

CORPORATE GOVERNANCE REPORT

Tunis International Bank is subject to Banking regulations and provisions of the Corporate Governance Principles which are applicable to Tunisian Banks according to the Central Bank Legislation. Throughout the year, activities particularly with regard to developing Corporate Governance Principles structure that the Bank is subject to have been performed. Effective Corporate Governance is an important part of our identity. The essential framework for this is provided first and foremost by the Central Bank of Tunisia, which was last amended in June 2012.

The Corporate Governance system adopted ensures the responsible, value-driven management and control of the bank. It has the following four key elements: good relations with shareholders, effective cooperation between the Management Board and Supervisory Board, a system of performance related compensation, and transparent and timely reporting.

CORPORATE GOVERNANCE MANUAL

The Corporate Governance Manual provides the legal, institutional, and regulatory framework for the enterprise risk management activity of the Bank and includes:

- The Corporate Governance, which provides the structure through which the objectives of the Bank are set, the means of attaining those objectives, and monitoring performance. The Structure consists of the Board of Directors and its sub-committees along with the management committees.
- Insider Trading, Code of Ethics, Related Party Transactions and Segregation of Duties.

The Risk Management Infrastructure and System at TIB is managed through the Risk Policy and Guidelines. These principles, guidelines and procedures reflect the risks inherent in TIB's businesses. They are reviewed periodically and amended when necessary and ratified by the Board.

THE FOUNDATION OF THE CORPORATE GOVERNANCE

The foundation of TIB's corporate governance policy is to protect its shareholders' and depositors' interests through exercising prudent credit and risk control measures. The Bank's policy is also to obtain yields that are commensurate with the risks taken. TIB at all times actively monitors its loans and advances book and strives to conduct extensive due diligence on its counterparties prior to extending funded or unfunded facilities.

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 incorporating best practice 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. It is also the Bank's policy to strictly abide by all laws and regulations of the jurisdictions in which it operates. The adopted Code of Conduct applies to all employees, officers, trainees, part-time staff and other Bank representatives, and includes members of the Board of Directors.

TIB's Senior Management regularly revisits the Bank's organizational and managerial structures, the technological platform, and the operational procedures, in order to adopt the most appropriate and efficient management and business practices as well as systems.

The control and management of the Bank is undertaken through the following bodies:

- ◆ The General Assembly of the Bank;
- ◆ The Board of Directors;
- ◆ Committees of the Board of Directors, which assist the Board in the discharge of its duties, include:
 - The Board Executive Committee,
 - The Board Audit Committee,
 - The Board Risk Committee,
 - The Board Nomination and Remuneration Committee, and
 - The Board Corporate Governance Committee.
- ◆ The Management Committees, include:
 - The Management Committee,
 - The Credit Committee,
 - The Assets and Liabilities Committee,
 - The Management Audit Committee,
 - The Investment Committee, and
 - The Information Technology Risk Committee.

The Board of Directors meets on a quarterly basis and when required. With the exception of the Board Nomination and Remuneration Committee and the Board Corporate Governance Committee, all other Board Committees meet at least six times a year. The Board Audit Committee and the Board Risk Committee are headed by independent Directors. All management committees meet on a monthly basis and when required.

Shareholders

Our shareholders are involved in decisions that are of material importance to the Bank, as is legally required, including amendments to the Articles of Association, the appropriation of profit, the authorization to issue new shares and important structural changes.

Voting and Minority Rights

TIB has only one class of share, with each share carrying the same voting right. There are explanations on the Bank's capital structure, qualifications of shares and the rights on shares in the Articles of Incorporation.

Dividend Rights

Dividend distribution is a regular item on the agenda of the General Shareholders' Meeting and is presented for the approval of shareholders and implemented after the approval at General Shareholders' meeting. The distribution of 2013 operating profit was made in line with the decisions taken at Ordinary General Shareholders' Meeting held in 2014.

Transfer of Shares

Transfer of shares can be done in accordance with the related legislation and TIB's Articles of Incorporation.

Board of Directors

The Board of Directors is responsible for managing the company and exercises control over TIB. It ensures that all provisions of law and company internal policies are abided by The Board heads leads and

controls the Bank. The Board is collectively responsible and ultimately accountable for the affairs and performance of the Bank. All Board members must objectively take decisions in the interest of the Bank.

The Board holds four regular meetings each year, as well as additional meetings as may be required. Board meetings are usually held at the Bank's premises or at any other place that is deemed appropriate by the Board members. Meeting agendas are prepared in accordance with the proposals of Chairman of the Board and the Managing Director. Moreover, various reports requested by the Board of Directors and off the agenda topics put forward by the Board members and discussed during the meetings. Meeting agenda and related documents are delivered to the Board members before the meetings according to the principles determined by the Board. The Board held five meetings during 2015. In the event of the non availability of one or more Board members, a meeting via telephone and/or videoconference may take place.

To ensure that the financial and human resources are in place for the Bank to meet the planned objectives, the Board shall work with the management of the Bank. Management of the Bank remains accountable to the Board.

The responsibilities of the Board's Chairman include ensuring that the Board functions effectively and independently of management and that it meets its obligations and responsibilities. The Board shall ensure that financial disclosures made by the Bank are fair, transparent and comprehensive.

The Board is ultimately responsible for ensuring that the Bank is in compliance with relevant laws and regulations that it is subject to. These laws involve the Central bank of Tunisia regulations, the Commercial Code, the Labor Law, occupational health and safety, etc.

All Board members, as well as senior management, are bound to observe the following best practice:

1. Board members *should not* :
 - Enter into competition with the Bank;
 - Use company privileged information or take advantage of business opportunities for himself or any relatives;
 - Misuse the Bank's assets.
2. Board members *should* :
 - Report to the Board any conflict of interest arising from their other activities or commitments to other organizations;
 - Declare in writing all of their directorship positions and/or interests above 5% in other enterprises to the Board on an annual basis or immediately after becoming so.

As stipulated by CBT circular n° 2011-06 article there are two Independent Directors on the Board. The rules and regulations of the Board include the definition of Independent Director established in the Corporate Governance Manual, according to which those non-executive directors that have been appointed based on their personal or professional status, and who perform unconditioned by relationships with the Bank, its shareholders or its officers, will be considered Independent Directors.

Chairman and Chief Executive Officer

The Chairman of the Board is the highest ranking officer of the Bank and accordingly, all the powers that may be delegated by the Law, the by-laws and the rules and regulations of the Board have been delegated to him. He is responsible for directing the Bank's management team, always in accordance with the decisions and standards set by the shareholders acting at a general shareholders' meeting and by the Board within their respective purview.

The Chief Executive Officer, acting by delegation from and reporting to the Board of Directors and the Chairman, as the highest ranking officer of the Bank, is in charge of the conduct of the business and highest executive duties. There is a clear separation of duties between the Chairman, the Chief Executive Officer, the Board and the committees thereof, as well as various checks and balances that assure proper equilibrium in the corporate governance structure of the Bank. The powers delegated to the Chief Executive Officer and those delegated to the Chairman do not include, in either case, those reserved by the Board to itself.

Number, Structure and Independency of the Committees Established Within the Board

The administrative and organizational structuring required by the Banking Law (CBT Circular n°2011-06 dated May 20, 2011) and related legislation, exists in TIB. Within the framework of the related regulation, a member of the Board can't be appointed to more than of the following three committees:

- Board Risk Committee,
- Board Audit Committee,
- Board Executive Committee.

In reference to this Circular, the Board is composed of 9 members including the Chairman and Deputy Chairman. Also, there are two strong and independent and nonexecutive elements on the Board to exercise objective judgment on the Bank's affairs independently.

The Board has constituted, as decision-making committee, an Executive Committee, with delegated general decision-making powers in credit, investment and appointment. The Board also has other committees at its disposal with supervisory, information, advisory and proposal powers (the Audit, Risk, Corporate Governance, and Nomination and Remuneration committees).

With the exception of the Chief Executive Officer, all of the Board of Directors are non-executive members. The election of TIB's Board members is implemented according to the Articles of Incorporation and the Banking Law. As per the Banking Law, the Chief Executive Officer of the Bank shall be a natural member of the Board. TIB's Board of Directors backgrounds, terms of office, and the committees in which they take charge are presented in the Annual Report.

The Board reserves for itself, and likewise cannot delegate, the following matters, among others:

- Decisions regarding the acquisition and disposition of substantial assets (except when the decisions come within the purview of the shareholders at a general shareholders' meeting);
- The determination of the remuneration of each director;
- The appointment, remuneration, general policies and strategies and, in particular, strategic plans, management objectives and the annual budget, corporate governance, corporate social responsibility and dividend and treasury share policies, the general risk policy, and the policies for the provision of information to and for communication with the shareholders, the markets and the public opinion.

Performance-Related Compensation

The compensation of members of the Board is primarily aligned to their contribution to business performance and international industry standards. Part of the Management Board's compensation is equity-based, and this is driven by the performance of the Bank.

Board Executive Committee (EXCO)

The Board Executive Committee is a basic instrument for the corporate governance of the Bank. It exercises by delegation all the powers of the Board, except those which cannot be legally delegated or which cannot be delegated pursuant to the provisions of the by-laws, the rules, and regulations of the Board.

The EXCO oversees and advises the Board in its management of the business. Major decisions affecting the Bank's activity require EXCO's approval such as investment decision and Board members' nominations. The Executive Committee analyzes the development of the business, discusses matters of the Bank's strategy and makes recommendations for decisions to be taken by the Board of Directors. In addition, EXCO acts as investment and credit.

EXCO makes resolutions on loan and investment underwriting within its authorization limit, makes decisions on demands to change the underwriting conditions within its authorization limit and carries out other assignments given by the Board regarding loans and investments.

There are currently three directors sitting in the committee: the Chairman of the Board, the Chief Executive Officer, who is also the Deputy Chairman of the Board, and one member from the Board of Directors.

Board Audit Committee

The Board Audit Committee has three members and is chaired by an independent Board member. The Board Audit Committee is obliged to hold meetings at least six times a year. The Head of the Internal Audit Department is appointed as secretary of the committee. The Board Committees' Charter contains the duties and responsibilities of the committee. In 2015, Audit Committee held six meetings.

The Audit Committee's duties, among others, comprise of :

- Reviewing the Bank's financial information and its internal control and risk management systems;
- Serving as a communication channel between the Board and the auditors, ensuring the independent exercise of the latter's duty;
- Supervising work regarding the internal audit function;
- Ensuring that the Bank's financial reports are prepared in line with the related legislation, regulations and standards;
- Fulfilling other responsibilities determined by related legislations in effect and duties assigned by the Board within this framework.

Board Risk Committee

The Board Risk Committee is responsible for formulating the risk management strategies and policies. The Risk Committee is the common communication platform with the Board in terms of assessing the risk the Bank is exposed to, making suggestions about the measures to be taken and methods to be followed. The Committee's principal duties are published in the Board Committees' Charter. The Risk Committee has three members and is chaired by an independent Board member. As per supervisory requirements, the Committee should hold at least 6 meeting a year. The head of the Risk Department is appointed as secretary of the committee.

The Committee's principal duties are the following:

- Recommending the risk profile and risk appetite of the Bank, for approval by the Board;
- Approving principles, strategies, policies and processes for managing risk;
- Overseeing the process developed by management to identify principal risks, evaluating their potential impact, and implementing appropriate strategies to manage those risks;
- Reviewing the provisioning policy and the permanent adequacy of the Bank's net worth and risk exposures;
- Receiving and reviewing reports from management regarding resolution of significant risk exposures and risk events including credit, market, operational and liquidity risks;
- Assessing risks arising from the Board strategic decision, reviewing and monitoring the risk implications of new and emerging risks, changes in the banking environment (i.e. rules regulations, competition, etc.), regulatory change and major initiatives.

These matters are not exhaustive and may change from time to time. In 2015, six meetings were held.

Board Nomination and Remuneration Committee

Nomination and Remuneration Committee has been established for the purpose of executing functions and activities related to monitoring and controlling remuneration policies of the Bank on behalf of Board of Directors. The Committee carries out its activities regarding remuneration policies within the framework of related banking regulations.

The Committee has three members. The Committee holds a meeting at least once a year and informs the Board of Directors on the results of its own activities and its opinions on any important related issues.

Board Corporate Governance Committee

In its October 2014 meeting, and to comply with the parent company, the Board of Directors has approved the constitution of a new Corporate Governance Committee. Before this date, the Risk Committee was delegated powers by the Board to act as a Corporate Governance Committee. The Committee has three members and is headed by the Chairman of the Board. The head of Compliance is appointed as secretary of the committee.

The Committee carries out its activities within the framework of the related banking regulation in Tunisia and Kuwait. Tunis International Bank should comply with all Tunisian laws and regulation and comply with corporate governance guidance issued by the parent company *unless* it contravenes local Tunisian laws and regulations.

BCGC is responsible for assisting the Board of Directors in setting and overseeing the Bank's corporate governance practices, especially through the following:

1. Prepare and obtain Board approval on Bank policies relating to corporate governance framework (including corporate governance manual), in line with the CBT requirements and CBK guidelines unless it contradicts with CBT.
2. Follow-up on the execution of Corporate Governance Manual's standards and regulations and present a report of it to the Board of Directors.
3. Perform an annual review of the Corporate Governance practices, including the review of BCGC charter, to ensure their effectiveness and recommend any necessary improvements to the Board. Ensure appropriate disclosure as may be required by law or regulation.

Board Activities

Financial Information Periodically Published by the Bank

The Board approved the quarterly financial information, the annual accounts, and the management report for 2015. In addition, the Board has approved other documents such as: the annual report; the new stress testing manual; the annual corporate governance report; the audit, risk, and compliance reports; and the Nomination and Remuneration committee's reports.

Financial Reporting According to International Standards

Shareholders and the public are regularly kept up-to-date, mostly, through the Annual Report, which includes the Consolidated Financial Statements. TIB's consolidated reporting is in accordance with International Financial Reporting Standards (IFRS). This provides for a high degree of transparency and facilitates comparability with Burgan Bank's financial statements.

Changes in the Composition and Size of the Board

No changes occurred in 2015.

Duties of Directors, Related-Party Transactions and Conflicts of Interest

Duties of Directors

The duties of the Directors are governed by the rules and regulations of the Board, which conform both to the provisions of current Tunisian law and the Bank's Governance Code. The rules and regulations expressly provide for the duties of diligent management, loyalty, secrecy and inactivity in the event of knowledge of confidential information.

The duty of diligent management includes the Directors' duty to keep themselves adequately informed of the Bank's progress and to dedicate to the time and effort needed to carry out their duties effectively. The Directors must inform the Nomination and Remuneration Committee of their other professional obligations and the maximum number of Boards of Directors on which they may sit, as governed by the provisions of Law 2001-65, of 10 July, 2001.

Related-Party Transactions

To the best of the Bank's knowledge, no member of the Board of Directors, no person represented by a director and no company of which such persons, or persons acting in concert with them or through nominees therein, are directors, members of senior management or significant shareholders, has made any unusual transaction with the Bank during the financial year 2015 and through the date of publication of this report. All related party exposures are reported on a quarterly basis to the Central Bank of Tunisia and are followed on a permanent basis by the Risk Management Department.

Control Mechanisms

As provided in the rules and regulations of the board, Directors must inform the Board of any direct or indirect conflict of interest with the interests of the Bank in which they may be involved. If the conflict relates to a transaction, the director should not carry it out. The Director involved must refrain from participating in the discussion on the transaction to which the conflict refers.

Specific Situations of Conflict

In the financial year 2015, there were no cases in which directors, including those who are members of senior management, abstained from participating and voting in the discussions of the Board of Directors or of the committees thereof.

General Information

External Audit

TIB is regularly audited by two independent external auditors within the framework of the Banking Law in Tunisia and the international related standards.

General Shareholders' Meetings

The General Shareholders' Meetings regulations are stated in the Articles of Incorporation and Corporate Governance in conformity with the Tunisian Commercial Law.

Strategic Goals of the Bank

The vision and objectives of TIB were approved by the Board of Directors. In this context, TIB's vision is to be the preferred offshore Bank in Tunisia by customers, shareholders and employees by maintaining its leading, pioneering and reliable position. TIB's mission, in general, is meeting the needs of its customers with fast, efficient and high standard solutions, increasing the value it created for its shareholders constantly and encouraging employees to reach their best performance. The Board of Directors regularly monitors and supervises the performance of the Bank in terms of achieving the strategic goals. The Business Program which includes the yearly objectives formed according to the general strategic goals comes into effect after approval by the Board of Directors. The quarterly performance of the Bank in comparison with the objectives is reported comprehensively to the Board of Directors.

Public Disclosure and Transparency

Public Information Policy

TIB has designated the Investment Department to submit the required information and disclosures, except for trade secrets, to the shareholders, investors, clients, creditors and other related parties within the framework of related regulations. Public disclosures are under the authority and responsibility of the Board of Directors. The Investment Department has been assigned to coordinate the disclosure function.

Annual Report

TIB publishes each year an Annual Report that includes the necessary information and data required by the regulator and is prepared in the English language.

TIB Website (www.tib.com.tn)

TIB's website is actively and intensely used for public disclosures and informing activities. The website will include information and data required by the Corporate Governance Principles and regulatory authorities. Utmost care is given to keep the website updated. Information provided is in the English language.

Ethical Principles and Social Responsibility

TIB has adopted its proper Code of Ethics in conformity with the Tunisian Banking Law and best practice. The Code of Ethics needs to be disclosed to board members, and all of Bank's employees. In addition, Board members as well as employees are required to sign a statement that he or she has read this Code of Conduct and understand its provisions and agree to abide by them. As required by law, all Board members have stated on one's honor that they have no legal restrictions to perform their duties.

Code of Conduct

The Board believes that the Board, executive officers and the entire Bank's staff must endorse a culture of strong corporate governance and ethical business conduct. The Code of Conduct addresses many areas of business such as good faith, integrity, compliance, quality and respect. These principles apply equally in dealings with clients, counterparties, regulatory authorities, and business colleagues and towards the Bank itself. The Board took the lead by endorsing these values for itself, senior management and all employees.

Any activities and relationships that diminish a proper conduct of corporate governance should be prohibited. Examples of such activities are:

- Conflict of interest;
- Lending to officers (except on an arm's length basis) and other forms of self dealing;
- Providing preferential treatment to related parties and other favored entities (lending on highly favorable terms, covering trading losses, waiving commission, etc.); and
- Insider trading.

The Board of Directors ensures that senior management implements policies that prohibit such conduct and ensures that deviations are reported and establishes processes that allow monitoring compliance with these policies. The adopted Code of Conduct applies to all employees, officers, trainees, part-time staff and other Bank representatives, including members of the Board of Directors.

Insider Trading

By his/her position in the Bank, an employee may have access to "material non-public information". This non-public information includes information that is not available to the public at large, which would be important to an investor in making a decision to buy, sell or retain a security. This non-public information includes but is not limited to: projections of future earnings or losses or dividend payment; tender offer or exchange offer; news of a significant sale of assets or the disposition of a subsidiary; significant changes in management or shareholdings; significant new products or discoveries; or impending financial liquidity problems. It should be noted that both positive and negative information might be considered material.

Insiders in a position of trust must not pass that information on to others, and shall not purchase or sell a security or recommend a security transaction of the employee's own account, the account of a family member, the account of any customer of the Bank, or any other person. In addition to disciplinary procedures which may lead to dismissal, the use or disclosure of such information can result in civil or criminal penalties under Tunisian law.

Anti-Money Laundering (AML)

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 Know Your Customer (KYC) procedures to control and identify both new and existing clients, and detailed measures to enable proper detection and reporting of suspicious activities and abnormal transactions. The education and training, both internally and externally, of all of the Bank's staff forms an integral part of our AML policies.

Internal Audit conducts periodic reviews of the responsibilities of key personnel to minimise areas of potential conflict of interest and ensure that independent checks are in place. TIB has in place an independent Internal Control Department. It is responsible for verifying, checking and controlling all of the Bank's operating transactions. The Bank's Head of Internal Control Department also acts as the

Money Laundering Reporting Officer (MLRO) and is responsible for ensuring that adequate Anti-Money Laundering procedures are in place and ensuring effective compliance with CBT regulations and FATF recommendations. The Bank has a system that gives details of potential suspicious transactions. The system is under the supervision of the MLRO.

Risk Management and Internal Control

As per the Tunisian Banking Law 2001-65 & 2009-64 and CBT regulations (circulars n° 2006-19 & 2011-06), banks are obliged to establish and operate adequate and efficient internal control, risk management, compliance and internal audit, which work together as internal control systems that are in harmony with the scope and structure of their activities, that can respond to changing conditions and that cover all their branches in order to monitor and control the risks that they encounter. Internal control activities carried out by the Bank's employees with the awareness of responsibility are controlled and monitored by the Internal Control Division who reports to the Managing Director. Risk management activities are performed by the Risk Management Division who reports to the Board Risk Committees. Furthermore, banks have to establish internal audit systems that involve all their branches. In this context, Compliance Unit investigates the conformity of the banking activities to the legislation, articles of association, internal regulations and banking principles.

TIB's internal control systems have been established in accordance with the principles and organization structures as required by domestic regulations in parallel with the best international practices. The units constituting the internal control systems are Internal Control, Risk Management Internal Audit and Compliance unit. The units constituting the internal control systems work under the Board of Directors and Board Committees.

The basic objective of internal control division is to make the maximum contribution to ensure the Bank's operations are carried out constantly in accordance with the rules, regulations and standards. In addition, the Internal Control Division, which is also works under the Board of Directors on issues regarding the regulation and compliance on prevention of laundering of criminal proceeds and finance of terrorism, has a mutual communication and cooperation with other related divisions and employees.

Attendance at Meetings of the Board of Directors and its Committees in 2015

Attendance rate of 89% was recorded for Board of Directors' meetings in the financial year 2015.

	Committees				
	Board	EXCO	BRC	BAC	BRNC
Average Attendance	89%	100%	100%	100%	100%
Individual Attendance					
MASAUD M.J. HAYAT	5/5	6/6			1/1
MOHAMED FEKIH	5/5	6/6			1/1
RABIH SOUKARIEH	5/5	6/6			1/1
FETHI HOUIDI	5/5			6/6	
MOHAMMED AL QUMAISH	5/5			6/6	
BADER ALAWADHI	4/5			6/6	
YACOUB	3/5		6/6		
ALGUSANE					
AMR EL KASABY	4/5		6/6		
KHALID AL ZOUMAN	4/5		6/6		

Training of Directors and Information Program

Board members have attended a training program as stipulated by the Bank's Corporate Governance regarding on-going director training for directors.

BOARD OF DIRECTORS			COMMITTEES OF THE BOARD					
Directors Name	Title	Representing	EXCO	Audit	Nomination & Remuneration	Risk	Corporate Governance	
			Credit EXCO acts as BCC					
MASAUD M.J. HAYAT	CHAIRMAN	KIPCO, CEO Banking	EXCO Chairman		BNRC		BCGC Chairman	
MOHAMED FEKIH	DY. CHAIRMAN & MD	MD - TIB	Executive Committee		BNRC			
RABIH SOUKARIEH	DIRECTOR	CEO, AGB	Executive Committee		BNRC		BCGC	
FETHI HOUIDI	DIRECTOR			BAC				
MOHAMMED AL QUMAISH	DIRECTOR	Head of Internal Audit, UGB		BAC				
BADER ALAWADHI	DIRECTOR	INDEPENDENT		BAC - CHAIRMAN				
YACOUB ALGUSANE	DIRECTOR	INDEPENDENT						
KHALID AL ZOUMAN	DIRECTOR	Burgan Bank GCFO				BRC - CHAIRMAN		
AMR EL KASABY	DIRECTOR	Burgan Bank GCIA				BRC		BCGC
BOARD SECRETARY	Head of Legal Department			Head of Risk Department		Head of Internal Audit Department	Board Member	Head of Risk Department

