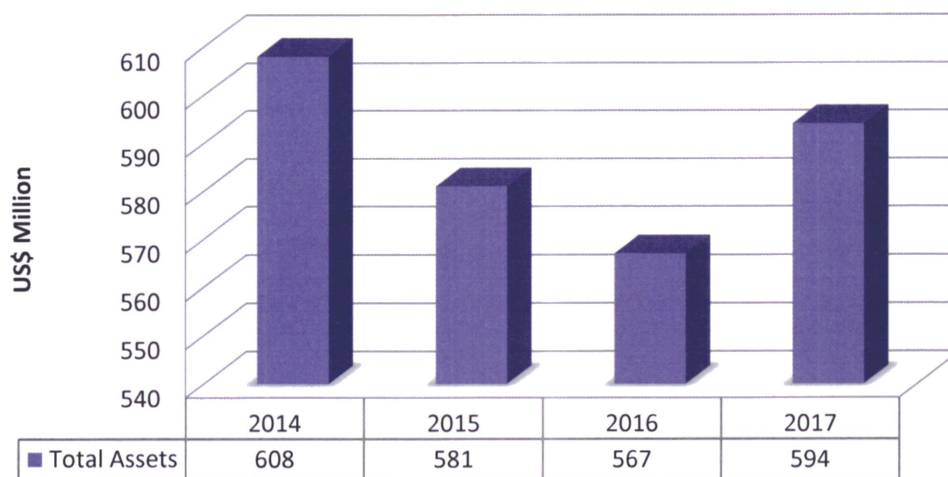


## Business Performance

In 2017, TIB concluded yet another year of steady and sustained progress. The Bank generated an operating income of US\$25.2 million against US\$ 20 million in 2016. Net income stands at US\$ 16.47 million. TIB has been generating values to its shareholders for over 20 years now.

Despite the tight global and regional economic conditions, the Bank accomplished its performance strategy underpinning its well established leading role in the Tunisian Non-resident banking sector, with consolidated year-to-date total assets US\$ 593.45 million against US\$ 567 million in 2016.

### Total Assets



Balance sheet totals remained higher than had been experienced in the last two years with high levels of largely short-dated deposits. These deposits are placed out into profitable use and interbank markets.

Earning assets on the balance sheet registered an increase on a year-on-year basis by US\$26.5 million or 4.68% compared to the previous year, both interbank markets and loan portfolios were up by 4.12% and 19.09% respectively. The Bank did indeed focus on investment grade opportunities and customer loans with more profitable returns.

The funding of assets were made up essentially of US\$429 million in total deposits (72.3% of total assets) of which customers' deposits amounted to US\$265.1million and interbank deposits US\$163.9 million. Customers' deposits represent almost 62% of total deposits and 45% of total assets. These deposits continue to remain relatively stable and as a permanent source of funding.

Shareholders' funds totaled US\$ 150.3 million, an increase of 8.21% over 2016. The Algerian Dinars devaluation by about 4% impacted negatively on the consolidated equity of the Bank. Return on equity (ROE) is 12.30% and return on average assets (ROAA) stands at 2.84%. At 39.82%, the Bank comfortably exceeds the minimum regulatory capital adequacy ratio of 10% as established by the Tunisian banking directives.

TIB's average liquidity ratio of 104.79% is significantly above the Central Bank of Tunisia and the internationally agreed standards minimum requirements of 100%. The Bank continues to maintain a liquid balance sheet by having a high proportion of liquid assets at all times. Liquidity

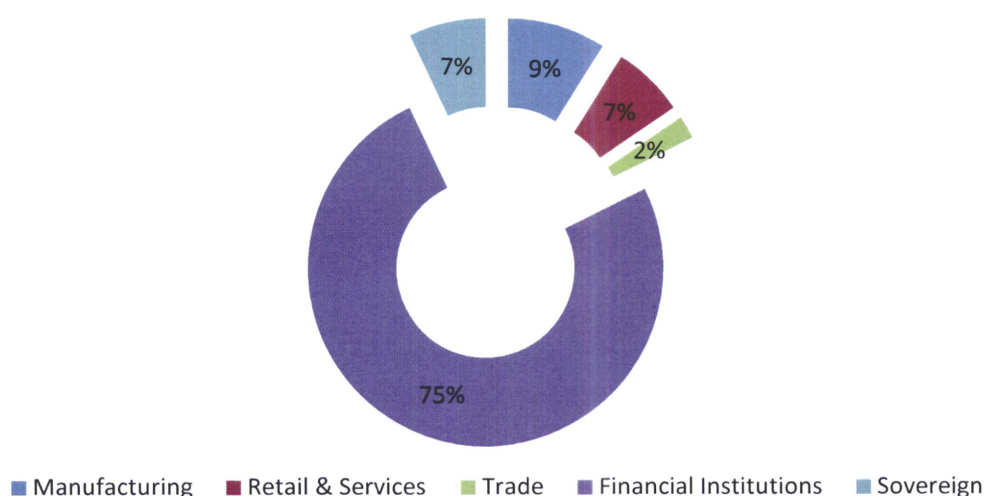
## Business Performance

is actively managed through dealings in the major world markets through the Bank's extensive network of international and reputable counterparties.

### Loans and Investment

Over the years, TIB has developed a broadly diversified loan portfolio in line with sound risk management principles. With the exception of exposures on financial institutions, the loan book remains diversified, with the largest sector, the manufacturing sector, accounting for 9% of total loans and advances. About 29.2% of the portfolio is within MENA region, although there is no significant concentration in any single country and 60.9% lies within OECD countries.

**Loan Portfolio Distribution  
by Industry**

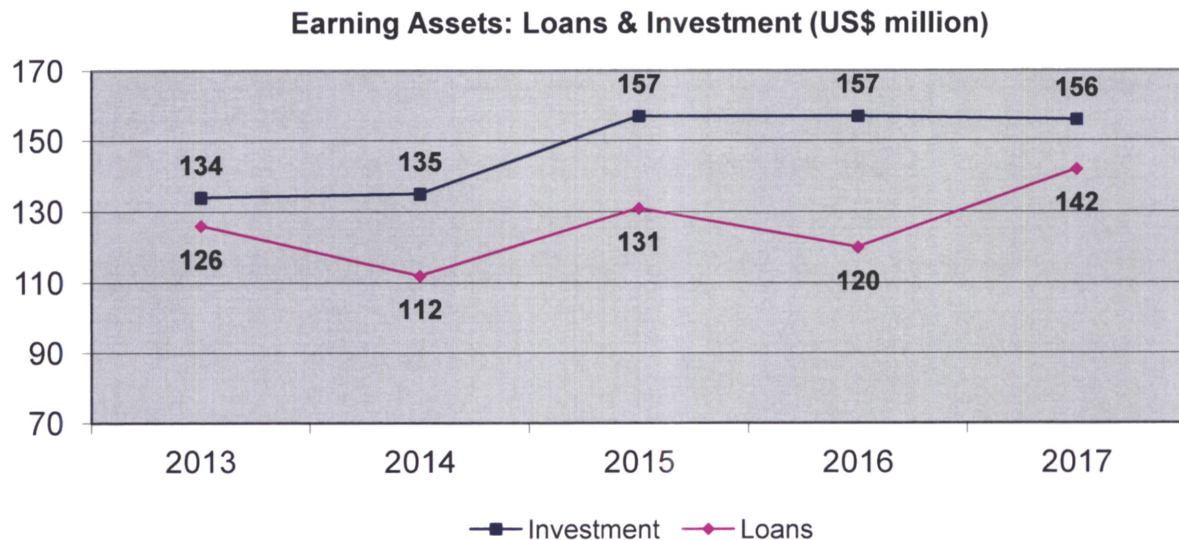


All exposures pertaining to non-performing loans that are over 90 days past due, or in a nonaccrual status have been provided for in compliance with the local regulatory requirements and IAS regulations. The level of provisioning US\$ 91k reflects a combination of very low levels of problem loans within TIB thanks to the Bank's prudent lending policy.

Lending strategy remains unchanged with the core portfolio comprising short-term related discounting and refinancing facilities and participation in international syndication market to well reputable banks. SME's financing are conducted on a very selective and prudent basis in order to maintain a low insolvency risk and to preserve the value of the Bank. The Bank aims to excel in providing a comprehensive service to its corporate, commercial and retail customers.

Based on a maturity profile analysis, 75.4% of TIB's loan portfolio or US\$107 million is due to mature within one year. The remaining facilities have a maturity greater than one year but less than 5 years. Some of these loan facilities are syndicated loans for banks established in OECD countries. In US\$ terms, commercial lending increased by US\$ 22.8 million to US\$ 142.2 million during 2017.

## Business Performance

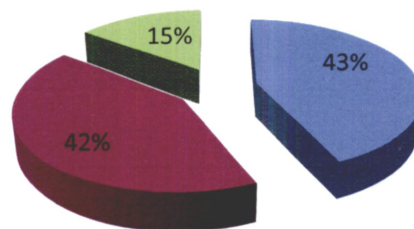


The investment portfolio of TIB is managed through well reputed Brokers and Asset Management Companies. Investment grade represents **66%** of the bank's investment portfolio. No concentration risk was recorded, neither by country nor by industry sector or by single counterparty.

## Bonds Distribution

December 31, 2017

■ Sovereign ■ Bank ■ Investment companies



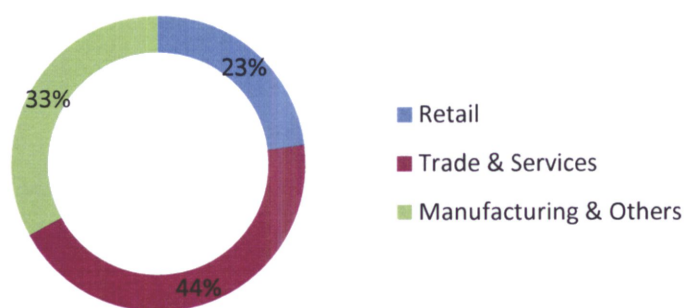
## Funding

The Bank continues to attract deposits on a selective basis and to focus on high net worth individuals and corporate clients with stable resources. Customer deposits constitute a core and cheaper source of funding for the Bank. Funding sources analysis shows that trade & services ensure about 44% of the Bank's core customer deposits followed by manufacturing & other industry sectors with 33% and the remaining 23% is ensured by retail activity sector.



## Business Performance

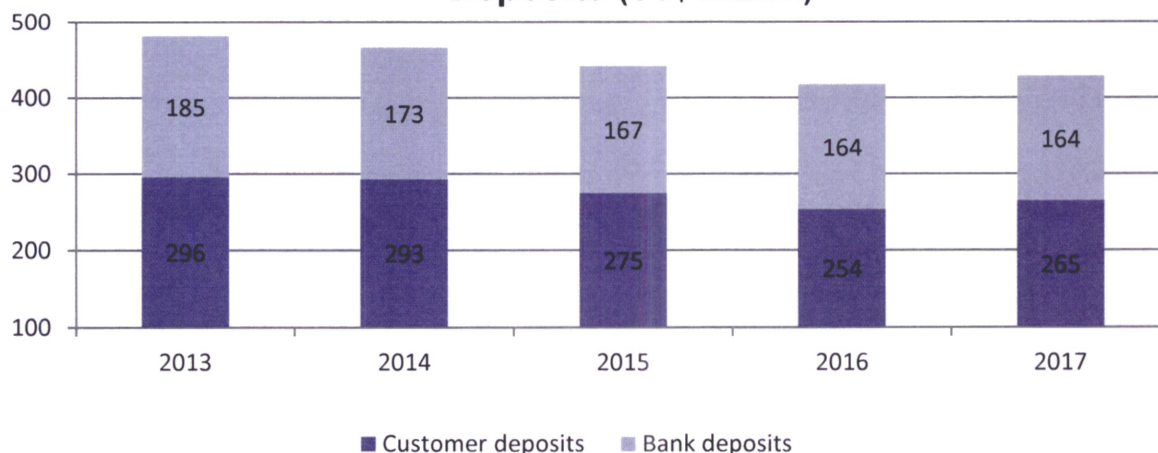
### Funding Sources



TIB has always had a large customer deposit base. Customer deposits increase by US\$11.5 million or 4.51%. The Bank is cognizant of the importance of building up customer loyalty and continues to emphasize its exceptional customer service. This focus was maintained throughout the year and is an integral principle in our core banking activities. The Bank is confident that in the long run, the loyalty of its customers will ensure a stable and lower cost funding base.

The Bank manages its excess of liquidity by financing on selective basis profitable commercial and business opportunities. Based on a maturity profile analysis, deposits with a tenor of less than a month comprise the majority of TIB's customer deposits. These deposits are rolled over regularly and make up the main source of funding for the Bank. An analysis of the customer deposits by currency indicates that the composition of Euro-denominated deposits represent roughly 60% of total deposits; the US dollar ranks second to the Euro representing about 35 % of deposits.

### Deposits (US\$ million)

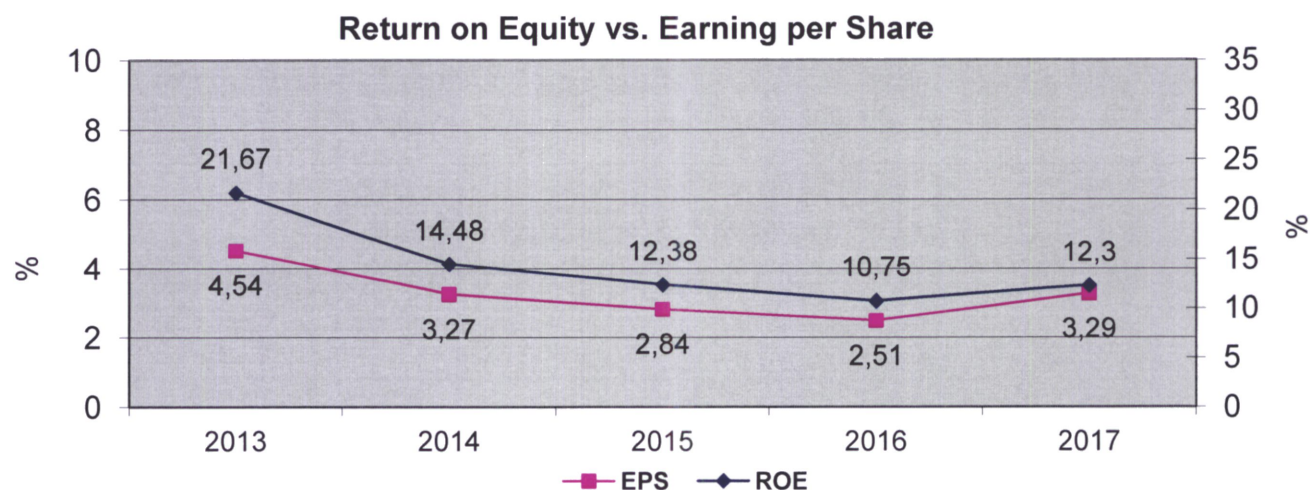


### Net Income

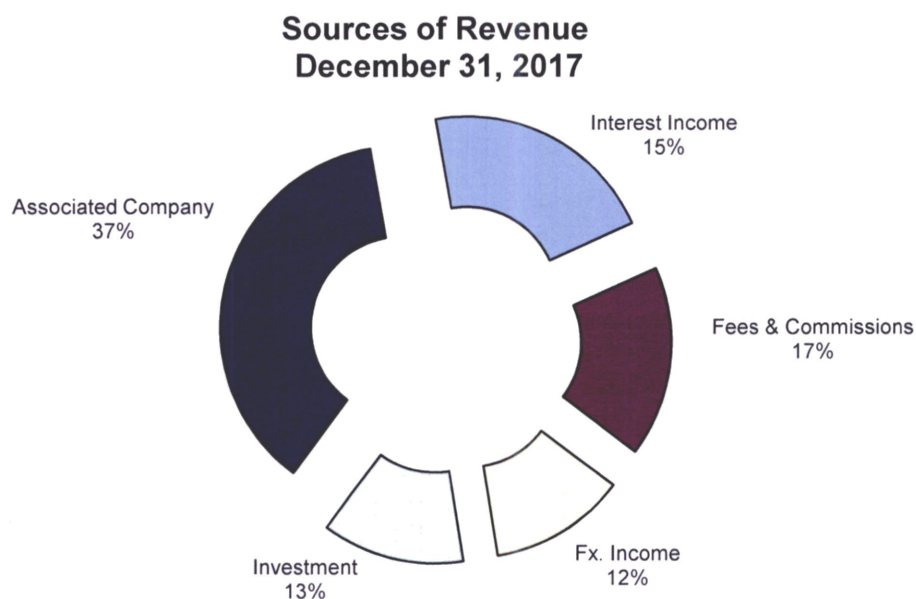
TIB generated interest income of US\$ 5.6 million and noninterest income of US\$ 20.93 million in 2017. Income from subsidiaries provided US\$ 9.83 million compared to US\$ 7.2 million in 2016. This consolidated figure was achieved despite the depreciation of the Algerian Dinars by 4% coupled with the changing of foreign exchange regulation in Algeria. Despite this decrease, income from subsidiaries maintained its contribution to the Bank's revenue at about 37% down from 46.3% in 2015 and 53% in 2014.

## Business Performance

Profit after tax for the year 2017 was US\$ 16.47 million which rounds up to US\$ 3.29 per share (US\$ 10.00) compared to US\$ 2.51 per share in 2016. TIB is committed to constantly enhancing value to its shareholders.



Net banking products increased in 2017 to US\$ 25.22 million from US\$ 20 million in the previous year. The Bank succeed to maintain its tight control over noninterest expenses, and to keep figures slightly below last year to date's same period figures if we exclude the estimated guarantee fund contribution.



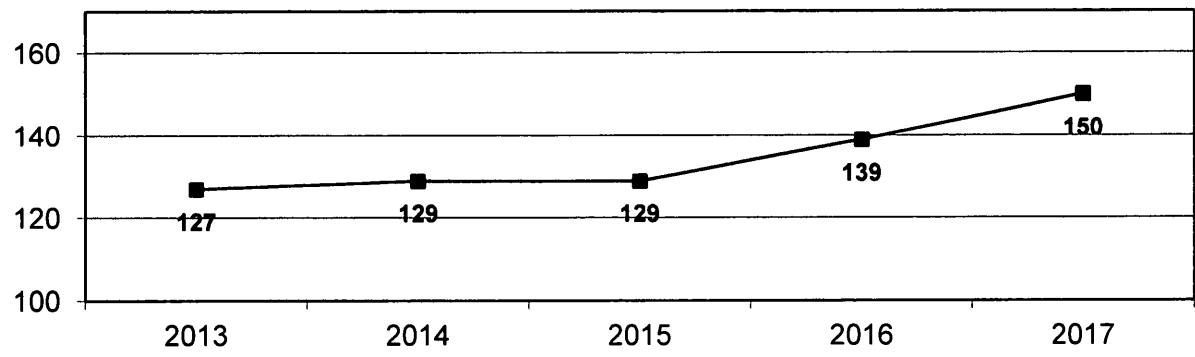
## Capitalisation

Consolidated shareholders' funds before appropriation totaled US\$ 150.3 million. The policy of the Bank has always been to maintain a good balance sheet structure and a strong capital base. It is supervised by the Central Bank of Tunisia (CBT) and is required to maintain a minimum capital ratio of 10% known as the risk asset ratio (RAR). TIB's capital adequacy ratio of about

**Business Performance**

33.13% is significantly above the CBT's and the internationally agreed threshold. TIB is ranked among the top banks in Tunisia when classified by risk asset ratio.

**Consolidated Shareholders' Fund (US\$ million)**



## CHAIRMAN'S STATEMENT

In presenting the 2017 report to you, I am delighted to announce the successful achievements of the Bank. It was a year of accomplishment in which the Bank achieved all of its targeted objectives. Indeed the year 2017 has been yet another year of steady and sustained progress for our bank, confirming our well established leading role in the Tunisian Non-Resident banking sector and meeting the objectives set by the Board of Directors to celebrate the Bank's thirty fifth anniversary.

All of the goals set by the Board were substantially met, and despite the global economic slowdown, the Bank has continued to show strong performance over the years. Total assets have increased by 4.68% to US\$593.5 million and Shareholders' Equity has grown by US\$11.4 million, from US\$138.9 million to US\$150.3 million - an increase of 8.21%. Net income has improved considerably from US\$12.6 million to US\$16.5 million - an increase of 31.1%. Customers' deposits have increased by US\$11.5 million, 4.5% to US\$265 million, and Net Loans & Advances have grown from US\$119.4 million to US\$142.2 million.

Through its parent company Burgan Bank, Kuwait (BBK), TIB is proud to belong to the solid and highly reputable Kuwaiti group Kuwait Investment Projects Company (Holding) (KIPCO). Positive and meaningful synergies with Burgan Bank Group, as well as sister companies, were generated and developed throughout the year. Customer relationship management techniques, best practices in Anti-Money Laundering, risk and joint club deal participation, and advanced risk management tools were all successfully implemented. Business wise, this synergy has provided the bank with the opportunity to extend its activities internationally to its neighbouring countries opening the door to larger markets with diversified placements and funding sources.

Through its international correspondent's network, TIB is regularly approached by prime international banks for international loan syndications, confirmations of letters of credit and guarantee transactions, forfeiting, and other business deals. Through these regular approaches, TIB is considered as one of the major funding banks in the market region.

## BANK'S ACTIVITY

Our Bank experienced a tremendous year in 2017, marked by good results where all areas of business contributed to this success. This strategic progress will pave the way to a successful future for the Bank.

By year-end 2017 and despite a competitive operating environment, the Bank achieved its objective of joining the ranks of the most profitable banks in Tunisia. This was achieved whilst maintaining more than adequate equity levels, implementing rigorous risk management policies, improving profitability through the diversification of activities and, most importantly through, the continuous build up of a solid customer base.

The much improved performance of the Bank was achieved mainly by 14.71 percent and 27.1 percent jumps in revenues from interest income and noninterest income respectively, while net interest income improved by 21.22 percent to US\$4.3 million.

Additionally, our performance indicators consistently exceeded those of the sector, the Bank's return on equity (ROE) stands at almost 12.3% percent and the return on average assets (ROAA) is 2.84%. These performances were achieved despite the slow takeoff of the global economy.

Net banking product is up by 26.04% to US\$25.2 million (*US\$20 million in 2016*) and pre-tax income is up by 33.33% to US\$17.2 million (*US\$12.9 million in 2016*). Total revenue went up by US\$5.2 million to US\$26.5 million vs *US\$21.3 million in 2016*, an increase of 24.26%.

## **CHAIRMAN'S STATEMENT**

### **CORPORATE GOVERNANCE**

The Bank's overriding policy is to protect its shareholders' and depositors' interests through exercising prudent credit and risk control policies. The Bank's policy is also to obtain yields that are commensurate with the risks taken. TIB at all times actively monitors its credits. Recognizing that losses may occur from time to time, it is the Bank's policy to maintain an adequate level of provisions against both the identifiable known losses and also any potential losses, in line with International Accounting Standards (IAS).

The Board of Directors and the management of the Bank are committed to governing and maintaining the Bank's operations effectively and efficiently within the regulatory environment. Corporate governance policies are regularly reviewed for possible improvement and are reinforced to strengthen the ability of the Board to effectively supervise management, enhance long-term shareholder value and protect the interests of depositors.

Our bank's Board and Management constantly strive to enhance the value of the Bank and to ensure that the Bank's fundamentals remain strong. With the confidence of the shareholders, the customers and the devoted and experienced staff, the Bank is continuing with its good performance achievement.

In addition to operating within international best practices, the Bank's policy is to strictly abide by the all laws and regulations of the jurisdictions in which it operates.

To support our rapid growth, we regularly revisit our organizational and managerial structures, our technological platform, and our operational procedures in order to adopt the most appropriate and efficient management and business practices as well as systems. Our aim remains the same to enhance our ability to deliver superior performance in order to exceed our customers' expectations and to optimize shareholders' value, and to be recognized by our clients in particular, and the community in general, to be among the best service providers in our industry. The executives and Board of Directors continue to be fully dedicated to achieving these objectives.

I'm confident that TIB will continue its underlying performance to deliver steady value increases to its shareholders and to maintain the trend established over the years.

### **ANTI-MONEY LAUNDERING**

In line with the new AML system, the bank has implemented strict Anti-Money Laundering (AML) policies and procedures that meet local regulatory requirements as well as international best practices. These AML policies include in addition to the existing Know-Your-Customer (KYC) procedures to control and identify both new and existing clients, a Screening for Negative News procedure to be applied before commencement of a relationship with any customer, prospects, suppliers, counterparties, and vendors to enable proper detection and reporting of suspicious activities and abnormal transactions. The relevant development and training took place both in-house and in external workshops for all staff members reinforcing the strict implementation of our AML policies.

### **INFORMATION TECHNOLOGY**

As part of security techniques and related management procedures the bank has implemented network segmentation and intrusion detection and physical security measures in order to increase the safety level of the local network and decrease the internal traffic and hackers' intrusion.



## **CHAIRMAN'S STATEMENT**

### **TIB Awards**

The Bank's commitment to uphold best practices and provide best customer services was recognized when it won in March 20, 2017 the prize of International Trophy for Quality awarded by Global Trade Leaders' Club. This Award is designed to celebrate companies that have excelled in providing the highest level of service quality.

### **GRATITUDE**

On behalf of the Board of Directors, I would like to take this opportunity to express my sincere gratitude to the Tunisian regulatory and other authorities, especially the Central Bank of Tunisia for their continued and valued support.

I also wish to extend my deep appreciation to our shareholders for their unrelenting support and to our customers for their continued trust and confidence. Last, and by no means least, I would like to acknowledge the loyalty, dedication, professionalism, and teamwork of our Senior Management and Staff Members, who have worked above and beyond to ensure the positive results in 2017. I thank you all once again and I am confident that TIB is well positioned for continued future success.