



Conception - Réalisation | l'auréagence



2019 ANNUAL REPORT



BRINGING THE MEDITERRANEAN'S TWO SHORES TOGETHER IN THE HEART OF PARIS

2019 SUMMARY



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CHAIRMAN'S STATEMENT

Banque BIA's growth was limited throughout 2019 by the need to manage major risk constraints.

Its year-end results were once again affected by its lack of capacity to make new commitments in its preferred markets, despite significant operational potential in its core business.

By end-2020, it will have implemented an effective solution for reducing those major risk constraints.

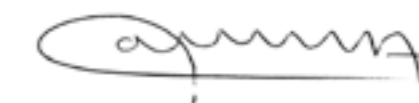
Against the backdrop of the pandemic crisis in the first quarter of 2020, the bank's management successfully navigated the lockdown by introducing wide-scale teleworking and adapting and strengthening its health and IT security procedures.

The Bank firmly demonstrated the resilience imparted by its fundamental strengths:

- a solid core business (trade finance);*
- a prudent risk policy;*
- high quality operational and internal control practices.*

For the future, it will facilitate the achievement of its growth targets by eliminating its major risk constraints, judiciously strengthening human resources and adding IT capacity.

.....
M. Lazhar LATRECHE





2019 PRESENTATION

GLOBAL ECONOMIC SITUATION ECONOMIC OUTLOOK 2019

The Covid-19 crisis affected all economies worldwide.

Economically speaking, there were multiple negative consequences, the most obvious being:

1. Cross-sector double supply/demand shock
2. Stock market crash and fall in oil price
3. Decline in international trade
4. Fall in global GDP
5. Rise in unemployment

At this stage, if costing the crisis remains an exercise in approximation, projections regarding the future and solutions for exiting the crisis are no less complicated.

On the monetary policy front, the major central banks have expanded their asset purchase programmes and liquidity support operations.

This raises the question of how much room for manoeuvre will be available in the future given the two factors of existing high debt levels and limited global coordination.

At the European Union level, given the hurdle of nation-states' political corporatism it is not certain that the debt pooling announced to finance the massive stimulus plan will succeed.

While the United States, for its part, has come up with the "CARES Act", the biggest stimulus plan in its history, US GDP looks likely to have contracted by 15% (48% year-on-year) in the second quarter, a fall comparable to that expected in the eurozone. The unemployment figure, put at 13% in May, remains high in absolute terms and should be treated with caution.

The Federal Reserve itself describes the pace of the ongoing recovery in the United States as "extraordinarily uncertain".

China has ramped up its monetary and fiscal stimulus measures to tackle its excessive economic debt. The country's manufacturing sector remains exposed to the shock of weakening global demand. Geopolitically, the new financial and food stress affecting Sub-Saharan Africa offers Chinese government diplomats the opportunity to use the health crisis to draw new lines of cooperation for the country's Belt and Road Initiative.

Lastly, concerning the developing economies, the IMF has referred to the accumulation of internal and external shocks besetting such countries as a "perfect storm". The health crisis has amplified simultaneous shocks relating to growth, debt, exchange rates, liquidity, solvency, and external trade and budget deficits.

"Structural reform" is the action lever that these countries' governments will need to use to exit this crisis and ultimately build economies able to withstand future crises.

BANQUE BIA IN BRIEF

HISTORY

Formed in Paris in 1975, Banque BIA changed its name in 2006. From the outset, the bank's goal has been to strengthen and develop economic and financial relations between France and Arab countries, specialising during the 1980s in the financing of trade flows between France, Algeria and Libya. During the 2000s it embarked on a new business strategy that extended to the entire Mediterranean area as well as Sub-Saharan Africa.

Today, the bank is a benchmark player in France and Europe in the development of commercial relations between the two shores of the Mediterranean. The new strategy implemented by the bank is based on three pillars: "customer - efficiency - Mediterranean":

- As a company, Banque BIA's mission is to gain new customers, foster their loyalty, forge partnerships and galvanise its teams around the objectives of its customer-oriented strategy;
- As a bank and a regulated space for the creation of value, it works to guarantee quality, responsiveness, security and efficiency of operations in compliance with the regulations;
- As the reference bank for Libya and Algeria in France and Europe, Banque BIA constantly strives to ensure quality of service that compares favourably with that of the competition. It offers its customers expertise in the markets and environment of the southern shore of the Mediterranean.

SHARE OWNERSHIP

The Bank's share capital of EUR 158,100,000 is owned equally by two state banks, one Algerian (Banque Extérieure d'Algérie) and one Libyan (Libyan Foreign Bank). Both players are the lead banks of their country with significant financial resources, responsible in particular for hydrocarbon transactions with importing countries (North America, Europe and Asia). They oversee financial relations with OECD countries for large Algerian and Libyan companies. As such, they are particularly attentive to the their reputation and the brand image of their subsidiaries, especially their French subsidiary, Banque BIA.

BUSINESS LINES

DOCUMENTARY CREDIT

Documentary credit is Banque BIA's core international financing activity. The growth in its documentary credit operations reflects the continued natural support from parent companies as well as the expansion and strengthening of our relationships with many banking institutions, both in the founding countries and worldwide. Banque BIA is able to pursue its primary role of facilitating foreign trade operations and advising customers on its specialty markets thanks to its recognised specialisation and expertise in documentary credit.

PAYMENT METHODS

With the development of commercial transactions between France and Algeria on the one hand, and Libya on the other, the bank's retail activity around cheque transfers and collection has tripled. Its personalised service offering helps to boost its transaction activity.

FINANCING AND GUARANTEES

Thanks to its size, Banque BIA can respond swiftly to a select customer base. It offers different types of loans to help customers develop their business:

- trade credit;
- receivables discounting;
- short-term cash loans;
- financial loans;
- mortgage loans;
- market, payment and other guarantees.

CASH-FOREIGN EXCHANGE

The cash and foreign exchange activity optimises cash management and assesses and manages the market risks generated by the bank's activities. The front office is highly active in interbank transactions, but also operates in the foreign exchange market as part of an advisory and intermediation role and to support customers with hedging requirements.

MARKETS

CUSTOMER TYPES

Banque BIA is a major player in the development of trade between France and the main southern Mediterranean countries. Its activity is organised around two customer divisions.

• Banks

Banque BIA is the preferred point of contact for the main Algerian and Libyan banks for all their foreign trade banking transactions. It also operates in the main countries of Africa and the Middle East, particularly in documentary transactions, syndication, financing and the issuance of guarantees. Banque BIA confirms documentary credits issued by banks located in a large number of countries, notably emerging countries. It is also a major player in the interbank market, primarily in short-term transactions.

• Companies

Banque BIA finances companies that export to or plan to develop turnover on its preferred markets. The development of activity for this customer category intensified from 2003 onwards.

SUPERVISORY AND MANAGEMENT BODIES

Shareholders

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

Board of Directors

Brahim Semid	<i>Chairman</i>
Mustafa Ben Khalifa	<i>Director</i>
Banque Extérieure d'Algérie	<i>Represented by Zine Eddine Bouzit, Director</i>
Libyan Foreign Bank	<i>Represented by Naji Mohamed Issa Belgasem, Director</i>

Executive Committee

Brahim Semid	<i>Chairman</i>
Mohamed Younsi	<i>Deputy Chief Executive Officer</i>

Senior Management

Mohamed Younsi	<i>Deputy Chief Executive Officer</i>
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Statutory auditors

Artex Audit Associés
Baker Tilly Sofideec

Audit Committee

Mustapha Ben Khalifa	<i>Chairman</i>
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Accounts Committee

Brahim Semid	<i>Chairman</i>
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General Inspection

Najib Tabti



2019 FINANCIAL REPORT

Balance Sheet (in thousands of euros)

ASSETS	31.12.2019	31.12.2018	Change
Cash, central banks and post office accounts	11,725	2,100	458.30%
Government securities and similar instruments			
Loans and advances to credit institutions	162,863	136,160	9.61%
Customer transactions	37,181	41,082	-9.50%
Bonds and other fixed-income securities	37,404	40,724	-8.15%
Equities and other variable-income securities	104,786	90,229	16.13%
Equity interests and other long-term securities	2,757	3,041	-9.33%
Investments in subsidiaries and associates			
Finance leases and leases with a purchase option			
Operating leases			
Intangible assets	223	139	59.91%
Property and equipment	1,513	1,630	-7.15%
Capital subscribed but unpaid			
Treasury shares			
Trading and settlement accounts			
Other assets	20,083	19,839	1.23%
Prepayments and accrued income	683	898	-23.93%
TOTAL ASSETS	379,222	335,845	12.92%

Off-balance sheet (in thousands of euros)

COMMITMENTS GIVEN	31.12.2019	31.12.2018	Change
Financing commitments	9,351	8,198	14.07%
Guarantee commitments	92,390	101,988	-9.41%
Commitments on securities			

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2019	31.12.2018	Change
Central banks and post office accounts			
Amounts due to credit institutions	60,562	29,765	103.47%
Customer transactions	148,491	130,088	14.15%
Debt securities			
Other liabilities	1,003	1,037	-3.23%
Accruals and deferred income	1,761	1,907	-7.62%
Trading and settlement accounts			
Provisions for liabilities and charges	25,986	32,603	-20.30%
Subordinated debt			
Fund for general banking risks			
Shareholders' equity excluding fund for general banking risks			
Subscribed capital	158,100	158,100	
Additional paid-in capital			
Reserves	1,816	1,816	
Revaluation reserve			
Regulated provisions and investment grants			
Retained earnings (+/-)	-19,472	-20,303	-4.09%
Net income for the year (+/-) 831	972	831	17.05%
Income to be allocated			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	379,222	335,845	12.92%

COMMITMENTS RECEIVED	31.12.2019	31.12.2018	Change
Financing commitments			
Guarantee commitments	12,042	15,890	-24.21%
Commitments on securities			

Income statement (in thousands of euros)

INCOME STATEMENT (in thousands of euros)	31.12.2019	31.12.2018	Change
+ Interest and similar income	5,192	5,788	-10.28%
- Interest and similar expense	-539	-410	31.43%
+ Income from finance leases and similar transactions			
- Expenses on finance leases and similar transactions			
+ Income from operating leases			
- Expenses on operating leases			
+ Income from variable-income securities	134	114	
+ Commissions (income)	903	1,426	-36.66%
- Commissions (expenses)	-244	-215	13.26%
+/- Gains or losses on trading portfolio transactions	22	146	-84.77%
+/- Gains or losses on investment portfolio and similar transactions	1,641	-1,820	-190.16%
+ Other banking income	26	8	199.51%
- Other banking expenses	-0.5	-1	
NET BANKING INCOME	7,136	5,036	41.71%
- General operating expenses	-10,763	-11,909	-9.62%
- Depreciation, amortisation and provisions on intangible assets and property and equipment	-392	-373	5.167%
GROSS OPERATING INCOME	-4,019	-7,246	-44.54%
Cost of risk	4,995	8,083	
OPERATING INCOME	976	837	16.57%
+/- Gains or losses on the disposal of fixed assets	0	0	
INCOME FROM ORDINARY ACTIVITIES BEFORE TAX	976	837	16.57%
+/- Non-recurring items	-3	-6	
- Income tax (+/-)	0	0	
+/- Additions to/reversals of fund for general banking risks and regulated provisions	0	0	
NET INCOME	973	831	17.05%

Notes to the annual financial statements for the financial year ended 31 December 2019

1 ACCOUNTING POLICIES AND PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of Banque BIA 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 and time-apportioned 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 monthly 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 the 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. FIXED ASSETS

Fixed assets are recognised in the balance sheet at cost, broken down in accordance with Regulation ANC 2014-03, less depreciation and amortisation calculated on a straight-line basis based on their estimated useful life, in accordance with Regulation ANC 2014-03. 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 as 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 as 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 debt not classified as non-performing 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 the 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.

10. INFORMATION RELATED TO COVID-19

The health crisis related to Covid-19 and the promulgation of the state of health emergency by Law no. 2020-290 of 23 March 2020 constitute an event after 31 December 2019 that did not give rise to an adjustment of the annual financial statements for the year ended 31 December 2019; in other words, the assets and liabilities and expenses and income mentioned respectively in the balance sheet and the income statement for the year ended 31 December 2019 were recognised and valued without taking into account this event and its consequences.

This health crisis has had no significant impact on the bank's activity since 1 January 2020. Banque BIA continued to upgrade its information system and increased its teleworking capacity to 94% of its staff. It also put in place all necessary health measures for staff required to travel to the bank.

Banque BIA did not take advantage of any exceptional measures introduced by the French government (furloughing, government-guaranteed loan, etc.).

Additional information on the annual financial statements for the year ended 31 December 2019

1. TOTAL ASSETS

Total assets at the year-end show an increase of 13% to EUR 379,222k compared to EUR 335,845k at year-end 2018.

2. GEOGRAPHICAL DISTRIBUTION OF LOANS AND RECEIVABLES

There was very little change in the geographical distribution of loans and receivables between 2018 and 2019. Loans and receivables due from the European Union still accounted for the bulk of total loans and receivables at 52%, while loans and receivables due from Algeria represented 13%.

3. CASH AND INTERBANK TRANSACTIONS

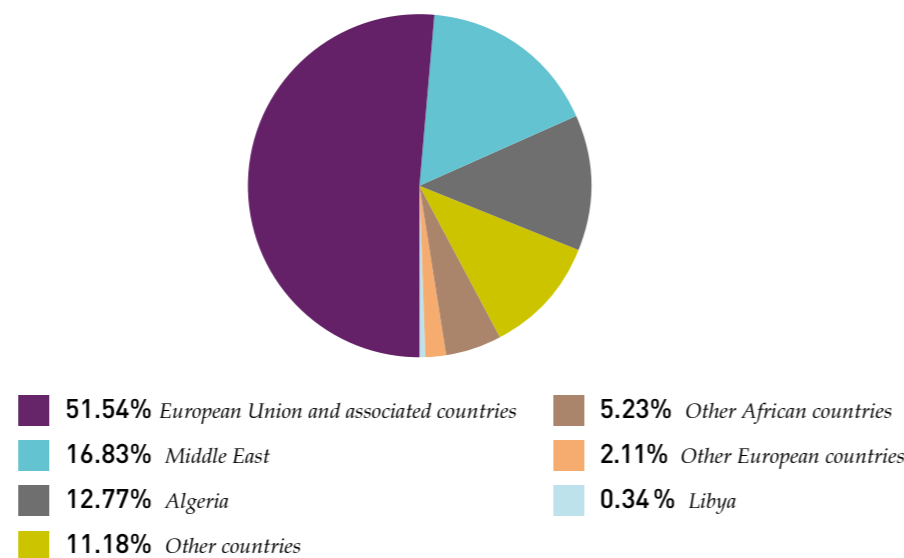
Overdrafts on current accounts mainly comprise our sight deposits with correspondent banks.

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

Bank debt concerning non-OECD countries amounted to EUR 35,244k and provisions for impairment of the assets in question totalled EUR 32,011k.

As at 31 December 2019, no receivable due from our shareholders was recognised in assets in the balance sheet.

GEOGRAPHICAL DISTRIBUTION OF RECEIVABLES as at 31.12.2019



Cash and interbank transactions break down as follows:

ASSETS (in thousands)	2019	2018
Cash	396	426
Sight deposits with central banks	11,330	1,674
Current accounts	35,986	32,853
Deposit accounts and term loans	123,434	102,559
Accrued interest on bank loans	191	272
Securities received under repurchase agreements	0	0
Doubtful debts	3,253	477
TOTAL	174,589	132,261

Breakdown of interbank transactions (remaining term)

(in thousands of euros)	Overnight transactions	< 3 months	3 months 1 year	1 year 5 years	> 5 years	Total
Interbank term loans and financial loans	0	120,256	447	2,731		123,434

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 34,290k. Discounts and provisions relating to these assets totalled EUR 5,132k and EUR 7,265k respectively.

(in thousands of euros)	2019	2018
Loans and advances to customers	27,515	26,464
Ordinary accounts and Net doubtful debts and outstanding payments	9,620	14,605
Accrued interest	21	13
TOTAL	37,156	41,083

Breakdown of loans and advances to customers (remaining term)

(in thousands of euros)	Overnight Liabilities	<3 months	3 months 1 year	1 year 5 years	> 5 years	Total
Customer loans and receivables		1,645	3,359	22,259	253	27,515

5. SECURITIES

SUMMARY AS AT 31.12.2019 (in thousands of euros)											
Type	Provisionable base			Provisions			Premium and discount	Risk in €K (Dec. 2019)	% prov.	Value at 31.12.2019	Unrealised capital gain
	Receivables at 31/12/2019 in €K	Receivables at 31.12.2018 in €K	Change 19/18 in €K	Stock 31/12/2019 in €K	Stock 31.12.18 in €K	Change 19/18 in €K					
Investment securities	146,152	135,285	10,867	(4,715)	(5,902)	1,187	754	142,191	3.23%	142,191	1,449
Equity interests	4,368	4,279	88	(1,610)	(1,238)	-372		2,757	36.86%		340
TOTAL	150,520	139,564	10,955	(6,325)	(7,140)	815	754	144,948	4.20%	142,191	1,788

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

- Bonds primarily invested in European sovereign debt for EUR 11 million, in large companies for EUR 13.7 million and in instruments issued by financial institutions, for EUR 13 million.
- Shares or units of money market UCITS in the amount of EUR 42.7 million and bond UCITS in the amount of EUR 61 million.
- Foreign equity investments denominated in US dollars.

SUMMARY AS AT 31.12.2019 (excluding accrued interest and settlement accounts) (in thousands of euros)							
Type	Gross outstanding	Provisions	Premium / Discount	Net risk at 31.12.19 in €K	Coverage %	Market value at 31.12.19	Unrealised capital gain
Fixed income investment securities	36,401	-72	754	37,083	1.87%	37,836	753
Variable income investment securities	109,430	-4,643		104,787	4.24%	105,482	696
TOTAL	145,831	-4,715	754	141,870	2.72%	143,318	1,449

Equity interests as at 31.12.2019

ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISM / "AICHT" (CAIRO)
 This company, with share capital of USD 150,463,700 (Banque BIA holds a 3.94% stake for a book value of USD 4,434,000), owns several hotels in Egypt.

ARAB FINANCIAL SERVICES/MANAMA (BAHRAIN)
 This company has share capital of USD 30,000,000 and has investment bank status. Banque BIA holds a 1.69% stake in the company, worth USD 463,700. Note that no annual dividend will be paid for 2018, for the first time since 2002.

BIA did not record a dividend on this investment in 2019. 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 391k provision on this investment.

Equity interests as at 31.12.2019

SUMMARY OF EQUITY INVESTMENTS (in thousands of euros)						
Description of transactions	BIA stake	Gross value	Provisions	Net carrying amount	Net assets	Unrealised capital gains or losses
AICHT	3.94%	3,947	-1,610	2,337	2,337	
AFS	1.63%	413		413	752	340
TOTAL		4,360	-1,610	2,750	3,089	340

6. TYPES OF DOUBTFUL DEBTS

The breakdown by asset class is as follows:

SUMMARY OF DOUBTFUL DEBTS AND PROVISIONS (including doubtful securities) at 31.12.2019 (in thousands of euros)								
Type	Debts			Provisions			Net risk in €K	Coverage ratio %
	Receivables at 31.12.2019 in €K	Receivables at 31.12.2018 in €K	Change 19/18 in €K	Stock 31/12/2019 in €K	Stock 31/12/2018 in €K	Change 19/18 in €K		
Credit institutions	35,175	26,095	9,080	-32,011	-25,634	-6,377	3,165	91%
Customers	26,939	34,352	-7,413	-19,929	-24,715	4,786	7,010	74%
Investment securities								
TOTAL	62,115	60,448	1,667	-51,940	-50,349	-1,591	10,174	83.6%

In accordance with regulation CRC 2014-07, gross doubtful debts are broken down as follows:

GEOGRAPHICAL AREAS

NON-PERFORMING DOUBTFUL DEBTS (in thousands of euros)				
Area	Net outstanding debt in €K 2019	31.12.19	Net outstanding debt in €K 2018	31.12.18
Europe	116	3%	85	6%
Middle East	1,265	30%	1,180	84%
African countries	148	4%	147	10%
Others countries	2,699	64%		
TOTAL	4,228	100%	1,412	100%

DOUBTFUL DEBTS NOT CLASSIFIED AS NON-PERFORMING (in thousands of euros)				
Area	Net outstanding debt in €K 2019	31.12.19	Net outstanding debt in €K 2018	31.12.18
Europe	5,947	100%	8,687	100%
Algeria				
Middle East				
African countries				
TOTAL	5,947	100%	8,687	100%

ECONOMIC AGENTS

NON-PERFORMING DOUBTFUL DEBTS (in thousands of euros)				
Economic agents	Net outstanding debt in €K 2019	31.12.19	Net outstanding debt in €K 2018	31.12.18
Banks	3,253	77%	441	31%
Companies	918	22%	945	67%
Individuals	56	1%	26	2%
TOTAL	4,228	100%	1,412	100%

DOUBTFUL DEBTS NOT CLASSIFIED AS NON-PERFORMING (in thousands of euros)				
Economic agents	Net outstanding debt in €K 2019	31.12.19	Net outstanding debt in €K 2018	31.12.18
Companies	5,947	100%	8,687	100%
Individuals				
Bank				
TOTAL	5,947	100%	8,687	100%

7. OTHER ASSETS, PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2019, other assets, prepayments and accrued income break down as follows:

The "Government (corporate tax and VAT)" item relates almost entirely to payments made to the tax authorities to settle disputes. These amounts are fully provisioned.

ASSETS (in thousands of euros)	2019	2018
Other assets	20,084	19,840
Sundry debtors	155	22
Government (corporate tax and VAT)	19,929	19,815
Security deposits and guarantees	0	3
Prepayments and accrued income	683	898
Deposits in transit	0	0
Foreign exchange adjustment	0	85
Prepaid expenses	130	80
Accrued income	502	705
Premiums/discounts to be received	0	0
Entries to be adjusted	51	28

8. FIXED ASSETS AND DEPRECIATION AND AMORTISATION

The gross value (before depreciation and amortisation) of intangible assets, composed mainly of computer software, was EUR 2,596k, and that of property and equipment was EUR 7,173k, showing a year-on-year increase. It should be noted that a property asset is recognised on the balance sheet that is not relevant to business operations. It was acquired under a tender procedure as part of the settlement of a customer debt in litigation.

FIXED ASSETS (in thousands of euros)	Amount at end-2018	Acquisitions	Disposals/retirements	Amount at end-2019
Intangible assets	2,387	209		2,596
Property and equipment	7,023	150	0	7,173
Non-operating property	350			350
TOTAL	9,760	359	0	10,119

In accordance with regulation CRC 2014-03, depreciation and amortisation are calculated on the basis of the useful life of the assets and exclusively on a straight-line basis.

DEPRECIATION/AMORTISATION/ PROVISIONS (in thousands of euros)	Amount at end-2018	Additions	Reversals from disposals	Amount at end-2019
Amortisation of intangible assets	2,247	126		2,373
Depreciation of property and equipment	5,553	266	0	5,819
Provision/non-operating property	190			190
TOTAL	7,990	392	0	8,382

9. AMOUNTS OWED TO CREDIT INSTITUTIONS

At the end of 2019, funds from interbank items increased to EUR 61 million from EUR 30 million at the end of 2018, amid a rise in deposit volumes from our shareholder 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, amounting to EUR 52,565k and accounting for 87% of the total.

Amounts due from credit institutions break down as follows:

LIABILITY (in thousands of euros)	2019	2018
Current accounts	23,489	14,440
Term accounts and loans	36,988	14,825
Accrued interest	87	500
TOTAL	60,563	29,765

BREAKDOWN OF INTERBANK TRANSACTIONS (remaining term) (in thousands of euros)						
	Overnight liabilities	< 3 months	3 months 1 year	1 year 5 years	> 5 years	Total
Interbank term loans		22,395	14,592			36,988

10. CUSTOMER DEPOSITS

Customer funds show a year-on-year increase to EUR 148,491k at 31 December 2019.

Sight and term deposits from customers in non-OECD countries amount to EUR 146,886, accounting for 99% of total customer deposits.

(in thousands of euros)	2019	2018
Customer current accounts	52,416	34,919
Security deposits	1,432	1,981
Term deposits	94,490	93,171
Accrued interest	23	17
Other amounts due	130	0
TOTAL	148,491	130,089

TERM DEPOSITS (remaining term) (in thousands of euros)						
	Overnight transactions	< 3 months	3 months 1 year	1 year 5 years	> 5 years	Total
Term deposits		92,245	48	197		94,490

11. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

The breakdown of other liabilities, accruals and deferred income at the year-end is as follows:

LIABILITIES (in thousands of euros)	2019	2018
Other assets	1,004	1,037
Other creditors	200	224
Government (VAT-LD)	84	85
Social security expenses	720	728
Accruals and deferred income	1,762	1,907
Accounts payable after receipt	6	149
Foreign exchange adjustment	0	0
Deferred income	46	4
Accrued expenses	1,014	1,149
Premiums/discounts to be paid	0	0
Adjustment journal	696	606

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 AT 31.12.2019 (in thousands of euros)			
Type	Provisions		
	Inventory 31.12.2019 in €K	Inventory 31.12.2018 in €K	Change 2019/2018 in €K
Country risk	2,818	6,923	4,105
Tax provisions *	19,486	19,486	0
Social security provisions **	3,278	3,745	-467
Other provisions for liabilities and charges	405	2,450	-2,046
TOTAL	25,986	32,604	-6,617

* The company was subject to tax reassessments in respect of the 2000 and 2001 financial years and to a lesser extent for 1996 and 1997. It challenged the grounds of 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.

All tax disputes are fully provisioned.

** In accordance with ANC recommendation no. 2013-02 of 7 November 2013 concerning the accounting treatment of retirement and similar benefits, a provision reversal of EUR 11k was recognised on retirement benefit obligations. This provision was calculated using the methods commonly used in similar situations based on the probability of retirement of staff, at the age of 67, discounted at a rate of 0.77%.

13. SUBORDINATED DEBT

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 amounts to a negative EUR 17,656k, broken down as follows:

- Retained loss: EUR -19,472k
- Statutory reserve: EUR 1,816k

Banque BIA posted a net profit for the year after corporate income tax of EUR 973k.

The proposed appropriation of these earnings is as follows: EUR 973k to retained earnings, after which retained earnings will show a debit balance of EUR 18,500.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments break down as follows:

FINANCING COMMITMENTS (in thousands of euros)	2019	2018
Confirmed letters of credit	0	0
Other confirmed credit lines	9,352	8,198
Acceptances to be paid or undertakings to pay	0	0
TOTAL	9,352	8,198

Financing commitment outstandings were very low at 31 December 2019, but were higher than at end-2018.

There were no financing commitments in favour of our shareholders.

Guarantee commitments break down as follows:

GUARANTEE COMMITMENTS (in thousands of euros)	2019	2018
Confirmed letters of credit	61,541	83,085
Other guarantees to credit institutions	8,114	5,744
Other irrevocable commitments to credit institutions	4,201	11,327
Other guarantees to customers	18,534	1,832
TOTAL	92,390	101,988

Guarantee commitments were down by 9% at 31 December 2019.

Commitments with shareholder banks increased to EUR 65,207k at the end of 2019 versus EUR 62,863k at the end of 2018; commitments with shareholders made up 71% of the total.

Commitments received as security break down as follows:

COMMITMENTS RECEIVED AS A SECURITY (in thousands of euros)	2019	2018
Guarantees received from credit institutions	5,901	9,864
Guarantees received from insurance companies and government agencies	6,142	6,026
TOTAL	12,043	15,890

Guarantee commitments received from shareholders amounted to EUR 5,901k at the year-end, i.e. 49% of the total.

16. ENCUMBERED / UNENCUMBERED ASSETS

Banque BIA had encumbered assets in the amount of EUR 29,803k at the end of 2019. They consisted of demand loans and debt securities issued by financial companies.

At the end of 2019, the ratio of encumbered assets relative to Banque BIA's total assets was 7.8%. In view of this percentage, these encumbered assets represent an insignificant risk for Banque BIA.

17. NET BANKING INCOME

BREAKDOWN OF NET BANKING INCOME (in thousands of euros)	Expenses (-)	Income (+)	Total (+ or -)
+/- interest and similar income	-856	5,510	4,653
<i>of which Bank</i>	-313	2,516	2,203
<i>Customers</i>	-226	1,277	1,051
<i>Securities</i>	-317	712	395
<i>Treated as commissions</i>		1,005	1,005
+ Income from variable-income securities	0	134	134
<i>of which Securities</i>		134	134
+/- Commissions	-244	904	659
<i>of which Bank</i>	-201		-201
<i>Customers</i>		161	161
<i>Securities</i>			0
<i>Signed commitments</i>			
<i>Sundry</i>	-43	743	699
+/- Operating gains/losses from trading portfolios	-86	108	22
+/- Operating gains/losses from investment portfolios and similar	-784	2,425	-1,641
+ Other banking income and expenses	-1	27	267
TOTAL	-1,971	9,108	7,137

At the end of 2019, NBI showed an increase of 42% to EUR 7.1 million versus EUR 5 million at the end of 2018. The main reasons for this increase were as follows:

- A 13% decrease in net interest income and net commission income
- A 45% decrease in commission income

• A marked increase in net gains on the investment portfolio and similar, which came out at EUR 1.7 million versus a net loss of EUR 1.7 million at the end of 2018. Income from investment securities (EUR 0.7 million) and amortisation of premiums and discounts on securities (EUR -0.3 million) are recognised under "Revenue, interest and similar income".

SUMMARY OF GAINS OR LOSSES ON INVESTMENT PORTFOLIOS AND SIMILAR
at 31.12.2019 (in thousands of euros)

Item	Expenses	Income	Net amount
Capital gains or losses on sales of investment securities	-136	512	375
Allocations to and reversals of provisions for investment securities	-648	1,914	1,266
Allocations to and reversals of provisions for equity investments	0	0	0
TOTAL	-784	2,425	1,641

18. GENERAL OPERATING EXPENSES

General operating expenses break down as follows:

GENERAL OPERATING EXPENSES (in thousands of euros)	2019	2018
Wages and salaries	4,513	4,449
Social security contributions	2,216	2,407
Incentive bonuses and employee profit sharing	46	67
Net provisions for social security payments	-467	283
Taxes, duties and similar payments on remuneration	442	598
Personnel costs, subtotal	6,750	7,804
Other taxes and duties	78	-34
Rentals	20	33
Transport and travel	408	684
Other external services	3,508	3,423
Rebilled expenses	0	0
Other operating expenses, subtotal	4,014	4,106
TOTAL	10,764	11,910

- To deal with changes in NBI and business volumes, general operating expenses were adjusted, controlled and contained as far as possible, decreasing by 9.6% year-on-year from EUR 11.9 million to EUR 10.8 million.
- Personnel costs fell by 13.5% from EUR 7.8 million in 2018 to EUR 6.7 million.
- Other operating expenses decreased by 2% from EUR 4.1 million in 2018 to EUR 4 million.

- No expense rebilled to shareholders was recognised in 2018. 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 2019 amounted to EUR 218,800 exclusive of VAT, stable in relation to 2018.

19. DEPRECIATION, AMORTISATION AND PROVISIONS

The annual allowance for fixed asset depreciation, amortisation and provisions increased slightly by 5% to EUR 392k.

20. COST OF RISK

Movements related to changes in the cost of risk are presented below:

COST OF RISK (in thousands of euros)	Provisions	Reversals	Net amount
Doubtful debts - Banks	(6,297)	0	(6,297)
Doubtful debts - Customers	(23)	5,033	5,010
Doubtful investments			
Signed commitments			
Country risks	(177)	4,292	4,115
Other liabilities and charges	(245)	2,293	2,048
Discount recognised on restructured loans and receivables		1,469	1,469
Allocations to provisions for equity investments	(348)		(348)
Losses on irrecoverable receivables	(1,001)		(1,001)
TOTAL COST OF RISK	(8,091)	13,086	4,995

A net reversal of the provision for cost of risk of EUR 4,995k was recorded in 2019 versus a net reversal of EUR 8,084k in 2018.

Income of EUR 1,469k was recognised in respect of the amortisation of valuation haircuts recognised on restructured loans and receivables.

In accordance with Article 2221-5 of regulation ANC 2014-07, 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 clearing of old loans and receivables, all almost entirely provisioned.

21. NON-RECURRING ITEMS

Non-recurring income was not material, at a negative EUR 3k.

22. FORWARD FOREIGN EXCHANGE TRANSACTIONS

There were no unsettled forward transactions at the year-end.

23. LIQUIDITY RATIOS

At the end of December 2019, the new LCR (Liquidity Coverage Ratio) stood at 118% versus an authorised minimum of 100%. The NSFR (Net Stable Funding Ratio) was 144%.

24. STATEMENT OF MAJOR RISKS

At 31 December 2019, regulatory capital stood at EUR 140 million.

At 31 December 2019, 13 counterparties with gross outstandings representing more than 10% of equity were included in the new "GR1" ratio, with the net outstandings of 11 of these counterparties representing more than 10% of equity.

25. REGULATORY CAPITAL

In accordance with European Commission Implementing Regulation 1423/2013 of 20 December 2013 which sets out the technical standards concerning the capital reporting requirements applicable to institutions, this section covers:

- Reconciliation of reported equity with prudential capital
- Detailed information on regulatory capital and risk-weighted assets, including capital ratios

25.1 - Reconciliation of reported equity with prudential capital

AMOUNTS (in thousands of euros)	2019	2018	Change
Common Equity Tier 1 (CET1) capital	140,220	139,487	733
Reported equity*	140,444	139,612	832
<i>Capital instruments paid up</i>	158,100	158,100	-
<i>Retained earnings</i>	-19,42	-20,304	832
<i>Other reserves</i>	1,816	1,816	-
<i>Adjustments arising from prudential filters</i>	-	-	-
Other adjustments	-223	-126	-97
<i>Intangible assets</i>	-223	-126	-97
<i>Other deductions</i>	-	-	-
Additional Tier 1 (AT1) capital	-	-	-
Tier 2 (T2) capital	-	-	-
TOTAL CAPITAL (CE1 + AT1 + T2)	140,220	139,487	733

* Reported equity at the end of 2019 does not include the net income for the year ended 31 December 2019 because it had not yet been approved by the General Meeting of Banque BIA scheduled for May 2020.

Banque BIA's regulatory capital stood at EUR 140,220k at 31 December 2019.

25.2- Information on prudential capital and risk-weighted assets

Details of the prudential capital and capital ratios are presented in the table below, based on the format set out in Annex IV of European Commission Implementing Regulation no. 1423/2013 of 20 December 2013.

AMOUNTS (in thousands of euros)	2019	Information
CET1 capital: instruments and reserves	140,220	
Capital instruments and related share premium accounts	158,100	Capital subscribed
Retained earnings	-19,472	2018 retained earnings, including net income for the year ended 31/12/17
Accumulated other comprehensive income (and other reserves)	1,816	Legal reserve
CET1 capital: regulatory adjustments	-223	
Intangible assets	-223	Software
CET1 capital	140,220	
AT1 capital	-	
T2 capital	-	
Total capital	140,220	
Total risk-weighted assets	258,614	See details below
Capital ratios		
CET1 capital	54,22%	
T1 capital	54,22%	
TOTAL CAPITAL	54,22%	

Focus on risk-weighted assets

AMOUNTS (in thousands of euros)	2019	2018	Change
Credit risk	244,196	212,857	31,339
Market risk	285	1,611	-1,326
Operational risk	14,134	19,997	-5,863
TOTAL RISK-WEIGHTED ASSETS	258,614	234,465	24,149

Banque BIA's business is mainly focused on documentary credit and proprietary trading.

Risk-weighted assets are therefore largely concentrated on **credit risk**, calculated based on the standardised approach defined in Title II / Chapter 2 of the CRR, i.e. **EUR 258,614k** as at end-2019.

At the end of 2019, risk-weighted assets in respect of credit risk related mainly to the following matched asset classes:

- EUR 107,126k in bond or UCITS investments;
- EUR 65,185k in receivables from institutions;
- EUR 57,370k in receivables from corporates.

The increase of EUR 24,149k observed between the end of 2018 and the end of 2019 is mainly attributable to an increase in credit activity.

Risk-weighted assets in respect of **market risk** amounted to **EUR 285k** at the end of 2019 and corresponded exclusively to currency risk, calculated based on the approach described in Articles 351 to 354 of the CRR.

Risk-weighted assets in respect of **operational risk** amounted to **EUR 14,134k** at the end of 2019, calculated using the basic indicator approach defined in Articles 315 and 316 of the CRR.

Banque BIA's regulatory capital ratio therefore stood at 54.22% at the end of 2019.

The capital ratio is well above the required regulatory level of 10.75%. This high level of capital is the result of regulatory limitations on Banque BIA's commitments to its shareholders (the main commitments to shareholders are off-balance sheet transactions (documentary credits)).

26. LEVERAGE RATIO

Banque BIA complies with the disclosure procedures set out in European Commission Implementing Regulation 2016/200 of 15 February 2016 (Annex I) concerning the publication of the leverage ratio.

Given the size and the lack of complexity of Banque BIA's business model, the two tables presented below have been simplified so that they show only the information relevant to its business.

Although the leverage ratio is still a compliance ratio (Pillar 2) and not a binding requirement included in the minimum requirements mentioned in Article 92(1) of Regulation (EU) No. 575/2013 of 26 June 2013 (known as the CRR), Banque BIA calculates its leverage ratio on a quarterly basis by referring to the calculation methods set out in Commission Delegated Regulation (EU)

2015/62 of 10 October 2014.

At the end of 2019, Banque BIA had a leverage ratio of 29.15%, which is well above the 3% reference value (see point on regulatory capital).

26.1 - Summary reconciliation between assets recognised in the accounts and exposures for purposes of calculating the leverage ratio

AMOUNTS (in thousands of euros)	2019
1 - Total assets according to the published financial statements	379,222
2 - Adjustment for the consolidated entities from an accounting point of view but which is not included in the scope of regulatory consolidation	
3 - (Adjustment for fiduciary assets recognised on the balance sheet in accordance with the applicable financial reporting framework but excluded from the total exposures for purposes of calculating the leverage ratio pursuant to Article 429(13) of Regulation (EU) No 575/2013)	
4 - Adjustments for derivative financial instruments	
5 - Adjustment for securities financing transactions (SFT)	
6 - Adjustment for off-balance sheet items (resulting from the conversion of off-balance sheet exposures into equivalent credit amounts)	101,742
EU-6a - (Adjustment for intra-group exposures that are exempt from the total measurement of exposures for purposes of calculating the leverage ratio pursuant to Article 429(7) of Regulation (EU) No 575/2013)	
EU-6b - (Adjustment for exposures that are exempt from the total measurement of exposures for purposes of calculating the leverage ratio pursuant to Article 429(14) of Regulation (EU) No 575/2013)	
7. Other adjustments	
8 - TOTAL MEASUREMENT OF EXPOSURES FOR PURPOSES OF CALCULATING THE LEVERAGE RATIO	480,964

26.2 - Leverage ratio - general statement

AMOUNT (in thousands of euros)	2019
BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)	
1 - Balance sheet items (excluding derivatives, SFTs and fiduciary assets but including collateral)	379,222
2 - (Assets deducted when calculating tier 1 capital)	-223
3 - Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)	378,999
OTHER OFF-BALANCE SHEET EXPOSURES	
17 - Off-balance sheet exposures at gross notional value	101,742
18 - (Adjustments for conversion to equivalent credit amounts)	
19 - Other off-balance sheet exposures	101,742
CAPITAL AND MEASUREMENT OF TOTAL EXPOSURE	
20 - Tier 1 capital	140,220
21 - Total measurement of exposure for purposes of calculating the leverage ratio	480,964
LEVERAGE RATIO	
22 - Leverage ratio	29.15%

27. BANQUE BIA EMPLOYEES

The average breakdown of the bank's employees in 2019 was as follows:

2019 AVERAGE	Number	Percentage
Managerial	29	66%
Non-managerial	15	34%
TOTAL	44	100%
Men	19	43%
Women	25	57%
TOTAL	44	100%

Minutes of the Annual Ordinary General Meeting of 24 July 2019

In the year two thousand and twenty,
On the twenty-fourth of July, at nine thirty a.m.,

The Board of Directors having convened the shareholders, the Annual Ordinary General Meeting was held, on an exceptional basis, by means of telecommunication due to the measures restricting the movement and gathering of people in relation to the Covid-19 epidemic, which affected France as well as all other countries worldwide.

An attendance sheet was drawn up and will be initialled by each attendee of the meeting.

The meeting was chaired by Mr Lazhar Latreche, Chairman of the Board of Directors.

Mr Mohamed Megrad was called as scrutineer.

Mr Philippe Delecluse, the company's legal adviser, was appointed secretary.

The attendance sheet, certified as accurate by the meeting officers, indicated that the five (5) 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 Mohamed Younsi, Deputy Chief Executive Officer,
- Mr Franck Medioni, representing Artex Audit Associés, the company's statutory auditor,
- Mr Moez Charfi, representing Baker Tilly Sofideec, the company's statutory auditor,

The Chairman reminded the meeting that the following had been made available to members:

- the company's articles of association,
- a copy of the meeting notice letters sent to the shareholders and the statutory auditors,
- the meeting attendance sheet,
- the balance sheet, income statement, notes to the financial statements and inventory of the company's assets and liabilities at 31 December 2019,
- the Board of Directors' management report and the appended table of financial results for the previous five financial years, including the Board of Directors' report on corporate governance,
- the statutory auditors' reports,
- information on the statutory auditors' fees,
- the draft resolutions to be submitted for voting 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. Review and approve the financial statements for the year ended 31 December 2019, after reading of the management reports of the Board of Directors and the reports of the statutory auditors,
2. Approve, if applicable, the agreements referred to in Article L 225-38 of the French Commercial Code,
3. Appropriation of earnings,
4. Setting of attendance fees,
5. Discharge to directors,
6. Ratification of the appointment by co-optation of Mr Lazhar Latreche as director,
7. Ratification of the appointment by co-optation of Mr Mohamed Megrad as director,
8. Appointment/Re-appointment of directors

Company: Banque Extérieure d'Algérie	Company: Libyan Foreign Bank
Mr Lazhar LATRECHE	Mr (*)
Mr Mohamed MEGRAD	Mr (*)

as director of Banque BIA for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the financial year ending 31 December 2022,

9. Consultative vote on the overall package of all types of remuneration paid during the 2019 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.

(*) To be appointed at a later date.

The Chairman noted that the shareholders had received full details of the Board of Directors' management report and corporate governance report, which had been sent to them prior to the Annual General Meeting.

The statutory auditors took the floor and confirmed that they had certified Banque BIA's 2019 financial statements without qualification and specified that the management report was consistent with the financial statements.

The Chairman then reminded the meeting that the bank had not entered into any specific regulated agreement in 2019.

As no one else asked to speak, the Chairman then put the following resolutions to the vote:

As no one else asked to speak, the Chairman then put the following resolutions to the vote:

FIRST RESOLUTION

The Annual Ordinary General Meeting of Shareholders, having heard the Board of Directors' management report and the statutory auditors' general report, approves the financial statements for the financial year ended 31 December 2019 as presented, as well as the company's operations as shown in the said financial statements and reports.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

SECOND RESOLUTION

The Annual Ordinary General Meeting of Shareholders, having heard the statutory auditors' special report stating that there are no agreements of the type referred to in Article L 225-38 *et seq.* of the French Commercial Code, takes due note of this fact.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

THIRD RESOLUTION

The Annual Ordinary General Meeting of Shareholders notes that the company recorded net income for the 2019 financial year of EUR 972,947.

It resolves, at the proposal of the Board of Directors, to appropriate this income in full to retained earnings. Consequently, this account will show a debit balance of EUR 18,499,518. 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 ADOPTED 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 2019 financial year, namely EUR 370,000 net of tax.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

FIFTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders grants full discharge to the Directors for their management during the 2019 financial year.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

SIXTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders ratifies the appointment by co-optation, as pronounced by the Board of Directors at its meeting of 21 February 2020, of the following director:

Mr Lazhar Latreche,
Born March 25, 1967 in Khenchela (Algeria)
Of Algerian nationality,
Residing at Lotissement Tahar Bouchet, Coopérative
Ennasr-bir-Khadem, Algiers (Algeria),

replacing Mr Brahim Semid, who has resigned.

As a result, Mr Lazhar Latreche will hold his office as director for the remainder of his predecessor's term, i.e. until the end of this Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

SEVENTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders ratifies the appointment by co-optation, as pronounced by the Board of Directors at its meeting of 21 February 2020, of the following director:

Mr Mohamed Megrad
Born on 13 February 1964 in Kouba (Algeria)
Of Algerian nationality,
Residing at Villa no.8 el Mordjane -el Marsa, Algiers
(Algeria),

replacing Mr Hocine Tahraoui, who has resigned.

As a result, Mr Megrad will hold his office as director for the remainder of his predecessor's term, i.e. until the end of this Annual General Meeting called to approve the financial statements for the financial year ended 31 December 2019.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

GHTH RESOLUTION

The Annual Ordinary General Meeting of Shareholders notes that the term of office of the directors expires at the end of this General Meeting and resolves to reappoint the following directors:

- Banque Extérieure d'Algerie, which will be represented by Mr Zinne Eddine Bouzit,
- Libyan Foreign Bank,
- Mr Lazhar Latreche,
- Mr Mohamed Megrad,
- Mr Mustafa Ben Khalifa,

and to appoint as new director:

- Mr Naji Mohamed Issa Belgasem

for a period of three years expiring at the end of the General Meeting called to approve the financial statements for the financial year ending 31 December 2022, and no later than 31 December 2023.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

NINTH 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 EUR 3,032,621 (three million, thirty-two thousand, six hundred and twenty-one euros), paid during the 2019 financial year to the executive managers and to the categories of personnel whose professional activities have a significant impact on the risk profile of Banque BIA, numbering 17 persons.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

TENTH 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 ADOPTED UNANIMOUSLY

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

THE CHAIRMAN
Lazhar LATRECHE

THE SCRUTINEER
Mohamed MEGRAD

THE SECRETARY
Philippe DELECLUSE



2019 MANAGEMENT REPORT

MANAGEMENT REPORT PRESENTED BY THE BOARD OF DIRECTORS TO THE ANNUAL ORDINARY GENERAL MEETING

(Financial year ended 31 December 2019)

In light of the ongoing geopolitical context in Libya, the planned recapitalisation and change of governance are not yet complete, despite significant progress in 2019.

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

- management within viable limits of the transaction volume in the bank's core business, documentary credit;
- stabilisation of the proprietary securities investment activity with the aim of diversifying and maintaining revenues, and discontinuation of the equities activity due to the rise in volatility.

I. BALANCE SHEET AS AT 31 DECEMBER 2019

At the financial year-end, total assets showed an increase of 13% to EUR 379,222k from EUR 335,845k at the end of 2018.

Interbank transactions account for more than 46% of total assets in the balance sheet. Liabilities comprise deposits from shareholders and other Libyan and Algerian correspondent banks, part of which are frozen funds.

These funds are mainly invested in the interbank market or in short-term UCITS or eurozone government bonds.

ASSETS

At the financial year-end, and against a persistent backdrop of negative short-term euro interest rates, the main variations were as follows:

- Cash placed with the French central bank was up markedly at EUR 11.7 million.
- Interbank loans rose by 19.6% from EUR 136 million in 2018 to EUR 163 million in 2019.
- Customer outstandings continued to fall, reaching EUR 37 million at the year-end versus EUR 41 million at the end of 2018, a decrease of nearly 9.5% year on year.

- Total outstandings attributable to investment securities rose 8.6% to EUR 142 million versus EUR 131 million in 2018. However, there were contrasting trends within the portfolio, with variable-rate securities transactions rising 16% to EUR 105 million, and fixed-rate transactions falling 8% to EUR 37 million.
- The "other assets" item mainly 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 interests and other long-term securities" item shows a decrease to EUR 2.7 million compared with EUR 3 million in 2018 due to the impairment of our investment in AICHT.

LIABILITIES

The main changes at the year-end are as follows:

- Interbank deposits, mainly comprising funds deposited by Algerian and Libyan banks, show a sharp increase of 103% from EUR 29 million at the end of 2018 to EUR 60 million.
- Customer funds show an increase of 14% to EUR 148 million versus EUR 130 million at the end of 2018.
- Provisions for liabilities and charges show a year-on-year decrease to EUR 26 million compared with EUR 33 million in 2018.

OFF-BALANCE SHEET ITEMS

At year-end:

- Signed commitments given show a year-on-year increase, amid particularly low volumes:
- Financing commitments increased by 14% versus end-2018, with outstandings totalling EUR 9.3 million compared with EUR 8.2 million a year earlier.
- Guarantee commitments came to EUR 92 million, down 9% on the amount recognised at the end of 2018.
- Signed commitments received fell 24% to EUR 12 million, versus EUR 16 million in 2018.

II. INCOME STATEMENT FOR THE 2019 FINANCIAL YEAR

The main changes in the income statement were as follows:

MAIN CHANGES (in thousands of euros)	31.12.2019	31.12.2018	Change 2019 /18
TOTAL ASSETS	379,222	335,845	-11.4%
Revenue, interest, and similar income	4,787	5,492	-12.8%
Commissions	659	1,211	-45.6%
Gains or losses on portfolio transactions	1,663	(1,674)	-199.4%
Other banking income and expenses	26	7	248.2%
Net banking income	7,136	5,036	41.7%
Payroll costs	(6,749)	(7,804)	-13.5%
Other general operating expenses	(4,014)	(4,106)	-2.2%
Depreciation and amortisation	(392)	(373)	5.2%
Total general operating expenses	(11,155)	(12,282)	-9.2%
Gross operating income	(4,019)	(7,247)	-44.5%
Cost of risk	4,995	8,084	-38.2%
Operating income	976	837	16.6%
Gains or losses on the disposal of fixed assets	0	0	
Income from ordinary activities before tax	976	837	16.6%
Non-recurring items	(2)	(6)	-52.3%
Income tax	0	0	
Allocations to/reversals of fund for general banking risks and regulated provisions	0	0	
NET INCOME	972	831	17.0%

The main changes in the income statement were as follows:

Net banking income reflects a decline in activity recorded off the balance sheet; this however was offset by the securities business, leading to a net year-on-year increase of 42%, i.e. a total increase in net banking income of EUR 2.1 million. The main reasons for this are as follows:

- A decrease in net interest income linked to the persistently low level of euro interest rates and the fall in US dollar interest rates.
- A 46% decrease in net commissions.
- A significant increase in net gains on the investment portfolio, which came to a net gain of EUR 1.7 million versus a loss of EUR 1.7 million at end-2018, representing a difference of EUR 3.3 million.

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 9.2% year-on-year from EUR 12.3 million to EUR 11 million.
- Personnel costs fell by 13% from EUR 7.8 million in 2018 to EUR 6.7 million.
- Other operating expenses decreased by 2.2% to EUR 4 million versus EUR 4.1 million at the end of 2018.
- No expense rebilled to shareholders was recognised in 2019. 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 increased to EUR 392k, compared to EUR 373k in 2018.
- At the end of 2019, the bank recorded a gross operating loss of EUR 4 million, after a loss of EUR 7.2 million in 2018.

A net reversal of EUR 5 million was recorded in respect of the cost of risk provision in 2019 compared with a net reversal of EUR 8 million in 2018. Income of EUR 1.5 million was generated on the amortisation of discounts on restructured loans.

COST OF RISK (in millions of euros)	Provisions	Reversals	Net amount
Doubtful debts - Banks	-6,297	0	-6,297
Doubtful debts - Customers	-23	5,033	5,010
Doubtful investments	-	-	-
Signed commitments	-	-	-
Country risks	-177	4,292	4,115
Other liabilities and charges	-245	2,293	2,048
Discount recognised on restructured loans and receivables	-	1,469	1,469
Allocations to provisions for equity investments	-348	-	-348
Losses on non-recoverable loans and receivables	-1,001	-	-1,001
TOTAL COST OF RISK	-8,091	13,086	4,995

The loan to the Central Bank of Cuba negotiated at the end of 2018 had to be reclassified as doubtful, resulting in a reversal of provisions of EUR 3.2 million for country risk and the recognition of a provision for liabilities and charges of EUR 2.3 million. Provisions set aside for this loan amount to EUR 6.3 million, representing a net associated risk of 30%.

As a result of these items, the bank recorded income from ordinary activities before tax of EUR 0.976 million compared with income of EUR 0.837 million at the end of 2018, i.e. a 17% increase.

In accordance with ANC Recommendation No.2013-02 of the French national accounting authority relating to the accounting treatment of retirement benefit and similar obligations, and due to the departures observed in 2018, the bank recorded a reversal of provisions for retirement benefit obligations of EUR 11k.

The company was subject to tax reassessments in respect of the 2000 and 2001 financial years and to a lesser extent for 1996 and 1997. It challenged the grounds of 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 net income after non-recurring items and tax of EUR 0.973 million at the year-end.

III. FORESEEABLE DEVELOPMENTS AND OUTLOOK

Intense discussions over the course of 2019 between the two shareholders, Banque Extérieure d'Algérie and Libyan Foreign Bank, resulted in an agreement on 12 December 2019 to reboot BIA's activity and establish consensual governance to considerably improve its efficiency. The related measures will be implemented in 2020.

The implementation of this new governance in 2020 will make it possible, in a spirit of cooperation, to combine united management of the bank with the financial support needed to significantly increase its commitment capacity.

The 2020 budget accordingly incorporates strong growth in the documentary credit activity in respect of Algeria thanks to a commitment by our Libyan shareholder to pledge deposits in favour of the commitments of Algerian public banks.

This should lead to a notable increase in the bank's activity.

IV. COMMERCIAL ACTIVITY IN 2019

Documentary credit

The profitability of the documentary credit business fell in 2019.

Under current regulations, Banque BIA is obliged to limit its commitments with shareholders. The availability of pledged deposits by the Libyan shareholder will help to extend the documentary credit business.

Other international operations

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

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

Lending activity

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 EUR 1.5 million in 2019, 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 government bonds and investment grade corporate

bonds. Activity in the equity portfolio has been discontinued.

Cash-foreign exchange activity

Financial year 2019 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 or quasi-money market UCITS.
- Ongoing negative interbank rates impacting the euro.
- A decrease in net banking income due to the fall in US dollar interest rates.

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 of 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 the 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, Banque BIA 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 (asset/liability management) tools.

VI. SUBSIDIARIES AND INVESTMENTS

1- ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISM / "AICHT" (Cairo)

This company, with share capital of USD 169,713,700 (Banque BIA holds a 3.94% stake for a book value of USD 4,434,000), owns several hotels in Egypt.

Banque BIA did not record a dividend in 2019 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 provision of USD 391k on this investment.

2-ARAB FINANCIAL SERVICES / Manama (Bahrain)

This company has share capital of USD 30,000,000 and has investment bank status. Banque BIA holds a 1.69% stake in the company, worth USD 463,700.

In 2019, BIA did not record any dividends.

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 2019.

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 200k at the end of 2019 compared with a debit balance of EUR 223k at the end of 2018.

X. DIVIDENDS PAID DURING THE LAST THREE FINANCIAL YEARS

The Board of Directors reminds readers 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

The health crisis related to Covid-19 and the promulgation of the state of health emergency Law no. 2020-290 of 23 March 2020 constitute an event after 31 December 2019 that did not give rise to an adjustment of the annual financial statements for the year ended 31 December 2019; in other words, the assets and liabilities and expenses and income mentioned respectively in the balance sheet and the income statement for the year ended 31 December 2019 were recognised and valued without taking into account this event and its consequences.

This health crisis has had no significant impact on the bank's activity since 1 January 2020. Banque BIA continued to upgrade its information system and increased its teleworking capacity to 94% of its staff. It also put in place all necessary health measures for staff required to travel to the bank.

Banque BIA did not take advantage of any exceptional measures introduced by the French government (furloughing, government-guaranteed loan, etc.).

XIII. CHANGE IN ACCOUNTING METHODS

None.

XIV. PROPOSED APPROPRIATION OF EARNINGS

The financial statements for the year ended 31 December 2019 were approved by the Board of Directors on 7 July 2020.

They show net income after tax of EUR 972,947.

The proposed appropriation of these earnings is as follows: EUR 972,947 to be taken to retained earnings. after which retained earnings will show a debit balance of EUR -18,499,518.

XV. STATEMENT OF FINANCIAL RESULTS

The five-year financial summary table specified in Article R 225-102 of the French commercial code is presented below.

FIVE-YEAR FINANCIAL SUMMARY (in euros)					
Heading	2015	2016	2017	2018	2019
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 convertible bonds					
OPERATIONS AND RESULTS FOR THE YEAR					
Revenue excluding taxes	18,353,204	16,478,477	13,614,976	9,765,745	8,682,694
Income before tax, profit-sharing, depreciation, amortisation and provisions	(7,780,121)	1,123,655	2,583,752	5,470,370	5,802,811
Corporate income tax	0	0	-90,553	0	0
Employee profit-sharing for the year	-	-	-	-	-
Income after tax, depreciation, amortisation and provisions	(2,569,804)	2,445,546	525,614	831,225	972,947
Distributed profits					
EARNINGS PER SHARE					
Earnings after tax but before depreciation, amortisation and provisions	(0.74)	0.11	0.25	0.52	0.55
Earnings after tax, depreciation, amortisation and provisions	(0.24)	0.23	0.05	0.08	0.09
Dividend paid on each share					
PERSONNEL					
Number of employees	59	55	54	47	47
Total payroll	4,770,329	4,874,751	4,559,386	4,448,717	4,513,334
Total amounts paid in respect of social benefits (social security, welfare, etc.)	2,357,871	2,495,227	2,453,300	2,407,210	2,215,565

XVI. DIRECTORS' FEES

The Board of Directors asked the shareholders present at the General Meeting to set the amount of directors' fees for the 2019 financial year.

XVII. INFORMATION ON COMPANY OFFICERS

List of company officers

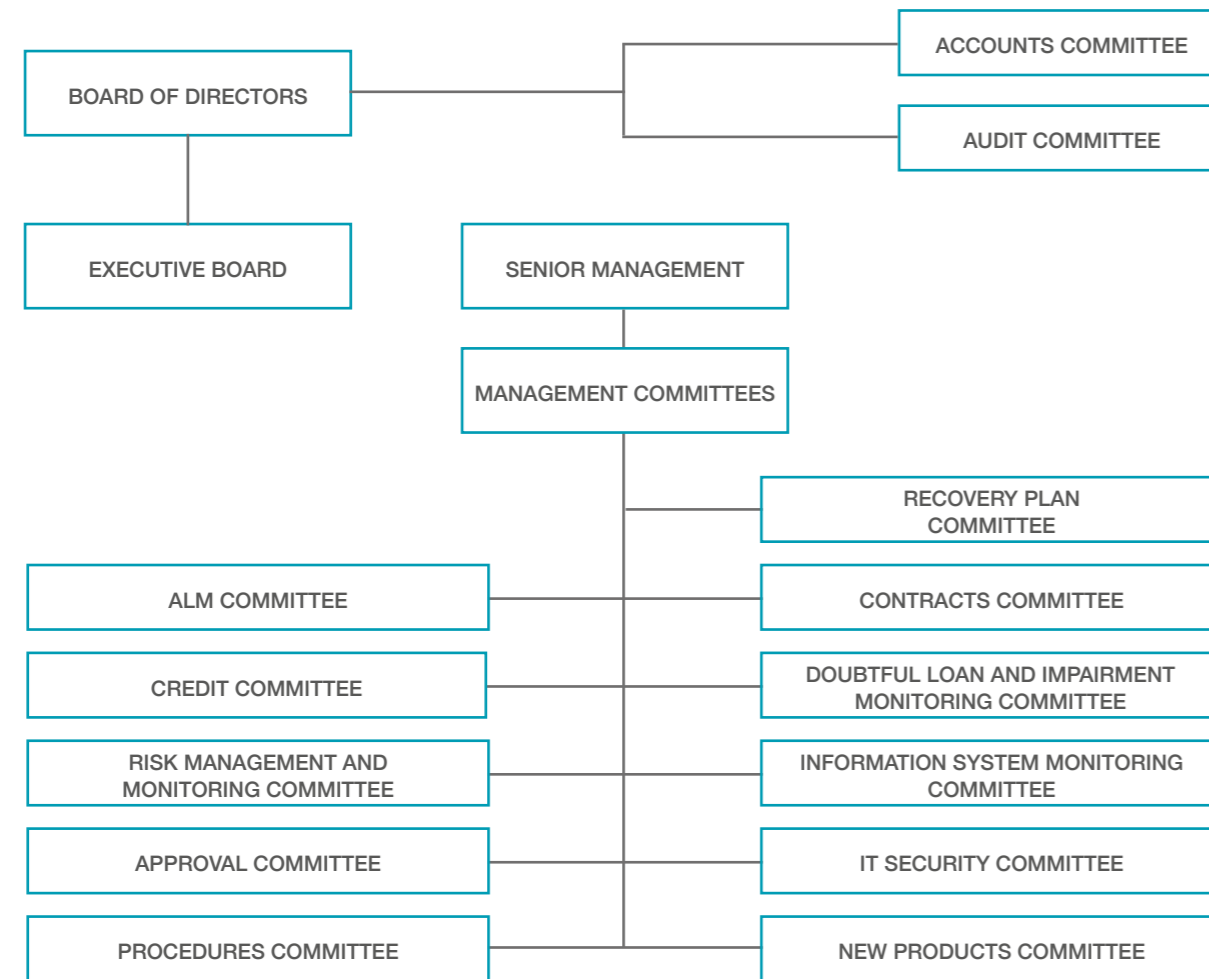
In accordance with Article L 225-102-1, paragraph 3, of the French Commercial Code, the following is a list of all the appointments and duties held by the officers of the company in any other company (see section XVIII of the report of the Board of Directors on corporate governance).

XVIII. REPORT OF THE BOARD OF DIRECTORS ON CORPORATE GOVERNANCE

Report presented to the 2020 General Meeting of Shareholders in accordance with Articles L 225-37 and L 225-68 of the French Commercial Code.

1. GOVERNANCE

1.1. Organisation of business management and risk control functions



1.2. Governance method

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

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

Banque BIA is governed by the following bodies:

a) The Board of Directors

Composition

The Board of Directors is composed of six members **all of whom** are shareholders. The directors are appointed for a maximum term of three years and may be re-elected.

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 2019.

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 Executive Officers.

The Executive Board did not meet in 2019.

The Executive Board reports to the Board of Directors.

In addition to these governing bodies, the Board of Directors has formed two special committees.

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, which is composed of two directors, is to examine:

- the work programme of the internal audit department;
- 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 the compliance procedures.

The following people report to the Audit Committee:

- the head of Internal Audit;
- the head of the Risk Department;
- the head of the Compliance and Legal Department;
- the head of the Finance Department.

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

The Audit Committee meets with the four 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 four times in 2019.

- 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 the Finance Department;
- the head of the Risk Department;
- the head of the General Inspection Department.

The Deputy Chief Executive Officers and the statutory auditors attend the meetings of the Accounts Committee.

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

It met twice in 2019. It notably reviewed the provisional annual accounts submitted to the Board of Directors.

d) Assessment of the operation of the governance bodies

Overall, although Board and committee meetings were fully attended by the directors in the first half of 2019, the schedule for the second half of the year was severely disrupted due to various constraints.

The Board of Directors' meeting of 21 June 2019 did not meet as called since the quorum was not reached. A remote consultation was carried out to approve the anti-money laundering report.

In addition, intense discussions over the course of 2019 between the two shareholders, Banque Extérieure d'Algérie and Libyan Foreign Bank, resulted in an agreement on 12 December 2019 to reboot BIA's activity and establish consensual governance to considerably improve its efficiency. The related measures will be implemented in 2020.

The implementation of this new governance in 2020 will make it possible, in a spirit of cooperation, to combine united management of the bank with the financial support needed to significantly increase its commitment capacity.

e) Management committees

Senior Management has put the following management committees in place to implement Banque BIA'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 Security Committee
9. the Procedures Committee
11. the New Products Committee
12. the Approval Committee

In 2019, a total of 66 meetings were held to address the various topics.

2. REMUNERATION POLICY

Pursuant to Article 74 of Directive 2013/36/EU of 26 June 2013 (the so-called CRD IV Directive), the governance system introduced by Banque BIA encourages sound and effective risk management, in particular through its remuneration policy and practices.

Banque BIA's remuneration policy is designed to control costs (level of payroll in relation to adjusted cost/income ratio).

It includes two components, namely fixed remuneration and variable remuneration:

- **The fixed remuneration** is determined individually and evolves according to each employee's skills development.
- **The variable remuneration** is calculated according to two components, one with an individual scope and the other with a collective scope.
 - The individual variable remuneration depends on the performance appraisal by the supervisor and is allocated in the form of one-time bonuses or performance-based bonuses.
 - The variable remuneration aims to involve employees in the collective performance of Banque BIA and can take various forms.

The bonuses and salary increases are proposed by the line managers based on pre-established criteria and budgets approved by Senior Management.

With regard specifically to Banque BIA's two Deputy Chief Executive Officers, their respective remuneration, bonuses and salary changes are determined by the Board of Directors in accordance with the statutory provisions.

Lastly, the remuneration policy is sent annually to the supervisory body, in particular to the Audit Committee.

3. RISK MANAGEMENT OBJECTIVES AND POLICIES

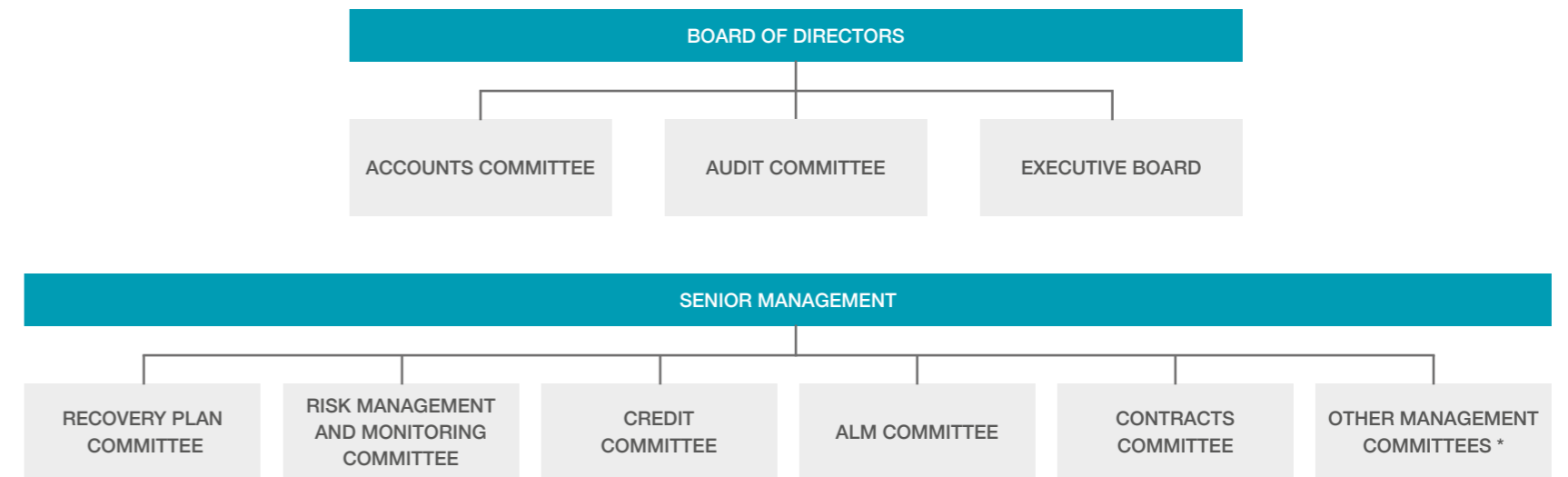
Banque BIA's risk management policy sets out the general framework defined by the Senior Management for implementing risk control. It lays down the objectives and guiding principles underpinning the bank's risk management system.

This applies to all of Banque BIA's activities and functions.

The Risk Department is responsible for developing the risk management policy under the supervision of the Senior Management, which formally approves it. There are six risks managed by the Risk Department, which are reflected in the risk management policy:

- Credit risk
- Market risk
- Operational risk
- Overall interest rate risk
- Liquidity risk
- Settlement risk

The governance of Banque BIA's risk management system is based on a solid committee structure, the responsibilities of which are divided between the Board of Directors and Senior Management, as presented below:



* The other Management Committees are not represented individually in the governance structure. Only committees that report directly to the supervisory body or any related body are presented in detail.

Specifically, the Audit Committee, which is equivalent to the Risk Committee, meets at least three times a year.

4. CORPORATE OFFICES AND DUTIES OF THE COMPANY OFFICERS**CORPORATE OFFICES AS AT 31 DECEMBER 2019****Mr Brahim Semid**

Chairman and Chief Executive Officer	Banque Extérieure d'Algérie / Algiers
Chairman and Chief Executive Officer	Banque BIA / Paris
Member of the Board of Directors	UBAF Paris
Member of the Board of Directors	British Arab Commercial Bank (BACB) / London
Chairman of the Board of Directors ILA IJAR/Leasing Algeria	
Vice-President	Association Professionnelle des Banques et des établissements Financiers / Algeria

Mr Zine Eddine Bouzit

Member of the Board of Directors	Banque BIA / Paris
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Mr Mustafa Ben Khalifa

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

Mr Naji Mohamed Issa Belgasem

Director of the Research and Statistics Department	Central Bank of Libya / Libya
Member of the Board of Directors	Banque BIA / Paris
Member of the Board of Directors	National Commercial Bank / Libya
Member of the Monetary Policy Committee,	Central Bank of Libya / Libya
Member of the Investment Committee	Central Bank of Libya / Libya
Chairman of the Budget Committee	Central Bank of Libya / Libya

Mr Mohamed Younsi

Deputy Chief Executive Officer	Banque BIA / Paris
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5. RELATED PARTY AGREEMENTS AND COMMITMENTS

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.

6. 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.

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.

Report of the statutory auditors on the financial statements

Financial year ended 31 December 2019

To the Shareholders,

Opinion

In accordance with the terms of our appointment by your General Meeting, we have audited the financial statements of Banque BIA S.A. for the year ended 31 December 2019, as appended to this report. These financial statements were approved by the Board of Directors on 7 July 2020 based on information available at that date in the changing context of the health crisis linked to Covid-19.

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 and liabilities 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 standards

We conducted our audit in accordance with the professional standards applicable in France. We believe that our audit has provided us with sufficient relevant information on which to base our opinion.

Our responsibilities under these standards are set out in the section of this report entitled "Responsibilities of the statutory auditors relating to the audit of the financial statements".

Independence

We conducted our audit in accordance with the rules of independence applicable to us, during the period from 1 January 2019 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 professional code of ethics for statutory auditors.

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 judgement, were the most important for the audit of the financial statements, as well as the responses we have provided to these risks.

These assessments were made in the context of our audit of the annual financial statements taken as a whole, approved in the above-mentioned conditions, and of the formation of our opinion expressed above. We express no opinion on the elements of the annual financial statements taken in isolation.

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 the management's judgement. 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 calculation of impairments and related provisions on an individual basis.

In particular, our work consisted in 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 with a focus on materiality and risk criteria, we carried out comparative analyses of provision amounts.

Going concern

Risk identified

When preparing the financial statements, the 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 an impact on the bank's 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 the annual 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 annual 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 pursuant to other legal and regulatory obligations

Appointment of statutory auditors

We were appointed statutory auditors of Banque BIA SA by the General Meeting of 20 April 1993 for Baker Tilly Sofideec and of 6 May 2011 for Artex Audit Associés.

At 31 December 2019, Baker was in its twenty-seventh consecutive year of office and Artex Audit Associés was in its ninth.

Responsibilities of the management and persons charged with corporate governance relating to the annual 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, the 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 wind up 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 statutory auditor exercises its professional judgement throughout the audit. Moreover:

- 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 form 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 for 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, bearing in mind, 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 annual financial statements and whether they provide a true picture of the underlying operations and events.

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 specified 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 applicable to 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 9 July 2020
The Statutory Auditors

Baker Tilly Sofideec
Moez CHARFI



Artex Audit Associés
Franck MEDIONI



Special report of the statutory auditors on regulated agreements

Financial year ended 31 December 2019

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 your role, in accordance with Article R 225-31 of the French Commercial Code, to assess the benefit of entering into these agreements prior to approving them.

Moreover, it is our responsibility, where 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 in verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

AGREEMENTS SUBMITTED FOR APPROVAL BY 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 ALREADY 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 interest of its shareholder, Banque Extérieure d'Algérie, the cost of which it will rebill.

Relevant persons

- Banque Extérieure d'Algérie, represented by Mr Lazhar Latreche

Date of authorisation

Board of Directors' meeting of 31 October 2012

No costs rebilled to shareholders were recognised in 2019.

Signed in Paris on 9 July 2020
The Statutory Auditors

Baker Tilly Sofideec
Moez CHARFI



Artex Audit Associés
Franck MEDIONI



Publication relating to dormant bank accounts at 31 December 2019

Pursuant to Articles L312-19, L312-20 and R 312-21 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: **14**
- Total amount of deposits and assets contained in these accounts: **EUR 107,378.08**
- Number of accounts in respect of which the deposits and assets have been transferred to the Caisse des Dépôts et Consignations: **3**
- Total amount of deposits and assets transferred to the Caisse des Dépôts et Consignations: **EUR 5,729.14**