general reserve			900 000			-900 000	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
Change in accounting policies					-2 591 920	1 011 153	-1 580 767
Balance at December 31, 2011	50 000 000	5 660 556	18 400 000	1 000 000	-7 604 284	16 239 363	83 695 635

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The financial statements of Tunis International Bank for the year ended December 31, 2011 were authorised for issue in accordance with resolution of the Board of Directors on 13 February 2012.

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

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

2.2. 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 financial statements. The most significant use of judgment and estimates are as follows:

Impairment losses 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, 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.

2.3. Change in accounting policy and disclosure

The following standard was adopted by the Bank for the current year:

IFRS 9, Financial Instruments: Classification and Measurement, was issued in October 2010 with mandatory application from 1 January 2015 with permitted early adoption. The bank decided to adopt IFRS 9 early, as well as the related amendments to other IFRSs, because the new accounting standard better reflects the Bank's business model for managing such assets. The Bank chose 1 January 2011 as the date of initial application of IFRS 9. In accordance with the transition provisions of the standard, comparative figures have not been restated.

IFRS 9 replaces some disclosures of IAS 39 related to the classification and measurement of financial assets. It requires financial assets to be classified, at the point of initial recognition, into two measurement categories: those measured at fair value and those measured at amortized cost. The classification depends on both the entity's business model for managing the assets and their contractual cash flow characteristics.

The main effects resulting from an assessment of the financial assets held by the Bank at the date of initial application of IFRS 9 are shown in the table below:

	IAS 39 carrying amount US\$	Classification differences US\$	Measurement differences US\$	IFRS 9 carrying amount US\$
Financial assets designated at fair value through P&L	-	857 198	-	857 198
Financial assets at fair value through other comprehensive income	-	32 167 973	-	32 167 973
Financial assets measured at amortized cost	-	49 821 655	-1 580 328	48 241 327
Investments carried at fair value through P&L	152 271	-152 271	-	-
Investments carried at fair value through equity	61 390 287	-61 390 287	-	-
Held to maturity investments	21 304 268	-21 304 268	-	-
	82 846 826	-	-1 580 328	81 266 498

Impairment of financial assets

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.

(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.

Financial assets measured at amortized cost:

Financial assets which are 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.

Financial assets – classification prior to 1 January 2011

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.

Impairment of 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.

(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 regulation 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 provisions against loans and advances and a collective allowance.

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.

Collective allowances are 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 collective 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 Bank and financial institutions.

(f) Offsetting

Financial assets and 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 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

	<u>2011</u>	<u>2010</u>
Cash	1 358 232	1 261 432
Due from Banks	13 407 666	6 520 335
	<u>14 765 898</u>	<u>7 781 767</u>

4. TIME DEPOSITS

	<u>2011</u>	<u>2010</u>
Up to 3 months	273 806 664	252 536 765
From 3 months to 1 year	5 319 562	9 533 463
	<u>279 126 226</u>	<u>262 070 228</u>

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A - By nature	<u>2011</u>	<u>2010 (*)</u>
Listed securities	12 511 912	37 927 901
Unlisted securities	16 636 922	23 462 386
	<u>29 148 834</u>	<u>61 390 287</u>

(*) This category of investment was presented in 2010 under "investment carried at fair value through equity".

B - By currency	<u>2011</u>	<u>2010</u>
Kuwaiti Dinars	21 912 310	29 727 923
US Dollars	1 628 311	21 366 874
Bahrain Dinars	3 133 289	3 133 289
EURO	-	3 929 310
United Arab Emirate Dirhams	1 649 922	1 649 833
Tunisian Dinars	825 002	1 574 368
JOD	-	8 690
	<u>29 148 834</u>	<u>61 390 287</u>

6. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A - By nature	2011	2010 (*)
Government bonds and debt securities	7 281 598	11 304 268
Other bonds and debts securities	24 931 608	10 000 000
	32 213 206	21 304 268

(*) This category of investment was presented in 2010 under "held to maturity investments".

B - By currency	2011	2010
Euros	2 753 250	11 304 268
USD	24 076 086	10 000 000
KWD	5 383 870	-
	32 213 206	21 304 268

C - By maturity	2011	2010
From 3 months to 1 year	3 595 491	8 631 268
Over 1 year	28 617 715	12 673 000
	32 213 206	21 304 268

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.

8. LOANS AND ADVANCES, NET

	2011	2010
Bank and financial institutions	96 462 306	104 594 443
Corporate businesses, private and others	26 622 288	29 585 562
	123 084 594	134 180 004
Allowances for loan losses	(17 120 227)	(14 345 243)
	105 964 367	119 834 761

8.1 Geographical analysis

	<u>2011</u>	<u>2010</u>
Middle East/ Africa	105 964 367	119 834 761
	<u><u>105 964 367</u></u>	<u><u>119 834 761</u></u>

8.2 Maturity analysis

	<u>2011</u>	<u>2010</u>
Up to 3 months	16 041 303	23 481 996
From 3 months to 1 year	69 374 678	47 855 663
Over 1 year	20 548 386	48 497 103
	<u><u>105 964 367</u></u>	<u><u>119 834 761</u></u>

8.3 Allowances for loan losses

The movements of allowance for loan losses are as follows :

	<u>Specific allowance</u>	<u>Collective allowance</u>	<u>Total</u>
Balance at 31 December 2010	12 830 000	1 515 243	14 345 243
Allowances of the year	2 981 544	-206 560	2 774 984
Balance at 31 December 2011	<u><u>15 811 544</u></u>	<u><u>1 308 683</u></u>	<u><u>17 120 227</u></u>

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 1 309 KUS\$. This amount has been calculated using the model as 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

	<u>Loans and advances</u>	<u>Suspended interest</u>	<u>Provisions</u>	<u>Collateral held against NPL</u>
Bank and financial institutions	26 841 649	-	15 068 330	4 000 000
Corporate businesses, private and others	5 049 740	505 903	743 214	3 238 419

<u>31 891 389</u>	<u>505 903</u>	<u>15 811 544</u>	<u>7 238 419</u>
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9. ACCRUED INTEREST AND OTHER ASSETS

	<u>2011</u>	<u>2010</u>
Accrued interest receivable	420 665	680 257
Prepayments	1 407 966	1 713 624
	<u>1 828 631</u>	<u>2 393 881</u>

10. PROPERTY AND EQUIPMENT

	<u>Net value 2011</u>	<u>Net value 2010</u>
Land	700 000	700 000
Building	1 487 832	1 640 338
Office furniture and other fixed assets	628 774	690 597
Total net	<u>2 816 606</u>	<u>3 030 935</u>

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	<u>2011</u>	<u>2010</u>
Repayable on demand	1 039 481	493 796
Up to 3 months	157 654 144	147 059 578
From 3 months to 1 year	19 738 720	33 203 105
	<u>178 432 345</u>	<u>180 756 479</u>

12. DEPOSITS FROM CUSTOMERS

	<u>2011</u>	<u>2010</u>
Up to 3 months	238 989 840	247 280 363
From 3 months to 1 year	5 825 712	5 284 355
	<u>244 815 552</u>	<u>252 564 718</u>

13. ACCRUED INTEREST AND OTHER LIABILITIES

	<u>2011</u>	<u>2010</u>
Accrued interest payable	404 052	528 493
Waiting for settlement	1 042 701	517 521
Accrued expenses	2 151 743	1 851 728
Retirement benefits provision	2 830 623	2 306 099
Other liabilities	3 689 142	3 239 263
	<u><u>10 118 261</u></u>	<u><u>8 443 104</u></u>

14. SHAREHOLDERS' EQUITY

	<u>2011</u>	<u>2010</u>
Share capital	50 000 000	50 000 000
Reserves including: (a)	17 456 272	21 668 139
<i>Investments Fair Value reserve</i>	-7 604 284	168 139
Retained earnings	5 931 706	7 075 547
Net profit of the period	10 307 657	6 605 562
	<u><u>83 695 635</u></u>	<u><u>85 349 248</u></u>

The ordinary general meeting of 2011 decided the allocation of 2010 net profit and retained earnings as follows:

Net profit 2010	6 605 562
Retained earnings as at 31/12/2010	7 075 547
	<u><u>13 681 109</u></u>

Allocation

Social fund	200 000
Legal reserve	660 556
General reserve	2 900 000
Dividends	5 000 000
Retained earnings as at 31/12/2011	4 920 553
	<u><u>13 681 109</u></u>

a- Reserves are detailed as follows :

	<u>2011</u>	<u>2010</u>
Statutory Reserves	5 660 556	5 000 000
General reserve	18 400 000	15 500 000

Revaluation reserve	1 000 000	1 000 000
Fair value Reserve	-7 604 284	168 139
	<u>17 456 272</u>	<u>21 668 139</u>

15. INTEREST INCOME

	<u>2011</u>	<u>2010</u>
Interest on interbank placements	3 081 027	2 420 253
Interest on loans and advances	3 270 936	2 927 395
	<u>6 351 963</u>	<u>5 347 648</u>

16. OTHER INCOME

	<u>2011</u>	<u>2010</u>
Investment income (16.1)	8 933 798	3 456 882
Net foreign exchange gains	3 648 825	4 060 504
Fees and commissions	4 704 550	3 931 487
	<u>17 287 173</u>	<u>11 448 873</u>

16.1 Investment income

	<u>2011</u>
Interest on financial assets at amortized cost	2 591 843
Dividends from investment in associated companies	6 142 058
Dividends from financial assets at fair value through other comprehensive income	280 373
Dividends from financial assets designated at fair value through P&L	28 986
Losses on financial assets designated at fair value through P&L	-109 462
	<u>8 933 798</u>

17. INTEREST EXPENSES

	<u>2011</u>	<u>2010</u>
Interest expenses on deposits and collaterals	723 300	440 365
Interest expenses on interbank deposits	1 953 339	1 756 480

<u>2 676 639</u>	<u>2 196 845</u>
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18. SALARIES AND BENEFITS

	<u>2011</u>	<u>2010</u>
Wages and salaries	3 154 118	3 013 456
Social security costs	614 728	655 995
Pension costs	537 426	243 730
Other	8 603	9 653
	<u>4 314 875</u>	<u>3 922 834</u>

19. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>2011</u>	<u>2010</u>
Depreciation	390 679	348 644
Premises costs	336 150	281 756
IT costs	159 933	163 976
Communication	339 516	328 214
Marketing & Advertising costs	157 937	211 268
Board fees	273 000	223 000
Tax	959 926	409 677
Administration costs	947 840	1 129 745
	<u>3 564 981</u>	<u>3 096 280</u>

20. EARNINGS PER SHARE

	<u>2011</u>	<u>2010</u>
Net profit attributable to ordinary equity holders	10 307 657	6 605 562
Weighted average number of ordinary shares	5 000 000	5 000 000
Basic earnings per share	<u>2,06</u>	<u>1,32</u>

21. COMMITMENTS AND CONTINGENCIES

	<u>2011</u>	<u>2010</u>
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Forward exchange contracts purchases	11 155 034	4 092 537
Forward exchange contracts sales	11 163 038	4 100 893
Letters of credit, guarantees and acceptances	22 782 324	30 174 085
	45 100 396	38 367 515

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	2 042 874	-	-	2 042 874
Debt Securities	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity Securities	12 511 913	16 636 921	-	29 148 834
Debt Securities	-	-	-	-
Financial assets measured at amortized cost				
Equity Securities	-	-	-	-
Debt Securities	26 829 336	5 383 870	-	32 213 206
Investments in associated companies				
Equity Securities	-	49 155 151	-	49 155 151
Debt Securities	-	-	-	-
	41 384 123	71 175 942	-	112 560 065

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 2011** 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	13 407 666	-	-	1 358 232	14 765 898
Time deposits	273 806 664	5 319 562	-	-	279 126 226
Financial assets designated at fair value through P&L	-	-	-	2 042 874	2 042 874
Financial assets at fair value through other comprehensive income	-	-	-	29 148 834	29 148 834
Financial assets measured at amortized cost	-	3 595 491	28 617 715	-	32 213 206
Investments in associated companies	-	-	-	49 155 151	49 155 151
Loans and advances, net	16 041 303	69 374 678	20 548 386	-	105 964 367
Accrued interest and other assets	-	-	-	1 828 631	1 828 631
Property and equipment	-	-	-	2 816 606	2 816 606
Total assets	303 255 633	78 289 731	49 166 101	86 350 328	517 061 793
Deposits from Banks and financial institutions	158 693 625	19 738 720	-	-	178 432 345
Deposits from customers	238 989 840	5 825 712	-	-	244 815 552
Accrued interest and other liabilities	-	-	-	10 118 261	10 118 261
Shareholders' equity	-	-	-	83 695 635	83 695 635
Total liabilities and shareholders' equity	397 683 465	25 564 432	-	93 813 896	517 061 793

	<u>2011</u>	<u>2010</u>
US Dollars	%	%
Assets	0.20 - 6.53	0.88 - 5.46
Liabilities	0.13 - 1.10	0.33 - 1.09
Kuwaiti Dinars		
Assets	-	-
Liabilities	2.50	2.50
Tunisian Dinars		
Assets	4.00 - 6.00	4.77 - 8.00
Liabilities	5.50 - 5.00	3.73 - 5.00
Euros		
Assets	0.25 - 7.75	0.65 - 4.30
Liabilities	0.38- 1.90	0.50- 0.95
British Pounds		
Assets	0.40 - 0.47	0.51
Liabilities	0.25 - 0.38	0.40

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 as of 31 December 2011:

	<u>2011 - 000'USD</u>	
	<u>Long position</u>	<u>Short position</u>
Euros	-	-1 389
Tunisian Dinars	-	-4
Saudi Riyals	9	-
British Pounds	-	-307
Japanese Yen	-	-3
Moroccan Dirham	9	-
Canadian Dollars	54	-
Swiss Francs	33	-
Arab Emarat Dirham	15	-
Others	90	-141
	<u>210</u>	<u>-1 844</u>

25. LIQUIDITY RISK

The maturity profile of the assets and liabilities at **31 December 2011** was as follows:

	<u>Up to 3 months</u>	<u>3 month to 1 year</u>	<u>1 year to 5 years</u>	<u>Undated</u>	<u>TOTAL</u>
Bank demand and call deposits	14 765 898	-	-	-	14 765 898
Time deposits	273 806 664	5 319 562	-	-	279 126 226
Financial assets designated at fair value through P&L	2 042 874	-	-	-	2 042 874
Financial assets at fair value through other comprehensive income	-	-	-	29 148 834	29 148 834
Financial assets measured at amortized cost	-	3 595 491	28 617 715	-	32 213 206
Investments in associated companies	-	-	-	49 155 151	49 155 151
Loans and advances, net	16 041 303	69 374 678	20 548 386	-	105 964 367
Accrued interest and other assets	-	-	-	1 828 631	1 828 631
Property and equipment	-	-	-	2 816 606	2 816 606
Total assets	<u>306 656 739</u>	<u>78 289 731</u>	<u>49 166 101</u>	<u>82 949 222</u>	<u>517 061 793</u>
Deposits from Banks and financial institutions	158 693 625	19 738 720	-	-	178 432 345
Deposits from customers	238 989 840	5 825 712	-	-	244 815 552
Accrued interest and other liabilities	-	-	-	10 118 261	10 118 261
Shareholders' equity	-	-	-	83 695 635	83 695 635
Total liabilities and shareholders' equity	<u>397 683 465</u>	<u>25 564 432</u>	<u>-</u>	<u>93 813 896</u>	<u>517 061 793</u>

26. RELATED PARTIES BALANCES & TRANSACTIONS

December 2011

Assets	Major shareholder "BB"	Associated companies "AGB"	Key management	Others Related Parties	Total
Bank demand and call deposits	75 049	2 639		0	77 688
Time deposits	58 483 110	-		20 000 000	78 483 110
Financial assets designated at fair value through P&L				45 526	45 526
Financial assets at fair value through other comprehensive income				6 631 796	6 631 796
Financial assets measured at amortized cost				9 547 738	9 547 738
				17 763 118	17 763 118
Investments in Associated Companies		- 49 155 151		0	49 155 151
Loans and advances, net			1 374 284	1 170 922	2 545 206
Accrued Interest receivable	1 389			34 247	35 636
	58 559 548	49 157 790	1 374 284	55 193 347	164 284 969
Liabilities					
Deposits from Banks and financial institutions	61 044 003	-		4 827 143	65 871 146
Accrued Interest payable	128			27 518	27 646
	61 044 131	0	0	4 854 661	65 898 792
Off-Balance sheet					
Letters of credit, guarantees and acceptances		5 520 304		618 153	6 138 457
		0		618 153	6 138 457

December 2011

Income Statement	Major shareholder "BB"	Associated companies "AGB"	Key management	Others Related Parties	Total
Interest Income	214 620		38 507	903 770	1 156 897
Other Income, net	-	6 142 058		1 289 659	7 431 717
Interest Expense	-1 018 539			-131 717	-1 150 256
General & Administrative expenses	-	-921 309		-227 500	-1 148 809
	-803 919	5 220 749	38 507	1 834 212	6 289 549

Key management compensation

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

	2011	2010
Short term employee benefits - including salary & bonus	1 046 412	909 290
Accrual for end of services indemnity	130 802	110 502
	1 177 214	1 019 792

27. SEGMENTAL INFORMATION

	2011	2010
Assets		
North America	10 392 455	5 292 000
Europe	137 835 000	164 432 000
Middle East/ Africa	368 834 338	345 167 700
Austria		12 221 850
	517 061 793	527 113 550

Liabilities		
Europe	12 903 000	38 066 500
Middle East/ Africa	420 463 158	403 697 801
	433 366 158	441 764 301

	2011	2010
Investment Income		
Middle East/ Africa	8 330 344	3 455 762
North America	302 659	1 120
Europe	300 795	-
	8 933 798	3 456 882

Interest Income		
Europe	1 263 685	828 835
Middle East/ Africa	5 088 278	4 518 813
	6 351 963	5 347 648

Other Income		
Middle East/ Africa	8 353 375	7 991 990
	8 353 375	7 991 990

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 prices, including changes in interest rates, foreign exchange rates and equity prices.

31. CAPITAL ADEQUACY

The risk asset ratio calculated in accordance with the capital adequacy guidelines issued by the Central Bank of Tunisia, for the Bank is as follows:

Total capital base	<u>82 873 823</u>
Total risk weighted exposure	<u>212 416 073</u>
Capital adequacy	<u>39.0%</u>
Minimum requirement	<u>8%</u>

I- STATUTORY AUDITORS' GENERAL REPORT

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TUNIS INTERNATIONAL BANK
STATUTORY AUDITORS' GENERAL REPORT
Financial statements as at December 31st, 2011

To the Shareholders of Tunis International Bank,

In compliance with the assignment entrusted to us by your General Meeting held in March 26, 2010, we present below our report on the financial statements of Tunis International Bank for the year ended December 31, 2011 and on the specific procedures as prescribed by law and professional standards.

I. Report on the Financial Statements

We have audited the accompanying financial statements of Tunis International Bank which comprise the balance sheet as at December 31st, 2011, the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements present positive equities of USD 83 695 635 including a net income of USD 10 307 657.

1. Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

2. Statutory Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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.

3. Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Tunis International Bank as at December 31st, 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

II. Report on Other Legal and Regulatory Requirements

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

Based on these procedures, we have no observation regarding the consistency of the financial information included in the Board of Directors' report, with the financial statements.

We have also reviewed, in connection with our audit, the internal control procedures related to the financial information processing and reporting. We report, based on our review and as required by the article 3 of the law 94-117 dated November 14th, 1994 as amended by the law 2005-96 dated October 18th, 2005, that we have not pointed out major weaknesses which might affect our opinion on the financial statements.

Furthermore, in accordance with the article 19 of the decree 2001-2728 dated November 20, 2001, we have performed the required examination and have no observation regarding the conformity of Tunis International Bank with the regulatory requirements relating to securities accounts.

Tunis, March 30, 2012

**AMC Ernst & Young
Fehmi LAOURINE**

**Cabinet Mourad GUELLATY
Mourad GUELLATY**

II- STATUTORY AUDITORS' SPECIAL REPORT

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**TUNIS INTERNATIONAL BANK
STATUTORY AUDITORS' SPECIAL REPORT
Financial statements as at December 31st, 2011**

To the Shareholders of Tunis International Bank,

- I. In accordance with the article 71 of the offshore financial institutions code, the articles 200 and followings and the article 475 of Companies Law, we report hereafter on agreements concluded and transactions carried out during the financial year 2011.

Our responsibility is to ensure the compliance of these agreements and transactions with authorization and approval procedures as required by Law as well as their accurate translation within the Financial Statements. We are not required to carry out specific extended audit procedures in order to find out such agreements or transactions. However, we have to report to you, based on information provided to us and those obtained through our audit procedures, on their characteristics and significant provisions, without giving an opinion on their usefulness and relevance. It belongs to you as shareholders to appreciate the opportunity related to such agreements and transactions as part of your approval process.

A- Agreements and transactions concluded in 2011:

We inform you that we have not been informed of any new agreement in 2011 relating to these articles.

B- Transactions related to agreements concluded before 2011:

TIB and UGB have concluded an agreement on February 22nd, 2006 which has been authorized by the Board of Directors dated on July 7th, 2006 and approved by the shareholders Assembly dated on March 18th, 2009. In the frame of this agreement, which is still in force in 2011, TIB has to pay on a yearly basis to UGB an amount of USD 225 thousand relating to assistance services in administrative, organization and banking fields.

C- Obligations and commitments towards General Management and Board members:

C-1- Obligations and commitments towards management as specified by new article 200 II § 5 of companies law are detailed as follows:

- The Chief Executive Officer compensation is defined by a decision of the Chairman of the Board of Directors. This compensation covers a fixed annual salary, bonus and other benefits. As per the bank policy, he also benefits from a retirement allowances.
- The Board members attendance fees are determined by the Board of Directors and submitted to the approval of the Annual shareholders' Meeting.

Tunis International Bank
Financial Statements for the year ended December 31, 2011

C-2- Obligations and commitments towards General Management and Board members as of December 31, 2011 are as follows:

	Current Year Charges (USD)	Liabilities as of December 31st, 2011 (USD)
Short term Management benefits (Excluding Social Security Charges)	660 572	238 684
Retirement benefits	23 449	1 026 763
Total	684 021	1 265 447

Social security charges incurred on short term management benefits amount to USD 108 thousand.

Moreover, our audit has not revealed the existence of other operations or agreements concerned by the articles 71 of the offshore financial institutions code, the articles 200 and followings and the article 475 of Companies Law.

Tunis, March 30, 2012

AMC Ernst & Young
Fehmi LAOURINE

Cabinet Mourad GUELLATY
Mourad GUELLATY