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WORD FROM THE CHAIRMAN

BIA Bank stayed on course in 2016 in a reflection of its continued resilience and capacity to manage the considerable constraints relating to large exposures, without any visibility on the outcome of the reorganisation of the share capital that has been ongoing since 2011.

Being unable to work to its full capacity in spite of the potential harboured by its markets and businesses and its available liquidity, the bank accepts the price to be paid for the indefinite postponement of the recapitalisation in the same way as it accepts to bear the full cost of rendering its operational mechanisms fully compliant with regulations.

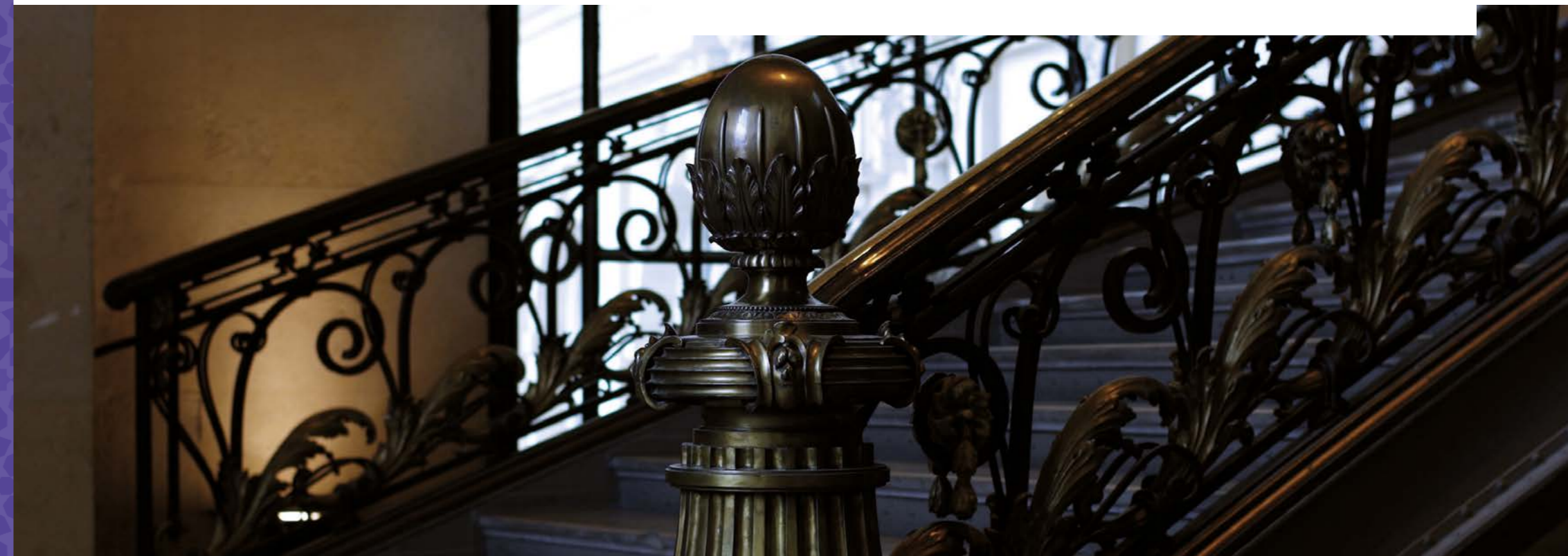
In such a context, I want to applaud all who work at the bank and their continual efforts towards three objectives:

- *safeguarding the business model;*
- *playing a part in the management of risk;*
- *responding to shifting regulations in a proactive manner.*

Going forward, the key to change lies with the shareholders and the implementation of a recapitalisation solution.

Said KESSASRA


PRESENTATION



GLOBAL ECONOMIC SITUATION

The scenario of a cyclical upturn in developed economies is subject to five uncertainties in 2017:

- what direction will the Trump administration be taking?
- what terms will be negotiated for the Brexit?
- how will the balance shift between bilateral policies and coordinated multilateral efforts?
- how will social regulations change amidst a distributional impact of globalisation that has a greater bearing on emerging economies (India and China first and foremost) than on western economies?
- what are the knock-on effects of the geopolitical instability in the Middle East and Libya?

Barring fiscal stimulus measures, the outlook for growth in developed economies will continue to rely on the actions of the central banks and their ultra-accommodative monetary policies. Growth is expected to average 1.9%.

Growth in global production is estimated at around 3% and will be driven by anticipated momentum in emerging economies and developing countries (India: 7.2% and China: 6.5%).

The scenario of an increase in commodity prices could be beneficial to the countries that produce such goods, although there is still some doubt over factors that could have a negative influence: protectionist measures, a contraction in international trade and greater currency risk with the increase in US interest rates.

The historic agreement reached by the members of OPEC (30 November 2016, Vienna) to cut overall oil production has sent crude oil prices back up, which is good news for oil-exporting nations.

Even so, an average price per barrel of USD 50-USD 60 is not enough to ease the pressure on public finances. To manage external constraints, governments need to move faster to switch to new models centred on diversifying their economies and accept the fact that it will take a good deal of time to develop and bring such models to fruition.

BIA IN A FEW WORDS

HISTORY

Created in 1975 in the heart of Paris, Banque BIA changed its name in 2006. Since the outset, Banque BIA's objective has been to strengthen and develop economic and financial relations between France and the Arab countries and, in the 80s, it specialised initially in financing commercial flows between France, Algeria and Libya. The 2000s saw the launch of a new commercial strategy extended to the whole of the Mediterranean region and Sub-Saharan Africa. As a result, Banque BIA has become a leading bank in France and Europe for the development of commercial relations between the two shores of the Mediterranean.

The new strategy implemented is a three-pronged "Customer-Efficiency-Mediterranean" strategy:

- As a company, Banque BIA's aim is to win new customers, establish their loyalty, create partnerships and encourage its teams to work towards the objectives of a customer-oriented strategy;
- As a bank and regulated establishment for the creation of value, it attends to guarantee the quality, responsiveness, security and efficiency of its operations in accordance with the regulations; as a leading Libyan and Algerian bank in France and Europe, Banque BIA constantly endeavours to maintain;
- A level of quality of service that bears comparison with the competition. It offers its customers the advantage of knowledge of the markets and the environment of the southern shores of the Mediterranean.

SHAREHOLDERS

The capital of 158,100,000 euros is held in equal shares by two State banks, Banque Exterieur d'Algerie and Libyan Foreign Bank. They are both leading banks in their respective countries and have considerable financial means, being in particular in charge of hydrocarbon transactions with importing countries (North America, Europe, Asia). They manage financial relations with the OECD zone on behalf of the big companies of these countries. They are therefore particularly concerned with their reputation and the brand image of their subsidiaries, especially their French subsidiary, Banque BIA.

BUSINESS LINE

DOCUMENTARY CREDITS

As far as overseas financing activities are concerned, documentary credits are Banque BIA's core business. The development of documentary credit operations continues to reflect both the natural support of the parent companies and the widening and strengthening of our relations with many banking institutions in the founding countries and in the world. Due to its specialisation and recognised expertise in the documentary credit business, Banque BIA is able to perform the essential role given to it since its creation: to facilitate foreign trade operations and advise customers on the markets it has in-depth knowledge about.

MEANS OF PAYMENT

The development of commercial operations between France and Algeria, on the one hand, and Libya, on the other, have tripled the bank's retail activity in terms of transfers and collection of cheques. The personalised service our Bank offers its customers has contributed to dynamise the transactions.

FINANCING

Due to its size, the bank is able to meet the requirements of a select clientele. We offer various types of facilities in order to provide assistance to our clients:

- Commercial credits,
- Discounting of receivables,
- Overdraft facilities,
- Financial credits,
- Mortgage loans,
- Performance guarantees, bid bonds, advance payment guarantees, ...

TREASURY-FOREX DEPARTMENT

Within Banque BIA the Treasury-Forex Department is in charge of the optimization of the management of funds as well as of the assessment and management of market risks resulting from the bank's activities. Apart from interbank transactions the Front Office also deals on the foreign exchange market in order to advise the bank's customers and accommodate their needs to cover their exposure.

MARKET

TYPOLOGY OF OUR CUSTOMERS

Banque BIA is a major player in the development of trade between France and the main countries of the southern region of the Mediterranean. Its activities are organised according to 2 types of customers:

• Banks

Banque BIA is the favoured partner of the main Algerian and Libyan banks for all banking operations relating to foreign trade; it also has an important role in the main countries of Africa and the Middle East, particularly in the context of documentary operations, syndications, financing and the issuance of guarantees. Banque BIA confirms documentary credits issued by banks situated in a large number of countries, particularly emerging countries. It is also a major player in the inter-bank market, essentially in short-term transactions.

• Companies

Banque BIA finances exporting companies or companies that want to develop turnover on its preferred markets. The development of this category of clientele intensified since 2003.

CONTROL AND MANAGEMENT UNITS**Shareholders**

Banque Extérieure d'Algérie	50 %
Libyan Foreign Bank	50 %

Board of Directors

Saïd Kessasra	<i>President</i>
Bashir Samalous	<i>Vice-president</i>
Mustafa Ben Khalifa	<i>Director</i>
Hocine Tahraoui	<i>Director</i>
Banque Extérieure d'Algérie	<i>Represented by Brahim Semid, Director</i>
Libyan Foreign Bank	<i>Represented by Naji Mohamed IssaBelgasem, Director</i>

Management Committee

Saïd Kessasra	<i>President</i>
Bashir Samalous	<i>Vice-président</i>
Amer Mohamed Amish	<i>Deputy General Manager Delegate</i>
Mohamed Younsi	<i>Deputy General Manager Delegate</i>

General Manager

Amer Mohamed Amish	<i>Deputy General Manager Delegate</i>
Mohamed Younsi	<i>Deputy General Manager Delegate</i>

Auditors

Artex Audit Associés	
Sofideec Baker Tilly	

Audit committee

Mustapha Ben Khalifa	<i>President</i>
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Account committee

Saïd Kessasra	<i>President</i>
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Overall Inspection

Sabine Hajjar	
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FINANCIAL REPORT



Balance Sheet (in € thousands)

ASSETS	31.12.2016	31.12.2015
Cash, central banks and post office accounts	2,660	2,817
Government bonds		
Amounts due from financial institutions	141,990	135,327
Amounts due from customers	99,149	110,667
Bonds and other fixed-income securities	31,071	67,846
Equities and other variable-income securities	133,888	90,512
Participating interests and other long-term securities	7,437	5,841
Shares in related undertakings		
Finance leases and purchase-option leases		
Operating leases		
Intangible assets	205	152
Property and equipment	1,326	1,155
Unpaid share capital		
Own shares		
Trading and settlement accounts		
Other assets	19,820	20,192
Prepayments and accrued income	822	1,361
TOTAL ASSETS	438,369	435,870

Off-Balance Sheet (in € thousands)

COMMITMENTS GIVEN	31.12.2016	31.12.2015
Financing commitments	6,741	8,214
Guarantees	106,575	195,482
Securities-related commitments		

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2016	31.12.2015
Central banks and post office accounts		
Amounts due to financial institutions	93,613	93,198
Amounts due to customers	174,923	175,326
Debt securities		
Other liabilities	1,058	1,243
Accruals and deferred income	2,913	3,448
Trading and settlement accounts		
Provisions for liabilities and charges	26,775	26,014
Subordinated debt		
Fund for general banking risks (frbg)		
Shareholders' equity excluding frbg		
Share capital	158,100	158,100
Share premiums		
Reserves	1,816	1,816
Revaluation reserve		
Regulated provisions and investment subsidies		
Retained earnings brought forward (+/-)	-23,275	-20,705
Income for the year (+/-)	2,446	-2,570
Retained earnings carried forward		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	438,369	435,870

COMMITMENTS RECEIVED	31.12.2016	31.12.2015
Financing commitments		
Guarantees	78,697	67,672
Securities-related commitments		

Income Statement (in € thousands)

INCOME STATEMENT FOR THE YEAR (in € thousands)	31.12.2016	31.12.2015
+ Interest income	6,047	6,375
- Interest expense	-411	-518
+ Finance lease income		
- Finance lease charges		
+ Operating lease income		
- Operating lease charges		
+ Income from variable-income securities	1,003	860
+ Commission income	1,473	1,697
- Commission expense	-299	-247
+/- Gains (losses) on trading portfolio transactions	417	375
+/- Gains (losses) on investment portfolio transactions	4,652	-10
+ Other banking operating income	27	131
- Other banking operating expenses	-4	-13
NET BANKING INCOME	12,904	8,649
- General operating expenses	-12,788	-12,625
- Net charges to depreciation and amortisation on non-current assets	-424	-357
GROSS OPERATING INCOME	-308	-4,332
Net write-backs (charges) to provisions for risk	-1,617	1,657
NET OPERATING INCOME BEFORE TAX	-1,925	-2,675
+/- Gains (losses) on property and equipment	4 365	0
PRE-TAX INCOME FROM ORDINARY ACTIVITIES	2,441	-2,675
+/- Exceptional items	5	105
- Tax (+/-)	0	
+/- Net write-backs from (charges to) frbg and regulated provisions	0	
NET INCOME	2,446	-2,570

Notes to the financial statements, for the financial year ended 31.12.2016**1. ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS**

The financial statements of BIA Bank have been prepared and presented in accordance with the provisions of regulation ANC 2014-07 of the French accounting standards authority (Autorité des normes comptables). Interest income and related commissions are recognised on an accrual basis. Fees for services (not interest-related) are recorded when the services are rendered.

2. FOREIGN CURRENCY TRANSLATIONS

Foreign currency denominated loans, receivables, debts and off-balance sheet commitments (outside the eurozone) have been translated into euros at the exchange rate determined by the French central bank at the reporting date. Currency gains and losses relating to loans, borrowings and similar, securities and off-balance sheet commitments have been translated into euros at the prevailing spot rate when recognised in income and expense.

3. FOREIGN CURRENCY TRANSACTIONS

Currency gains and losses arising from the remeasurement of balance sheet accounts are recognised in income and expenses at each reporting date. Foreign currency forward contracts not settled at the reporting date and hedged by spot currency transactions are remeasured at the prevailing spot rate at year end. The premiums and discounts calculated when concluding the contracts are reported in income and expenses prorated over the term of the contracts.

4. NON-CURRENT ASSETS

Non-current assets are recognised in the balance sheet at cost broken down in accordance with Regulation CRC 2004-06 applicable as of 1 January 2005, less depreciation and amortisation calculated on a straight-line basis based on their estimated useful life, in accordance with Regulation CRC 2002-10 mandatory for financial periods beginning on or after 1 January 2005. Intangible assets relate to computer software.

5. SECURITIES

The item "Bonds and other fixed-income securities" relates to bonds. The premiums and discounts are amortised on a straight-line basis over the life of the instruments.

"Equities and other variable-income securities" relate to UCITS and listed securities valued at their market value.

The item "Equity securities held for investment" comprises shares and related instruments that the bank intends to hold on a long-term basis and are recognised at cost.

6. DOUBTFUL DEBTS

In accordance with the requirements of Article 2221 of regulation ANC 2014-07, a distinction is made, for all credit risk, between performing debt, doubtful debt and compromised doubtful debt. Doubtful debt is reclassified to compromised doubtful debt when there is a very low likelihood of recovering the debt and where writing off the debt in the long run is considered. Interest income is no longer recognised after the debt has been reclassified to compromised doubtful debt.

In accordance with Article 2221-5 of regulation ANC 2014-07, restructured loans and receivables are reclassified as performing loans and receivables. A valuation haircut is also recognised on these debts, which is calculated based on the debts' recorded market price or that of debts of the same type and with the same features that have recently been traded. The income and expenses relating to the management of valuation haircuts applied to restructured debts are recognised in the cost of risk.

7. PROVISIONS

In accordance with the applicable regulations, each compromised debt is valued according to its risk of non-recovery at the balance sheet date. The assessment criteria of risks we have defined are based on the economic and political situation on the one hand, and on the intrinsic nature of the debt on the other, as well as the debt's price quoted on a regulated market where applicable. Unpaid interest and accrued interest on doubtful uncompromised debt is fully provisioned.

8. EMPLOYEE BENEFITS

Regulatory provisions on mandatory supplementary pension plans are applied through contributions, included in the year's expenses, paid to pension organisations as provided for by collective agreement.

Provisions are made for retirement benefit obligations in accordance with the option provided for in Article L 123.13 of the French Commercial Code.

In accordance with Recommendation CNC No. 03 – R – 01, obligations relating to long-service awards are recognised in expenses for the year.

In accordance with the applicable legislation on employee benefits, social security contributions are also provisioned.

9. CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

The financial statements for the year are presented as defined under Regulation ANC 2014-07.

Additional information on the annual financial statements for the year ended 31 December**1. TOTAL ASSETS**

At year end, total assets were stable at EUR 438,369k compared to EUR 435,869k at year end 2015.

2. GEOGRAPHIC DISTRIBUTION OF LOANS AND RECEIVABLES

The geographic distribution of loans and receivables changed dramatically between 2015 and 2016. Loans and receivables due from the European Union accounted for half of the total, whereas those due from Algeria fell from almost a quarter to just 15%.

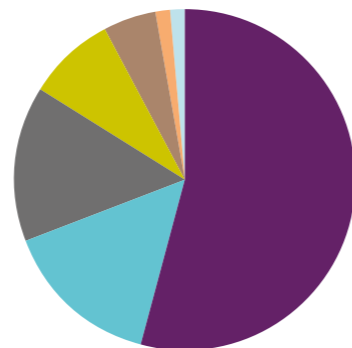
3. CASH AND INTERBANK TRANSACTIONS

Overdrafts on current accounts mainly comprise our sight deposits with correspondent banks.

Deposit accounts and term loans mainly comprise short-term interbank cash and investment transactions with the central bank.

Bank debt in non-OECD countries amounted to EUR 69,246k and provisions for impairment of the assets in question totalled EUR 50,542k.

As at 31 December 2016, no receivable relative to our shareholders was recognised in assets.

GEOGRAPHIC BREAKDOWN OF LOANS as at 31.12.2016

■ 54.27% <i>European Union and EU assimilated</i>	■ 1.28% <i>Other European countries</i>
■ 15.14% <i>Middle East</i>	■ 4.93% <i>Other African countries</i>
■ 1.38% <i>Libya</i>	■ 8.41% <i>Other countries</i>
■ 14.59% <i>Algeria</i>	

Cash and interbank transactions break down as follows:

ASSETS (in € thousands)	2016	2015
Cash	309	312
Sight deposits with central banks	2,351	2,504
Ordinary accounts	52,735	49,403
Deposit accounts and term loans	88,657	85,336
Accrued interest - bank loans	99	98
Securities taken under repurchase agreements	0	0
Doubtful debts	499	490
TOTAL	144,650	138,144

Breakdown of interbank transactions

(Time remaining)

(en milliers d'euros)	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	Total
Interbank term loans and financial loans	18,025	65,412			5,220	88,657

4. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprise corporate loans, other customer lending and overdrafts on current accounts.

Accrued interest is aggregated with the main headings in the balance sheet. Loans and advances to non-OECD customers totalled EUR 45,065k.

Discounts and provisions relating to these assets totalled EUR 10,293k and EUR 7,529k respectively.

Customer overdrafts include net doubtful debts and outstanding payments in the amount of EUR 10,321k; provisions were set aside for 75% of these debts.

(in € thousands)	2016	2015
Lending to customers	86,575	91,387
Ordinary accounts	2,178	4,175
Net doubtful debts and outstanding payments	10,321	15,036
Accrued interest	74	68
TOTAL	99,149	110,666

Breakdown of customer lending (time remaining)

(in € thousands)	Liabilities au Jour le jour	< 3 months	3 months < D <= 1 year	1 year < D <= 5 years	> 5 years	Total
Loans and advances to customers		10,349	1,805	55,359	19,061	86,574

5. SECURITIES

SECURITIES SUMMARY as at 31.12.2016 (in € thousands)											
Title	Provisionable base			Provisions			Premium and Discount	Net risk in €k (Dec. 2015)	% prov	Value at 31.12.16	Unrealised capital gain
	Debts at 31.12.16 in €k	Debts at 31.12.15 in €k	2016/2015 change in €k	Inventory 31.12.16 in €k	Inventory 31.12.15 in €k	2016/2015 change in €k					
Investment securities	169,562	164,735	4,827	(6,585)	(12,060)	5,475	1,983	164,959	3.88%	164,959	638
Equity investments	7,858	6,427	1,431	(421)	(586)	165		7,437	5.35%	-	
TOTAL GENERAL	177,420	171,161	6,258	(7,006)	(11 378)	5,640	1,983	172,396	3.95%	164,959	638

The securities portfolio is classified as investment securities and equity investments and mainly comprises:

- Bonds and similar securities, primarily invested in eurozone sovereign debt, to the tune of EUR 18 million, and in instruments issued by financial institutions, to the tune of EUR 12 million. These instruments accounted for around 20% of the total investment securities.
- Shares or units of money market UCITS in the amount of EUR 66 million, bond UCITS in the amount of EUR 45 million and equity UCITS in the amount of EUR 15 million.

- Equities and similar instruments, acquired as long-term investments with an investment objective, and generally listed on the main international indices, with a net carrying amount of EUR 9 million at year end.
- Foreign equity investments denominated in US dollars.

Debts that have a non-performing profile are taken to doubtful debts.

SUMMARY AS AT 31 DECEMBER 2016 (Excluding accrued interest and settlement accounts) (in € thousands)							
Title	Gross amount outstanding	Provisions	Premium / Discount	Net risk at 31.12.16 in €k	Coverage %	Net present value at 31.12.16	Unrealised capital gain
Investment securities Fixed income	30,427	(1,674)	1,983	30,736	1.01%	30,796	60
Investment securities Variable income	138,799	(4,911)		133,888	3.54%	134,644	578
Doubtful debts	-	-	-	-	-	-	-
TOTAL	169,226	(6,585)	1,983	164,624	-2.72%	165,439	638

Equity investments at 31.12.2016

INVERSIONES HOTELERAS/LOS CABOS
This company, with an initial share capital of USD 20,055,789, is the owner, by virtue of a shareholding, of the "Hotel Melia Cabo Real" in Los Cabos (Mexico),

which is run by Grupo Sol. No dividends were recorded for the financial year. This holding was sold off in full in 2016 as part of a deal that will be finalised in the course of 2017.

ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISME (AICHT)/ CAIRO

This company, with a share capital of USD 150,463,700 (BIA Bank holds a 3.94% stake for a book value of USD 4,434,000), owns several hotels in Egypt. BIA Bank did not record any dividends in 2016 and, as a precautionary measure, decided to maintain the 10% provision set aside on this investment.

ARAB FINANCIAL SERVICES/MANAMA (BAHRAIN)

This company has a share capital of USD 30,000,000 and has investment bank status. BIA Bank holds a 1.63% stake in the company, i.e. USD 463,700.

In 2016, BIA Bank recorded a dividend of USD 29,336, i.e. a yield of 6.3%.

Equity investments at 31.12.2016

SUMMARY OF EQUITY INVESTMENTS (in € thousands)						
Description	BIA shares	Gross value	Provisions	Net carrying amount	Net assets	Unrealised capital gains or losses
Produits à recevoir Inversiones Los Cabos*		3,210		3,210		3,210
AICHT	3.94%	4,206	(421)	3,786	3,385	-400
AFS	1.63%	440		440	926	486
TOTAL		7,856	(421)	7,435	4,311	3,296

* This holding was sold in December 2016. The amount shown in the table corresponds to the income accrued (capital gains) on the sale, which will be settled in 2017.

6. TYPES OF DOUBTFUL DEBTS

By asset class, the breakdown of doubtful debts is as follows:

RECAPITULATIF DES CREANCES DOUTEUSES ET PROVISIONS (y compris titres douteux) au 31.12.2016 (en milliers d'euros)								
Title	Debts			Provisions			Net risk in €k	Coverage %
	Debts at 31.12.2016 in €k	Debts at 31.12.15 in €k	2015/2016 change in €k	Inventory 31.12.2016 in €k	Inventory 31.12.2015 in €k	2016/2015 change in €k		
Credit institutions	51,024	55,643	(4 619)	(50 542)	(55 169)	4,627	482	99.1%
Customers	41,230	50,407	(9 177)	(30 399)	(33 802)	3,402	10,831	73.7%
Investment securities								
TOTAL	92,254	106,050	(13 796)	(80 941)	(88 970)	8,030	11,313	87.7%

In accordance with Article 28 of regulation CRC 2002-03, gross doubtful debts are presented according to the following breakdown:

GEOGRAPHICAL REGIONS

NON-PERFORMING DOUBTFUL DEBTS (in € thousands)				
Regions	Net outstanding debt in €k 2016	31.12.16	Net outstanding debt in €k 2015	31.12.15
Europe	817	37%	1,469	49%
Moyen-Orient	1,247	56%	1,213	41%
Pays Africains	144	7%	313	10%
Algérie				
Lybie				
Reste du monde				
TOTAL	2,207	100%	2,994	100%

DOUBTFUL DEBTS, NOT CLASSIFIED AS NON-PERFORMING (in € thousands)				
Regions	Net outstanding debt in €k 2016	31.12.16	Net outstanding debt in €k 2015	31.12.15
Europe	9,106	100%	11,489	93.46%
Algérie				
Moyen-Orient			2,594	18%
Pays Africains			1	0%
TOTAL	9,106	100%	14,084	112%

ECONOMIC AGENTS

NON-PERFORMING DOUBTFUL DEBTS (in € thousands)				
Economic agents	Net outstanding debt in €k 2016	31.12.16	Net outstanding debt in €k 2015	31.12.15
Banques	482	22%	474	16%
Entreprises	1,692	77%	2,492	83%
Etats				
Particuliers	33	1%	28	1%
TOTAL	2,207	100%	2,994	100%

DOUBTFUL DEBTS, NOT CLASSIFIED AS NON-PERFORMING (in € thousands)				
Economic agents	Net outstanding debt in €k 2016	31.12.16	Net outstanding debt in €k 2015	31.12.15
Entreprises	9,106	100%	14,084	100%
Particuliers				
Banques				
TOTAL	9,106	100%	14,084	100%

7. OTHER ASSETS, PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2016, other assets, prepayments and accrued income break down as follows:

The "Government (corporate tax and VAT)" item almost entirely relates to payments made to the tax authorities as part of disputes that are currently before the courts. These amounts are fully provisioned.

ASSETS (in € thousands)	2016	2015
Other assets	19,820	20,192
Sundry debtors	90	152
Government (corporate tax and VAT)	19,696	20,014
Security deposits and guarantees	33	27
Prepayments and accrued income	822	1,361
Deposits in transit	0	0
Foreign exchange adjustment	0	0
Prepaid expenses	124	128
Accrued income	637	752
Negative/positive carry-over to be received	31	19
Entries to be adjusted	30	461

8. FIXED ASSETS AND DEPRECIATION AND AMORTISATION

The gross value (before depreciation and amortisation) of intangible assets, comprised mainly of computer software, amounted to EUR 2,302k, and that of property, plant and equipment amounted to EUR 6,312k, rising year on year. A property asset not relevant to business operations was acquired at auction as part of the settlement of a customer debt in litigation.

FIXED ASSETS (in € thousands)	Amount at end 2015	Acquisitions	Sales Retirements	Amount at end 2016
Intangible assets	2,175	148	21	2,302
Property, plant and equipment	6,163	149		6,312
Property asset not relevant to business operations		350		350
TOTAL	8,338	647	21	8,964

In accordance with regulation CRC 2002-10, depreciation and amortisation are calculated on the basis of the useful life of the assets and exclusively on a straight-line basis.

DEPRECIATION AND AMORTISATION (in € thousands)	Amount at end 2015	Provisions	Reversals on sales	Amount at end 2016
Amortisation of intangible assets	2,022	95	21	2,096
Depreciation of property, plant and equipment	5,008	249		5,257
Provision/property asset not relevant to business operations		80		80
TOTAL	7,030	424	21	7,433

9. AMOUNTS OWED TO CREDIT INSTITUTIONS

At the end of 2016, funds from interbank items were stable year-on-year at EUR 93 million, still at a very low level, amid persistently-low deposit volumes from our shareholder and affiliate banks.

Banks' sight deposits mainly consist of foreign bank current accounts, for the most part in the countries where our shareholder banks are located.

Deposits from banks from non-OECD countries were stable at EUR 87,152k, accounting for close to 95% of the total.

Deposits from credit institutions are broken down as follows:

LIABILITIES (in € thousands)	2016	2015
Current accounts	25,992	37,187
Deposit accounts and term loans	67,507	56,004
Accrued interest	19	6
TOTAL	93,519	93,198

BREAKDOWN OF INTERBANK TRANSACTIONS (time remaining) (in € thousands)						
	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Interbank term loans		61,361	6,147			67,507

10. CUSTOMER DEPOSITS

Customer funds were stable year-on-year as at 31 December 2016, amounting to EUR 174,923k.

Sight and term deposits from customers from non-OECD countries moved down from EUR 137,984k as at 31 December 2015 to EUR 131,755k, accounting for 75% of total customer deposits.

(in € thousands)	2016	2015
Ordinary customer accounts	71,035	73,120
Security deposits	1,509	2,590
Term deposits	102,351	99,608
Accrued interest	20	7
Other sums due	9	1
TOTAL	174,923	175,326

TERM DEPOSITS (time remaining) (in € thousands)						
	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Comptes créditeurs à terme		100,927	1,424			102,351

11. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

At year end, the breakdown of balances of other liabilities, accruals and deferred income was as follows:

LIABILITIES (in € thousands)	2016	2015
Other liabilities	1,058	1,243
Sundry creditors	25	157
Government (VAT-Flat-Rate Withholding Tax)	67	102
Social security expenses to be paid	966	984
Accruals and deferred income	2,913	3,448
Accounts due after deposit	232	65
Foreign exchange adjustment	0	0
Deferred income	49	163
Expenses to be paid	2,202	1,739
Negative/positive carry-over to be paid	0	0
Entries to be adjusted	430	1,481

12. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges consist of country risk provisions, tax and social security provisions and other provisions, particularly of a legal nature.

SUMMARY OF PROVISIONS FOR LIABILITIES AND CHARGES as at 31.12.2016 (in € thousands)			
Title	Provisions		
	Inventory 31.12.2016 in €K	Inventory 31.12.2015 in €K	16/15 change in inventory in €K
Country risks	3,761	3,076	685
Tax provisions*	19,489	19,489	0
Social security provisions**	2,903	2,621	282
Other provisions for liabilities and charges***	622	828	(206)
TOTAL GENERAL	26,775	26,014	761

* The bank was subject to tax adjustments in respect of the 2000 and 2001 financial years and to a lesser extent for 1996 and 1997. It challenged the grounds for these adjustments and, with the assistance of its advisers, undertook a number of administrative, legal and diplomatic means of recourse, which will be ongoing for several years.

The bank has made provisions covering all of its tax disputes.

** In accordance with CNC regulation No. 03 - R - 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, a EUR 73k allocation to provisions for retirement benefit obligations was recognised. This provision was calculated according to the methods commonly used in similar situations based on the probability of retirement of staff, at the age of 67, discounted at the rate of 1.31%.

*** Subsequent to a favourable verdict in one particular litigation case, a provision reversal in the amount of EUR 274k was recognised in 2016.

13. SUBORDINATED DEBTS

None.

14. EQUITY AND PROFIT FOR THE YEAR

The share capital, fully paid up, stands at EUR 158,100k, i.e. 10,540,000 shares with a par value of EUR 15 per share.

Other equity was a negative EUR 21,459k, broken down as follows:

- Retained loss: EUR 23,275k
- Statutory reserve: EUR 1,816k

For the year ended 31 December 2016, BIA Bank posted a net profit, after the calculation of corporate income tax, of EUR 2,446k.

The proposed appropriation of this loss is as follows:

- EUR 2,446k to be posted to retained earnings. Consequently, retained earnings will show a debit balance of EUR 20,829k.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments break down as follows:

FINANCING COMMITMENTS (in € thousands)	2016	2015
Financing commitments in favour of credit institutions		
Letters of credit opened	1,780	3,168
Other credit lines confirmed	4,961	5,047
Acceptances to be paid or undertakings to pay	0	0
TOTAL	6,741	8,214

Financing commitments outstanding were very low as at 31 December 2016, falling by 17% versus the level recorded as at the end of 2015. There were no financing commitments in favour of our shareholders.

Guarantee commitments break down as follows:

GUARANTEE COMMITMENTS (in € thousands)	2016	2015
Confirmed letters of credit	86,417	164,950
Other guarantees to credit institutions	7,245	5,730
Other irrevocable commitments to credit institutions	11,654	23,899
Other guarantees to customers	1,260	903
Doubtful commitments	0	0
TOTAL	106,575	195,482

Guarantee commitments were down sharply year-on-year as at 31 December 2016 (falling 45%). Commitments with shareholder banks followed the same downward movement, falling to EUR 36,022k as at the end of 2016 versus EUR 62,588k as at the end of 2015; commitments with shareholders made up 33.8% of the total.

Commitments received as security break down as follows:

COMMITMENTS RECEIVED AS SECURITY (in € thousands)	2016	2015
Guarantees received from credit institutions	72,151	61,334
Guarantees received from insurance companies and government agencies	6,546	6,338
TOTAL	78,697	67,672

At year end, guarantee commitments received from shareholders amounted to EUR 4,593k, or 6.8% of the total.

16. OTHER COMMITMENTS

The total amount of other surety operations was EUR 12,000k.

17. NET BANKING INCOME

BREAKDOWN OF NET BANKING INCOME (in € thousands)	Expenses (-)	Income (+)	Total (+ or -)
+/- Interest and similar income	(2,677)	8,313	5,637
Of which bank	(268)	611	343
Customers	(143)	2,008	1,865
Securities	(2,266)	1,577	(689)
Treated as commissions		4,117	4,117
+ Income from variable income securities	0	1,002	1,002
Of which securities		1,002	1,002
+/- Commissions	(298)	1,473	1,175
Of which bank	(276)	0	(276)
Customers		356	356
Securities			0
Signed commitments			
Other	(22)	1,117	1,095
+/- Operating profits or losses from trading portfolios	(5)	421	417
+/- Operating profits or losses from investment portfolios and similar	(13,563)	18,215	4,652
+ Other bank operating income and expenses	(4)	27	23
TOTAL	(16,546)	29,451	12,905

NBI for the year ended 31 December 2016 registered a sharp increase, climbing 49% to EUR 12.9 million, up from EUR 8.6 million at the end of 2015. The main reasons for this increase were as follows:

- Net income of EUR 4.5 million on the investment portfolio compared with an end-2015 figure that was close to breakeven. This was attributable for the entire year-on-year increase in NBI.

There was also:

- A further contraction in net interest income (down 1.1%) and in net commission income (down 19%), tied to weak business volumes and low interest rates.
- A marked 16.7% improvement in income derived from variable-rate securities, which rose from EUR 860k in 2015 to EUR 1,003k.

SUMMARY OF GAINS OR LOSSES ON INVESTMENT PORTFOLIOS AND SIMILAR

As at 31 December 2016 (in € thousands)

Title	Expenses	Income	Net amounts
Capital gains or losses on sales of investment securities	(4,238)	3,082	(1,156)
Allocations to and reversals of provisions on investment securities	(9,326)	14,948	5,623
Allocations to and reversals of provisions on equity investments	0	0	0
TOTAL	(13,563)	18,030	4,467

18. GENERAL OPERATING EXPENSES

General operating expenses break down as follows:

GENERAL OPERATING EXPENSES (in € thousands)	2016	2015
Salaries and other benefits	4,875	4,770
Social security expenses	2,495	2,358
Incentive bonuses and employee profit sharing	53	38
Net provisions for social security	269	245
Taxes, duties and similar payments on remuneration	657	687
Personnel costs subtotal	8,349	8 098
Other taxes and duties	195	235
Rentals	29	31
Transport and travel	684	752
Other outside services	3,534	3,545
Recharged expenses	(2)	(37)
Other operating expenses subtotal	4,439	4 527
TOTAL	12,788	12,625

- General operating expenses were kept under control and remained stable between 2015 and 2016, edging up a very slight 1% from EUR 12.63 million at the end of 2015 to EUR 12.75 million.
- Personnel costs registered a moderate increase of 3%, bringing them up from EUR 8.1 million at the end of 2015 to EUR 8.3 million.
- Other operating expenses were kept under control, falling 2.7% from EUR 4.5 million at the end of 2015 to EUR 4.4 million. Audit fees registered a sharp decrease (down 31.6%) as did most current expenditure, which, through renegotiation or benchmarking, made it possible to produce considerable savings, particularly in office supplies (cut by 32%), subscriptions and

documentation (reduced by 35%) and telecommunications and SWIFT expenses (30.6% decrease). However, legal fees registered a sharp increase (rising 45%).

- Expenses rebilled to shareholders that remain outstanding amounted to EUR 2k in 2016.
- The auditors' fees for the statutory audit of the financial statements for the year ended 31 December 2016 amounted to two hundred and forty one thousand four hundred and forty euros inclusive of VAT, corresponding to a year-on-year decrease of 20%.

19. DEPRECIATION AND AMORTISATION

The annual expense for the depreciation, amortisation and provisions relating to fixed assets amounted to EUR 425k, up 19% year on year. This sharp increase was attributable to the recognition of a EUR 80k provision on a property asset located in the Loiret region of France that was acquired at auction.

20. COST OF RISK

Movements with regard to the change in the cost of risk are presented below:

COST OF RISK (in € thousands)	Provisions	Reversals	Net amount
Doubtful debts – Banks	(0)	5,266	5,266
Doubtful debts – Customers	(2,912)	5,283	2,371
Doubtful investments	0	0	0
Signed commitments	(884)	-	(884)
Country risk	(472)	623	150
Other liabilities and charges	(25)	274	249
Discount recognised on restructured loans and receivables		2,662	2,662
Losses on unrecoverable loans and receivables	(11,431)		(11,431)
TOTAL COST OF RISK	(15,725)	14,108	(1,617)

In accordance with Article 6 of regulation CRC 2002-03, restructured loans and receivables are reclassified as performing loans and receivables. Valuation haircuts were applied to all these loans and receivables based on their market values. The income and expenses related to the management of haircuts on

restructured loans and receivables are recognised under the cost of risk. The losses on unrecoverable loans and receivables incorporated into the cost of risk corresponded to the absorption of old loans and receivables, all almost entirely provisioned.

21. GAINS OR LOSSES ON DISPOSALS

The sale of BIA Bank's shareholding in Inversiones Hoteleras Los Cabos made it possible to register a gain of EUR 4,430k. The settlement of the sale, including a portion of this gain, will be finalised during the course of 2017.

22. NON-RECURRING ITEMS

Non-recurring income was marginal at EUR 4k.

Mr Faucon explained that the Bank had not signed any so-called regulated agreement during 2016 and that only the agreement of 2012 continued to apply in 2016, as covered in the report of the statutory auditors for the shareholders.

Mr Saïd Kessasra next took the floor, informing the shareholders that his term as a director of Banque BIA expired on this day and that he did not seek a further term as a director. He added that his term as Chairman of the Board of Directors and General Manager also ended on this day and that he returned to Banque Extérieure d'Algérie the Banque BIA share it had lent to him.

As no one else requested the floor, the Chairman next put the following resolutions to the vote:

RESOLUTIONS FOR THE ORDINARY GENERAL MEETING

FIRST RESOLUTION

The annual Ordinary General Meeting of Shareholders approves the agreement referred to in the report of the statutory auditors.

This resolution was passed unanimously

SECOND RESOLUTION

After hearing the management report of the Board of Directors and the general report of the statutory auditor, the annual Ordinary General Meeting of Shareholders approves the financial statements and balance sheet for the 2016 financial year as presented, as well as the company transactions reflected in said financial statements and reports.

This resolution was passed unanimously

THIRD RESOLUTION

The annual Ordinary General Meeting of Shareholders approved insofar as needed the amount of attendance fees allocated to the Board of Directors for the 2016 financial year, i.e. € 318,000 after taxes (€ 318,000 in 2013, 2014 and 2015).

This resolution was passed unanimously

FOURTH RESOLUTION

The annual Ordinary General Meeting of Shareholders noted that the 2016 financial year had ended with a profit of €2,445,546.

At the proposal of the Board of Directors, it decided to allocate this result entirely to retained earnings.

Consequently, the carry-forward account will continue to show a deficit of (€20,829,304).

Pursuant to Article 243 bis of the French General Tax Code, no dividend had been made available for payment for the past three financial years.

This resolution was passed unanimously

FIFTH RESOLUTION

The annual Ordinary General Meeting of Shareholders confirmed the decision of the Board of Directors, at the Board meeting of 16 September 2016, to coopt:

Mr Hocine Tahraoui,

Born on 14 March 1958 in El Affroun Wilaya de Blida (Algeria)

of Algerian nationality

Residing Rue des Frères Djennadi – bâtiment A2 no. 25 – Blida – Algeria,

as a director to replace Mr Mohamed Loukal, who had resigned.

Consequently, Mr Hocine Tahraoui will hold office as a director for the remainder of his predecessor's term; i.e. until adjournment of this annual General Meeting called to vote on the financial statements for the financial year ended 31 December 2016.

This resolution was passed unanimously

SIXTH RESOLUTION

The annual Ordinary General Meeting of Shareholders grants full and unreserved discharge to the directors for their management during the 2016 financial year.

This resolution was passed unanimously

SEVENTH RESOLUTION

The annual Ordinary General Meeting of Shareholders acknowledges that the term of office of the directors expires on adjournment of this General Meeting and resolves to renew their term as directors:

- Banque Extérieure d'Algérie,

- Libyan Foreign Bank,

- Mr Mustafa Ben Khalifa,

- Mr Bashir Samalous,

- Mr Hocine Tahraoui,

and to appoint as a new director, to replace Mr Saïd Kessasra:

Mr Brahim Semid

of Algerian nationality

Born on 5 July 1962 in Alger (Algeria)

Residing Lot AADL, no. 119 Saïd Hamdine Bir-Mourad-Rais (Algeria)

for a three-year term expiring on adjournment of this General Meeting called to vote on the financial statements for the financial year ending 31 December 2019 and in any event no later than 31 December 2020.

This resolution was passed unanimously

EIGHTH RESOLUTION

The annual Ordinary General Meeting of Shareholders acknowledges that the term of office of the full and alternate statutory auditors expires on adjournment of this General Meeting and resolves to:

- Renew the full statutory auditorship of:

• Baker Tilly Sofideec

A société anonyme (public limited company) with capital of €4,937,814

Registered office 138 boulevard Haussmann, 75008 Paris

Registered in the Trade and Companies Register of Paris under no. 487 734 113,

Represented by Mr Mocz Charfi

and:

• Artex Audit Associés

A société à responsabilité limitée (private limited company) with capital of

€10,000

Registered office 155 boulevard Haussmann, 75008 Paris

Registered in the Trade and Companies Register of Paris under no. 523 161 446,

Represented by Mr Franck Medioni

for a term of six financial years expiring on adjournment of the General Meeting called to vote on the financial statements for the financial year ending 31 December 2022

This resolution was passed unanimously

NINTH RESOLUTION

Having read the report of the Board of Directors and having been consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, the annual Ordinary General Meeting of Shareholders expresses an opinion in favour of the aggregate remunerations of all types, amounting to €2,437,315, paid during the 2016 financial year to senior managers and personnel categories whose professional activities have a material impact on the risk profile of Banque BIA, i.e. a total of 18 persons at the Bank.

This resolution was passed unanimously

RESOLUTIONS FOR THE EXTRAORDINARY GENERAL MEETING

TENTH RESOLUTION

After hearing the report of the Board of Directors and the special report of the statutory auditors, the General Meeting, voting with the quorum and majority required for extraordinary general meetings and voting in application of Articles L.225-129-6 paragraph 2 and L.225-138 of the French Commercial Code and Article L.3332-18 of the French Labour Code,

- Authorises the Board of Directors to increase the share capital in one or more tranches up to a maximum nominal amount of €10,000 by issuing shares to be paid up in cash,

- Reserves subscription of all shares to be issued for the Company's employees,

- Resolves that the share subscription price for each issue shall be determined in accordance with Article L. 3332-20 of the French Labour Code,

- Notes that, in consequence of this authorisation, the shareholders expressly waive their preemptive right to subscribe the shares to be issued.

The General Meeting grants the Board of Directors all powers required to implement this authorisation and particularly to:

- Set the issue price of these shares and all other issue conditions,

- Decide whether these shares must be subscribed directly by the employees or through a mutual fund,

- Set the first and final subscription dates, the eligibility date of the shares and the payment time, which shall be limited to a maximum of three years,

- Determine the maximum number of shares which each employee may subscribe,

- Acknowledge completion of the capital increases,

- Decide whether to charge transaction costs and charges to the issue premium,

- Amend the Articles of Association to reflect the changes resulting from the partial or full use of this authorisation.

This authorisation is granted for a term of one year with effect from this General Meeting.

This resolution was unanimously rejected

ELEVENTH RESOLUTION

The Chairman or the bearer of an original, copy or excerpt of these minutes is granted all powers required to carry out the necessary legal formalities.

This resolution was passed unanimously

Mr Mohamed Ben Khalifa and Mr Brahim Semid next thanked Mr Saïd Kessasra for his work and commitment as Chairman and General Manager of Banque BIA.

As no one else requested the floor, the above proceedings were recorded in these minutes, which were read and signed by the officers of the meeting.

LE PRÉSIDENT

Saïd KESSASRA

LES SCRUTATEURS

Hocine TAHRAOUI

Mustafa BEN KHALIFA

LE SECRETAIRE

Philippe Delecluse



MANAGEMENT REPORT



MANAGEMENT REPORT PRESENTED BY THE BOARD OF DIRECTORS TO THE ORDINARY SHAREHOLDERS' MEETING

(Financial year ended 31 December 2016)

In light of ongoing developments in Libya, the planned recapitalisation and change of governance has again been postponed.

The existing business model and prudent risk policy hence continue to apply:

- restricting, within viable limits, the volume of transactions to the bank's core business, documentary credit;
- diversifying revenue by growing the proprietary trading activity.

I. BALANCE SHEET AS AT 31 DECEMBER 2016

At financial year end, total assets were practically unchanged in relation to the previous year, edging up from EUR 435,869k at the end of 2015 to EUR 438,369k.

Interbank transactions represented a third of total assets and 21% of total liabilities. On the liabilities side, interbank transactions continued to be sustained through shareholders' deposits and other Libyan and Algerian correspondent banks' deposits. These funds are mainly invested on the interbank market, or in short-term UCITS or eurozone government bonds.

ASSETS

At financial year end, and against a backdrop of negative short-term interest rates, the main stand-out factors were:

- Stable investments with the French central bank at EUR 2.4 million compared to EUR 2.5 million at year end 2015.
- A slight increase in interbank transactions, with outstandings totalling EUR 142 million, up 5% on 2015.
- A further fall in customer outstandings, which dropped 10% on the previous year to EUR 99 million at year end 2016.
- A significant rise in securities transactions, particularly in the variable-rate segment. Total outstandings attributable to investment securities amounted to EUR 165 million compared to EUR 158 million in 2015 and now account for 38% of the balance sheet total.

- The "other assets" item relates to payments made to the tax authorities in connection with disputes that are currently before the courts. These cases are fully provisioned.

- The "Equity holdings and other long-term investments in securities" item incorporates receivables pertaining to the disposal of the shareholding in Inversiones Hoteleras Los Cabos for EUR 3.2 million, which will be settled in 2017.

LIABILITIES

At financial year end, the main stand-out factors were:

- Stable interbank deposits, primarily comprising funds deposited by Algerian and Libyan banks.
- A customer funds amount that was identical to the end-2015 level (dipping by 0.23%).
- A slight increase in provisions for liabilities and charges between 2015 and 2016 (up by 2.9%).

OFF-BALANCE SHEET ITEMS

At year end:

- Signed commitments given fell heavily on the previous year, amid very low volumes:
- Financing commitments were down 18% on year end 2015, with outstandings totalling EUR 6.7 million compared to EUR 8.2 million at the end of 2015.
- Guarantee commitments came to EUR 107 million, down 45% on the amount recognised at the end of 2015.
- Signed commitments received also increased, going from EUR 68 million in 2015 to EUR 79 million.

II. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

The main changes in the income statement are as follows:

MAIN DEVELOPMENTS (in € thousands)	31.12.2016	31.12.2015	% change 2016/15
Revenue, interest and similar income	6,639	6,716	-1.1%
Commissions	1,174	1,450	-19.1%
Operating profits or losses from portfolios	5,069	366	1286.1%
+ Other bank operating income and expenses	23	117	-80.8%
Net banking income	12,904	8,649	49.2%
Personnel costs	(8,349)	(8,098)	3.1%
Other general operating expenses	(4,439)	(4,527)	-1.9%
Depreciation and amortisation expense	(424)	(357)	18.9%
Total general operating expenses	(13,212)	(12,982)	1.8%
Gross operating income (loss)	(308)	(4,332)	-92.9%
Cost of risk	(1,617)	1,657	-197.6%
Net operating income (loss)	(1,925)	(2,675)	-28.0%
Gains or losses on fixed assets	4,365	0	
Net income (loss) before non-recurring items and tax	2,441	(2,675)	191.2%
Net non-recurring income (loss)	5	105	95.5%
Income tax	0	0	
Net income (loss)	2,446	(2,570)	195.2%

On the whole, Net Banking Income registered a sharp increase year on year, but there were highly contrasting changes in its components. The main reasons for these changes were:

- A slight fall in net interest income and a more pronounced decline in net commission income tied to the sharp drop in business and low interest rates.
- A significant 16.7% improvement in income derived from variable-rate securities, which amounted to EUR 1,003k versus EUR 860k in 2015.
- Net income of EUR 5.1 million on the investment portfolio compared with an end-2015 figure that was close to breakeven. This was attributable for the entire year-on-year increase in NBI.

GENERAL OPERATING EXPENSES:

- In response to the trend in NBI and business volumes, general operating expenses, including depreciation and amortisation expense, were adjusted, controlled and contained as far as possible, edging up very slightly (by 1.8%) year-on-year to EUR 13 million.
- Personnel costs rose slightly from EUR 8.1 million in 2015 to EUR 8.3 million.
- The bank managed to keep a tight rein on other operating expenses as a whole, which were reduced by 1.9% from EUR 4.5 million in 2015 to EUR 4.4 million. There was a substantial 31.6% decrease in audit fees. This was also the case for most of the other ordinary expenses, which are subject to regular renegotiation, making it possible to produce substantial savings, particularly in office supplies (cut by 32%), subscriptions and documentation (reduced by 35%) and telecommunications and SWIFT expenses (30.6% decrease). However, legal fees registered a sharp increase (rising 45%).

- Expenses rebilled to shareholders that remain outstanding amounted to EUR 2k in 2016. The balance of the account relating to the accounting of expenses rebilled since 2012 amounted to EUR 218k.
- Annual amortisation, depreciation and provision expense on fixed assets amounted to EUR 425k, rising 19% by comparison with the 2015 figure. This increase stemmed from the booking of a EUR 80k impairment provision on a property located in the Loiret region of France that had been acquired at auction as part of a litigation case.

- At the end of 2016, the gross operating loss was very close to breakeven at EUR 0.3 million compared to EUR 4.3 million in 2015.

A net charge of EUR 1.6 million was recorded for the cost of risk provision in 2016 compared to a net reversal of EUR 1.7 million in 2015. The EUR 11.4 million loss on unrecoverable loans and receivables incorporated into the cost of risk related to the absorption of old loans and receivables, all almost entirely provisioned.

COST OF RISK (in € millions)	Provisions	Reversals	Net amount
Doubtful debts - Banks	(0.0)	5.3	5.3
Doubtful debts - Customers	(2.9)	5.3	2.4
Doubtful investments	0.0	0.0	0.0
Signed commitments	(0.9)	-	(0.9)
Country risks	(0.5)	0.6	0.2
Other liabilities and charges	0.0	0.3	0.2
Discount recognised on restructured loans and receivables		2.7	2.7
Losses on unrecoverable loans and receivables	(11.4)		(11.4)
TOTAL COST OF RISK	(15.7)	14.1	(1.6)

The sale of BIA Bank's shareholding in Inversiones Hoteleras Los Cabos made it possible to register a gain of EUR 4.4 million. This amount was taken to "Gains or losses on disposals". The settlement of the sale, including a portion of this gain, will be finalised during the course of 2017.

Consequently, the bank recorded a net profit before non-recurring items and tax of EUR 2.4 million compared to a net loss in the previous year of EUR 2.7 million.

In accordance with French National Accounting Board (CNC) regulation No. 03 – R – 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, the bank recorded a EUR 73k allocation to provisions for retirement benefit obligations.

The company was subject to tax adjustments in respect of the 2000 and 2001 financial years and to a lesser extent for 1996 and 1997. It challenged the grounds for these adjustments and, with the assistance of its advisers, undertook a number of administrative and legal means of recourse, which will be ongoing for several years. These tax disputes are fully provisioned.

At year end, the company posted a net profit before tax of EUR 2.4 million.

Given this loss and the tax deductions and add-backs pertaining notably to the sale of participating interests in Inversiones Hoteleras Los Cabos, BIA Bank was neither required to recognise nor to pay corporate income tax.

Consequently, the net profit after tax was identical to the net profit before tax and amounted to EUR 2.4 million.

III. FORESEEABLE DEVELOPMENTS AND OUTLOOK

The 2017 budget was prepared with a view to the streamlining of the bank's operational capacities pending a capital increase that is expected to facilitate a considerable expansion in commercial business, particularly in the core business – documentary credit. The Board of Directors examined and approved this plan on 23 December 2016.

We foresee an improvement in the global economic climate, coupled with more favourable market conditions, particularly in relation to interest rates in dollars. This should facilitate:

- An increase in documentary credit business compared with 2016.
- The investing of free cash flow in liquid instruments, which can be liquidated at any time.
- The bank's continued withdrawal from long-term credit activities pending a decision on the development of the capital.

NBI is expected to attain EUR 8 million.

IV. COMMERCIAL ACTIVITY IN 2014

Documentary credit

The profitability of the documentary credit business decreased slightly in 2016, in keeping with the fall in the volume of transactions with Algerian and Libyan counterparties.

Under current regulations, BIA Bank is obliged to limit its commitments with shareholders. The purpose of the capital increase is to increase documentary credit business flows with shareholders.

Other international operations

As an extension to its documentary credit business, the bank maintained its activities, particularly as regards:

- Financing documentary credit operations.
- Issuing market guarantees.
- Advances on sales of documentary credit products.
- Correspondent banking business.
- Syndication transactions as part of documentary credit transactions.

Loans business

Pending a capital increase, the bank is limiting its short-term loan commitments.

The restructuring of financial loans undertaken in 2013 helped to generate net banking income of USD 2 million in 2016, in the form of discount amortisation.

Proprietary trading activity

As part of its policy of optimising free cash flow, the bank decided to invest some of these funds in European sovereign bonds and equities. Revenue from this activity totalled EUR 4.7 million in 2016.

Cash-foreign exchange activity

2016 was marked by:

- A decrease in the free cash flow invested on the interbank market, due to negative rates. This cash is now invested in money market UCITS.
- A fall in interbank rates to negative levels for the euro.
- High volatility on the foreign exchange market.

V. RISK MANAGEMENT

Credit risk

Credit risk selection is based on a systematic examination of applications, alongside the use of an in-house evaluation tool; decisions to grant or renew loans are analysed independently with respect to the operational entities.

The risk monitoring procedures applied as part of the decision process on loans are structured around the following actions:

- permanent control of limits and examination of overruns;
- analysis and periodic stratification of amounts outstanding;
- quarterly review of guarantees and provisions;
- regular examination of watch-listed loans;
- monitoring of profitability of credit transactions.

Other financial risks

Due to the restricted scope of the cash-foreign exchange activity (proprietary trading), the bank's main objective is to systematically neutralise interest rate and foreign exchange risks.

With regard to managing risks on securities, BIA Bank has a portfolio comprising two distinct groups of instruments.

Firstly, securities issued by sovereign states following the restructuring of the debts of banks based in the relevant countries. An investment-portfolio-type management is adopted for these securities.

Secondly, the bank has medium- and long-term interest rate assets which it uses to optimise its high liquidity levels, stemming from its equity, under more attractive terms than those offered by the standard interbank activity. In accordance with the applicable prudential standards, this portfolio is valued regularly.

The bank's exposure to overall interest rate risk remains low, as confirmed by ALM (Assets/Liabilities Management) tools.

VI. SUBSIDIARIES AND INVESTMENTS

1- ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISME (AICHT)/CAIRO

This company, with a share capital of USD 150,463,700 (BIA Bank holds a 3.94% stake for a book value of USD 4,434,000), owns several hotels in Egypt. BIA did not record any dividends in 2016 and, in view of the decline in business and profitability observed since 2011, it decided to maintain the 10% provision set aside on this investment.

2- ARAB FINANCIAL SERVICES/Manama (BAHRAIN)

This company has a share capital of USD 30,000,000 and has investment bank status. BIA Bank holds a 1.63% stake in the company, i.e. USD 463,700.

In 2016, BIA Bank recorded a dividend of USD 29k.

3- INVERSIONES HOTELERAS/LOS CABOS

This company, with an initial share capital of USD 20,055,789, is the owner, by virtue of a shareholding, of the "Hotel Melia Cabo Real" in Los Cabos (Mexico), which is run by Grupo Sol. No dividends were recorded for the financial year. This holding was sold off in full in 2016 as part of a deal that will be finalised in the course of 2017.

VII. EMPLOYEE SHAREHOLDING

In accordance with Article L 225-102 of the French Commercial Code, we inform you that no employees held shares in the company on the last day of the financial year, i.e. 31 December 2016.

VIII. NON TAX-DEDUCTIBLE EXPENSES AS PER ARTICLE 39.4 OF THE FRENCH TAX CODE

None.

IX. PAYMENT TERMS

Invoices received from suppliers and service providers are, as a general rule, processed on receipt and paid within one month.

The recording of a EUR 90k tax receivable meant that accounts payable presented a debit balance of EUR 60k at the end of 2016 compared to a credit balance of EUR 152k at the end of 2015.

X. DIVIDENDS DISTRIBUTED DURING THE LAST THREE FINANCIAL YEARS

The Board of Directors declares that no dividends have been distributed in the past three financial years.

XI. RESEARCH AND DEVELOPMENT

None.

XII. SUBSEQUENT EVENTS

No particular events not reflected in the financial statements need to be mentioned.

XIII. CHANGE IN METHODS

None.

XIV. PROPOSED APPROPRIATION OF PROFIT

The financial statements for the year ended 31 December 2016 were approved by the Board of Directors on 7 April 2017.

They show a net profit after tax of EUR 2,445,546.

The proposed appropriation of these earnings is as follows: EUR 2,445,546 to be posted to retained earnings. Consequently, retained earnings will show a debit balance of EUR 20,829,304.

XV. STATEMENT OF FINANCIAL RESULTS

The table provided for in Article R 225-102 of the French Commercial Code, which shows the financial results of the company over the last five financial years, is presented below

COMPANY'S FINANCIAL RESULTS OVER THE LAST FIVE YEARS (in euros)					
Description	2012	2013	2014	2015	2016
CAPITAL AT YEAR END					
Called-up share capital	158,100,000	158,100,000	158,100,000	158,100,000	158,100,000
Number of shares issued	10,540,000	10,540,000	10,540,000	10,540,000	10,540,000
Number of bonds convertible into shares					
RESULTS OF OPERATIONS FOR THE YEAR					
Total revenues, excluding VAT	30,165,334	18,034,178	18,874,352	18,353,204	16,477,478
Profit (loss) before tax, profit sharing, depreciation, amortisation and provisions	(9,910,004)	(13,836,243)	(7,336,779)	(7,780,121)	(1,123,655)
Income tax income (expense)	(10,115)	(1,318,041)	(36,334)	0	0
Profit sharing for the year	-	-	-	-	-
Profit (loss) after tax, amortisation, depreciation and provisions	(9,559,750)	4,000,938	(2,793,474)	(2,569,804)	2,445,546
Earnings distributed					
EARNINGS PER SHARE					
Earnings after tax but before amortisation, depreciation and provisions	(0.94)	(1.19)	(0.69)	(0.74)	0.11
Earnings after tax, amortisation, depreciation and provisions	(0.91)	0.38	(0.27)	(0.24)	0.23
Dividend per share					
STAFF					
Number of employees	69	66	59	59	55
Total salaries	4,493,298	4,467,357	4,526,140	4,770,329	4,874,751
Employee benefits (social security, social benefit schemes, etc.)	2,438,822	2,337,119	2,265,807	2,357,871	2,495,227

XVI. DIRECTORS' FEES

The Board of Directors will ask the Shareholders' Meeting to set the amount of directors' fees for the 2017 financial year.

XVII. INFORMATION ABOUT COMPANY OFFICERS

List of company officers

In accordance with Article L 225-102-1, paragraph 3, of the French Commercial Code, please find below a list of all the appointments and duties the officers of the company hold in any other company.

In accordance with the law, the statutory auditors have audited the company's financial statements on an on-going basis.

They will deliver their reports and are at the disposal of the shareholders to provide any information associated with the audits they conduct.

The Board of Directors asks the shareholders to approve the resolutions submitted to them and is at their disposal should they require any further information.

Annex to the management report

COMPANY OFFICERS

Mr Said KESSASRA

Chairman and Chief Executive Officer	Banque Extérieure d'Algérie / Algiers
Chairman and Chief Executive Officer	BIA Bank / Paris
Chairman of the Board of Directors	UBAF
Member of the Board of Directors	BACB

Mr Bashir SAMALOUS

Director of the Libyan Dinar Unit	Libyan Foreign Bank / Tripoli
Vice-Chairman	BIA Bank / Paris

Mr Brahim SEMID

Member of the Board of Directors	BIA Bank / Paris
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Mr Hocine TAHRAOUI

Member of the Board of Directors	Banque BIA / Paris
Member of the Board of Directors	ENTMV (Algerian national shipping company)
Member of the Board of Directors	IAHEF (Algerian institute of advanced financial studies)

Mr Mustafa BEN KHALIFA

Chairman	First Gulf Bank / Tripoli
Member of the Board of Directors	BIA Bank / Paris

Mr Naji Mohamed Issa BELGASEM

Director of Research and Statistics	Libyan Central Bank / Libya
Member of the Board of Directors	BIA Bank / Paris
Member of the Board of Directors	National Commercial Bank / Libye
Member of the Libyan Central Bank's Committee on Monetary Policy / Libya	
Member of the Investment Committee	Libyan Central Bank / Libya

Mr Amer AMISH

Chief Operating Officer	BIA Bank / Paris
Member of the Board of Directors	Arab International Company for Hotels and Tourism / Cairo

Mr Mohamed YOUNSI

Deputy Chief Operating Officer	BIA Bank / Paris
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Statutory Auditors' report on the annual financial statements

For the year ended 31 December 2016

To the shareholders,

Pursuant to the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of BIA BANK;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors.

Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. It also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of BIA as at 31 December 2016, and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of assessments

In accordance with the provisions of Article L. 823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Because BIA BANK owns a portfolio of investment securities (Note 5 of Additional information), we have examined the control procedures relating to the accounting classification and determination of parameters used to value these positions.
- Note 7 to the financial statements and Note 6 of Additional information show the writedowns and provisions that BIA BANK have made to cover the risks associated with its activities, in particular credit risk, and likely losses from ongoing events. As part of our assessment of these estimates, we have examined the control procedures used to monitor and assess these risks and to cover impairment losses.
- Our work consisted in assessing the elements used by the Board of Directors to justify the going-concern accounting policy and in examining the documentation underlying these elements.

These assessments were made as part of our audit of BIA BANK annual financial statements taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.


III. Specific verifications and information

We also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no observations to make as to the fair presentation of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and financial statements or its consistency with the financial statements.

Paris, 27 April 2017
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



Statutory Auditors' special report on regulated agreements

For the year ended 31 December 2016

To the shareholders,

In our capacity as Statutory Auditors of your company, we present our report on regulated agreements.

We are required to provide you, on the basis of the information given to us, with the main features and conditions of those agreements about which we have been informed or that we have discovered when carrying out our assignment, without having to express an opinion on their usefulness or appropriateness, or to look for the existence of other agreements. In accordance with the provisions of Article R. 225-31 of the French Commercial Code, it is the responsibility of shareholders to assess the Company's interest in entering into these agreements when they are submitted for approval.

Moreover, it is our responsibility, where applicable, to provide you with the information required by Article R. 225-31 of the French Commercial Code relating to the performance, during the financial year just ended, of the agreements already approved by the Shareholders' Meeting.

We have performed those procedures that we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie nationale des commissaires aux comptes) relating to this operation. Those procedures consisted in verifying that the information given to us agrees with the underlying documents.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

We were not informed of any agreement authorised during the financial year just ended to be submitted for the approval of the Shareholders' Meeting in accordance with the requirements of Article L.225-86 of the French Commercial Code.

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

Moreover, we were informed that the performance of the following agreement, which was already approved during the course of past financial years, continued during the financial year just ended.

SERVICE AGREEMENT

Purpose

BIA BANK may provide services or carry out processes in the interests of its shareholders, with the costs of these services being rebilled to the shareholders concerned.

Persons concerned

- The Banque Extérieure d'Algérie, represented by Brahim SEMID
- The Libyan Foreign Bank, represented by Naji Mohamed Issa BELGASEM members of the Board of Directors of your company

Approval date

Board of Directors' meeting of 31 October 2012

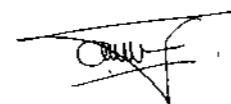
Effect

The value of services recognised as income for 2016 was EUR 2,069 billed to the Banque Extérieure d'Algérie.

Paris, 27 April 2017

The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



Certification by the Statutory Auditors

For the year ended 31 December 2016

STATEMENT OF EXPENDITURE ON SPONSORSHIP, PATRONAGE AND DONATIONS TO POLITICAL PARTIES (Article L. 225-115, section 5 of the French Commercial Code)

On the basis of our audit of the financial statements for the year ended 31 December 2015, we hereby certify that the total expenditure during the year ended on 31 December 2015 on works of general interest entitling the donor/sponsor to tax deductions provided for by Article 238a, sections 1 and 4, of the French Tax Code, totaling EUR 240 (two thousand and forty euros), according to the appended list of beneficiary organisations, is correct and consistent with the amounts recorded, in this regard, in the accounts.

EXPENDITURE ON SPONSORSHIP, PATRONAGE AND DONATIONS TO POLITICAL PARTIES: LIST OF BENEFICIARY ORGANISATIONS (Article L. 225-115, section 5 of the French Commercial Code)

- Association Nationale des Amis des Polios et Invalides Civils
- Handicap International
- Don pour les Sapeurs-pompiers de Paris
- Don pour les Egoutiers de Paris
- Don pour les Eboueurs de Paris

On the basis of our audit of the financial statements for the year ended 31 December 2016, we hereby certify that the sums paid to the organisations shown in the list of beneficiary organisations during the year ended 31 December 2016 in respect of works of general interest entitling the donor/sponsor to tax deductions provided for by Article 238a, sections 1 and 4, of the French Tax Code are correct and consistent with the amount recorded, in this regard, in the accounts.

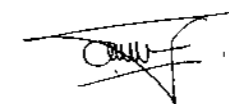
STATEMENT OF TOTAL AMOUNT OF REMUNERATION PAID TO THE HIGHEST-PAID PEOPLE

On the basis of our audit of the financial statements for the year ended 31 December 2015, we hereby certify that the total amount of remuneration determined by the Company and paid to the highest-paid people, shown in this document and amounting to EUR 1,560,946 (one million five hundred and sixty thousand nine hundred and forty-six euros) is correct and consistent, in this regard, with the sums recorded in the accounts.

Paris, 27 April 2017

The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN

