

2015

RAPPORT ANNUEL ANNUAL REPORT



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

BANQUE **BIA**





2015

SUMMARY

05 - Word from the chairman

PRESENTATION

08 - The economic climate

09 - BIA in a few words

11 - Control and management units

FINANCIAL REPORT

14 - Balance sheet

16 - Income statement

17 - Notes to the financial statements,
for the financial year ended 31st december 2015

18 - Additional information on the annual financial statements
as at 31st december 2015

31 - Minutes of the combined annual and extraordinary shareholders'
meeting of 22 may 2016

MANAGEMENT REPORT

38 - Management report presented by the board of directors
to the shareholders' annual meeting

46 - Appendix to the management report

47 - Statutory auditor's special report prepared in accordance with
Article L.225-235 of the French Commercial Code on the report
prepared by the Chairman of the Board of Directors

48 - Statutory auditor's report on the annual financial statements

49 - Statutory auditors' special report on regulated agreements

WORD FROM THE CHAIRMAN



Following discussions between shareholders, there was agreement neither on the bank's recapitalisation nor its governance. Consequently, the bank's scope of operations was, once again, contained within strict limits in 2015, in order to comply with the regulations on large exposures.

As in 2014, this resulted in substantial foregone revenue, notwithstanding the situation of the historical Libyan market.

Nonetheless, and although the bank, ultimately, posted a loss, this, in no way diminishes the merit and perseverance that characterised the work of the bank's staff and commitment of its Executive Management.

Once again BIA Bank has shown its resilience in upholding its values and serving its customers.

In view of the double opportunity of the ongoing diversification of the Algerian economy and the future reconstruction of the Libyan economy, BIA Bank has strong potential for growth in its operations and, more generally, for financing trade between the two shores of the Mediterranean.

Mohamed Loukal

A handwritten signature in black ink, appearing to read 'Mohamed Loukal', positioned below the printed name.

PRESENTATION 2015



GLOBAL ECONOMIC SITUATION

2016 began with growing uncertainties and constraints:

- Financial markets entered a down cycle following a deterioration in global economic fundamentals: economic slowdown in China; sluggish growth in the United States and Europe, despite the interventionist monetary policy (quantitative easing and negative interest rates policies); and decline in emerging economies following the collapse in oil and commodities prices.
- Increase in geopolitical risks both in emerging and developed countries. Against a backdrop of weak global growth (forecast at around 2.7%), political tensions will come to the fore in 2016: impact of the US presidential elections on the rest of the world; the threat of Britain leaving the EU; and the threat of terrorism in the Middle East and, more generally, in the MENA region.
- Excessive debt of emerging country companies as a result of expansionary monetary policies adopted after the 2008 economic crisis (notably in China, Brazil, Russia and Turkey).

The low oil price per barrel is expected to remain a key factor in 2016 in view of the continued surplus in oil supply, compounded by Iran's return to the market. Another key component is the structural slowdown in world trade.

For the past two years, China's demand vis-à-vis the rest of the world has slowed appreciably for two reasons.

Firstly, China has begun to move towards a slower and more sustainable investment growth model, based more on services and domestic demand. This move has led to a marked slowdown in China's imports of commodities.

Secondly, the segmentation of industrial value chains, which went hand in hand with China's integration within the global economy through trade over the past twenty years, seems to have reversed: China is now integrating vertically, by producing what it used to import, thanks to a gradual upmarket repositioning. These two factors have led to a marked slowdown in world trade, which now seems structural.

This transition mainly impacts emerging country commodities exporters, which have seen the price of their exports fall sharply. It also affects countries whose growth was driven by intra-sector trade with China.

As regards the MENA region, whereas the price of oil is expected to remain low and, no doubt, will not exceed USD 50 per barrel in the medium term, it is the oil-income economic model that is no longer sustainable.

This is reflected in the fact that most countries in the region have embarked on a strategy of diversifying their economies.

The choices and pace of this transition are key challenges for the years ahead.

BIA IN A FEW WORDS

HISTORY

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

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

SHAREHOLDERS

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

BUSINESS LINE

DOCUMENTARY CREDITS

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

MEANS OF PAYMENT

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

PRESENTATION 2015

FINANCING

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

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

TREASURY-FOREX DEPARTMENT

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

MARKET

TYOLOGY OF OUR CUSTOMERS

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

• Banks

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

• Companies

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

CONTROL AND MANAGEMENT UNITS

Shareholders

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

Conseil d'administration

Mohamed Loukal	<i>President</i>
Abdulahakim Khamag	<i>Vice-President</i>
Mustafa Ben Khalifa	<i>Director</i>
Saïd Kessasra	<i>Director</i>
Banque Extérieure d'Algérie	<i>Represented by Brahim Semid, Director</i>
Libyan Foreign Bank	<i>Represented by Naji Mohamed IssaBelgasem, Director</i>

Management Committee

Mohamed Loukal	<i>President</i>
Abdulahakim Khamag	<i>Vice-president</i>
Amer Mohamed Amish	<i>General Manager Delegate</i>
Mohamed Younsi	<i>Deputy General Manager Delegate</i>

General Manager

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

Auditors

Artex Audit Associés
Sofideec Baker Tilly

Audit committee

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

Mohamed Loukal	<i>President</i>
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Overall Inspection

Sabine Hajjar

FINANCIAL REPORT 2015



Balance Sheet (in € thousands)

ASSETS	31.12.2015	31.12.2014
Cash, central banks and post office accounts	2,817	2,967
Government bonds		
Amounts due from financial institutions	135,327	169,891
Amounts due from customers	110,667	113,170
Bonds and other fixed-income securities	67,846	142,930
Equities and other variable-income securities	90,512	23,744
Participating interests and other long-term securities	5,841	5,238
Shares in related undertakings		
Finance leases and purchase-option leases		
Operating leases		
Intangible assets	152	160
Property and equipment	1,155	1,388
Unpaid share capital		
Own shares		
Trading and settlement accounts		
Other assets	20,192	21,310
Prepayments and accrued income	1 361	1,066
TOTAL ASSETS	435,870	481,864

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2015	31.12.2014
Central banks and post office accounts		
Amounts due to financial institutions	93,198	126,029
Amounts due to customers	175,326	188,075
Debt securities		
Other liabilities	1,243	1,091
Accruals and deferred income	3,448	1,720
Trading and settlement accounts		
Provisions for liabilities and charges	26,014	25,737
Subordinated debt		
Fund for general banking risks (frbg)		
Shareholders' equity excluding frbg		
Share capital	158,100	158,100
Share premiums		
Reserves	1,816	1,816
Revaluation reserve		
Regulated provisions and investment subsidies		
Retained earnings brought forward (+/-)	-20,705	-17,912
Income for the year (+/-)	-2,570	-2,793
Retained earnings carried forward		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	435 870	481,864

Off-Balance Sheet (in € thousands)

COMMITMENTS GIVEN	31.12.2015	31.12.2014
Financing commitments	8,214	9,618
Guarantees	195,482	195,148
Securities-related commitments		

COMMITMENTS RECEIVED	31.12.2015	31.12.2014
Financing commitments		
Guarantees	67,672	63,095
Securities-related commitments		

Income Statement (in € thousands)

INCOME STATEMENT FOR THE YEAR (in € thousands)	31.12.2015	31.12.2014
+ Interest income	6 375	6,626
- Interest expense	-518	-689
+ Finance lease income		
- Finance lease charges		
+ Operating lease income		
- Operating lease charges		
+ Income from variable-income securities	860	1,254
+ Commission income	1 697	1,666
- Commission expense	-247	-235
+/- Gains (losses) on trading portfolio transactions	375	389
+/- Gains (losses) on investment portfolio transactions	-10	1,852
+ Other banking operating income	131	65
- Other banking operating expenses	-13	-14
NET BANKING INCOME	8 649	10,914
- General operating expenses	-12 625	-12,479
- Net charges to depreciation and amortisation on non-current assets	-357	-417
GROSS OPERATING INCOME	-4 332	-1,983
Net write-backs (charges) to provisions for risk	1 657	-774
NET OPERATING INCOME BEFORE TAX	-2 675	-2,757
+/- Gains (losses) on property and equipment	0	0
PRE-TAX INCOME FROM ORDINARY ACTIVITIES	-2 675	-2,757
+/- Exceptional items	105	-1
- Tax (+/-)	0	-36
+/- Net write-backs from (charges to) frbg and regulated provisions	0	0
NET INCOME	-2 570	-2,793

Notes to the financial statements, for the financial year ended 31.12.2015

1. ACCOUNTING POLICIES AND PRESENTATION OF FINANCIAL STATEMENTS

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

2. FOREIGN CURRENCY TRANSLATIONS

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

3. FOREIGN CURRENCY TRANSACTIONS

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

4. NON-CURRENT ASSETS

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

5. SECURITIES

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

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

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

6. DOUBTFUL DEBTS

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

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

7. PROVISIONS

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

Unpaid interest and accrued interest on doubtful uncompromised debt is fully provisioned.

FINANCIAL REPORT 2015

8. EMPLOYEE BENEFITS

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

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

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

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

9. CHANGE IN ACCOUNTING POLICIES

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

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

There has been a change in the presentation of UCITS in assets. UCITS are now shown in the item "Equities and other variable-income securities".

At year-end 2014, if this presentation had been adopted, the item "Bonds and other fixed-income securities" would have totalled EUR 44,536,574, instead of EUR 142,929,757, and the item "Equities and other variable-income securities" would have totalled EUR 122,137,652, instead of EUR 23,744,471.

Additional information on the annual financial statements for the year ended 31 DECEMBER 2015

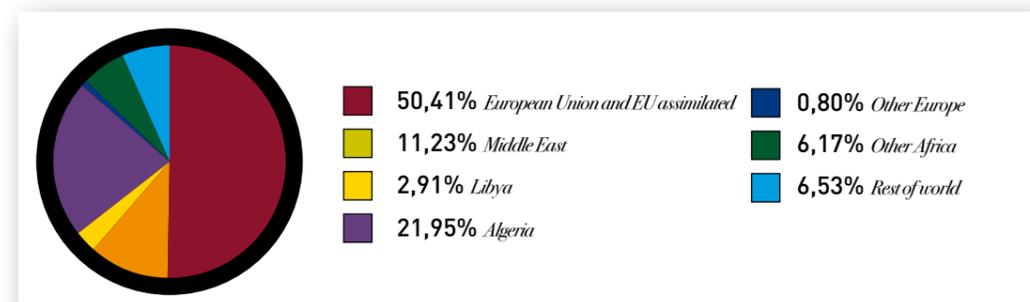
1. TOTAL ASSETS

At year end, total assets were EUR 435,869k, compared with EUR 481,864k at end 2014.

2. GEOGRAPHIC DISTRIBUTION OF LOANS AND RECEIVABLES

The geographic distribution of loans and receivables remained practically unchanged between 2014 and 2015. Loans and receivables due from the European Union still accounted for 50% of the total, and loans and receivables in Algeria accounted for nearly one quarter of the total.

GEOGRAPHIC BREAKDOWN OF LOANS as at 31.12.2014



3. CASH AND INTERBANK TRANSACTIONS

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

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

Bank debt in non-OECD countries amounted to EUR 61,159k, and provisions for impairment of the assets in question totalled EUR 55,169k.

No interbank debt was recognised in assets at 31 December.

Cash and interbank transactions break down as follows:

ASSETS (in € thousands)	2015	2014
Cash	312	317
Sight deposits with central banks	2,504	2,650
Ordinary accounts	49,403	32,166
Deposit accounts and term loans	85,336	136,687
Accrued interest - bank loans	98	266
Securities taken under repurchase agreements	0	0
Doubtful debts	490	772
TOTAL	138,144	172,858

Breakdown of interbank transactions (Time remaining)

(in € thousands)	Overnight transactions	< 3 months	3 months <D<=1 year	1 year <D<= 5 years	> 5 years	Total
Interbank term loans and financial loans	13,778	67,771		3,787		85,336

4. LOANS AND ADVANCES TO CUSTOMERS

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

Accrued interest is aggregated with the main headings in the balance sheet.

Loans and advances to non-OECD customers totalled EUR 45,065k. Provisions relating to these assets totalled EUR 10,293k.

Customer overdrafts include net doubtful debts and outstanding payments in the amount of EUR 48,837k; provisions were made for 69% of these debts.

(in € thousands)	2015	2014
Lending to customers	91,387	82,136
Ordinary accounts	4,175	1,561
Net doubtful debts and outstanding payments	15,036	29,403
Accrued interest	68	68
TOTAL	110,666	113,168

Breakdown of customer lending (time remaining)

(in € thousands)	Liabilities	<3 months	3 months <D<=1 year	1 year <D<= 5 years	> 5 years	Total
Loans and advances to customers		5,142	57,036	10,428	18,780	91,387

FINANCIAL REPORT 2015

5. SECURITIES

SECURITIES SUMMARY as at 31.12.2015 (in € thousands)											
Title	Provisionable base			Provisions			Premium and Discount	Net risk in €k (Dec. 2015)	% prov	Value at 31.12.15	Unrealised capital gain
	Debts at 31.12.15 in €k	Debts at 31.12.14 in €k	2015/2014 change in €k	Inventory 31.12.15 in €k	Inventory 31.12.14 in €k	2015/2014 change in €k					
Investment securities	164,735	177,671	(12,937)	(12,060)	(10,853)	(1,207)	5,683	158,358	7.32%	158,358	369
Equity investments	6,427	5,763	664	(586)	(525)	(61)		5,841	9.12%	-	
TOTAL	171,161	183,435	(12,273)	(12,646)	(11,378)	(1,268)	5,683	164,198	7.39%	158,358	369

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

- Bonds and similar securities issued by eurozone governments and financial institutions, with a net carrying amount at 31 December 2015 of EUR 53.2 million and EUR 11.9 million respectively.
- Shares or units of UCITS (mainly money market funds – two-thirds of the total) in the amount of EUR 71.5 million.
- Equities and similar instruments, acquired as long-term investments with an investment objective, and generally listed on the main international indices, with a net carrying amount of EUR 18.9 million at year end.
- Brady-type securities, restructured debts and non-performing foreign instruments amounting to EUR 2.7 million.
- Foreign equity investments denominated in USD.

Securities for which redemption appears to be compromised are recognised as doubtful investment securities.

SUMMARY AS AT 31 DECEMBER 2015 (Excluding accrued interest and settlement accounts) (in € thousands)							
Title	Gross amount outstanding	Provisions	Premium /Discount	Net risk at 31.12.15 in €k	Coverage %	Net present value at 31.12.15	Unrealised capital gain
Investment securities Fixed income	63,239	- (1,991)	5,683	66,931	5.84%	66,975	44
Investment securities Variable income	100,590	- (10,069)		90,521	10.01%	91,234	325
Doubtful debts	-	-					
TOTAL	163,829	(12,060)	5,683	157,748	(3.89)%	158,209	369

Equity investments at 31.12.2015

INVERSIONES HOTELERAS/LOS CABOS

This company, with an initial share capital of USD20,055,789 (our initial investment was USD2,096,496, i.e. 10.46%), is the owner, by virtue of a shareholding, of the «Hotel Melia Cabo Real» in Los Cabos (Mexico), which is run by Grupo Sol. No dividends were recorded for the financial year.

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

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

BIA did not receive any dividends in 2015 and, as a precaution, maintained a provision of 10% in respect of this investment.

ARAB FINANCIAL SERVICES/MANAMA (BAHRAIN)

The company has a share capital of USD 30,000,000 and has investment bank status. We have a 1.63% stake in the company, i.e. USD 463,700.

In 2015, BIA bank received a dividend of USD 29,336, equal to a 6.3% return.

Equity investments at 31.12.2015

SUMMARY OF EQUITY INVESTMENTS (in € thousands)						
Description	BIA shares	Gross value	Provisions	Net carrying amount	Net assets	Unrealised capital gains or losses
Inversiones Los Cabos *	10,46%	1,926	(179)	1,747	1,745	(2)
AICHT	3,94%	4,073	(407)	3,665	3,335	(331)
AFS	1,63%	426		426	806	380
TOTAL		6,425	(586)	5,839	5,886	47

6. TYPES OF DOUBTFUL DEBTS

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

RECAPITULATIF DES CREANCES DOUTEUSES ET PROVISIONS (y compris titres douteux) au 31.12.2015 (en milliers d'euros)								
Title	Debts			Provisions			Net risk in €k	Coverage %
	Debts at 31.12.2015 in €k	Debts at 31/12/14 in €k	2014/2015 change in €k	Inventory 31.12.2015 in €k	Inventory 31.12.2014 in €k	2015/2014 change in €k		
Credit institutions	55,643	57,947	(2,305)	(55,169)	(57,197)	2,029	474	99.1%
Customers	50,407	59,494	(9,087)	(33,802)	(30,427)	(3,375)	16,606	67.1%
Investment securities		2,669	(2,669)		(516)	516		
TOTAL	106,050	120,110	(14,060)	(88,970)	(88,141)	(830)	17,080	83.9%

FINANCIAL REPORT 2015

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

GEOGRAPHICAL REGIONS

COMPROMISED DOUBTFUL DEBTS (in € thousands)				
Regions	Net outstanding debt in €k 2015	31.12.15	Net outstanding debt in €k 2014	31.12.14
Europe	1,469	49%	1,112	17%
Middle East	1,213	41%	1,406	22%
African countries	313	10%	1,821	28%
Algeria			0	0%
Lybia			0	0%
Rest of the world			2,152	33%
TOTAL	2,994	100%	6,491	100%

DOUBTFUL DEBTS, NOT COMPROMISED (in € thousands)				
Regions	Net outstanding debt in €k 2015	31.12.15	Net outstanding debt in €k 2014	31.12.14
Europe	11,489	93.46%	23,063	90,54%
Algeria				
Middle East	2,594	18%	2,410	9%
African countries	1	0%		
TOTAL	14,084	112%	25,473	100%

AGENTS ÉCONOMIQUES

COMPROMISED DOUBTFUL DEBTS (in € thousands)				
Economic agents	Net outstanding debt in €k 2015	31.12.15	Net outstanding debt in €k 2014	31.12.14
Banks	474	16%	750	33%
Companies	2,492	83%	3,544	51%
Governments			2,152	15%
Individuals	28	1%	44	0%
TOTAL	2,994	100%	6,491	100%

DOUBTFUL DEBTS, NOT COMPROMISED (in € thousands)				
Economic agents	Net outstanding debt in €k 2015	31.12.15	Net outstanding debt in €k 2014	31.12.14
Companies	14,084	100.00%	25,473	100%
Individuals				
Banks				
TOTAL	14,084	100%	25,473	100%

7. OTHER ASSETS, PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2015, other assets, prepayments and accrued income break down as follows:

ASSETS (in € thousands)	2015	2014
Other assets	20,192	21,310
Sundry debtors	152	126
Government (corporate tax and VAT)	20,014	21,184
Security deposits and guarantees	27	0
Prepayments and accrued income	1,361	1,066
Deposits in transit	0	0
Foreign exchange adjustment	0	0
Prepaid expenses	128	72
Accrued income	752	697
Negative/positive carry-over to be received	19	18
Entries to be adjusted	461	278

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

8. FIXED ASSETS AND DEPRECIATION AND AMORTISATION

The gross value (before depreciation and amortisation) of intangible assets, which mainly comprised computer software, amounted to EUR 2,175k, and that of property, plant and equipment amounted to EUR 6,163k, remaining stable year on year.

FIXED ASSETS (in € thousands)	Amount at end 2014	Acquisitions	Sales Retirements	Amount at end 2015
Intangible assets	2,115	56	4	2,175
Property, plant and equipment	6,182	52	71	6,163
TOTAL	8,297	108	75	8,338

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

DEPRECIATION AND AMORTISATION (in € thousands)	Amount at end 2014	Provisions	Reversals on sales	Amount at end 2015
Amortisation of intangible assets	1,955	71	4	2,022
Depreciation of property, plant and equipment	4,794	285	71	5,008
TOTAL	6,749	356	75	7,030

FINANCIAL REPORT 2015

9. AMOUNTS OWED TO CREDIT INSTITUTIONS

At year-end 2015, because of the continued fall in deposits from our shareholders and the interest rate levels, funds from interbank items totalled only EUR 93,198k, compared with EUR 126,029k at year-end 2014, i.e. a further decrease of 26%.

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

Deposits from banks from non-OECD countries amounted to EUR 87,704k and accounted for almost 95% of the total.

LIABILITIES (in € thousands)	2015	2014
Ordinary accounts	37,187	25,438
Deposit accounts and term loans	56,004	100,581
Accrued interest	6	10
TOTAL	93,198	126,029

BREAKDOWN OF INTERBANK TRANSACTIONS (time remaining) (in € thousands)						
	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Interbank term loans		50,832	5,172			56,004

10. CUSTOMER DEPOSITS

At year-end 2015, customer funds were slightly down year on year at € 75,326k.

Sight and term deposits from customers from non-OECD countries were down on last year, at EUR 137,984k, compared with EUR 149,735k at 31 December 2014 and still accounted for nearly 80% of total customer deposits.

(in € thousands)	2015	2014
Ordinary customer accounts	73,120	85,514
Security deposits	2,590	12,665
Term deposits	99,608	89,867
Accrued interest	7	28
Other sums due	1	1
TOTAL	175,326	188,075

11. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME

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

LIABILITIES (in € thousands)	2015	2014
Other liabilities	1,243	1,091
Sundry creditors	157	145
Government (VAT-PL)	102	75
Social security expenses to be paid	984	871
Accruals and deferred income	3,448	1,720
Accounts due after deposit	65	103
Foreign exchange adjustment	0	0
Deferred income	163	36
Expenses to be paid	1,739	1,451
Negative/positive carry-over to be paid	0	0
Entries to be adjusted	1,481	131

12. PROVISIONS FOR LIABILITIES AND CHARGES

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

SUMMARY OF PROVISIONS FOR LIABILITIES AND CHARGES as at 31.12.2014 (in € thousands)			
Title	Provisions		
	Inventory 31.12.2015 in €K	Inventory 31.12.2014 in €K	15/14 change in inventory in €K
Country risks	3,076	3,058	18
Tax provisions	19,489	19,489	0
Social security provisions	2,621	2,340	281
Other provisions for liabilities and charges	828	851	(23)
TOTAL	26,014	25,737	277

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

After not complying with the ACP's request, the company made provisions covering all of its tax disputes.

In accordance with CNC regulation No. 03 - R - 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, a EUR 46k allocation to provisions for retirement benefit obligations was recognised.

This provision was calculated according to the methods commonly used in similar situations based on the probability of retirement of staff, at the age of 67, discounted at the rate of 2.03%.

FINANCIAL REPORT 2015

13. SUBORDINATED DEBTS

None.

14. EQUITY AND PROFIT FOR THE YEAR

The share capital, fully paid up, is EUR 158,100k, or 10,540,000 shares with a par value of EUR 15 per share.

Other equity amounts to a loss of EUR 18,889k, broken down as follows:

- Retained loss: EUR 20,705k
- Statutory reserve: EUR 1,816k

For the year ended 31 December 2015, the net loss amounted to EUR 2,570k.

The proposed appropriation of this loss is as follows:

- This EUR 2,570k loss will be posted to retained earnings. Consequently, retained earnings will show a debit balance of EUR 23,275k.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments break down as follows:

FINANCING COMMITMENTS t (in € thousands)	2015	2014
Financing commitments in favour of credit institutions		
Letters of credit opened	3,168	5,000
Other credit lines confirmed	5,047	4,618
Acceptances to be paid or undertakings to pay		0
TOTAL	8,214	9,618

At 31 December 2015, the financing commitments outstanding were down 17% and very low in volume. There were no financing commitments in favour of our shareholders..

Guarantee commitments break down as follows:

GUARANTEE COMMITMENTS (in € thousands)	2015	2014
Confirmations of letters of credit opened	164,950	172,242
Other guarantees to credit institutions	5,730	4,204
Other irrevocable commitments to credit institutions	23,899	17,321
Other guarantees to customers	903	1,381
Doubtful commitments	0	0
TOTAL	195,482	195,148

At 31 December 2015, guarantee commitments were unchanged year on year. Commitments with shareholder banks amounted to EUR 106,089k and accounted for 54.2% of total commitments.

Commitments received as security break down as follows:

COMMITMENTS RECEIVED AS SECURITY (in € thousands)	2015	2014
Guarantees received from credit institutions	61,334	57,412
Guarantees received from insurance companies and government agencies	6,338	5,683
TOTAL	67,672	63,095

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

16. OTHER COMMITMENTS

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

17. NET BANKING INCOME

BREAKDOWN OF NET BANKING INCOME (in € thousands)	Expenses (-)	Income (+)	Total (+ or -)
+/- Interest and similar income	(518)	6,375	5,856
Of which bank	(374)	508	134
Customers	(144)	2,163	2,019
Securities		1,020	1,020
Treated as commissions		2,684	2,684
+ Income from variable income securities	0	860	860
Of which securities		860	860
+/- Commissions	(247)	1,697	1,450
Of which bank	(244)	0	(244)
Customers		400	400
Securities			0
Signed commitments			
Other	(2)	1,297	1,295
+/- Operating profits or losses from trading portfolios	(10)	385	375
+/- Operating profits or losses from investment portfolios and similar	(15,682)	15,672	(10)
+ Other bank operating income and expenses	(13)	131	117
TOTAL	(16,469)	25,119	8,649

For the year ended 31 December 2015, the bank again posted a fall in net banking income, down 20.75% to EUR 8.7 million, compared with EUR 10.9 million in 2014 and EUR 23.9 million in 2013. The main reasons for the change are:

- Much lower gains on investment securities, down 83.5% compared with 2014. At year-end 2014, the bank recognised a net profit on its investment portfolio of EUR 1.9 million, compared with a small net loss of EUR 10k at year-end 2015.
- Continued low levels of net banking income and commissions.
- A 31.4% decrease in variable income securities, which amounted to EUR 860k, compared with EUR 1,254k at year-end 2014.

FINANCIAL REPORT 2015

SUMMARY OF OPERATING PROFITS OR LOSSES FROM INVESTMENT PORTFOLIOS AND SIMILAR at 31 December 2015 (in € thousands)

Title	Expenses	Income	Net amounts
Capital gains or losses on sales of investment securities	(2,191)	3,548	1,357
Allocations to and reversals of provisions on investment securities	(13,491)	12,124	(1,366)
Allocations to and reversals of provisions on equity investments	0	0	0
TOTAL	(15,682)	15,672	(10)

18. GENERAL OPERATING EXPENSES

General operating expenses break down as follows:

GENERAL OPERATING EXPENSES (in € thousands)	2015	2014
Salaries and other benefits	4,770	4,526
Social security expenses	2,358	2,266
Incentive bonuses and employee profit sharing	38	42
Net provisions for social security	245	794
Taxes, duties and similar payments on remuneration	687	660
Personnel costs subtotal	8 098	8 288
Other taxes and duties	235	206
Rentals	31	37
Transport and travel	752	755
Other outside services	3,545	3,335
Recharged expenses	(37)	(143)
Other operating expenses subtotal	4 527	4 190
TOTAL	12,625	12,479

- Overall, general operating expenses were controlled and stable, in response to the fall in net banking income. They increased slightly by 1.2% to EUR 12.6 million at year-end 2015, compared with EUR 12.5 million at year-end 2014.
- Following a smaller increase in social security provisions, personnel costs fell by 2.2% to EUR 8.1 million in 2015, compared with EUR 8.3 million in 2014. If we exclude these allocations to provisions, personnel costs increased by 4.8% year on year.
- Other operating expenses amounted to EUR 4.5 million, compared with EUR 4.2 million in 2014, representing a rise of 8.1%. This increase was due to a rise in lawyers' fees (+EUR 125k), contributions concerning deposit guarantee funds (+EUR 55k), insurance (+EUR 90k) and, to a lesser degree, Board members' mission expenses (+EUR 40k).
- Expenses rebilled to shareholders that remain outstanding amounted to EUR 37k in 2015, compared with EUR 143k in 2014.
- The auditors' fees for the statutory audit of the financial statements for the year ended 2015 amounted to three hundred and five thousand and forty euros including taxes. These fees were unchanged year on year.

19. DEPRECIATION AND AMORTISATION

The annual expense for depreciation and amortisation of fixed assets amounted to EUR 357k, a 14.5% decrease on 2014.

20. COST OF RISK

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

COST OF RISK (in € thousands)	Provisions	Reversals	Net amount
Doubtful debts – Banks	(0)	3,258	3,258
Doubtful debts – Customers	(925)	66	(860)
Doubtful investments	0	469	469
Signed commitments	(277)	-	(277)
Country risk	(513)	773	260
Other liabilities and charges	0	595	595
Discount recognised on restructured loans and receivables	2,337		2,337
Losses on unrecoverable loans and receivables	(4,125)		(4,125)
TOTAL COST OF RISK	(3,504)	5,161	1,657

In accordance with Article 6 of regulation CRC 2002-03, restructured loans and receivables are reclassified to 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 managing haircuts on restructured loans and receivables are recognised under the cost of risk.

21. EXCEPTIONAL ITEMS

For 2015, following the settlement of transactions on unidentifiable accounts, exceptional items showed a net income of EUR 105k.

22. FORWARD FOREIGN EXCHANGE TRANSACTIONS

At year-end 2015, there were no unsettled forward transactions.

23. LIQUIDITY RATIO

At end December 2015, the new LCR (Liquidity Coverage Rate) was 278%, versus an authorised minimum of 60%. The NFSR (Net Stable Funding Ratio) was 105%.

24. STATEMENT OF MAJOR RISKS

At 31 December 2015, regulatory capital amounted to EUR 75 million; net commitments relating to shareholders and senior executives were deducted from equity in accordance with the new regulatory provisions in force and the national laws transposing the «CRD IV» Directive. The bank complies with the provisions applicable to major risks.

At 31 December 2015, 23 counterparties, whose gross outstandings represented more than 10% of equity, were included in the new «GR1» ratio, with net outstandings of 19 of these counterparties representing more than 10% of equity.

FINANCIAL REPORT 2015

25. CAPITAL REQUIREMENT IN RESPECT OF CREDIT RISK

In accordance with the new provisions transposing the European "CRD IV" Directive, the bank's net equity less commitments with shareholders amounted to EUR 79.6 million at 31 December 2015. Total exposure to credit risk, market risk and operational risk totalled EUR 390 million.

The coverage ratio was therefore 20.4%.

26. BIA BANK EMPLOYEES

On average in 2015, the breakdown of Bank employees was as follows:

AVERAGE	Number	Percentage
Technicians	18	32%
Executives	39	68%
TOTAL	57	100%
Men	20	35%
Women	37	65%
TOTAL	57	100%

Minutes of the annual shareholders' meeting of 24 may 2016

The annual Shareholders' Meeting met at the head office, convened by the Board of Directors by registered letter sent to the shareholders.

An attendance sheet was prepared and duly initialled by each member of the meeting at the beginning of the meeting.

The meeting was chaired by Mohamed Loukal, chairman of the Board of Directors.

Messrs Said Kessasra and Mustafa Ben Khalifa were appointed as scrutineers.

Me Philippe Delecluse was appointed secretary.

The attendance sheet, certified correct by the chairman and secretary of the meeting, showed that the five (5) shareholders owning 10,540,000 shares out of the 10,540,000 shares comprising the share capital, were present or represented.

Also attending the meeting:

- Amer Mohamed Amish, Chief Operating Officer,
- Mohamed Younsi, Deputy Chief Operating Officer,
- Eric Sadoun, representing Artex Audit Associés, the Company's statutory auditors,
- Pierre Faucon, representing Sofideec Baker Tilly, the Company's statutory auditors,
- Messrs Alain Hollande and Philippe Delecluse, Vovan & Associés, Company's counsel.

The Chairman laid upon the table and provided the members of the meeting with the:

- Company's articles of association,
- copy of the meeting notices sent to the shareholders and statutory auditors,
- meeting's attendance sheet,
- balance sheet, income statement, notes to the annual financial statements and the inventory of the Company's assets and liabilities for the financial year ended 31 December 2015,
- Directors' report to which is appended the table of results for the past five financial years,
- Statutory Auditors' reports,
- the resolutions that would be submitted to the meeting for approval,
- list of shareholders.

The chairman reminded those present that the information and documents required by the law and regulations shareholders, who could consult them or be provided with a copy thereof under the conditions and within the time limits required by the applicable regulations.

The Shareholders' Meeting acknowledged the chairman's statements.

Then, the chairman reminded those present that the annual Shareholders' Meeting had been convened to deliberate the following agenda:

FINANCIAL REPORT 2015

AGENDA

1. Directors' report
2. Statutory Auditors' report
3. Examination and approval of the financial statements for the year ended 31 December 2015
4. Approval, where given, of the agreements referred to in Article L 225-38 of the French Commercial Code
5. Appropriation and breakdown of the profit (loss) for the year
6. Setting of directors' fees
7. Discharge to the Board of Directors
8. Vote on the resolutions submitted to the annual Shareholders' Meeting
9. Advisory vote on all forms of remuneration paid to senior executives and to certain categories of personnel during the 2015 financial year – Article L 511-73 of the French Monetary and Financial Code
10. Ratification of the appointment by co-optation of Bashir Samalous as director.

The chairman gave details on the Directors' report and the report on internal control, copies of which had been provided to all shareholders prior to the annual Shareholders' Meeting.

Then, Mr Sadoun reminded members of the meeting of the Statutory Auditors' mission, which consisted of three parts:

1. Their opinion on the financial statements for the year ended 31 December 2015, based on their audit of said financial statements in accordance with French standards applying to statutory auditors. Mr Sadoun confirmed, in this regard, that the statutory auditors conducted their work under good conditions and were therefore able to certify that the annual financial statements give a true and fair view of the operations conducted by the Bank in 2015.
2. Justification of their assessments, made possible by the verifications undertaken.
3. Their opinion on the contents of the management report. Mr Sadoun stated that the work undertaken by the statutory auditors enabled them to confirm that the report's contents complied with the financial statements for the year ended 31 December 2015.

Mr Faucon then specified that the Bank had entered into no particular regulated agreement during the course of 2015 and that only the agreement of 2012 between BIA and its shareholder Banque Extérieur d'Algérie providing for the rebilling of services at the cost of the expenses incurred was applicable in 2015, as stated in the auditors' report addressed to shareholders.

Lengthy discussions took place between the shareholders.

Then, since no one else asked to speak, the chairman put the following resolutions to the vote:

FIRST RESOLUTION

After having listened to a reading of the Directors' report, and the Statutory Auditors' report on the financial statements, the annual Shareholders' Meeting approves the annual accounts and balance sheet for the year ended 31 December 2015 as presented, as well as the Company's operations based on the said accounts and reports.

This resolution was adopted unanimously

SECOND RESOLUTION

The annual Shareholders' Meeting ratifies, as and when required, the application, for the 2015 financial year, of the agreement between BIA and BEA, in accordance with Article L 225-38 of the French Commercial Code.

This resolution was adopted unanimously ((since Banque Extérieur d'Algérie is party to the agreement, it did not take part in the vote)

THIRD RESOLUTION

The annual Shareholders' Meeting ratifies, as and when required, the amount of directors' fees allocated to the Board of Directors for the 2015 financial year, i.e. EUR 318,000 (EUR 318,000 in 2012 - 2013 and 2014).

This resolution was adopted unanimously

FOURTH RESOLUTION

The annual Shareholders' Meeting notes that the Bank reported a loss for the year of EUR 2,569,804.

On the proposal of the Board of Directors, it resolves to appropriate this entire loss to retained earnings, which will amount to (EUR 23,274,850) after the appropriation.

In accordance with Article 243a of the French Tax Code, no dividend was distributed in respect of the last three financial years.

This resolution was adopted unanimously

FIFTH RESOLUTION

The annual Shareholders' Meeting gives the members of the Board of Directors full and unconditional discharge for their duties for the 2015 financial year.

This resolution was adopted unanimously

SIXTH RESOLUTION

Voting under the conditions of quorum and majority required for annual shareholders' meetings, having read the Directors' report and been consulted in accordance with Article L. 511-73 of the French Monetary and Financial Code, the shareholders state they are in favour of the total amount of all forms of remuneration, which amounts to EUR 2,474,088, paid during the 2015 financial year to the senior executives and to categories of personnel whose professional activities have a material impact on BIA BANK's risk profile, who comprise 18 persons within the Bank.

This resolution was adopted unanimously

FINANCIAL REPORT 2015

SEVENTH RESOLUTION

The annual Shareholders' Meeting ratifies the appointment, by co-optation, announced by the Board of Directors at its meeting of 17 December 2015, as director of:

- Bashir Samalous, residing at rue Sidi Nafati Hamedia - Tajoura (Libya), replacing Abdulhakim Ali Emhemid Khamag, who resigned.

Consequently, Bashir Samalous will hold the position for the remainder of his predecessor's term of office, that is, until the end of the Shareholders' Meeting held in 2017, called to approve the financial statements for the year ended 31 December 2016.

This co-opting of Bashir Samalous is ratified by the Shareholders' Meeting on the condition precedent of the absence of opposition from the French Prudential Supervisory Authority (Autorité de contrôle prudentiel et de résolution - ACPR) after its examination of Bashir Samalous's proposed appointment as a member of the Board of Directors of BIA Bank.

This resolution was adopted unanimously

EIGHTH RESOLUTION

All powers are given to the chairman or bearer of an original, copy or extract of these minutes for the purpose of fulfilling the legal formalities.

This resolution was adopted unanimously

Then, Abdalla Naama, representing the Libyan Foreign Bank (LFB) thanked the Board of Directors for convening and organising the Shareholders' Meeting. He also thanked his shareholder partner, Banque Extérieur d'Algérie, with which, he said, he had excellent relations and for which he had a lot of respect.

He said that the Libyan Foreign Bank was fully aware of what was happening within BIA Bank and the reasons for its losses. He reaffirmed, in this regard, his full confidence in the members of the Board, its chairman, Mr Loukal, and the Bank's executive management.

Nonetheless, BIA Bank's situation comes second to the situation that Libya has been facing these past few years. He reminded shareholders that LFB had always contributed to injecting capital into all the entities in which it invested alongside BEA, and stated that discussions were being conducted within LFB in order to find solutions in favour of BIA, but such solutions could be implemented only after Libya's situation had stabilised. This point had been confirmed by Ben Yousef to the Chairman of BEA's Board of Directors at ARBIFT's Shareholders' Meeting in Abu Dhabi.

Abdalla Naama again thanked BIA's Board of Directors for its efforts and expressed his wish that BIA Bank would soon return to profitability and be able to once again distribute dividends.

Mr Loukal thanked him for this statement.

Since no one else requested to speak, on the basis of the foregoing, these minutes were drawn up and, after having been read, signed by the chairman, scrutineers and secretary of the meeting.

THE CHAIRMAN

Mohamed Loukal

THE SCRUTINEERS

Said Kessasra

M. Ben Khalifa

THE SECRETARY

Philippe Delecluse

MANAGEMENT REPORT 2015



MANAGEMENT REPORT 2015

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

(Financial year ended 31 December 2015)

In order to best manage BIA Bank's large exposures pending completion of the recapitalisation plan, the bank is continuing with the measures undertaken in previous years:

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

The bank's operating potential and internal control system have been maintained to a fully operational level.

I. BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER 2015

At year-end 2015, total assets fell once more from EUR 481,864k at year-end 2014 to EUR 435,869k, equal to a significant decrease of around 10% year on year.

Interbank transactions represented 31% of total assets and 21% of total liabilities. On the liabilities side, interbank transactions continued to be sustained through shareholders' and other Libyan and Algerian correspondent banks' deposits. These funds are mainly invested on the interbank market, or in short-term UCITS or eurozone government bonds.

ASSETS

At financial year end, and against a backdrop of negative short-term interest rates, the main changes included:

- Investments with the French central bank of only EUR 2.5 million, compared with EUR 3 million at year end 2014;
- A further fall in interbank transactions, with outstandings totalling EUR 135 million, down 20% versus 2014;
- Customer outstandings unchanged year on year (down 2.21%);
- A small decrease in securities transactions of around 5%, mainly on variable income securities;
- The "other assets" item relates to payments made to the tax authorities in connection with disputes that are currently before the courts. These cases are fully provisioned.

LIABILITIES

At financial year end, the main changes included:

- A significant fall in interbank deposits, mainly of Algerian and Libyan banks (-26%);
- A decrease in customer funds (-7%).
- Provisions for liabilities and charges were unchanged year on year (+1%).

OFF-BALANCE SHEET

At year end:

- The signed commitments given grew year on year, but still in very small volumes:
 - Financing commitments decreased by 14% compared with year-end 2014, and total outstandings remained particularly low at EUR 8.2 million.
 - Guarantee commitments were EUR 195 million, identical to those recorded at year-end 2014.
- The signed commitments received also slightly increased over the year, to EUR 67 million, compared with EUR 63 million in 2014.

II. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The main changes in the income statement are as follows:

MAIN DEVELOPMENTS (in € thousands)	31.12.2015	31.12.2014	% change 2015/14
Revenue, interest and similar income	6,716	7,191	-7%
Commissions	1,450	1,431	1%
Operating profits or losses from portfolios	366	2,241	-84%
+ Other bank operating income and expenses	117	51	131%
Net banking income	8,649	10,914	-21%
Personnel costs	(8,098)	(8,288)	-2%
Other general operating expenses	(4,527)	(4,191)	8%
Depreciation and amortisation expense	(357)	(417)	-15%
Total general operating expenses	(12,982)	(12,896)	1%
Gross operating income (loss)	(4,332)	(1,983)	119%
Cost of risk	1,657	(774)	-314%
Net operating income (loss)	(2,675)	(2,757)	-3%
Gains or losses on fixed assets	0	0	
Net income (loss) before non-recurring items and tax	(2,675)	(2,757)	-3%
Net non-recurring income (loss)	105	(1)	-21%
Income tax		(36)	
Net income (loss)	(2,570)	(2,793)	-8%

All of the net banking income items fell year on year. The main reasons for the change are:

- A 7% reduction in net interest income due to the combined effects of a decline in activity and negative or close to zero interest rates.
- A substantial decrease in revenue from investment securities. In 2015, the bank recorded a loss of close to zero, compared with a profit of EUR 1.9 million in 2014.
- Foreign exchange gains were largely unchanged at EUR 0.38 million, compared with EUR 0.39 million in 2014.
- Foreign exchange gains rose by 7.5% to EUR 0.39 million, compared with EUR 0.36 million in 2013.

MANAGEMENT REPORT 2015

GENERAL OPERATING EXPENSES:

- General operating expenses, including the depreciation and amortisation expense, were controlled and contained overall, and as far as possible, in response to the fall in the net banking income. They rose by only 0.01% to EUR 13 million during 2015.
- Due to a smaller increase in social security provisions, personnel costs fell by 2.2% to EUR 8.1 million in 2015, compared with EUR 8.3 million in 2014. If we exclude these allocations to provisions, personnel costs increased by 4.8% year on year.
- Other operating expenses amounted to EUR 4.5 million, compared with EUR 4.2 million in 2014, representing a rise of 8.1%. This increase was due to a rise in consultancy fees (+EUR 125k), regulatory contributions (+EUR 55k), insurance (+EUR 90k) and, to a lesser degree, Board members' mission expenses (+EUR 40k).
- Expenses rebilled to shareholders that remain outstanding amounted to EUR 37k in 2015, compared with EUR 143k in 2014. The balance of the account relating to the accounting of expenses rebilled since 2012 amounted to EUR 216k.
- The depreciation and amortisation expense amounted to EUR 0.35 million, a 14% decrease on 2014.

At year-end 2015, the company reported a significant gross operating loss of EUR 4.3 million, compared with a loss of EUR 1.9 million in 2014.

Following large provisions made in previous years, and in the absence of new significant risk exposures, a net reversal of EUR 1.7 million was posted for the cost of risk provision in 2015, compared with a net charge of EUR 0.8 million in 2014.

COST OF RISK (in € millions)	Provisions	Reversals	Net amount
Doubtful debts - Banks	(0.0)	3.3	3.3
Doubtful debts - Customers	(0.9)	0.1	(0.9)
Doubtful investments	0.0	0.5	0.5
Signed commitments	(0.3)	-	(0.3)
Country risks	(0.5)	0.8	0.3
Other liabilities and charges	0.0	0.6	0.6
Discount recognised on restructured loans and receivables	2.3		2.3
Losses on unrecoverable loans and receivables	(4.1)		(4.1)
TOTAL COST OF RISK	(3.5)	5.2	1.7

The company once again reported a net loss before non-recurring items and tax, which totalled EUR 2.7 million, compared with a net loss of EUR 2.8 million in 2014.

In accordance with French National Accounting Board (CNC) regulation No. 03 – R – 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, the bank recognised a reversal of provisions of EUR 5k for retirement benefit obligations.

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

In 2015, transactions on unidentified and unidentifiable accounts were settled, following numerous attempts at identifying them. These transactions gave rise to net exceptional income of EUR 105k.

At year end, the company posted a pre-tax loss of EUR 2.6 million. Given this loss and the tax add-backs, BIA Bank was neither required to recognise nor pay corporate income tax.

These items result in a net loss after tax of EUR 2.6 million, which is almost the same as the loss posted in 2014.

MANAGEMENT REPORT 2015

V. RISK MANAGEMENT

In 2015, the regulatory compliance processes were modified to satisfy the provisions of the Decree of 3 November 2014 relating to banks' internal control.

Credit risk

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

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

- permanent control of limits and examination of overruns;
- analysis and periodic stratification of amounts outstanding;
- quarterly review of guarantees and provisions;
- regular examination of loans for which an alert has been issued;
- monitoring of profitability of credit transactions.

Other financial risks

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

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

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

Secondly, the bank has medium- and long-term interest rate assets the objective of which is to optimise its high level of liquidities, stemming from its equity, with terms that are better than those offered by the standard interbank activity. In accordance with the applicable prudential standards, this portfolio is valued regularly.

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

The liquidity risk, in addition to daily cash activities, is monitored at a quarterly ALM committee meeting which validates BIA Bank's very secure sources-uses structure in this regard.

Foreign exchange risks were also contained since, as a rule, the Cash-Foreign Exchange activity systematically respects the limits set by the management bodies.

VI. SUBSIDIARIES AND INVESTMENTS

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

This company with a share capital of USD 154,313,700 (our stake is 3.94% for a book value of USD 4,434,000) owns several hotels in Egypt.

In 2015, BIA did not record any dividends and, in view of the decline in business and profitability observed since 2011, the bank decided to maintain the provision of 10% made for this investment.

2- ARAB FINANCIAL SERVICES/Manama (BAHRAIN)

The company has a share capital of USD30,000,000 and has investment bank status. We have a 1.63% stake in the company, i.e. USD463,700.

In 2015, it recorded a dividend of USD29k.

3- INVERSIONES HOTELERAS/LOS CABOS

This company, with an initial share capital of USD20,055,789 (our initial investment was USD2,096,496, i.e. 10.46%), is the owner, by virtue of a shareholding, of the «Hotel Melia Cabo Real» in Los Cabos (Mexico), which is run by Grupo Sol. No dividends were recorded for the financial year.

VII. EMPLOYEE SHAREHOLDING

In accordance with Article L 225-102 of the French Commercial Code, we inform you that no employees held shares in the company on the last day of the financial year, i.e. 31 December 2015.

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

None.

IX. PAYMENT TERMS

Invoices received from suppliers and service providers are, as a general rule, processed on receipt and paid within one month. The balance of accounts payable was EUR 152k at year-end 2015, compared with EUR 125k at year-end 2014.

X. DIVIDENDS DISTRIBUTED DURING THE LAST THREE FINANCIAL YEARS

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

XI. RESEARCH AND DEVELOPMENT

None.

XII. SUBSEQUENT EVENTS

There were no particular events not reflected in the financial statements that need to be mentioned.

XIII. CHANGE IN METHODS

None.

XIV. PROPOSED APPROPRIATION OF PROFIT

The financial statements for the year ended 31 December 2015 were approved by the Board of Directors on 25 March 2016.

They show a net loss after tax of EUR 2,569,804.

The proposed appropriation of this loss is as follows:

- EUR 2,569,804 will be posted to retained earnings. Consequently, retained earnings will show a debit balance of EUR 23,274,850.

MANAGEMENT REPORT 2015

XV. STATEMENT OF FINANCIAL RESULTS

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

COMPANY'S FINANCIAL RESULTS OVER THE LAST FIVE YEARS (in euros)					
Description	2011	2012	2013	2014	2015
CAPITAL AT YEAR END					
Called-up share capital	158,100,000	158,100,000	158,100,000	158,100,000	158,100,000
Number of shares issued	10,540,000	10,540,000	10,540,000	10,540,000	10,540,000
Number of bonds convertible into shares					
RESULTS OF OPERATIONS FOR THE YEAR					
Total revenues, excluding VAT	25,480,759	30,165,334	18,034,178	18,874,352	18,353,204
Profit (loss) before tax, profit sharing, depreciation, amortisation and provisions	6,388,171	(9,910,004)	(13,836,243)	(7,336,779)	(7,780,121)
Income tax income (expense)	(333,333)	(10,115)	(1,318,041)	(36,334)	0
Profit sharing for the year	-	-	-	-	-
Profit (loss) after tax, amortisation, depreciation and provisions	(12,393,180)	(9,559,750)	4,000,938	(2,793,474)	(2,569,804)
Earnings distributed					
EARNINGS PER SHARE					
Earnings after tax but before amortisation, depreciation and provisions	0,64	(0,94)	(1,19)	(0,69)	(0,74)
Earnings after tax, amortisation, depreciation and provisions	(1,18)	(0,91)	0,38	(0,27)	(0,24)
Dividend per share					
STAFF					
Number of employees	72	69	66	59	59
Total salaries	4,940,220	4,493,298	4,467,357	4,526,140	4,770,329
Employee benefits (social security, social benefit schemes, etc.)	2,490,320	2,438,822	2,337,119	2,265,807	2,357,871

XVI. DIRECTORS' FEES

The Board of Directors will ask the Shareholders' Meeting to set the amount of directors' fees for the 2015 financial year.

XVII. INFORMATION ABOUT COMPANY OFFICERS

List of company officers

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

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

They will deliver their reports and are at the disposal of 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 for the provision of any further information.

MANAGEMENT REPORT 2015

Annex to the management report

COMPANY OFFICERS

Mister Mohamed LOUKAL

Chairman and Chief Executive Officer	<i>Banque Extérieure d'Algérie / Algiers</i>
Chairman and Chief Executive Officer	<i>BIA Bank / Paris</i>
Chairman	<i>Union de Banques Maghrébines / Tunis</i>
Member of the Governing Board	<i>British Arab Commercial Bank / London</i>
Member of the Governing Board	<i>Union de Banques Arabes et Françaises / Neuilly sur Seine</i>
Member of the Governing Board	<i>Banque du Maghreb Arab pour l'Investissement et le Commerce / Algiers</i>

Mister Abdulkham KHAMAG

Director of the Department of Investments	<i>Libyan Foreign Bank/Tripoli until 31/08/2015</i>
Vice-Chairman	<i>BIA Bank / Paris</i>
Chief Executive Officer and Member of the Board of Directors	<i>A. & T. Bank/Istanbul as from 01/09/2015</i>

Mister Brahim SEMID

Member of the Board of Directors	<i>BIA Bank / Paris</i>
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Mister Said KESSASRA

Member of the Board of Directors	<i>BIA Bank / Paris</i>
Chairman of the Board of Directors	<i>Institut Algérien des Hautes Etudes Financières</i>
Member of the Board of Directors	<i>Société des Emballages Fer Blanc et Fûts</i>

Mister Mustafa BEN KHALIFA

Chairman	<i>First Gulf Bank / Tripoli</i>
Member of the Board of Directors	<i>Alinmaa Holding Company for Financial Investments / Tripoli</i>
Member of the Board of Directors	<i>BIA Bank / Paris</i>

Mister Naji Mohamed Issa BELGASEM

Deputy Director of Research and Statistics	<i>The Central Bank of Libya / Libya</i>
Member of the Governing Board	<i>BIA Bank / Paris</i>
Member of the Governing Board	<i>National Commercial Bank / Libya</i>
Member of the Monetary Policy Commission	<i>Central Bank of Libya / Libya</i>

Mister Amer AMISH

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

Mister Mohamed YOUNSI

Deputy Chief Operating Officer	<i>BIA Bank / Paris</i>
Member of the Board of Directors	<i>Inversiones Hoteleras Los Cabos / Mexique</i>

Statutory Auditors' report prepared in accordance with Article L. 225-235 of the French Commercial Code on the report prepared by the Chairman of the Board of Directors

For the year ended 31 December 2015

To the shareholders,

In our capacity as Statutory Auditors of BIA BANK, and in accordance with Article L. 225-235 of the French Commercial Code, we hereby report to you on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the year ended 31 December 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report describing the internal control and risk management procedures implemented by the Company and providing the other information required by Article L. 225-37 of the French Commercial Code, in particular relating to corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information; and
- to attest that the report contains the other information required by Article L. 225-37 of the French Commercial Code, it being specified that it is not our responsibility to assess the fairness of this information.

We conducted our work in accordance with professional standards applicable in France.

Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

The professional standards require that we perform due diligence procedures to assess the fairness of the information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairman's report. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material deficiencies in the internal control procedures relating to the preparation and processing of financial and accounting information that we may have identified in the course of our assignment are properly described in the Chairman's report.

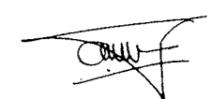
On the basis of our work, we have no observations to make on the information given on internal control and risk management procedures relating to the preparation and processing of the financial and accounting information set out in the Chairman of the Board's report, prepared in accordance with Article L. 225-37 of the French Commercial Code.

Other information

We attest that the Chairman's report contains the other information required by Article L. 225-37 of the French Commercial Code.

Paris, 3 May 2016
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



MANAGEMENT REPORT 2015

Statutory Auditors' report on the annual financial statements

For the year ended 31 December 2015

To the shareholders,
Pursuant to the assignment entrusted to us by your Shareholders' Meeting, we hereby report to you, for the year ended 31 December 2015, on:

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

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

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

I. Opinion on the annual financial statements

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

In our opinion, the annual financial statements give a true and fair view of the assets and liabilities and of the financial position of BIA as at 31 December 2015, and of the results of its operations for the year then ended in accordance with French accounting principles.

II. Justification of assessments

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

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

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

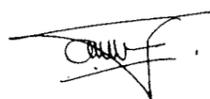
III. Specific verifications and information

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

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

Paris, 3 May 2016
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



Statutory Auditors' special report on regulated agreements

For the year ended 31 December 2015

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

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

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

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

AGREEMENTS SUBMITTED FOR THE APPROVAL OF THE SHAREHOLDERS' MEETING

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

AGREEMENTS ALREADY APPROVED BY THE SHAREHOLDERS' MEETING

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

SERVICE AGREEMENT

Purpose

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

Persons concerned

- The Banque Extérieure d'Algérie, represented by Brahim SEMID
- The Libyan Foreign Bank, represented by Naji Mohamed Issa BELGASEM

Approval date
Board of Directors' meeting of 31 October 2012

Effect

The value of services recognised as income for 2015 was EUR 36,720 billed to the Banque Extérieure d'Algérie.

Paris, 3 May 2016
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



MANAGEMENT REPORT 2015

Certification by the Statutory Auditors

For the year ended 31 December 2015

EXPENDITURE ON SPONSORSHIP, PATRONAGE AND DONATIONS TO POLITICAL PARTIES: LIST OF BENEFICIARY ORGANISATIONS

(Article L. 225-115, section 5 of the French Commercial Code)

- Association Nationale des Amis des Polios et Invalides Civils
- Handicap International

On the basis of our audit of the financial statements for the year ended 31 December 2015, we hereby certify that the sums paid to the organisations shown in the list of beneficiary organisations during the year ended 31 December 2015 in respect of works of general interest entitling the donor/sponsor to tax deductions provided for by Article 238a, sections 1 and 4, of the French Tax Code are correct and consistent with the amount recorded, in this regard, in the accounts.

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

On the basis of our audit of the financial statements for the year ended 31 December 2015, we hereby certify that the total expenditure during the year ended on 31 December 2015 on works of general interest entitling the donor/sponsor to tax deductions provided for by Article 238a, sections 1 and 4, of the French Tax Code, totaling EUR 89 (eighty-nine euros), according to the appended list of beneficiary organisations, is correct and consistent with the amounts recorded, in this regard, in the accounts.

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

On the basis of our audit of the financial statements for the year ended 31 December 2015, we hereby certify that the total amount of remuneration determined by the Company and paid to the highest-paid people, shown in this document and amounting to EUR 1,556,512 (one million five hundred and fifty-six thousand five hundred and twelve euros) is correct and consistent, in this regard, with the sums recorded in the accounts.

Paris, 3 May 2016
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON



Artex Audit Associés
Eric SADOUN



