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BANQUE BIA

Conception- Réalisation l'autreagence

ANNUAL REPORT 2017

Join together the two shores of Mediterranean sea in the heart of Paris

BANQUE BIA

SUMMARY

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MANAGEMENT REPORT

A Word from the Chairman

BIA Bank has once again shown its resilience and its capacity to handle considerable constraints relating to large exposures at a time when visibility is poor on the completion of the reorganisation of the share capital, a process that started in 2011.

The two shareholders took further steps at the end of 2017 to seek to address these issues.

The bank delivered an annual profit, even though lower business volumes have weighed on the potential of its markets, its available cash and its business activities.

It was able to sustain its activities even without the recapitalisation, despite additional management costs to satisfy regulations and notably the new prudential ratios applicable to commitments on the bank's traditional markets.

In such a context, it is important to underline the efforts of our dedicated members of staff, who are committed to sustaining operations and ensuring compliance with the regulatory framework. They will face new challenges with the implementation of regulations in 2018.

The objectives remain in the same vein, in other words, ensuring that operational mechanisms are effective and up to the task in order to rise to the major challenges that will be presented by new banking regulations.

BIA Bank eagerly awaits the shareholders' initiatives to secure the resources it needs to bring business back up to stronger levels in order to deliver on the mission statement that was drawn up when the bank was formed.

Brahim SEMID

PRESENTATION

GLOBAL ECONOMIC SITUATION

2018 should confirm the improvement in global economic conditions and the upturn in international trade.
The anticipated rebound in global growth this year will largely hinge on momentum in the United States as well as in commodity-producing nations.
That said, the overriding consensus among economic observers points to a number of risks:

- more rapid monetary tightening by the Fed in response to inflationary pressures;
- another correction on the financial markets;
- an increase in protectionism in a global trade war context;
- geopolitical tensions, even in Europe ahead of Brexit;
- a "hard landing" by the Chinese economy tied to the country's stabilisation policy;
- uneven volatility in emerging currencies.

In the United States, Trump's fiscal reform is stimulating growth at the peak of the economic cycle. It will be a matter of avoiding overheating in the near term and continuing the smooth exit from an accommodative monetary policy. The dollar could weaken with the introduction of more protectionist and tariff barriers. A bursting bond bubble is a scenario that cannot be ruled out.

In China, growth is decelerating in a contained manner with less investment and lower consumption. The two main targets of economic policy will be to reduce production overcapacities and make a trade-off between sound and bad corporate debt.

In the Eurozone, buoyed by firm investment and consumption, growth is bound to pick up pace, helped by external demand. Improved profitability should stimulate the capital accumulation cycle amid moderate inflation.

In emerging countries, a slight acceleration in exports will be the main growth engine, with two main risks: the repercussions of a hike in US interest rates and a possible worsening of US-Chinese trade relations.

In the MENA region, the near-term outlook is still positive despite the geopolitical risks. Growth should remain firm in the next two years, at 3.3% in 2019 and 3.2% in 2020. The underlying challenge will be to push ahead with structural reform in order to provide a long-term answer to the social-demographic tensions created by the rentier model.

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 Exterieure 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 accomodate 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 documentaryoperations, 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

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

Management Committee

Brahim Semid	*President*
Bashir Samalous	*Vice-président*
Amer Mohamed Amish	*Deputy General Manager Delegate*
Mohamed Younsi	*Deputy General Manager Delegate*

General Manager

Amer Mohamed Amish	*Deputy General Manager Delegate*
Mohamed Younsi	*Deputy General Manager Delegate*

Auditors

Artex Audit Associés

Sofideec Baker Tilly

Audit committee

Mustapha Ben Khalifa	*President*

Account committee

Brahim Semid	*President*

Overal Inspection

Sabine Hajjar

FINANCIAL REPORT

Balance Sheet (in € thousands)

ASSETS	31.12.2017	31.12.2016	Variation 1 year
Cash, central banks and post office accounts	2,213	2,660	-16.80%
Government bonds			
Amounts due from financial institutions	133,203	141,990	-6.19%
Amounts due from customers	60,266	99,149	-39.22%
Bonds and other fixed-income securities	34,828	31,071	12.09%
Equities and other variable-income securities	117,055	133,888	-12.57%
Participating interests and other long-term securities	3,314	7,437	-55.45%
Shares in related undertakings			
Finance leases and purchase-option leases			
Operating leases			
Intangible assets	140	205	-32.00%
Property and equipment	1,509	1,326	13.80%
Unpaid share capital			
Own shares			
Trading and settlement accounts			
Other assets	19,730	19,820	-0.46%
Prepayments and accrued income	1,156	822	40.68%
TOTAL ASSETS	373,414	438,369	-14.82%

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2017	31.12.2016	Variation 1 year
Central banks and post office accounts			
Amounts due to financial institutions	79,031	93,613	-15.58%
Amounts due to customers	124,781	174,923	-28.67%
Debt securities			
Other liabilities	915	1,058	-13.47%
Accruals and deferred income	2,974	2,913	2.09%
Trading and settlement accounts			
Provisions for liabilities and charges	26,100	26,775	-2.52%
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 (+/-)	-20,829	-23,275	-10.51%
Income for the year (+/-)	526	2,446	-78.51%
Retained earnings carried forward			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	373,414	438,369	-14.82%

Off-Balance Sheet (in € thousands)

COMMITMENTS GIVEN	31.12.2017	31.12.2016	Variation 1 year
Financing commitments	5,180	6,741	-23.15%
Guarantees	94,014	106,575	-11.79%
Securities-related commitments			

COMMITMENTS RECEIVED	31.12.2017	31.12.2016	Variation 1 year
Financing commitments			
Guarantees	72,655	78,697	-7.68%
Securities-related commitments			

Income Statement (in € thousands)

INCOME STATEMENT FOR THE YEAR (in € thousands)	31.12.2017	31.12.2016	Variation 1 year
+ Interest income	5,382	6,047	-11.01 %
- Interest expense	-346	-411	-15.62 %
+ Finance lease income			
- Finance lease charges			
+ Operating lease income			
- Operating lease charges			
+ Income from variable-income securities	381	1,003	
+ Commission income	1,401	1,473	-4.86 %
- Commission expense	-263	-299	-11.97 %
+/- Gains (losses) on trading portfolio transactions	244	417	-41.36 %
+/- Gains (losses) on investment portfolio transactions	3,637	4,652	-21.82 %
+ Other banking operating income	7	27	-73.90 %
- Other banking operating expenses	-1	-4	
NET BANKING INCOME	10,441	12,904	-19.09 %
- General operating expenses	-12,362	-12,788	-3.33 %
- Net charges to depreciation and amortisation on non-current assets	-370	-424	-12.74 %
GROSS OPERATING INCOME	-2,291	-308	644.77 %
Net write-backs (charges) to provisions for risk	2,868	-1,617	
NET OPERATING INCOME BEFORE TAX	577	-1,925	-130.00 %
+/- Gains (losses) on property and equipment	19	4,635	
PRE-TAX INCOME FROM ORDINARY ACTIVITIES	596	2,441	-75.57 %
+/- Exceptional items	17	5	256.90 %
- Tax (+/-)	-88	0	
+/- Net write-backs from (charges to) frbg and regulated provisions	0	0	
NET INCOME	525	2,446	-78.51 %

Notes to the financial statements, for the financial year ended 31.12.2017

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 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, which are recognised at the lower of their cost or their value determined on the basis of net assets.

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 non-performing doubtful debt. Doubtful debt is reclassified to non-performing 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 non-performing 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 related to the management of haircuts on restructured loans and receivables are recognised under the cost of risk.

7. PROVISIONS

In accordance with the applicable regulations, each non-performing 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 non-performing 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 CNC Recommendation 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 ANC Regulation 2014-07.

Additional information on the annual financial statements for the year ended 31 December 2017

1. TOTAL ASSETS

At year end, total assets were down 14.8% at EUR 373,414k compared to EUR 438,369k at year end 2016.

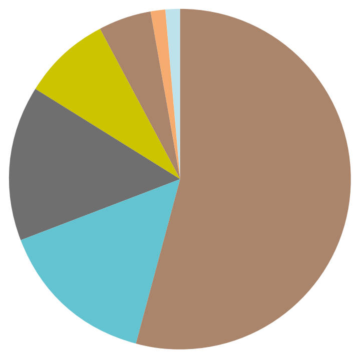
2. GEOGRAPHIC DISTRIBUTION OF LOANS AND RECEIVABLES

There was very little change in the geographical distribution of loans and receivables between 2016 and 2017. Loans and receivables due from the European Union still accounted for a little over half of the total, whereas those due from Algeria made up 15%, flat on 2016.

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 65,538k and provisions for impairment of the assets in question totalled EUR 48,592k. As at 31 December 2017, no receivable relative to our shareholders was recognised in assets.

GEOGRAPHIC BREAKDOWN OF LOANS as at 31.12.2017



Cash and interbank transactions break down as follows:

ASSETS (in € thousands)	2017	2016
Cash	481	309
Sight deposits with central banks	1,732	2,351
Current accounts	34,146	52,735
Deposit accounts and term loans	98,422	88,657
Accrued interest - bank loans	171	99
Securities taken under repurchase agreements	0	0
Net doubtful debts	465	499
TOTAL	135,417	144,650

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	0	93,350			5,072	98,422

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 39,233k. Discounts and provisions relating to these assets totalled EUR 7,614k and EUR 6,887k respectively. Customer overdrafts include net doubtful debts and outstanding payments in the amount of EUR 9,974k; provisions were set aside for 69% of these debts.

(in € thousands)	2017	2016
Lending to customers	44,603	86,575
Ordinary accounts	4,737	2,178
Net doubtful debts and outstanding payments	10,829	10,321
Accrued interest	96	74
TOTAL	60,265	99,149

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		3,209	31,540		9,853	44,603

5. SECURITIES

SECURITIES SUMMARY as at 31.12.2017 (in € thousands)	Provisionable base			Provisions							
Title	Debts at 31.12.17 in €k	Debts at 31.12.16 in €k	2017/2016 change in €k	Inventory 31.12.17 in €k	Inventory 31.12.16 in €k	2017/2016 change in €k	Premium and Discount	Net risk in €k (Dec. 2017)	% prov	Value at 31.12.17	Unrealised capital gain
Investment securities	154,991	169,562	-14,571	(4,723)	(6,585)	1,863	1,615	151,883	3.05%	151,883	697
Equity investments	4,086	7,858	-3,772	(772)	(421)	-352		3,314	18.90%	-	
TOTAL	**159,076**	**177,420**	**-18,343**	**(5,495)**	**(7,006)**	**1,511**	**1,615**	**155,197**	**3.45%**	**151,883**	**697**

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

- Bonds and similar securities, primarily invested in eurozone sovereign and large corporate debt, to the tune of EUR 22 million, and in instruments issued by financial institutions, to the tune of EUR 12 million. These instruments accounted for almost a quarter of the total investment securities.
- Shares or units of money market UCITS in the amount of EUR 28 million, bond UCITS in the amount of EUR 68 million and equity UCITS in the amount of EUR 11 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 10.5 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 2017 (Excluding accrued interest and settlement accounts) (in € thousands)							
Title	Gross amount outstanding	Provisions	Premium / Discount	Net risk at 31.12.17 in €K	Coverage %	Market value at 31.12.17	Unrealised capital gain
Investment securities Fixed income	32,975	-40	1,615	34,550	4.78%	34,550	104
Investment securities Variable income	121,738	-4,683		117,055	3.85%	117,649	593
TOTAL	**154,713**	**-4,723**	**1,615**	**151,605**	**-2.01%**	**152,199**	**697**

Equity investments at 31.12.2017

ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISM / "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 a dividend on this investment in 2017. In view of the decline in business and profitability observed since 2011, and based on the company's net asset situation, it decided to set aside an additional USD 482k provision 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 2017, BIA Bank recorded a dividend of USD 39,184, i.e. a yield of 8.5%.

Equity investments at 31.12.2017

SUMMARY OF EQUITY INVESTMENTS (in € thousands)						
Description	BIA stake	Gross value	Provisions	Net carrying amount	Net assets	Unrealised capital gains or losses
AICHT	3.94%	3,697	(772)	2,925	2,925	
AFS	1.63%	440		440	942	502
TOTAL		**4,137**	**(772)**	**3,365**	**3,867**	**502**

6. TYPES OF DOUBTFUL DEBTS

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

SUMMARY OF DOUBTFUL DEBTS AND PROVISIONS (y compris titres douteux) au 31.12.2017 (en milliers d'euros)	Debts			Provisions				
Title	Debts at 31.12.2017 in €k	Debts at 31.12.16 in €k	2016/2017 change in €k	Inventory 31.12.2017 in €k	Inventory 31.12.2016 in €k	2017/2016 change in €k	Net risk in €k	Coverage %
Credit institutions	49,042	51,024	-1,982	-48,592	-50,542	1,950	450	99.1%
Customers	36,984	41,230	-4,246	-25,990	-30,399	4,409	10,993	70.3%
Investment securities								
TOTAL	86,026	92,254	-6,228	-74,582	-80,941	6,359	11,444	86.7%

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 2017	31.12.17	Net outstanding debt in €k 2016	31.12.16
Europe	84	6%	817	37%
Middle east	1,128	83%	1,247	56%
African countries	145	11%	144	7%
TOTAL	1,358	100%	2,207	100%

DOUBTFUL DEBTS, NOT CLASSIFIED AS NON-PERFORMING (in € thousands)				
Regions	Net outstanding debt in €k 2017	31.12.17	Net outstanding debt in €k 2016	31.12.16
Europe	10,086	100.00%	9,106	100.00%
TOTAL	10,086	100%	9,106	100%

ECONOMIC AGENTS

NON-PERFORMING DOUBTFUL DEBTS (in € thousands)				
Economic agents	Net outstanding debt in €k 2017	31.12.17	Net outstanding debt in €k 2016	31.12.16
Banks	450	33%	482	22%
Companies	883	65%	1,692	77%
Individuals	25	2%	33	1%
TOTAL	1,358	100%	2,207	100%

DOUBTFUL DEBTS, NOT CLASSIFIED AS NON-PERFORMING (in € thousands)				
Economic agents	Net outstanding debt in €k 2017	31.12.17	Net outstanding debt in €k 2016	31.12.16
Companies	10,086	100.00%	9,106	100,00%
TOTAL	10,086	100%	9,106	100%

7. OTHER ASSETS, PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2017, 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 to settle disputes. These amounts are fully provisioned.

ASSETS (in € thousands)	2017	2016
Other assets	19,820	20,192
Sundry debtors	52	90
Government (corporate tax and VAT)	19,645	19,696
Security deposits and guarantees	33	33
Prepayments and accrued income	1,156	822
Deposits in transit	0	0
Foreign exchange adjustment	10	0
Prepaid expenses	56	124
Accrued income	560	637
Negative/positive carry-over to be received	0	31
Entries to be adjusted	530	30

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 2,321k, and that of property, plant and equipment amounted to EUR 6,595k, rising year on year. A property asset is recognised on the balance sheet that is not relevant to business operations, acquired at auction as part of the settlement of a customer debt in litigation.

FIXED ASSETS (in € thousands)	Amount at end 2016	Acquisitions	Sales Retirements	Amount at end 2017
Intangible assets	2,302	19		2,321
Property, plant and equipment	6,312	469	186	6,595
Property asset not relevant to business operations	350			350
TOTAL	8,964	488	186	9,266

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 2016	Provisions	Reversals on sales	Amount at end 2017
Amortisation of intangible assets	2,096	85		2,181
Depreciation of property, plant and equipment	5,257	215	186	5,286
Provision/property asset not relevant to business operations	80	70		150
TOTAL	7,433	370	186	7,617

9. AMOUNTS OWED TO CREDIT INSTITUTIONS

At the end of 2017, funds from interbank items registered a further decline at EUR 79 million, down from EUR 93 million at the end of 2016, amid another fall in 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 in non-OECD countries mirrored the general trend, remaining flat at EUR 73,171k, accounting for 93% of the total.

Deposits from credit institutions are broken down as follows:

LIABILITIES (in € thousands)	2017	2016
Current accounts	37,352	25,992
Deposit accounts and term loans	41,228	67,507
Accrued interest	451	19
TOTAL	79,031	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		36,662	4,566			41,228

10. CUSTOMER DEPOSITS

Customer funds registered a marked drop year-on-year as at 31 December 2017, falling to EUR 124,781k.

Sight and term deposits from customers in non-OECD countries moved down from EUR 131,755k as at 31 December 2016 to EUR 116,764k, accounting for 94% of total customer deposits.

(in € thousands)	2017	2016
Customer current accounts	33,242	71,035
Security deposits	2,007	1,509
Term deposits	89,516	102,351
Accrued interest	14	20
Other sums due	2	9
TOTAL	124,781	174,923

TERM DEPOSITS (time remaining) (in € thousands)

	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Term deposits		89,026	490			89,516

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)	2017	2016
Other liabilities	915	1,058
Sundry creditors	3	25
Government (VAT-WT)	94	67
Social security expenses to be paid	819	966
Prepayments and accrued income	2,974	2,913
Accounts due after deposit	132	232
Foreign exchange adjustment	0	0
Deferred income	47	49
Expenses to be paid	2,005	2,202
Negative/positive carry-over to be paid		
Entries to be adjusted	790	430

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 31.12.2017 (in € thousands)

Title	Provisions		
	Inventory 31.12.2017 in €K	Inventory 31.12.2016 in €K	17/16 change in inventory in €K
Country risks	3,001	3,761	-760
Tax provisions*	19,486	19,489	-3
Social security provisions **	3,282	2,903	379
Other provisions for liabilities and charges	332	622	-290
TOTAL	**26,101**	**26,775**	**-674**

* 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, legal and diplomatic means of recourse, which will be ongoing for several years.

The tax disputes are fully provisioned.

** In accordance with CNC regulation No. 03 – R – 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, a EUR 5k 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 1.30%.

13. SUBORDINATED DEBTS

None.

14. EQUITY AND PROFIT (LOSS) 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 19,013k, broken down as follows:
- Retained loss: EUR 20,829k
- Statutory reserve: EUR 1,816k

For the year ended 31 December 2017, BIA Bank posted a net profit, after the calculation of corporate income tax, of EUR 526k.

The proposed appropriation of these earnings is as follows:

- EUR 526k to be posted to retained earnings. Consequently, retained earnings will show a reduced debit balance of EUR 20,304k.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments break down as follows:

FINANCING COMMITMENTS (in € thousands)	2017	2016
Confirmed letters of credit	0	1,780
Other confirmed credit lines	5,180	4,961
Acceptances to be paid or undertakings to pay	0	0
TOTAL	5,180	6,741

Financing commitments outstanding were very low as at 31 December 2017, falling by 23% compared to the level recorded as at the end of 2016. No financing commitment was given to our shareholders.

Guarantee commitments break down as follows:

GUARANTEE COMMITMENTS (in € thousands)	2017	2016
Confirmed letters of credit	76,707	86,417
Other guarantees to credit institutions	5,905	7,245
Other irrevocable commitments to credit institutions	9,484	11,654
Other guarantees to customers	1,919	1,260
TOTAL	94,014	106,575

Guarantee commitments were down again year-on-year as at 31 December 2017 (falling 12%). Commitments with shareholder banks increased to EUR 48,454k as at the end of 2017 versus EUR 36,022k as at the end of 2016; commitments with shareholders made up more than 50% of the total.

Commitments received as security break down as follows:

COMMITMENTS RECEIVED AS SECURITY (in € thousands)	2017	2016
Guarantees received from credit institutions	66,902	72,151
Guarantees received from insurance companies and government agencies	5,753	6,546
TOTAL	72,655	78,697

At year end, guarantee commitments received from shareholders amounted to EUR 4,169k, i.e. 5.7% 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	(1,793)	6,828	5,035
Of which bank	*(208)*	*1,315*	*1,107*
Customers	*(138)*	*1,514*	*1,376*
Securities	*(1,446)*	*2,232*	*786*
Treated as commissions		*1,767*	*1,767*
+ Income from variable income securities	0	381	381
Of which securities		*381*	*381*
+/- Commissions	(263)	1,401	1,138
Of which bank	*(234)*		*(234)*
Customers		*542*	*542*
Securities			*0*
Signed commitments			
Other	*(30)*	*859*	*830*
+/- Operating profits or losses from trading portfolios	(5)	249	244
+/- Operating profits or losses from investment portfolios and similar	(4,029)	7,666	3,637
+ Other bank operating income and expenses	(1)	7	6
TOTAL	(6,091)	16,532	10,441

NBI for the year ended 31 December 2017 moved down 19% to EUR 10.4 million, compared to EUR 12.9 million at the end of 2016. The main reasons for this decrease were as follows:

- A sharp fall in net interest income and net commission income tied to the contraction in business and persistently-low interest rates, notably in connection with the euro.
- A drop in net gains on the investment portfolio, which amounted to EUR 3.6 million, down 31.5% on the EUR 5.1 million recorded for the end of 2016. Income from investment securities (+EUR 2.2 million) and amortisation of premiums and discounts on securities (-EUR 1.6 million) are recognised under: “Revenue, interest and similar income”.

SUMMARY OF GAINS OR LOSSES ON INVESTMENT PORTFOLIOS AND SIMILAR As at 31 December 2017 (in € thousands)			
Title	Expenses	Income	Net amounts
Capital gains or losses on sales of investment securities	(736)	3,051	2,315
Allocations to and reversals of provisions on investment securities	(3,29)	4,615	1,322
TOTAL	(4,029)	7,666	3,637

18. GENERAL OPERATING EXPENSES

General operating expenses break down as follows:

GENERAL OPERATING EXPENSES (in € thousands)	2017	2016
Salaries and other benefits	4,559	4,875
Social security expenses	2,453	2,495
Incentive bonuses and employee profit sharing	57	53
Net provisions for social security	158	269
Taxes, duties and similar payments on remuneration	587	657
Personnel costs, subtotal	**7,816**	**8,349**
Other taxes and duties	183	195
Rentals	40	29
Transport and travel	642	684
Other outside services	3,682	3,534
Recharged expenses	0	(2)
Other operating expenses, subtotal	**4,547**	**4,439**
TOTAL	12,362	12,788

- In response to the trend in NBI and business volumes, general operating expenses were adjusted, controlled and contained as far as possible, falling by 3.3% year-on-year from EUR 12.8 million to EUR 12.3 million.
- A fall in the number of employees, coupled with recruitment problems, meant that personnel costs dropped 6.4% from EUR 8.4 million in 2016 to EUR 7.8 million.
- Other operating expenses moved up by 2.4% from EUR 4.4 million at the end of 2016 to EUR 4.5 million, notably because of a sharp increase in audit and consulting fees (up 50%), IT expenses (up 18%) and directors' fees (up 38%).
- No expense rebilled to shareholders was recognised in 2017. The balance of the account relating to the recognition of expenses rebilled since 2012 amounted to EUR 218k, with settlement pending.
- Auditors' fees for the statutory audit of the financial statements for the year ended 31 December 2017 amounted to two hundred and sixty three thousand six hundred and seventy euros inclusive of VAT, representing an increase on the previous year.

19. DEPRECIATION AMORTISATION AND PROVISIONS

The annual amortisation, depreciation and provision expense on fixed assets fell 12.7% to EUR 370k, compared to EUR 425k in 2016. It is important to note that this expense had increased in 2016 due to 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.

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)	0	(0)
Doubtful debts – Customers	(396)	4,626	4,230
Doubtful investments	0	0	0
Signed commitments	(131)	-	(131)
Country risk	(150)	974	824
Other liabilities and charges	0	52	52
Discount recognised on restructured loans and receivables		1,563	1,563
Allocations to provisions on equity investments	(402)		(402)
Losses on unrecoverable loans and receivables	(3,266)		-3,27
TOTAL COST OF RISK	(4,346)	7,215	2,869

A net reversal of EUR 2,869k was recorded for the cost of risk provision in 2017 compared to a net charge of EUR 1,616k in 2016. Income of EUR 1,563k was generated on the amortisation of discounts on restructured loans. 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 irrecoverable 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 in 2016. This non-recurring income was taken to "Gains or losses on disposals".

22. NON-RECURRING ITEMS

Non-recurring income was not significant at EUR 17k.

23. FORWARD FOREIGN EXCHANGE TRANSACTIONS

There were no unsettled forward transactions at year end 2017.

24. LIQUIDITY RATIO

At the end of December 2017, the new LCR (Liquidity Coverage Ratio) stood at 144% versus an authorised minimum of 80%. The NSFR (Net Stable Funding Ratio) was 137%.

25. STATEMENT OF MAJOR RISKS

Regulatory capital amounted to EUR 130 million for the year ended 31 December 2017; 20% of the net commitments relating to shareholders and senior executives were deducted from equity in accordance with the new regulatory provisions in force and the national laws transposing the Capital Requirements Directive (CRD) IV. The bank complies with the provisions applicable to major risks.

At 31 December 2017, 23 counterparties with gross outstandings representing more than 10% of equity were included in the new "GR1" ratio, with the net outstandings of 10 of these counterparties representing more than 10% of equity.

26. CAPITAL REQUIREMENT IN RESPECT OF CREDIT RISK

In accordance with the new provisions transposing the European "CRD IV", the bank's net equity less commitments with shareholders amounted to EUR 111 million as at 31 December 2017. Exposure to credit risk, market risk and operational risk totalled EUR 256 million.

The coverage ratio was therefore 51%.

27. BIA BANK EMPLOYEES

On average in 2017, the breakdown of employees of the Bank was as follows:

AVERAGE	Number	Percentage
Executives	37	69%
Non-executives	17	31%
TOTAL	54	100%
Men	25	46%
Women	29	54%
TOTAL	54	100%

Minutes of the annual ordinary general meeting of 17 may 2018

In the year two thousand and eighteen,
on the seventeenth day of May, at six p.m.,

The Annual Ordinary General Meeting of Shareholders was held at the Company's registered office, having been convened by the Board of Directors by registered letter to the shareholders. An attendance sheet was drawn up and was initialled by each attendee upon entering.The meeting was chaired by Mr Brahim SEMID, Chairman of the Board of Directors. Messrs Hocine TAHRAOUI and Bashir SAMALOUS were asked to act as scrutineers.

Mr Philippe DELECLUSE was appointed secretary.

The attendance sheet, certified as accurate by these meeting officers, shows that the six (6) shareholders, holding 10,540,000 shares out of the 10,540,000 shares forming the share capital, were present or represented.

ALSO IN ATTENDANCE:

- Mr Amer Mohamed AMISH, Deputy Chief Executive Officer,
- Mr Mohamed YOUNSI, Deputy Chief Executive Officer,
- Mr Franck MEDIONI representing ARTEX AUDIT ASSOCIES, the company's statutory auditors,
- Mr Moez CHARFI, representing BAKER TILLY SOFIDEEC, the company's statutory auditor,
- Mr Philippe DELECLUSE, of the law firm ALDHEA law firm, the Company's lawyers.

The chairman placed on the desk and made available to the members of the meeting:

- the Company's Articles of Association,
- a copy of the call notice letters sent to the shareholders and the statutory auditors,
- the attendance sheet for the meeting,
- the balance sheet, income statement, notes to the financial statements and inventory of the company's assets and liabilities at 31 December 2017,
- the management report of the Board of Directors to which was attached the financial results table for the last five financial years including the report of the Board of Directors on Corporate Governance,
- the Statutory Auditors' reports,
- information on the Statutory Auditors' fees,
- the text of the resolutions to be put to the vote at the meeting,
- the list of shareholders.

The Chairman reminded the meeting that the information and documents provided for by law and regulations had been made available to shareholders who had been able to read or obtain a copy thereof under the conditions and within the deadlines provided for by the regulations in force.

The meeting took due note of the chairman's statements.

The Chairman then reminded the meeting that the general meeting had been called to deliberate on the following agenda:

AGENDA

1. Management report of the Board of Directors,
2. Statutory Auditors' report,
3. Examination and approval of the financial statements for the year ended 31 December 2017
4. Approval, if applicable, of the agreements referred to in Article L 225-38 of the French Commercial Code
5. Appropriation and distribution of profit/loss
6. Setting of attendance fees
7. Discharges to directors
8. Voting on resolutions submitted to the annual ordinary general meeting of shareholders,
9. Consultative vote on the overall package of all forms of remuneration paid during the 2017 financial year to the managers and to certain categories of personnel – Article L. 511-73 of the French Monetary and Financial Code,
10. Power to carry out formalities.

Mr YOUNSI provided details of the Board of Directors' management report and the Chairman's report on internal control, which had been sent to all shareholders prior to the Annual General Meeting.

Mr Moez CHARFI then read the Statutory Auditors' report and confirmed that they had certified Banque BIA's 2017 financial statements without qualification and specified that the management report was consistent with the financial statements.

Mr Franck MEDIONI stated that the Bank had not entered into any specific regulated agreement during 2017 and that only the 2012 agreement continued in effect in 2017 without giving rise to any recharged amounts, as stated in the auditors' report to the shareholders.

The Chairman then informed the shareholders that the remuneration of the Statutory Auditors had increased, in line with their increased role linked to changes in their assignments following the entry into force of Regulation (EU) No 537/2014.

Then, as no one else asked to speak, the Chairman put the following resolutions to the vote:

FIRST RESOLUTION

The Annual Ordinary General Meeting of Shareholders, having heard the special report of the Statutory Auditor stating that there are no agreements of the type referred to in Article L 225-38 et seq. of the French Commercial Code, duly notes this.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

SECOND RESOLUTION

The Annual Ordinary General Meeting of Shareholders, having heard the management report of the Board of Directors and the general report of the Statutory Auditors, approves the financial statements and the balance sheet for the financial year ended 31 December 2017 as presented, as well as the company's operations as shown in the said financial statements and reports.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

THIRD RESOLUTION

The Annual Ordinary General Meeting of Shareholders notes that the Company recorded a profit for the 2017 financial year of €526,614. It resolves, at the proposal of the Board of Directors, to appropriate this profit in full to retained earnings/accumulated losses. Consequently, this account will show a debit balance of €20,303,690. In accordance with Article 243 bis of the French General Tax Code, no dividend has been distributed for the last three financial years.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

FOURTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders ratifies insofar as necessary the amount of attendance fees allocated to the Board of Directors for the 2017 financial year, namely €318,000 net of tax (€318,000 in 2014, 2015 and 2016).

THIS RESOLUTION WAS PASSED UNANIMOUSLY

FIFTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders grants full discharge to the Directors for their management during the 2017 financial year.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

SIXTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders, having taken note of the Board of Directors' report and consulted pursuant to Article L. 511-73 of the French Monetary and Financial Code, approves the overall package of all forms of remuneration, amounting to €2,652,523 paid during the 2017 financial year, to the managers and to the categories of personnel whose professional activities have a significant impact on the risk profile of Banque BIA, numbering eighteen persons.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

SEVENTH RESOLUTION

All powers are granted to the Chairman or bearer of an original, a copy or an extract of these minutes with a view to completing the legal formalities.

THIS RESOLUTION WAS PASSED UNANIMOUSLY

There being no other business, these minutes of the above proceedings were drawn up and signed, after being read through, by the members of the Bureau.

THE CHAIRMAN	THE SCRUTINEERS	THE SECRETARY
Brahim SEMID	Hocine TAHRAOUI Mustafa BEN KHALIFA	Philippe DELECLUSE

MANAGEMENT REPORT

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

(Financial year ended 31 December 2017)

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 2017

At financial year end, total assets were down in relation to the previous year, falling from EUR 438,369k at the end of 2016 to EUR 373,414k, representing a significant decrease of 14.8% from one year to the next.

Interbank transactions represented more than a third of total assets, on both sides of the balance sheet. On the liabilities side, interbank transactions continued to be sustained through shareholders' deposits and deposits by other Libyan and Algerian correspondent banks. 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 still-negative short-term interest rates, there was a sharp drop across almost all asset classes:

- Investments with the French central bank decreased to EUR 1.7 million compared to EUR 2.4 million at year end 2016.
- Interbank transactions fell to EUR 133 million, down 6.20% on 2016.
- Customer outstandings also fell sharply to EUR 60 million, compared to EUR 99 million at the end of 2016, marking a decrease of close to 40% on the previous year.
- Total outstandings attributable to investment securities were also down at EUR 152 million, corresponding to an 8% drop on the EUR 165 million recorded in 2016. However, there were contrasting trends in the portfolio, with variable-rate securities transactions falling 12.6% to EUR 117 million and fixed-rate transactions rising 12% to EUR 35 million.
- 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 registered a sharp decrease following the disposal of the shareholding in Inversiones Hoteleras Los Cabos for EUR 3.2 million.

LIABILITIES

At the end of the year, the liabilities side of the balance sheet reflected a similar trend to the assets side, with practically all items registering a decrease:

- Interbank deposits, primarily comprising funds deposited by Algerian and Libyan banks, recorded a sharp fall of 15.6% from EUR 94 million at the end of 2016 to EUR 79 million.
- Customer funds registered an even steeper 29% decline, shrinking from EUR 175 million at the end of 2016 to EUR 125 million.
- Provisions for liabilities and charges were stable year-on-year at EUR 26 million.

OFF-BALANCE SHEET ITEMS

At year end:

- Signed commitments given fell heavily on the previous year, amid very low volumes:
- Financing commitments were down 23% on year end 2016, with outstandings totalling EUR 5.2 million compared to EUR 6.7 million at the end of 2016.
- Guarantee commitments came to EUR 94 million, down 12% on the amount recognised at the end of 2016.
- Signed commitments received also fell, going from EUR 79 million in 2016 to EUR 73 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)	31.12.2017	31.12.2016	% change 2017/16
Revenue, interest and similar income	5 416	6 639	-18.4 %
Commissions	1 138	1 174	-3.1 %
Operating profits or losses from portfolios	3 881	5 069	-23.4 %
Other bank operating income and expenses	6	23	-73.2 %
Net banking income	10 441	12 904	-19.1 %
Personnel costs	(7 816)	(8 349)	-6.4 %
Other general operating expenses	(4 547)	(4 439)	2.4 %
Depreciation and amortisation expenses	(370)	(424)	-12.7 %
Total general operating expenses	(12 733)	(13 212)	-3.6 %
Gross operating income (loss)	(2 291)	(308)	644.8 %
Cost of risk (1)	2 869	(1 617)	-277.4 %
Net operating income (loss)	577	(1 925)	-130.0 %
Gains or losses on disposals	19	4 365	
Net profit (loss) before non-recurring items and tax	596	2 441	-75.6 %
Net non-recurring income (expense)	17	5	256.9 %
Income tax	(88)	0	
Approp.to / rev.from gen. Banking reserve fund and tax-driven prov	0	0	
NET PROFIT (LOSS)	526	2 446	-78.5 %

The main changes in the income statement were as follows:

Net Banking Income reflected the lower business volumes observed in the balance sheet and in off-balance sheet items, falling 19% on the previous year. All items recorded a decline. The main reasons for these trends were as follows:

- Another sharp fall in net interest income and net commission income tied to the significant contraction in business and persistently-low interest rates.
- A heavy drop in net gains on the investment portfolio, which amounted to EUR 3.5 million, down 31.5% on the EUR 5.1 million recorded for the end of 2016. Income from investment securities (+EUR 2.2 million) and amortisation of premiums and discounts on securities (-EUR 1.4 million) are recognised under: "Revenue, interest and similar income".

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, decreasing by 3.6% year-on-year from EUR 13.2 million to EUR 12.7 million.
- A fall in the number of employees, coupled with recruitment problems, meant that personnel costs dropped 6.4% from EUR 8.4 million in 2016 to EUR 7.8 million.
- Other operating expenses increased by 2.4% from EUR 4.4 million at the end of 2016 to EUR 4.5 million. While most items moved down, there was a significant increase in expenses pertaining to audit and consulting fees (up 50%), IT (up 18%) and directors' fees (up 38%).

- No expense rebilled to shareholders was recognised in 2017. The balance of the account relating to the recognition of expenses rebilled since 2012 amounted to EUR 218k, with settlement pending.
- The annual amortisation, depreciation and provision expense on fixed assets fell 12.7% to EUR 370k, compared to EUR 425k in 2016. It is important to note that this expense had increased in 2016 due to 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 2017, the bank recorded a gross operating loss of EUR 2.3 million, after nearing breakeven in 2016.

A net reversal of EUR 2.9 million was recorded for the cost of risk provision in 2017 compared to a net charge of EUR 1.6 million in 2016. Income of EUR 1.6 million was generated on the amortisation of discounts on restructured loans.

COST OF RISK (in € millions)	Provisions	Reversals	Net amount
Doubtful debts - Banks	(0.0)	0.0	(0.0)
Doubtful debts - Customers	(0.4)	4.6	4.2
Doubtful investments	0.0	0.0	0.0
Equity investments	(0.4)	-	(0.4)
Signed commitments	(0.1)	-	(0.1)
Country risks	(0.2)	0.3	0.2
Other liabilities and charges	0.0	0.1	0.1
Discount recognised on restructured loans and receivables		1.6	1.6
Losses on irrecoverable loans and receivables	(3.3)		(3.3)
TOTAL COST OF RISK	(3.9)	7.2	3.3

It is important to remember that the sale of BIA Bank's shareholding in Inversiones Hoteleras Los Cabos made it possible to register a gain of EUR 4.4 million in 2016. This non-recurring income was taken to "Gains or losses on disposals".

Consequently, the bank recorded a net profit before non-recurring items and tax of EUR 0.59 million compared to a net profit of EUR 2.4 million in the previous year.

In accordance with the French national accounting board's (CNC) regulation No. 03 – R – 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, the bank recorded a EUR 5k 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.

Factoring in tax deductions and add-backs, the company posted a net profit after exceptional items and tax of EUR 0.52 million at the end of 2017.

III. FORESEEABLE DEVELOPMENTS AND OUTLOOK

The 2018 budget was prepared on the assumption that business volumes will remain at current levels and with a view to the streamlining of the bank's operational capacities pending the increase and reorganisation of the share capital.

The Board of Directors examined and approved this plan on 15 December 2017.

We foresee an improvement in economic conditions in the euro zone and in Algeria and a stabilisation in the United States.

This should result in:

- Stable documentary credit business compared with 2017.
- 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 7.5 million.

IV. COMMERCIAL ACTIVITY IN 2017

Documentary credit

The profitability of the documentary credit business decreased slightly in 2017, 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 transactions

As an extension to its documentary credit business, the bank nonetheless maintained minimal activities in the following areas:

- 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 1.86 million in 2017, 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 3.2 million in 2017.

Cash-foreign exchange activity

2017 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.
- Still-negative interbank rate effects for the euro.
- Strong 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. This portfolio is valued regularly in accordance with the applicable prudential standards.

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 a dividend in 2017 and, in view of the decline in business and profitability observed since 2011, and based on the company's net asset situation, it decided to set aside an additional USD 482k provision 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 2017, BIA Bank recorded a dividend of USD 39k.

VII. EMPLOYEE SHAREHOLDING

In accordance with Article L 225-102 of the French commercial code, we hereby inform you that no employee held shares in the company on the last day of the financial year, i.e. 31 December 2017.

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.

Accounts payable presented a debit balance of EUR 39k at the end of 2017 compared to a debit balance of EUR 60k at the end of 2016.

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. EVENTS ARISING AFTER THE REPORTING PERIOD AND BEFORE THE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE

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 2017 were approved by the Board of Directors on 30 March 2018.

They show a net profit after tax of EUR 525,614.

The proposed appropriation of these earnings is as follows:
EUR 525,614 to be taken to retained earnings. Consequently, retained earnings will show a debit balance of EUR 20,303,690.

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)

Nature des indications	2013	2014	2015	2016	2017
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	18,034,178	18,874,352	18,353,204	16,478,477	13,614,976
Profit (loss) before tax, profit sharing, depreciation, amortisation and provisions	(13,836,243)	(7,336,779)	(7,780,121)	1,123,655	2,583,752
Income tax income (expense)	(1,318,041)	(36,334)	0	0	(90,553)
Profit sharing for the year	-	-	-	-	
Profit (loss) after tax, amortisation, depreciation and provisions	4,000,938	(2,793,474)	(2,569,804)	2,445,546	525,614
Earnings distributed					
EARNINGS PER SHARE					
Earnings after tax but before amortisation, depreciation and provisions	(1.19)	(0.69)	(0.74)	0.11	0.25
Earnings after tax, amortisation, depreciation and provisions	0.38	(0.27)	(0.24)	0.23	0.05
Dividend per share					
STAFF					
Number of employees	66	59	59	55	54
Total salaries	4,467,357	4,526,140	4,770,329	4,874,751	4,559,386
Employee benefits (social security, social benefit schemes, etc.)	2,337,119	2,265,807	2,357,871	2,495,227	2,453,300

XVI. DIRECTORS' FEES

The Board of Directors will ask the shareholders present at the general 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, we will provide you in the Report of the board of directors on corporate governance the list of all the appointments and duties held by the officers of the company 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.

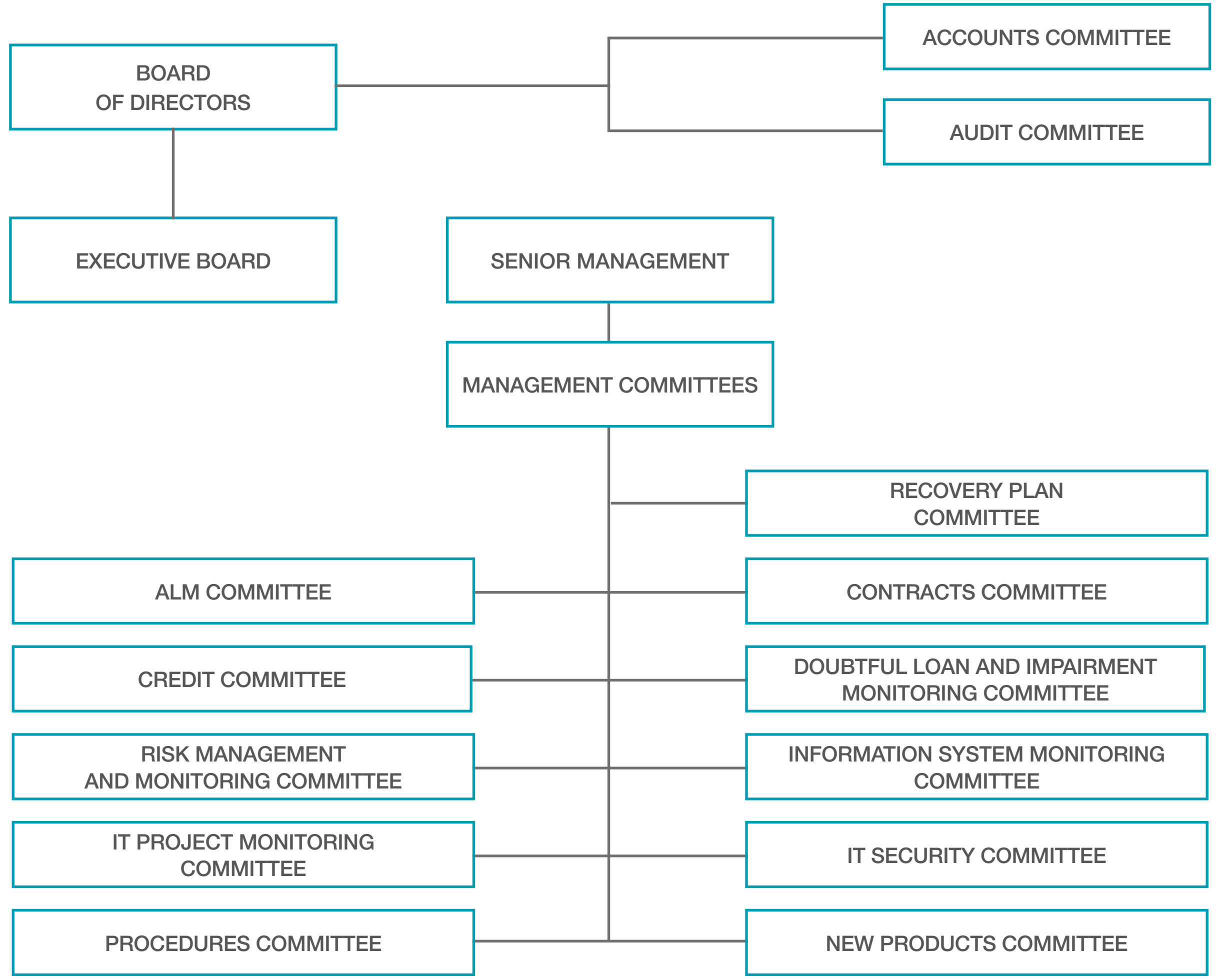
The Board of Directors asks the shareholders to approve the resolutions submitted to them and is at their disposal should they require any further information.

XVIII. REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Enclosed with the annual management report and presented at the 2018 General Meeting of the Shareholders pursuant to Articles L 225-37 and L 225-68 of the French commercial code (Code de commerce)

1. GOVERNANCE

1.1. Organisation of management and risk control functions



1.2. Method of governance

The Board of Directors adopted a resolution on 23 May 2002 regarding the organisation of the Bank's senior management, in which it opted to combine the functions of Chairman and Chief Executive Officer.

1.3. Conditions under which the work of the Board of Directors is prepared and organised

BIA Bank's corporate governance rules draw on two frames of reference:
- the Bank's memorandum and articles of association,
- and the charters that dictate the running of the special committees set up by the Board of Directors to prepare for its deliberations and decisions.

BIA Bank is governed by the following bodies:

a) The Board of Directors

Composition
he Board of Directors is composed of **six members,** all of them shareholders. The directors are appointed for a maximum term of three years and may be reelected.

Operating procedures
In accordance with the Bank's articles of association, the Board of Directors is convened by any means by the Chairman or at the request of one half of the directors.

The Board of Directors determines the business guidelines and ensures that they are followed. It examines any issue relating to the proper running of the company and deliberates on matters that concern it.

It meets as often as required in the best interests of the company and at least twice a year.

The articles of association lay down the rules relating to the chairmanship and deliberations of the Board of Directors.

Six Board meetings were called in 2017.

During these meetings, the Board of Directors notably examined the annual, interim and quarterly financial statements, the budget, matters relating to strategy and the reports of the Executive Board, the Accounts Committee and the Audit Committee.

b) The Executive Board

The Executive Board is composed of the Chairman and the Vice-Chairman of the Board of Directors as well as the Deputy Chief Operating Officers.

Seven Executive Board meetings were called in 2017 to examine the bank's affairs and to decide on loan applications, depending on the powers conferred upon the Executive Board.

The Executive Board reports to the Board of Directors.

In addition to these governing bodies, the Board of Directors has formed two special committees.En sus des instances statutaires, le Conseil d'administration dispose de deux Comités spécialisés.

c) The Special Committees

The Board of Directors decided on 19 December 2002 to form two special committees to prepare its deliberations on the company's financial statements and internal control.

These committees are composed of directors appointed by the Board and examine matters that fall within their specific areas of responsibility, which are set forth in charters.

- The Audit Committee

Following the creation in April 2010 of a risk management and monitoring committee to assist Senior Management in overseeing and managing the risks inherent in the bank's activities and in monitoring the effectiveness of permanent control procedures, the internal control and risk committee became the "Audit Committee".

The main role of this committee, composed of two directors, is to examine:
- the work programme of the general inspection department (Inspection Générale);
- the periodic internal control reports;
- the follow-up of the implementation of internal and external audit recommendations;
- the consistency of internal controls on risk measurement systems;
- periodic reporting on significant risks and plans and measures to mitigate such risks;
- the provisional annual report on internal control and risk measurement and monitoring;
- the results of permanent control procedures;
- the results of compliance procedures.

The following people report to the Audit Committee:
- the head of the general inspection department;
- the head of the risk department;
- the head of the compliance and legal department.

The Deputy Chief Operating Officers attend the meetings of the Audit Committee as observers.

The Audit Committee meets with the three aforementioned department heads at least once a year. No member of Senior Management attends these meetings.

The Audit Committee reports to the Board of Directors.

It met three times in 2017.

- The Accounts Committee

The main role of the Accounts Committee, composed of two directors, is to examine:
- the accounts, financial statements and financial results;
- aspects relating to accounting methodologies and frameworks;
- the provisional annual financial statements and period-end options;
- the Statutory Auditors' work programme.

The following people report to the Accounts Committee:
- the head of finance and administration;
- the head of the risk department
- the head of the general inspection department.

The Accounts Committee reports to the Audit Committee and to the Board of Directors.

It met once in 2017. It notably reviewed the provisional annual accounts submitted to the Board of Directors.

Ce comité s'est réuni une fois en 2017. Il a notamment examiné les projets de comptes annuels soumis au Conseil d'Administration.

d) Assessment of the conduct of the governance bodies

In 2017, the attendance rate at the meetings of the Board of Directors and of the various committees was exemplary.

Please be advised that the articles of association do not provide for specific limitations of the powers conferred upon the Chief Executive Officer other than those provided by law pursuant to Article 21 of the articles of association.

e) Management committees

Senior Management has put the following management committees in place to implement BIA Bank's strategy:

1. the recovery plan committee
2. the ALM Committee
3. the Contracts Committee
4. the Credit Committee
5. the Doubtful Loan and Impairment Monitoring Committee
6. the Risk Management and Monitoring Committee
7. the Information System Monitoring Committee
8. the IT Project Monitoring Committee
9. the IT Security Committee
10. the Procedures Committee
11. the New Products Committee.

In 2017, a total of 67 meetings were held to address the various topics on the agenda.

2. CORPORATE OFFICES AND DUTIES OF THE COMPANY OFFICERS

CORPORATE OFFICES AS AT 31 DECEMBER 2017

Mr Brahim SEMID	
Chairman and Chief Executive Officer	Banque Extérieure d'Algérie / Algiers
Chairman and Chief Executive Officer	BIA Bank / Paris
Member of the Board of Directors	UBAF Paris
Member of the Board of Directors	British Arab Commercial Bank (BACB) /London
Mr Bashir SAMALOUS	
Director of the Libyan Dinar Unit	Libyan Foreign Bank / Tripoli
Vice-Chairman	BIA Bank / Paris
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
Chairman of the Budget Committee	Libyan Central Bank / Libya
Mr Amer AMISH	
Deputy Chief Executive Officer	BIA Bank / Paris
Member of the Board of Directors	Arab International Company for Hotels and Tourism / Cairo
Mr Mohamed YOUNSI	
Deputy Chief Executive Officer	BIA Bank / Paris

3. RELATED PARTY AGREEMENTS AND COMMITMENTS

Please be advised that an agreement subject to the provisions of Article L. 225-38 of the French commercial code (Code de commerce) was brought to the attention of the Board of Directors in 2012.

No other such agreement either entered into or approved in previous years was pursued in the last financial year.

4. POWERS CONFERRED IN RESPECT OF CAPITAL INCREASES

Pursuant to Article 8 of the Bank's articles of association, the Board of Directors may propose a resolution to increase the share capital. In order to be passed, said resolution must be put to the vote at an extraordinary meeting of the shareholders under the conditions set forth in Article 40.

Statutory Auditors' report on the financial statements

Year ended 31 December 2017

To the Shareholders,

Opinion

Pursuant to the assignment entrusted to us by your General Meeting, we have audited the financial statements of Banque BIA S.A. for the year ended 31 December 2017, as appended to this report.

We certify that the financial statements are, in accordance with French accounting rules and principles, regular and sincere and give a true and fair view of the results of the operations for the past financial year as well as the financial position and assets of the company at the end of this financial year. The opinion expressed above is consistent with the content of our report to the Audit Committee.

Basis of our opinion

Audit referential

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Our responsibilities under these standards are set out in the section "Responsibilities of the Statutory Auditors relating to the Audit of the Financial Statements" of this report.

Independance

We conducted our audit in accordance with the independence rules applicable to us, over the period from 1 January 2017 to the date of issue of our report, and in particular we have not provided any services prohibited by Article 5(1) of Regulation (EU) No 537/2014 or by the auditors' professional code of ethics.

Justification of our Assessments - Key Audit Points

In accordance with the provisions of Articles L. 823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the key points of the audit relating to the risks of material misstatement which, in our professional judgment, were the most important for the audit of the financial statements, as well as the responses we have provided to these risks.

The assessments thus made are in the context of the audit of the financial statements as a whole and the forming of our opinion expressed above. We do not express an opinion on the individual elements of these financial statements.

Credit risk – Individual impairment

Risk identified

In the course of its lending activities, Banque BIA is exposed to credit risk resulting from its customers' inability to meet their financial commitments. It recognises impairment and provisions intended to cover the proven risks of losses. These are determined on an individual basis. They are based on regulatory or specific parameters as well as on parameters that take account of macroeconomic situations likely to affect sensitive credit portfolios. These provisions constitute a significant estimate for the preparation of the financial statements and require management judgment. For these reasons, they are a key point of the audit.

Audit procedures implemented in response to this risk

As part of our audit procedures, we examined the control system and tested the design and effectiveness of the key controls relating to the identification of exposures (and in particular to the identification of those receivables involving proven risk), the monitoring of credit and counterparty risks, the assessment of risks of non-recovery and the determination of impairments and related provisions on an individual basis.

Our work consisted in particular of testing the system for identifying and monitoring sensitive, doubtful and contentious counterparties, the credit review process and the system for valuing guarantees. Furthermore, based on a sample of files selected on materiality and risk criteria, we carried out comparative analyses of the amounts of provisions.

Accounting treatment of available-for-sale securities
Risk identified
Banque BIA holds a portfolio of proprietary available-for-sale securities consisting basically of bonds, units in UCITS and equities. Management's investment intention is a determining criterion for the accounting and tax treatment of available-for-sale securities and is therefore a key point of the audit.

Audit procedures implemented in response to this risk

Our work consisted in examining the internal control system for the securities portfolio, enquiring of the management as to its investment intentions, familiarising ourselves with the applicable management rules and analysing the securities transactions carried out by sampling.

Going concern
Risk identified

When preparing the financial statements, management is responsible for assessing the company's ability to continue operating, presenting in its financial statements, if necessary, the relevant information on business continuity and applying the going concern accounting principle, unless it is planned to liquidate the company or cease its activity. Banque BIA operates in a geopolitical context that has been difficult for several years, and this has had a negative impact on the bank's overall level of activity.

In such a context, business continuity could present a risk and is therefore a key audit point.

Audit procedures implemented in response to this risk

Our work consisted in assessing the elements used by the Board of Directors to justify the application of the going concern accounting principle and in reviewing the documentation underlying these elements.

Verification of the management report and other documents sent to shareholders
In accordance with professional standards applicable in France, we also performed the specific checks required by law.

Information provided in the management report and in other documents sent to members on the financial position and financial statements

We have no comments to make on the fairness and consistency with the financial statements of the information provided in the Board of Directors' management report and in the other documents sent to members on the financial position and the financial statements.

Report on corporate governance

We certify that the Board of Directors' report on corporate governance contains the information required by Article L.225-37-4 of the French Commercial Code.

Information resulting from other legal and regulatory obligations
Appointment of statutory auditors

We were appointed statutory auditors of Banque BIA SA by the general meetings of 20 April 1993 for Baker Tilly Sofideec and 6 May 2011 for Artex Audit Associés. At 31 December 2017, Baker was in its 25th consecutive year of office and Artex Audit Associés was in its 7th.

Responsibilities of management and those persons charged with corporate governance relating to the financial statements

It is the responsibility of management to prepare annual financial statements that present a true and fair view in accordance with French accounting rules and principles and to put in place such internal control as it deems necessary for the preparation of financial statements free from material misstatement, whether due to fraud or error.

When preparing the financial statements, management is responsible for assessing the company's ability to continue operating, presenting in its financial statements, if necessary, the relevant information on business continuity and applying the going concern accounting convention, unless it is planned to liquidate the company or cease its activity.

The Audit Committee is responsible for monitoring the financial reporting process and for monitoring the effectiveness of the internal control and risk management systems, as well as internal audit, where applicable, with regard to procedures relating to the preparation and processing of accounting and financial information. The financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the financial statements
Audit objective and approach

It is our responsibility to prepare a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit conducted in accordance with professional standards systematically detects every material misstatement. Misstatements may result from fraud or error and are considered material when it is reasonably expected that they, taken individually or in aggregate, may influence the economic decisions that users of the accounts make based on them. As stated in Article L.823-10-1 of the French Commercial Code, our responsibility in certifying the financial statements is not to guarantee the viability or quality of the management of your company.

In the context of an audit carried out in accordance with professional standards applicable in France, the auditor exercises its professional judgement throughout this audit. In addition:

it identifies and assesses the risks that the annual financial statements contain material misstatements, whether due to fraud or error, defines and implements audit procedures in relation to these risks, and gathers information that it considers sufficient and appropriate to base its opinion. The risk of non-detection of a material misstatement due to fraud is higher than that of a material misstatement due to error, as fraud may involve collusion, falsification, intentional omissions, misrepresentation or circumvention of internal control;

it obtains an understanding of the internal control processes relevant to the audit in order to define appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control processes;

it assesses the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as the information concerning them provided in the annual financial statements;

it assesses the appropriateness of management's application of the going concern accounting convention and, depending on the information collected, whether or not there is material uncertainty associated with events or circumstances that may call into question the company's ability to continue operating. This assessment is based on the information collected up to the date of its report, it being recalled however that subsequent circumstances or events could call into question the continuity of operations. If it concludes that there is material uncertainty, it draws the attention of readers of its report to the information provided in the financial statements on this uncertainty or, if this information is not provided or is not relevant, it issues a qualified opinion or declines to certify;

it assesses the overall presentation of the financial statements and assesses whether they reflect the underlying transactions and events so as to give a true and fair view of them.

Report to the Audit Committee

We submit a report to the Audit Committee, presenting in particular the scope of the audit work and the work programme implemented, as well as the conclusions resulting from our work. We also bring to its attention, where applicable, the significant weaknesses in internal control that we have identified with regard to procedures relating to the preparation and processing of accounting and financial information.

Among the elements communicated in the report to the Audit Committee are the risks of material misstatement that we consider to be the most important for the audit of the financial statements for the financial year and which therefore constitute the key points of the audit, which we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537-2014 confirming our independence, within the meaning of the rules applicable in France as laid down in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and the Code of Ethics of the profession of statutory auditor. If necessary, we discuss with the Audit Committee the risks to our independence and the safeguard measures applied.

Signed in Paris, on 2 May 2018
The Statutory Auditors

Baker Tilly Sofideec
Moez CHARFI

Artex Audit Associes
Franck MEDIONI

Statutory Auditors' special report on regulated agreements

For the year ended 31 December 2017

To the general meeting of shareholders of Banque BIA,
Ladies and gentlemen,
In our capacity as statutory auditors of your company, we hereby present our report on regulated agreements.

It is our responsibility to report to you, based on the information provided to us, on the essential characteristics and terms and conditions, as well as the reasons justifying the benefit to the company, of the agreements disclosed to us or that we may have discovered during the course of our work, without having to express an opinion on their usefulness and appropriateness or to identify any other agreements. It is for you, in accordance with Article R. 225-31 of the French Commercial Code, to assess the desirability of entering into these agreements prior to approving them.

Moreover, it is our responsibility, if necessary, to provide you with the information referred to in Article R. 225-31 of the French Commercial Code relating to the performance during the past financial year of agreements previously approved by the General Meeting of Shareholders.

We conducted those checks that we considered necessary in light of the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted of verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE GENERAL MEETING OF SHAREHOLDERS
We inform you that we have not been advised of any agreement authorised and entered into during the past financial year to be submitted for approval to the General Meeting of Shareholders pursuant to the provisions of Article L.225-38 of the French Commercial Code.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS
We have been informed that the following agreement, already approved by the General Meeting of Shareholders during previous financial years, continued to be effective but no services were performed thereunder during the past financial year.

SERVICES AGREEMENT
Purpose
Banque BIA may be called upon to provide services or carry out procedures in the interests of its shareholders, recharging the cost of these services to the relevant shareholders.

Relevant persons
• Banque Extérieure d'Algérie, represented by Mr Brahim SEMID
• Libyan Foreign Bank, represented by Mr Naji Mohamed Issa BELGASEM
directors of your company

Date of authorisation
Board of Directors meeting of 31 October 2012

No recharges to shareholders were recognised in 2017.

Signed in Paris, on 2 May 2018
The Statutory Auditors

Baker Tilly Sofideec
Moez CHARFI

Artex Audit Associes
Franck MEDIONI

Information on dormant bank accounts as at 31 December 2017

Pursuant to Articles L312-19, L312-20 and R312-21 of the French monetary and financial code (Code Monétaire et Financier), resulting from the law of 13 June 2014 (No. 2014-617) on dormant bank accounts and unclaimed life insurance benefits ("Loi Eckert"), which came into force on 1 January 2016, financial institutions are required to disclose information on dormant bank accounts every year.

• Number of dormant accounts on our books: **18**
• Total amount of deposits and assets contained in these accounts: **129,608.70 €**
• Number of accounts in respect of which the deposits and assets have been transferred to the Caisse des Dépôts et Consignations: **0**
• Total amount of deposits and assets transferred to the Caisse des Dépôts et Consignations: **0 €**