

CORPORATE GOVERNANCE REPORT

Tunis International Bank is subject to Banking regulations and provisions of the Corporate Governance principles, which are applicable to Tunisian Banks according to the Central Bank Legislation. Throughout the year, activities that the Bank is subject to, particularly with regard to developing Corporate Governance Principles structure, 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 by the Central Bank of Tunisia through circular n°2021-05 issued in august 2021 and the Tunisian banking law N° 2016-48, July 2016.

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

CORPORATE GOVERNANCE FRAMEWORK

Corporate governance determines the method by which the Bank's business and affairs are organized by its Board of Directors and the Executive Management.

Tunis International Bank (TIB or the Bank) is committed to the highest standards of corporate governance and recognizes that good governance is pivotal in helping the business to deliver its strategies whilst meeting its obligations towards shareholders and other stakeholders.

TIB should comply, primly and at the minimum, with:

- Tunisian Banking Law N°2016-48 of July 2016;
- Tunisian Law N° 94-117;
- Central Bank of Tunisia's (CBT) corporate governance instructions as issued in circular N° 2021-05 of August 2021; and
- Tunisian Commercial Companies Code as enacted by Law 2000-93 of November 2000.

The bank adhered also in April 3rd, 2017 to the Subsidiaries Governance Manual (SGM), and to the newly updated Subsidiaries Governance Policy (SGP) issued in October 2024 and approved by the bank's Board of directors in December, 2024, which provides guidelines for maintaining a strong communication, monitoring, and coordination of activities between Burgan Bank and its Subsidiaries.

TIB' s governance is carried out in accordance with the corporate governance Code which is based on the following principles:

- Principle of proportionality ;
- Principle of power-balance ;
- Principle of fairness towards shareholders and
- Principle of disclosure and transparency.

By promoting sound corporate governance, the Bank objectives are:

- ➔ The protection of depositors, creditors, shareholders and employees' interests ;
- ➔ Ensuring sound, prudent and transparent management of the Bank, based on a solid culture of Risk and Compliance ;
- ➔ Ensuring conditions of integrity, loyalty and honorability of Directors of the Board, Executive Management, and Employees of the Bank.

The Governance and Management bodies of TIB consist of the following:

- 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 which include :
 - ➔ The Board Audit Committee,
 - ➔ The Board Risk Committee,
 - ➔ The Board Nomination and Remuneration Committee, and
 - ➔ The Board Corporate Governance Committee.
- The Executive Management;
- The Internal Control Functions; and
- The Management Committees which include:
 - ➔ The Management Executive Committee,
 - ➔ The Credit Committee,
 - ➔ The Asset and Liability Committee,
 - ➔ The Management Investment Committee,
 - ➔ The Management Cyber Security Risk Committee,
 - ➔ The Management anti-fraud Committee,
 - ➔ The Management Product & Pricing Committee,
 - ➔ The Provision Assessment Committee,

- ➔ The Management Audit Committee,
- ➔ The Management Whistleblowing Committee,
- ➔ The Management Data Protection Committee,
- ➔ The Corporate Social and Environmental Responsibilities Committee and
- ➔ The Management Tender and Procurement Committee.

The General Assembly (Shareholders) Meetings

The General Shareholders Meetings of the Bank (“the General Assembly”) is composed of the shareholders or their representatives. The General Assembly will hold one ordinary session per year, usually by April. Extraordinary sessions will be held whenever necessary. The ordinary General Assembly shall be convened by written invitation sent at least 15 (fifteen) calendar days prior to the day of the sitting.

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 association.

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.

Transfer of Shares

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

Board of Directors

The Board of Directors is responsible for managing the bank and exercises control over TIB.

The administrative and organizational structures required by the Banking Law (Law n°48 of July 11, 2016 and CBT Circular n°2021-05 dated August 2021) and related legislation, have been implemented at TIB. In reference to these banking regulations, the Board composition and Board members’ qualifications are adapted to the Bank’ s strategy of development, size, the nature of its activity, complexity of operations and risk profile.

The Board is ultimately responsible for ensuring that the Bank complies 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.

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 meeting are usually held at the Bank's premises or at any other place that is deemed appropriate by the Board members. The board Meeting agendas are prepared in accordance with the proposals of Chairman of the Board and the Chief Executive Officer.

The Board's committees shall meet at the request of their Chairman at least six times a year and not less than one meeting on a quarterly basis, or, when it deems necessary. Exception made for the Board Corporate Governance Committee that should meet bi-annually. The Board Audit Committee and the Board Risk Committee are headed by independent Directors.

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.

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:

- Assiduously participate in the Boardmeeting accordingly to the conditions laid-down by the corporate governance code;
- Actively contribute to the activity of the Board;
- Ensure that the board agenda meeting covers all important and crutial items ;
- Devote the time deemed necessary to fulfill their obligations;
- 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.
- Respect the code of conduct as referred to in Article 13 of CBT circular N° 2021-05.

As stipulated by CBT circular N°2021-05 of August 19, 2021 and law n°2016-48 of July 11, 2016 there are at least two Independent Directors on the Board. The Independent Directors, as per the Corporate Governance code, are non-executive directors that have been appointed based on their personal or professional status, and who perform unconditioned by relationships with the Bank, its shareholders or its officers. Independent Board members' mandate can only be renewed once.

Chairman of the Board

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 exercises these powers in alignment with the decisions and directives of the shareholders, as adopted at the general shareholders' meeting.

The Chairman of the Board should have professional experience in banking and / or finance and should have personal skills such as leadership, communication and conflicts management, which are required for fulfilling his / her duties.

The Chairman of the Board is responsible of:

- ☐ Ensuring that Board is properly, efficiently and independently fulfilling its responsibilities ;
- ☐ Ensuring that the Board's Committees are properly fulfilling their responsibilities and that they report of their activities to the Board ; and
- ☐ Overseeing the process of the annual performances' evaluation of the Board, Board Committees and their members.

The Chairman is responsible in particular for:

- Setting the agenda items of Board' s meetings after discussion with Executive Management and Governance bodies;
- Ensuring regular meetings of the Board;
- Communicating enquiries, comments and all decisions of the Board to Executive Management;
- Discussing with Executive Management and identifying major issues to be reported to the Board.

The Chairman of the Board is the designated interlocutor with the shareholders and the Central Bank of Tunisia concerning TIB's Governance matters, as well as, during any particular or exceptional circumstance that may impede the proper functioning of the TIB's governance bodies. The Chairman of the Board is also responsible of establishing the bank's Annual Report.

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 the Chief Executive Officer should be assumed by separate persons.

Chief Executive Officer

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 its committees thereof, as well as various checks and balances that ensure 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.

The Executive Management is responsible for:

- Effective monitoring of the implementation process of the Bank's development strategy and risk appetite policy as approved by the Board of Directors;
- Ensuring the efficiency and the independency of the control functions;
- Ensuring, at all times, the overall proper functioning of the internal control and risk management systems;
- Implementing and ensuring the respect of the compliance policy as approved by the Board; and
- Ensuring the communication of all the relevant and required information to the Board and Board's Committees for decision-making and provide them with the necessary means to accomplish their missions.

The Executive Management should immediately alert the Board of any event that could:

- Impact the financial situation and the risk profile of the Bank;
- Cause the internal control system to malfunction and increase the risk of non-compliance; and
- Alter the continuity of critical activities.

Number, Structure and of the Committees within the board

The administrative and organizational structuring required by the Banking Law (Law n°2016-48 of July 11, 2016 & CBT Circular n° 2021-05 dated August, 2021) and related legislations, exists in TIB. In reference to these banking regulations, the Board is composed of 9 members including the Chairman. Also, there are two strong independent and nonexecutive members on the Board to exercise objective judgment on the Bank's affairs independently. The Board appoints Board committees members among its peers as referred to articles: 49,50, 51 of law 2016-48.

The board shall establish three Board's committees:

- Board Risk Committee (BRC) ;
- Board Audit Committee (BAC) ;
- Board Nomination and Remuneration Committee (BNRC).

The Board Audit Committee (BAC) and the Board Risk Committee (BRC) shall establish a framework for coordination and collaboration to facilitate Board's decisions. Independent Board members chair the BRC and the BAC. The BAC members cannot be members of the BRC and vice versa.

The Board has constituted the required sub-committees 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 done according to the Bank's Articles of Association and the Banking Law. 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 to and for communication with the shareholders, the markets and the public opinion.

Performance-Related Compensation

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

Board Audit Committee (BAC)

The Board Audit Committee (BAC) shall have at least three members and is chaired by an independent Board member. The BAC shall meet at the request of its Chairman at least six times a year and not less than one meeting on a quarterly basis, or, when it deems necessary.

The Chief Internal Auditor is appointed as secretary of the committee. The Board Committees' Charter covers the duties and responsibilities of the committee.

The BAC's include but are not limited:

- 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 ;
- Overseeing the Internal Controls and Risk Management Systems.

Board Risk Committee (BRC)

The Board Risk Committee (BRC) shall have at least three members and is chaired by an independent Board member.

The Board Risk Committee shall meet at the request of his Chairman at least six times a year and not less than one meeting on a quarterly basis, or, when it deems necessary. The Chief Risk Officer is appointed as secretary of the committee.

The Board Risk Committee principal duties are:

- Assist the Board in monitoring the risk management system;
- Establishing and updating the risk Management Policy and setting the exposure and the operational limits ;
- Approving the risk measurement and the risk monitoring systems ;
- Overseeing the Executive Management compliance with the Risk Appetite Policy ;
- Analysing and following-up the Bank's exposure to risks ;
- Assessing the provisioning policy and the permanent adequacy of the bank's net worth against TIB's risk profile ;
- Assessing the risk arising from the Board's strategic decisions ;
- Implementing corrective actions to enhance the effectiveness of the risk management framework ;
- Approving business continuity plans.

These matters are not exhaustive and may change from time to time.

Board Nomination and Remuneration Committee (BNRC)

The Board Nomination and Remuneration Committee (BNRC) has three members. The Head of the Human Resources Department ensures the secretary of the Board Nomination and Remuneration Committee.

The BNRC has been established for 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 BNRC should assist the board among others:

- Establishing the Nomination and Remuneration policy of the Board and Board Committees members, Executive Management and first responsible persons of key functions ;
- Establishing succession planning for Board and Board Committees members, Executive Management and first responsible persons of key functions ;
- Nomination of Board and Board Committees members, Executive Management and first responsible persons of control functions ;
- Establishing the design of the methodology for evaluating the work of the Board Members and its committees.

Board Corporate Governance Committee (BCGC):

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 (BCGC). The Committee has three members and is headed by the Chairman of the Board. The (BCGC) shall meet at least twice a year.

The Committee carries out its activities within the framework of the related banking regulation in Tunisia.

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. The Bank' s Chief Compliance Officer shall act as the secretary of the Committee.

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

- Prepare and obtain Board approval on Bank policies relating to corporate governance framework, in line with the CBT requirements and guidelines of the mother company Burgan Bank Kuwait;
- Follow-up on the execution of Corporate Governance Code's standards and regulations and present a report of it to the Board of Directors ; and
- Perform an annual review of the Corporate Governance practices, including the review of BCGC charter, to ensure their effectiveness and recommend any necessary improvements to the Board.

The BCGC will refer to the other (i.e. Audit and Risk) Committees any matters that have come to the attention of the Committee that are relevant for the other (i.e. Audit and Risk) Committees for noting or consideration.

Board Activities

Financial Information Periodically Published by the Bank

The Board approved the quarterly financial information, the annual accounts, and the management report for the year. In addition, the Board approves 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.

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

Duties of Directors

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

The duty of diligent management includes the Directors' duty to keep themselves adequately informed of the Bank's progress and to dedicate to the time and effort needed to carry out their duties effectively. The Directors must inform the Nomination and Remuneration Committee of their other professional obligations and the maximum number of Boards of Directors on which they may sit, as governed by the provisions of Law n°48 of July 11, 2016.

Related-Party Transactions

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

Board members should report to the board any conflict of interest arising from their other activities or commitments to other organizations.

Lending to Board of Directors Members

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.

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.

Disclosure and Transparency

Public disclosures are under the authority and responsibility of the Board of Directors. The Head of Investment Asset and Liability Management and Communication is responsible of external communication actions and public relations activities. TIB has designed the Chief Financial Officer to submit the required informations and disclosures to CBT, to CMF and other shareholders within the framework and related regulations. The Compliance Function is the designated control supervisor for ensuring all disclosures and communication with the regulatory authorities are performed in due time.

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 includes information and data required by the Corporate Governance Principles and regulatory authorities. Utmost care is given to keep the website updated.

Ethical Principles and Social Responsibility

TIB has adopted its proper Code of conduct in conformity with the Tunisian Banking Law and best practices. The Code of conduct needs to be disclosed to both board members, and all of Bank's employees.

In addition, Board members as well as employees are required to sign a statement that he or she has read this Code of Conduct and understand its provisions and agree to abide by them. As required by law, all Board members have stated on one's honor that they have no legal restrictions to perform their duties.

Code of Conduct

The Board believes that the Board, executive officers and the entire Bank's staff must endorse a culture of strong corporate governance and ethical business conduct. The Codes 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, ensures that deviations are reported, and establishes processes that allow monitoring compliance with these policies. The adopted Code of Conduct applies to all employees, officers, trainees, part-time staff and other Bank representatives, including members of the Board of Directors.

Insider Trading

By his/her position in the Bank, an employee may have access to "material non-public information". This non-public information includes information that is not available to the public at large, which would be important to an investor in making a decision to buy, sell or retain a security. This non-public information includes but is not limited to:

- Projections of future earnings or losses or dividend payment;
- Tender offer or exchange offer;
- News of a significant sale of assets or the disposition of a subsidiary; significant changes in management or shareholdings;
- Significant new products or discoveries; or impending financial liquidity problems. It should be noted that both positive and negative information might be considered material.

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

Management of Fraud, Bribery and Corruption

The Bank attaches great importance to combating Fraud, bribery and corruption exposure. It therefore expects every employee to be vigilant in ensuring that any criminal entity or individual or his representatives do not unwittingly use the Bank. If fraud or corruption is proven, appropriate disciplinary measures and legal actions will be taken.

The Bank has documented policy and procedures consistent with applicable Anti-Fraud, Bribery and Corruption regulations and requirements to reasonably prevent, detect and report bribery and corruption. This policy complements the Bank's Code of Conduct and applies to all employees, officers and Directors. The bank have controls in place to monitor the effectiveness of its Anti-Fraud, Anti-Bribery and Corruption program.

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 comprehensive measures for detecting and reporting of suspicious activities and unusual transactions. Additionally, the Bank follows Ultimate Beneficial Owner (UBO) identification procedures. 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 AML related policies and procedures were developed and approved by the Board: AML/CFT and Sanctions policy, AML/CFT Strategy Framework and Ultimate Beneficial owner procedures. In addition to the before mentioned "AML/CFT and Sanctions 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. This enables the Bank to focus its controls and resources on customers, products and services, and jurisdictions that are assessed to carry higher risks. Furthermore, the mother Bank (Burgan Bank) conducts a group wide Risk Assessment every two years in compliance with Central Bank of Kuwait's regulations, which includes both Burgan Bank head office and its subsidiaries including TIB.

TIB should undertake the Group-wide risk assessment as instructed by Group AFC (Anti-Financial Crimes). Outcomes of the assessment should be consigned into a report titled "Money Laundering and the Financing of Terrorism Risk Assessment Report" that will be reviewed and Approved by the Board of Directors and communicated to Group AFC.

Internal Audit conducts periodic reviews of the AML unit as part of the Internal Audit annual plan. The main objective of this assignment was to examine and assess the adequacy and effectiveness of the system of internal controls, responsibilities of key personnel to minimize areas of potential conflict of interest and ensure that independent checks are in place.

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 Board delegates to the Chief Compliance Officer the overall responsibility for the establishment and maintenance of an effective AML/CFT including Sanctions compliance systems and controls across the Bank.

The Bank's Chief Compliance officer is acting as the MLRO (Money laundering Reporting Officer) and will be responsible for:

- ☐ Oversight of compliance with the regulatory AML/CFT requirements.
- ☐ Examining suspicious operations or transactions (STR: Suspicious Transaction Report / SAR: Suspicious Activity Report) and, where applicable,
- ☐ Reporting them to the Tunisian Financial Analysis Commission (CTAF).

The Bank's Chief Compliance Officer is also appointed as the "Sanctions Reporting Office" (SRO) and will be responsible of the following:

- Ensuring correspondence with the CNLCT (National Commission for Terrorism Combatting);
- Ensuring the implementation of the CNLCT instructions;
- Implementing the Bank Sanctions policy.

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, CBT circulars and 2017-08 of September 19th 2017 (as amended by CBT circular 2018-09 of October 2018); the governmental decree N°2018-01 published in January 2018 regarding the implementation of the United Nations Resolutions in their fight against Terrorism Financing and international standards.

Internal Control Functions

The internal audit, compliance and risk management, collectively refer to "internal control" as defined by regulations.

The Board and Executive Management establish also the Internal Control Department to reinforce the second line of defense.

The Board is responsible for ensuring that control functions (as per art 53 of law 2016-48) have formalized policies and procedures, adequate human, technical and financial resources enabling them to, effectively conduct their missions with complete independency and objectivity.

The Board shall, at least once a year, meet control function Heads to assess the efficiency and effectiveness of the internal controls and be informed about major developments that may affect the risk profile of the Bank.

First responsible persons of ~~both~~ Internal Audit, Compliance and Risk Management functions should not combine their functions with other responsibilities within the Bank.

The Bank communicate to CBT the identities and qualifications of first responsible persons of control functions.

The Bank should immediately inform CBT any decision of revocation or replacement of first responsible persons of control functions and rationale behind these decisions.

Risk Management

The Risk Management is responsible of:

- Identifying the main risks elaborate a risk map of the bank and assess the levels of exposure to these risks;
- Developing the Risk Management policy;
- Recommending the Risk Appetite policy to Executive Management and BRC;
- Continuously monitoring risks exposures and risk-taking activities;
- Developing policies for managing capital adequacy and liquidity adapted to Bank' s risk profile on an individual and consolidated basis;
- Implementing a monitoring system for early detecting events where the ceilings risks set by the bank are exceeded;
- Providing opinion on decisions that lead to significant risks; and
- Proposing adequate measures to mitigate risks and any event that may prejudice the solvency and liquidity of the Bank as well as the interests of stakeholders.

Internal Audit

The internal audit function provides the Board and Executive Management with independent quality assurance regarding the effectiveness of internal control systems and processes, risk management and governance.

Internal Audit is responsible of:

- Regularly review the risk governance proceeds by:
 - The effectiveness of both compliance and risk management functions;
 - The quality, effectiveness and frequency of risk management related reports submitted to the Board and Executive Management; and
 - The effectiveness of the Bank' s internal control systems.
- Raise to the board and Executive Management on issues and shortcomings noted during audit reviews in order to take adequate corrective actions.

Internal Audit have access to all information, archives and Bank' s premises. The Internal Audit Function communicate to the heads of the Compliance and Risk Functions on non-compliance issues raised during the performed audit reviews.

Compliance

The compliance function exercises an advisory role to the Board and the Executive Management on issues related to compliance with legal and regulatory provisions in force and keep them informed of changes in this area.

The Compliance Function is independent of the Executive Management.

The responsibilities of the compliance include:

Ensuring regulatory watch;

- * Establishing non-compliance risk map;
- * Ensuring the existence of formalized policies and procedures and internal controls in areas related to the Compliance Function;

- * Regularly reviewing and ensuring the implementation of the compliance related policy and procedures and recommend corrective actions;
- * Providing written opinion and advices on new products and services and related internal control procedures;
- * Providing the Bank' s staff with compliance training sessions related to their field of work and ensuring the dissemination of Compliance culture;
- * Reporting to the Board on problems observed regarding procedural issues as well as mitigation actions; and communicating to the Board Audit Committee Compliance activity report on semi-annual basis.

Internal Control Department

The Internal Control Department performs on a day-to-day basis controls over the activity of the bank.

The adequacy of the Bank' s internal controls is reviewed at least annually. Effective internal controls aim to safeguard the shareholders' investments, bank' s assets and depositors.