



Blazing the path to the future

Annual Report 2022

Who we are and what we do

QNB Tunisia was launched in the spring of 2013 following the acquisition of 99.96% of the Tunisian Qatari Banks's stakes by the QNB Group. This acquisition came to underpin the Group's development strategy and QNB brand's image at the international level.

As a local subsidiary of QNB Group, QNB Tunisia is an international financial institution with a capital of 644 million dinars. The Bank is operating with over 400 employees serving more than 25 000 customers (Retail and Corporate) through 33 branches and 41 ATMs.

QNB Tunisia currently covers 13 governorates in Tunisia through 33 branches, including two branches dedicated for First clients at Mohamed V Avenue in Tunis and Sousse. In addition to three other "CORPORATE" branches in Hammam Sousse, Rades and Lac 2, as well as four foreign exchange offices : three boxes in Tunis and one box at Djerba-Zarzis airport.

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Board of Directors



Mr. Abdulla Naser Al Khalifa
> Chairman



Mr. Ali Abdulla Darwish
> Member
> Director representing QNB



Mr. Khalil Al Ansari
> Member
> Director representing QNB



Mr. George Bell
> Member
> Director representing QNB



Mr. Alexandre Zibaut
> Member
> Director representing QNB



Mr. Salah Al Madani
> Member
> Director representing QNB



Mr. Talal Al-Mulla
> Member
> Director representing QNB



Mrs. Houda Mekni
> Member
> Independent Director



Ms. Lobna Feki
> Member
> Independent Director

Chairman of the Board of Directors' statement

At QNB Tunisia, we were able to adapt our tactical plan to leverage available opportunities and create value.



Mr. Abudullah Al Khalifa
Chairman of the Board of Directors

“Our strategy last year included building the bank foundations that will enable us to be an industry innovator that moves beyond conventional ideas.”

On behalf of the Board of Directors, I am delighted to present to you the annual report and financial statement of QNB Tunisia for the fiscal year ended December 31st, 2022.

2022 has been a challenging year with the re-emergence of intense geopolitical tension, a pandemic becoming endemic, financial markets volatility at a level not seen since the financial crisis and asset repricing because of monetary tightening to bring down inflation. Soaring inflation, especially energy price inflation driven partly by the war in Ukraine, led to a decline in real incomes and meant that 2022 became “the year of inflation”. These conditions continued in the last quarter of 2022, which saw a continually deteriorating macroeconomic outlook.

Globally, QNB Group delivered another year of strong performance despite the worldwide headwinds. These results reflect the disciplined execution of our strategy: strong governance framework, prudent risk management and robust operating model.

9%
Growth in net profit

QR1,44
Earnings per share

17,3%
Return on equity

USD45.7 Bn
Market capitalisation

At QNB Tunisia, we were able to adapt our tactical plan to leverage available opportunities and create value. Last year, we were able to steer through the challenges of the unpredictable market conditions effectively and achieve an obvious growth in our main activities. As matter of fact, in 2022, loans and deposits increased respectively by 13% and 7%, and NPL ratio decreased by 10%. We did this by aligning to our clients' vision, focusing relentlessly on growth, and maintaining a strong operational rigor. This is a testament to the unwavering determination of our teams to help our clients succeed in their respective industries.

Our strategy last year included building the bank foundations that will enable us to be an industry innovator that moves beyond conventional ideas. The way we interact with customers and partners is evolving rapidly with new requirements and delivery channels becoming part of day-to-day life. At the same time, banking standards and integrity continue to be fundamental to our credibility. This means that a lot of work has been done to ensure a robust infrastructure is in place to manage risks.

To reinforce the Bank's resilience, a capital injection of TND240 million has been performed in March 2022. Thus, the share capital increased from TND154 million to TND394 million. This initiative shows the indefinite support from QNB Group and proof of trust in the economy perspectives.

The Bank remains committed to work in a responsible

manner and protect the environment. We believe that QNB Tunisia has a role to play in supporting environmental protection initiatives through our own activities. Since 2021, policies and procedures have been enhanced to further emphasise compliance with the law and the pursuit of environmentally friendly lending and investment decisions. We do that through the choices we make about how we run our business, and through the commitments, we make proactively to support others in our communities to achieve their goals.

In addition, we continue to take our Corporate Social Responsibility (CSR) seriously and endeavour to support worthy causes. Some of the initiatives that have been funded by QNB Tunisia include health, sanitation, education and general poverty alleviation initiatives.

Finally, I would like to take this opportunity to thank everyone for their commitment and professionalism, and their positive attitude towards embracing change and implementing the Bank's ongoing strategic and cultural transformation.



At QNB Tunisia, we were able to adapt our tactical plan to leverage available opportunities and create value.

Chief Executive Officer’s statement

Overall, despite the difficult economic and social conditions, we have continued our challenge to recover and return to profit.



Mr. Lotfi Debbabi
| Chief Executive Officer

The year 2022 has seen some exceptional and unforgettable events. Indeed, just after the gradual recovery of the post COVID 19 macroeconomic situation, there was the outbreak of the Russo-Ukrainian war, with stressful effects on energy production in the world and the rise in oil, gas and raw material prices.

This staggering rise in materials prices caused a spike in the inflation rate, followed by an escalation of the rate on the international markets: Euribor and Libor, followed by a fall of some local currencies which were either devalued by strategic choice or dropped because of their parity in terms of commercial exchanges: Egyptian Pound, Turkish Lira, Tunisian Dinar....

Tunisia was not exempted from the major effects of this economic recession, on the contrary, the delay in the release of IMF funds, the absence of external financing and the rise in the inflation rate, largely contributed to the drop in the expected growth rate, the increase in domestic and external debt, the downgrading of the sovereign rating and the rise in the bank interest rate.

The tourism sector itself did not experience a great boom

TND 1.660 M

Assets

TND 1.203 M

Deposits

TND 1.426 M

Loans

16.65%

Tiers 1 Capital adequacy ratio

during the year 2022, due to the Russo-Ukrainian war.

The social climate was not very good and did not encourage foreign direct investment, and it was thanks to a slight increase in transfer income from the Tunisian Diaspora that the external deficit was kept under control.

Notwithstanding, this economic and social context, QNB Tunisia has made significant progress in several areas:

- Gross loans increased by 13% to TND1,350m by 2022 yearend as a result of the acceleration business activity that generated TND891m (including renewals)
- Customer Deposits (including FI) attained as of December 2022, TND1,231m against TND1,150m realizing a progress of TND80m (+7%).
- These efficiency efforts continued to bear fruit and allowed operating income to increase by 45%
- Our restructuring efforts aimed to consolidate the Bank’s CAR ratios, as well as the accelerated cleaning up of loan portfolio through recovery, restructuring and write-off.

In addition, during the month of February, a second capitalization operation took place for an amount of

TND240m, this operation allowed to strengthen the solvency ratio to a more than comfortable level, i.e. 19%, which brought the bank’s capital to TND394m.

The bank’s priority remains always the reduction of the level of non-performing loans to an acceptable level through the implementation of a business model built on a sound risk management and a sustained business development.

Indeed, a roadmap for the reduction of non-performing loans (NPLs) was designed with well-defined deadlines and based on the following axes

- Implementation of a proactive alert system for recovery.
- Definition of an appropriate strategy for the resolution of classified debts.
- Construction of an operational action plan with a substantial budget.
- Creation of a Workout unit dedicated exclusively to the reduction of NPLs.
- Establishment of a control system process for the management and monitoring of NPLs.

In addition to the continuous and unwavering commitment to reduce the NPLs, we have worked to develop our loans and deposits.

Overall, despite the difficult economic and social conditions, we have continued our challenge to recover and return to profit.

Several challenges await us during 2023, starting with the new strategic plan that covers the period 2023-2027 and will

reconcile vision to actions to make QNB Tunisia a bank of choice for its customers and employees.

The new strategic plan prepared for the coming period 2023-2027 and whose axes are as follows:

Objectives:

- To have a reassuring resilience and strength.
 - To have an operational cost to ensure greater competitiveness.
 - To become a digital bank.
 - Ensure sustainable profitability.
- To achieve these objectives and vision, powerful means are needed to:
- Focus the activity on the body Business
 - Develop the commercial activity.
 - Strengthen the plan to reduce outstanding debts.
 - Create value through innovation.
 - Invest in human capital.
 - Implementing ESG best practices in our activity.

Of course, this presupposes a number of prerequisites, which are

- A sound risk management system.
- Better delegation of power in credit.
- Better synergy with the group and subsidiaries.
- Human capital with IT and digital skills.



Several challenges await us during 2023, starting with the new strategic plan that covers the period 2023-2027 and will reconcile vision to actions to make QNB Tunisia a bank of choice for its customers and employees.

Strategic report

“We have formulated an effective strategy to leverage our operating environment, return to profitability and secure sustainable value”.

Operating environment

Global economic developments

The world economy has recorded a slowdown in its growth pace mainly due to the outbreak of war between Russia and Ukraine, the major post pandemic event that have led to a disruption in the world supply chain and a soaring inflation across the world. These events have resulted in a tightening in countries' monetary policies, which strongly affected the demand all over the world. In fact, the world economy growth in 2022 reached 2.9% against 5.9% a year ago. The developing countries have performed better than the average world economic growth; their economies have recorded an average growth rate of 3.4%.

Commodities prices measured by the International Commodity Price Indices computed regularly by the World Bank climbed up steeply after the burst of the war between Russia and Ukraine in February 2022. In fact, except for the metals prices index that dropped by 1.2%, on average, because of fears of a recession that will lead to a weaker demand, main commodity indices went upwards such as energy (+60%), chemical fertilizers (+62.6%) and foodstuff (+17.9%). In particular, the price of the barrel of Brent rose by 41.7% on average, over 2022, reaching 99.8 dollars against 70.4 dollars a year earlier.

Major repercussion of the war and the continuing supply chain disruption worldwide was the soar of inflation all across the world. However, inflation rates decelerated in the main advanced economies over the last months of the year, in the wake of monetary policies tightening and eased-up energy prices. In fact, except for Japan, where the inflation rate rose to 4% in annual shift over December 2022 (against 3.8% in the previous month): its highest level for 40 years, consumer prices eased up, over the same month in the United States coming to 6.5% against 7.1% a month before, in line with slower energy prices (7.3% vs. 13.1%). Likewise, in the Euro Zone, the inflation rate decreased, from 10.1% in last November to 9.2% in December 2022. However, prices excluding energy and non-processed foodstuff in the Euro Zone rose during the same month: 6.9% against 6.6% in the previous month.

High inflation has triggered a tightening in the Monetary Policy of different countries. In fact, major banks have increased their policy rates significantly to curb inflation. The Federal Reserve decided, during its last meeting of the

year on 14 December 2022, to raise its key interest rate, for the seventh time by 50 basis points, to land in the 4.25% - 4.5% range. Market analysts expect the Federal Reserve to further increase its policy rates over 2023 but at lower pace. Similarly, the European Central Bank decided, during its meeting held on 15 December 2022, to raise, for the fourth time of the year, its main key rates by 50 bps. Thus, the interest rates of main refinancing operations, marginal loan facility and deposit facility reached 2.50%, 2.75% and 2.0% respectively. The ECB has declared that other rate increases will occur over 2023 until the inflation rate is brought to its target level (2%) in a persistent way.

With Regard to the international Capital Market, major stock indices showed negative performances. In fact, the American Dow Jones and NASDAQ regressed by 8.8% and 33.1%, respectively, mainly affected by the rigorous monetary tightening in the United States, in addition to the dollar's appreciation. Similarly, the French CAC40 index and the Japanese Nikkei index closed for the year on a drop by 9.5% and 9.4%, respectively.

Economic prospects for Tunisia

For the whole year 2022, the economic growth slew down to +2.2% against +4.3% a year earlier, mainly affected by the Russian-Ukrainian crisis and the drop in growth of main economic partners mainly the EU. For the year 2023, economic activity is expected to continue to slow down with a growth rate as low as 1.8%. In fact, geopolitical tensions will have an impact on foreign demand, mainly from the Euro Zone, Tunisia's main partner, while the high inflation level will weigh down on household consumption, in addition to the adverse weather conditions, which will affect the agricultural season. Moreover, the unemployment rate stood, over the third quarter of 2022, at the same level as the one of the previous quarter at 15.3%, against 16.1% registered over the first quarter of the year and 16.2% over the last quarter of 2021.

The inflation has surged during 2022 measured by the household consumer prices general index, average inflation posted 8.3% against 5.7% a year earlier.

The Tunisian stock exchange has shown negative performance as measured by its main index TUNINDEX which has recorded a decrease of 2.6%.



The developing countries have performed better than the average world economic growth; their economies have recorded an average growth rate of 3.4%.

Strategic report

“We have formulated an effective strategy to leverage our operating environment, return to profitability and secure sustainable value”.

QNB Tunisia at a glance

QNB Tunisia aims to develop its strategy as a strong player for Top-tier customers in the Tunisian market.

This has come as a result of its strategy to remain a committed business partner to its clients during all times through an optimized countrywide coverage Network.

Our core business is focusing on:

- Wholesale and Commercial Banking

QNB Tunisia has capitalized on its experience to build a

comprehensive suite of wholesale, commercial and Small and Medium Enterprise (SME) banking products and services. These include corporate banking structured finance, project finance, transaction banking, financial institutions, treasury, investment banking and advisory services.

- Retail Banking

Our retail value proposition is underpinned by cutting-edge digital technology and innovation delivered with a human touch.

QNB Tunisia has managed to capitalize on its leading position as a pioneer in developing and industrializing a world-class retail banking service.

Our best achievement is to make QNB First a unique customer experience in Tunisian market through premium relationship management and wide tailored financial services.

Our stakeholders



Customers
23.8K



Branches
34



Business Center
3



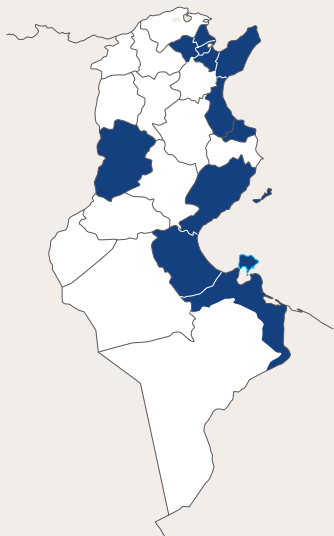


Staff
384



ATMs
41

QNB Tunisia countrywide coverage Network



Governorate	#of branches
Tunis	10
Sousse	5
Sfax	4
Ben Arous	4
Ariana	2
Nabeul	2
Monastir	2
La Manouba	1
Siliana	1
Kasserine	1
Gabes	1
Medenine	1

Part of a highly rated Group with a significant international presence

As part of QNB Group, we, at QNB Tunisia, seek to contribute to the Group’s aspiration to become a leading bank in Middle East, Africa & South East Asia. Building on our firm’s success.

Our financial strength



Net profit



Assets



Return on Equity



Capital adequacy ratio
(Basel III)

USD 3.9 bn

USD 327 bn

17.3%

19.6%

Our top-tier ratings

Long-term credit rating	Moody’s	Standard & Poor’s	Fitch	Capital Intelligence
	Aa3	A+	A	AA-
ESG ratings	MSCI	S&P CSA	FTSE4Good	
	A	46 (82 nd percentile)	Constituent	



Branches



Representative offices



Subsidiaries

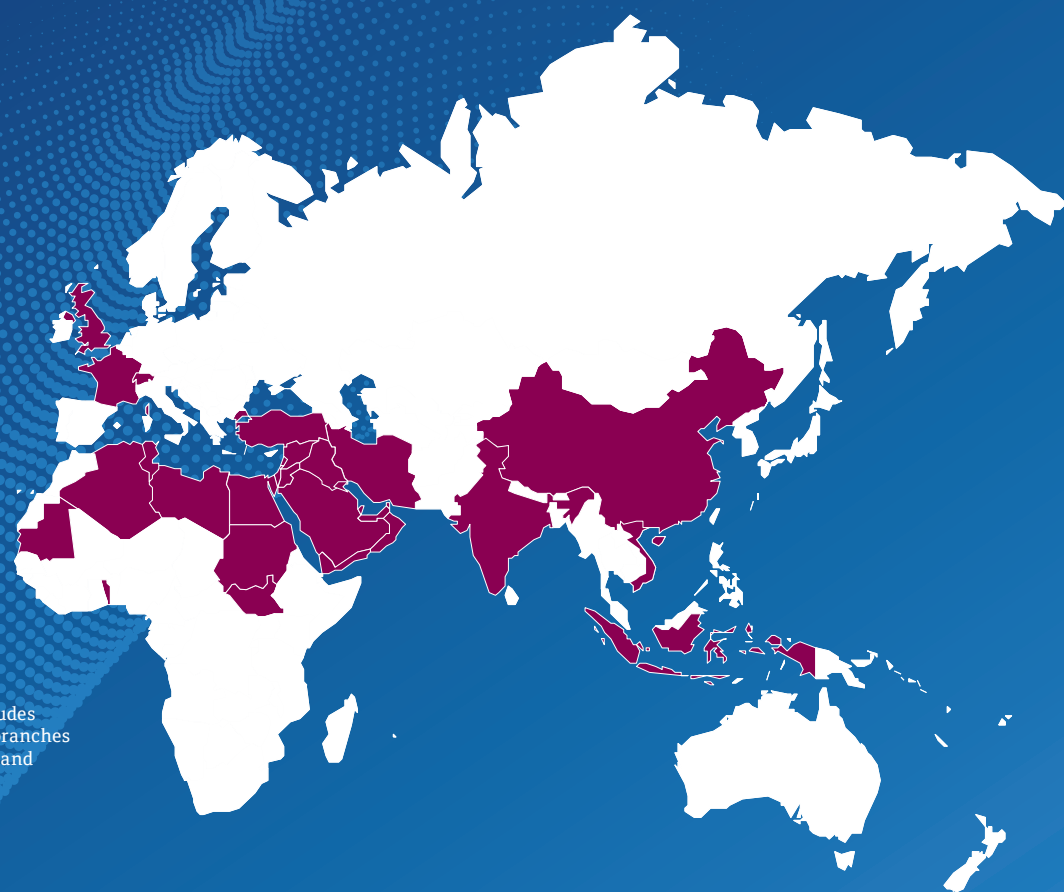


Associates



Note: Map includes international branches of subsidiaries and associates

¹ Dormant



QNB Tunisia's Strategy

Our vision is to build the bank foundations for growth and transformation through the expansion of our products and services and the enhancement of our performance and profitability.



Moving forward, QNB Tunisia's strategic direction and priorities will be reinforced by the fulfilment of our vision and mission statements. As the trusted partner recognized for excellence, regional expertise and international reach, we will continue to build on our capabilities to provide tailored solutions by leveraging our digital advantage and years of banking expertise. Today's world is all about creating agile solutions and smart products for clients, and that is where we aim to excel.

This strategy will be achieved by boosting our bank-wide capabilities and upgrading our wholesale and commercial banking services. At the same time, we will seek to recalibrate our business model to ensure the transition towards a more fee-rich business model with higher-margin businesses while focusing on our niche segments:

Retail Banking:

QNB First and Retail Plus

Wholesale and Commercial Banking:

Medium and Large Corporates

As such, we rely on our core as a wholesale bank and focus

our strategic initiatives on further enhancing our value propositions as a solution-led wholesale bank. We aim to enrich our strategy by leveraging innovation as a strategic enabler to identify new business opportunities and cost-efficiency measures.

We believe that being innovative requires us to be more agile, dynamic, nimble and flexible, thus realising the need to adopt new behaviours. By capitalizing on developments in areas such as Robotics Process Automation (RPA), Big Data Analytics as well as digitalization and automation, our innovation strategy will benefit the Bank and all our stakeholders.

We will develop a solution-led retail banking approach, aiming to place a greater focus on offering client-centric solutions rather than taking a product-push approach. We will also seek to attract hundreds of new clients by expanding our team of experienced relationship managers and product specialists across the business.

In parallel, we will offer advanced solutions and analytics beyond traditional banking products with the help of strategic partnerships

QNB Tunisia’s Strategy *(Continued)*







Delivering sustainable results

“Five key performance aspirations support our strategy and empower our growth, while focusing on Priority Customers and Segmentation”

Retail Banking	Wholesale & Commercial Banking	Bank wide
<div><div>➤ Enhance value proposition for fluent market</div><div>➤ Optimise distribution channels</div></div>	<div><div>➤ Expand the size of our top tier clients</div><div>➤ Grow trade Finance</div></div>	<div><div>➤ Optimize capital allocation and improve the risk-adjusted returns on capital</div><div>➤ Improve our cost income ratio through sustainable cost savings, optimisation, streamlining, digitalisation and productivity enhancements</div><div>➤ Strengthen our governance and risk management framework</div><div>➤ Invest in Our People and Community</div></div>
<div>➤ Grow productand service offerings</div>		
<div>➤ Continue to develop and enrich digital banking tools</div>		

Creating and delivering value

“By identifying and prioritising our material sustainability topics, we are able to focus on what matters most to our business and ecosystem”.

Stakeholders	Needs and expectations	QNB Tunisia’s engagement channels
<div><div></div><div>Customers QNB Tunisia</div></div>	<div><div>> Customer service and satisfaction</div><div>> Easy-to-use digital channels</div><div>> Competitive rates and fees</div></div>	<div><div>> Annual customer satisfaction survey</div><div>> Customer Care Center</div><div>> Mobile and online banking</div><div>> Complaints management</div></div>
<div><div></div><div>Investors QNB Tunisia is owned 99.99% by QNB Group</div></div>	<div><div>> Strong and stable returns</div><div>> Robust corporate governance, risk management and ratings</div><div>> Transparency and disclosure</div></div>	<div><div>> Board of Directors’ meetings</div><div>> Public reports</div><div>> Monthly Executive meetings with Key Stakeholders</div></div>
<div><div></div><div>Employees More than 380 dedicated & talented professionals</div></div>	<div><div>> Competitive salaries, benefits and rewards</div><div>> Professional development</div><div>> Fairness and equal opportunities</div></div>	<div><div>> Employee engagement survey</div><div>> Learning and development programmes</div><div>> Training needs analysis</div></div>
<div><div></div><div>Regulators and government We adhere to local and international regulations and laws</div></div>	<div><div>> Compliance with all legal and regulatory requirements</div><div>> Robust anti-corruption and bribery measures</div><div>> Strong risk management and governance</div></div>	<div><div>> Public disclosures (e.g., Annual and Corporate Governance Report)</div><div>> Independence of Compliance and Internal Audit Functions</div></div>
<div><div></div><div>Society We recognise the environmental, social and governance challenges facing society</div></div>	<div><div>> Creating employment opportunities</div><div>> Making a positive contribution to the challenges facing society</div><div>> Addressing climate change risks and opportunities</div></div>	<div><div>> Integrated CSR policies</div><div>> CSR activities</div><div>> HR recruitment teams</div></div>
<div><div></div><div>Suppliers We rely on our suppliers to support our business</div></div>	<div><div>> Timely payment</div><div>> Fair and transparent tender process</div><div>> New business opportunities</div></div>	<div><div>> Bidding and tendering</div><div>> Supplier audits</div></div>

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group’s consolidated financial statements.

Operational performance



Treasury Activity

FX market

Main Features of the QNB Tunisia FX activity

QNB Tunisia has a proactive approach to market by generating business from trading and non-domiciled transactions. Although, we are not market makers and our O/N limit is restricted to the equivalent of USD500k for euro and us dollar positions against Tunisian dinars and only USD30k for the other currencies, we were able to generate substantial profit from our intraday activity.

In order to create synergy within our treasury team members we avoided specialization per product or per market compartment. All traders have the same responsibility and the same target.

The interbank FX transactions (foreign currencies against TND) amounted in 2022 to TND16b our contribution in this interbank FX activity for the same period reached TND2.3b which represents 15% of market share, compared to our peers we are well ahead.

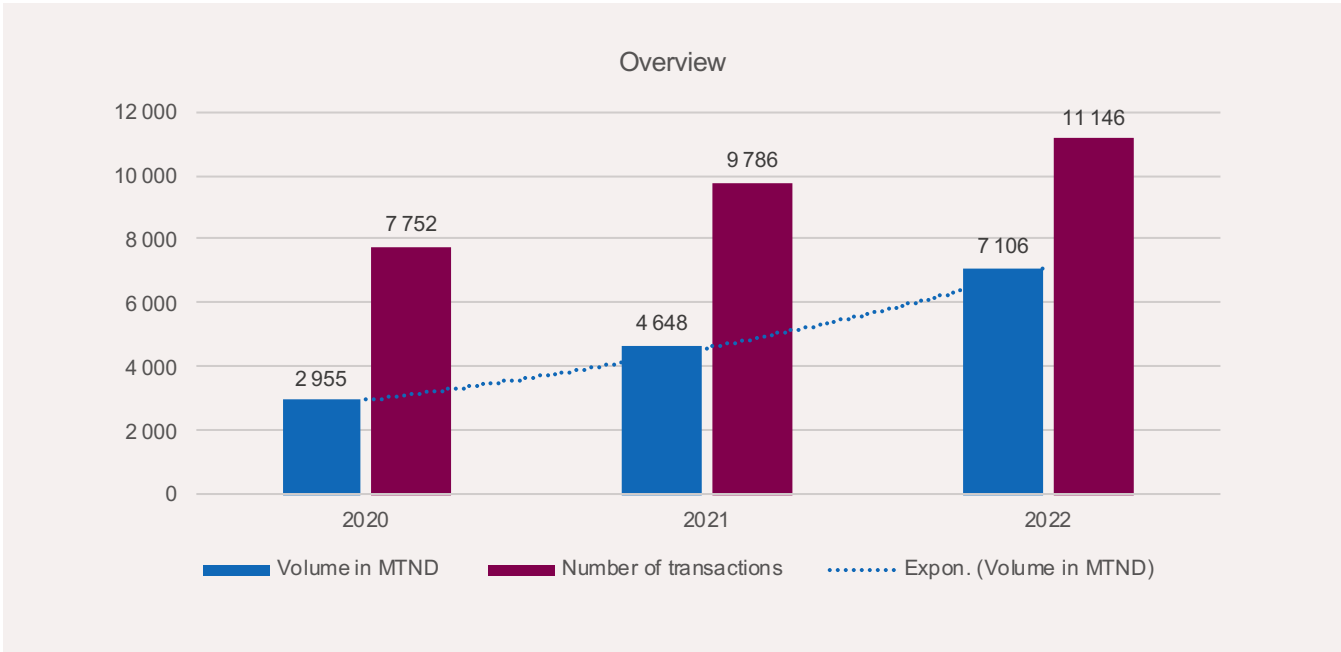
We chose to be close to our customer providing them advise and expertise, we allow them to negotiate amounts as low as USD10k.

FX pricing

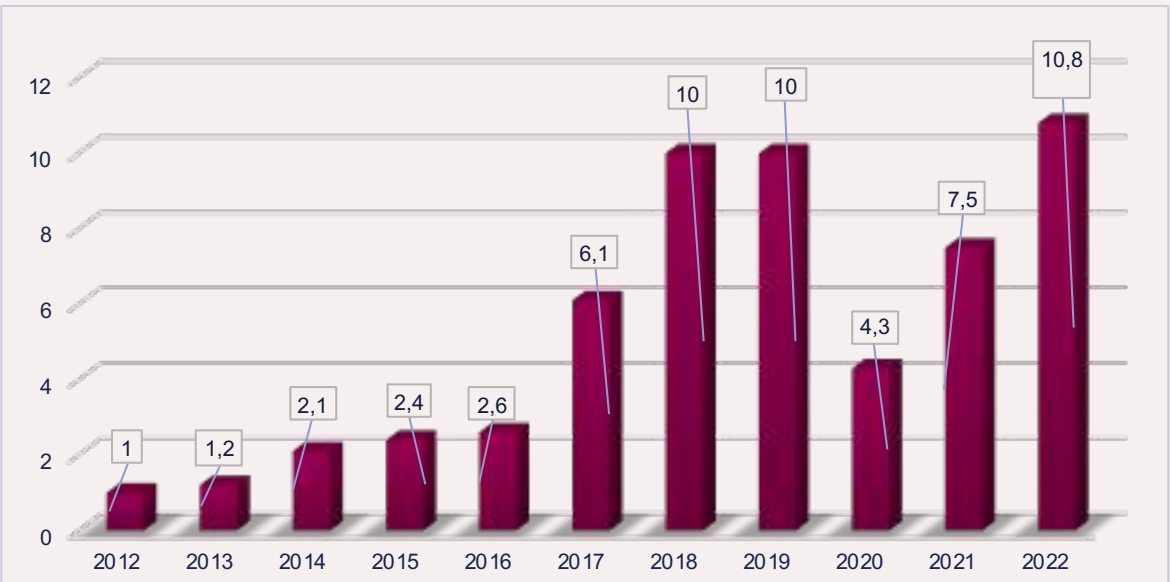
QNB Tunisia Treasury issues different sets of rates.
Rates for FX transactions over accounts:
These rates based on daily market rates sourced through direct request for quotation done every morning by the front office team from other banks
Rates for cash transactions (Bank notes and coins):
The rates issued daily by the Central Bank in its Reuters page of BCTZ reflects market rates and all banks can use them to make real transactions with the Central Bank, that is why we directly use them and we apply our margin of 1% for each side.
Customer who negotiate directly with the dealing room have special rates on the over account transactions only starting from amounts as low as the equivalent of USD10k.

FX activity

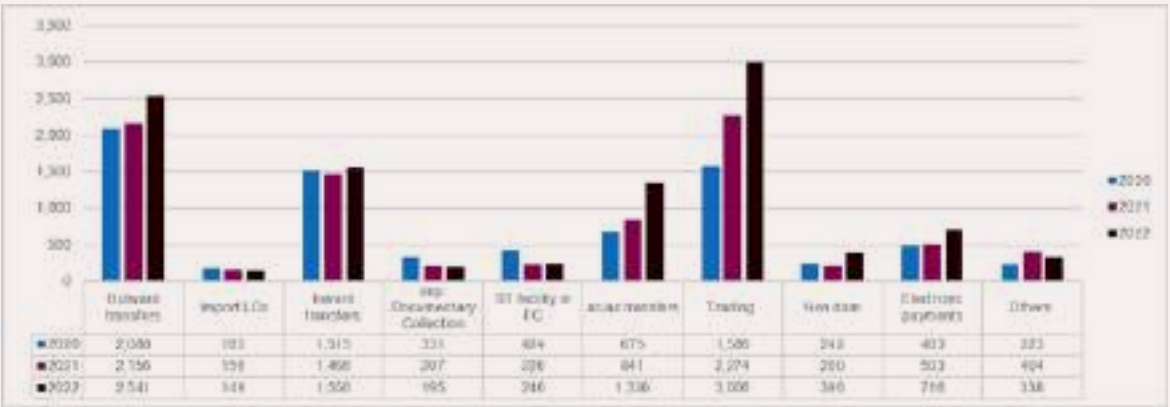
Total volume and number of transactions



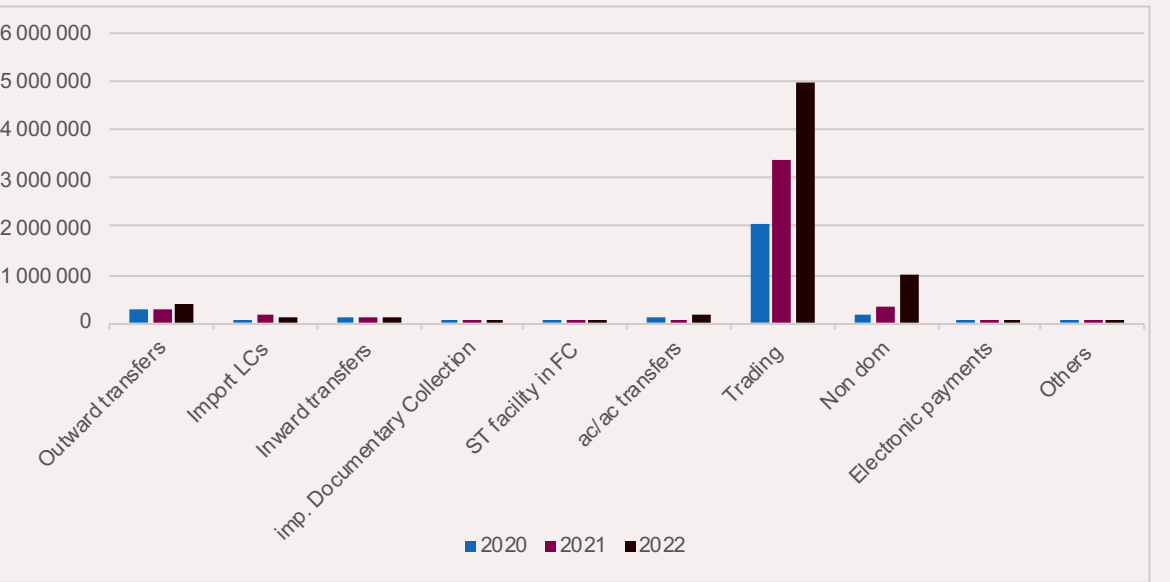
FX income over the years (in TND million)



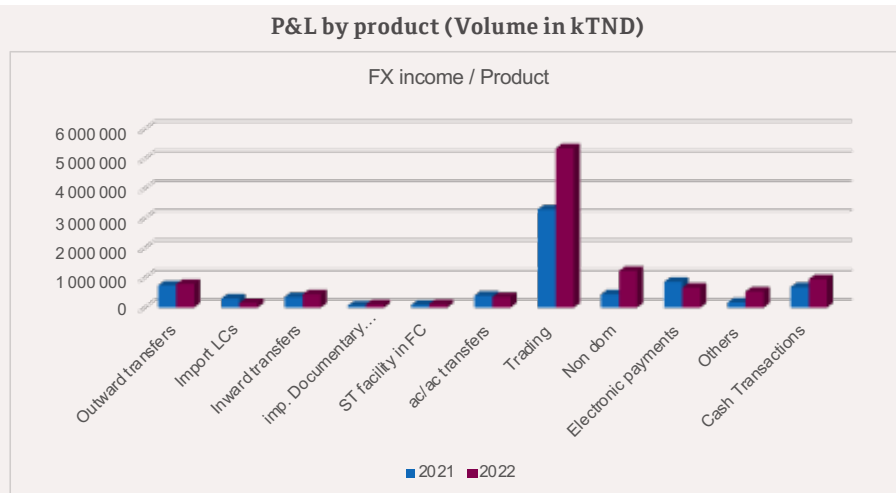
Number of Transactions



Volume in kTND/type of transactions

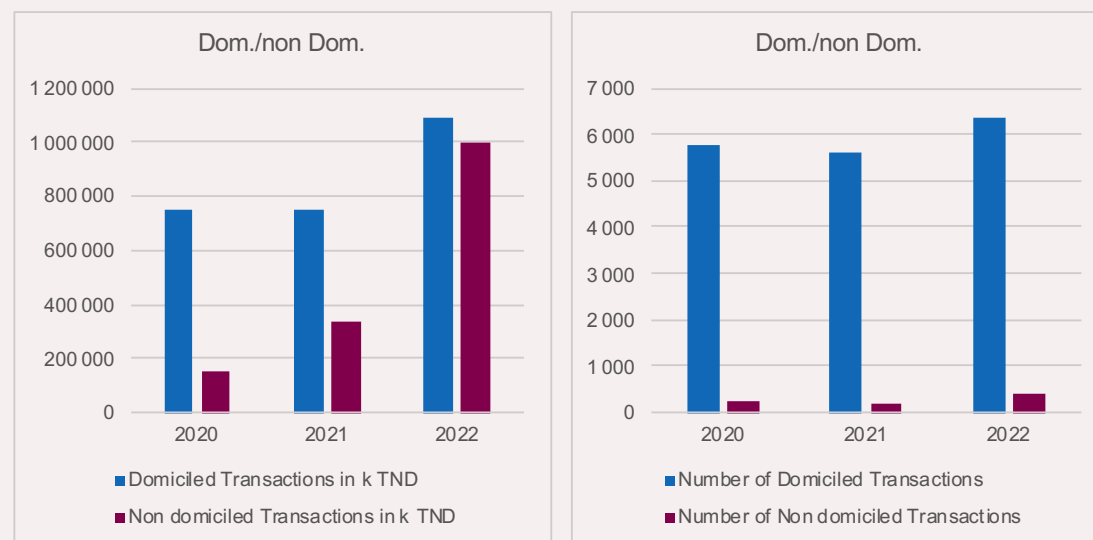


Treasury Activity *(Continued)*

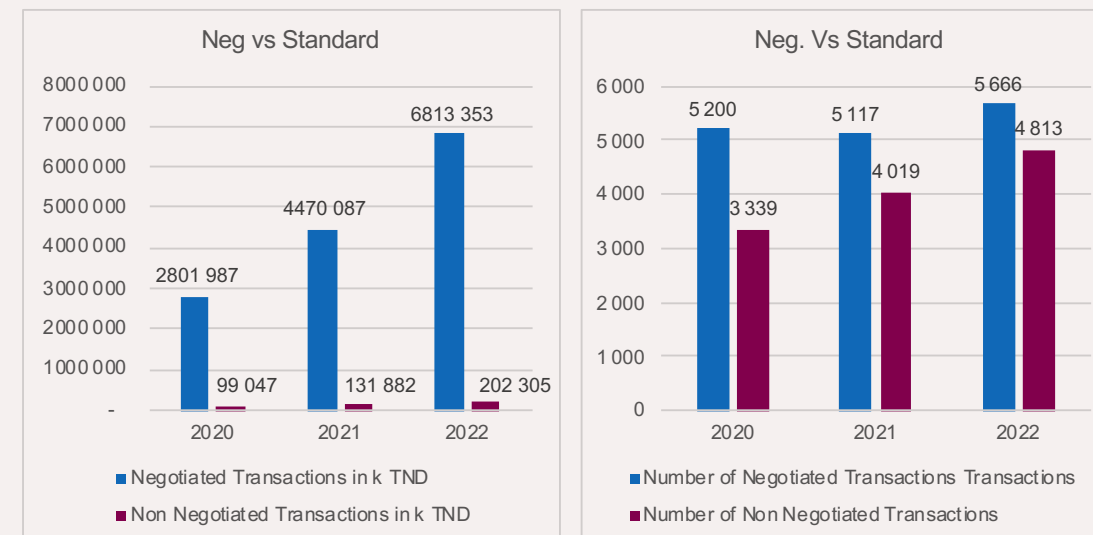


Focus on FX

Volume in kTND and number of Dom. /non-Dom. transactions



Volume in kTND and number of Negotiated. /Standard. Transactions Dom. /non-Dom. transactions



Corporate & Institutional Banking Activity

Despite the ongoing socio-economic difficulties brought on by the COVID 19 Pandemic and the unpredictability of the Russian-Ukrainian war, we intend to continue business development and support to state owned companies as major economic activity catalyst.

In line with turnaround project, Corporate banking completed major transformation in 2021 and focused on business activity enhancement in 2022 targeting Large Corporate, state-owned companies & Financial institutions as they are directly concerned by big tickets.

Corporate strategy

For 2022, Selectivity and Competitiveness were the heart of our business model. Our strategy was based on consolidating existing business partnerships and acquiring new high performing relationships, providing financing support to top market players namely state owned companies, financial institution, renowned groups & Medium Enterprises.

In order to maintain its support to the economy and provide needed financing for its major operators QNB Tunisia participated in financing state-owned companies as follow:



As our first challenge was to increase business volume and reach profitability, our priority was to:

- Business development in compliance with our strategic guidelines:
- Target segment : Large Corporate, Financial Institutions, State Owned Companies
- Target deals : Short term loans, Syndicated Financing, Off Balance Sheet, Leasing
- Target sector : Agro-food, Trade, Oil & Gas, Services and Manufacturing
- Consolidate QNB Tunisia image as a major actor in big tickets financing and syndicated loans.
- Maintain solid business partnership and develop new win-win relationships.

- Prevent any deterioration in the portfolio through:
- Setting early warning system
- Conducting the review of the existing Working Capital Financing and Investment Loans and limits renewal in a timely manner.

In addition, within the frame of the synergy between departments, corporate team has played a significant role in supporting recovery efforts, and has been successful in implementing arrangements and revamping plans. A close monitoring and follow up of the existing portfolio was ensured by entertaining daily communications and meeting with the customers.

The main attribute of Corporate team is its proximity (3 business centers implemented to serve Corporate Customers) and specialization (Head Office team trained to assist customers in sophisticated funding and provides expertise in trade finance transactions).

To ensure efficient follow-up, it was decided to establish a clear working strategy based on:

- Review & renew facility limits and outstanding medium-term loans on time.
- Set regular meeting agenda in order to keep solid business partnership with our customers
- The implementation of an Early Warning System has been set as a priority in order to anticipate upcoming maturities, detect all warning signs and take required and efficient actions to proactively prevent any deterioration of corporate portfolio.

An FI Unit has been established to attract potential trade transactions and strengthen our international banking partnerships.

In fact, the Bank succeeded to consolidate our partnership with major international banks in order to set a stronger relationship and identify profitable business deals.

Corporate Relationship Managers training

In 2022, an extensive training sessions for corporate relationship managers was rolled out in order to enhance their technicalities in terms of Financial and Risk Analysis and Business English writing.

In parallel, extensive induction training were set for some team members tailored to their individual needs in order to upgrade their skills.

Retail Banking Activity

2022 was marked by a good performance in terms of deposits; the Retail department collected additional deposits of TND70m dinars during the year 2022, i.e. an increase of 14% compared to the previous year.

Regarding the sale of products, an increase of 14% in terms of cards and 7% in terms of IB have been realised, resulting in a considerable increase in the customer penetration rate.

As part of QNB Tunisia orientation, the Bank continue to target Retail+ and First segments as well as Non-resident Tunisians which represent a high potential in terms of deposits.

In coordination with QNB HO, QNB Tunisia promoted the “Cross Border Account Opening” & “U2U” product intended for Non-Resident Tunisians (NRT) in Qatar and a dedicated staff visited Doha in June and launched NRT campaign in order to attract new Tunisian customers.

Payment and digital services:

In order to diversify its product offering and meet the needs of its customers, two new cards were launched; Visa Gold National and Visa International cards dedicated for its Retail+ customers.

New cards offer an easy and flexible payment with security in line with the international standards.

Many advantages were included in cards; insurance, assistance and multiple discount offers in line with the changing needs of the customer.

In line with our vision and strategy of digitalizing our services, an update of the Mobile Banking application was initiated by adding the third party transfer service. A simple, practical and secured service dedicated to all customers allowing them to manage their accounts by carrying out their money transfers in real time.

POS activity: The turnover of POS activity in 2022 increased by TND4.3m and reached TND1.8m, which represent an increase of 58%, compared to December 2021 (TND7.5m).

POS unit ensures up today a close monitoring on POS Park and control POS active rate at optimum level of 85%, improves quality service by POS delivery as early as possible (Max 72 hours) and reducing processing time to resolve incidents.



Relationship managers are available 24/7 and in regular contact with advice and strategic support.



2022 was marked by a good performance in terms of deposits.

Sustainability

Beyond banking corporate social responsibility



QNB CEO's Message

QNB Group's CSR activities are centred on our ability to foster opportunities for individuals, corporates and communities, which enable them to raise standards of living and strengthen the social fabric of the nation. Since 2013, QNB Tunisia and its skilled employees have

been working tirelessly to respond to the needs of our society. Throughout 2022, QNB Tunisia continued to consolidate its community presence through activities that confirm its continued support for the society in key areas, namely: Economy, Humanitarian Affairs, Health, Environment, Youth and Education.

Sport

QNB Group believe that Sport bridges the gap between social, economic and human development. In 2022, QNB Tunisia participated actively the Group campaigns and activities related to FIFA World Cup Qatar 2022 sponsorship. We launched many activities and initiatives to offer the opportunity to Tunisians to be part of the event: Social Media Wall games, Mall activations,

World Cup Campaign, Staff Activations. We shared with QNB customers, QNB Tunisia Staff and Tunisian people in general the excitement of the World Cup through offering them the opportunity to travel and attend Tunisia matches, offering them the official WC balls, official National Team Jersey, ...

Economic and International Events

QNB Tunisia, the Gold sponsor of the 23rd session of the Economic Forum "Economiste Maghrebin" on 13 and 14 June 2022. The theme of this edition: "Tunisia facing economic challenges, environmental and energy transitions" organized on 13 and 14 June 2022 in Tunis. This participation is part of QNB Group's desire to share its international experience on economic issues of common interest as an integral part of its strategy and mission to achieve sustainability in the countries in which the institution operates.



Tunis- June 2022



QNB Tunisia the Gold sponsor to the 24th edition of the International Forum of the "Magazine Realities" on 13 and 14 October 2022. QNB Tunisia's CEO gave an economic and financial sector an overview country's current situation, and the factors that influence on the attraction of new investments.



International CSR Forum In May 2022, QNB Tunisia participated at the "International CSR Forum" to highlight its main CSR actions as an example of a responsible bank and to define the importance of applying CSR in QNB's vision.



Health and Environment

Pink October In October 2022, QNB Tunisia raised awareness on Pink

October by involving the employees in the awareness campaign to highlight the importance of early detection to prevent breast cancer.



Education and Youth

CSR and Green Finance Conference for IFID Graduate Students

In October 2022, QNB Tunisia CEO presented a Corporate

Social Responsibility conference and Green Finance for 2022 graduate students. Providing education and increasing CSR knowledge helps the next generation to develop a knowledge-based economy and society.



Tunis - October 2022

World Children's Day

In November 2022, QNB Tunisia celebrated World Children's Day with "Maram Association" by spending the

day with children in "Dar Maram", distributing gifts and enjoying the cultural activities and animations that were carried out.



Tunis - November 2022

Society and Humanitarian affairs

Warm winter 2022 in Siliana Governorate

The "Warm Winter" campaign, organized by QNB Tunisia is now celebrating its seventh anniversary. This year the campaign focused on school pupils in Siliana, a farming

town in northern Tunisia where winters are particularly long, cold and windy. Items of warm clothing were distributed to pupils to help protect them against the cold, during the winter when temperatures often drop to zero.



Siliana - February 2022

QNB honors women

International Women’s Day

In March 2022, QNB Tunisia celebrated International Women’s Day. QNB Tunisia HQ Building lighted up in purple, a color that is often associated with devotion, independence, pride and ambition



Tunis - March 2022

QNB Tunisia was also honored with the Patron Award of the Union of Arab Banks under the slogan “The Role of Arab Women in Achieving Sustainable Development Goals”.



Tunis - March 2022

Tunisia National Women’s Day

In August 2022, QNB Honored the first woman in the world suffering from Xeroderma Pigmentosum Disease (XP), who obtained her PhD.



Tunis - August 2022



Corporate governance

Effective and responsible governance is crucial
to the success of our Bank.

Corporate Governance Framework

QNB Tunisia strongly believes that good Corporate governance complements and significantly helps its long-term business success. At QNB Tunisia, corporate governance is not simply an exercise in regulatory compliance, but a means to project robust implementation of sound governance practices in conformity with the public interest on a sustainable basis.

QNB Tunisia have a robust set of corporate governance measures in place that combine all aspects of internal control, risk and compliance with effective monitoring systems for strategic business management. Hence, all necessary efforts were combined to create awareness of the importance of corporate governance within QNB Tunisia

Corporate governance practices are aimed at promoting overall transparency, explaining the rationale behind the decision-making processes and insights into the formation of the Board of Directors (BOD), their related committees, their powers and responsibilities, Executive Management and other key corporate governance components.

Commitment to Comply with Corporate Governance

The Board of Directors, the Executive Management and the employees of QNB Tunisia commit themselves to the governance principles and best practices. The Board ensures that all functions of QNB Tunisia complies with the principles of corporate governance and also promotes the institutional values, policies and other internal procedures that apply to all members of the Board, Executive Management and employees of QNB Tunisia.

Applying Corporate Governance Principles

Corporate governance standards in QNB Tunisia are naturally pursued in a manner consistent with the applicable national laws, regulations and codes. It also follows the regulations issued by Central Bank of Tunisia and international best practices issued by the Basel Committee on Banking Supervision (BCBS), as well as the Organization for Economic Cooperation and Development (OECD) standards.

QNB Tunisia follows a comprehensive set of corporate governance program that incorporates the application of wide-ranging measures of governance and contains the preparation of overall policies, procedures, manuals, organizational structure, key performance indicators, the determination of the authorities and responsibilities, the internal and external reporting requirements and roles, responsibilities, the Board Charter, the Board’s committees and the committees of the Executive Management.

This assures that vigilance is exerted by the Board and the Executive Management, as this is complies with the legal and regulatory requirements and reflects the real orientation to comply with the international standards. The roles and responsibilities of the Board of Directors are segregated from the functions of the Executive Management. Whilst the Board assumes the overall supervision of the Bank and provides strategic direction through the approval of the strategic initiatives, key policies and objectives. The daily affairs of QNB Tunisia are carried out by the Bank’s Chief Executive Officer (CEO) and the Executive Management Team.

QNB Tunisia achievements during 2022 to enhance corporate governance approach

The Bank is continuously working on developing the inbuilt corporate governance framework with a vision to maintain a healthy corporate governance environment and adopt best practices.

The below topics summarizes QNB Tunisia’s 2022 key efforts with respect to the enhancement of the corporate governance framework:

Comprehensive and updated Board documentation

Robust Board documentation is an essential component of good governance and the Bank’s proper functioning, QNB Tunisia on an ongoing basis reviews and updates Board documentation. Furthermore, the statement of the roles and responsibilities of BOD members through the Board Charter and policy works to deter conflicts from arising between Directors, and facilitates cooperation between them during decision-making.

In 2022, QNB Tunisia set up and/or enhanced robust governance related policies and procedures, including (but not limited to) areas such as, ‘Anti-Bribery and Corruption Policy’, ‘Conflict of Interest & Insider Dealing Policy’, ‘AML & CFT Policy’, ‘Know Your Customer (KYC) Policy’, ‘Fraud Control Policy’, ‘Code of Conduct (Ethics)’, ‘Whistleblowing Policy’ and Risk Management policies.

Other policies are ongoing as part of the road map of enhancement of corporate governance framework including ‘Management Succession Policy’, ‘Transparency and Disclosure Policy’, ‘Data Protection Policy’ and ‘Remuneration Policy’ with a view to promote ethical and professional behaviour, control, curb and report unethical behaviour, including but not limited to fraud, corruption, embezzlement, bribery, insider trading, conflicts of interest, customer privacy violations, discrimination, harassment, violations of laws and misrepresentation of facts.

In addition to the documentation infrastructure in place, employees were also provided with tailored training courses on related aspects to drive the spirit of the code of ethics, which all employees are bound to comply with.

Board of Directors composition

According to the Articles of Association, nine (09) members of the BOD are elected or nominated for three years renewable for the same period.

The major shareholder in QNB Tunisia, QNB Group, is entitled to appoint seven of these members while two members are independent as per Tunisian Regulations.

Members of the Board must have the necessary expertise and skills that qualify them to conduct their duties towards QNB Tunisia’s best interests. They are also committed to spending the required amount of time and attention towards the accomplishment of their duties for the duration of their tenure.

Board of Directors						
Number of Meetings	4					
Role	Member Name	Appointment Date	Last Renewal Date	Mandate Duration	# of Mandate	Representative
Chairman	ABDULLA NASER AL KHALIFA	08/03/2021	04/05/2021	3 Years	1	Director representing a shareholder (QNB)
Member	ALI ABDULLA DARWISH	09/03/2015	04/05/2021	3 Years	3	Director representing a shareholder (QNB)
Member	KHALIL AL ANSARI	04/02/2013	04/05/2021	3 Years	4	Director representing a shareholder (QNB)
Member	GEORGE BELL	05/05/2022	04/05/2021	3 Years	1	Director representing a shareholder (QNB)
Member	SALAH AL MADANI	08/03/2021	04/05/2021	3 Years	1	Director representing a shareholder (QNB)
Member	TALAL AL-MULLA	22/07/2019	04/05/2021	3 Years	2	Director representing a shareholder (QNB)
Member	ALEXANDRE ZIBAUT	18/01/2022	04/05/2021	3 Years	1	Director representing a shareholder (QNB)
Member	HOUDA MEKNI	31/01/2021	04/05/2021	3 Years	1	Independent member
Member	LOBNA FEKI	05/08/2018	04/05/2021	3 Years	2	Independent member

The Board’s roles and responsibilities

The Board of Directors have a vital role of overseeing the Bank’s management and business strategies to achieve long-term value creation. Selecting a well-qualified Chief Executive Officer to lead the Bank, monitoring and evaluating the CEO’s performance, and overseeing the CEO succession planning process are some of the most important functions of the Board. The BOD is responsible for the leadership, oversight, control, development and long-term success of the Bank. They are also responsible for instilling the appropriate culture, values and behaviour throughout the organization and entrusted by the shareholders

Each Board Member owes QNB Tunisia the fiduciary duties of care, loyalty and compliance with the rules set out in related laws and regulations. Board Members act on an informed basis, in good faith, with due diligence and in the best interests of QNB Tunisia and all shareholders and act effectively to fulfil their responsibilities towards the Bank.

The Chairman is responsible for heading the Board Meetings and ensuring the proper functioning of the Board in an appropriate and effective manner, including timely receipt by the Board Members of complete and accurate information. He approves the agenda of every meeting of the Board taking into consideration any matter proposed by any other Board Member. In addition, the chairman endeavours to encourage all Board Members to fully and effectively participate in dealing with the affairs of the Board for ensuring that the Board is working in the best interest of QNB Tunisia.

Board Committee primary responsibilities

- The definition of the institution's development strategy based on a formalized risk appetite policy, and the approval of annual business plans and budgets;
- The development of a governance framework appropriate to the size, complexity and nature of the business and the risk profile of the Bank and QNB Group;
- The establishment of a genuine corporate culture that values responsible and ethical behaviour and respect for the principles of social and environmental responsibility;
- The definition and implementation of the regulatory corporate governance policies as defined by CBT circular N°2021-05.
- Embedding a genuine risk culture in the management of the institution and monitoring the effectiveness and independence of the control functions
- The Monitoring the effective implementation of the institution's strategy by the management body and the relevant policies.

Board committees

As per corporate governance practices and regulatory requirements, the BOD of QNB Tunisia has established committees to assist in carrying out its supervisory responsibilities. Each BOD committee is assigned to handle one or more of the tasks of the BOD. The responsibilities of the BOD committees are duly documented in the terms of reference, which are approved by the BOD. QNB Tunisia’s BOD committees are as follows:

Corporate Governance Framework *(Continued)*

- 1. Board Nomination, Remuneration Committee,
- 2. Board Risk Committee,
- 3. Board Audit and Compliance Committee.

Board Nomination, Remuneration Committee primary responsibilities

Assist the Board of Directors in fulfilling its responsibilities for overseeing the institution's appointment and remuneration policy for the Chairman of the Board of Directors and its members, the committees, the management body, the heads of key functions:

- Design the succession policy for the members of the Board of Directors, committees, the management body, the heads of key functions,
- Appoint the members of the Board and committees as well as the management body and control functions,
- Design the methodology for evaluating the work of the Board and its committees,
- Monitor the induction, training and continuous professional development of Directors pertaining to corporate governance matters,
- Identify and report to the Board of Directors any conflicts of interest arising from the nomination process.

Board Risk Committee primary responsibilities

Assist the Board of Directors in fulfilling its responsibilities for overseeing the institution's risk management system:

- Design and updating of a risk management policy and the setting of exposure limits and operational ceilings,
- Approve the risk measurement and monitoring systems,
- Monitor the management body's compliance with the risk appetite policy,
- Assess the Bank's risk exposure and review any changes in risk strategy/risk appetite arising;

- Approve the risk frameworks, policies and in accordance with the approved strategy and oversee implementation of policies pertaining to the Bank's internal control system;
- Evaluate the monitoring process in the identification of operational, credit, market, strategic, legal and reputational risks and action plans implemented to monitor and manage these risks.

Board Audit and Compliance Committee primary responsibilities

Assist the Board of Directors in the areas of financial reporting and internal control, including internal audit.

- Review and endorse the annual financial statements and consider whether they are complete, consistent and reflect appropriate accounting standards and principles before submission to the BOD for final approval,
- Review with management and the external auditors all matters required to be communicated or disclosed under generally accepted auditing standards or regulatory requirements,
- Oversee the implementation of the institution's accounting principles and practices,
- Monitor the organization and efficiency of the internal control system, examine the insufficiencies of the functioning of this system noted by the various structures of the establishment, the external audit and the Central Bank of Tunisia,
- Define audit and financial reporting and compliance policies,
- Follow up on the implementation of action plans aiming at regularizing the deficiencies raised in the internal and external audit reports and the inspection reports of the Central Bank of Tunisia and the other control authorities.

Audit & Compliance Committee						
Number of Meetings	6					
Role	Member Name	Appointment Date	Last Renewal Date	Mandate Duration	# of Mandate	Representative
Chairman	LOBNA FEKI	05/08/2018	04/05/2021	3 Years	2	
Member	ALI ABDULLA	09/03/2015	04/05/2021	3 Years	3	Director representing QNB
Member	DARWISH TALAL	22/07/2019	04/05/2021	3 Years	2	Director representing QNB
Secretary	ZIED BOUDRIGA					Executive

Risk Committee (RC)						
Number of Meetings	4					
Role	Member Name	Appointment Date	Last Renewal Date	Mandate Duration	# of Mandate	Representative
Chairman	HOUDA MEKNI	31/01/2021	04/05/2021	3 Years	1	
Member	KHALIL AL ANSARI	04/02/2013	04/05/2021	3 Years	4	Director representing QNB
Member	GEORGE BELL	05/05/2022	04/05/2021	3 Years	1	Director representing QNB
Member	SALAH AL MADANI	08/03/2021	04/05/2021	3 Years	1	Director representing QNB
Member	ALEXANDRE ZIBAUT	18/01/2022	04/05/2021	3 Years	1	Director representing QNB
Secretary	ALI TEBIB				1	Executive

Nomination & Remuneration Committee						
Number of Meetings	2					
Role	Member Name	Appointment Date	Last Renewal Date	Mandate Duration	# of Mandate	Representative
Chairman	KHALIL AL ANSARI	04/02/2013	04/05/2021	3 Years	4	Director representing QNB
Member	TALAL AL-MULLA	22/07/2019	04/05/2021	3 Years	2	Director representing QNB
Member	ALI ABDULLAH DARWISH	09/03/2015	04/05/2021	3 Years	3	Director representing QNB
Secretary	NABIL CHAIRAT					Executive

Board meetings in 2022

The BOD held 4 meetings. According to the Bank's Articles of Association, the Board should hold at least 4 meetings during the year. The meetings are held regularly or when called for by the Chairman or by two Board members. The invitation for the Board meeting should be communicated to all members at least one week prior to the meeting. In this regard, any member can add a subject to the meeting's agenda. The QNB Tunisia's Articles of Association also provide detailed information on the attendance, quorum, voting and meeting requirements.

A Board member cannot represent more than one member. The Board should periodically meet in order to ensure that it is adequately fulfilling its roles and responsibilities. Board of Directors and Executive Management members' remuneration

Corporate Governance Framework *(Continued)*

The remuneration system within the Bank forms a key component of the governance and incentive structure through which the Board and Executive Management promote good performance, convey acceptable risk-taking behaviour and reinforce the Bank’s operating and risk culture.

The BOD will follow regulatory guidelines and leading practices on compensation and remuneration by defining the mechanism whereby the remuneration is directly linked to the effort and performance at both department and employee levels including that of the Board, through the achievement of assigned goals and objectives in accordance with the profitability, risk assessment and the overall performance of the Bank.

The Board, through its Board Nomination and Remuneration Committee is responsible for the overall oversight of management’s implementation of the remuneration system for the entire bank and will regularly monitors and reviews outcomes to assess whether the bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity. The Board reviews the remuneration plans, processes and outcomes on an annual basis.

The remuneration for QNB Tunisia’s BOD members is duly acknowledged to be in line with Central Bank of Tunisia instructions and the market practices.

Executive management

The CEO is assisted in his duties by a specialized and highly qualified team from the Executive Management. QNB Tunisia’s Executive Management is fully aware of its role in terms of corporate governance through its

commitment to implement the legislative requirements and the Board’s instructions in a way that strengthens the control environment in the various processes and banking activities; this includes determining the deviations from the objectives, ensuring the convergence of operations to achieve the desired goals, and implementing corrective actions when required. Executive Management is also committed to assessing the behaviour of individuals and organizational units through the development of effective internal controls, which enhance the monitoring of business performance and risk measurement.

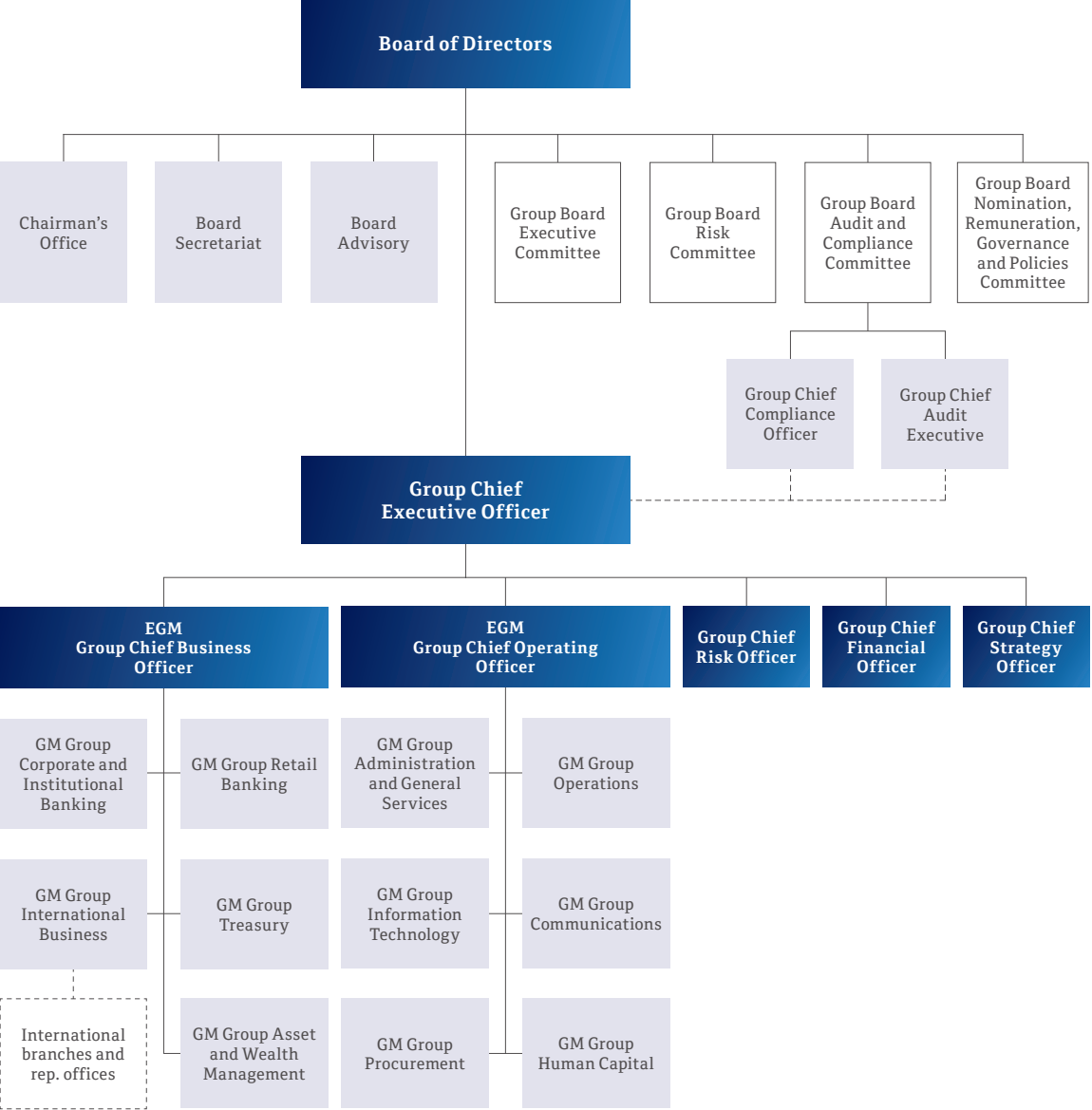
There are a number of management committees attended by Executive Management in order to effectively and efficiently handle the responsibilities and run the day-to-day activities of the Bank. Management committees are endowed with full executive powers to take decisions and actions related to their field, scope and structured hierarchy. Currently, the management committees established at QNB Tunisia are chaired by the CEO and represented by the top-level management. The committees discusses the critical topics and strategic matters related to QNB Tunisia activities; oversees and monitors the ongoing activities; support the decision making/preparation of Board decisions by collecting facts from related committees and providing opinions; monitors the capital and operating expenditure budget assigned to IT projects and services; reviews yearly the strategy of the related Departments.

The Management Committees is organized as following:



QNB Group organisation structure





QNB Tunisia strongly believes that good Corporate governance complements and significantly helps its long-term business success

Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve a QNB Tunisia’s operations. It helps the bank accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Role and responsibility

The Internal Audit Department helps the Board of Directors through the Audit & Compliance Committee (ACC) in the effective discharge of their responsibilities to serve the best interest of the shareholders.

The Internal Audit Department is established to examine that QNB Tunisia operations in all business lines and jurisdictions are conducted according to the highest standards; and to provide independent, objective assurance and consulting activity designed to add value and improve the QNB Tunisia’s operations; and to advise on best practices.

The Internal Audit Department has responsibility to identify and report on issues, deficiencies or weaknesses in QNB Tunisia’s systems and processes for controlling its activities and managing risks, through risk-focused examination and assessment of systems, processes, and controls covering:

- The adequacy and reliability of systems (including the relevant technology) and procedures.
- Compliance with corporate objectives, strategies and control guidelines issued by the management ; as well as with laws and regulations of Tunisia, CBT, and other regulatory bodies, as may be applicable to the business of QNB Tunisia in all operational jurisdictions.
- Evaluating the effectiveness of the organization’s internal control, risk management and governance processes.
- Performing consulting and advisory services related to governance, risk management and control as appropriate for QNB Tunisia including ongoing collaboration with Compliance, Risk Management, IT and Information Security, and other functions, to ensure that risks are appropriately identified and managed.
- Evaluating specific operations at the request of the ACC / Board of Directors or management, as appropriate.

Independence and Objectivity

Internal Audit has adopted the International Professional Practice Framework (IPPF) of the Institute of Internal Auditors (IIA) as well as Basel Committee

recommendations and other leading best practices.

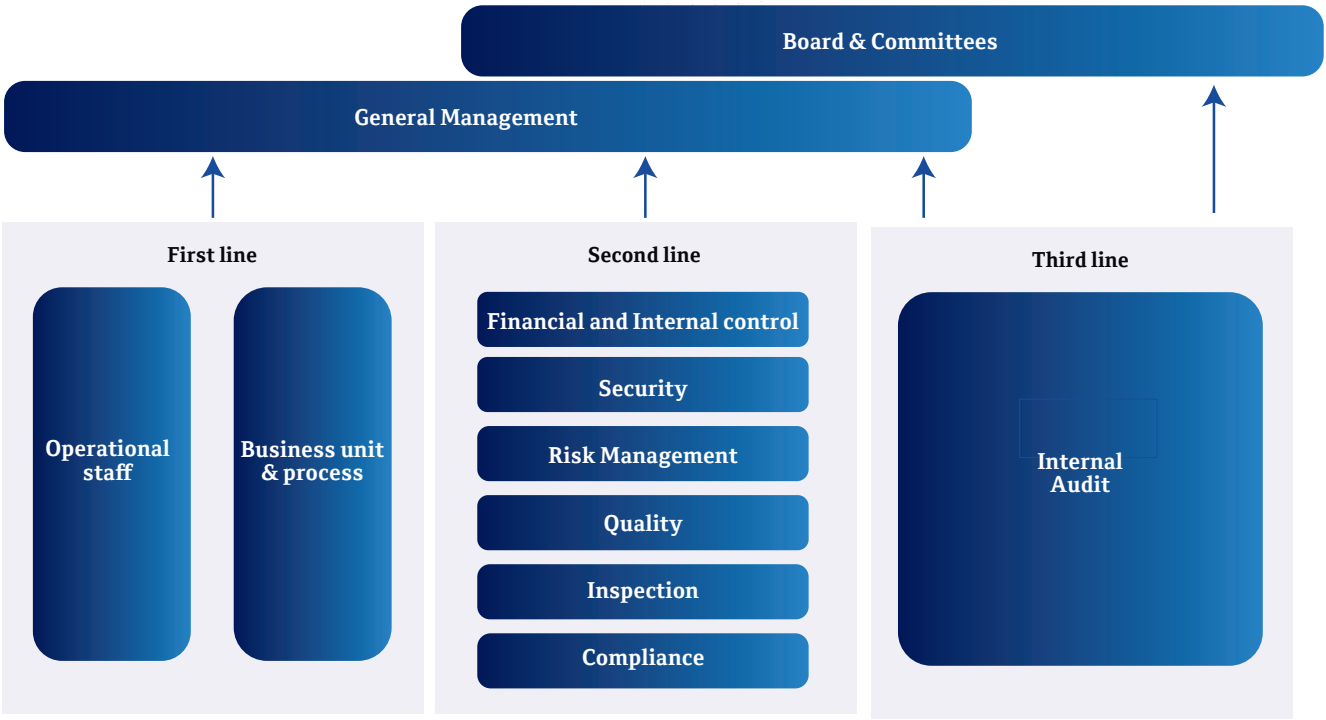
The Internal Audit Department is free from any interference by any party in QNB Tunisia, including matters of audit selection, scope, procedures, frequency, timing, or report content, to permit maintenance of a necessary independent and objective standing.

The Internal Audit Department does not have direct operational responsibility or authority over any of the activities audited. Accordingly, it will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair the Internal Audit Department’s judgment.

Three Lines of Control Mode

In line with Basel guidelines and the Group’s business and process units, QNB Tunisia has adopted the “Three Lines of Defense” model.

- The business and process units are the first line of control as they are expected to undertake risks within assigned limits of risk exposure and are responsible and accountable for identifying, assessing and controlling the risks of their business.
- The second line of control includes the control functions, such as risk management, security, compliance, quality, inspection, and financial control, which ensure that the risks in the business and process units have been appropriately identified and managed.
- The third line of control is the internal audit function that independently assesses the effectiveness of the processes created in the first and second lines of control and provides assurance on these processes ; as well as value addition recommendations to improve the process and promote best practice.
- The governance bodies (Board / Committees and General Management) are responsible for :
 - Definition of the Bank’s objectives ;
 - Defining the strategies to be adopted to achieve these objectives;
 - Implementation of governance and processes to ensure the effectiveness and efficiency of the risk management and internal control process.



Activity of the Internal Audit Department during 2022

In addition to carrying out audit assignments, the activity of the Internal Audit Department covered other areas, namely:

Development of the internal audit business plan

The Internal Audit Department developed during the year 2022, its Business Plan for the year 2022. This Business Plan defines the strategic objectives of the Internal Audit Department and their breakdown into actions to be implemented:

These are the following objectives:

- Provide quality internal audit services to maintain an effective and efficient framework of governance, risk management and control processes.
- Provide assurance on the effectiveness and efficiency of governance, risk management and control processes within QNB Tunisia.
- Manage and improve the functioning of the Internal Audit Department.
- Improve awareness of risks and controls within the Bank associated with control issues and weaknesses identified by the Internal Audit Department.
- Improve the skills and performance of staff through continuous training and the recruitment of qualified people.
- Collaborate and coordinate with audit stakeholders.
- Carry out special audit missions, investigations, ad hoc missions and advice.
- Provide ongoing reporting to key stakeholders.

Development of the audit universe

The Internal Audit Department developed during the year 2022 the multi-year internal audit plan, through the determination of the audit universe and the assessment

of the risks of each element composing this universe.

The risk assessment focused on the following aspects:

- Volume of transactions/value of assets/complexity of transactions/criticality of systems;
- Major changes in business and management;
- Exposure to laws, legal texts and regulations;
- Occurrence of fraud and theft, business interruption and poor protection of assets;
- Concern report of regulator, external auditors, Bank Management and others;
- Risk management concerns, internal control quality and governance issues;
- Use of outsourcing services;
- Managerial competence and awareness;
- Time spent after the last audit;
- Area of concern from previous audits.

Development of internal audit KPIs

The Internal Audit Department developed, during the year 2022, the key performance indicators for internal audit (KPIs). These indicators are:

- Cost of the department;
- Performance of the department on the documentary audit plan (audit universe, risk assessment and audit frequency/cycle in accordance with the policy and the standard);
- Implementation of the DAI annual audit plan approved by the BACC
- Performance of the department on audit quality and completion of engagements;
- Internal audit performance on advisory and special assignments;
- Reporting to the various permanent parties (Audit Committee, Group, General Management);

Internal Audit *(Continued)*

- Operation of the Internal Audit Department ;
- Quality control of the Internal Audit Department;
- Monitoring of audit points;
- Operation of the Internal Audit Department.

Self-assessment of the Internal Audit Department

As part of the quality assurance program, in application of international standards for the professional practice

of Internal Audit, the Internal Audit Department carried out a self-assessment of its activities based on a checklist drawn up for the Group.

Update of the internal audit policy and charter

In order to comply with CBT circular n° 2021-05 of 19 August 2019 relating to the governance framework of banks and financial institutions, the Internal Audit Department has updated the charter and policies, which have been validated by the Audit Committee and the Board of Directors.



Our audit function's experience allows us to tackle the growing sophistication and challenges of the banking industry.



Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Group's consolidated financial statements.

Compliance

The compliance function is an independent function that identifies, assesses, advises on; monitors and reports on the bank’s compliance risk, that is, the risk of legal or regulatory sanctions, financial loss, or reputational loss a bank may suffer as a result of its failure to comply with all applicable laws, regulations, codes of conduct and standards of good practice.”

The scope of Compliance is the applicable laws, rules and standards relevant to the business activities of the Bank. They include those dealing with the prevention of money laundering and terrorist financing, the conduct of business (including issues such as avoiding or mitigating conflict of interest, corruption), privacy, costumer protection and data protection.

According to the matter above, Compliance should be a matter of concern for every official and employee within the Bank.

The Compliance framework

The compliance function actions are based on the following pillars:

Pillar 1 - A compliance policy approved by the Board. It was prepared taking into consideration all applicable regulatory requirements such as CBT laws, CBT Circular n°2021-05, rules and instructions, Local FIU, and Group Standards. In case of any contradiction between the local regulations and Group Standards, the most severe requirements will apply.

Pillar 2 - An annual Compliance Plan. Prepared by the Executive Manager – head of Compliance and submitted to the Board Audit and Compliance Committee for discussion and approval. The Compliance review schedule/frequency will be based on the perceived risk level of a business entity/unit, identified level of residual risk (that was previously raised through compliance issues and regulators’ reports).

The Compliance Division yearly plan along with the achievements against the plan will be maintained permanently as documented evidence on compliance activities completed for any regulatory inquiries

On quarterly basis, the Compliance Division assesses the accomplishment of the actions and report to the Group, the Board Audit & Compliance Committee

Pillar 3- Compliance mechanisms and tools that aims to identify, monitor and mitigate the compliance risks using efficient methods and tools. The compliance officer ensures that these mechanisms and tools are adequately embedded. The major requirements of the Compliance Risk Mapping Mechanism include:

- Establishing strong Corporate Governance frameworks that reside on the effective decision making mechanisms involving the Board, Committees, Executive Management, and Control Functions.
- Performing Compliance reviews related to AML/CTF activities, systems, tools, control and reporting; in

addition, the review will include the monitoring and the implementation of the applicable Sanctions regime related to Tunisia operations.

- Performing Compliance reviews in the scope of managing conflicts of interest, intentional wrongdoing, violations, treating customers fairly, and ensuring the suitability of customer advice provided.
- Embedding a robust Compliance Framework that sits on various tools, mechanisms, policies, procedures and systems, to ensure that compliance risks are adequately identified and mitigated.
- Implementing the required systems, applications and tools to enhance the due diligence processes regarding suspicious customers and transactions. The live implementation of the systems gives the Bank the opportunity to meet Compliance for any money laundering regulations with real-time detections and hindering the relation with doubtful customers.
- Involving the top Management in the ownership and remediation of the risks being identified or in avoiding possible adverse impacts by adopting a proactive approach prior to the occurrence of any adversative incident.
- Establishing the required guidelines/ instructions and policies regarding the risky matters/issues surrounding the Banks activities, internally or externally.
- Using the Compliance Monitoring Programs that have been designed to cover all of the Bank activities/ business units and departments.
- Establishing the appropriate reporting system within the Bank, to the regulatory authorities and to the Group based on the materiality of the findings, incidents and issues to mitigate the compliance risks and monitor the activities performed as well as to support the day-to-day activities.
- Providing the required support and advisory service to senior/executive management on compliance with laws, rules and standards, including keeping them informed on pertinent developments in this area
- Providing in-house and e-training courses to QNB staff in order to strengthen the compliance controls by promoting the compliance culture, awareness and highest ethical standards adopted by QNB Group.

Compliance Achievements during 2022

The responsibilities of Compliance Division are carried out under a compliance yearly plan that sets out its scheduled

activities and tasks. Resulting 2022 action plan, the following achievements were met:

1 - Enhancement of QNB Tunisia CORPORATE GOVERNANCE FRAMEWORK

Compliance Division will be responsible for monitoring the adequacy and for assessing the corporate governance practices and framework within the Bank. Compliance Division will ensure that all the documentation manuals related to corporate governance are up to date, satisfy the regulatory requirements and that adequate reporting is in place.

QNB Tunisia is continuously working on developing the inbuilt corporate governance framework with a vision to maintain a healthy corporate governance environment and adopt QNB Group’s standards best practices.

Hence, the action plan issued from the assessment and gap analysis of the requirements of the CBT Circular 2021-05 shared with the CBT, were fully completed among active engagement of all the stakeholders and the active follow-up of the governance roadmap during most of the Board and the BACC meetings held on 2022.

Since robust Board documentation is an essential component of good governance and QNB Tunisia’s proper functioning, QNB Tunisia on an ongoing basis reviews and updates Board documentation as may be required. Furthermore, the statement of the roles and responsibilities of BOD members through the Board Charter, policy and declaration forms works to deter conflicts from arising between Directors, and facilitates cooperation between them during decision-making.

In 2022, QNB Tunisia set up and/or enhanced robust governance related policies and procedures, including (but not limited to) areas such as:

Policy Name
AML & CFT Policy
Compliance Policy
Board Policy
Whistleblowing Policy
Sanctions Policy
Fraud Policy
Chinese Walls Policy
KYC Policy
PEP Policy
Conflict of Interest & Insider Dealing
Anti-Bribery & Corruption
Personal Data Protection Policy
Disclosure & Transparency Policy

In addition to the documentation infrastructure in place, all necessary efforts were combined to create awareness of the importance of corporate governance within the Bank. In this regard, employees were also provided with tailored training courses on related aspects to drive the spirit of the Group’s code of ethics, which all employees are bound to comply with, promote ethical and professional behaviour, control, curb and report unethical behaviour.

Here are the schedule of reporting to the Board of Directors and the Board Audit & Compliance Committee concerning the project ‘set up of the Governance framework as per CBT circular 2021-05’:

Meeting	Date of meeting	Subject
Board ACC meeting 6 - 2021	22-12-2021	Gap analysis report and presentation of the Bank’s action plan
Board of Directors meeting 4- 2021	18-01-2022	Presentation of Gap analysis report and action plan
Board ACC meeting 1 -2022	22-02-2022	Follow-up and actions completed
Board ACC meeting 2 - 2022	18-04-2022	Follow-up and actions completed
Board ACC meeting 4 - 2022	18-07-2022	Follow-up and actions completed
Board ACC meeting 5 - 2022	19-10-2022	Follow-up and actions completed

Compliance *(Continued)*

2 - Compliance to the Corporate Governance Principles

QNB Tunisia follows a comprehensive set of corporate governance program that incorporates the application of wide-ranging measures of governance and contains the preparation of overall policies, procedures, manuals, organizational structure, key performance indicators, the determination of the authorities and responsibilities, the internal and external reporting requirements and the roles, responsibilities and the Board Charter, the Board's committees and the committees of the Executive Management.

This assures that vigilance is exerted by the Board and the Executive Management, as this is compatible with the legal and regulatory requirements and reflects the real orientation to comply with the international standards. The roles and responsibilities of the Board of Directors are segregated from the functions of the Executive Management. Whilst the Board assumes the overall supervision of QNB Tunisia and provides strategic direction through the approval of the strategic initiatives, key policies and objectives, the daily affairs of QNB Tunisia are carried out by Chief Executive Officer (CEO) and the Executive Management Team.

At QNB Tunisia, the Control functions have a robust set of control measures in place that combine all aspects of internal control, risk and compliance with effective monitoring systems for strategic business management. Hence, Corporate governance practices are aimed at promoting overall transparency, explaining the rationale behind the decision-making processes and insights into the formation of the Board of Directors (BOD), their related committees, their powers and responsibilities, Executive Management and other key corporate governance components.

3 - Compliance Monitoring and Oversight

Coping with ever-growing regulatory oversight and supervision, the Bank has mechanisms in place to monitor and ensure proper implementation of regulatory requirements in a timely manner. The implementation of regulatory requirements is duly formalized and documented in Bank's compliance policies, clearly specifying the role and responsibilities of the concerned parties.

QNB Tunisia maintains an efficient follow-up process to ensure completeness of actions required to be taken by relevant stakeholders across the organization. The follow-up is managed by the Compliance Department, which directly reports to the CEO and has unrestricted access to Board Audit and Compliance Committee.

An on-going effort is exerted to ensure compliance of new products and services initiatives, as well as development of the existing ones, that are offered by different business units and support functions.

During 2022, the Executive Management continued to assist in assuring compliance integrity of numerous activities, including compliance-driven projects to enhance existing processes and supported the Bank's business and operations departments to provide regulatory updates and seek approvals, where required. QNB Tunisia's Compliance Department undertakes compliance monitoring to adequately oversee and continuously monitor various and

detailed requirements of the relevant regulatory authorities.

With reference to compliance monitoring and oversight, the Compliance Self-Awareness Assessment Questionnaire (CSAQ) was performed in 2022 in order to track the Bank's performance in meeting its obligations and to identify, mitigate and manage any area with potential risk.

The CSAQ is considered as a multipurpose tool used in assessing the adequacy of the compliance with the required rules and regulations as well as evaluating the internal code of conduct, accountability and policies and procedures within a division/business area/entity. The aim is to assist the Bank heightening its self-awareness of ongoing compliance and to evaluate any additional implementations and performance requirements expected by the board and top management in lines with best practices.

The overall weighed Risk Assessment score for 2022 equals 87%. This score correspond to an effective, formal and well-supported compliance framework.

4- Promotion of the Ethical Behaviour

QNB Tunisia is committed to conducting business activities in compliance with all laws and regulations, and operates under the highest business ethics standards. The Bank encourages employees to follow the code of business ethics and uphold proper market competition guidelines to maintain a fair and transparent business environment.

All employees are required to sign the Employee Code of Conduct and abide by their rules. Furthermore, the Board and the management of QNB Tunisia explicitly require employees to conduct all business under the principles of integrity, honesty, and compliance.

QNB Tunisia also maintains a zero-tolerance policy towards corruption and bribery. A comprehensive anti-corruption system was established, including governing rules and filing system to be executed by a professional team. QNB Tunisia developed tools to further improve anti-corruption risk identification.

In 2022, the Executive Management continued to promote awareness of the importance of everyone's obligation to observe the code of ethics and safeguard QNB Tunisia's interest by reporting unethical behaviours such as, but not limited to embezzlement, fraud, corruption, bribery, conflicts of interest, customer privacy violations, discrimination, harassment, violations of laws and misrepresentation of facts.

Anti-Bribery and Corruption Monitoring

QNB Tunisia will build a comprehensive data monitoring platform which will able to screen and identify corruption-related risks, such as potential conflicts of interest, suspicious employee behaviour, irregular payment records and disbursement of loans, and unusual terms in business contracts. Through data analysis, QNB Tunisia will be able to improve the efficiency and accuracy of this platform.

QNB Tunisia emphasized the importance of anti-corruption and worked toward raising awareness among our employees. In 2022, Compliance Department updated the anti-corruption risk assessment on the Bank's main businesses. An E-learning training session was also given to all staff.

Whistleblowing

QNB Tunisia established multiple channels, including email, telephone and online channel, for reporting corruption-related behaviour. The platform's services are available all time. We released the Regulation on Whistleblowing Management of QNB Tunisia to manage relevant cases in a closed-loop manner. All suspected fraud and corruption cases are fully investigated by professional staff in accordance with internal policies. If a case constituted a crime, the investigators would refer the case to the proper judicial authority for further handling and prosecution. Compliance Department established the Regulation on Whistle-blower Protection to encourage employees to report misconduct and ensure that whistle-blowers and their identities are properly protected, and keep all information confidential whenever possible.

Mandatory Reporting of conflicts of interest

In accordance to the CBT Circular No. 2021-05 and the Conflict of Interest and Insider Dealing Policy, All employees are required to declare annually any parent/relative who works within QNB Tunisia or if an employee manage an account of a parent/relative (only for colleagues working in branches) or if an employee is a member in a company or government agency. Each employee must review/update his declaration only in case of new updates/changes have taken place since the last declaration sent to HR Department.

5- Healthy Relationship with Regulators

QNB Tunisia continued to strengthen and improve the communication channels and transparency with its regulators, to ensure that it provides the regulatory authorities with accurate, clear and transparent information in order to assist regulators in their supervisory duties. In order to enable the Compliance Department to efficiently perform its functions and responsibilities, it has been granted authority to deal with compliance matters within QNB Tunisia's activities and has been given unrestricted access to all information. Compliance Department is also empowered to conduct investigations relevant to any possible regulatory irregularity.

Regulatory Compliance & Tax Reporting

During 2022, QNB Tunisia performed effective, timely and proper reporting to the regulatory authorities of specific regulatory driven obligations, comprising new data and existing data. Compliance Department assisted in answering or supporting the handling of regulatory enquiries and data requests and resolving the pending issues that might lead to violations or financial penalties.

In addition, QNB Tunisia has set up a framework with the aim to monitor and follow-up the execution of the mandatory regulatory reporting jointly managed by the finance and compliance function. It is supported by a checklist of regulatory reporting detailed by Owner - frequency (LRRC). This process enables the bank to detect reporting failures and rejections and to take appropriate action on timely manner.

Due to the continuing change in the tax compliance landscape across the globe, and after having effectively implemented FATCA requirements including reporting 2022 data,

QNB Tunisia has initiated the Common Reporting Standard (CRS) Program, to be reflected in the FATCA/CRS Policy.

In this regard, the Bank attended the meetings organized by Banking and Financial Council (CBF) with representatives of Banks and financial institutions to frame the subject of CRS and analyze the impact of the implementation of this project on institutions and in particular:

- Updating KYC and Customer relationship management procedures and policies.
- Scanning pre-existing accounts: in order to identify the number of potentially reportable accounts and the persons to be declared.
- Regularization and information collection actions from customers and possibly the closure of the accounts of non-cooperative persons.
- Estimate of the extent of the work that falls to the IT departments to update all the software and applications concerned.
- Awareness-raising and training of staff, in particular the staff of the branches network

6 - Strengthening the sanctions compliance framework

QNB Tunisia continuously maintained efforts to enhance its robust Sanctions Compliance Program to meet the growing sanctions regulations and challenges, without disrupting customer service and ensuring the bank's reputation.

An integrated Sanctions Compliance Program includes a sanctions policy approved by the Board of Directors and rigorous and cost effective controls that satisfy the needs of both regulators and customers and ensures effective prevention and timely detection of business risk exposure to terrorism and proliferation financing, while achieving full compliance with major global sanctions programs imposed by the United Nations (UN), European Union (EU), United States of America (USA) using technology tools.

Compliance Department has a Sanctions Policy and monitoring system to support QNB Tunisia's commitment to comply with the relevant sanctions programs and different laws and regulations in all related jurisdictions. The Sanctions Policy forbids the Bank to facilitate business with a number of countries/regions irrespective of currency, general of specific license (which may render a transaction legally permissible) or regardless of whether such business is direct or indirect. The sanctions monitoring system, as well as the related embedded criteria, are regularly revisited and amended, considering the new updates and challenges in different sanctions programs and the applicable laws and regulations, taking into consideration the differences in the scope and requirements of each nature of sanctions.

During 2022, QNB Tunisia continued to rigorously enforce sanction policies and closely monitored emerging trends in financial crime. Hence, the Bank have extended the sanctions compliance framework with regards to name screening, and transaction screening of denominated foreign currency. Compliance Department maintains the use of its online Financial Crime (Anti-Money Laundering and Sanctions) and rolled-out Compliance training and awareness, both by way of E-learning and by way newsletter and compliance announcements to tailored strands of staff.

The online training program focused on providing guidance on the Anti-Money Laundering requirements and international sanctions programs, as well as general Compliance requirements to enable the Bank's staff to have a better understanding and awareness on these subjects and be aware of the risks associated with breaching any of them.

Compliance *(Continued)*

Typically, the compliance announcements and advisory interactions were aimed at transferring more detailed knowledge in a more interactive way to customer-facing and back-office staff.

7- Enriched framework and tools to strengthen the financial crime compliance

QNB Tunisia maintains an Anti-Money Laundering and Combating Terrorism Financing (AML/CTF) framework to fend off financial crimes in its many forms. The framework outlines all the proper detection systems and controls designed to deter illicit funds from flowing into the bank’s system. In line with the New AML/CTF Law of 2019 and related instructions issued by CBT in 2018, Compliance Division uses the framework to identify QNB Tunisia’s customers, conduct regular reviews of their accounts and to monitor and report any suspicious transactions made using a QNB Tunisia account. Furthermore, guidance has been developed and training conducted to ensure the embedding of the requirements of the AML/CTF regulations.

The risk-based approach is a fundamental pillar in ensuring a robust and effective AML/CTF programme. Therefore, QNB Tunisia ensures that identifying, assessing and understanding money laundering and terrorist financing (ML/TF) risks forms an integral part of the ML/TF risk management.

Money laundering and terrorist financing risk assessments assist QNB Tunisia in implementing appropriate and efficient control measures in order to protect the Bank from being exposed to the ML/TF risks. Hence, the Compliance Division collaborate with the Group’s compliance function concerning the implementation of the global KYC platform to ensure an accurate view of the quality of the customers’ KYC information and to enhance the profiling and monitoring processes.

During 2022 QNB Tunisia continued to rigorously enforce AML and KYC policies and closely monitored emerging trends in financial crime.

To this end, a number of key actions and tools were performed or enhanced targeting the following:

- Checking of the entire customer base against national and international sanction lists via the SIRON KYC system after each list update and during the on boarding process.
- Review and calibration of transaction monitoring scenarios with an AML perspective & processing of alerts generated by the SIRON AML system
- Processing of all requests for information and reports from the CTAF and the judicial authorities and investigations into these persons or entities
- Analysis, investigation and preparation of reports to the various stakeholders and submission of suspicious transaction reports to the CTAF
- Adoption and Launch of the Money Laundering & Terrorist Financing Risk Assessment exercise in accordance with the ACAMS methodology detailed below.

8- Enforcement of a robust fraud control framework

In addition to financial losses related to fraud events, fraud and wrongdoing create legal and reputational risk, hence if

not effectively managed, it may impact capital requirements.

To manage the Fraud Risk, QNB Tunisia has established a comprehensive fraud control framework, and put in place a program demonstrating the expectations of the Board of Directors and Executive Management and their commitment towards high integrity and ethical values regarding fraud risk management.

QNB Tunisia rolled out Anti-Fraud Policy during 2022 with the support of the Group Fraud Control Unit which give the guidance to build the fraud control framework to ensure alignment and consistency with Group Fraud Policy framework and standards.

Also, the Fraud Risk assessment was performed in close coordination with the stakeholders which are the ultimate owner of the management of fraud risk event that may occur in their scope.

The Fraud Control Unit will be able to perform ongoing monitoring and investigation of alerts, referrals and exception reports to mitigate the risk of fraud events occurring or not being detected in a timely manner.

In addition, The Fraud Control Unit has an established process for receiving, evaluating, and treating alerts and whistle blowing concerns relating to potential fraud and unethical conduct and rolled out e-learning fraud awareness trainings for all the employees of QNB Tunisia.

9- Global data protection and privacy program

Privacy protection and information security are highly important to QNB Tunisia and continuous improvements to privacy protection and information security systems are made in 2022.

At QNB Tunisia, there is a strong commitment starting from the top to protect personal data, which is fundamental to the Bank in achieving its long-term vision. The Data Protection Team within Group Compliance Division at QNB who are responsible for the overall data privacy activities and compliance of information processed leads this process.

The local Data Protection Framework as part of the Group’s one is based upon international best standards, key regulations such as General Data Protection Regulation (GDPR) and Tunisian Law No. 2004-63 .

The key element of the framework is specialised data protection and privacy system that automates the foundations of a robust privacy framework, which includes data security-technical and organizational measures:

- Access Management – having proper access management controls limits access to personal data for authorized employees. Separation of duties and privilege principles ensure users have action only in accordance with their roles.
- Pseudonymization and Encyption – Pseudonymization is the processing of personal data in such a way that the data can no longer be attributed to a specific data subject without the use of additional information. Encryption entails using an algorithm to scramble, or encrypt, data and then uses a key for the receiving party to unscramble or decrypt the information.
- Incident Response Management (IRP) – A mature IRP addresses phases of an incident including preparation, identification, containment, recovery and lessons learnt.

Data protection laws require notification to authorities and affected data subjects under certain conditions and time frames; for example, GDPR requires QNB Entities to report to authorities within 72 hours after becoming aware of a breach.

- Third Party Risk Management – Third Party Risk Management enables QNB Entities to appropriately identify key controls that must be implemented by data processors reducing privacy risk.
- Data protection impact assessments - A Privacy Impact Assessment (PIA) is a practical tool to help identify and address data protection and privacy concerns at the design and development stage of a project or business change. It is designed to help you analyse, identify, and minimise privacy risks to individuals whenever a new system, product, service or business process is introduced or where changes are proposed to existing processes and systems. A PIA also helps QNB Entities meet individuals’ expectations of privacy and data protection and help avoid reputational damage which might otherwise occur. There can also be financial benefits; identifying a potential issue or problem early on generally means a simpler and less costly solution.
- Data Leakage Prevention – Data Leakage Prevention (DLP) is defined as the practice of detecting and preventing the unauthorized disclosure of data. Certain regulatory requirements in the MENA region mandate banks enforce measures to address the risk of unauthorized downloading of customer data and loss of

data containing sensitive information by implementing endpoint DLP solutions. An effective DLP solution helps QNB Entities understand the types of data to protect, monitor the journey of the data including channels of data leakage and ultimately prevent data leakage such as blocking certain types of messages/files from leaving the organization’s domain. DLP solutions can mitigate malicious intent, negligence, as well as accidental disclosure of data.

QNB Tunisia follows QNB’s data protection vision and corporate governance standards and its strategic roadmap in the near to medium-term which is heavily focused on investing in resources and adopting a strong privacy-by-design approach. QNB Tunisia will continuously review the operating model, ensuring governance, technical and security measures, and data subject rights.

10- Compliance training and awareness programs to QNB Tunisia employees

QNB Tunisia is highly committed towards the implementation of a robust compliance training program, which has been rolled out across QNB Group. The compliance trainings help employees stay abreast of latest requirements and increases their productivity with less supervision, whilst ensuring that they are aware of their roles and responsibilities taking into account all the relevant laws, regulations and internal policies.

In 2022, mandatory e-learning were rolled out on favor of all Bank’s employees concerning financial crime topics as detailed below:

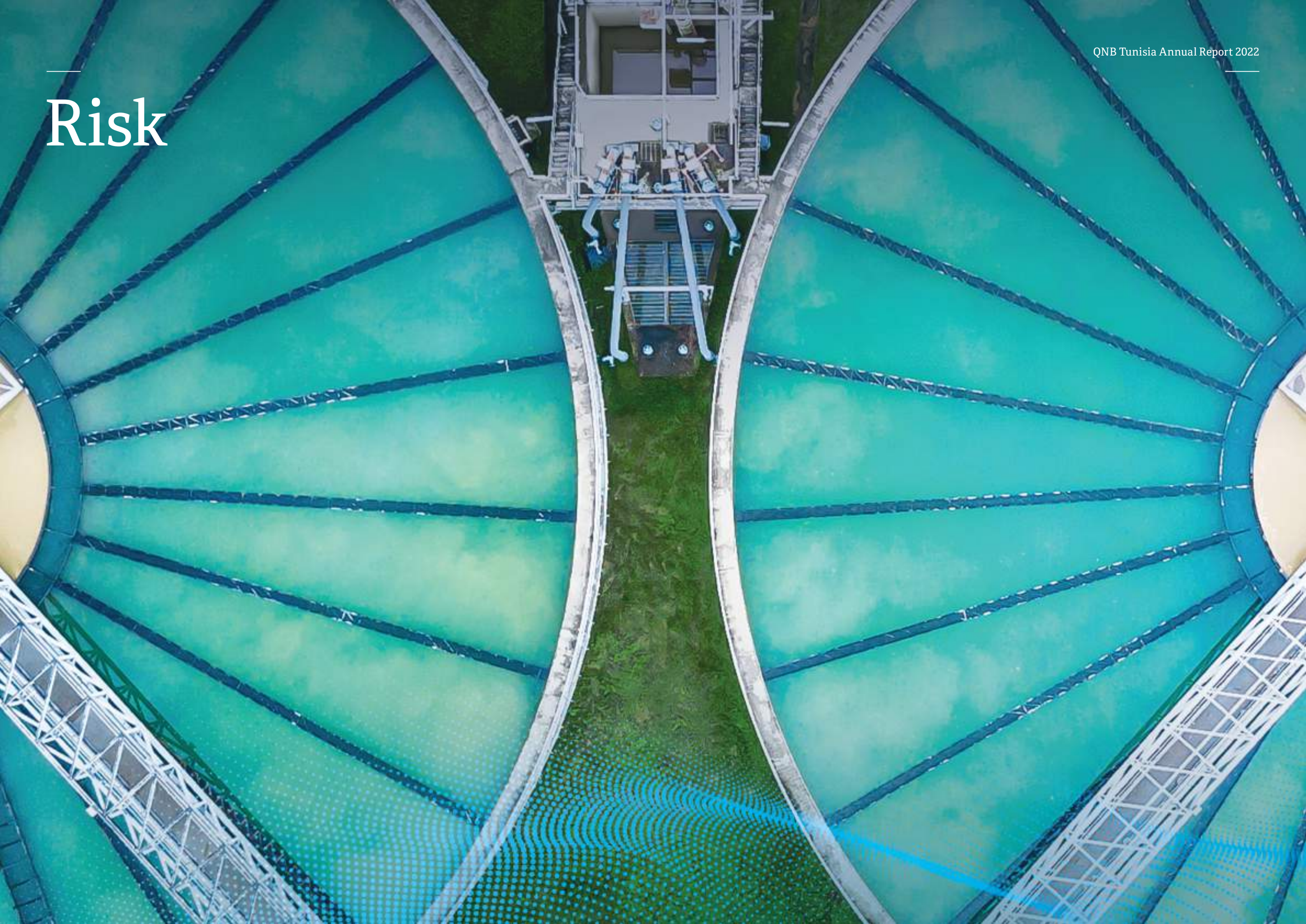


Compliance *(Continued)*

E-learning subject	Learning Objectives	Certification
AML / CFT	<ul style="list-style-type: none">• Identify the methods that criminals use to launder money and finance terrorism• Explain the AML and CTF laws and regulations• Recognize additional financial crimes affecting business• Apply Risk based due diligence procedures• Explain the sanctions regime and the Bank’s responsibilities• Identify examples of suspicious behaviour and escalation	Certificate of completeness
Anti-Fraud	<ul style="list-style-type: none">• Fraud definition and different fraud methods in the context of the bank• Fraud Prevention Principles• The role of the employee in fraud detection• List the most prevalent types of financial frauds and red flags and measures	Certificate of completeness
Whistle-Blowing and Anti-Bribery	<ul style="list-style-type: none">• Whistle-Blowing Principles, and Anti-Bribery and Corruption (ABC) Principles• The role of the employee in Bribery and Corruption detection• List various issues that may subject to Whistle-Blowing	Certificate of completeness
CRS-FATCA	<ul style="list-style-type: none">• What is FATCA/Elements of FATCA compliance• Key requirements of FATCA• What is CRS/Elements of CRS compliance• Key Milestones of FATCA and CRS• FATCA and CRS Forms• Collection and documentations of FATCA & CRS Forms• Change in circumstances• Key differences between FATCA and CRS• Core elements of effective implementation• Key Challenges and Risks of non-compliance	Certificate of completeness
Sanctions	<ul style="list-style-type: none">• Define sanctions and explain their significance• List the relevant sanctions regulators• Describe the objectives of QNB Global Sanctions Policy• Explain the employee responsibility to mitigate the sanctions risk• Describe QNB Sanctions key controls	Certificate of completeness
DATA Protection Awareness	<ul style="list-style-type: none">• Basics of Data Privacy• Data Privacy Principles and Roles• Comparison of GDPR and Data protection law• Data Classification• Data loss prevention	Certificate of completeness
Human Rights Principles	<ul style="list-style-type: none">• Understand human rights• Comprehend the relationship between human rights and businesses• Explain why businesses should care about human rights• Recognize how QNB’s policies align human rights	Certificate of completeness

We are recognised as a regional ESG leader through both our external ESG ratings and numerous awards.

Risk



Internal Control System

The internal control system at QNB Tunisia is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness, efficiency and proper control of the bank’s operations;
- Reliability of financial reporting, and
- Compliance with applicable laws and regulations

The internal control system lies on the following five elements:

- Management oversight and control;
- Risk recognition and assessment;
- Control activities and segregation of duties;
- Information and communication; and

- Monitoring activities and correcting deficiencies.
- Any breaches to these elements are being reported promptly to senior management and the Board of Directors for follow up of approved corrective actions. All elements of the internal control system of the bank reports on a regular basis to the Board of Directors and all its relevant committees.
- The Internal control System complies with the principles of independence, vertical integration, and decentralization.
- In order to achieve the Bank’s objective which is adequate liquidity position, sustained profitability and increase of shareholders’ value, the Bank recognizes that a sound internal control process is critical to its ability to meet its established goals and maintain its financial viability.



QNB Group's integrated approach to risk management is set out in our Risk Appetite Statement.



Stop-and-go lockdowns in China amplified the magnitude of supply chain shortages that emerged during the pandemic across the globe.

Risk Management System

Risk Management System at QNB Tunisia seeks to have in place management policies and procedures that are designed to help ensure an awareness of, and accountability for, the risk taken throughout the Bank, and to develop the tools needed to address those risks. The Bank has set up a Risk Management Structure (RMS) split into Credit Risk headed by Executive Management and Risk Management Department headed by Executive Management. The Head of Risk Management acts as secretary of the Board Risk Committee. The RMS does not have any business targets in terms of either levels of business or income/profits to be achieved, with a view to ensuring its objectivity in analyzing the various risks. The mission of the RMS is to identify, measure and control various risks and report to the BOD and its relevant committees and to the top management of the Bank on the effects and, where possible, mitigations.

The Bank has developed Risk and Disclosure Policy that classifies the risks faced by it in its day-to-day activities into certain families of risks and accordingly specific responsibilities have been given to various officers for the identification, measurement, control and reporting of these identified families of risks. Among the families of risks are:

- Credit Risk which includes default risk of clients and counterparties,
- Market Risk which includes interest rate, foreign exchange, equity
- Liquidity risk which includes contingency funding plan,
- Operational Risk which includes risks due to operational failures,
- IT Risk which includes information security & cyber-attacks in addition to business continuity plan, disaster recovery,
- Monitoring which includes Stress Testing (credit, market & liquidity), Risk Appetite Framework,
- ALM which includes management and monitoring the bank's balance sheet structure.

The RMS is responsible to ensure that the relevant details for measurement of the risk and allocation of the appropriate risk weights to the exposures, so that the computation of the RWAs can be made appropriately.

The bank's Risk Management Report Dashboard provides management with all risks faced by the bank: credit, strategic, market, liquidity operational, IT risk, etc. Uses and sources of funds are managed in order to:

- Comply with prudential rules and bank's internal limits,
- Maintain good balance sheet structure,
- Maintain good liquidity position,
- Maintain diversified and stable funding sources,
- Ensure that IT Architecture is optimized,
- Follow up on Operational incidents and customer complaints.

Top & Emerging Risks

The identification and monitoring of top and emerging risks are central to QNB Tunisia. These risks are identified, analysed and managed by the Risk Function. These risks are frequently reported to the concerned committees and give rise to actions such as:

- Follow-up of macroeconomic and financial conditions and their consequences for QNB Tunisia portfolio.
- Market and liquidity risk decisions made by ALM Committee;
- Forward-looking discussions on emerging risks and their impacts on the Bank's risk profile;
- Analysis of changes to the regulatory framework and their consequences on the Bank's capital and liquidity management as well as on its activities.

Risk Culture

QNB Tunisia has a strong risk and compliance culture. The Bank believes that a strong risk culture is vital to the sustainability of its activity. Executive Management has chosen to include the risk culture in four principles:

- Enforcing robust risk governance,
- Ensuring accountability for all risk based decisions,
- Ensuring accountability for all risk mitigation actions,
- Encouraging risk awareness.

Risk management framework

The Bank's risk management framework is based on a clear understanding of various risks, disciplined risk assessment, measurement procedures and continuous monitoring.

Liquidity Risk

Liquidity and capital adequacy ratios are viewed by bank regulatory and credit analysts as one of the key indicators of a bank's financial conditions. It indicates the margin of protection available to both depositors and creditors against unanticipated financial difficulties that may be experienced by a bank. The Bank's liquidity coverage ratio (LCR) stands at 687.5 % as of end of Dec. 2022 compared to 100% required by CBT. The bank's net stable funding ratio (NSFR) – based on BASEL directives- stands at 150.34 % as of end of Dec. 2022.

The liquidity of the Bank is managed through the following:

- Ongoing basis: Liquidity CF statement,
- Balance sheet structure,
- CBT prudential ratio,
- Liquidity Ratios including early warning indicators (EWI).

Liquidity Indicators

As of December. 31st, 2022, all the liquidity parameters comply with the bank's internal policy and the regulatory requirements. All liquidity indicators are satisfactory. The bank has comfortable liquidity position with high quality

of liquid assets. Overall, there is no major Liquidity Risk. Liquidity indicators cover the following:

- Liquidity coverage ratio and net stable funding ratio,
- Loan to deposit ratio,
- Funding analysis (by maturity, by currency, by depositor nationality/residence,...),
- Liquidity contingency ratios/triggers,
- Liquidity mismatch,
- Funding concentration (top depositors, funding concentration by currency,...),
- Customer deposits trend and behaviours.



We enhanced our group-wide ESRM policy framework, which enables us to proactively identify, assess and manage our exposure to environmental and social risks.

Credit Risk

In order to improve credit risk management and governance, many tasks and activities have been conducted during 2022 to continue building risk management foundations and frameworks to assess, manage and monitor credit risk.

In fact, the Bank continues to manage Credit risk under Credit and risk appetite policies and within a set credit approval and authority framework. The related process is covering credit initiation, rating validation, analytics, approvals, credit administration, documentation, collateral management and limits monitoring at multiple levels.

The effort was concentrated on the main following areas:

- Improving the credit lending end-to-end process.
- Implementing a workflow and decision making framework dedicated to manage credit retail request
- Improving the management of daily payment platform and process
- Defining the NPL reduction plan for the next five years.
- Assessing the guarantees and collaterals physical documents and input accurate value on the system.
- Implementing IFRS 9, ECL tool and assessing its outcomes on a monthly basis.
- Approving and starting to use the new collection process from the first missed payment until the litigation process.

Risk appetite policy and Credit Risk Acceptance Criteria follow-up

In 2022, the Credit Department, in collaboration with other stakeholders, continue to ensure close monitoring on monthly basis the ratios and aggregates related to risk appetite policy that promote the appropriate alignment of risk with its appetite.

The framework established allows to:

- Control the concentration risk against the sector thresholds
- Detect promptly any exceedances
- Implement corrective measures to mitigate identified risk exposure

This framework consists in credit risk criteria metrics establishment including sector caps and RAC/MAC criteria. Actually and in addition to regulatory exposure limits, the Bank imposes its own internal limits on obligor groups and Individual obligors, reinforced by portfolio limits, which are categorized mainly in terms of sector, and rating buckets.

Improve the credit lending end to end process

- **Exposure follow up**

Besides the annual review and renewal of limits, Credit Department has been involved in the close monitoring of daily operations. In fact, many improvements to daily payment platform was implemented to have better overview about the customer’s account.

- **Retail Scoring tool Lending workflow:**
For retail customers, loans are treated via the new scoring tool. The settings of this tool have been started in 2022. In addition, a new workflow related to Retail Credit lending was set in order to automate all Credit retail steps.
- **Improving the management of O/D process by applying more control and new DOA**
In 2022, the bank has improved the daily payment platform by adding all needed information for decision and by implementing, DOA automated rules.

Define the NPL reduction plan for the next five years

In order to be compliant with CBT CAR ratios starting from 2023 and to decrease NPL ratio to acceptable levels by 2027, the Bank has defined a NPL reduction plan based on:

- **The reinforcement of Recovery and the Write-off of compromised loans**
 - o Accelerate cash collection
 - o Boost restructuring volumes
 - o Apply for compromised loans write-off
- **The increase of new Business**
 - o Further develop new business
 - o Focus on big tickets
 - o Enhance customers’ deposits targets

Assessment of guarantees and collaterals

In 2022, Guarantees and contract department continued the process of assessment of all collateral values and input them on the system. In addition, a new project is in being conducted to allowing a more efficient collateral system.

IFRS9 project

Following the decisions taken by the Central Bank of Tunisia in 2018 for the adoption of International Financial Reporting Standards by banks, QNB Tunisia has already implemented IFRS 9 and ECL tool including all PD, LGD and EAD models and started using their outcomes.

Redefine the collection process from the first missed payment until the litigation process

A new collection process from the first missed payment until the litigation process was approved and started to be used by 2022.

By this procedure, QNB Tunisia aimed to set a clear process for handling Non-Performing Loans.



We seek to anticipate potential issues and emerging risks and proactively recalibrate our risk appetite to limit exposure where appropriate.

Operational risk

Banks’ activities are becoming more diverse and complex. Thus banking practices require that risks other than credit, interest rate and market risk can be substantial and should be carefully and properly managed. These risks are headed under the operational risk and include the risk of loss resulting from poor internal process, inadequate people and systems as well as legal risk, reputation and systemic risk.

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Risk Control Self-Assessment

Risk assessment allows the business to consider how potential events might affect the achievement of objectives. Management assesses events from two perspectives: likelihood and impact. Likelihood represents the possibility that a given event will occur, while impact represents its effect should it occur. External data are also useful, as factors influencing events may change over time.

Risk Control Self-Assessments (RCSAs), lay an essential role in an effective operational risk framework. The goal of RCSAs is to enable the Bank to be proactively and efficiently:

- Identify key threats to business objectives
- Determine the effectiveness of controls
- Mitigate outstanding gaps

RCSA is used for track important or significant risk only. If there are risks which are identified by a unit as “not important or not significant”, they must be documented and reviewed periodically. Managers of units reporting the RCSA are fully responsible for identifying risks, tracking incidents, associating loss value, linking them to risks, implementing controls to mitigate risks and report data in specified formats.

During the year 2022, a review of all RCSA workshops conducted in the previous years and performed new RCSA workshops. New inherent risks as well as residual risks were identified, the assessment allowed raising some anomalies and lack of controls. Consequently, recommendations, suggestions and mitigation actions were formulated. Corrective action plans are put in place for all of them. For the year 2022, all the corrective action plans were properly set up.

Key Risk Indicators (KRIs)

KRIs are the measures summarizing the frequency, severity and impact of Operational risk events or corporate actions occurred in the bank during a reporting period. KRIs are critical predictors of unfavorable events that can adversely impact organizations. They monitor changes in the levels of risk exposure and contribute to the early warning signs that enable organizations to report risks, prevent crises and mitigate them in time.

KRIs - independently or in conjunction with other risk environment related data, such as, loss events, assessment outcomes, and issues -- offer considerable insights into the weaknesses within the risk and control environments. They act as metrics of changes in an organization’s risk profile, but given the changing risk landscape.

KRIs are not analyzed alone but with others pillar of Operational risk: loss events (already happen) in addition to RCSA workshops data information performed within the concerned business unit. All data are aggregated to formulate an objective point of view on the event that can impact organization.

Business Continuity Plan & DR (BCP)

A back up site was installed at 20 km away from our head office site as part of a contingency plan whereby, in the event of a major business disruption, the bank will have the ability to quickly re-establish its computerised operations. Although ideally, the backup site should be 60 km far from the HO, the current back up site is believed conform to the norms.

Business impact analyses (BIA) were conducted to all functional areas; in order to ascertain their needs to continue the activity in case headquarter is not operational. The backup of all banking operations is conducted through two different ways, a physical storage data at end of day and on line data saving at back up site with slight delay (about 10 mn).

The BCP stands on to have the following four steps:

- Business Impact Analysis (BIA);
- Risk assessment;
- Risk management; and
- Risk monitoring and testing.



We believe in a responsible and sustainable approach to doing business.

Cybersecurity

To comply with the Tunisian law, an audit mission will be performed during Q2 2023 by a certified consultancy firm to cover all the Bank’s IT infrastructure and IT security processes. All the vulnerabilities and findings mentioned during the previous IT security external audit mission report were fixed by the Bank’s internal team in collaboration with external parties.

For more transparency and proper governance, the Management of the Bank decided that, no consultancy firm can perform the audit mission more than twice in a row.

All attacks were blocked by the Bank’s security solution and analyzed by the risk department to identify attack root cause.

Human resources and training

To enhance the Bank’s security culture, security bulletins were shared regularly for all staff.

A phishing test was done by sending a malicious email usurping the HR head department address. According to test results, the Risk Department decide to plan training sessions for all the staff to increase employees’ vigilance against phishing attack.

IT Security staff attends on a regular basis training sessions provided by a certified consultant.

Threat intelligence

To face cyber-attack and avoid vulnerabilities exploitation, the Risk Department flows all security news and vulnerabilities information via website providers and from Computer emergency response teams (CERT).

IT security bulletins are being shared on monthly basis for the IT department and include all vulnerabilities, which could affect the bank information system.

Cyber resilience

Since the worldwide outbreak of Covid-19, there has been an increase in malware using the virus itself as the bait. Cybercriminals try to take advantage of global uncertainty and disruption with additional phishing, online scams and malware installed via Covid-19 heat maps and social media campaigns.

In light of these insights, the Bank assessed its operational resilience with a focus on the Bank’s cyber resilience in order to assess its ability to adapt rapidly to changing environment.



IT Security staff attends on a regular basis training sessions provided by a certified consultant.



We ensured the seamless delivery of hundreds of thousands of secure digital transactions for ticketing, hotel bookings, travel and restaurant reservations for the FIFA World Cup Qatar 2022™.

Financial statements

Statutory auditors' general report on financial statements
for the year ended December 31, 2022



Statutory Auditors’ General Report
To the Shareholders of Qatar National Bank Tunisia

I- Report on the Audit of the Financial Statements

Opinion

In execution of the statutory audit mandate entrusted to us by your General Meeting, we have audited the financial statements of Qatar National Bank Tunisia, which comprise the balance sheet as well as the statement of off-balance sheet commitments as of December 31, 2022, the income statement and the cash flow statement for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

These financial statements, annexed to this report, show a total balance sheet of TND 146 512Thousand and a net loss of TND 142 935Thousand.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Qatar National Bank Tunisia as at December 31, 2022, as well as the results of its operations and its cash flows for the year ended on that date in accordance with Tunisian General Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) applicable in Tunisia. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent from the bank in accordance with the rules of ethics that apply to the audit of financial statements in Tunisia and we have fulfilled the other ethical responsibilities incumbent on us under these rules. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We consider it useful to draw your attention to Note n° 3.2 to the financial statements which indicates that the bank obtained a guarantee issued by the parent bank on May 30th, 2019 expiring on June 30th, 2023 and covering the risks of a group of customers, for a total amount of TND 49 130 Thousand. It should be noted that had it not been for this guarantee, the bank would have had to create additional provisions of TND 15 347Thousand (without taking into account the impact on collective provisions).

Our opinion is not modified in respect of this matter.

Report of the Board of Directors

The responsibility for the report of the board of directors rests with the board of directors. Our opinion on the financial statements does not extend to the report of the board of directors and we express no assurance whatsoever thereon.

Our responsibility is to verify the accuracy of the information given on the bank's accounts in the report of the board of directors by reference to the data appearing in the financial statements. Our work consists of reading the report of the board of directors and, in doing so, of assessing whether there is a significant inconsistency between it and the financial statements or the knowledge we have acquired during the audit, or if the Board of Directors' report otherwise appears to contain a material misstatement. If, in light of the work we have performed, we conclude that there is a material misstatement in the Board of Directors' report, we are required to report this fact.

We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Tunisian accounting system, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the bank’s financial reporting process.

Auditor’s responsibilities for the audit of the financial statements

The financial statements have been approved by your board of directors. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in

Statutory Auditors’ General Report
To the Shareholders of Qatar National Bank Tunisia

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the bank’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control hat we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

II- Report on other legal and regulatory requirements

As part of our statutory audit mission, we have also carried out the specific verifications provided for by the standards published by the Tunisian Order of Chartered Accountants and by the relevant regulatory texts.

Effectiveness of the internal control system

Pursuant to the provisions of Article 3 of Law 94-117 issued November 14th, 1994 as revised by Law 96-2005 of October 18th, 2005 and Article 266 of the Commercial Companies Code, we carried out a general assessment of the effectiveness of the internal control system of the bank. In this regard, we recall that the responsibility for the design and implementation of an internal control system as well as the periodic monitoring of its effectiveness and efficiency rests with management and the board of directors.

Based on our review, we have not identified any material deficiencies in internal control that could impact our opinion on the financial statements as expressed above.

A report dealing with the weaknesses and shortcomings identified during our audit was submitted to the bank's management.

Compliance of securities accounts with the regulations applicable

In application of the clauses of Article 19 of Decree No. 2001-2728 issued November 20th, 2001, we carried out checks on the compliance of the account keeping of securities issued by the bank with the regulations in force.

The responsibility for ensuring compliance with the requirements of the regulations in force lies with the management.

Based on the due diligence that we deemed necessary to implement, we did not detect any irregularity related to the compliance of the bank's accounts with the regulations in force.

Tunis, March 22, 2023	
The Statutory Auditors	
Cabinet CMC	Orga Audit-
Chérif BEN ZINA	Monoom BEN AHMED

Statutory Auditors’ Special
To the Shareholders of Qatar National Bank Tunisia

As auditors of the bank accounts and in application of the provisions of Article 62 of Law No. 2016-48 relating to banks and financial institutions, as well as the Article 200 and following and Article 475 of the Commercial Companies Code, we have the honor to inform you of the elaborate agreements below.

Our responsibility is to ensure that we comply with the legal procedures for authorizing and approving these agreements or operations and that they are ultimately correctly translated into the financial statements. It is not our responsibility to specifically and extensively investigate the possible existence of such agreements or operations but to communicate to you, on the basis of the information given to us and that obtained through our audit procedures, their characteristics. and essential modalities, without having to comment on their usefulness and merits. It is up to you to assess the interest attached to entering into these agreements and carrying out these transactions with a view to their approval.

Newly completed agreements and transactions

We inform you that we have been notified of the following operations that would fall within the scope of the aforementioned chapters:

Transactions with QNB DOHA (Mother Company)

The intangible fixed assets in progress include an amount of 1 831 thousand Tunisian dinars made by the parent company, of which 967 thousand Tunisian dinars relating to the year 2021 and taking into account the payables which amount at the end of the year 965 thousand dinars and without considering the related taxes carried by QNB Tunisia. This amount represents the cost of providing external human resources to implement some projects.

Transactions with TQR

QNB Tunisia signed with TQR on 22/03/2022 a debt recovery with a remuneration rate of 5% of total recoveries. During 2022, total fees amounted to 86 thousand dinars.

Transactions carried out relating to previous agreements

The following agreements and processes, which were signed and ratified over the past years, have been continued.

Transactions with QNB DOHA (Mother Company)

- On 24 June 2019, QNB Doha converted a 120 million USD short-term loan into a medium term loan over a 5 -year period. For 2022 fiscal year, related interest cost amounted to 1 797 Thousand USD. As of 31 December 2022, outstanding balance amounted to 36 million USD.

- QNB DOHA issued a banking guarantee to cover the loan granted by the European Bank for Reconstruction and Development (EBRD) at an annual rate of 0,75%. The total fees incurred as of 2022 fiscal year amounted 95 Thousand Euros.

- QNB Tunisia received a guarantee issued by the mother company on May 31, 2019, in coverage of customers’ exposure amounting to 49 130 thousand Tunisian dinars. No fees were charged on the said guarantee.

Details of guarantees received from the mother company are as follows:

Operation description	31/12/2022
Mother company guarantee to the benefit of the EBRD	EUR 8 571K
Mother company guarantee to cover exposure on customers	TND 49 130K

- As of 31 December 2022, the balance of the current account opened by QNB Doha with QNB Tunisia amounted to 656 thousand USD. The said account nominated in USD and remunerated at 0.5% p.a. generated an interest expense of 4.9 thousand USD as of 2022 year-end.

- In 2022, QNB Tunisia carried out placement transactions in USD and EUR with QNB Doha that generated interest income amounting to 284 thousand dinars and borrowing transactions in EUR that generated interest expense amounting to 18 thousand Tunisian dinars. As of 31 December 2022, the related outstanding balance amounts to 108 263 thousand Tunisian dinars which corresponds to placements amounting to 23 000 euros with an interest rate of 1.15% and 10 000 thousand euros with an interest rate of 3.35%.

- As of 31 December 2022, total technical services and consultations fees billed by QNB Doha to QNB Tunisia during amounted 4 247 thousand Tunisian dinars including the related payables that stood at 840 thousand Tunisian dinars as of 31 December 2022. This figure do not the related taxes taken in charge by QNB Tunisia.

Transactions with TQR

- TQR carried out term placement operations with QNB Tunisia during 2022, with a duration between 90 days and 360 days. Those operations amounted to 5 350 thousand dinars on December 31, 2022. The related interests amounted to 326 thousand dinars including withholding tax of 40 thousand dinars.

- On December 1st, 2015, QNB Tunisia has granted a long-term loan to TQR for an amount of TND 11 000 thousand at an interest rate of 4.55%. The interest during the year 2022 amounted to 355 thousand dinars.

- On December 1st, 2015, QNB Tunisia has subscribed share certificates issued by TQR for an amount of TND 6 000 thousand. The benefits obtained from these certificates amounted to TND 384 thousand during the year 2022.

- The bank enables “TQR” to exploit its bank account free of charge.

- QNB Tunisia provided the TQR, with its headquarters free of charge.

Statutory Auditors’ Special
To the Shareholders of Qatar National Bank Tunisia

Transactions with TQF

- The bank enables “TQF” to exploit its bank account free of charge.

Wages and benefits for managers and board members

According to the provisions of paragraph 5 of Article 200 (new) of the Commercial Companies Code, the bank's obligations and commitments towards the directors are divided as follows:

- The entitlements of the current general manager were determined according to a contract concluded on August 24, 2020, and these dues include basic salary, housing allowance, and transportation allowance. He also enjoys sickness and life insurance.

- Members of the Board of Directors enjoy a net attendance grant in the amount of \$ 1 500 for each meeting of the Board of Directors or the committees derived from it (the Audit Committee and the Risk Committee).

The Ordinary Plenary Meeting held on September 29, 2020 approved the principle of granting attendance allowance net of all taxes retroactively, starting from the fiscal year 2019.

The following table shows the bank’s obligations and commitments towards the managers as stated in the financial statements on December 31, 2022:

(In TND)	General Manager		Board members and members of audit and risk committee	
	General Manager benefits	Liabilities on December 31, 2022	Year's Benefits	Liabilities on December 31, 2022
Short Term Benefits	1 965 423	-	405 281	334 089
Long Term Benefits	-	-	-	-
Total assets	1 965 423	-	405 281	334 089

With the exception of the aforementioned operations, our audit work did not result in the existence of other agreements or transactions that fall within the scope of Article 62 of Law No. 2016-48 relating to credit institutions, Article 200 and following, and Article 475 of the Commercial Companies Code. The Board of Directors of Qatar National Bank Tunisia has not informed us of any other agreements or contracts that fall within the scope of the aforementioned articles.

Tunis, March 22, 2023	
The Statutory Auditors	
Cabinet CMC	Orga Audit-
Chérif BEN ZINA	Monoom BEN AHMED

Qatar National Bank Tunisia
 Financial statements
 Balance sheet
 As at 31 December 2022
 (Unit: 1000 Tunisian dinars)

	Notes	31-12-2022	31-12-2021
Assets			
Cash and balances with Tunisian Central Bank	1	57 716	52 774
Due from Banks and Financial Institutions	2	270 481	330 683
Loans and advances	3	911 085	835 993
Trading securities portfolio	4	5 074	4 751
Investment portfolio	5	340 591	202 587
Property & Equipment	6	20 174	20 353
Other assets	7	53 883	47 111
Total assets		1 659 004	1 494 252
Liabilities			
Due to Central Bank	8	67 002	-
Due to Banks and Financial Institutions	9	45 452	60 031
Customers' Deposits	10	1 203 071	1 096 638
Borrowings and Special Resources	11	136 227	236 946
Other liabilities	12	60 740	51 190
Total liabilities		1 512 492	1 444 805
Shareholders' equity			
Capital		394 000	154 000
Legal reserves		647	647
Losses Brought Forward		(105 200)	-
Net Income/Loss of the year		(142 935)	(105 200)
Total shareholders' equity	13	146 512	49 447
Total liabilities and shareholder's equity		1 659 004	1 494 252

Qatar National Bank Tunisia
 Financial statements
 Off-Balance sheet
 As at 31 December 2022
 (Unit: 1000 Tunisian dinars)

	Notes	31-12-2022	31-12-2021
Contingent liabilities			
Guarantees, warranties and other granted guarantees		55 633	56 147
Documentary credits		78 623	72 559
Assets pledged as security		67 002	-
Total Of Contingent Liabilities		201 258	128 706
Financing commitments			
Financing commitments granted to customers	14	9 147	5 536
Total of financing commitments		9 147	5 536
Received commitments			
Financing commitments received from Banks		-	65 121
Guaranties received from Government		196 051	
Guaranties received from customers	15	582 351	589 652
Guaranties received from Banks and SOTUGAR	16	64 076	114 300
Total equity attributable to equity holders of the bank		842 478	769 073

Qatar National Bank Tunisia
Income statement
From January 1st to December 31st, 2022
 (Unit: 1000 Tunisian dinars)

	Notes	From 1st of January to 31st of December 2022	From 1st of January to 31st of December 2021
Banking operating income			
Interest and similar income	17	77 761	73 204
Commission income	18	9 011	8 161
Profit on trading securities portfolio and financial operations	19	11 048	7 627
Income of investment portfolio	20	28 242	12 726
Total banking operating products		126 062	101 718
Banking operating expenses			
Interest and similar expenses	21	(86 193)	(72 543)
Commission expenses		(2 366)	(1 618)
Loss on trading securities portfolio and financial transactions		-	(1 637)
Total liabilities		(88 559)	(75 798)
Net banking income		37 503	25 920
Provisions allowances and value corrections of loans, off-balance sheet items and liabilities (*)	22	(114 350)	(70 180)
Provisions allowances and value corrections on investment portfolio		-	-
Other operating income		87	9
Staff expenses	23	(40 356)	(36 347)
General operating expenses	24	(22 974)	(20 458)
Depreciation of fixed assets	6	(2 508)	(3 326)
Total equity attributable to equity holders of the bank		(142 598)	(104 383)
Income tax(*)	25	(337)	(317)
Result from ordinary activities		(142 935)	(104 700)
Profit/loss on extraordinary elements (*)		-	(500)
Net result		(142 935)	(105 200)
Result per share	27	(4.269)	(4,682)

2021- year data restated for comparison purpose

Qatar National Bank Tunisia
Cash flows statement
From January 1st to December 31st, 2022
 (Unit: 1000 Tunisian dinars)

	Notes	From 1st of January to 31st of December 2022	From 1st of January to 31st of December 2021
Operating activities			
Collected banking operating products		109 179	137 645
Disbursed banking operating expenses		(86 445)	(82 795)
Deposits/withdrawals on customers deposits		77 584	343 705
Granted loans/ customers' loans reimbursement		(204 253)	49 581
Acquisitions/disposals of trading securities		(267)	(218)
Payments to personnel and other accounts payables		(46 033)	(33 843)
Other cash flows from operating activities		(11 215)	(21 010)
Corporate tax paid		(351)	(166)
Net cash flow from operating activities		(161 801)	392 899
Investment activities			
Collected products on investment portfolio		27 538	6 873
Acquisition/disposals on investment portfolio		(139 519)	(79 291)
Acquisition/disposals on fixed assets		(1 486)	(409)
Net cash flow from investment activities		(113 467)	(72 827)
Financing activities			
Capital increase		240 000	130 000
Increase/repayment of borrowings		(99 595)	(99 728)
Net cash flow from financing activities		140 405	30 272
Net changes in cash and cash equivalent during the year		(134 863)	350 344
Cash and cash equivalent at the beginning of the year		366 987	16 643
Cash and cash equivalent at the end of the year	26	232 124	366 987

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2022

1. Framework of financial statements preparation

The financial statements as of December,31 2022 are based on the generally accepted accounting principles in Tunisia and particularly the accounting standards (TAS 21 to TAS 25) related to banking institutions and which became effective as from the 1st of January 1999.

2. Adopted accounting methods

The financial statements of Qatar National Bank Tunisia have been prepared on the historical cost basis. The main accounting methods adopted are summarized as follows:

2-1 Loans and related income

The financing commitments are considered as part of the off-balance sheet commitments at concluding the contract and are recorded on the balance sheet during the release of the loan.

The management fee will be declared within the income at the first use of the loan.

The income related to loans billed in advance are taken into account at maturity in accruals.

They are included in the result at the recovery date according to the cut-off principle at every accounting year ending.

Except for the interest and similar incomes related to non-classified assets, the interests due and not yet collected related to loans listed under “Substandard Assets” (Grade B2) or in the “Doubtful Assets”(Grade B3) or the “Compromised assets” (Grade B4) in accordance with the circular of the Central Bank of Tunisia n°91-24 are recorded in a suspended interest account.

Such interest will be declared in the income at their effective recovery.

It should be noted that as of the second half of 2021, the amounts recovered from classified assets are allocated in priority to the recovery of the principal.

2-2 Securities portfolio and related revenues

The securities portfolio includes trading securities and investment securities.

Are classified as trading securities, those that the Bank is intending to sell in the short term. This category will be listed under “Trading securities portfolio”.

Investment securities recorded under the caption “investment portfolio” include:

- Securities owned to be kept for medium or long terms and considered to be useful for the Bank’s activity;

- Investments that have been subject of repurchase agreement and have not been sold.

The subscribed investment securities not yet released will be identified as part of the off-balance commitments at their issuance value.

Investment securities are recorded at the date of acquisition at their cost price without considering the acquisition fees and expenses. Investment securities are considered as sold at the date of the ownership transfer that corresponds to the date of the registration of the sale operation at the Stock Exchange of Tunisia.

The investment securities contracts that were sold gradually (in return of bills) will be recorded in the Stock Exchange of Tunisia at effective recovery of bills of exchange.

The added value will be declared once in the income at the effective recovery of bills.

Dividends on the securities held by the bank are recorded into income once approved by the General Assembly.

2-3 Recording of resources and related costs

The received financing commitments will be accepted as off-balance sheet commitments at contracting and will be recorded on the balance sheet at withdrawal.

Interest and commissions are recognized as expenses on a time proportion basis.

2-4 Provisions on loans and securities portfolio

• Provisions on loans to customers

Provisions for credit risk will be determined according to the criteria of classification and risk coverage and monitoring of commitments under the Central Bank of Tunisia circular n°91-24, that specified the grades of risks as follows:

a- Normal assets

b- Classified assets

B1- Assets that needs specific follow-up

B2- Substandard assets

B3- Doubtful assets

B4- Compromised assets

The rates of provisions on loans correspond to minimum rates per risk grade applied to the uncovered risk which is the net commitment after related guarantees deduction. The guarantees are valued for the financed projects based on an external

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2022

evaluation by a valuation expert based on the mortgages held by the bank.

The minimum rates of provisions for each risk class are as follows: 20% for Grade B2, 50% for Grade B3 and 100% for Grade B4.

According to appendix 3 of the Central Bank circular n°91-24 amended by the circular n°2012-20, the bank must record additional provisions with general character to cover credit risk released to normal assets and assets that need specific follow-up. It is calculated according to the requirements of this appendix. The methodology for estimating collective provision was also revised by Central Bank circular n°2023-02. As a result, additional collective provisions of 4.3 million dinars are posted in 2022.

According to the Central Bank circular n°2013-21 that amended the Central Bank circular n°91-24 related to risk sharing, risk coverage and commitments monitoring, the bank must record additional provisions on commitments that have been classified in Grade B4 for a period of 3 years or more. The mentioned circular determines the rules of computing the provision.

• Provisions on investment securities portfolio

Investments securities are valued at their value in use which correspond to the quoted value at the Tunisian Stock Exchange for listed securities and the adjusted net booking value (which considers the updated value of the assets of the company) at the most recent date (usually the ending date of the last year) for the other securities.

Investment securities impairment is covered by provisions.

2-5 Foreign currency transactions

Foreign currency transactions include mainly foreign borrowings and international trade transactions.

• Foreign Borrowings

Borrowings in foreign currencies are converted to Tunisian dinars in the financial statements at the historical exchange rate.

“Tunis Ré” insurance system covers changes in exchange rate at the date of borrowings repayments since 2019.

• International Trade

Balance sheet and off-balance sheet items denominated in foreign currencies are converted on the basis of yearend exchange rate.

Monetary assets and liabilities, spot exchange and swaps are translated at the average bid or ask spot or forward exchange rate.

Forward exchange commitments are translated at the forward exchange rate.

The difference between the foreign exchange position and the counter value of the foreign exchange position is a foreign exchange result.

2-6 Fixed assets provided for financial lease

Fixed assets provided for financial lease are recorded at their purchase cost excluding the added value tax in the Loans to customers caption as the other credits granted to customers.

Invoiced rents are divided into capital and interest. The paid capital is deducted from the principal debt and the paid interest is recorded in products at the date of effective recovery.

2-7 Fixed assets provided for financial lease

Fixed assets are recorded at the acquisition cost and amortized under the linear spread method.

The following depreciation rates are adopted:

Fixed assets	Amortization rates
Buildings	2.5%
Office furniture and equipment	15%
Equipment and computer hardware	20%
Motor vehicles	20%
Development and installation	15%
Software	33%

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2022

2-8 Modifications

The 2021 year registered amendments at some captions level detailed as follows:

Item	31/12/2021	Amendments	31/12/2021 amended
Profit/loss on extraordinary elements	(269)	(231.3)	(500)
Provisions allowances and value corrections of loans, off-balance sheet items and liabilities	(70 411)	231	(70 180)
Corporate tax	(317)	0.3	(317)

3. Explanatory notes on financial statements

Note 1: Cash and balances with Tunisian Central Bank

As at December 31, 2022, this item shows a balance of 57 716 thousand Tunisian dinars against 52 774 thousand Tunisian dinars as at December 31, 2021, detailed as follows:

Item	31/12/2022	31/12/2021
Cash	6 224	5 067
IBS cash	3 924	1 550
Balances with Central Bank of Tunisia	9 096	22 154
Placements with Central Bank of Tunisia	38 463	24 000
Interest Receivable on Placements with CBT	9	3
TOTAL	57 716	52 774

Note 2: Due from banks and Financial Institutions

As at December 31, 2022, this item shows a balance of 270 481 thousand Tunisian dinars against 330 683 thousand Tunisian dinars as at December 31, 2021, detailed as follows:

Item	31/12/2022	31/12/2021
Foreign Banks	7 460	13 413
Placements with Foreign Banks	108 263	83 416
Loans to Financial institutions	11 125	10 000
Placements in Money Market	142 500	223 000
Interest Receivables	1 133	854
TOTAL	270 481	330 683

The balances are distributed by type of counterparties as follows:

Item	Related companies	Associated companies	Other companies	Tota
Foreign Banks	-	-	7 460	7460
Placements with Foreign Banks	-	-	11 125	11 125
Loans to Financial institutions	-	-	108 263	108 263
Placements in Money Market	-	-	142 500	142 500
Interest Receivables	-	-	1 133	1 133
TOTAL	-	-	270 481	270 481

Note 3 : Loans and Advances

Note 3.1 : As at December 31, 2022 Loans and Advances show a net balance of 911 085 thousand Tunisian dinars against 835 993 thousand Tunisian dinars as at December 31, 2021. Details are as follows:

Item	31/12/2022	31/12/2021
Loans		
Long and medium term loans	579 201	420 375
Short term loans	601 033	605 542
Loans to individuals	92 031	94 633
Lease loans	21 332	22 570
Gross Total	1 293 598	1 143 120
Unearned Interests	(3 773)	(3 307)

NOTES TO THE FINANCIAL STATEMENTS
For the Year ended December 31, 2022

Item	31/12/2022	31/12/2021
Suspended Interests	(153 022)	(137 752)
Ordinary Provisions	(105 442)	(106 845)
Additional Provisions	(97 137)	(40 405)
General Provisions	(23 139)	(18 818)
Net Total	911 085	835 993

Note 3.2: Exposure breakdown by Risk Class:

As at 31 December 2022, the customers’ commitments (including off-balance sheet items) are classified as follows:

Item	Year	Current Assets	Watch list Assets	Substandard Assets	Doubtful Assets	Compromised Assets	Total
Commitments	2022	636 364	99 402	19 586	40 683	629 925	1 425 960
	2021	376 944	164 206	51 863	28 967	640 732	1 262 712
Suspended interests	2022	(141)	(336)	(2 250)	(4 278)	(146 017)	(153 022)
	2021	(101)	(152)	(4 189)	(3 219)	(130 091)	(137 752)
Unearned Interest	2022			(3 773)			(3 773)
	2021			(3 307)			(3 307)
Provisions	2022	(23 139)			(212 178)		(235 317)
	2021	(18 818)			(152 607)		(171 425)

The provisions were calculated based on a guarantee issued by the parent bank, amounting to 49 130 thousand Tunisian dinars. This guarantee was elaborated through SWIFT on May 30th, 2019. It should be noted that this guarantee extends its effectiveness until June 30th, 2023. Without this guarantee, the bank would have made provisions amounting to 15 347 thousand Tunisian dinars.

The Bank wrote-off customers ‘portfolio amounting 70 952 thousand Tunisian dinars after Board approval held on the 23rd of November 2022.

The written off portfolio consists in classified assets B4 class (compromised assets) and B5 (assets under litigation). The latter is covered by provisions amounting 51 451 thousand Tunisian dinars and by suspended interests amounting 19 501 thousand Tunisian dinars.

Note 4: Trading Securities Portfolio

As at December 31, 2022, this item shows a balance of 5 074 thousand Tunisian dinars against 4 751 thousand Tunisian dinars as at December 31, 2021, detailed as follows:

Item	31/12/2022	31/12/2021
Trading securities	5 386	5 091
Provisions	(312)	(340)
TOTAL	5 074	4 751

Note 5: Investment securities and equities portfolio

As at December 31, 2022, this item shows a balance of 340 591 thousand Tunisian dinars against 202 587 thousand Tunisian dinars as at December 31, 2021, detailed as follows:

Item	31/12/2022	31/12/2021
Investment equities	2 246	2 246
Investment certificates (TQR)	6 000	6 000
Treasury bonds	332 633	193 114
Interest receivables /Treasury bonds	1 653	3 169
Dividends receivables	10	10
Provisions	(1 952)	(1 952)
TOTAL	340 591	202 587

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

The investment equities related to subsidiaries are detailed as follows:

Item	Sector	Control rate	Bank contribution
TQR	Financial	100%	300
TQF	Financial	100%	500
TOTAL			800

The investment portfolio breakdown as per the relationship with the bank is as follows:

Item	Related companies	Associated companies	Other companies	Total
Investment securities	-	800	1 446	2 246
Investment certificates (TQR)	-	6 000	-	6 000
Treasury bonds	-	-	332 633	332 633
Interest receivables /Treasury bonds	-	-	1 653	1 653
Dividends receivables	-	-	10	10
Provisions	-	(678)	(1274)	(1952)
TOTAL		6 122	334 469	340 591

The recorded operations related to investment securities and treasury bonds during the year are as follows:

Opening balance	193 114
Current year acquisitions	396 263
Current year maturities	(258 963)
Amortization of Bonds Discount	2 219
Closing balance	332 633

Note 6: Property & Equipment

As at December 31, 2022, this item shows a balance of 20 174 thousand Tunisian dinars against 20 353 thousand Tunisian dinars as at December 31, 2021. The transactions recorded during the year related to fixed assets are detailed as follows:

Item	Land & Buildings	Leasehold Improvements	Furniture & IT Equipment	Furniture & Equipment	IT Equipment	IT Software	Motor Vehicles	Total
Cost								
Balance as at 1 January 2022	15 072	21 363	17 598	-			556	54 590
Adjustments		(30)		(766)	(1 706)		(13)	(2 515)
Cancellations		(683)						(683)
Reclassification		357	(17 598)	4 435	9 048	3 758	-	0
Additions		121		137	371	2 712		3 341
Disposal		-	-	-	-	-	(52)	(52)
Balance as at 31 December 2022	15 072	21 128	-	3 806	7 713	6 470	491	54 680
Accumulated depreciation								
Balance as at 1 January 2022	(5 184)	(17 524)	(11 025)	-			(503)	(34 237)
Adjustments	92	30		766	1 385		5	2 276
Charged during the year	(417)	(934)		(216)	(660)	(361)	(11)	(2 599)
Reclassifications	912	(377)	11 025	(3 774)	(5 878)	(1 906)	(2)	0
Disposals	-	-	-	-	-	-	(52)	(52)
Balance as at 31 December 2022	(4 597)	(18 806)	-	(3 223)	(5 154)	(2,267)	(459)	(34 507)
Closing balance at 31-12-2022	10 475	2 324	-	583	2 559	4 202	32	20 174

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

Note 7: Other Assets

As at December 31, 2022, this item shows a balance of 53 883 thousand Tunisian dinars against 47 111 thousand Tunisian dinars as at December 31, 2021. Breakdown is as follows:

Item	31/12/2022	31/12/2021
Staff loans	44 938	38 622
Accruals related to clearing	4 951	4 426
Receivables taken over by Tunisian state	2 372	3 019
Other receivables	1 622	1 044
TOTAL	53 883	47 111

Note 8: Due to Central Bank of Tunisia

As at December 31, 2022, this item shows a balance of 67 002 thousand Tunisian dinars.

Item	31/12/2022	31/12/2021
Central Bank	67 000	-
Interest payables	2	-
TOTAL	67 002	-

Note 9: Due to banks and Financial Institutions:

As at December 31, 2022, this item shows a balance of 45 452 thousand Tunisian dinars against 60 031 thousand Tunisian dinars as at December 31, 2021 detailed as follows:

Item	31/12/2022	31/12/2021
Tunisian banks	13 865	-
Foreign banks	2 940	5 613
Financial institutions	27 459	53 820
Accrued interests not yet due	1 189	598
TOTAL	45 452	60 031

Breakdown by the nature of the counterparty is as follows:

Item	Related companies	Associated companies	Other companies	Total
Foreign banks	-	-	2 940	2 940
Tunisian banks	-	-	13 865	13 865
Financial institutions	-	-	27 459	27 459
Accrued interests not yet due	-	-	598	1 189
TOTAL			45 452	45 452

Note 10: Customers deposits

As at December 31, 2022, this item shows a balance of 1 203 071 thousand Tunisian dinars against 1 096 638 thousand Tunisian dinars as at December 31,2021detailed as follows:

Item	31/12/2022	31/12/2021
Sight deposits	347 592	306 068
Term deposits	546 991	506 346
Savings accounts	116 122	107 279
Deposits certificates	160 000	153 000
Interests payables	3 829	1 183
Other payables	28 537	22 762
TOTAL	1 203 071	1 096 638

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

The Customers' deposits by nature of customer are as follows:

Item	Related companies	Associated companies	Other companies	Total
Savings accounts	-		116 122	116 122
Deposits on demand	-	751	246 840	347 592
Term deposits	-	5 350	541 641	546 991
Deposits certificates	-		160 000	160 000
Accrued interests not yet due	-	40	3 789	3 829
Other payables	-		28 537	28 537
TOTAL	-	6 141	1 196 930	1 203 071

Note 11: Borrowings and special resources

As at December 31, 2022, this item shows a balance of 136 227 thousand Tunisian dinars against 236 946 thousand Tunisian dinars as at December 31, 2021 detailed as follows:

Item	31/12/2022	31/12/2021
Borrowings from EBRD	30 171	60 343
Borrowings from QNB DOHA	103 230	172 050
Italian funding facility	2 429	3 033
Accrued interests	397	1 520
TOTAL	136 227	236 946

The recorded operations related to borrowings and special resources during the year are as follows:

Item	Italian funding	QNB borrowings	EBRD borrowings
Gross Amount at the beginning of the period	3 033	172 050	60 343
Current year borrowings	-	-	-
Reimbursements	(604)	(68 820)	(30 172)
Gross Amount at the end of the period	2 429	103 230	30 171

Note 12: Other liabilities

As at December 31, 2022, this item shows a balance of 60 739 thousand Tunisian dinars against 51 190 thousand Tunisian dinars on December 31, 2021 detailed as follows:

Item	31/12/2022	31/12/2021
Tax and social security	7 387	6 571
Accruals accounts	11 682	11 737
Other payables	10 013	6 691
Other payables/ Accruals related to clearing accounts	8 817	5 711
Other payables Tunis Ré	1 052	4 083
Other provisions	21 788	16 397
TOTAL	60 739	51 190

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

Note 13: Shareholders' equity

As at December 31, 2022, this item shows a balance of 146 512 thousand Tunisian dinars against 49 447 thousand Tunisian dinars on December 31, 2021 detailed as follows:

Item	Balance 31/12/2021	Income allocation 2021	Capital increase	Net Income/ Loss	Balance 31/12/2022
Share capital	154 000	-	240 000	-	394 000
Other reserves	-	-	-	-	-
Legal reserves	647	-	-	-	647
Carry forward balance	-	(105 200)	-	-	(105 200)
Net income/Loss of the year	(105 200)	105 200	-	(142 935)	(142 935)
TOTAL	49 447	-	240 000	(142 935)	146 512

At the end of the fiscal year ended on December 31, 2021, the bank recorded an accumulation of losses of 105 200 thousand dinars, and therefore its own funds became reached 49 447 thousand dinars, less than half of the capital of 154 000 million dinars.

Considering that this situation, if it continues, constitutes a violation of the provisions of the Tunisian Commercial Companies Code due to the imbalance between the bank's own funds and capital, a business plan for the period 2021-2023 was drawn up and included among other corrective measures, a capital injection of 240 million dinars. The said BP approved by the Board of Directors held on April 6, 2021.

Note 14: Financing commitments granted to customers

As at December 31, 2022, this item shows a balance of 9 147 thousand Tunisian dinars related to unused long and medium-term loans against 5 536 thousand Tunisian dinars on December 31, 2021.

Note 15: Guaranties received from customers

This item consists of audited guarantees (mortgages and financial) related to classified loans. As at December 31, 2022, this item shows a balance of 582 351 thousand Tunisian dinars against 589 652 thousand Tunisian dinars on December 31, 2021. Detail is as follows:

Item	31/12/2022	31/12/2021
Real Estate Collateral received from customers	539 114	538 968
Pledged term deposits and saving accounts	35 958	40 873
Pledged other customers' receivables	7 279	9 811
TOTAL	582 351	589 652

Note 16 : Guaranties received from Banks and financial institutions

As at December 31, 2022, this item shows a balance of 64 076 thousand Tunisian dinars against 114 300 thousand Tunisian dinars on December 31, 2021.

Item	31/12/2022	31/12/2021
SOTUGAR and Insurance companies	20 448	24 400
Banking guarantee issued by parent bank to the benefit of EBRD	28 120	55 818
Banking guarantee issued by parent bank for risks coverage	15 508	34 082
TOTAL	64 076	114 300

Note 17: Interests and similar income

Interests and similar income reached as of 2022, 77 761 thousand Tunisian dinars against 73 204 thousand Tunisian dinars in 2021. Breakdown is as follows:

Item	31/12/2022	31/12/2021
Interests from placements	17 141	9 935
Interests from medium and long term loans	25 640	20 327
Interests from loans to individuals	9 510	9 704
Interests on short term loans	12 796	15 460
Interests on discounted bills	3 687	1 856
Interests on lease loans	1 108	1 393

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

Item	31/12/2022	31/12/2021
Interests on Overdraft Accounts	5 631	11 630
Commission fees on documentary credits	1 165	1 297
Commission fees on warranties and guarantees	1 065	1 558
Commission fees on commitments	18	44
TOTAL	77 761	73 204

Note 18: Commissions

Income from commissions reached as of 2022, 9 011 thousand Tunisian dinars against 8 161 thousand Tunisian dinars in 2021. Breakdown is as follows:

Item	31/12/2022	31/12/2021
Commissions on current accounts	1 046	1 629
Commissions on cheques, transfers, letter of credits and other commissions	3 289	3 359
Management commissions on medium and long term loans	3 292	2 141
Commissions on cash	1 148	892
Commissions on financial transactions	173	87
Commissions on commitments by signature	63	53
TOTAL	9 011	8 161

Note 19: Profit on trading securities portfolio and financial operations

Profit on trading securities portfolio and financial operations attained 11 048 thousand Tunisian dinars as of 2022 against 7 627 thousand Tunisian dinars in 2021. Breakdown is as follows:

Item	31/12/2022	31/12/2021
Net profit related to trading securities portfolio	327	171
Dividends received	270	218
Provision allowance/recoveries on listed trading equities	28	(47)
Gains on disposals of equities	72	-
Losses on disposals of equities	(43)	-
Net profits from financial transactions	10 721	7 456
Gains on Foreign exchange	10 721	7 456
TOTAL	11 048	7 627

Note 20: Income from investment portfolio

Interest income from investment portfolio amounts to 28 242 thousand Tunisian dinars as of 2022 year-end against 12 726 thousand Tunisian dinars in 2021.

Note 21: interest and similar expenses

Interest expenses amount to 86 193 thousand Tunisian dinars as of 2022 year-end against 72 543 thousand Tunisian dinars in 2021. Breakdown is as follows:

Item	31/12/2022	31/12/2021
Interest expense on money market borrowings	(5 030)	(2 870)
Cost of hedging on foreign currencies borrowings	(12 734)	(19 162)
Interests expense on foreign borrowings	(5 457)	(5 914)
Interests expense on customers' deposits	(62 972)	(44 597)
TOTAL	(86 193)	(72 543)

Note 22: Provisions allowances on loans, off-balance sheet items and liabilities

As of 2022 year-end, Provisions allowances on loans, off-balance sheet items and liabilities amount to 114 350 thousand Tunisian dinars against 70 180 thousand Tunisian dinars on December 31, 2021. Breakdown is as follows

NOTES TO THE FINANCIAL STATEMENTS

For the Year ended December 31, 2022

Item	31/12/2022	31/12/2021
Ordinary Provision Allowances	(48 881)	(41 802)
Ordinary Provision Recoveries	10 143	11 527
Additional Provision Allowances	(72 525)	(35 230)
General Provision Allowances	(4 320)	(518)
Losses on loans write-off	(51 450)	(86 466)
Provision Utilization related to written off loans	51 450	86 466
Losses on waived loans covered by provision	(230)	(537)
Provision Utilization on waived loans	230	537
Recoveries on written-off loans	1 451	231
Losses on waived loans	(158)	(2 851)
Net provision allowance/ recoveries on other assets	161	(945)
Net provision allowance for other risks	(220)	(592)
TOTAL	(114 350)	(70 180)

Note 23: Staff Costs

As of 2022 year-end, staff costs amount to 40 356 thousand Tunisian dinars against 36 347 thousand Tunisian dinars as of 2021. Detail is as follows:

Item	31/12/2022	31/12/2021
Gross salaries	(30 250)	(25 813)
Social security and tax charges	(7 959)	(6 492)
Other charges	(1 047)	(786)
Paid vacation	(155)	(284)
Provision for retirement indemnities	(945)	(2 972)
TOTAL	(40 356)	(36 347)

Note 24: General operating expenses

As of 2022 year-end General Operating Expenses amount to 22 973 thousand Tunisian dinars against 20 458 thousand Tunisian dinars as of 2021 detailed as follows:

Item	31/12/2022	31/12/2021
Occupancy Cost	(1 889)	(1 628)
Missions	(368)	(267)
Training	(512)	(417)
Communications	(2 076)	(692)
Computer and IT Costs	(8 551)	(7 387)
Insurance HO & Branches	(140)	(133)
Other insurance cost	(2 882)	(2 579)
Professional fees	(3 571)	(2 914)
Maintenance and repairs	(1 389)	(1 159)
Printing and stationary	(883)	(817)
Other expenses	(713)	(2 465)
TOTAL	(22 973)	(20 458)

Note 25: Corporate tax

The Bank is subject as from 2003 to the corporate tax at the public rate equal to 35% on the taxable profit. The corporate tax for 2022 year is the legal minimum amount (according to the law n°2005-106 dated 19th December 2005) is equal to 337 thousand Tunisian dinars against 317 thousand Tunisian dinars as of December 2021. The amount of the tax result related to the year 2022 is 400 244 thousand Tunisian dinars including a differed depreciation by an amount of 51 999 thousand Tunisian dinars and differed losses by an amount of 348 361 thousand Tunisian dinars. The tax results as follows:

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Year	Differed losses	Differed depreciation
2017	-	34 325
2018	-	4 101
2019	30 511	3 953
2020	99 343	3 786
2021	88 583	3 327
2022	129 807	2 508
TOTAL	348 244	51 999

Note 26: Cash and cash equivalent

As of December 31, 2022, Cash and Cash equivalents amount to 232 124 thousand Tunisian dinars against 366 987 thousand Tunisian dinars as at December 31, 2022 detailed as follows:

Item	31/12/2022	31/12/2021
Cash	10 148	6 617
Due from Central Bank of Tunisia	9 096	22 154
Due from Foreign Banks	7 460	13 413
Placement in money market	142 500	223 000
Placements with Central Bank of Tunisia	38 463	24 000
Placements with in foreign banks	108 263	83 416
Borrowings from money market	(13 865)	-
Borrowings from Central Bank (Repos.)	(67 000)	-
Borrowing from foreign banks	(2 940)	(5 613)
TOTAL	232 124	366 987

Note 27: Earnings per share

The earnings per share on December 31, 2022 amounted to (4.269) Tunisian dinars against (4.681) Tunisian dinars on December 31, 2021.

Item	31/12/2022	31/12/2021
Net income of the year (Tunisian dinars)	(142 935 116)	(105 200,066)
Number of shares (average)	33 482 192	22 466 667
Earnings per share	(4,269)	(4.682)

4. Transactions with related parties :

Transactions with TQR

TQR carried out term placement operations with QNB Tunisia during 2022, with a duration between 90 days and 360 days. Those operations amounted to 5 350 thousand dinars on December 31, 2022. The related interests amounted to 326 thousand dinars including withholding tax of 40 thousand dinars.

On December 1st, 2015, QNB Tunisia has granted a long-term loan to TQR for an amount of TND 11 000 thousand at an interest rate of 4.55%. The interest during the year 2022 amounted to 355 thousand dinars

On December 1st, 2015, QNB Tunisia has subscribed share certificates issued by TQR for an amount of TND 6 000 thousand. The benefits obtained from these certificates amounted to TND 384 thousand during the year 2022.

QNB Tunisia provided the TQR, with its headquarters free of charge.

QNB Tunisia signed with TQR on 22/03/2022 a debt recovery with a remuneration rate of 5% of total recoveries. During 2022, total fees amounted to 86 Thousand dinars.

Transactions with QNB DOHA (Mother Company)

On 24 June 2019, QNB Doha converted a 120 million USD short-term loan into a medium term loan over a 5 -year period. For 2022 fiscal year, related interest cost amounted to 1 797 Thousand USD. As of 31 December 2022, outstanding balance amounted to 36 million USD.

QNB DOHA issued a banking guarantee to cover the loan granted by the European Bank for Reconstruction and Development (EBRD) at an annual rate of 0,75%. The total fees incurred as of 2022 fiscal year amounted 95 Thousand Euros.

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QNB Tunisia received a guarantee issued by the mother company on May 31, 2019, in coverage of customers’ exposure amounting to 49 130 thousand Tunisian dinars. No fees were charged on the said guarantee.

Details of guarantees received from the mother company are as follows:

Operation description	31/12/2022
Mother company guarantee to the benefit of the EBRD	EUR8 571K
Mother company guarantee to cover exposure on customers	TND 49 130K

As of 31 December 2022, the balance of the current account opened by QNB Doha with QNB Tunisia amounted to 656 thousand USD. The said account nominated in USD and remunerated at 0.5% p.a. generated an interest expense of 4.9 thousand USD as of 2022 year-end.

In 2022, QNB Tunisia carried out placement transactions in USD and EUR with QNB Doha that generated interest income amounting to 284 thousand dinars and borrowing transactions in EUR that generated interest expense amounting to 18 thousand Tunisian dinars. As of 31 December 2022, the related outstanding balance amounts to 108 263 thousand Tunisian dinars which corresponds to placements amounting to 23 000 euros with an interest rate of 1.15% and 10 000 thousand euros with an interest rate of 3.35%.

As of 31 December 2022, total technical services and consultations fees billed by QNB Doha to QNB Tunisia during amounted 4 247 thousand Tunisian dinars including the related payables that stood at 840 thousand Tunisian dinars as of 31 December 2022. This figure do not the related taxes taken in charge by QNB Tunisia.

The intangible fixed assets in progress includes an amount of 1 831 thousand Tunisian dinars made by the parent company, of which 967 thousand Tunisian dinars relating to year 2021 and taking into account the payables which amount at the end of the year 965 thousand dinars and without considering the related taxes carried by QNB Tunisia. This amount represents the cost of providing external human resources to implement some projects.

5. Distribution of pledges by sectors:

As of 31 December 2022, exposure on counterparties is broken down by economic sector as per the following:

Sector	Loans	Participations
Real estate sector	67 846	643
Services sector	219 197	1 041
Tourism sector	51 588	374
Industrial sector	683 417	188
Agricultural sector	44 498	-
Trade sector	400 268	-
Loans to individuals	174 200	
TOTAL	1 641 015	2 246

6. Balance sheet item breakdown by maturity

ASSETS	Less than 3 months	From 3 months to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	From 5 years to 7 years	More than 7 years	Total
Cash and balances with Tunisian Central Bank	57 716							57 716
Due to banks and financial institutions	228 383	1 125	35 057	2 417	3 500			270 481
Loans and advances	237 584	71 827	43 613	101 585	206 485	17 564	232 428	911 085
Trading securities portfolio			5 074					5 074
Investment portfolio	152 850		56 444	5 000	57 922	65 860	2 515	340 591
Property & Equipment	4 328	490	928	1 655	3 380	847	8 546	20 173
Other assets	11 346	854	2 522	4 326	11 176	5 194	18 466	53 883
TOTAL ASSETS	692 206	74 296	143 638	114 983	282 462	89 465	261 954	1 659 004
Due from Central Bank of Tunisia	67 002							67 002
Due from banks and financial institutions	25 452	20 000						45 452
Customers deposits	820 349	89 881	189 665	50 271	51 905	1 000		1 203 071
Borrowings and special resources	27 428	18 764	51 286	37 527	1 150	73		136 227
Other liabilities	55 359						5 380	60 739
Shareholders' Equity							146 512	146 512
Total liabilities & shareholders' equity	995 589	128 645	240 950	87 798	53 055	1 073	151 893	1 659 004

7. Subsequent events:

These financial statements were approved for publication by the Board of Directors meeting on March 21, 2023. Accordingly, they do not reflect events that occurred after this date.

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