AVIS DES SOCIETES

ETATS FINANCIERS CONSOLIDES

Tunis International Bank -TIB -

Siège Social : 18, avenue des états Unis d'Amérique 1002 Tunis-Belvédère

La Tunis International Bank - TIB- publie ci-dessous, ses états financiers consolidés arrêtés au 31 décembre 2014 tels qu'ils seront soumis à l'approbation de l'assemblée générale ordinaire qui se tiendra en date du 20 avril 2015. Ces états sont accompagnés du rapport des commissaires aux comptes, M. Dhia BOUZAYEN et M. Mourad GUELLATY.

CONSOLIDATED BALANCE SHEET
As at December 31, 2014
(Amounts in US Dollars)

	Notes	2014	2013
ASSETS			
Bank demand and call deposits	3	43 273 331	72 320 447
Time deposits	4	313 302 299	284 640 817
Financial assets designated at fair value through P&L		1 598 422	1 870 281
Financial assets at fair value through other comprehensive income	5	17 380 243	18 662 640
Financial assets measured at amortized cost	6	38 090 095	32 275 328
Investments in associated companies	7	77 898 102	80 911 750
Loans and advances, net	8	111 929 271	126 421 745
Accrued interest and other assets	9	931 544	3 235 578
Property and equipment, net	10	3 656 998	2 950 335
TOTAL ASSETS		**608 060 305**	**623 288 921**
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES		**478 619 560**	**495 961 931**
Deposits from banks and financial institutions	11	172 555 708	184 677 779
Deposits from customers	12	293 173 629	295 886 291
Accrued interest and other liabilities	13	12 890 223	15 397 861
SHAREHOLDERS' EQUITY	14	**129 440 745**	**127 326 990**
Share capital		50 000 000	50 000 000
Reserves		25 077 089	24 601 593
Foreign currency translation reserve		-9 039 143	-978 607
Retained earnings		63 402 799	53 704 004
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**608 060 305**	**623 288 921**

CONSOLIDATED INCOME STATEMENT
For the year ended December 31, 2014
(Amounts in US Dollars)

	Notes	2014	2013
TOTAL INCOME		**27 388 386**	**34 306 064**
Interest income	**15**	4 176 245	3 415 448
Other income, net	**16**	8 621 516	11 927 571
Share of results of associated companies		14 590 625	18 963 045
INTEREST EXPENSES		**1 530 432**	**1 460 073**
Interest expenses	**17**	1 530 432	1 460 073
OPERATING INCOME		**25 857 954**	**32 845 991**
Salaries and benefits	**18**	4 213 358	4 032 278
General and administrative expenses	**19**	3 572 328	3 165 985
NET OPERATING INCOME **(BEFORE WRITE DOWN AND PROVISIONS)**		**18 072 268**	**25 647 729**
Allowance for doubtful loans		1 700 000	2 972 616
NET INCOME FOR THE YEAR		**16 372 268**	**22 675 113**
Number of shares		5 000 000	5 000 000
Earning per share	**20**	**3,27**	**4,54**

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME
For the year ended December 31, 2014
(Amounts in US Dollars)

	2014	2013
PROFIT FOR THE YEAR	**16 372 268**	**22 675 113**
Net fair value (loss) gain from financial assets at fair value through other comprehensive income	-524 504	-544 056
Other comprehensive (loss) income for the year	**-524 504**	**-544 056**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**15 847 764**	**22 131 057**

CONSOLIDATED CASH FLOW STATEMENT
For the year ended December 31, 2014
(Amounts in US Dollars)

	2014	2013
OPERATING ACTIVITIES		
Net income of the year	**16 372 268**	**22 675 113**
Adjustments for :		
Depreciation	583 481	437 552
Social fund	-220 000	-200 000
Share of profit from associates companies	-6 500 361	-13 300 876
Operating profit before changes in operating assets and liabilities	**10 235 388**	**9 611 789**
Changes in operating assets and liabilities		
Time deposits	-28 661 482	-31 666 098
Loans and advances	14 492 474	-27 637 283
Accrued interest and other assets	2 304 034	-2 099 386
Deposits from banks and financial institutions	-12 122 070	-3 793 837
Deposits from customers	-2 712 662	37 128 945
Accrued interest and other liabilities	-2 507 638	5 859 672
Net cash provided by operating activities	**-18 971 956**	**-12 596 198**
INVESTING ACTIVITIES		
Sales of financial assets designated at fair value through P&L	271 858	166 175
Purchase of financial assets at fair value through other comprehensive income	-4 925 000	-3 036 980
Sales of financial assets at fair value through other comprehensive income	5 682 893	12 353 875
Purchase of financial assets measured at amoertized cost	-5 814 767	-5 001 493
Sale of financial assets measured at amoetized cost	-	8 111 283
Purchase of fixed assets net	-1 290 143	-469 247
Net cash used by investing activities	**-6 075 159**	**12 123 613**
FINANCING ACTIVITIES		
Dividends paid	-4 000 000	-
Net cash used by financing activities	**-4 000 000**	**-**
Increase / Decrease in cash and cash equivalents	-29 047 115	-472 585
Cash and cash equivalents as of 1st January	72 320 447	72 793 033
Cash and cash equivalents as of 31 December	**43 273 331**	**72 320 447**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended December 31, 2014
(Amounts in US Dollars)

	Share Capital	Statutory Reserve	General Reserve	Revaluation Reserve	Investment FV reserve	Foreign Currency reserve	Retained Earnings	Total
Balance at December 31, 2012	**50 000 000**	**6 691 321**	**13 795 712**	**1 000 000**	**-206 486**	**-1 398 820**	**36 519 567**	**106 401 294**
Net income for the period							22 675 113	22 675 113
Other comprehensive income					-544 056			-544 056
Resorption investment revaluation reserve			-206 490		206 486			-4
Total comprehensive income			***-206 490***		***-337 570***		***22 675 113***	***22 131 053***
Transfer to statutory reserve		865 106					-865 106	-
Transfer to general reserve			1 000 000				-1 000 000	-
Transfer to general reserve (Others)			2 000 000				-2 000 000	-
Transfer to social fund							-200 000	-200 000
Share of changes recognised directly in associate's equity						420 213	-1 425 570	-1 005 357
Balance at December 31, 2013	**50 000 000**	**7 556 427**	**16 589 222**	**1 000 000**	**-544 056**	**-978 607**	**53 704 004**	**127 326 990**
Net income for the period							16 372 268	16 372 268
Other comprehensive income					-524 504			-524 504
Total comprehensive income					***-524 504***		***16 372 268***	***15 847 764***
Transfer to general reserve			1 000 000				-1 000 000	0
Dividends distributed							-4 000 000	-4 000 000
Transfer to social fund							-220 000	-220 000
Share of changes recognised directly in associate's equity						-8 060 536	-1 453 473	-9 514 009
Balance at December 31, 2014	**50 000 000**	**7 556 427**	**17 589 222**	**1 000 000**	**-1 068 560**	**-9 039 143**	**63 402 799**	**129 440 745**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Tunis International Bank for the year ended December 31, 2014 were authorised for issue in accordance with resolution of the Board of Directors on January 2015.

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 exempted from corporate tax for activities with 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 have been prepared on a historical cost basis except for financial assets measured at fair value 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 against individual significant loans and advances, 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.

Impairment of financial assets at amortised cost

Where there is objective evidence that an identified financial asset is impaired, specific provisions for impairment are recognised in the income statement. Impairment is quantified as the difference between the carrying amount of the asset and the net present value of expected future cash flows discounted at the asset's original effective interest rate where applicable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. The carrying amount of the asset is reduced directly only upon write-off.
The criteria that the Bank uses to determine that there is objective evidence of impairment loss include:

- Delinquency in contractual payments of principal or interest
- Cash flow difficulties experienced by the borrower
- Breach of loan covenants or conditions
- Initiation of bankruptcy proceedings
- Deterioration in the borrower's competitive position
- Deterioration in the value of collateral.

2.4. 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 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) Investments

All investments are initially recognised at cost being the fair value of consideration given and including acquisition charges associated with the investments. After the initial recognition, investments, other than investments in associated companies, are measured as follows:

Financial assets designated at fair value through P&L :

Investments classified as *"Financial assets designated at fair value through P&L"* are measured at fair value. Fair value is determined by reference to quoted bid prices. Fair value of investments listed on inactive markets and unlisted investments are determined using other generally accepted methods such as discounted cash flows or adjusted prices of similar investments. Realised and unrealised gains and losses on "*Financial assets at fair value through P&L* " are included in the income statement .

Financial assets at fair value through other comprehensive income :

Investments have been presented in financial assets at fair value through other comprehensive income in accordance with IFRS 9 to better reflect the Bank's business model for managing such assets.
Investments classified as *"Financial assets at fair value through other comprehensive income"* are measured at fair value. Fair value of investments listed on active markets is determined by reference to quoted bid prices. Fair value of investments listed on inactive markets and unlisted investments are determined using other generally accepted methods such as discounted cash flows or adjusted prices of similar investments. Investments whose fair value cannot be reliably measured are booked at cost. All fair value gain or losses are recognised in the statement of comprehensive income and not recycled through the income statement. Dividend income is recognized in the income statement.
The derecognition of the financial assets at fair value through other comprehensive income is recognised in profit or loss for the difference between:

(a) The carrying amount as of December 31, 2013 and
(b) The consideration received.

Financial assets measured at amortized cost:

Financial assets which held within a business model whose objective is to hold assets in order to collect contractual cash flow and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are carried at amortised cost, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition. Any gain or loss on such investments is recognised in the income statement.

(c) Deposits with banks and other financial institutions

Deposits with banks and other financial institutions are stated net of any amounts written off and allowance for impairment.

(d) Allowance for possible losses on income earning assets

The Bank provides for possible losses on its income earning assets based upon a review and evaluation of its exposures, taking into consideration the applicable regulations of Central Bank of Tunisia. Income earning assets include placements with other banks, loans and advances, marketable securities investments and commitments and contingencies arising from off balance sheet items.

The Bank has estimated the allowance for possible losses on income earning assets based upon all the circumstances and events known at the date of these financial statements. The allowance for loan losses comprises specific allowances against loans and advances and a collective impairment allowances.

Specific allowances are calculated based on the borrowers' debt servicing ability and adequacy of security. Specific allowances are made as soon as the debt servicing of the loan has been identified as doubtful and when management considers the estimated repayment realisable from the borrower is likely to fall short of the amount of principal and interest outstanding. These are treated as non-performing loans.

A collective impairment allowance is maintained for losses that are not yet identified but can reasonably be expected to arise, based on historical experience, from the existing overall credit portfolio over its remaining life. In determining the level of the collective impairment allowances, management also refers to the composition of the portfolio, industry and the Tunisian Central Bank requirements.

(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) Trade and settlement date accounting

All purchases and sales of consolidated financial assets including "regular way" ones are recognised on settlement date.

(h) 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 statement of income only to the extent of cash received.

(i) 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

	2014	2013
Cash	1 067 572	898 441
Due from Banks	42 205 758	71 422 006
	43 273 331	**72 320 447**

4. TIME DEPOSITS

	2014	2013
Up to 3 months	301 690 003	281 594 451
From 3 months to 1 year	11 612 296	3 046 366
	313 302 299	**284 640 817**

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

A - By nature	2014	2013
Listed securities	3 253 093	3 373 113
Unlisted securities	14 127 150	15 289 527
	17 380 243	**18 662 640**

B - By currency	2014	2013
Kuwaiti Dinars	10 014 112	11 194 896
US Dollars	2 159 076	2 042 785
Bahrain Dinars	3 133 289	3 133 302
United Arab Emirate Dirhams	219 978	219 984
Jordanian Dinars	635	635
Tunisian Dinars	1 853 154	2 071 038
	17 380 243	**18 662 640**

6. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

A - By nature	2014	2013
Government bonds and debt securities	3 339 116	967 143
Other bonds and debts securities	34 750 979	31 308 185
	38 090 095	**32 275 328**

B - By currency	2014	2013
USD	35 735 608	32 275 328
EUR	2 354 487	-
	38 090 095	**32 275 328**

C - By maturity	2014	2013
Up to 3 months	-	-
From 3 months to 1 year	983 531	-
Over 1 year	37 106 564	32 275 328
	38 090 095	**32 275 328**

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:

	2014	2013
Total assets	1 994 169 022	1 843 405 051
Total liabilities	(1 762 524 879)	(1 601 715 413)
Net assets	**231 644 143**	**241 689 638**
Revenues	**145 197 171**	**148 886 021**
Profit for the year	**48 635 417**	**63 210 150**

8. LOANS AND ADVANCES, NET

	2014	2013
Bank and financial institutions	91 498 268	103 883 058
Corporate businesses, private and others	31 082 601	31 691 515
	122 580 870	**135 574 574**
Allowances for loan losses	(10 651 598)	(9 152 828)
	111 929 271	**126 421 745**

8.1 Geographical analysis

	2014	2013
Middle East/Africa	111 929 271	126 421 745
	111 929 271	**126 421 745**

8.2 Maturity analysis

	2014	2013
Up to 3 months	20 635 945	20 309 287
From 3 months to 1 year	55 440 743	70 463 880
Over 1 year	35 852 584	35 648 578
	111 929 271	**126 421 745**

8.3 Allowances for loan losses

The movements of allowance for loan losses are as follows :

	Specific allowance	General allowance	Total
Balance at 31 December 2013	**7 990 179**	**1 162 649**	**9 152 828**
Allowances of the year	1 700 000	-	1 700 000
Reclassification	512 250	-512 250	0
Exchange adjustment	-201 230	-	-201 230
Balance at 31 December 2014	**10 001 199**	**650 399**	**10 651 598**

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 650 KUS$. This amount has been calculated using, as a minimum, the model indicated in the CBT circular N°2012-02 of January 11, 2011 followed by the circular N°2012-8 of March 2, 2012.

8.4 Non-performing loans

	Loans and advances	Interest suspended	Provisions	Collateral held against NPL
Bank and financial institutions	21 596 375	2 369 227	8 125 663	4 000 000
Corporate businesses, private and others	4 609 882	1 305 704	1 875 536	1 836 639
	26 206 257	**3 674 931**	**10 001 199**	**5 836 639**

9. ACCRUED INTEREST AND OTHER ASSETS

	2014	2013
Accrued interest receivable	721 624	462 722
Prepayments	209 921	2 772 856
	931 544	**3 235 578**

10. PROPERTY AND EQUIPMENT

	Net value 2014	Net value 2013
Land	700 000	700 000
Building	1 124 938	1 233 766
Office furniture and other fixed assets	1 832 060	1 016 570
Total net	**3 656 998**	**2 950 335**

11. DEPOSITS FROM BANKS AND FINANCIAL INSTITUTIONS

	2014	2013
Repayable on demand	2 062 545	14 692 061
Up to 3 months	170 493 164	167 071 386
From 3 months to 1 year	-	2 914 332
	172 555 708	**184 677 779**

12. DEPOSITS FROM CUSTOMERS

	2014	2013
Up to 3 months	280 079 297	290 633 551
From 3 months to 1 year	13 094 332	5 252 740
	293 173 629	**295 886 291**

13. ACCRUED INTEREST AND OTHER LIABILITIES

	2014	2013
Accrued interest payable	189 074	230 914
Waiting for settlement	5 227 533	7 161 776
Accrued expenses	3 031 256	2 276 364
Retirement benefits provision	3 161 076	2 818 699
Other liabilities	1 281 283	2 910 108
	12 890 222	**15 397 860**

14. SHAREHOLDERS' EQUITY

		2014	2013
Share capital		50 000 000	50 000 000
Reserves	(a)	25 077 089	24 601 593
Foreign currency translation reserve	(b)	-9 039 143	-978 607
Retained earnings		47 030 531	31 028 891
Part of reserve in associated company		*23 191 469*	*13 772 161*
Net profit of the period		16 372 268	22 675 113
		129 440 745	**127 326 990**

a- Reserves are detailed as follows :

	2014	2013
Statutory Reserves	7 556 427	7 556 427
General reserve	17 589 222	16 589 222
Revaluation reserve	1 000 000	1 000 000
Fair value Reserve	-1 068 560	-544 056
	25 077 089	**24 601 593**

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

	2014	2013
Interest on interbank placements	1 419 194	1 424 542
Interest on loans and advances	2 757 051	1 990 907
	4 176 245	**3 415 448**

16. OTHER INCOME

	2014	2013
Investment income (16.1)	2 467 871	2 846 246
Foreign exchange	2 190 351	3 614 691
Fees and commissions	3 963 294	5 466 634
	8 621 516	**11 927 571**

16.1 Investment income

	2014
Interest on financial assets at amortized cost	1 969 522
Dividends from financial assets at fair value through other comprehensive income	271 134
Dividends from financial assets designated at fair value through P&L	28 402
Losses on financial assets designated at fair value through P&L	-79 322
Gains from financial assets at fair value through other comprehensive income	278 135
	2 467 871

17. INTEREST EXPENSES

	2014	2013
Interest expenses on deposits and collaterals	332 906	354 965
Interest expenses on interbank deposits	1 197 526	1 105 108
	1 530 432	**1 460 073**

18. SALARIES AND BENEFITS

	2014	2013
Wages and salaries	3 239 216	3 049 173
Social security costs	627 148	653 923
Pension costs	340 000	322 800
Other	6 994	6 382
	4 213 358	**4 032 278**

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2014	2013
Depreciation	583 481	437 552
Premises costs	397 067	376 223
IT costs	260 038	163 252
Communication	359 020	330 034
Marketing & Advertising costs	106 094	112 444
Board fees	273 000	160 250
Tax	458 699	121 412
Administration costs	1 134 929	1 464 819
	3 572 328	**3 165 985**

20. EARNINGS PER SHARE

	2014	2013
Net profit attribualble to ordinary equity holders	16 372 268	22 675 113
Weighted average number of ordinary shares	5 000 000	5 000 000
Basic earnings per share	**3,27**	**4,54**

21. COMMITMENTS AND CONTINGENCIES

	2014	2013
Forward exchange contracts purchases	7 311 348	3 698 281
Forward exchange contracts sales	7 316 105	3 711 614
Letters of credit, guarantees and acceptances	16 307 879	23 176 876
	30 935 332	**30 586 771**

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 fair value through P&L				
Equity Securities	1 598 422	-	-	**1 598 422**
Debt Securities	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity Securities	3 253 093	14 127 150	-	**17 380 243**
Debt Securities	-	-	-	-
Financial assets measured at amortized cost				
Equity Securities	-	-	-	-
Debt Securities	38 090 095	-	-	**38 090 095**
Investments in associated companies				
Equity Securities	-	77 898 102	-	**77 898 102**
Debt Securities	-	-	-	-
	42 941 610	**92 025 252**	**-**	**134 966 862**

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 2014** 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	42 205 758	-	-	1 067 572	**43 273 331**
Time deposits	301 690 003	11 612 296	-	-	**313 302 299**
Securities held for trading	-	-	-	1 598 422	**1 598 422**
Investments held at fair value through equity	-	-	-	17 380 243	**17 380 243**
Held to maturity investments	-	983 531	37 106 564	-	**38 090 095**
Investments in associated companies	-	-	-	77 898 102	**77 898 102**
Loans and advances, net	20 635 945	55 440 743	35 852 584	-	**111 929 271**
Accrued interest and other assets	-	-	-	931 544	**931 544**
Property and equipment	-	-	-	3 656 998	**3 656 998**
Total assets	**364 531 707**	**68 036 570**	**72 959 148**	**102 532 882**	**608 060 305**
Deposits from Banks and financial institutions	172 555 708	-	-	-	**172 555 708**
Deposits from customers	280 079 297	13 094 332	-	-	**293 173 629**
Accrued interest and other liabilities	-	-	-	12 890 223	**12 890 223**
Shareholders' equity	-	-	-	129 440 745	**129 440 745**
Total liabilities and shareholders' equity	**452 635 006**	**13 094 332**	**-**	**142 330 968**	**608 060 305**

Currency wise interest rates are as follows:

	2014	**2013**
US Dollars	%	%
Assets	0.01 - 8.50	0.02 - 8.62
Liabilities	0.10 – 2.00	0.06 – 2.00
Kuwaiti Dinars		
Assets	0.0 – 0.0	0.0 – 0.0
Liabilities	1.50 – 2.00	2.00 – 2.50
Tunisian Dinars		
Assets	4.40 – 8.50	4.40 – 6.50
Liabilities	3.00 - 5.00	3.00 - 5.25
Euros		
Assets	0.01 - 7.00	0.09 - 7.14
Liabilities	0.10 - 2.00	0.03 - 2.00
British Pounds		
Assets	0.35 – 0.65	0.35 – 1.00
Liabilities	0.25 – 0.45	0.25 – 0.44

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 2014:

	2014 - 000'USD	
	Long position	**Short position**
Euros	225	-
Tunisian Dinar		-245
Saudi Riyals	-	-24
Canadian Dollar	18	-
Kuwaiti Dinar	648	-
Bahraini Dinar	25	-
Danish Kroner	-	-15
Libyan Dinar	-	-17
Algerian Dinar	-	-6
Swiss Francs	10	-
Arab Emirate Dirham	2	-
Moroccan Dirham	-	-3
Other	2	-12
	930	**-322**

25. LIQUIDITY RISK

The maturity profile of the assets and liabilities at **31 December 2014** was as follows :

	Up to 3 months	3 month to 1 year	1 year to 5 years	Undated	TOTAL
Bank demand and call deposits	43 273 331	-	-	-	**43 273 331**
Time deposits	301 690 003	11 612 296	-	-	**313 302 299**
Securities held for trading	1 598 422	-	-	-	**1 598 422**
Investments held at fair value through equity	-	-	-	17 380 243	**17 380 243**
Held to maturity investments	-	983 531	37 106 564	-	**38 090 095**
Investments in associated companies	-	-	-	77 898 102	**77 898 102**
Loans and advances, net	20 635 945	55 440 743	35 852 584	-	**111 929 271**
Accrued interest and other assets	-	-	-	931 544	**931 544**
Property and equipment	-	-	-	3 656 998	**3 656 998**
Total assets	**367 197 701**	**68 036 570**	**72 959 148**	**99 866 887**	**608 060 305**

Deposits from Banks and financial institutions	172 555 708	-	-	-	**172 555 708**
Deposits from customers	280 079 297	13 094 332	-	-	**293 173 629**
Accrued interest and other liabilities	-	-	-	12 890 223	**12 890 223**
Shareholders' equity	-	-	-	129 440 745	**129 440 745**
Total liabilities and shareholders' equity	**452 635 006**	**13 094 332**	**-**	**142 330 968**	**608 060 305**

26. RELATED PARTY BALANCES & TRANSACTIONS

December 2014

Assets	**Major shareholder "BB"**	**Associated companies "AGB"**	**Key management**	**Others Related Parties**	**Total**
Bank demand and call deposits	246 514	5 836	-	-	252 350
Time deposits	36 396 000	-	-	5 000 000	41 396 000
Financial assets designated at fair value through P&L	-	-	-	162 085	162 085
Financial assets at fair value through other comprehensive income	-	-	-	3 701 315	3 701 315
Financial assets measured at amortized cost	-	-	-	10 773 062	10 773 062
Investment managed by a related party	-	-	-	741 545	741 545
Investments in Associated Companies	-	77 898 102	-	-	77 898 102
Loans and advances, net	-	-	608 393	-	608 393
Accrued Interest receivable	-	-	-	19 445	19 445
	36 642 514	**77 903 938**	**608 393**	**20 397 451**	**135 552 296**
Liabilities					
Deposits from Banks and financial institutions	46 723 076	-	-	15 536 729	62 259 805
Accrued Interest payable	12 684	-	-	12 818	25 502
	46 735 760	**-**	**-**	**15 549 547**	**62 285 307**
Off-Balance sheet					
Letters of credit, guarantees and acceptances	-	5 796 205	-	-	5 796 205
	-	**5 796 205**	**-**	**-**	**5 796 205**

December 2014

Income Statement	**Major shareholder "BB"**	**Associated companies "AGB"**	**Key management**	**Others Related Parties**	**Total**
Interest Income	301 936	-	36 000	302 479	640 415

Other Income	-		-	852 497	852 497
Share of profit of associates		14 590 625			14 590 625
Interest Expense	-246 392	-	-	-166 726	-413 118
General & Administrative expenses	-		-	-360 000	-360 000
	55 545	**14 590 625**	**36 000**	**628 249**	**15 310 419**

Key management compensation

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

	2014	2013
Short term employee benefits - including salary & bonus	753 498	679 064
Accrual for end of services indemnity	62 791	55 735
	816 289	**734 799**

27. SEGMENTAL INFORMATION

	2014	2013
Assets		
North America	11 516 000	61 458 308
Europe	175 576 000	157 479 891
Middle East/ Africa	420 968 305	404 350 722
	608 060 305	**623 288 921**
Liabilities		
Europe	47 284 000	50 000 000
Middle East/ Africa	431 335 559	445 961 931
	478 619 559	**495 961 931**

	2014	2013
Investment Income		
Middle East/ Africa	2 381 814	2 726 231
North America	86 058	120 015
	2 467 871	**2 846 246**
Interest Income		
Europe	142 673	260 702
Middle East/ Africa	4 033 572	3 154 746
	4 176 245	**3 415 448**
Other Income		
Middle East/ Africa	6 153 645	9 081 325

	6 153 645	**9 081 325**

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.

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS AS AT DECEMBER, 31st 2014

To the Shareholders of Tunis International Bank,

In compliance with the assignment entrusted to us by the Management of your bank, we present below our report on the consolidated financial statements of Tunis International Bank for the year ended December, 31st 2014.

1. Introduction

We have audited the accompanying consolidated financial statements of Tunis International Bank which comprise the consolidated balance sheet as at December, 31st 2014, and the consolidated income statement, and the consolidated statement of comprehensive income, and the consolidated statement of cash flows and the consolidated statement of changes in shareholders' equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements present positive equities for an amount of USD 129 440 745, including a net income of USD 16 372 268.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes the design, the implementation and the monitoring of such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for making accounting estimates that are reasonable in the circumstances.

3. Statutory Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Tunisia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tunis International Bank as at December, 31st 2014 and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Tunis, March, 6th 2015

Mourad GUELLATY	**Dhia BOUZAYEN**
Cabinet Mourad GUELLATY	**F.M.B.Z KPMG TUNISIE**