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 2012**. 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 31st, 2012
(Amounts in US Dollars)

ASSETS	Notes	2012	2011
Bank demand and call deposits	3	72 793 033	14 765 898
Time deposits	4	252 974 719	279 126 226
Financial assets designated at fair value through P&L		2 036 455	2 042 874
Financial assets at fair value through other comprehensive income	5	28 523 594	29 148 834
Financial assets measured at amortized cost	6	35 385 118	32 213 206
Investments in associated companies	7	49 155 151	49 155 151
Loans and advances, net	8	98 784 462	105 964 367
Accrued interest and other assets	9	1 136 192	1 828 631
Property and equipments	10	2 918 640	2 816 606
TOTAL ASSETS		**543 707 364**	**517 061 793**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		**456 767 150**	**433 366 158**
Deposits from banks and financial institutions	11	188 471 616	178 432 345
Deposits from customers	12	258 757 346	244 815 552
Accrued interest and other liabilities	13	9 538 188	10 118 261
SHAREHOLDERS' EQUITY	**14**	**86 940 214**	**83 695 635**
Share capital		50 000 000	50 000 000
Reserves		21 280 547	17 456 272
Retained earnings		15 659 667	16 239 363
TOTAL LIABILITIES AND SHAREOLDERS' EQUITY		**543 707 364**	**517 061 793**

INCOME STATEMENT
For the year ended December 31st, 2012
(Amounts in US Dollars)

	Notes	2012	2011
TOTAL INCOME		**21 691 219**	**23 639 136**
Interest income	**15**	4 751 499	6 351 963
Other income, net	**16**	16 939 720	17 287 173
INTEREST EXPENSES		**2 322 992**	**2 676 639**
Interest expenses	**17**	2 322 992	2 676 639
OPERATING INCOME		**19 368 227**	**20 962 497**
Salaries and benefits	**18**	4 266 294	4 314 875
General and administrative expenses	**19**	3 950 864	3 564 981
NET OPERATING INCOME (BEFORE WRITE DOWN AND PROVISIONS)		**11 151 069**	**13 082 641**
Provision for doubtful loans		2 500 000	2 774 984
NET INCOME FOR THE YEAR		**8 651 069**	**10 307 657**
Number of shares		5 000 000	5 000 000
Earning per share		**1,73**	**2,06**

STATEMENT OF COMPREHENIVE INCOME
For the year ended December 31, 2012
(Amounts in US Dollars)

	2012	2011
PROFIT FOR THE YEAR	**8 651 069**	**10 307 657**
Net fair value loss (gain) from financial assets at fair value through other comprehensive income	-206 486	-5 180 503
Other comprehensive (loss) income for the year	**-206 486**	**-5 180 503**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8 444 583**	**5 127 154**

CASH FLOW STATEMENT
For the year ended December 31, 2012
(Amounts in US Dollars)

	2012	2011
OPERATING ACTIVITIES		
Net income of the year	**8 651 069**	**10 307 657**
Adjustments for :		
Depreciation	451 612	390 679
Social fund	-200 000	-200 000
Operating profit before changes in operating assets and liabilities	8 902 681	10 498 336
Changes in operating assets and liabilities		
Time deposits	26 151 507	-17 055 998
Loans and advances	7 179 905	13 870 394
Accrued interest and other assets	692 439	565 250
Deposits from banks and financial institutions	10 039 271	-2 324 134
Deposits from customers	13 941 794	-7 749 166
Accrued interest and other liabilities	-580 074	1 675 157
Net cash provided by operating activities	**66 327 524**	**-520 161**
INVESTING ACTIVITIES		
Purchase of financial assets designated at fair value through P&L	-	-1 214 955
Sales of financial assets designated at fair value through P&L	6 419	-
Purchase of financial assets at fair value through other comprehensive income	-406 188	-
Sales of financial assets at fair value through other comprehensive income	824 939	8 717 141
Purchase of financial assets measured at amortized cost	-6 851 709	-4 712 064
Sales of financial assets measured at amortized cost	3 679 797	9 890 521
Purchase of fixed assets net	-553 647	-176 350
Net cash used by investing activities	**-3 300 389**	**12 504 293**
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	58 027 135	6 984 131
Cash and cash equivalents as of January 1st	14 765 898	7 781 767
Cash and cash equivalents at 31 December	**72 793 033**	**14 765 898**

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2012
(Amounts in US Dollars)

	Share Capital	Statutory Reserve	General Reserve	Revaluation Reserve	Investment FV reserve	Retained Earnings	Total
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 statuary 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**
Net income for the period						8 651 069	8 651 069
Other comprehensive income					-206 486		-206 486
Resorption investment revaluation reserve			-7 604 288		7 604 284		-4
Total comprehensive income			***-7 604 288***		***7 397 798***	***8 651 069***	***8 444 579***
Transfer to statuary 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
Balance at December 31, 2012	**50 000 000**	**6 691 321**	**13 795 712**	**1 000 000**	**-206 486**	**15 659 667**	**86 940 214**

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

Impairment of financial assets measured at amortized 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.

(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

	2012	2011
Cash	943 955	1 358 232
Due from Banks	71 849 078	13 407 666
	72 793 033	**14 765 898**

4. Time deposits

	2012	2011
Up to 3 months	248 397 566	273 806 664
From 3 months to 1 year	4 577 153	5 319 562
	252 974 719	**279 126 226**

5. Financial assets at fair value through other comprehensive income

A - By nature	**2012**	**2011**
Listed securities	12 619 771	12 511 912
Unlisted securities	15 903 823	16 636 922
	28 523 594	**29 148 834**

B - By currency	**2012**	**2011**
Kuwaiti Dinars	22 090 301	21 912 310
US Dollars	1 720 390	1 628 311
Bahrain Dinars	3 133 289	3 133 289
United Arab Emirate Dirhams	824 939	1 649 922
Tunisian Dinars	754 675	825 002
	28 523 594	**29 148 834**

6. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A - By nature	2012	2011
Government bonds and debt securities	4 133 646	7 281 598
Other bonds and debts securities	31 251 472	24 931 608
	35 385 118	**32 213 206**

B - By currency	2012	2011
Euros	3 183 646	2 753 250
USD	26 860 923	24 076 086
KWD	5 340 549	5 383 870
	35 385 118	**32 213 206**

C - By maturity	2012	2011
Up to 3 months	3 183 646	-
From 3 months to 1 year	5 340 549	3 595 491
Over 1 year	26 860 923	28 617 715
	35 385 118	**32 213 206**

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

	2012	2011
Bank and financial institutions	84 793 034	96 462 306
Corporate businesses, private and others	20 127 840	26 622 288
	104 920 874	**123 084 594**
Allowances for loan losses	(6 136 412)	(17 120 227)
	98 784 462	**105 964 367**

8.1 Geographical analysis

	2012	2011
Middle East/Africa	98 784 462	105 964 367
	98 784 462	**105 964 367**

8.2 Maturity analysis

	2012	2011
Up to 3 months	13 461 201	16 041 303
From 3 months to 1 year	70 609 198	69 374 678
Over 1 year	14 714 063	20 548 386
	98 784 462	**105 964 367**

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 2011	**15 811 544**	**1 308 683**	**17 120 227**
Allowances of the year	2 500 000	-	2 500 000
Amounts written off	-13 500 000	-	-13 500 000
Reclassification	646 034	-646 034	-
Exchange adjustment	16 185	-	16 185
Balance at 31 December 2012	**5 473 763**	**662 649**	**6 136 412**

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 the model as indicated in the CBT circular N°2012-20 of December 6th, 2012.

8.4 Non-performing loans

	Loans and advances	Interest suspended	Provisions	Collateral held against NPL
Bank and financial institutions	20 259 320	441 486	4 401 663	4 000 000
Corporate businesses, private and others	3 994 335	735 885	1 072 100	2 181 621
	24 253 655	**1 177 371**	**5 473 763**	**6 181 621**

9. ACCRUED INTEREST AND OTHER ASSETS

	2012	2011
Accrued interest receivable	486 783	420 665
Prepayments	649 409	1 407 966
	1 136 192	**1 828 631**

10. PROPERTY AND EQUIPMENT

	Net value 2012	Net value 2011
Land	700 000	700 000
Building	1 342 593	1 487 832
Office furniture and other fixed assets	876 047	628 774
Total net	**2 918 640**	**2 816 606**

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2012	2011
Repayable on demand	1 887 427	1 039 481
Up to 3 months	182 561 648	157 654 144
From 3 months to 1 year	4 022 541	19 738 720
	188 471 616	**178 432 345**

12. Deposits from customers

	2012	2011
Up to 3 months	253 561 048	238 989 840
From 3 months to 1 year	5 196 298	5 825 712
	258 757 346	**244 815 552**

13. Accrued interest and other liabilities

	2012	2011
Accrued interest payable	273 644	404 052
Waiting for settlement	834 910	1 042 701
Accrued expenses	2 352 995	2 151 743
Retirement benefits provision	2 896 596	2 830 623
Other liabilities	3 180 043	3 689 142
	9 538 188	**10 118 261**

14. Shareholders' equity

	2012	2011
Share capital	50 000 000	50 000 000
Reserves including: (a)	21 280 547	17 456 272
Investments Fair Value reserve	*-206 486*	*-7 604 284*
Retained earnings	7 008 598	5 931 706
Net profit of the period	8 651 069	10 307 657
	86 940 214	**83 695 635**

The ordinary general meeting of 2012 decided the allocation of 2011 net profit and retained earnings as follows:

Net profit 2011	10 307 657
Retained earnings as at 31/12/2011	5 931 706
	16 239 363

Allocation

Social fund	200 000
Legal reserve	1 030 765
General reserve	3 000 000
Dividends	5 000 000
Retained earnings as at 31/12/2012	7 008 598
	16 239 363

a- Reserves are detailed as follows :

	2012	2011
Statutory Reserves	6 691 321	5 660 556
General reserve	13 795 712	18 400 000
Revaluation reserve	1 000 000	1 000 000
Fair value Reserve	-206 486	-7 604 284
	21 280 547	**17 456 272**

15. INTEREST INCOME

	2012	2011
Interest on interbank placements	2 241 983	3 081 027
Interest on loans and advances	2 509 517	3 270 936
	4 751 499	**6 351 963**

16. OTHER INCOME

	2012	2011
Investment income (16.1)	9 458 231	8 933 798
Foreign exchange	2 602 913	3 648 825
Fees and commissions	4 878 576	4 704 550
	16 939 720	**17 287 173**

16.1 Investment income

	2012
Interest on financial assets at amortized cost	2 496 755
Dividends from investment in associated companies	6 614 844
Dividends from financial assets at fair value through other comprehensive income	504 482
Dividends from financial assets designated at fair value through P&L	24 691
Losses on financial assets designated at fair value through P&L	-114 686
Fees on financial assets	-67 856
	9 458 231

17. Interest expenses

	2012	2011
Interest expenses on deposits and collaterals	490 644	723 300
Interest expenses on interbank deposits	1 832 347	1 953 339
	2 322 992	**2 676 639**

18. Salaries and benefits

	2012	2011
Wages and salaries	3 325 934	3 154 118
Social security costs	596 950	614 728
Pension costs	332 800	537 426
Other	10 610	8 603
	4 266 294	**4 314 875**

19. General and administrative expenses

	2012	2011
Depreciation	451 612	390 679
Premises costs	357 911	336 150
IT costs	167 423	159 933
Communication	330 179	339 516
Marketing & Advertising costs	168 878	157 937
Board fees	273 000	273 000
Tax	1 074 720	959 926
Administration costs	1 127 141	947 840
	3 950 864	**3 564 981**

20. Earnings per share

	2012	2011
Net profit attributable to ordinary equity holders	8 651 069	10 307 657
Weighted average number of ordinary shares	5 000 000	5 000 000
Basic earnings per share	**1,73**	**2,06**

21. COMMITMENTS AND CONTINGENCIES

	2012	2011
Forward exchange contracts purchases	16 918 948	11 155 034
Forward exchange contracts sales	16 927 485	11 163 038
Letters of credit, guarantees and acceptances	18 047 718	22 782 324
	51 894 151	**45 100 396**

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	2 036 455	-	-	**2 036 455**
Debt Securities	-	-	-	**-**
Financial assets at fair value through other comprehensive income				
Equity Securities	12 619 771	15 903 823	-	**28 523 594**
Debt Securities	-	-	-	**-**
Financial assets measured at amortized cost				
Equity Securities	-	-	-	**-**
Debt Securities	35 385 118	-	-	**35 385 118**
Investments in associated companies				
Equity Securities	-	49 155 151	-	**49 155 151**
Debt Securities	-	-	-	**-**
	50 041 344	**65 058 974**	**-**	**115 100 318**

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 2012** 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	71 849 078	-	-	943 955	**72 793 033**
Time deposits	248 397 566	4 577 153	-	-	**252 974 719**
Securities held for trading	-	-	-	2 036 455	**2 036 455**
Investments held at fair value through equity	-	-	-	28 523 594	**28 523 594**
Held to maturity investments	3 183 646	5 340 549	26 860 923	-	**35 385 118**
Investments in associated companies	-	-	-	49 155 151	**49 155 151**
Loans and advances, net	13 461 201	70 609 198	14 714 063	-	**98 784 462**
Accrued interest and other assets	-	-	-	1 136 192	**1 136 192**
Property and equipment	-	-	-	2 918 640	**2 918 640**
Total assets	**336 891 491**	**80 526 900**	**41 574 986**	**84 713 987**	**543 707 364**
Deposits from Banks and financial institutions	184 449 075	4 022 541	-	-	**188 471 616**
Deposits from customers	253 561 048	5 196 298	-	-	**258 757 346**
Accrued interest and other liabilities	-	-	-	9 538 188	**9 538 188**
Shareholders' equity	-	-	-	86 940 214	**86 940 214**
Total liabilities and shareholders' equity	**438 010 123**	**9 218 839**	**-**	**96 478 402**	**543 707 364**

	2012	2011
US Dollars	%	%
Assets	0.05 - 8.60	0.20 - 6.53
Liabilities	0.06 – 1.25	0.13 – 1.10
Kuwaiti Dinars		
Assets	2.37 – 2.5	-
Liabilities	2.00 – 2.50	2.50
Tunisian Dinars		
Assets	3.30 – 6.25	4.00 – 6.00
Liabilities	2.25 - 5.00	5.50 - 5.00
Euros		
Assets	0.01 - 7.00	0.25 - 7.75
Liabilities	0.06 - 2.30	0.38- 1.90
British Pounds		
Assets	0.40 – 1.45	0.40 – 0.47
Liabilities	0.25 – 0.50	0.25 – 0.38

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 2012:

	2012 - 000'USD	
	Long position	**Short position**
Euros	-	-163
Tunisian Dinar	-	-39
Saudi Riyals	17	-
British Pounds	-	-1
Japanese Yen	13	-
Moroccan Dirham	13	-
Canadian Dollar	56	-
Kuwaiti Dinar	-	-14
Bahraini Dinar	-	-74
Danish Kroner	72	-
Libyan Dinar	16	-
Algerian Dinar	3	-
Swiss Francs	2	-
Arab Emirate Dirham	93	-
Other	2	-7
	287	**-298**

25. LIQUIDITY RISK

The maturity profile of the assets and liabilities at **31 December 2012** was as follows:

	Up to 3 months	3 month to 1 year	1 year to 5 years	Undated	TOTAL
Bank demand and call deposits	72 793 033	-	-	-	**72 793 033**
Time deposits	248 397 566	4 577 153	-	-	**252 974 719**
Securities held for trading	2 036 455	-	-	-	**2 036 455**
Investments held at fair value through equity	-	-	-	28 523 594	**28 523 594**
Held to maturity investments	3 183 646	5 340 549	26 860 923	-	**35 385 118**
Investments in associated companies	-	-	-	49 155 151	**49 155 151**
Loans and advances, net	13 461 201	70 609 198	14 714 063	-	**98 784 462**
Accrued interest and other assets	-	-	-	1 136 192	**1 136 192**
Property and equipment	-	-	-	2 918 640	**2 918 640**
Total assets	**339 871 901**	**80 526 900**	**41 574 986**	**81 733 577**	**543 707 364**
Deposits from Banks and financial institutions	184 449 075	4 022 541	-	-	**188 471 616**
Deposits from customers	253 561 048	5 196 298	-	-	**258 757 346**
Accrued interest and other liabilities	-	-	-	9 538 188	**9 538 188**
Shareholders' equity	-	-	-	86 940 214	**86 940 214**
Total liabilities and shareholders' equity	**438 010 123**	**9 218 839**	**-**	**96 478 402**	**543 707 364**

26. RELATED PARTY BALANCES & TRANSACTIONS

December 2012

Assets	Major shareholder "BB"	Associated companies "AGB"	Key management	Others Related Parties	Total
Bank demand and call deposits	10 922	2 550	-	0	13 472
Time deposits	49 845 400	-	-	20 000 000	69 845 400
Financial assets designated at fair value through P&L	-	-	-	210 448	210 448
Financial assets at fair value through other comprehensive income	-	-	-	5 766 727	5 766 727
Financial assets measured at amortized cost	-	-	-	15 252 772	15 252 772
Investment managed by a related party	-	-	-	13 124 774	13 124 774
Investments in Associated Companies	-	49 155 151	-	0	49 155 151
Loans and advances, net	-	-	1 243 440	0	1 243 440
Accrued Interest receivable	1 196	-	-	34 521	35 717
	49 857 518	**49 157 701**	**1 243 440**	**54 389 242**	**154 647 901**
Liabilities					
Deposits from Banks and financial institutions	55 706 504	-	-	4 022 164	59 728 668
Accrued Interest payable	47 429	-	-	22 486	69 915
	55 753 933	**-**	**-**	**4 044 650**	**59 798 583**
Off-Balance sheet					
Letters of credit, guarantees and acceptances	-	4 855 704	-	-	4 855 704
	-	**4 855 704**		**-**	**4 855 704**

December 2012

Income Statement	Major shareholder "BB"	Associated companies "AGB"	Key management	Others Related Parties	Total
Interest Income	121 113	-	37 748	984 248	1 143 109
Other Income, net	-	6 614 844	-	1 510 314	8 125 158
Interest Expense	-1 188 300	-	-	-123 774	-1 312 074
General & Administrative expenses	-	-992 227	-	-227 500	-1 219 727
	-1 067 187	**5 622 617**	**37 748**	**2 143 288**	**6 736 466**

Key management compensation

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

	2012	2011
Short term employee benefits - including salary & bonus	892 030	1 046 412
Accrual for end of services indemnity	64 364	130 802
	956 394	**1 177 214**

27. SEGMENTAL INFORMATION

	2012	2011
Assets		
North America	12 622 000	10 392 455
Europe	138 680 000	137 835 000
Middle East/ Africa	392 405 364	368 834 338
	543 707 364	**517 061 793**
Liabilities		
Europe	43 842 000	12 903 000
Middle East/ Africa	412 925 150	420 463 158
	456 767 150	**433 366 158**

	2012	2011
Investment Income		
Middle East/ Africa	8 745 254	8 330 344
North America	399 957	302 659
Europe	313 020	300 795
	9 458 231	**8 933 798**
Interest Income		
Europe	493 044	1 263 685
Middle East/ Africa	4 258 455	5 088 278
	4 751 499	**6 351 963**
Other Income		
Middle East/ Africa	7 481 489	8 353 375
	7 481 489	**8 353 375**

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	87 351 931
Total risk weighted exposure	202 381 005
Capital adequacy	**43.2%**
Minimum requirement	**8%**

AMC Ernst & Young
Société inscrite au tableau de l'OECT
Boulevard de la terre - Centre Urbain Nord
1003 Tunis - Tunisie
Tél : 70 749 111 Fax : 70 749 045

Mourad Guellaty
Résidence Raoudha Esc 4 – Les Berges du Lac
Po. Box 1 - Tunisie
Téléphone : + 216 71 960 098 / + 216 71 960 176
Fax : + 216 71 960 589
E-mail : contact@cabinetguellaty.com

TUNIS INTERNATIONAL BANK
STATUTORY AUDITORS' GENERAL REPORT

Financial statements as at December 31st, 2012

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 31st, 2012 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, 2012 and the income statement, statement of comprehensive income, statement of cash flows and 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 86 940 214 including a net income of USD 8 651 069.

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, 2012, 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 7th, 2013

AMC Ernst & Young
Fehmi LAOURINE

Cabinet Mourad GUELLATY
Mourad GUELLATY

II- STATUTORY AUDITORS' SPECIAL REPORT

AMC Ernst & Young
Société inscrite au tableau de l'OECT
Boulevard de la terre - Centre Urbain Nord
1003 Tunis - Tunisie
Tél : 70 749 111 Fax : 70 749 045

Mourad Guellaty
Résidence Raoudha Esc 4 – Les Berges du Lac
Po. Box 1 - Tunisie
Téléphone : + 216 71 960 098 / + 216 71 960 176
Fax : + 216 71 960 589
E-mail : contact@cabinetguellaty.com

TUNIS INTERNATIONAL BANK
STATUTORY AUDIOTORS' SPECIAL REPORT

Financial statements as at December 31st, 2012

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 2012.

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 2012:

We inform you that we have not been informed of any new agreement in 2012 relating to these articles.

B- Transactions related to agreements concluded before 2012:

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, UGB provides to TIB assistance services in administrative, organization and banking fields. In 2012, TIB has estimated and accounted for an amount of USD 350 thousand as total charges related to this agreement.

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.

C-2- Obligations and commitments towards General Management and Board members as of December 31st, 2012 are as follows:

	Current Year Charges (USD)	Liabilities as of December 31st, 2012 (USD)
Short term Management benefits (Including nine Board Members)	685 099*	333 000
Retirement benefits	34 070	1 021 538
Total	**719 169**	**1 354 538**

(*) Excluding Social Security charges amounting to USD 107 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 7th, 2013

AMC Ernst & Young
Fehmi LAOURINE

Cabinet Mourad GUELLATY
Mourad GUELLA