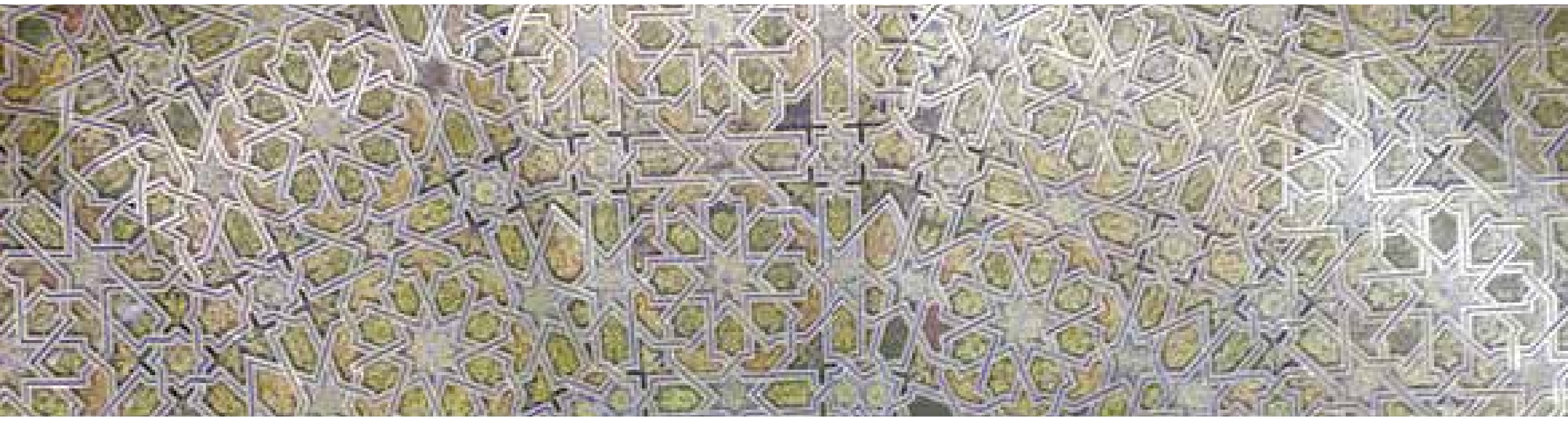
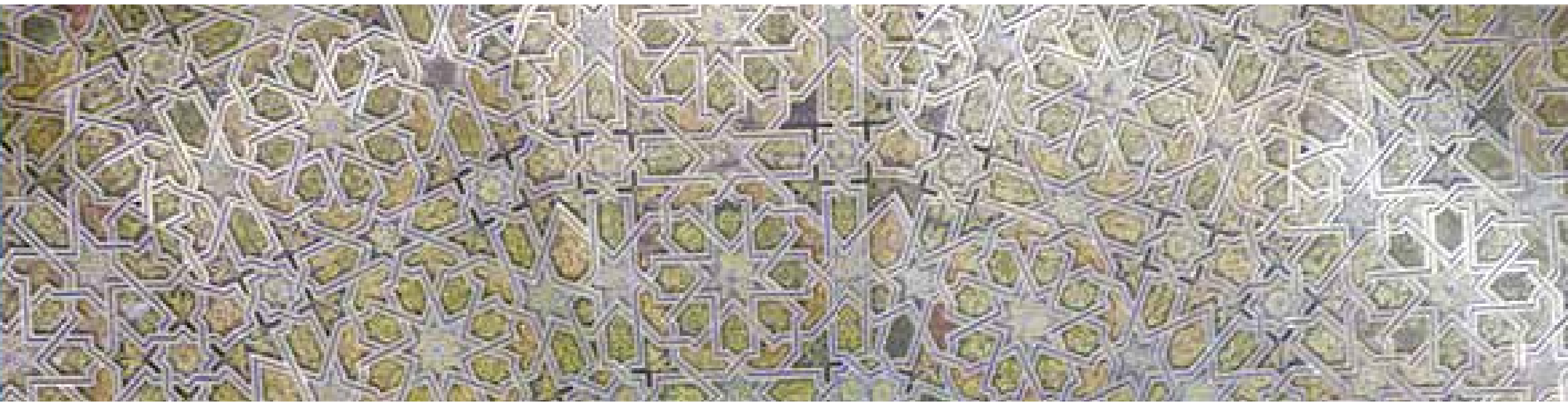
ANNUAL REPORT 2021



بنك تونس العالمي
Tunis International Bank
TIB

ANNUAL REPORT **2021**



بنك تونس العالمي
Tunis International Bank

“ The beautiful images displayed in this report represent a selection of Tunisian palaces which reveal the richness of Tunisia’s architectural heritage.”

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ABOUT THE BANK

Sidi Bou Said : *Le palais du Baron Derlanger*

TUNIS INTERNATIONAL BANK

بنك تونس العالمي
Tunis International Bank
TIB

Tunis International Bank (TIB) was created in June 1982 and was the first bank established in Tunisia as a fully licensed banking corporation under the Tunisian Law of July 12th, 1976 replaced on August 12th, 2009. TIB operates under the supervision of the Central Bank of Tunisia (CBT) and is a member of Tunisia's Clearing House Association. TIB is a private non-resident commercial bank and its main shareholder is Burgan Bank, Kuwait, which is a subsidiary of the Kuwait Projects Company (Holding) K.S.C "KIPCO".

Our Bank's reputation has been fully established as a local provider of the highest quality products and services. TIB provides a comprehensive range of international financial services for corporations, financial institutions, governments and individuals both in Tunisia and abroad including the following: Foreign Exchange and Money Market operations in all convertible currencies including Tunisian dinars, International Trade Financing, Private Banking Facilities, Loan Syndications and Forfeiting, Commercial Banking, Investments, Visa Card and American Express Card. Our product range will be constantly reviewed to ensure that we are able, within our credit and procedural policies, to meet the range of needs in our local market base. This will include maximising the products and services that we are able to offer as a result of the synergies that we have and are further developing, with co-members of the KIPCO group.

The Bank continues to be an innovative institution both internationally and domestically and is dedicated to providing banking services of the highest standards. As a Tunisian bank based in Tunis, TIB's traditional and natural marketplace has been the Maghreb countries. The Maghreb countries will remain TIB's primary target market by maximising the opportunities available to us by working with our associated company Gulf Bank Algeria in Algiers, Algeria and also with our bank's representative office in Tripoli, Libya.

Looking ahead, TIB aims to play a key role in promoting business and partnerships between Gulf investors and the Maghreb. In addition to this region, business has also been developed involving Western European and other Mediterranean countries. The Bank's traditional and natural customer base in Tunisia has been non-resident companies, which are usually majority owned by foreigners, exporting most, if not all, of their manufactured products and able to deal freely in foreign currencies.

TIB's Website:
www.tib.com.tn

BURGAN BANK

Established in 1977, Burgan Bank is the second largest conventional bank by assets in Kuwait. The bank's key focus areas are to maintain its competitive edge in the corporate sector and to serve its growing individual customer base.

Burgan Bank has majority owned subsidiaries in the MENAT region supported by one of the largest regional branch networks, which include Gulf Bank Algeria - AGB (Algeria), Bank of Baghdad - BOB (Iraq & Lebanon),Tunis International Bank – TIB (Tunisia), and fully owned Burgan Bank – Turkey, (collectively known as the "Burgan Bank Group"). Furthermore, Burgan Bank has a presence in the UAE through its corporate office ("Burgan Financial Services Limited) which had helped the bank to participate in multiple financing opportunities in the UAE.

Burgan Bank's Website:
www.burgan.com

KUWAIT PROJECTS COMPANY (HOLDING) K.S.C (KIPCO)

The KIPCO Group is one of the largest holding companies in the Middle East and North Africa, with consolidated assets of US$ 34 billion. The Group has significant ownership interests in a portfolio of more than 60 companies operating across 24 countries. The Group's main business sectors are financial services, media, real estate, manufacturing and education.

KIPCO's financial service interests include holdings in commercial banks, asset management, investment banking and insurance companies. The Group's core operations in this sector include Burgan Bank, United Gulf Holding and Gulf Insurance Group. In the media sector, the Group holds a majority ownership of OSN, the leading pay-TV and on-demand video operator in the region.

KIPCO's Website:
www.kipco.com

BOARD OF DIRECTORS

The Board of Directors was elected on April 14th, 2021 for a mandate of three years.

Masaud M.J. Hayat

Chairman of the Board
Chairman of the Board Corporate Governance Committee

Vice-Chairman and Group Chief Executive Officer, Burgan Bank, Kuwait
Chairman of United Gulf Holding Co, Bahrain
Chairman of United Gulf Bank, Bahrain
Vice-Chairman of Gulf Bank Algeria, Algeria
Vice-Chairman Bank of Baghdad, Iraq
Vice-Chairman of FIMBank pl.c., Malta
Board Member of Jordan Kuwait Bank, Jordan
Board Member of KIPCO Asset Management Co (KAMCO), Kuwait
Board Member of North Africa Holding Company, Kuwait
Board Member Masharea Al Khair Charity Foundation, Kuwait
Board Member United Gulf Financial Services, Tunisia

Mr. Hayat has been appointed as Group Chief Executive Officer of Burgan Bank since April 2019 in addition to his capacity as Vice Chairman of the Board and has been Board Member of Burgan since 2013. Mr. Hayat brings to the board his extensive experience of 44 years in Banking, Commercial, investment and management industries at a local and regional level.

Mr. Hayat started his career in Al- Ahli Bank of Kuwait in 1974 where he worked in various fields such as operations, Local and International Credit until he reached the post of Deputy Chief General Manager and Acting CEO in 1992, and advisor to the Board of Directors in until 1996.

Mr. Hayat has held key positions and Board memberships in the Kipco Group since 1997 in banking, telecommunications, investments and services, including his role as Chief Executive Officer – Banking (2010-2019).

Mr. Hayat has attended various professional local and international courses, amongst which is in Leadership & Innovation in Public & Private Sectors at Harvard University in 2004 and a 3 months program in Management and Finance at Wharton Business School – University of Pennsylvania – Philadelphia – USA.

Rabih Soukarieh

Member of the Board
Member of the Board Nomination and Remuneration Committee
Member of the Board Corporate Governance Committee

Board member, and Board Credit Committee Member of FIMBank p.l.c., Malta
Chief Executive Officer of Gulf Bank Algeria (AGB), Algeria, since August 2015.
Mr. Soukarieh has over 30 years of experience in investment as well as commercial banking, asset management, private equity, and mobile

telecommunications industries. Mr. Soukarieh has been an employee of the KIPCO Group of companies in various executive management and leadership roles for 20 years and represented the group on various boards spanning multiple industries.

Prior to joining AGB, he has served as CEO of United Gulf Bank, Bahrain, between 2012 and August 2015, Chairman and CEO of Millenium Private Equity, Dubai. Mr. Soukarieh also served as Group Chief Financial Officer of Wataniya Telecom Group of companies between December 2004 and December 2007.

Mr. Soukarieh holds a Masters in Business Administration from Northeastern University and a Bachelor of Science in Finance from Indiana University, Bloomington, U.S.A.

Mohamed Louhab

Independent Board Member
Chairman of the Board Audit Committee
Member of the Board Nomination and Remuneration Committee

Board Member and Chairman of the Board Audit Committee at L'Algérienne des Assurances (2A), Algeria

Mr. Louhab is a consultant in the financial sector since 2015. With over 40 years experience in his field, he served as General Manager for several reputable banks in Algeria, notably Gulf Bank Algeria's (AGB) and Trust Bank.

Mr. Louhab holds a Bachelor of Science in Economics and a Master's Degree in Management from l'Institut des Etudes Politiques in Algiers, Algeria. He also received a Banking Management Degree from l'Institut des Etudes Bancaires CNAM in Paris, France as well as a Diploma in Banking and Finance (Cours supérieur d'économie bancaire) from FinAfrica in Milan, Italy.

Bader Al Awadhi

Member of the Board
Member of the Board Audit Committee
Member of the Board Corporate Governance Committee

Investment and Financial Management Consultant and Representative for Private Companies
Independent Board Member, Member of the Board Audit Committee, and Member of the Nomination and Remuneration Committee at United Gulf Bank, Bahrain
Board Member of ManarInterholdings SL, Spain
Founder and ex-Board Member of MADA Real Estate Development Company, Saudi Arabia

Former Board Member of National International Investment Holding Company, Kuwait

Mr. Al Awadhi holds a Bachelor of Science in Industrial Engineering from the University of Miami, and has completed the General Manager Program and the Program for Management Development at Harvard Business school,USA. Mr. Al Awadhi has over 30 years of experience in the Banking sector and Investment Sectors.

Mohamed Fethi Houidi	Member of the Board Member of the Board Audit Committee Chairman of the Board Nomination and Remuneration Committee

Former Chairman of the Board of Ooredoo, Tunisia

Mr. Houidi held high ranking duties in the Tunisian public sector. He was the Ambassador of Tunisia in Beirut from 2000 to 2002.

Mr. Houidi holds a Doctorate degree in the Science of Communication from the University of Paris II and a Bachelors degree in French Literature from the University of Paris Sorbonne, France.

Yacoub Algusane	Member of the Board Member of the Board Risk Committee

Board Member, Chairman of Corporate Governance Committee, Member of Management Oversight Committee, SACEM Industries, Tunisia
Board Member of Hempel Marine Paints in Kuwait, Bahrain, Qatar and Saudi Arabia
Board Member of Sands Pharmaceutical, Canada
Board Member of Fujeira Investment Group, United Arab Emirates
Member of the Board of Kuwait Danish Dairy, Kuwait
Managing Director of Danish Saudi Dairy, Saudi Arabia
Chief Executive Officer of EPFM Management Training, Algeria
Mr. Algusane is owner and proprietor of Coubi Group, Ottawa, Canada. The company's main business sectors are financial services: Wealth Management, Trading and Investment.

Mr. Algusane held management positions in various companies in the United States of America, the United Kingdom and Kuwait. Mr. Algusane holds a Masters in Business Administration from Columbia Graduate School of Business, New York and a Bachelor of Arts from International Business Law Tokai University, Japan.

BOARD OF DIRECTORS

Khalid Al Zouman

Member of the Board
Member of the Board Risk Committee

Board member of Burgan Bank Turkey, Turkey
Board member of Kuwait Clearing Company, Kuwait

Mr. Al Zouman is the Chief Financial Officer at Burgan Bank Group, Kuwait. Mr. Al Zouman joined Burgan in 2000. Prior to joining Burgan, Mr. Al Zouman was a Manager at Ernst & Young since 1988. During his experience in E&Y, Mr. Al Zouman was trained for two years in the Pittsburgh office, Pennsylvania, where he also passed his Certified Public Accountant (CPA) examination. Mr. Al Zouman holds a degree in Computer Science from Kuwait University.

Ahmed Benghazi

Member of the Board
Member of the Board Risk Committee

Managing partner of ABG, a consulting firm specialized in financial advisory.

Mr. Benghazi was CEO of Axis Capital (now BMCE Capital Securities - Tunisia) , a group of companies operating in brokerage, asset management and financial advisory , and managing Director of Fitch North Africa, first local rating company to operate in the region.

Mr. Benghazi held various responsibilities in the ministry of development economy. He, amongst other tasks, contributed to the elaboration of the Tunisian Privatization program in the early nineties.

Mr. Benghazi holds a Masters degree in public administration from Harvard University, J.F. Kennedy School of Government, a Masters degree from l'Ecole Nationale d'Administration, Tunis, and a Bachelors degree in Economics from the University of Economic Sciences of Tunisia.

BOARD OF DIRECTORS

Samir Chebil

Independent Board Member
Chairman of the Board Risk Committee

Mr. Chebil held high ranking duties at the World Bank and IMF dealing with various strategic and financial sector issues as well as economic development topics and potential reforms notably those related to countries in the Arab World and Africa (1993-2013).

Mr. Chebil held teaching position as Distinguished Professional Lectures and Assistant Professor in the United States and Tunisia (George Washington University, Georgetown University, John Hopkins University, IHEC Tunis). Mr. Chebil taught both MBA and Executive Programs courses mainly in international finance, world economy, international banking, fundamentals of finance, currency and banking crises in emerging markets, managerial economics, and financial derivatives. He received several teaching awards.

Mr. Chebil holds a PhD and an MBA in the Finance field from the George Washington University. Mr. Chebil was awarded the prize of best economic dissertation by the Economic Club of Washington for his thesis on lessons of financial liberalization in developing countries.

Abdelmajid Karoui

Board Advisor

SENIOR MANAGEMENT 2021

Mohamed Fekih	Chief Executive Officer
Sami Fezzani	Head of Trade Finance and Financial Institutions
Fehmi Ben Amar	Head of Corporate Banking
Moez Ayachi	Head of Internal Control
Ali Belarbi	Head of Operations
Anas Labidi	Chief Internal Auditor
Alim Ammar	Chief Financial Officer
Ramzi Boubaker	Chief Risk Officer
Meriem Hassad	Head of Investment; Asset and Liability Management
Olfa Ben Aicha	Chief Compliance Officer Money Laundering Reporting Officer
Riadh Mrayhi	Head of Human Resources
Anouar Aouled Ali	Head of Systems and Communication
Ibtissem Sahli	Head of Legal

FINANCIAL HIGHLIGHTS

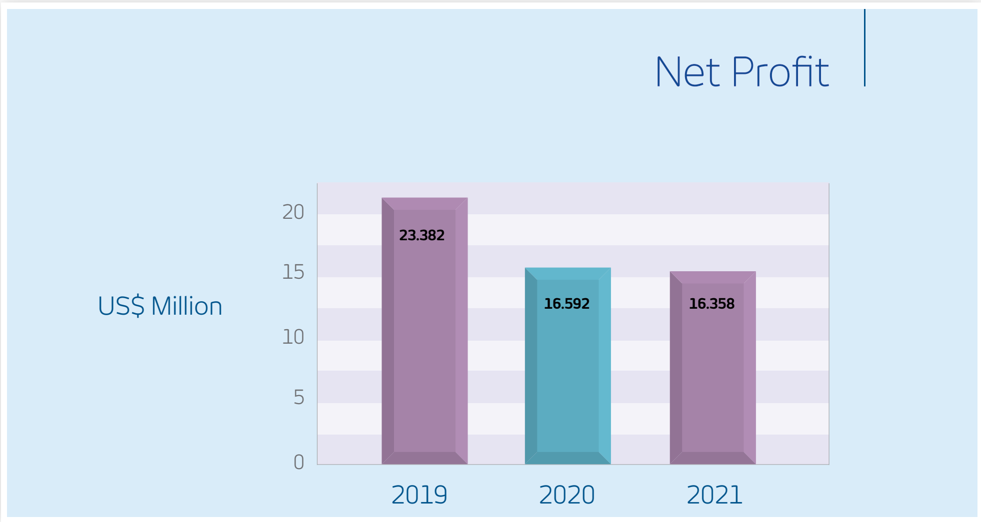
The following is selected consolidated financial information (in US$ 000's) of Tunis International Bank as at December 31st of the years 2018 up to 2021.

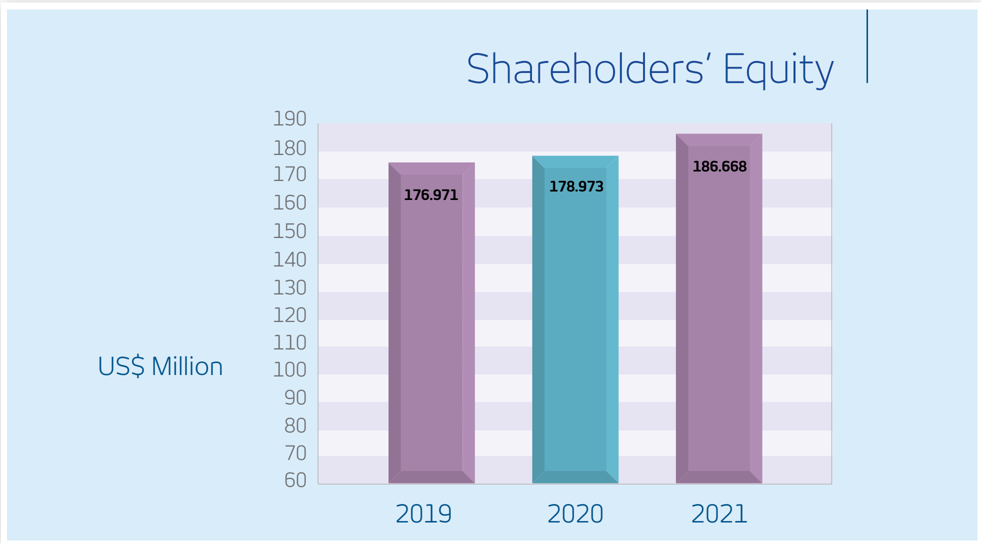
Profit & Loss	2018	2019	2020	2021
Net Interest Income	6,405	6,573	6,130	6,266
Non Interest Income	23,114	25,155	19,667	19,459
Operating Costs	7,600	7,420	7,744	7,134
Operating Profit	21,918	24,308	18,053	18,591
Provisions	500	251	950	160
Net Profit	20,451	23,382	16,592	16,358
Dividend Proposed/Paid	5,000	5,000	4,000	2,500

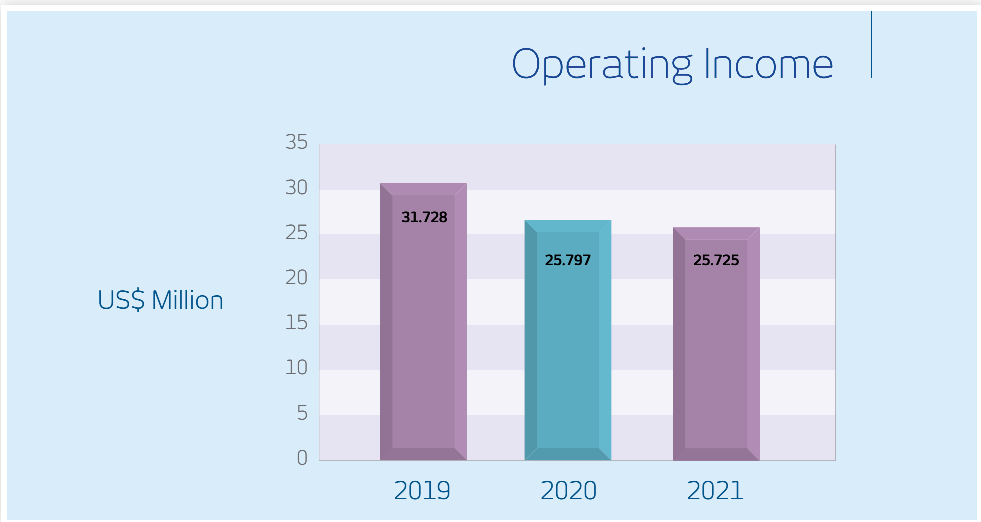
Balance Sheet	2018	2019	2020	2021
Cash	80,540	109,629	58,978	105,178
Time Deposits	265,728	218,384	215,613	134,234
Investment	159,955	170,480	157,463	175,170
Loans and Advances	111,692	125,646	151,883	142,065
Other Assets	5,242	5,584	6,777	7,825
Total Assets	**623,158**	**629,723**	**590,714**	**564,472**
Deposits from Banks	171,381	168,893	168,788	167,432
Deposits from Customers	275,667	271,622	225,431	191,197
Other Liabilities	12,073	12,236	17,522	19,175
Total Liabilities	**459,122**	**452,752**	**411,741**	**377,804**
Shareholders' Funds	164,036	176,971	178,973	186,668

Capitalization	2018	2019	2020	2021
Share Capital	50,000	50,000	50,000	50,000
Reserves	2,800	4,251	-1,539	-4,684
Retained Earnings	90,785	99,337	113,920	124,994
Net Profit	20,451	23,382	16,592	16,358
Shareholders' Equity	164,036	176,971	178,973	186,668
Total Capitalization	**164,036**	**176,971**	**178,973**	**186,668**

FINANCIAL HIGHLIGHTS

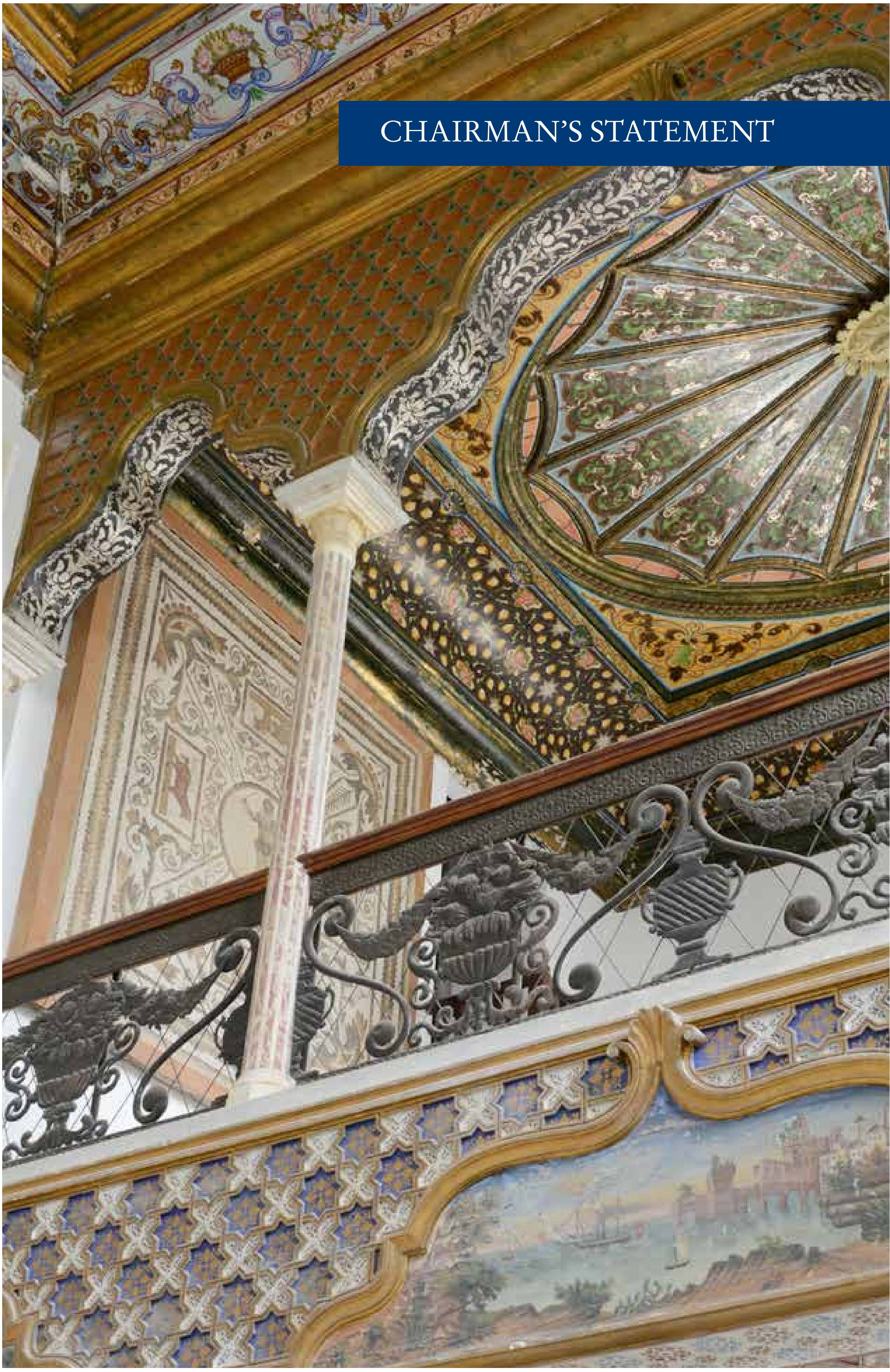






Annual Report 2021

CHAIRMAN'S STATEMENT



Le Bardo : *Musée du Bardo*

Dear Shareholders,

On behalf of your Board of Directors, it is my honour and privilege as the Chairman, to present you the Annual Report of Tunis International Bank (TIB), for the financial year ended December 31, 2021.

I am delighted to report on the accomplishments of the Bank in 2021, a year in which we achieved all of our objectives. These results reflect the exceptional performance achieved by our Bank and substantiate the resilience of our business model despite the challenging environment due not only to the COVID-19 pandemic continuous disruptions but also due to the negative impact of the low interest rates on the core banking profitability.

Locally, following the successive epidemic waves, the government has responded with public health measures to limit the spread of the Covid-19 virus, which lead to a slower economic recovery. The economic situation was and continues to be challenging due to large and growing imbalances in the public finances and the declining foreign investments. This economic trough was coupled with an intensifying competition due to the gradual liberalisation of the local financial sector.

We are determined to prevent any temporary setbacks from slowing down the Bank's progress and growth. Indeed, the major cornerstones of our operating mode are to continuously provide top-notch customers services, improve our ability to deliver superior results in order to exceed our customers' expectations and to optimize shareholders' value.

Our Bank's Board and management constantly endeavour to maintain strong Bank's fundamentals. With the confidence of the shareholders, the trust of the customers and the devoted staff, the Banks is consolidating its good performance achievements.

As a subsidiary of Burgan Bank, Kuwait (BBK), TIB is proud to belong to the solid and highly reputable Kuwait Projects Company (Holding) (KIPCO) group. Positive and meaningful synergies with Burgan Bank Group, as well as sister companies, were generated and developed throughout the year.

BANK'S PERFORMANCE

TIB is pleased to announce that its underlying performance continues to deliver steady value increase to its shareholders, maintaining the trend established over the years. This progress will pave the way to a successful future for the Bank.

Despite a competitive operating environment, the Bank achieved its objectives whilst maintaining more than adequate equity levels and following rigorous risk management policies. The shareholders equity has grown by US$7.7 million, from US$178.97 million to US$ 186.7 million- an increase of 4.3%. Additionally, our performance indicators consistently exceed those of the non-resident financial sector. TIB's return on equity (ROE) reached 9.6%, net earnings per share (EPS) works out at US$3.27 and the return on assets (ROA) is 2.9 %. The year 2021 has been yet another year of progress for our Bank, underpinning our well-established leading role in the Tunisian non-resident banking sector and meeting the objectives set by the Board of Directors.

The Bank's performance in 2021 has confirmed that our strategy in pursuing business selectively while delivering high value services was appropriate and best suited in minimizing the risks in the current economic environment. TIB's consolidated profit reached US$ 16.358 million in 2021 compared to US$ 16.592 million in 2020. The net income for the year before tax increased from US$ 17.103 million in 2020 to US$ 18.431 million in 2021- an increase of 7.7%.

The policy of the Bank has always been to maintain a good balance sheet structure and a strong capital base. The appropriate level of the bank's equity helped in maintaining the CAR at a high level (43.54%).

The bank has a low concentrated corporate loan portfolio with an adequate quality of assets reflected by a very low level of non-performing loans (NPL) and an excellent NPL ratio.

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.

The Board of Directors and the management of the Bank are committed to governing and maintaining the Bank's operations effectively, efficiently, and within the regulatory environment. Corporate governance policies and framework are regularly reviewed to detect possible areas of 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.

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

The Bank has implemented strict Anti-Money Laundering and Combating Terrorism Financing (AML/CFT) Framework that meets local regulatory requirements as well as international best practices. This AML /CFT Framework include in addition to the existing Know-Your-Customer (KYC) procedures used to control and identify both new and existing clients, Beneficial Ownership Identification Policies and Procedures, Sanctions and Freezing Assets Policies and Procedures, Country Risk, Customers Risk Assessment Methodology and Product and Services Risk Assessment Methodologies and a Screening for Negative News procedures to be applied before the commencement and during the lifecycle of a relationship with any customer, prospects, suppliers, counterparty, or 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, Management and the Board of Directors reinforcing the strict implementation of our AML/CFT policies.

CHAIRMAN'S STATEMENT

The safety and health of our customers and employees is of utmost importance and are being monitored closely especially concerning the pandemic waves. The Bank established a robust COVID-19 operational risk-management framework, including COVID-19 Committee to identify, share and implement best practices including trainings to ensure a healthy and safe environment for employees and customers.

INFORMATION TECHNOLOGY

The banking landscape is changing everywhere in the world. The successive waves of technological changes are revolutionizing the way customers manage their finances. The bank's hardware software, and tools regularly reviewed and assessed to embrace new technologies and to ensure the efficiency of the Bank's operational resilience and business continuity.

Simultaneously, this new technology will improve 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.

To keep up with these developments in technology TIB is fostering and integrating digitalization in all its business processes. A more secured access to the Internet Banking System was implemented with a new authentication technology, DigiGo.

TIB AWARDS

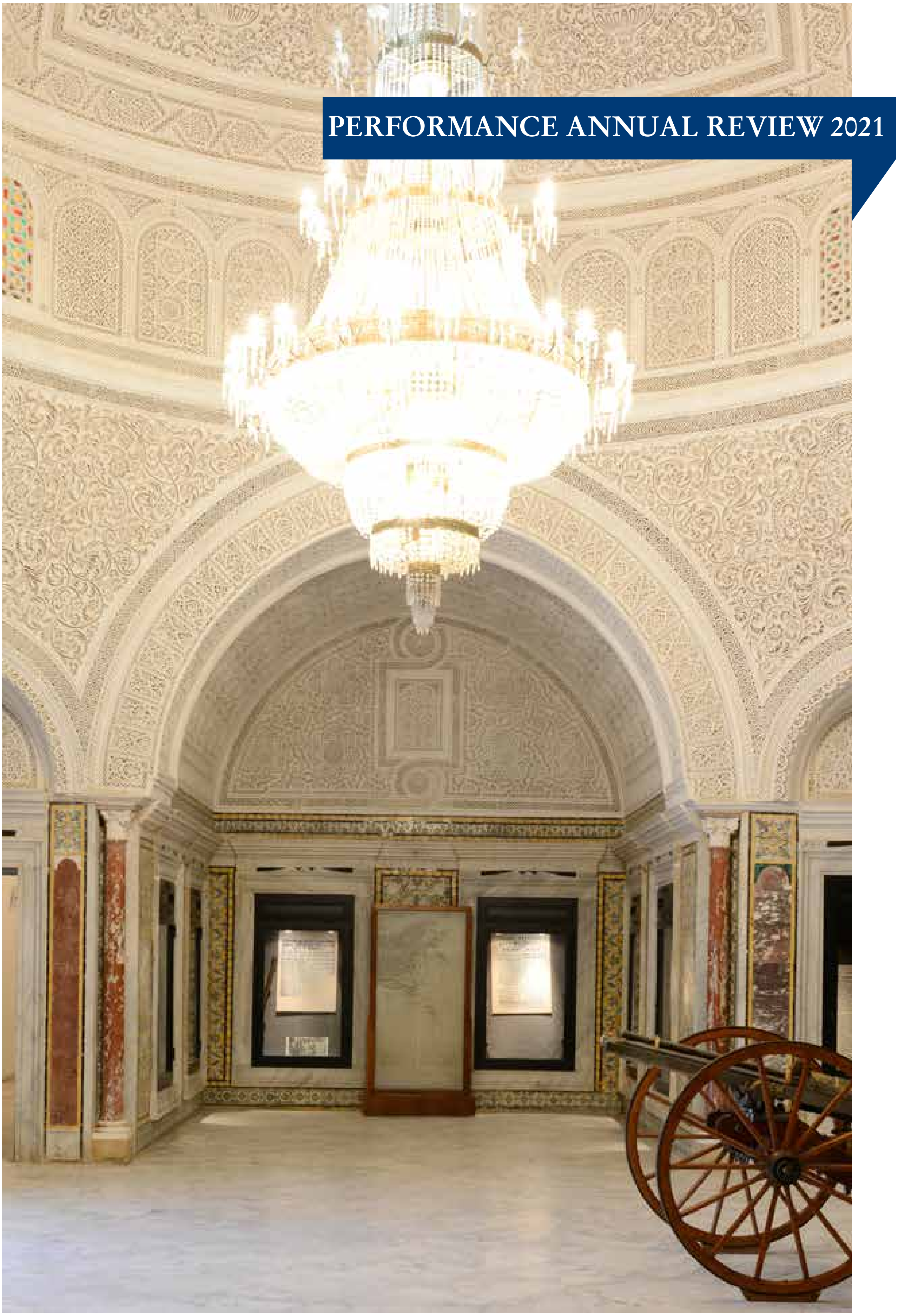
The Bank's commitment to maintaining its leading position was recognized when it won in October 2021 the prize of the best banking group North Africa by the European Global Banking and Finance awards 2021.

SPECIAL 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 2021. I thank you all once again and I am confident that TIB is well positioned for continued future success.

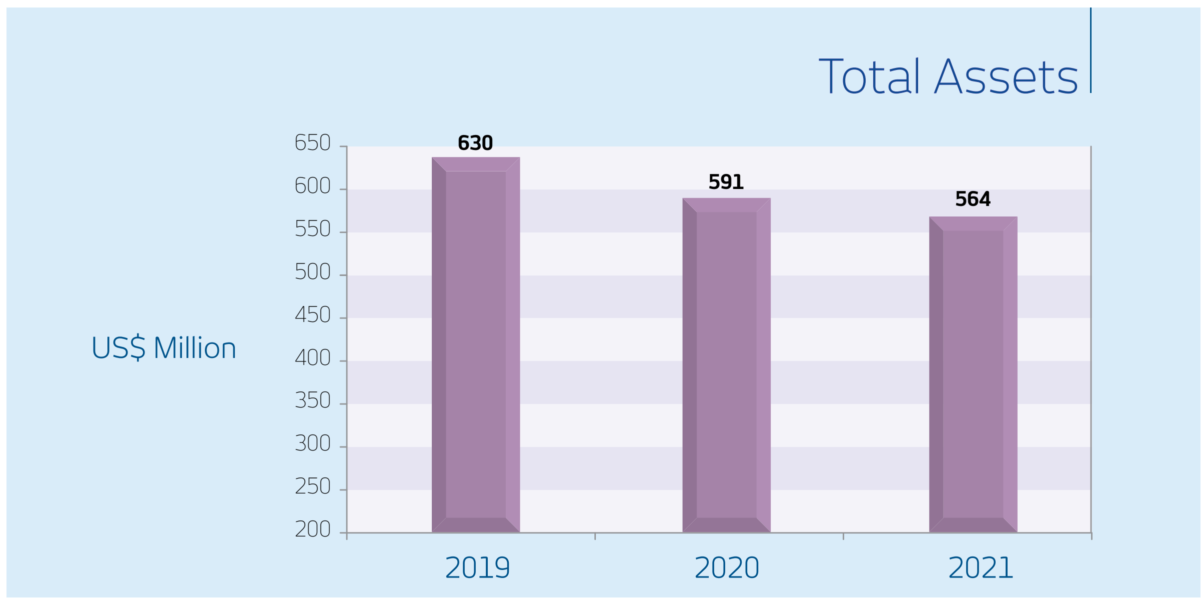
Masaud Hayat
Chairmain of the Board of Directors



La Manouba : *Palais de la Rose*

During 2021, TIB concluded yet another year of steady and sustained progress. The Bank generated an operating income of US$25.725 million against US$ 25.797 million in 2020. Net income stands at US$ 16.358 million. TIB has been generating values to its shareholders since inception.

Despite the tight global and regional economic conditions and the impact of the COVID 19 pandemic the Bank accomplished its performance strategy underpinning its well established leading role in the Tunisian nonresident banking sector, with consolidated year-to-date total assets US$ 564.472 million.



The funding of assets were made up essentially of US$358.629 million in total deposits (63.53% of total assets) of which customers' deposits amounted to US$191.197 million and interbank deposits US$167.432 million. Customers' deposits represent almost 53.31% of total deposits and 33.87% of total assets. These deposits continue to remain a permanent source of funding.

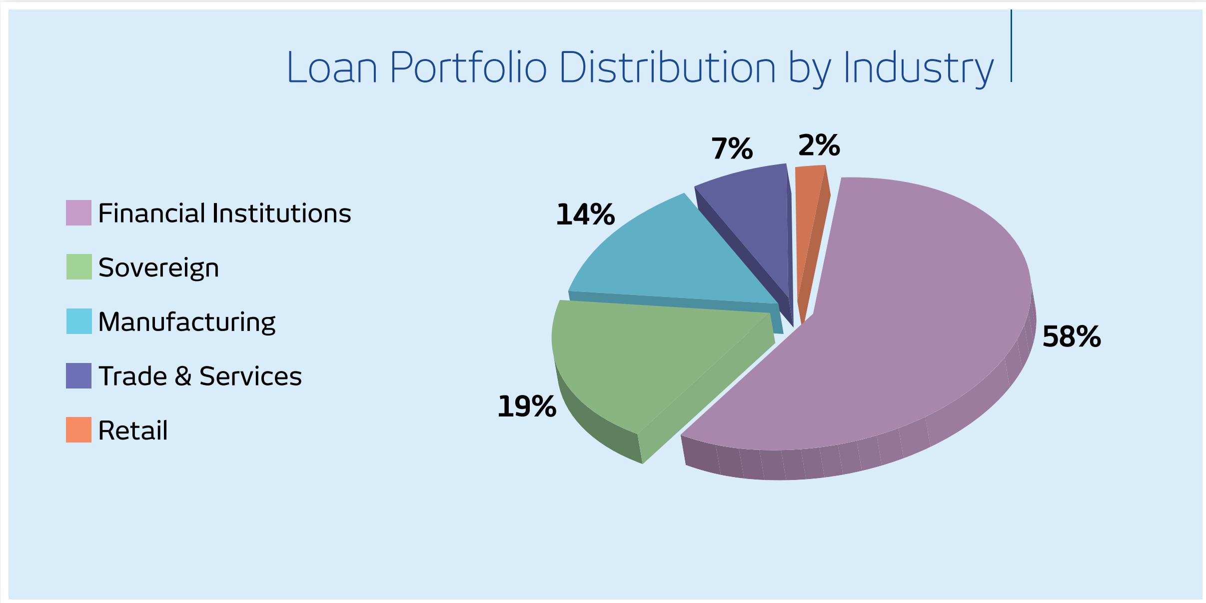
Shareholders' funds totaled US$ 186.668 million registered an increase on a year-on-year basis by US$7.7 million. Return on equity (ROE) is 9.6% and return on assets (ROA) stands at 2.9%. At 43.54%, the Bank comfortably exceeds the minimum regulatory ratio of 10% as established by the Tunisian banking directives.

TIB's average liquidity ratio of 121% 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. Cash and cash equivalent assets exceed 40% of the total assets in 2021.

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

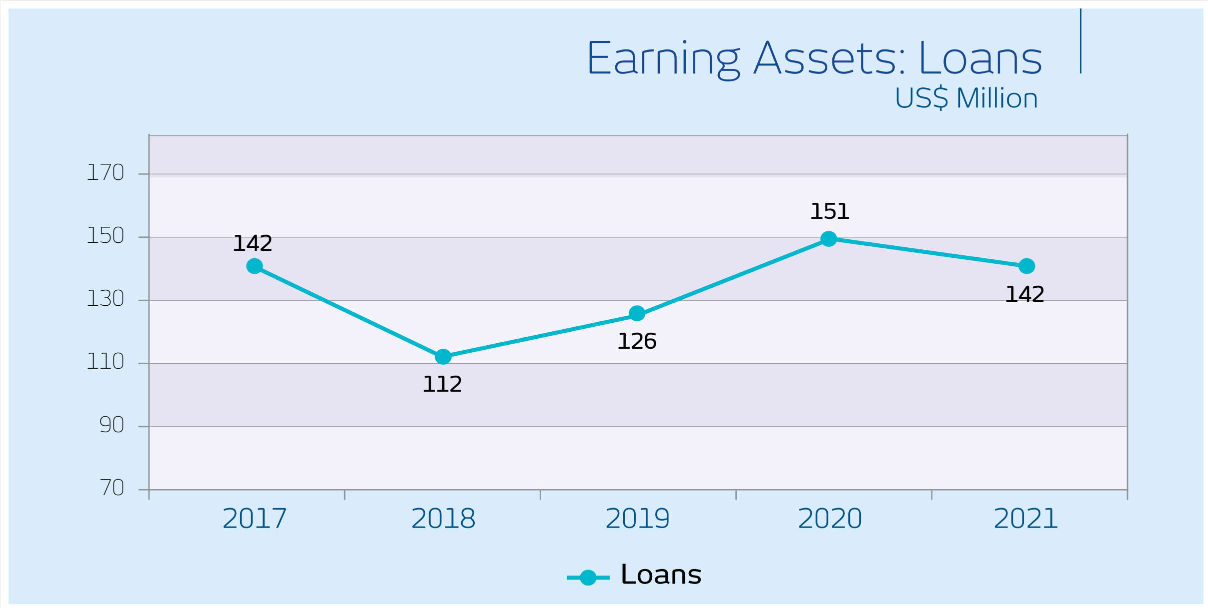
LOANS AND INVESTMENT

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, and sovereign the loan book remains diversified, with the largest sector, manufacturing, accounting for 14% of total loans and advances.



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 IFRS regulations. Consistent with its policy of prudent provisioning, allowances for loan losses of the Bank fully covers adequately all nonperforming loans.

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.

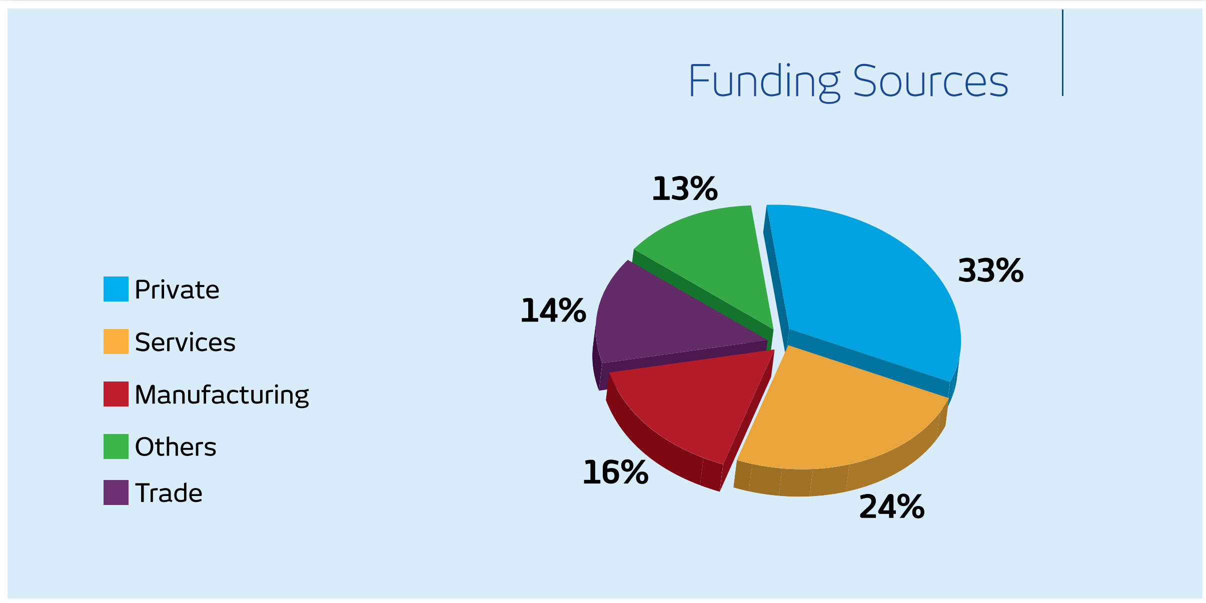


Based on a maturity profile analysis, 59% of TIB's loan portfolio or US$84.1 million is due to mature within one year. The remaining facilities have a maturity greater than one year but less than 5 years. Some of these loan facilities are syndicated loans for banks established in OECD countries.

The level of provisioning reflects a combination of very low levels of problem loans within TIB thanks to the Bank's prudent lending policy.

FUNDING

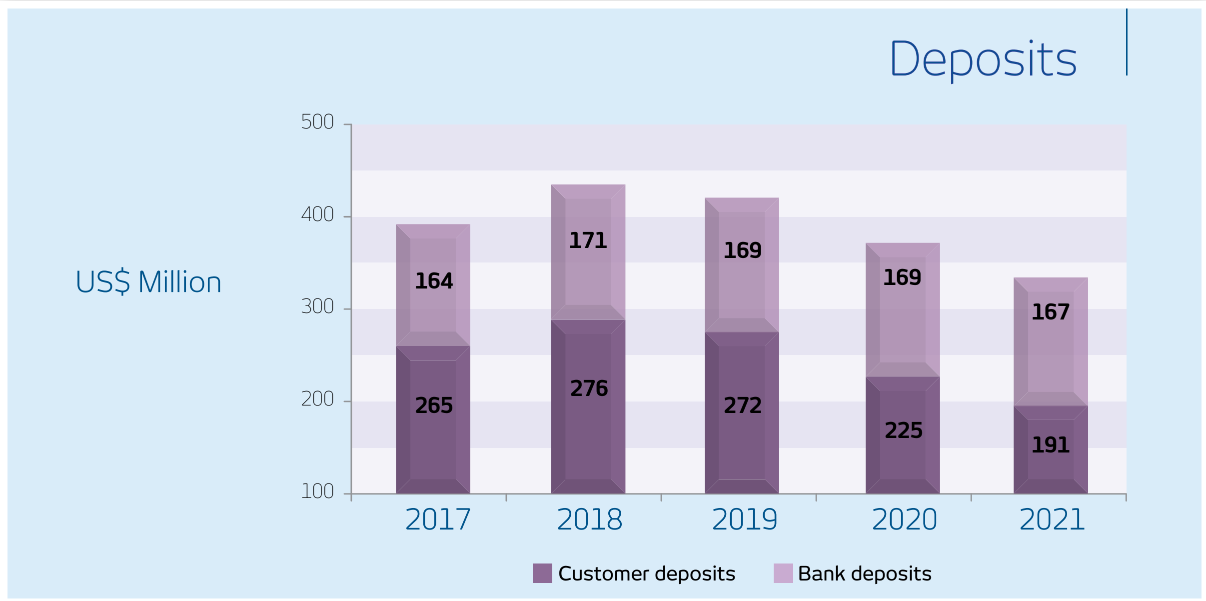
The Bank continues to attract deposits on a selective basis and to focus on high net worth individuals and corporate clients with stable resources. Customer deposits constitute a core and cheaper source of funding for the Bank. Funding sources analysis shows that retail activity ensures about 33% of the Bank's core customer deposits followed by services with 24% and manufacturing with 16% the remaining 27% is ensured by trade and other industry sectors.



TIB has always had a large customer deposit base. The maintained low interest rates of major currencies with negative interest rates on €uro, required the Bank to offer low deposit rates and customers, because of the COVID 19 pandemic, have to use their excess of liquidity.

The Bank is however 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.

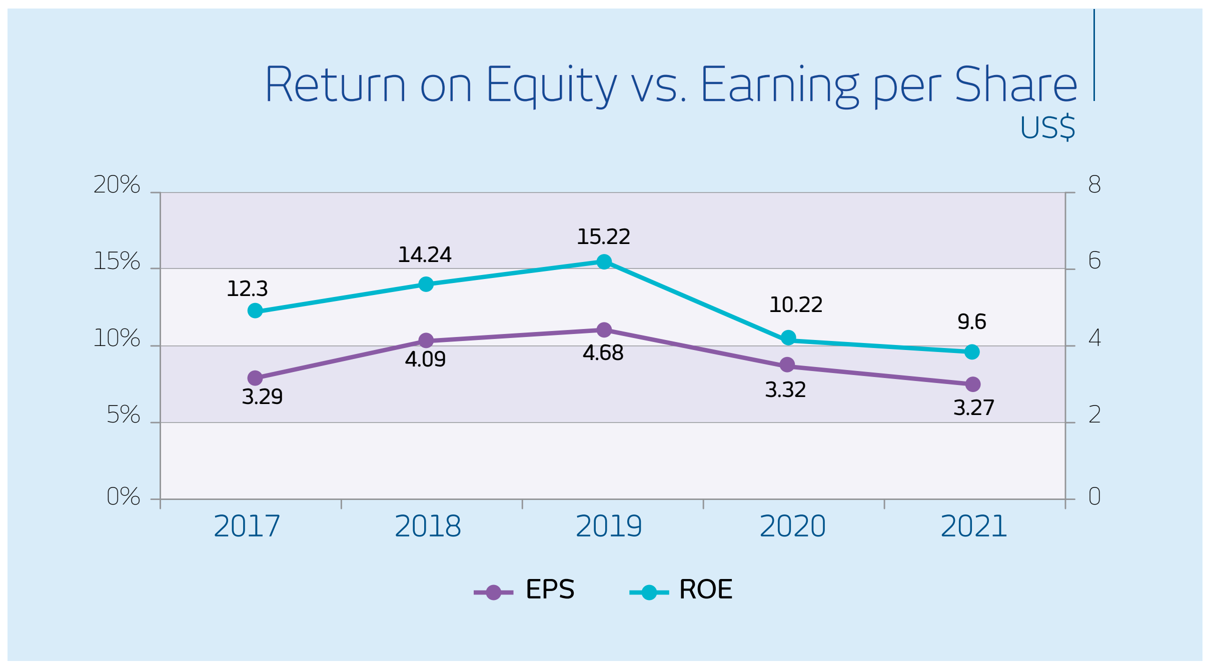
The Bank manages its excess of liquidity by financing on selective basis profitable commercial and business opportunities. Based on a maturity profile analysis, deposits with a tenor of less than a month comprise the majority of TIB's customer deposits. These deposits are rolled over regularly and make 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 62% of total deposits; the US dollar ranks second to the Euro representing about 31 % of deposits.



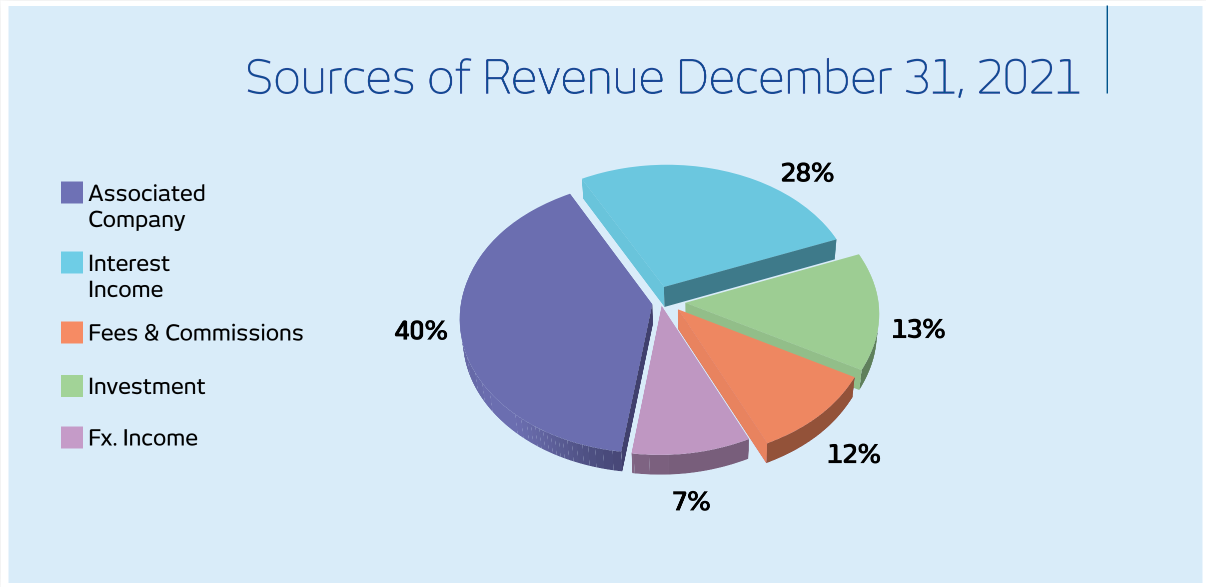
NET INCOME

TIB generated interest income of US$ 7.423 million and noninterest income of US$ 19.459 million in 2021. Income from subsidiaries provided US$ 10.821 million compared to US$ 10.850 million in 2020. Income from subsidiaries maintained its contribution to the Bank's revenue at about 40% in 2020 and 2021.

The net income before tax increased by 7.8% from US$ 17.103 million in 2020 to US$ 18.431 million in 2021. Tax expenses jumped from US$ 0.510 million to US$ 2.072 million. Profit after tax for the year 2021was US$ 16.358 million against US$ 16.592 million which rounds up to US$ 3.27 per share of US$10.00. TIB is committed to constantly enhancing value to its shareholders.



Net banking products remained stable in 2021 US$ 25.725 million against US$ 25.797 million in the previous year. The Bank maintained its tight control over noninterest expenses. Indeed, non-interest expenses decreased slightly by about US$ 610 k reaching a total of US$ 7.134 million in 2021.



CAPITALISATION

Consolidated shareholders' funds before appropriation totaled US$ 186.668 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 43.54% 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.

AUDITORS' REPORT

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SCMG Group

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AUDIT REVISION CONSEIL

Membre de l'Ordre des Experts Comptables de Tunisie
Correspondant en Tunisie de RSM International

Independent Auditor's Report

To the Shareholders of Tunis International Bank,

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Tunis International Bank which comprise the consolidated balance sheet as at December 31st, 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in shareholders' equity for the year then ended, a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tunis International Bank as at December 31st, 2021 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs).

Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* sections of our report. We are independent of the Group in accordance with the requirements of the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Bank and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the Board of Directors' 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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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 that we identify during our audit.

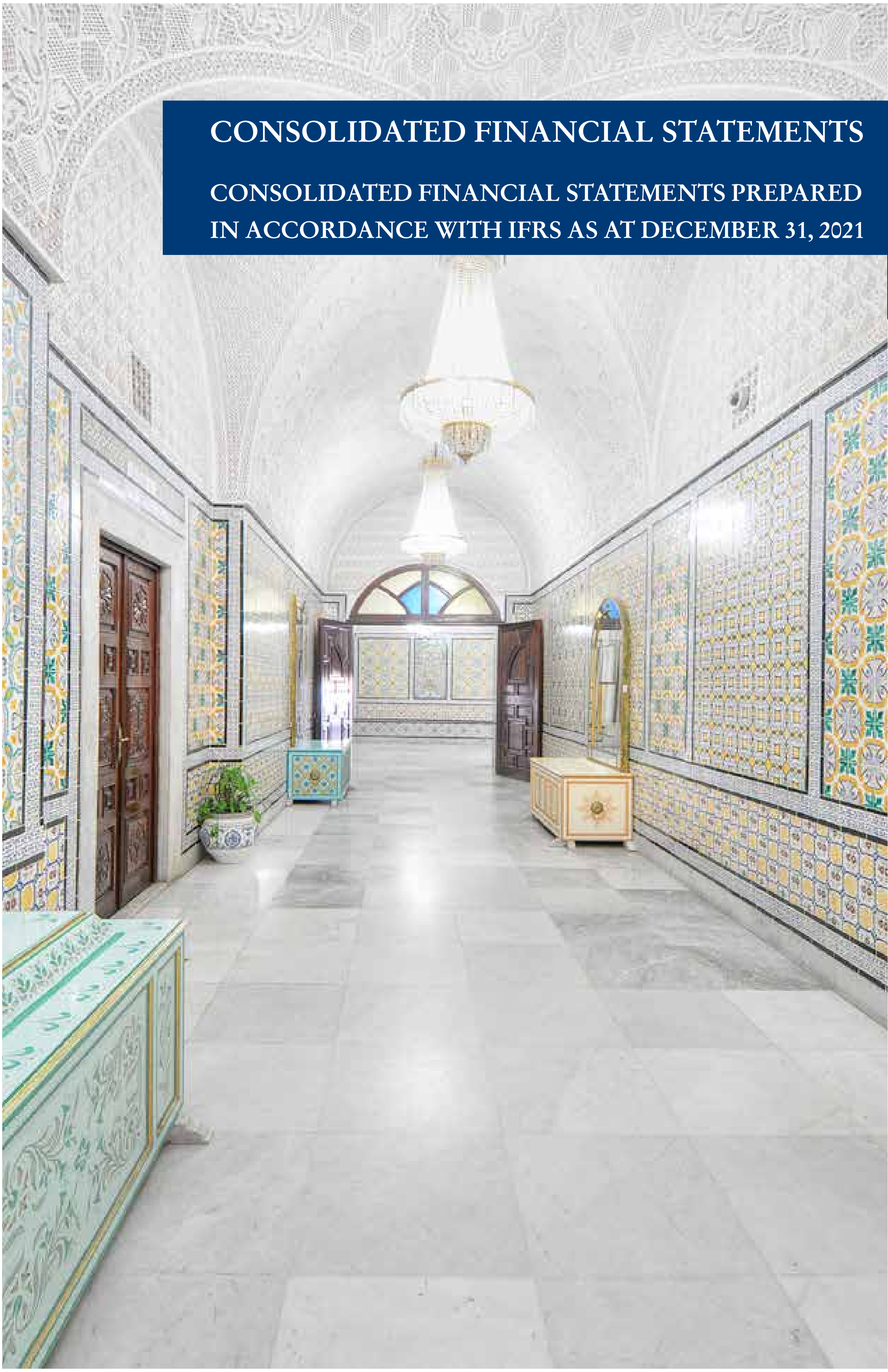
We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Tunis, March 10th, 2022

Walid MOUSSA	**Foued AMIRI**
S.C.M.G	ARC
S.C.M.G 45, Av. de la Republique 2070 LA MARSA	AUDIT REVISION CONSEIL A. R. C. Société d'Expertise Comptable Membre de l'OECT

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS AT DECEMBER 31, 2021



Tunis : *Dar El Bey*

CONSOLIDATED BALANCE SHEET
As at December 31, 2021
(Amounts in US Dollars)

	Notes	2021	2020
ASSETS			
Bank demand and call deposits	3	105 178 420	58 978 457
Time deposits	4	134 234 424	215 612 509
Financial assets designated at fair value through P&L		856 466	895 245
Financial assets at fair value through other comprehensive income	5	30 710 338	33 377 001
Financial assets measured at amortized cost	6	56 502 248	42 245 021
Investments in associated companies	7	87 100 659	80 946 409
Loans and advances, net	8	142 064 986	151 882 930
Accrued interest and other assets	9	6 124 224	4 757 416
Property and equipment, net	10	1 700 519	2 019 211
TOTAL ASSETS		**564 472 284**	**590 714 199**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		**377 804 117**	**411 576 008**
Deposits from banks and financial institutions	11	167 431 882	168 787 990
Deposits from customers	12	191 197 442	225 431 255
Accrued interest and other liabilities	13	19 174 793	17 521 912
SHAREHOLDERS' EQUITY	14	**186 668 167**	**178 973 042**
Share capital		50 000 000	50 000 000
Reserves		32 771 380	32 215 226
Foreign currency translation reserve		-37 455 245	-33 754 418
Retained earnings		141 352 032	130 512 234
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**564 472 284**	**590 714 199**

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2021
(Amounts in US Dollars)

	Notes	2021	2020
TOTAL INCOME		**26 882 316**	**27 145 308**
Interest income	**15**	7 423 273	7 478 667
Other income, net	**16**	8 637 613	8 816 672
Share of results of associated companies		10 821 430	10 849 969
INTEREST EXPENSES		**1 157 759**	**1 348 489**
Interest expenses	**17**	1 157 759	1 348 489
OPERATING INCOME		**25 724 557**	**25 796 819**
Salaries and benefits	**18**	3 931 245	3 717 654
General and administrative expenses	**19**	3 202 735	4 026 415
NET OPERATING INCOME (BEFORE WRITE DOWN AND PROVISIONS)		**18 590 577**	**18 052 750**
Allowance for doubtful loans		160 000	950 000
NET INCOME FOR THE YEAR BEFORE TAX		**18 430 577**	**17 102 750**
Tax expenses		2 072 816	510 395
NET INCOME FOR THE YEAR		**16 357 761**	**16 592 356**
Number of shares		5 000 000	5 000 000
Earning per share	20	**3,27**	**3,32**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
For the year ended December 31, 2021
(Amounts in US Dollars)

	2021	2020
PROFIT FOR THE YEAR	**16 357 761**	**16 592 356**
Net fair value (loss) gain from financial assets at fair value through other comprehensive income	-443 846	362 913
Other comprehensive (loss) income for the year	**-443 846**	**362 913**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**15 913 915**	**16 955 269**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2021
(Amounts in US Dollars)

	2021	2020
OPERATING ACTIVITIES		
Net income of the year	**16 357 761**	**16 592 356**
Adjustments for :		
Depreciation	416 513	393 258
Social fund	-240 000	-240 000
Share of profit from associates companies	-10 133 040	-2 072 263
Operating profit before changes in operating assets and liabilities	**6 401 234**	**14 673 351**
Changes in operating assets and liabilities		
Time deposits	81 378 085	2 698 290
Loans and advances	9 817 944	-24 993 895
Accrued interest and other assets	-1 366 808	-1 453 538
Deposits from banks and financial institutions	-1 356 108	-105 272
Deposits from customers	-34 233 813	-46 190 969
Accrued interest and other liabilities	1 652 881	120 666
Net cash provided by operating activities	**62 293 415**	**-55 251 367**
INVESTING ACTIVITIES		
Purchase of financial assets designated at fair value through P&L	34 177	-
Sales of financial assets designated at fair value through P&L	-	-
Purchase of financial assets at fair value through other comprehensive income	-8 279 214	-3 695 300
Sales of financial assets at fair value through other comprehensive income	10 506 329	4 926 123
Purchase of financial assets measured at amortized cost	-22 328 774	-8 000 000
Sale of financial assets measured at amortized cost	8 071 547	11 502 589
Purchase of fixed assets net	-97 821	-132 671
Net cash used by investing activities	**-12 093 756**	**4 600 741**
FINANCING ACTIVITIES		
Dividends paid	-4 000 000	-
Net cash used by financing activities	**-4 000 000**	**-**
Increase / Decrease in cash and cash equivalents	46 199 659	-50 650 626
Cash and cash equivalents as of 1st January	58 978 761	109 629 387
Cash and cash equivalents as of 31 December	**105 178 420**	**58 978 761**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2021
(Amounts in US Dollars)

	Share Capital	Statutory Reserve	General Reserve
Balance at December 31, 2019	50 000 000	7 556 427	20 658 734
Net income for the period			
Other comprehensive income			
Total comprehensive income			
Transfer to general reserve			1 000 000
Dividends distributed			
Transfer to social fund			
Share of changes recognised directly in associate's equity			
Balance at December 31, 2020	50 000 000	7 556 427	21 658 734
Net income for the period			
Other comprehensive income			
Total comprehensive income			
Transfer to general reserve			1 000 000
Dividends distributed			
Transfer to social fund			
Share of changes recognised directly in associate's equity			
Balance at December 31, 2021	50 000 000	7 556 427	22 658 734

Revaluation Reserve	Investment FV reserve	Foreign Currency reserve	Retained Earnings	Total
1 000 000	**1 637 151**	**-26 599 952**	**122 718 921**	**176 971 283**
			16 592 356	16 592 356
	362 913			362 913
	362 913		***16 592 356***	***16 955 269***
			-1 000 000	-
			-5 000 000	-5 000 000
			-240 000	-240 000
		-7 154 466	-2 559 045	-9 713 511
1 000 000	**2 000 064**	**-33 754 418**	**130 512 232**	**178 973 042**
			16 357 761	16 357 761
	-443 846			-443 846
	-443 846		***16 357 761***	***15 913 915***
			-1 000 000	-
			-4 000 000	-4 000 000
			-240 000	-240 000
		-3 700 827	-277 964	-3 978 791
1 000 000	**1 556 218**	**-37 455 245**	**141 352 029**	**186 668 167**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The consolidated financial statements of Tunis International Bank for the year ended December 31, 2021 were authorised for issue in accordance with resolution of the Board of Directors on January 2022.

Tunis International Bank S.A. (TIB) was established in June 1982 in Tunisia as a fully licensed Bank operating mainly with non residents under the current Tunisian law 2009-64 of August 12th, 2009 and under the supervision of the Central Bank of Tunisia. The main activity of the Bank is corporate and private banking and Money Market operations. The Bank is subject to 35% corporate tax for activities with residents and non residents. The Bank's registered address is 18, avenue des Etats Unis d'Amerique P.O. Box 81 – Le Belvedere 1002, Tunis, Tunisia.

TIB is a subsidiary of Burgan Bank (Kuwait), member of KIPCO Group (Kuwait).

2. Accounting policies

2.1. Basis of preparation

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

The consolidated financial statements are prepared under the historical cost convention, except for financial assets classified at fair value through profit or loss, fair value through other comprehensive income and financial assets measured at amortized cost.

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

2.2. Principles of consolidation

TIB has an associated company located in Algeria. For the preparation of the consolidated financial statement of the Bank, TIB has consolidated its shares in AGB using equity method.

The associated company included in the consolidated financial statements of TIB is the following:

Name of associated company	Country	Year of incorporation
Algeria Gulf Bank	Algeria	2003

An associated company is one in which the Bank exercises significant influence (but not control) over its operations, generally accompanying, directly or indirectly, a shareholding of between 20% and 50% of the equity share capital.

Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Bank's share of net assets of the investee. The

Bank recognises in the consolidated statement of income its share of the total recognised profit or loss of the associate from the date that influence or ownership effectively commences until the date that it effectively ceases.

Distributions received from an associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Bank's share in the associate arising from changes in its equity that have not been recognised in the associate's profit or loss. The Bank's share of those changes is recognised directly in equity.

Whenever impairment requirements of IAS 36 indicate that investment in an associate may be impaired, the entire carrying amount of the investment is tested by comparing its recoverable amount with its carrying value. Goodwill is included in the carrying amount of an investment in an associate and, therefore, is not separately tested for impairment.

Unrealised gains on transactions with an associate are eliminated to the extent of the Bank's share in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred. An assessment of an associate is performed when there is an indication that the asset has been impaired, or that impairment losses recognised in prior years no longer exist.

2.3. Significant accounting judgments and estimates

In the process of applying the Bank's accounting policies, management has used its judgment and made estimates in determining the amounts recognised in the consolidated financial statements. The most significant use of judgment and estimates are as follows:

Impairment allowances on loans and advances

The Bank reviews its non performing portfolio at each reporting date to assess whether an allowance for impairment should be recorded in the income statement. In particular, judgement by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

In addition to specific allowances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a collectively risk of default, based on historical experience, from the existing overall credit portfolio over its remaining life. In determining the level of collective allowances, management also refers to the composition of the portfolio, industry, collateral values, significant increase in credit risk, rating model, macro-economic variables and the Tunisian Central Bank requirements.

2.4. Change in the consolidated financial statement disclosure

The expected Credit Loss as per IFRS9 is deducted from each related balance sheet heading to reflect the net amounts.

The main effects resulting from ECL allocation are shown under the below table:

Balance sheet heading	2020	ECL allocation	Amended 2020
Bank demand and call deposits	58 978 761	(304)	58 978 457
Time deposits	215 685 448	(72 939)	215 612 509
Financial assets measured at amortized cost	42 418 019	(172 998)	42 245 021
Loans and advances, net	151 471 540	411 390	151 882 930
Accrued interest and other liabilities	17 356 763	165 149	17 521 912

2.5. Summary of significant accounting policies

(a) Foreign currency translation

Translation of foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in the consolidated income statement. Income and expenses items incurred in foreign currencies are translated, into the functional currency monthly using the functional currency rate of exchange prevailing at that date.

Translation of financial statements of foreign operations

Assets and liabilities of foreign operations are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at average exchange rates for the relevant period. All resulting exchange differences are taken directly to a ***foreign currency translation reserve*** the consolidated statement of changes in equity table.

(b) Financial Instruments

Recognition

A financial asset or a financial liability is recognised when the Bank becomes a party to the contractual provisions of the instrument. All regular way purchase and sale of financial assets are recognised using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in the consolidated statement of income or in other comprehensive income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Classification and measurement

Initial classification and measurement of financial instruments

The classification of financial instruments at initial recognition depends on the business model for managing the instruments and on their contractual cash flow charateristics. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount. When the fair value of financial instruments at initial recognition differs from the transaction price, the Bank accounts for the Day 1 profit or loss.

Business model assessment

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Bank's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;

The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed;

The expected frequency, value and timing of sales are also important aspects of the Bank's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Contractual cashflow characteristics

The Bank also assesses the characteristics of the contractual cashflow of the financial asset to identify whether the contractual cashflow is Solely for purpose of Payment of Principal and Interest (SPPI test).

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset. The most significant elements of 'interest' within a lending arrangement are typically the consideration for the time value of money and credit risk. The Bank also considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set during its assessment of the SPPI test.

The Bank reclassifies when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change.

Subsequent classification and measurement categories of financial assets

The Bank classifies all of its financial assets as either:

- Financial asset carried at amortised cost;
- Financial asset at fair value through other comprehensive income (FVOCI);
- Financial asset at fair value through profit or loss (FVTPL).

Financial asset carried at amortised cost:

A financial asset is carried at amortised cost if it meets both of the following conditions:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets carried at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses, impairment and gain or loss on derecognition is recognised in the consolidated statement of income.

Cash and cash equivalents, Treasury bills and bonds with CBT and others, due from banks and other financial institutions, loans and advances to customers, certain investment securities and certain other assets are classified as financial asset carried at amortised cost.

Financial asset at fair value through other comprehensive income:

****)Debt instruments carried at FVOCI***

A debt instrument is carried at FVOCI if it meets both of the following conditions:

- It is held within a business model whose objectives are both to hold asset to collect contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments carried at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses and gain or loss on derecognition is recognised in consolidated statement of income in the same manner as financial assets carried at amortised cost.

*****)Equity instruments carried at FVOCI***

Upon initial recognition, the Bank may elect to classify irrevocably some of its equity investments as equity instruments at FVOCI when they meet the definition of Equity under "IAS 32 Financial Instruments: Presentation" and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Equity instruments carried at FVOCI are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI and is not recycled to consolidated statement of income on derecognition.

Dividend income on equity instruments carried at FVOCI is recognised in consolidated statement of income, when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

Financial assets carried at FVTPL:

Financial assets carried at FVTPL is initially recorded in the consolidated statement of financial position at fair value. The financial assets classified under this category are either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Management designates an instrument as financial asset carried at FVTPL where even though it meets the classification criteria of financial asset carried at amortised cost or financial asset carried at FVOCI, this designation eliminates, or significantly reduces, the inconsistent accounting treatment that would otherwise arise. Such designation is determined on an instrument-by instrument basis.

Financial assets carried at FVTPL are subsequently measured at fair value. The changes in fair value are recorded in the consolidated statement of income. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income using the effective interest rate method, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument.

Dividend income from equity instruments measured at FVTPL is recorded in the consolidated statement of income as other operating income when the right to the payment has been established.

Subsequent classification and measurement categories of financial liabilities

Financial liabilities, other than financial guarantees and loan commitments, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

Due to banks, due to other financial institutions, deposits from customers, other borrowed fund and certain other liabilities are classified as financial liabilities carried at amortised cost.

Financial guarantees and loan commitments

In the ordinary course of business, the Bank issues financial guarantees, consisting of letters of credit, guarantees and acceptances.

Financial guarantees are initially recognised as off balance sheet at fair value. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the amount initially recognised less cumulative amortisation recognised in the consolidated statement of income, which is the higher of ECL under IFRS 9 and provision required by the Central Bank of Tunisia instructions.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer.

Similar to financial guarantee contracts, under IAS 39, a provision was made if they were an onerous contract and the higher of ECL under IFRS 9 and provision required by the Central Bank of Tunisia instructions.

De-recognition

)De-recognition of financial assets and financial liabilities other than substantial modification of terms and conditions

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The rights to receive cash flows from the asset have expired, or
- The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Bank has transferred substantially all the risks and rewards of the asset, or (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of income.

****)De-recognition of financial assets due to substantial modification of terms and conditions***

The Bank de-recognises a financial asset, such as loans and advances to customers, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a de-recognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be purchased or originated credit-impaired (POCI).

When assessing whether or not to de-recognise a financing receivable, amongst others, the Bank considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in de-recognition. Based on the change in cash flows discounted at original effective interest rate, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Fair value measurement

The Bank measures financial instruments, such as, derivatives, investment securities etc., at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Bank.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For financial instruments quoted in an active market, fair value is determined by reference to quoted market prices. Bid prices are used for assets and offer prices are used for liabilities. The fair value of investments in mutual funds, unit trusts or similar investment vehicles are based on the last published net assets value.

For unquoted financial instruments fair value is determined by reference to the market value of a similar investment, discounted cash flows, other appropriate valuation models or brokers' quotes. For financial instruments carried at amortised cost, the fair value is estimated by discounting future cash flows at the current market rate of return for similar financial instruments.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Bank has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(c) Impairment of financial assets

The Bank records impairment of financial assets as the higher of expected credit loss "ECL" computed under IFRS 9 or the provisions as required by Central Bank of Tunisia instructions. Financial assets consists of loans and advances to customers, non-cash credit facilities, investment in debt securities measured at amortised cost or FVOCI and on balances and deposits with banks. Equity investments are not subject to ECL.

Expected credit losses under IFRS 9

The Bank performs an assessment at the end of each reporting period of whether there has been a significant increase in credit risk since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. ECLs are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset, i.e., the difference between:

- The contractual cash flows that are due to the Bank under the contract; and
- The cash flows that the Bank expects to receive, discounted at the effective profit rate of the financing facility.

The Bank applies a three-stage approach to classify and measure the ECL on the financial assets classified as credit facilities, as described below:

Stage 1: 12-month ECL

For financial assets classified as credit faclities where there has not been any significant increase in credit risk since their initial recognition or those credit faclities which are determined to have a low credit risk at the reporting date, the Bank classifies these facilities under Stage 1 and measures the loss allowance which is a result of defaults that are expected to arise over the next 12 months (12-month ECL) on these financial assets.

Stage 2: Lifetime ECL – not credit impaired

For financial assets classified as credit faclities where there has been a significant increase in credit risk since initial recognition but are not credit impaired, the Bank classifies these facilities under Stage 2 and measures loss allowance which is a result of defaults that are expected to arise over the lifetime (Lifetime ECL) on these financial assets.

Stage 3: Lifetime ECL – credit impaired

For financial assets classified as credit faclities which are in default and credit impaired, the Bank classifies these facilities under Stage 3 and measures loss allowance at an amount equal to 100% of net exposure i.e. exposure after deduction of eligible collaterals.

Staging of credit facilities

The Bank continuously monitors all financial assets classified as credit facilities and applies a series of absolute thresholds and other criteria to determine the staging. All financial assets classified as credit facilities that are more than 30 days past due are deemed to have significant increase in credit risk since initial recognition and are classified under Stage 2. All rescheduled credit facilities are classified under the Stage 2 unless it qualifies for Stage 3. The Bank also applies other criteria to determine a significant increase in credit risk for financial assets, such as:

- Deterioration in the customer rating of the borrower indicating default;
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral;
- A material deterioration in the customer's financial position in the opinion of the Bank causing concerns on the repayment ability;
- A material covenant breach in a committed facility;
- Filing for bankruptcy or liquidation;
- Downgrade in the facility's credit rating by 2 grades.

The transfer of credit facility from Stage 2 to Stage 1 is made after a curing period of 12 months from the satisfaction of all conditions that triggered classification of the credit facility to Stage 2.

Definition of default

The Bank considers a financial asset to be in default and therefore Stage 3 (credit impaired) when:

- The borrower is past due for more than 90 days on its credit obligation to the Bank;
- The borrower is facing significant financial difficulty;

- The borrower is assessed as credit impaired based on internal qualitative and quantitative assessment;
- Other indicators such as breach of covenants, customer being deceased etc;

The Bank assess whether objective evidence of impairment exists on an individual basis for each individually significant asset and collectively for others not deemed individually significant.

Measurement of ECLs

ECLs are probability weighted estimates of credit losses and are measured as the present value of all cash shortfalls discounted at the effective interest rate of the financial instrument. Cash shortfall represent the difference between cashflows due to the Bank in accordance with the contract and the cashflows that the Bank expects to receive. The key elements in the measurement of ECL includes exposure at default, probability of default and loss given default.

The Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including expected drawdowns on committed facilities, repayments of principal and interest, whether scheduled by contract or otherwise.

The Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. Through-The-Cycle PD (TTC PD) are generated from the rating tool based on internal / external credit ratings. The Bank converts the TTC PD to Point In Time (PIT) PD term structure using appropriate models and techniques.

The Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any eligible collateral after hair-cuts.

Incorporation of forward looking information

The Bank incorporates forward-looking economic inputs that are relevant to the region in which the Bank is located, for both its assessment of significant increase in credit risk and its measurement of ECL. Qualitative overlays are made as and when necessary to correctly reflect the impact of the movement in the relevant economy on the Bank. Incorporating forward-looking information based on a three probability-weighted scenarios increases the degree of judgement required. The methodologies and assumptions including any forecasts of future economic conditions are reviewed regularly.

(d) End of service benefits

Provision is made under the Tunisian Labour Law, employee contracts and the Bank internal procedure. This liability, which is unfunded, represents the amount payable to each employee and is a reliable approximation of the present value of the obligation as at the reporting date.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash and those balances of the demand and call deposits with banks including Central Banks and financial institutions.

(f) Offsetting

Consolidated financial assets and consolidated financial liabilities are only offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Bank intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

(g) Interest income and expenses

The Bank recognises interest income and expenses on an accrual basis. The Bank does not recognise interest income on loans or other income earning assets which are classified as non-performing.

Loans and other income earning assets are classified as non-performing when these are classified as doubtful or loss, respectively class 2, 3 and 4 following the regulations issued by Central Bank of Tunisia, or when in the opinion of management, collection of interest and/or principal is doubtful.

When a loan is classified as non-performing, any interest income previously recognised but not yet collected is reversed. Interest on non-performing loans and other income earning assets under Central Bank of Tunisia guidelines is recognised in the consolidated statement of income only to the extent of cash received.

(h) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Expenditures which extend the future useful life of assets or provide further economic benefits are capitalised and depreciated. Fixed assets are depreciated using the straight line method over their estimated useful life.

3. Bank demand and call deposits

	2021	2020
Cash	679 760	802 786
Due from Banks	104 499 191	58 175 975
Less: Expected credit losses	(531)	(304)
	105 178 420	**58 978 457**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	79 689 217			**79 689 217**
Standard quality	24 809 974			**24 809 974**
Past due but not impaired				-
Impaired Facilties				-
Total	**104 499 191**	-	-	**104 499 191**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	44 374 454			**44 374 454**
Standard quality	13 801 521			**13 801 521**
Past due but not impaired				-
Impaired Facilties				-
Total	**58 175 975**	**-**	**-**	**58 175 975**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Opening ECL allowance	304			304
Impact due to transfer between stages				-
ECL allowance for the year	227			227
Amounts written off				-
Foreign exchange adjustments				-
Closing ECL allowance	**531**	**-**	**-**	**531**

4. Time deposits

	2021	2020
Up to 3 months	124 356 104	195 685 448
From 3 months to 1 year	10 000 000	20 000 000
Less: Expected credit losses	(121 680)	(72 939)
	134 234 424	**215 612 509**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	15 000 000			**15 000 000**
Standard quality	119 356 104			**119 356 104**
Past due but not impaired				-
Impaired Facilties				-
Total	**134 356 104**	**-**	**-**	**134 356 104**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	44 813 600			**44 813 600**
Standard quality	170 871 848			**170 871 848**
Past due but not impaired				-
Impaired Facilties				-
Total	**215 685 448**	**-**	**-**	**215 685 448**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Opening ECL allowance	**72 939**			**72 939**
Impact due to transfer between stages				-
ECL allowance for the year	48 741			**48 741**
Amounts written off				-
Foreign exchange adjustments				-
Closing ECL allowance	**121 680**	**-**	**-**	**121 680**

5. Financial assets at fair value through other comprehensive income

A - By nature	2021	2020
Listed securities	3 174 691	13 264 342
Unlisted securities	27 535 647	20 112 659
	30 710 338	**33 377 001**

B - By currency	2021	2020
US Dollars	12 101 270	22 160 607
Pound Sterling	8 782 150	763 425
Tunisian Dinars	3 697 530	3 995 621
Bahrain Dinars	3 133 302	3 135 797
Kuwaiti Dinars	2 995 451	3 320 916
Jordanian Dinars	635	635
	30 710 338	**33 377 001**

6. Financial assets measured at amortized cost

A - By nature	2021	2020
Government bonds and debt securities	39 622 191	26 526 771
Other bonds and debts securities	17 289 316	15 891 248
Less: Expected credit losses	(409 259)	(172 998)
	56 502 248	**42 245 021**

B - By currency	2021	2020
USD	40 200 432	28 932 573
EUR	16 711 075	8 554 804
KWD	-	4 930 642
Less: Expected credit losses	(409 259)	(172 998)
	56 502 248	**42 245 021**

C - By maturity	2021	2020
Up to 3 months	-	2 000 453
From 3 months to 1 year	4 981 090	4 930 642
Over 1 year	51 930 417	35 486 924
Less: Expected credit losses	(409 259)	(172 998)
	56 502 249	**42 245 021**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality				
Standard quality	46 239 799	10 671 708		**56 911 507**
Past due but not impaired				-
Impaired Facilties				-
Total	**46 239 799**	**10 671 708**	**-**	**56 911 507**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	3 000 000			**3 000 000**
Standard quality	39 418 019			**39 418 019**
Past due but not impaired				-
Impaired Facilties				-
Total	**42 418 019**	**-**	**-**	**42 418 019**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Opening ECL allowance	**172 998**			**172 998**
Impact due to transfer between stages	(54 707)	54 707		-
ECL allowance for the year	160 419	75 842		**236 261**
Amounts written off				-
Foreign exchange adjustments				-
Closing ECL allowance	**278 710**	**130 549**	**-**	**409 259**

7. Investments in associated companies

The Bank has a participation in Algeria Gulf Bank (AGB), a Bank incorporated in Algeria. The shares of AGB are not listed in any public exchange.

Summarised financial information of AGB is set out below:

	2021	2020
Total assets	2 218 992 068	2 023 460 323
Total liabilities	(1 956 672 735)	(1 781 655 158)
Net assets	**262 319 333**	**241 805 165**
Revenues	**134 275 611**	**151 563 691**
Profit for the year	**36 071 433**	**36 166 563**

8. Loans and advances, net

	2021	2020
Bank and financial institutions	114 454 735	123 037 562
Corporate businesses, private and others	32 414 573	33 614 094
	146 869 308	**156 651 656**
Allowances for loan losses	(4 804 322)	(4 768 726)
	142 064 986	**151 882 930**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	3 355 418			**3 355 418**
Standard quality	122 157 057	16 904 682		**139 061 739**
Past due but not impaired				-
Impaired Facilties			4 452 151	**4 452 151**
Total	**125 512 475**	**16 904 682**	**4 452 151**	**146 869 308**

31 December 2020	Stage 1	Stage 2	Stage 3	Total
Internal rating grade				
High quality	4 931 396			**4 931 396**
Standard quality	146 581 966	686 144		**147 268 110**
Past due but not impaired				-
Impaired Facilties			4 452 151	**4 452 151**
Total	**151 513 362**	**686 144**	**4 452 151**	**156 651 657**

31 December 2021	Stage 1	Stage 2	Stage 3	Total
Opening ECL allowance	**752 093**	**637**	**4 015 996**	**4 768 726**
Impact due to transfer between stages				-
ECL allowance for the year	(247 722)	123 318	160 000	**35 596**
Amounts written off				-
Foreign exchange adjustments				-
Closing ECL allowance	**504 371**	**123 955**	**4 175 996**	**4 804 322**

8.1 Geographical analysis

	2021	2020
Middle East/Africa	142 064 986	151 882 930
	142 064 986	**151 882 930**

8.2 Maturity analysis

	2021	2020
Up to 3 months	17 141 609	17 100 664
From 3 months to 1 year	66 766 584	60 940 858
Over 1 year	58 156 793	73 841 408
	142 064 986	**151 882 930**

8.3 Allowances for loan losses

	2021	2020
Specific provision	4 175 996	4 015 996
General provision	628 326	752 730
	4 804 322	**4 768 726**

The movements of allowance for loan losses are as follows:

	Specific allowance	General allowance	Total
Balance at 31 December 2020	**4 015 996**	**752 730**	**4 768 726**
Allowances of the year	160 000	-	160 000
Reclassification	-	(124 404)	(124 404)
Balance at 31 December 2021	**4 175 996**	**628 326**	**4 804 322**

In line with Central Bank instruction addressed to all banks in order to build up collective provision to cover potential risks arising from the ongoing, local as well as international, economic and financial environment. TIB has made a collective provision allocation amounting to 628 KUS$. This amount has been calculated using, the maximum between, the model indicated in the CBT circular N°2012-02 of January 11th, 2012 followed by the circular N°2012-8 of March 2nd, 2012, the circular N°2012-20 of December 6th, 2012 and the circular N°2021-01 of January 11th, 2021 and ECL as per IFRS9.

8.4 Non-performing loans

	Loans and advances	Interest suspended	Provisions	Collateral held against NPL
Bank and financial institutions	3 951 458	179 112	3 675 303	-
Corporate businesses, private and others	500 693	-	500 693	500 693
	4 452 151	**179 112**	**4 175 996**	**500 693**

9. Accrued interest and other assets

	2021	2020
Accrued interest receivable	2 236 090	2 152 441
Prepayments	2 191 840	868 265
Deferred tax assets	1 696 294	1 736 710
	6 124 224	**4 757 416**

10. Property and equipment

	Net value 2021	Net value 2020
Land	700 000	700 000
Building	376 777	478 157
Office furniture and other fixed assets	623 742	841 054
Total net	**1 700 519**	**2 019 211**

11. Deposits from banks and financial institutions

	2021	2020
Repayable on demand	106 091	83 917
Up to 3 months	155 994 791	144 170 073
From 3 months to 1 year	11 331 000	24 534 000
	167 431 882	**168 787 990**

12. Deposits from customers

	2021	2020
Up to 3 months	182 384 177	214 412 604
From 3 months to 1 year	8 313 265	11 018 651
Over 1 year	500 000	-
	191 197 442	**225 431 255**

13. Accrued interest and other liabilities

	2021	2020
Accrued interest payable	79 494	62 488
Provision for non-cash credit facilities	4 324	165 149
Waiting for settlement	1 222 067	1 644 654
Accrued expenses	4 883 430	3 145 740
Retirement benefits provision	4 463 931	4 570 288
Deferred tax liabilities	1 236 722	1 408 805
Other liabilities	7 284 825	6 524 788
	19 174 793	**17 521 912**

14. Shareholders' equity

		2021	2020
Share capital		50 000 000	50 000 000
Reserves	(a)	32 771 380	32 215 226
Foreign currency translation reserve	(b)	(37 455 245)	(33 754 418)
Retained earnings		124 994 271	113 919 878
Part of reserve in associated company		*64 579 323*	*54 695 707*
Net profit of the period		16 357 761	16 592 356
		186 668 167	**178 973 042**

a- Reserves are detailed as follows :

	2021	2020
Statutory Reserves	7 556 427	7 556 427
General reserve	22 658 734	21 658 734
Revaluation reserve	1 000 000	1 000 000
Fair value Reserve	1 556 219	2 000 065
	32 771 380	**32 215 226**

b- The foreign currency translation reserve represents the net foreign exchange gain (loss) arising from translating the financial statements of the associated companies from their functional currencies into United States Dollars.

15. Interest income

	2021	2020
Interest on interbank placements	1 910 461	1 868 889
Interest on loans and advances	5 512 812	5 609 778
	7 423 273	**7 478 667**

16. Other income

	2021	2020
Investment income (16.1)	3 475 293	3 753 569
Foreign exchange	2 003 048	2 354 227
Fees and commissions	3 159 272	2 708 876
	8 637 613	**8 816 672**

16.1 Investment income

	2021
Interest on financial assets at amortized cost	2 571 058
Dividends from financial assets at fair value through OCI	1 010 782
Losses on financial assets designated at fair value through P&L	-7 530
Investment fees	-99 017
	3 475 293

17. Interest expenses

	2021	2020
Interest expenses on deposits and collaterals	103 546	144 716
Interest expenses on interbank deposits	1 054 213	1 203 773
	1 157 759	**1 348 489**

18. Salaries and benefits

	2021	2020
Wages and salaries	3 069 367	2 833 294
Social security costs	692 866	577 610
Pension costs	160 000	300 000
Other	9 012	6 750
	3 931 245	**3 717 654**

19. General and administrative expenses

	2021	2020
Depreciation	416 513	393 258
Premises costs	301 798	298 656
IT costs	304 022	309 356
Communication	255 936	250 948
Marketing & Advertising costs	63 111	59 022
Government donation COVID-19	-	1 382 890
Board fees	273 000	213 000
Tax	26 232	21 744
Administration costs	1 562 123	1 097 541
	3 202 735	**4 026 415**

20. Earnings per share

	2021	2020
Net profit attributable to ordinary equity holders	16 357 761	16 592 356
Weighted average number of ordinary shares	5 000 000	5 000 000
Basic earnings per share	**3,27**	**3,32**

21. Commitments and contingencies

	2021	2020
Forward exchange contracts purchases	7 465 398	12 027 532
Forward exchange contracts sales	7 457 325	11 989 544
Letters of credit, guarantees and acceptances	9 322 119	11 124 742
	24 244 842	**35 141 818**

22. Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

• **Level 1** – Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

• **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

• **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

	Level 1	Level 2	Level 3	TOTAL
Financial assets designated at FV through P&L				
Equity Securities	856 466	-	-	**856 466**
Debt Securities	-	-	-	**-**
Financial assets at fair value through OCI				
Equity Securities	3 174 691	27 535 647	-	**30 710 338**
Debt Securities	-	-	-	**-**
Financial assets measured at amortized cost				
Equity Securities	-	-	-	**-**
Debt Securities	56 502 248	-	-	**56 502 248**
Investments in associated companies				
Equity Securities	-	87 100 659	-	**87 100 659**
Debt Securities	-	-	-	**-**
	60 533 405	**114 636 306**	**-**	**175 169 711**

23. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments.

The Bank's interest sensitivity position is based on maturity dates and contractual repricing arrangements. As at **31 December 2021** it was as follows:

	Up to 3 months	3 month to 1 year	Over 1 year	Non interest bearing items	TOTAL
Bank demand and call deposits	104 498 660	-	-	679 759	105 178 420
Time deposits	124 234 424	10 000 000	-	-	134 234 424
Financial assets designated at fair value through P&L	-	-	-	856 466	856 466
Financial assets at fair value through other comprehensive income	-	-	-	30 710 338	30 710 338
Financial assets measured at amortized cost	-	4 981 090	51 521 158	-	56 502 248
Investments in associated companies	-	-	-	87 100 659	87 100 659
Loans and advances, net	17 141 609	66 766 584	58 156 793	-	142 064 986
Accrued interest and other assets	-	-	-	6 124 224	6 124 224
Property and equipment	-	-	-	1 700 519	1 700 519
Total assets	**245 874 693**	**81 747 674**	**109 677 951**	**127 171 965**	**564 472 284**
Deposits from Banks and financial institutions	156 100 882	11 331 000	-	-	167 431 882
Deposits from customers	182 384 177	8 313 265	500 000	-	191 197 442
Accrued interest and other liabilities	-	-	-	19 174 793	19 174 793
Shareholders' equity	-	-	-	186 668 167	186 668 167
Total liabilities and shareholders' equity	**338 485 059**	**19 644 265**	**500 000**	**205 842 960**	**564 472 284**

Currency wise interest rates are as follows:

US Dollars	2021	2020
	%	%
Assets	0.03 - 10.50	0.02 - 10.50
Liabilities	0.06 – 2.15	0.06 – 2.95
Kuwaiti Dinars		
Assets	–	–
Liabilities	1.63 – 2.63	2.63 – 3.25
Tunisian Dinars		
Assets	6.43 – 8.75	7.10 – 14.00
Liabilities	2.00 - 8.00	3.00 - 10.50
Euros		
Assets	0.10 - 6.35	0.10 - 6.35
Liabilities	0.03 - 0.65	0.02 - 1.25
British Pounds		
Assets	–	–
Liabilities	0.15 – 0.55	0.25 – 0.25

24. Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bank considers the US Dollar as its functional currency. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within established limits.

The Bank had the following net exposures denominated in foreign currencies as of 31 December 2021:

	2021 - 000'USD	
	Long position	Short position
Euros	-	-393
Tunisian Dinar	652	-
Saudi Riyals	46	-
Canadian Dollar	-	-1
Kuwaiti Dinar	-	-13
Bahraini Dinar	-	-81
Libyan Dinar	6	-
Algerian Dinar	4	-
Swiss Francs	-	-3
Arab Emirate Dirham	3	-
Japanese Yen	59	-
Pound Sterling	1	-
Other	**5**	**-**
	776	**-491**

25. Liquidity risk

The maturity profile of the assets and liabilities at **31 December 2021** was as follows:

	Up to 3 months	3 month to 1 year	1 year to 5 years	Undated	TOTAL
Bank demand and call deposits	105 178 420	-	-	-	**105 178 420**
Time deposits	124 234 424	10 000 000	-	-	**134 234 424**
Financial assets designated at fair value through P&L	856 466	-	-	-	**856 466**
Financial assets at fair value through other comprehensive income	-	-	-	30 710 338	**30 710 338**
Financial assets measured at amortized cost	-	4 981 090	51 521 158	-	**56 502 248**
Investments in associated companies	-	-	-	87 100 659	**87 100 659**
Loans and advances, net	17 141 609	66 766 584	58 156 793	-	**142 064 986**
Accrued interest and other assets	-	-	-	6 124 224	**6 124 224**
Property and equipment	-	-	-	1 700 519	**1 700 519**
Total assets	**247 410 918**	**81 747 674**	**109 677 951**	**125 635 740**	**564 472 284**
Deposits from Banks and financial institutions	156 100 882	11 331 000	-	-	**167 431 882**
Deposits from customers	182 384 177	8 313 265	500 000	-	**191 197 442**
Accrued interest and other liabilities	-	-	-	19 174 793	**19 174 793**
Shareholders' equity	-	-	-	186 668 167	**186 668 167**
Total liabilities and shareholders' equity	**338 485 059**	**19 644 265**	**500 000**	**205 842 960**	**564 472 284**

26. Related party balances & transactions

	December 2021				
Assets	Major sharehol-der "BB"	Associated companies "AGB"	Key ma-nagement	Others Related Parties	Total
Bank demand and call deposits	5 088 753	-	-	315 677	5 404 430
Time deposits	-	-	-	52 951 490	52 951 490
Financial assets designated at fair value through P&L	-	-	-	232 807	232 807
Financial assets at fair value through other comprehensive income	-	-	-	1 206 383	1 206 383
Financial assets measured at amortized cost	-	-	-	3 000 000	3 000 000
Investment managed by a related party	-	-	-	277 909	277 909
Investments in Associated Companies	-	87 100 659	-	-	87 100 659
Loans and advances, net	-	221	1 782 760	5 000 000	6 782 981
Accrued Interest receivable	-	-	12 578	248 081	260 659
	5 088 753	**87 100 880**	**1 795 338**	**63 232 346**	**157 217 317**
Liabilities					
Deposits from Banks and financial institutions	17 799 795	22	-	35 616 788	53 416 605
Deposits from customers	-	-	269	8 162	8 430
Accrued Interest payable	6 133	-	-	5 744	11 877
	17 805 928	**22**	**269**	**35 630 693**	**53 436 912**

	December 2021				
Income Statement	Major shareholder "BB"	Associated companies "AGB"	Key management	Others Related Parties	Total
Interest Income	-	-	31 614	1 541 114	1 572 728
Other Income, net	-	10 821 430	-	152 738	10 974 168
Interest Expense	-207 449	-	-	-121 696	-329 145
General & Administrative expenses	-	-	-	-590 000	-590 000
	-207 449	**10 821 430**	**31 614**	**982 156**	**11 627 751**

Key management compensation

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

	2021	2020
Short term employee benefits - including salary & bonus	917 244	686 273
Accrual for end of services indemnity	48 721	34 000
	965 965	**720 273**

27. Segmental information

	2021	2020
Assets		
North America	44 985 195	41 294 349
Europe	63 546 658	83 815 396
Middle East/ Africa	455 940 431	465 604 454
	564 472 284	**590 714 199**
Liabilities		
Europe	33 331 000	49 534 000
Middle East/ Africa	344 473 117	362 207 157
	377 804 117	**411 741 157**
Investment Income		
Middle East/ Africa	2 530 411	2 768 825
North America	627 387	524 214
Europe	317 495	460 530
	3 475 293	**3 753 569**
Interest Income		
Europe	632 747	827 681
Middle East/ Africa	6 790 526	6 650 986
	7 423 273	**7 478 667**
Other Income		
Middle East/ Africa	5 162 320	5 063 104
	5 162 320	**5 063 104**

28. Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Bank manages credit risk by setting limits for individual counterparties, and groups of counterparties and for geographical and industry segments. The Bank also monitors credit exposures, and continually assesses the creditworthiness of counterparties. In addition, the Bank obtains security where appropriate, enters into master netting agreements and collateral arrangements with counterparties, and limits the duration of exposures.

For details of the composition of the assets by geographic segment refer to note 27.

Credit risk in respect of derivative financial instruments is limited to those with positive fair values.

29. Concentrations

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographic location.

The distribution of assets and liabilities by geographic region is disclosed in note 27.

30. Market risk

Market risk is defined as the risk of loss in the value of on or off balance sheet financial instruments caused by a change in market.

CORPORATE GOVERNANCE REPORT

Carthage : *Beît El Hikma*

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.

Corporate governance specifies the framework through which the banks' goals and strategies are placed, daily operations processing, how to achieve goals and performance monitoring. It also specifies responsibilities, specialties, and decision-making in a way that achieves the principle of accountability, while noting the protection of shareholders' rights, the rights of related parties, and depositors' rights. In addition, it defines what it requires in terms of the necessity of constant development of strong systems to manage overall risks and the security of the banks' business to enhance general trust in the banking system and maintaining financial stability.

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 and the Tunisian banking law N° 2016-48, was last amended in July 2016. The bank adhered also in April 3rd, 2017 to the Subsidiaries Governance Manual (SGM), and to the subsidiaries Governance Policy (SGP) in March 2021, which provides guidelines for maintaining a strong communication, monitoring, and coordination of activities between Burgan Bank and its Subsidiaries.

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 and the supervisory board, a system of performance related compensation, transparent and timely reporting.

Central Bank of Tunisia issued on August 19th 2021 a new circular 2021-05 introducing a new corporate governance framework for the Banks and financial institutions who must adapt their corporate goverance system to the new requirements within a year from the date of its entry into force.

An overhaul of the corporate governance started within Tunis International Bank to comply with the requirements of the new CBT Circular 2021-05 and will be effective starting from mid 2022.

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 Policies 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 the 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, the operational procedures and control mechanisms, 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 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 Management Committee,
    - The Management Audit Committee,
    - The Investment Committee,
    - The Information Technology Security Committee,
    - Investigation & Antifraud Committee,
    - Management Product & Pricing Committee,
    - Provision Assessment Committee, and
    - The Data Protection Committee (DPC).

The Board holds six 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. With the exception of the Board Nomination and Remuneration Committee and the Board Corporate Governance Committee, that should meet annually and bi-annually respectively, 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.

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 2020 operating profit was made in line with the decisions taken at Ordinary General Shareholders' Meeting held in 2021.

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 six 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 the Chairman of the Board and the Chief Executive Officer. 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 seven meetings during 2021.

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 Chief Executive Officer of the Bank who 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 Tunisian Banking Law, 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 of May 20, 2011 and law n°48 of July 11, 2016 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 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 ensuring that the Board is properly, efficiently and independently fulfilling its responsibilities; 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.

To ensure an appropriate balance of power increased accountability and greater capacity of the Board for independent decision-making, the functions of the Board Chairman and Chief Executive Officer should be assumed by separate persons.

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 (Law n°48 of July 11, 2016 & CBT Circular n°2011-06 dated May 20th, 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 two committees:

- Board Risk Committee (BRC),
- Board Audit Committee (BAC),

In reference to these banking regulations, the Board is composed of 9 members including the 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 the required sub-committees of the Board: the Audit, Risk, Corporate Governance, and Nomination and Remuneration committees with supervisory, information, advisory and proposal powers.

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 and the deputy Chief Executive Officer must not be Board member. 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 appointment, remuneration, general policies and strategies and, in particular, strategic plans, management objectives and the annual budget, corporate governance, and dividend and treasury share policies, the general risk policy, and the policies for the provision of information 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 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 Chief Internal Auditor is appointed as secretary of the committee. The Board Committees' Charter contains the duties and responsibilities of the committee. In 2021, 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 Board 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 Board Risk Committee has four members and is chaired by an independent Board member. As per supervisory requirements, the Committee should hold at least 6 meeting a year. The Chief Risk Officer 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 2021, 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.

The BNRC held two meetings during 2021.

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. The Committee has three members and is headed by the Chairman of the Board. 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.

During 2021, Two BCGC meetings were held. The Chief Compliance Officer is appointed as secretary of the committee.

Board Activities

Financial Information Periodically Published by the Bank

The Board approved the quarterly financial information, the annual accounts, and the management report for 2021. In addition, the Board has approved other documents such as: the annual report; 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 9). 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

Mr. Chebil was appointed as the chairman of the Board Risk Committee.

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 manual. 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 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 n°48 of July 11, 2016.

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 2021 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 2021, 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.

Lending to Board of Directors Members

BoD approved in 2019; new rules related to lending to BoD Members:

Insider lending occurs when the bank makes a loan to one or more of its directors. The provisions of these loans should be granted on arm length basis i.e. match those given to comparable bank customers. This is done to ensure fairness and limit the access to bank funds by insiders. Insiders should not get any special treatment, incentive rates, or other benefits not offered to regular bank customers. In addition, acceptable proposed securities should cover 120% of the loan amount.

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 non-resident 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 Head of Financial Control 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 Head of Investment Asset and Liabilities Management Department have been assigned to coordinate with The head of Internal Control Department disclosure function.

CORPORATE GOVERNANCE REPORT

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, Code Of Conduct And Social Responsibility

TIB has adopted its proper Code of Conduct in conformity with the Tunisian Banking Law and best practice. TIB developped two codes of conduct, one for the board members and one for the 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.

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.

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) and Counter Terrorist Financing (CTF)

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 and Ultimate Beneficial Owner (UBO) identification policy.

The education and training, both internally and externally, of all of the Bank's staff forms an integral part of our AML/CFT policies.

Several policies and procedures related to the AML area were developed and approved by the Board: Sanctions and freezing assets policy, AML and counter Terrorism Financing policy, AML/CFT Strategy Framework and Ultimate Beneficial owner procedure.

In addition to the before mentioned "AML/CFT policies and procedures Manuals", the bank also developed the "Customer Risk Assessment Methodology" In order to comply with CBT requirements bounding financial institutions to adopt a Risk Based Approach (RBA) to manage Money Laundering (ML) and Terrorism Financing (FT) risk exposure. TIB conducted an ML/FT risk assessment over it's customers to identify, understand and assess the potential exposure of ML and FT risk.

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.

The Bank's Chief Compliance Officer 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 the organic law, Central Bank of Tunisia circulars and Financial Action Task Force recommendations.

The Bank's AML Unit is using a system that allows:

- Customers and accounts profiling
- Real time filtering customers and transactions
- Monitoring all accounts' movements and generating alerts
- Detailing of all one customers' related accounts
- Politically Exposed Persons screening

The system is under the supervision of the MLRO.

The bank is compliant with the organic law N°2015-26 issued on August, 7th, 2015, regarding Prevention of Money Laundering and Combating Terrorism Financing, CTAF guidelines 2017-01;2017-02;2017-03 (as amended by new CTAF guidelines n°2018-10) and CBT circular 2017-08 of September 19th 2017 (as amended by CBT circular 2018-09 of October 2018) and the governmental decree N°2018-01 published in January 2018 regarding the implementation of the United Nations Resolutions in their fight against Terrorism Financing.

Risk Management and Internal Control

As per the Tunisian Banking Law n°48 of July 11, 2016 & 2009-64 and CBT regulations (circulars n° 2006-19 & 2011-06), banks are obliged to establish and operate adequate and efficient internal control system. 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. Except Internal control Department, all other units constituting the internal control systems work under the Board of Directors and Board Committees.

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 Chief Executive Officer. Risk management activities are performed by the Risk Management Division who reports to the Board Risk Committee. 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.

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 also works under the Board of Directors on issues regarding the regulation and compliance on prevention of laundering of criminal proceeds and finance of terror, has a mutual communication and cooperation with other related divisions and employees.

Attendance at Meetings of the Board of Directors and its Committees in 2021

Attendance rate of 100% was recorded for Board of Directors' meetings in the financial year 2021.

Committees				
	Board	BRC	BAC	BNRC
Average Attendance	100%	100%	100%	100%
Individual Attendance				
MASAUD M.J. HAYAT	7/7			
RABIH SOUKARIEH	7/7			2/2
MOHAMED FETHI HOUIDI	7/7		6/6	2/2
MOHAMED LOUHAB	7/7		6/6	2/2
BADER AL AWADHI	7/7		6/6	
AHMED BENGHAZI	7/7	6/6		
YACOUB ALGUSANE	7/7	6/6		
SAMIR CHEBIL	7/7	6/6		
KHALID AL ZOUMAN	7/7	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		
Directors' Name	Title	Representing
MASAUD M.J. HAYAT	CHAIRMAN	BURGAN BANK GROUP CEO
RABIH SOUKARIEH	DIRECTOR	CEO, AGB
MOHAMED FETHI HOUIDI	DIRECTOR	-
BADER AL AWADHI	DIRECTOR	-
MOHAMED LOUHAB	DIRECTOR	INDEPENDENT
AHMED BENGHAZI	DIRECTOR	-
YACOUB ALGUSANE	DIRECTOR	-
SAMIR CHEBIL	DIRECTOR	INDEPENDENT
KHALID AL ZOUMAN	DIRECTOR	Burgan Bank GCFO
BOARD SECRETARY	Head of Legal Department	

COMMITTEES OF THE BOARD			
Audit	Nomination & Remuneration	Risk	Corporate Governance
			BCGC CHAIRMAN
	BNRC		BCGC
BAC	BNRC CHAIRMAN		
BAC			BCGC
BAC - CHAIRMAN	BNRC		
		BRC	
		BRC	
		BRC - CHAIRMAN	
		BRC	
Chief Internal Auditor	Board Member	Chief Risk Officer	Chief Conpliance Officer

RISK MANAGEMENT REPORT

Tunis : *Palais Kheireddine*

1 - INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

1.1. INTERNAL CONTROL SYSTEM

The internal audit, operational controls, compliance & anti-money laundering (AML) and risk management controls, and systems collectively refer to "internal control system". The Board shall ensure an independent and adequate internal control system in the Bank and review its effectiveness. The internal control system at Tunis International Bank is a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting; and
- Compliance with applicable laws and regulations.

The Bank recognizes that a sound internal control process is critical to its ability to meet its established goals and maintain its financial viability. In order to achieve the Bank's objective which is adequate liquidity position, profitability and increase of shareholder' value, the internal control system lies on the following five elements:

- Management oversight and control;
- Risk recognition and assessment;
- Control activities and segregation of duties & responsibilities;
- Information and communication; and
- Monitoring activities and correcting deficiencies.

Any breaches to these elements must be reported promptly to senior management and the Board of Directors (BoD) for them to take immediate corrective actions. To ensure coverage of all deficiency areas of the internal controls system, the management has established a basis for tracking possible breakdown in internal controls system and actions taken to rectify them.

The Internal control System is all of the control activities which are performed under the governance and organizational structure established by the bank's Board of Directors and senior management. Each individual within the organization participates in order to ensure proper, efficient and effective performing of the bank's activities in accordance with the Bank's management strategy and policies, and applicable laws and regulations and to ensure the integrity and reliability of accounting system and timeliness and accessibility of information in the data system. All elements of the internal control system of the bank reports on a regular basis to the Board of Directors and its relevant committees.

These control activities are ensured by:

- Internal control;
- Risk management;
- Compliance & AML; and
- Internal audit.

Responsibility of the Board of Directors in Performing the Internal Control Function

As provided and reinforced by the new circular of the Central Bank of Tunisia N° 2021-05 and reflected in the Corporate Governance of the Bank, the Board of Directors develops and approves significant strategies and policies concerning the control activities of the Bank, and periodically review their implementation, and take measures to establish and maintain an efficient internal supervision (audit/control) system and risk management system in accordance with the institutional structure within the Bank.

In compliance with provisions set out by the Central Bank of Tunisia (CBT), the board of directors ensures that the Bank's organizational structure explicitly embodies the internal supervision (audit/control) system and risk management system and defines principles and procedures concerning the administrative structure, personnel and quality of these systems.

The board of directors is responsible for ensuring that these units carry out their tasks impartially and independent of the Bank's primary activities.

1.2 RISK MANAGEMENT SYSTEM

The Risk Management System at TIB 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 also to develop the tools needed to address those risks. The Bank has set up a Risk Management Structure (RMS) headed by the Chief Risk Officer (CRO) who reports directly to the Board Risk Committee (BRC). 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 top management of the Bank on the effects and, where possible, mitigations.

The Bank has a well documented 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:

i. Credit Risk which includes default risk of clients and counterparties;
ii. Market Risk which includes interest rate, foreign exchange, equity and liquidity risks;

iii. Operational Risk which includes risks due to operational failures;
iv. IT Risk which includes information security & cyber attacks in addition to business continuity plan, disaster recovery; and
v. Monitoring which includes Stress Testing (credit, market & liquidity), Risk Appetite Framework.

The RMS is responsible for ensuring 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 Risk Weighted Asset's can be made appropriately.

2 - CREDIT RISK

2.1 CREDITS RISK MANAGEMENT

TIB always ensures to meet the prudential rules and limits set by the Central Bank of Tunisia (CBT) to restrict loan exposures to single borrowers or groups of connected borrowers. It is the Banks policy to have minimum stipulated coverage and top up clause for each of the secured loans. In addition the collateral should also be adequately liquid and diversified. These policies coupled with the credit selective basis reduce considerably the amount of provision required when there is a payment default.

Credit risk includes besides loans, acceptances, interbank transactions, trade financing, foreign exchange transactions, bonds, equities, etc....

2.1.1 CREDIT PROCESS

i. Strategies and Processes

A thorough credit risk assessment is done before granting a loan. The credit risk assessment includes borrower risk analysis, industry risk analysis, historical financial analysis, projected financial performance, the conduct of the account, and security of proposed loan. The assessment originates from relationship manager/account officer and approved by Credit Committee. The Credit Committee under elevated authority approves the credit proposals. The Board approves the proposal beyond the authority limit of the management.

ii. Structure and Organization

The Credit Analysis function is responsible for making independent financial analysis and appraisal of credit proposals that are marketed by the business groups. There are detailed guidelines for financial analysis that are followed which gives its independent views/recommendations on credit proposals brought to it by the Relationship Managers of the various business groups. These proposals are then further processed in accordance with the delegation of powers approved by the Board.

iii. Scope and Nature of Reporting Systems

After the approval of the credit proposal, the Credit Control Unit (Credit Administration) entrusted with the responsibility of checking that the conditions precedent for the draw-down of the credit facilities as approved are fulfilled before the facilities are made available to the client/counterparty.

Credit Administration under the supervision of Head of RMS checks the accuracy and completeness of requested documentation.

The Credit Control Unit is independent of the Credit Analysis unit of the Department. It also follows up on the conduct of the accounts by the client/counterparty in accordance with the terms of approval and reports any irregularities for necessary corrective action.

iv. Hedges and Mitigants

The Credit Policy of the Bank outlines guidelines for mitigating risks in terms of availability of credit enhancements and/or collaterals to support the exposure, the coverage ratio of collateral value to the loan to be granted, the threshold levels for top-up of security and liquidation. The policy and procedures of the Bank also lay down the required methods and intervals for valuation of the different collaterals so as to determine the necessity for top-up by the client and/or procedure for liquidation.

The collaterals accepted by the Bank mainly consist of cash in the form of deposits with the Bank, shares, bonds, insurance and bank guarantees. Other various forms of real estate and equipment are also considered. For the purposes of credit risk mitigation, only such of the collaterals that are permitted by the CBT and where the conditions stipulated are fully met are considered.

As for shares, bonds etc., the Bank fulfils the stipulated regulatory requirements for their periodic valuation, etc. In regard to real estate assets, the Bank accepts only valuation from, professional and government recognized valuers, who are required to assess the value of the collateral before they are accepted as security. The periodicity of the valuation is again in line with the regulatory requirements.

2.1.2 LENDING AUTHORITIES

The various authorities involved in the credit approval process are as follows:

- ❒ Board of Directors (BOD);
- ❒ Management Credit Committee (MCC).

It is understood, that no delegated authority can approve a credit that has been declined in the past by a higher authority, even if the credit lies within his delegated authority levels.

2.1.3 ANALYSIS OF FINANCIAL STATEMENTS

Credit Analysis follows a uniform standard structure which answers the key relevant issues focusing on the relevant risk elements of the facility, including financial analysis, management and assessment market conditions. The financial statement of the customer for the previous three years should be analysed.

2.1.4 RISK RATING MODEL

Comprehensive risk rating model covers both obligor rating and facility rating. The obligor risk rating scoring system on ten point scale was implemented and functional. Annual review of the rating model was implemented.

The facility grades were assigned according to the severity of the expected losses in case of default, keeping in view relevant factors such as the type of the facility and the nature of the collaterals.

All facility grades have a score varying between 1 and 9 depending on facility type and the quality of the collaterals. Scores were assigned to each factor, with each factor weighted on relative importance.

The risk rating method is an internally constructed model based on expert ratings. The applicability of the model to our customers has been validated through a set of statistical methods. The data used in validating these primary indicators are the entire loan portfolio of the bank's actual obligors and exposures and its long-term experience.

2.1.5 LOAN REVIEW MECHANISM (LRM)

All credits receive a formal review at least annually to ensure that risk ratings are accurate and up-to-date. Large credits, new credits, higher risk rating and problem credits, concentration (by group of counterparties or by sector) and complex credits are being reviewed twice a year. This is done to bring about qualitative improvement in credit management.

2.1.6 CREDIT STRESS TESTING

Stress testing is a risk management technique used to evaluate the potential effects on an institution's financial condition of a specific event and/or movement in a set of financial variables.

The stress test is undertaken on a quarterly basis, according to different scenarios. The objectives and desired outcomes of the credit stress testing programme, is to consider in the context of TIB how the equity capital and Capital Adequacy Ratio (CAR) of the Bank are affected by the stress scenarios.

2.1.7 CREDIT AUDIT

This is done independent of credit operations. Credit audit is conducted on site by the Internal Audit Department.

2.2 COUNTRY RISK MANAGEMENT

2.2.1 Country Limits:

Country limits are established on the basis of bank transactions in countries where customers are active and for which Tunis International Bank expects to have a certain business volume. These countries are studied internally and approved on the credit committee's level then submitted to the Board to be approved on a yearly basis.

The Country exposure should not exceed at any time the country limit ceiling without special approval. Country risk limits are established only when business opportunities either exist or will exist.

2.2.2 Bank Limits:

These limits are extended to banks on an undisclosed basis in order to enable our Bank to realize transactions with banks with which Tunis International Bank maintains or has a potential business.

3- MARKET RISK

Market Risk Management provides a comprehensive and dynamic framework for measuring, monitoring and managing liquidity, interest rate and foreign exchange as well as equity risk of a bank that needs to be closely integrated with the bank's business strategy.

3.1 INTEREST RATE RISK

TIB manages interest rate risk as an inherent part of its business. Almost all the pricing of the facilities granted is indexed on the two world major currencies i.e. US$ and Euro which account for more than 90% of our portfolio. Furthermore all the facilities granted are on the currency of the source of payments to avoid exchange risk factor.

The policy of the Bank is not to fund long term assets with short term liabilities or to fund long term fixed rate with short term variable resources. Also the Bank's assets and liabilities floating rate are tied to the same index rate generally the interbank rate such as Libor or Euribor, etc. to avoid any unexpected divergence resulting from the difference in the various floating rates.

The traditional Gap Analysis is used as method to measure the Interest Rate Risk. Gap Analysis measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions).

3.2 CONCENTRATION RISK

In order to dilute the risk and to avoid dealing with a single security firm, the portfolio of TIB is managed through three well reputed Brokers and Asset Management Companies. At the end of the year 2021, TIB's investment portfolio complies with the Bank's internal policy.

As it is the case with the bank's loan portfolio, no concentration was recorded neither by geographic distribution nor by industry sector nor by single counterparty.

3.3 FOREIGN EXCHANGE RISK

In addition to the Foreign Exchange prudential limit, by setting appropriate internal limits-open position and gaps, stop-loss limits, day light as well as overnight limits for each currency, Individual Gap Limits and Aggregate Gap Limits, clear-cut and well defined division of responsibilities between front and back office, the risk element in foreign exchange risk is being managed and monitored adequately. The VAR is used to measure the bank's EUR/USD FX risk. Foreign Exchange prudential limits are always observed.

3.4 MARKET STRESS TESTING

Market risk arises out of changes in financial market prices and their impact on the value of an asset. For TIB, it typically consists of two main market risk factors namely: interest rate and stock prices.

4- LIQUIDITY RISK

Bank deposits generally have a much shorter contractual maturity than loans and liquidity management needs to provide a cushion to cover anticipated deposit withdrawals. Liquidity is the ability to efficiently accommodate deposit as also reduction in liabilities and to fund the loan growth and possible funding of the off-balance sheet claims. The cash flows are placed in different time buckets based on future likely behavior of assets, liabilities and off-balance sheet items. Tolerance levels on mismatches for various maturities are being applied.

Liquidity 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 average liquidty ratio for 2021 stands at 121.8% compared to 100% required by CBT.

4.1 LIQUIDITY STRESS TESTING

The Liquidity Stress Test applies various scenarios (three main scenarios with different level of severity) on the liquidity cash flows in order to test the sensitivity of the bank's net liquidity position.

The stress testing aims to test the sensitivity of the bank's net liquidity position under the following scenarios:

- A scenario reflecting adverse market conditions;
- A scenario reflecting an idiosyncratic stress event; and
- A scenario reflecting combined market and idiosyncratic stresses.

As of December 31st 2021, the bank is resilient at every shocks/scenarios conducted as the regulatory liquidity ratio is well above the min requirement ratio.

4.2 CONTINGENCY FUNDING PLAN

The scope of this plan is to allow the bank managing its liquidity during a disaster. A disaster is defined as any adverse event that could result in significant damage to the brand value, image and the revenue generating capability of the organization and could result in inability to service its customers for a long period of time. These events are generally of such intensity that it casts doubts over the ability of the organization to continue operating if the event is not well managed.

5 - OPERATIONAL RISK / BUSINESS CONTINUITY PLAN

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.

5.1 INCIDENT REPORTING SYSTEM

In order to effectively follow up and close control operational risks in the bank, TIB has been equipped with an Incident Management System that will keep track of all incidents that lead to an actual or potential loss to the bank, where, all employees take adequate steps to identify and report such incidents with sufficient details.

Whether the incident generates a loss or even a profit or have no material incidence on the banks' net income should be reported "Near Miss". This will enable the Bank not only to take corrective action as and when necessary to prevent recurrence of such incidents but also institute adequate systems and procedures to quantify the operational loss that the bank may be exposed to, in its various departments, functions and the provision of its services.

Incidents were conforming to a banking activity with wider categories of incidents concerning all banking areas. Efforts should be made to remedy to these near miss events and apply corrective action in order to avoid any potential loss to the bank, prevent recurrence of such incidents or to vehicle a bad image or service by the client. Proper follow-up and control should be envisaged

with periodic reporting to the management.
As per BIS (Bank of International Settlements) classification, most of these incidents were attributed to lack of execution, delivery and process management.

5.2 KEY RISK INDICATORS (KRI'S)

Key Risk Indicators are the measures summarizing the frequency, severity and impact of Operational risk events or corporate actions occurred in the bank during a reporting period. Key Risk Indicators (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, given the changing risk landscape.

KRIs are not analyzed alone but with other pillars of Operational risk: loss events in addition to Risk Control Self-Assessement 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.

5.3 RISK CONTROL SELF-ASSESSMENT

The objective of the RCSA (Risk Control Self-Assessment) is to establish a consistent framework for assessing the effectiveness of the internal control environment across the bank.

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. RCSA is used for tracking important or materialistic risks only. If there are risks which are identified by a unit as "not important or not materialistic", 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.

No operational loss was recorded during the year 2021 and all reported incidents were belongs to "near miss" category.

5.4 BUSINESS CONTINUITY PLAN

A back-up site was installed at the Bizerte branch, a location 60 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. Business impact analyses (BIA) were conducted to all functional areas; in order to ascertain their needs to continue the activity in case the headquarters 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 Bizerte branch with a slight delay.

The bank has approved a new BCP which stands on to have the following four steps:

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

6 - COMPLIANCE REPORT

Reference to Circular n°2013-21 of December 30th, 2013, additional provisions are required on the net exposure for assets booked as class 4 or as lost assets. As of December 31st, 2021, outstanding provision amount complies with regulatory requirements.

7 - RISK APPETITE

Risk appetite defines the level and types of risk that the Bank is willing to accept in order to achieve its business objectives. It includes qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures as appropriate.

Besides being used in running the bank business, the adopted metrics address the concerns of all the relevant stakeholders, i.e. stockholders, depositors, customers and supervisors. The proposed categories of metrics provide a clear target setting to support business activities and meet the stakeholders' expectations. These metrics are:

These metrics are:

- Capital adequacy;
- Earning variability;
- Liquidity metrics;
- Business & Credit risk;
- Market risk;
- Operational risk;
- Reputation & Strategic risk;
- Digital risk; and
- Societal & Environmental responsibility metrics.

8 - 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.

9 - DATA PROTECTION

To comply with the general data protection regulation (GDPR), TIB designed a data protection committee (DPC) and appointed a data protection officer (DPO) who is the DPC head. DPO mission is responsible for advising the organization in relation to data protection compliance and the supervisory authority. DPO acts as contact point and co-operate with the relevant Data Protection Authorities and to data subjects when exercising their individual data rights as well as supervise and advice on the response to such requests.

No breach or event was recorded during the year 2021.

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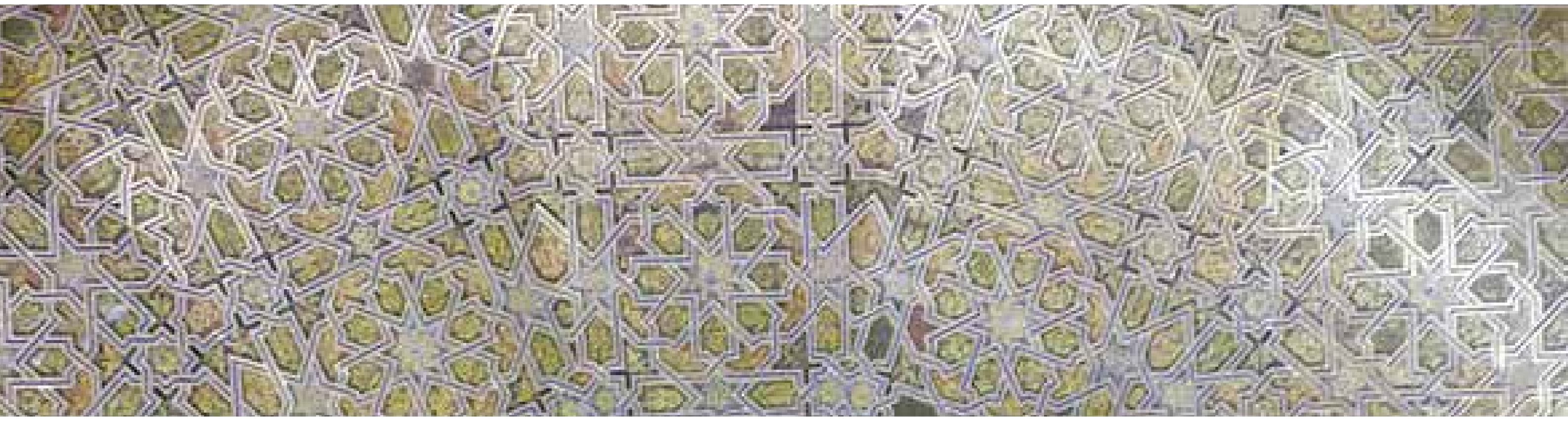

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