www.bia-paris.fr

67, avenue Franklin-Roosevelt - 75008 Paris - Tél. : 33 (0)1 53 76 62 62 - Télécopieur : 33 (0)1 42 89 09 59 - Télex : 640 340 BIAFX - 644 030 BIAPA

BANQUE BIA

Conception- Réalisation l'autreagence

ANNUAL REPORT 2012

OUR RELATIONSHIP STARTS HERE,

TO GROW STRONGER ELSEWHERE

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

BANQUE BIA


SOMMAIRE

MESSAGE FROM THE CHAIRMAN

In 2012, the BIA Bank demonstrated a remarkable capacity for resilience, achieving an increase in economic result of almost 22%.

Thanks to the vitality of its teams, the BIA Bank has continued to achieve operational successes.

In addition, to further reinforce its credibility and raise its level of organizational maturity, several projects have been tackled head-on with determination and success.

The future holds a big challenge: to maintain the business model of the bank which has earned it its originality and reputation on the Paris market, while developing new opportunities for growth.

Mohamed Loukal

PRESENTATION

NOTE ON THE ECONOMIC CLIMATE

The business climate we are seeing in 2013 is proving to be one of contrasts, with more positive signs for emerging economies and continued areas of uncertainty for advanced economies.
The diagnosis of "three speed" global growth is likely to be confirmed:

- For the euro zone, while unemployment is tending to rise, the recovery will remain slight due in particular to the slowdown in German growth and the recessionary trends in Italy, Spain and Greece;
- For the United States, the effect of the budgetary readjustment will continue to weigh on domestic demand;
- For emerging and developing countries, the forecasts are more optimistic in terms of growth, with rates of slightly more than 5 %.

For the southern shores of the Mediterranean, with an oil price that should become stabilized, the main objective of the Maghreb and Middle Eastern countries will be to preserve macroeconomic stability.

Despite a changing socio-political environment, many opportunities will be brought about by capital and infrastructure investments, the exploitation of production potential and the exponential nature of the growth in the consumer society.

BIA IN A FEW WORDS

HISTORY

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

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

SHAREHOLDERS

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

BUSINESS LINE

DOCUMENTARY CREDITS
As far as overseas financing activities are concerned, documentary credits (more than 1 billion euros of annual trading volume) are Banque BIA's core business. The development of documentary credit operations continues to reflect both the natural support of the parent companies and the widening and strengthening of our relations with many banking institutions in the founding countries and in the world. Due to its specialisation and recognised expertise in the documentary credit business, Banque BIA is able to perform the essential role given to it since its creation: to facilitate foreign trade operations and advise customers on the markets it has in-depth knowledge about.

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

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

- Commercial credits,
- Discounting of receivables,
- Overdraft facilities,
- Financial credits,
- 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 accomodate their needs to cover their exposure.

MARKET

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

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

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

CONTROL AND MANAGEMENT UNITS

SHAREHOLDERS

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

BOARD OF DIRECTORS

Mohamed Loukal	*President*
Giadalla Ettalhi	*Vice-President*
Mustafa Ben Khalifa	*Director*
Saïd Kessasra	*Director*
Banque Extérieure d'Algérie	*Represented by Nacer Laouami, Director*
Libyan Foreign Bank	*Represented by Naji Mohamed Issa Belgasem, Director*

MANAGEMENT COMMITTEE

Mohamed Loukal	*President*
Giadalla Ettalhi	*Vice-president*
Amer Mohamed Amish	*General Manager Delegate*
Mohamed Younsi	*Deputy General Manager Delegate*

GENERAL MANAGER

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

AUDITORS

Artex

Sofideec Baker Tilly

AUDIT COMMITTEE

Giadalla Ettalhi	*President*

ACCOUNT COMMITTEE

Mohamed Loukal	*President*

OVERAL INSPECTION

Najib Tabti

FINANCIAL REPORT

BALANCE SHEET (in thousand of euros)

ASSETS	31.12.2012	31.12.2011
Cash, central banks and post office accounts	628,217	11,324
Government bond		
Amounts due from financial institutions	342,335	1,195,952
Amounts due from customers	128,102	152,594
Bonds and other fixed income securities	101,114	80,989
Equities and other variable-income securities	76,413	36,332
Participating interests and other long-term securities	4,820	5,094
Shares in related undertakings		
Finance leases and purchase-option leases		
Operating leases		
Intangible assets	253	293
Property and equipment	1,857	2,036
Unpaid share capital		
Own shares		
Trading and settlement accounts		
Others assets	20,003	10,881
Prepayments and accrued income	2,019	2,674
TOTAL ASSETS	**1,305,133**	**1,498,369**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2012	31.12.2011
Central banks and post office accounts		
Amounts due to financial institutions	926,528	1,081,925
Amounts due to customers	215,849	204,068
Debt securities		
Other liabilities	1,164	1,514
Accruals and deferred income	2,266	1,541
Trading and settlement accounts		
Provisions for liabilities and charges	21,324	12,746
Subordinated debt		49,011
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 (+/-)	-12,353	40
Income for the year (+/-)	-9,560	-12,393
Retained earnings carried forward		
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	**1,305,133**	**1,498,369**

BALANCE SHEET (in thousand of euros)

COMMITMENTS GIVEN	31.12.2012	31.12.2011
Financing commitments	7,789	46,344
Guarantees	319,519	537,626
Securities-related commitments		

COMMITMENTS RECEIVED	31.12.2012	31.12.2011
Financing commitments		
Guarantees	10,400	81,136
Securities-related commitments		

INCOME STATEMENT

INCOME STATEMENT FOR THE YEAR (in thousand of euros)	31.12.2012	31.12.2011
+ Interest income	15,147	19,995
- Interest expense	-5,725	-5,822
+ Finance lease income		
- Finance lease charges		
+ Operating lease income		
- Operating lease charges		
+ Income from variable income securities	961	1,728
+ Commission income	2,587	2,684
- Commissions expense	-217	-248
+/- Gains (losses) on trading portfolio transactions	248	495
+/- Gains (losses) on investment portfolio transactions	15,136	-13,754
+ Other banking operating income	84	53
- Other banking operating expenses	-10	-8
NET BANKING INCOME	**28,212**	**5,121**
- General operating expenses	-12,621	-12,768
- Net charges to depreciation and amortisation on non-current assets	-475	-421
GROSS OPERATING INCOME	**15,116**	**-8,068**
Net write-backs (charges) to provisions for risk	-14,470	-4,876
NET OPERATING INCOME BEFORE TAX	**646**	**-12,944**
+/- Gains (losses) on property and equipment		248
PRE-TAX INCOME FROM ORDINARY ACTIVITIES	**646**	**-12,696**
+/- Exceptional items	33	-3
- Tax (+/-)	-10,239	307
+/- Net write-backs from (charges to) FRBG and regulated provisions		
NET INCOME	**-9,560**	**-12,393**

APPENDIX TO THE YEARLY ACCOUNTS ACCOUNTING PERIOD ENDING 31ST DECEMBER, 2012

1. ACCOUNTING PRINCIPLES AND PRESENTATION OF FINANCIAL REPORTS

The yearly accounts of Banque BIA are drawn up and presented in compliance with the requirements of the Banks and Finance Regulation Board (CRBF) and also with the Banking Commission instructions in effect on 31st December, 2012. This notably concerns their format, which complies with the provisions of CRBF rule 91-01 amended by Accounting Regulation Board (CRC) rule 99-04. Interest and related commissions are entered pro-rata to their accrued value. Unrelated commissions corresponding to services rendered are entered at the date the service was provided.

2. CURRENCY CONVERSION IN ACCOUNTS AND FINANCIAL STATEMENTS

Foreign currency credits, debts, and off-balance sheet commitments outside the euro zone are converted to euros at the exchange rate determined by Banque de France on the accounting period closing date. Income and expenditure in foreign currency relating to lending, borrowing, or related operations, or to off-balance sheet securities or commitments, are converted to euros at the cash exchange rate applying on the date they enter into the profit and loss account.

3. FOREX OPERATIONS

Foreign currency exchange gains and losses resulting from the reassessment of balance sheet accounts are assigned to profit and loss at the end of each period. Exchange contracts still unclosed on the period closing date and covered by cash operations are reassessed using the cash exchange rate at the end of the accounting period. Transfer amounts calculated at contract closing are entered pro-rata temporis in the profit and loss account.

4. FIXED ASSETS

Fixed assets appear on the balance sheet at their acquisition value broken down in accordance with CRC rule 2004-06 applying on 1st January, 2005, less an amortization adjustment calculated by the linear method based on expected service life in compliance with CRC rule 2002-10 applying on 1st January, 2005. The intangible assets correspond to computer software.

5. SECURITIES

"Bonds and other fixed income securities" mainly consist of bonds, mutual funds, and medium-term notes. Premiums and discounts are amortized linearly in line with the length of the commitment.
"Shares and other variable income securities" mainly consist of medium term notes and listed securities at market value.
The "Shareholdings and portfolio business" item comprises equity securities, held long term and entered at their cost price.

6. DOUBTFUL ACCOUNTS/BAD DEBTS

In compliance with the provisions of CRC rule No.2002-03, all credit risks carry a distinction between sound, doubtful, and compromised doubtful amounts repayable. Doubtful sums are downgraded to "compromised doubtful" status in the accounts when prospects of recovering them are severely reduced and when they are being considered a long term loss. Interest is no longer counted once the amounts are transferred to the compromised doubtful account.

7. CONTINGENCY PROVISIONS

In compliance with current rules, each compromised amount repayable is estimated according to its risk of non-recovery at accounting period closure. The risk assessment criteria we have defined are based on the economic and political environment, on the intrinsic nature of the debt, and also on the quoted price of the debt in a regulated marked where appropriate.
Unpaid interest along with interest accrued on uncompromised doubtful accounts are fully covered by these provisions.

8. WELFARE COMMITMENTS

Regulatory measures relating to compulsory retirement pension schemes are complied with by paying contributions to the retirement fund defined in the industry wide company-employee agreement. These are included in the expenditure for the accounting period.

Retirement commitments are the subject of funding per the option prescribed in the provisions of Business Code article L 123.13.
In compliance with CNC recommendation No. 03 - R - 01, commitments relating to work medals are counted as part of the expenditure for the exercise.

Provisions are also set aside for welfare contributions, per current legislation relating to welfare commitments.

9. CHANGE OF ACCOUNTING METHOD

There has been no modification of the valuation methods used during the accounting period.

The accounts for the period are presented in a format complying with the provisions of CRBF rule 91-01 (amended).

ADDITIONAL INFORMATION ON FINANCIAL STATEMENTS AS OF DECEMBER 31, 2012

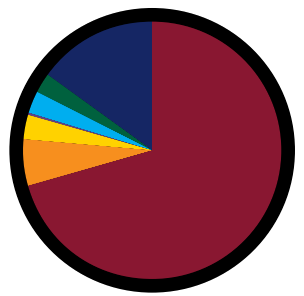
1. BALANCE SHEET TOTAL

At closing, the balance sheet total was €1,305,133 K versus €1,498,369 K at the end of 2011.

2. GEOGRAPHIC BREAKDOWN OF LOANS

The geographic breakdown of loans changed considerably between 2012 and 2011. At the end of 2012, operations with the European Union still represented more than 2/3 of the total (2 points more than last year). This refocusing occurred to the detriment of the Middle East (-4 points). Operations with Algeria still represented just under 15% of the total.

GEOGRAPHIC BREAKDOWN OF LOANS as at 31st December 2012



70,77% *European Union and EU assimilated*
5,64% *Middle East*
3,14% *Libya*
14,93% *Algeria*
0,25% *Other Europe*
2,74% *Other Africa*
2,53% *Rest of world*

3. CASH AND INTER-BANK TRANSACTIONS

Ordinary debit accounts essentially include our demand deposits with correspondent banks.

Accounts and term loans mostly consist of short-term inter-bank cash transactions and investment transactions with the central bank.

Bank debt on non-OECD countries (not including associated receivables) was €91,413 K, and provisions set against the assets concerned amounted to €61,932 K.

Cash and inter-bank operations are broken down as follows:

ASSETS (in thousands of Euros)	2012	2011
Cash	392	433
Sight deposits with central banks	627,825	10,891
Ordinary accounts	36,048	21,378
Accounts and term loans	303,698	1,167,837
Financial loans	0	0
Related debts – bank loans	199	279
Securities received in pawn	0	0
Bad debts	2,390	6,458
TOTAL	**970,552**	**1,207,276**

Breakdown of inter-bank operations (Time remaining)

(in thousands of euros)	Overnight oper.	< 3 months	3 months <D < = 1 year	1 an < D < = 5 years	> 5 years	Total
Inter-bank term loans and financial loans	80,971	222,101			627	303,698

4. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers consist of corporate loans, other customer lending and overdraft accounts.
Related loans are incorporated with each of the main balance sheet headings.
Loans and advances to customers for non-OECD countries (not including related loans) amount to €59,528 K. Provisions relating to these assets amount to €16,336 K.

Customer overdraft accounts include net bad debts and outstanding payments in the amount of €36,291 K; these debts are provisioned at a level of 43.4 %.

(in thousands of Euros)	2012	
Corporate loans	2,782	
Lending to customers	89,230	114,599
Term loans to financial customers		
Ordinary accounts and net bad debts	38,566	34,859
Related loans	306	353
TOTAL	**128,102**	**152,593**

Breakdown of customer lending (Time remaining)

(in thousands of euros)	due	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Loans and advances to customers		5,305	52,406	16,130	15,389	89,230

5. SECURITIES

SECURITIES SUMMARY AS OF DECEMBER 31, 2012 (in thousands of €)

Title	Provisionable Base: Debts as of 31.12.12 in K€	Provisionable Base: Debts as of 31.12.11 in K€	Provisionable Base: Variation 12/11 in K€	Provisions: Stock 31.12.12 in K€	Provisions: Stock 31.12.11 in K€	Provisions: Variation 12/11 in K€	Premium and Discount	Net risk in K€ (Dec. 2012)	% prov	Value as of 31.12.12	unrealized capital gains
Short-term investment securities	205,202	157,690	47,512	(29,317)	(38,831)	9,514	(827)	175,058	14,29%	175,373	315
Long-term investment securities	5,303	5,587	-284	(484)	(146)	10		4,820	9,12%	-	
GRAND TOTAL	**210,505**	**163,277**	**47,229**	**(29,801)**	**(39,324)**	**9,523**	**(827)**	**179,878**	**14,16%**	**175,373**	**315**

The entire securities portfolio is classed as short-term investment securities and equity shares or long-term investment securities, and essentially consists of:

- Bond-type securities on governments or banks of the euro zone, of which the net book value at the end of 2012 was 100.4 million Euros.
- Predominantly monetary UCITS shares for 50 million Euros.
- Equity type securities, purchased with a long-term outlook with an investment objective, all quoted on the main international indices; the net book value of these securities at closing was 22.5 million Euros.
- "Brady type" securities and foreign equities, mostly denominated in USD for 3.8 million Euros.
- Equity shares abroad denominated in USD.

Securities for which reimbursement appears to be compromised are posted as bad investment securities.

STOCK OF INVESTMENT SECURITIES AS OF DECEMBER 31, 2012 (not including associated receivables and settlement accounts) (in thousands of €)

Title	Gross amount outstanding	Provisions	Premium /Discount	Net risk as of 31.12.12 in K€	% of coverage	Market value as of 31.12.12	unrealized capital gains
Investment Securities - Fixed Income	148,790	-19	-827	147,944	-0,57%	148,221	277
Investment Securities - Variable Income	55,725	-29,298		26,427	52,58%	26,466	38
GRAND TOTAL	**204,516**	**-29,317**	**-827**	**174,371**	**-14,74%**	**174,687**	**315**

Equity shares/long-term investment securities as of December 31, 2012

INVERSIONES HOTELERAS/LOS CABOS
This company, with an initial capital of US $20,055,789 (our initial investment was US $2,096,496 or 10.46%), owns and holds a stake in 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" LE CAIRE
This company with a capital of US $169,713,700 (our stake is 3.94% for an entry value in assets on our books of US $4,434,000) owns several hotels in Egypt.

BIA did not receive any dividends in 2012 and, as a precaution, maintained the provision of 10% constituted last year on this investment.

ARAB FINANCIAL SERVICES/MANAMA (BAHREÏN)
In 2012, this company which has investment bank status reduced its share capital to US $30,000,000. We hold a stake of 1.63% or US $463,700.

In 2012, it did not record any dividends for the financial year.

SUMMARY FOR EQUITY SHARES (in thousands of Euros)

Description	BIA share	Gross value	Provisions	Net book value	Net Situation	Unrealized capital gains or losses
Inversiones Los Cabos *	10,46%	1,589	**(147)**	1,442	1,441	-1
AICHT	3,94%	3,361	**(336)**	3,025	4,770	1,745
AFS	1,63%	351		351	768	416
GRAND TOTAL		**5,301**	**(484)**	**4,818**	**6,978**	**2,160**

6. TYPES OF BAD DEBTS

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

SUMMARY OF BAD DEBTS AND PROVISIONS provisions as of December 31, 2012 (in thousands of €)

Title	Debts: Debts as of 31.12.12 in K€	Debts: Debts as of 31.12.11 in K€	Debts: Variation 11/12 in K€	Provisions: Stock 31.12.12 in K€	Provisions: Stock 31.12.11 in K€	Provisions: Variation 12/11 in K€	Net risk in K€	% coverage
Credit institutions	64,293	64,618	-324	-61,933	-58,181	-3,752	2,360	96,3%
Customers	68,550	35,813	32,737	-32,420	-19,454	-12,966	36,130	47,3%
Investment securities	6,413	6,525	-112	-3,944	-3,847	-97	2,469	61,5%
GRAND TOTAL	**139,256**	**106,955**	**32,301**	**-98,297**	**-81,482**	**-16,815**	**40,959**	**70,6%**

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

GEOGRAPHICAL REGIONS

COMPROMISED BAD DEBTS (in thousands of Euros)				
Regions	Net outstanding debt in thousands of Euros 2012	31.12.12	Net outstanding debt in thousands of Euros 2012	31.12.11
Europe	945	9%	1,014	6%
Middle East	5,451	55%	11,568	68%
African Countries	2,039	20%	2,223	13%
Algeria				0%
Lybia	0	0%	499	3%
Rest of world	1,524	15%	1,714	10%
TOTAL	**9,959**	**100%**	**17,017**	**100%**

BAD DEBTS, NOT COMPROMISED (in thousands of Euros)				
Regions	Net outstanding debt in thousands of Euros 2012	31.12.12	Net outstanding debt in thousands of Euros 2012	31.12.11
Europe	31,321	93%	1,823	22%
Algeria				
Middle East	2,252	7%	6,634	785%
African Countries				
TOTAL	**33,573**	**100%**	**8,457**	**100%**

ECONOMIC AGENTS

BAD DEBTS, COMPROMISED (in thousands of Euros)				
Economic Agents	Net outstanding debt in thousands of Euros 2012	31.12.12	Net outstanding debt in thousands of Euros 2012	31.12.11
Banks	3,306	33%	7,400	43%
Companies	5,093	51%	7,367	43%
States	1,524	15%	1,714	10%
Individuals	37	0%	536	3%
TOTAL	**9,959**	**100%**	**17,017**	**100%**

BAD DEBTS, NOT COMPROMISED (in thousands of Euros)				
Economic Agents	Net outstanding debt in thousands of Euros 2012	31.12.12	Net outstanding debt in thousands of Euros 2012	31.12.11
Companies	33,573	100%	8,457	100%
Individuals				
Banks				
TOTAL	**33,573**	**100%**	**8,457**	**100%**

7. OTHER ASSETS AND ADJUSTMENT ACCOUNTS

As of December 31, 2012, other assets and adjustments accounts are broken down as follows:

The increase in the Government item (corporate tax and VAT) is in relation to payments made to the Tax Authorities in a dispute that is currently before the courts. Almost the entire amount has been provisioned.

ASSETS (in thousands of Euros)	2012	2011
Other assets	**20,003**	**10,881**
Various debtors	92	87
Government (Corporate tax and VAT)	19,910	10,793
Security deposits and guarantees	0	0
Adjustment accounts	**2,019**	**2,874**
Items deposited at banks for payment	0	0
Foreign currency adjustments	13	0
Prepaid expenses	157	165
Income to be received	805	906
Negative/positive carry-over to be received	1	0
Entries to be adjusted	1,044	1,803

8. FIXED ASSETS AND DEPRECIATION

In gross value before depreciation, the stock of intangible assets, consisting essentially of computer software, amounted to €2,007 K and the stock of tangible assets amounted to €6,137 K.

INVESTMENTS CLASSED AS FIXED ASSETS (in thousands of Euros)	Amount at end of 2011	Acquisitions	Sales Retirements	Amount at end of 2012
Intangible assets	1,918	89	0	2,007
Tangible assets	5,971	166	0	6,137
TOTAL	**7,889**	**255**	**0**	**8,144**

In accordance with regulation CRC 2002-10, depreciation is calculated on the basis of the useful life of the assets, only by the straight-line method.

AMORTIZATION (in thousands of Euros)	Amount at end of 2011	Allowance	Reversals on allowances	Amount at end of 2012
Depreciation, intangible assets	1,626	128		1,754
Depreciation, tangible assets	3,935	346		4,281
TOTAL	**5,561**	**474**		**6,035**

9. DEPOSITS FROM CREDIT INSTITUTIONS

At the end of 2012, due to the very substantial deposits made by shareholders, the level of inter-bank funding was still very high, but nevertheless 14% down from the last financial year.

Bank sight deposits essentially consist of ordinary foreign bank accounts.

Deposits from banks from non-OECD countries (not including related deposits) amounted to €909,124 K and accounted for the majority of the item.

Deposits from credit institutions are broken down as follows:

LIABILITIES (in thousands of Euros)	2012	2011
Ordinary accounts	55,090	716,930
Accounts and term loans	871,388	364,580
Related deposits	49	415
TOTAL	**926,528**	**1 081,925**

BREAKDOWN OF INTER-BANK OPERATIONS (Time remaining) (in thousands of Euros)

	Day to day operations	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Inter-bank term loans	505	868,897	1,987			871,388

10. CUSTOMER CREDIT ACCOUNTS

At 2012 year-end, customer funds were up 5.77% from one financial year to the next.

Customer sight and term deposits on non-OECD countries remained at levels comparable to last year and amounted to €195,819 K as of December 31, 2012, i.e. more than 90% of the total amounts outstanding of customer credit accounts.

(in thousands of Euros)	2012	2011
Ordinary customer accounts	113,111	95,399
Security deposits	13,580	14,346
Credit deposit accounts	88,692	94,153
Related debts	81	160
Other sums due	385	10
TOTAL	**215,849**	**204,068**

BREAKDOWN OF CREDIT DEPOSIT ACCOUNTS (Time remaining) (in thousands of Euros)

	Overnight operations	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Credit deposit accounts		86,645	2,047			88,692

11. OTHER LIABILITIES AND ADJUSTMENT ACCOUNTS

At closing, the breakdown of the balances of the 'other liabilities and adjustment accounts' headings was as follows:

LIABILITIES (in thousands of Euros)	2012	2011
Other liabilities	**1,164**	**1,514**
Various creditors	235	277
Government (VAT-PL)	64	97
Social security charges to be paid	864	1,140
Adjustment accounts	**2,266**	**1,541**
Accounts due after deposit	77	151
Foreign currency adjustments	0	84
Unearned income	65	62
Charges to be paid	1,358	946
Negative/positive carry-over to be received	0	0
Entries to be adjusted	766	299

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 AS OF DECEMBER 31, 2012 OF PROVISIONS FOR LIABILITIES AND CHARGES (in thousands of Euros)

Title	Provisions		
	Stock 31/12/12 in K€	Stock 31.12.11 in K€	Variation of stock 12/11 in K€
Country risks	3,079	4,605	-1,526
Tax Provisions	16,071	5,842	10,229
Social Security Provisions	1,396	1,719	-323
Other provisions for liabilities and charges	778	581	197
GRAND TOTAL	**21,324**	**12,746**	**8,578**

The company was subject to tax adjustments covering 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 advisors, it has undertaken a number of administrative, diplomatic and legal means of recourse which will continue in 2013.

In response to the request of the Prudential Control Authority, the BIA Bank had to post an additional provision of 10.2 million Euros on December 31, 2012. This is the level of provision we were asked to make by the ACP, i.e. total coverage of the adjustments, excluding collection penalties. In accordance with regulation CNC n° 03 – R – 01 concerning the accounting treatment of pension commitments and similar benefits, the bank posted a provision of Ð58 K for pension commitments.

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 2.69 %.

13. SUBORDINATED DEBTS

Subordinated debts were reimbursed on May 31, 2012. Over the course of the financial year, the expense for these operations amounted to €484 K.

14. EQUITY CAPITAL AND END-OF-YEAR RESULT

The share capital, fully paid up, is €158,100 K, or 10,540,000 shares with a par value of 15 Euros each.
Other equity capital amounts to -€10,537 K, broken down as follows:

- Brought forward: -€12,353 K
- Legal reserve: €1,816 K

At the closing of the financial statements, the net result after corporate tax was a loss of €9,560 K.
This loss will be posted to the brought-forward account, which will therefore show a debit balance of €21,913 K.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments are broken down as follows:

FINANCING COMMITMENTS (in thousands of Euros)	2012	2011
Financing commitments in favour of credit institutions		0
Letters of credit opened	2,898	2,071
Other credit lines confirmed	3,790	43,647
Acceptances to be paid or undertakings to pay	1,101	626
TOTAL	**7,789**	**46,344**

On December 31, 2012, there were no financing commitments in favour of our shareholders.

Guarantee commitments are broken down as follows:

GUARANTEE COMMITMENTS (in thousands of €)	2012	2011
Confirmations of letters of credit opened	282,330	381,111
Other guarantees to credit institutions	12,147	4,072
Other irrevocable commitments to credit institutions	24,759	27,661
Other guarantees to customers	283	124,782
Dubious commitments	0	0
TOTAL	**319,519**	**537,626**

Down substantially between financial years, guarantee commitments with shareholder banks amounted to €177,172 K and accounted for 55.5 % of total commitments.

Commitments received as security are broken down as follows:

COMMITMENTS RECEIVED AS SECURITY (in thousands of Euros)	2012	2011
Guarantees received from credit institutions	5,170	75,803
Guarantees received from insurance companies and government agencies	5,229	5,333
TOTAL	**10,400**	**81,136**

At closing, guarantee commitments received from shareholders amounted to €3,790 K, i.e. 36 % of the total, a level almost the same as last year.

16. OTHER COMMITMENTS

The total amount of other surety operations was €12,000 K.

17. NET BANKING INCOME

BREAKDOWN OF NET BANKING INCOME (in thousands of Euros)	Expenses (-)	Income (+)	Total (+ or -)
	-5,725	15,147	9,422
of which Bank	-5,106	2,231	-2,875
Customers	-619	4,293	3,674
Securities		3,183	3,183
Treated as commissions		5,440	5,440
+ Income from variable yield securities	**0**	**961**	**961**
of which Securities	0	961	961
+/- Commissions	**-217**	**2,587**	**2,370**
of which Bank	-210	0	-210
Customers		246	246
Securities			0
Signed commitments			
Other	-7	2,340	2,340
+/- Operating profits or losses from trading portfolio	**-23**	**271**	**248**
+/- Operating profits or losses from investment portfolio and related	**-11,783**	**26,920**	**15,136**
+ Other bank operating income and expenses	**-10**	**84**	**74**
TOTAL	**-17,758**	**45,970**	**28,212**

The end-of-year results showed a net banking income of 28.2 million Euros versus 5.1 million Euros last year. The main factors of this variation are:

- A very marked increase in income on investment securities. In 2012, the bank recorded a net income on its investment portfolio of 15.1 million Euros, broken down into capital gains on securities of 9.5 million Euros and reversals of provisions for 5.6 million Euros.
- Lower net interest income due to the combined effects of the decrease in business and a level of rates that is still historically low.
- A slight decrease in the total level of commissions.

BREAKDOWN OF ITEM +/- PROFITS OR LOSSES ON INVESTMENT PORTFOLIO OPERATIONS AND SIMILAR as of december 31, 2012 (in thousands of Euros)			
Title	Expenses	Income	Net amounts
Capital gains or losses on sales of investment securities	-45	9,567	9,522
Allocations and reversals of provisions on investment securities	-11,738	17,352	5,614
Allocations and reversals of provisions on equity shares	0	0	0
TOTAL	**-11,783**	**26,920**	**15,136**

18. GENERAL OPERATING EXPENSES

General operating expenses are broken down as follows:

GENERAL OPERATING EXPENSES (in thousands of Euros)	2012	2011
Salaries	4,493	4,940
Social security expenses	2,439	2,490
Bonuses and employee profit sharing	30	7
Net provisions for social security	119	43
Levies, taxes and similar payments on remuneration	535	440
Other levies and taxes	638	513
Rentals	95	181
Transport and travel	778	689
Other outside services	3,494	3,465
TOTAL	**12,621**	**12,768**

- Payroll costs amounted to 7.6 million Euros versus 7.9 million Euros in 2011, i.e. a 3.8% drop which is mainly due to the reduction in staff with short-term contracts and a reduction in provisions for social security risks in 2012.
- Other general operating expenses slightly up by 3.3% compared with 2011, particularly due to higher taxes.
- The auditors' fees for the statutory audit of the financial statements in 2012 amounted to two hundred and nineteen thousand, nine hundred and eighteen Euros.

19. DEPRECIATION EXPENSES

The annual expense for depreciation of assets amounted to €474 K.

20. COST OF RISK

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

COST OF RISK (in thousands of Euros)	Provisions	Reversals	Net Amount
Bad Debts - Banks	(3,668)	0	(3,668)
Bad Debts - Customers	(13,357)	956	(12,401)
Bad Securities	(251)	105	(146)
Signed commitments	(620)	-	(60)
Country risks	(3,087)	4,654	1,566
Other liabilities and charges	0	235	235
TOTAL COST OF RISK	**(20,420)**	**5,950**	**(14,470)**

21. EXCEPTIONAL ELEMENTS

For 2012, exceptional elements showed a net profit of € 33 K.

22. FORWARD FOREIGN EXCHANGE TRANSACTIONS

At the end of the financial year, the total amount of forward transactions not settled was €950 K.

23. LIQUIDITY RATIO

The liquidity ratio was 1582 % as of December 31, 2012. Excess liquidity amounted to € 847,615 K.

24. STATEMENT OF MAJOR RISKS

On December 31, 2012, regulatory equity capital amounted to 96.4 million Euros; net commitments relating to shareholders and directors were deducted from equity capital in accordance with the regulatory provisions and specific provisions applicable to the BIA bank.

The bank complies with the provisions applicable to major risks.

On December 31, 2012, the total of weighted commitments, net of guarantees and provisions representing more than 10% of the equity capital as offsetting, amounted to € 436,272 K and involved 15 beneficiaries.

25. EQUITY CAPITAL REQUIREMENT IN RESPECT OF CREDIT RISK

In accordance with the new provisions stemming from the decree of August 25, 2011 transposing the European "CRD2" Directive, the bank's net equity capital less commitments with shareholders amounted to 96.4 million Euros as of December 31, 2012, for a minimum equity capital requirement for credit, market and operational risk of 28.9 million Euros. The solvency ratio was 26.6%.

26. STAFF OF BIA BANK

On average in 2012, the Bank's staff is broken down as follows:

AVERAGE 2012	Number	Percentage
Technicians	30	44%
Executives	38	56%
TOTAL	**68**	**100%**
Men	24	35%
Women	44	65%
TOTAL	**68**	**100%**

MINUTES OF ORDINARY GENERAL MEETING OF 30 MAY 2013

The ordinary annual general meeting met at the head office as convened by the board of directors by registered letter sent to the shareholders.

An attendance record was kept and signed by each member as they entered the meeting.

The meeting is chaired by Mr Mohamed LOUKAL, chairman of the board of directors.

Messrs Said KESSASRA and Mustafa BEN KHALIFA are asked to act as scrutineers.

Philippe DELECLUSE is appointed as secretary.

The attendance record, certified accurate by the members of the committee thus formed, establishes that the six (6) shareholders, holding 10,540,000 shares of the 10,540,000 shares making up the share capital, are present or represented.

The meeting was also attended by :

- Mr Amer Mohamed AMISH, deputy managing director,
- Mr Mohamed YOUNSI, assistant deputy managing director,
- Mr Eric SADOUN representing ARTEX AUDIT ASSOCIES, company auditors,
- Mr Pierre FAUCON, representing BAKER TILLY SOFIDEEC, company auditors,
- Philippe DELECLUSE, Cabinet VOVAN & ASSOCIES, legal advisor.

The chairman presents the following documents and makes them available to the members of the meeting:

- Articles of association of company,
- Copies of notice letters sent to shareholders and auditors,
- Meeting attendance record,
- Balance sheet, profit and loss statement, notes to accounts and inventory of assets and liabilities of the company drawn up as of 31 December 2012,
- Board of director's annual report to which the table of financial results for the last five financial years is attached,
- Chairman's report (article 117 of the French Loi de Sécurité Financière),
- Auditors' reports,
- Resolutions to be submitted to the meeting for vote,
- List of shareholders.

The chairman declares that the information and documents stipulated by the relevant legislation and regulations have been made available to the shareholders who were able to examine them or obtain a copy thereof under the conditions and within the times stipulated by the regulations applicable.

The meeting acknowledges these declarations to the chairman.

The chairman then states that the general meeting is required to deliberate on the following agenda:

AGENDA

1. Board of Directors' annual report
2. Chairman's report on the preparation and organisation of the Board's work and internal control procedures (Article 117 of the French loi de sécurité financière)
3. Auditors' report
4. Examination and approval of financial statements at 31 December 2012
5. Approval of agreements mentioned in article L 225-38 of the French commercial code, if any
6. Appropriation and distribution of profit/loss
7. Determination of director's fees
8. Discharge to directors

9. Vote on resolutions submitted to the ordinary annual general meeting of shareholders
10. Other business

The Chairman provides clarifications on the board of directors' annual report and the Chairman's report on internal control procedures, which reports were sent to all the shareholders prior to the annual general meeting.

The shareholders ask the Chairman a few questions and he answers them.

Mr SADOUN reads out the auditors' report indicating that the auditors audited the financial statements, justified their judgements and checked the information provided in the annual report.

Mr FAUCON then reads out the auditors' report on the Chairman's report on the preparation and organisation of the Board's work and internal control procedures and confirms it complies with the measures implemented within Banque BIA. Then he reads out the special auditors' report which mentions an agreement signed between Banque BIA and BANQUE EXTERIEURE D'ALGERIE in 2012.

Mr SADOUN speaks again and indicates that in accordance with article L 823-12 of the French commercial code, it is the Auditors' responsibility to inform the shareholders of any irregularities they might have detected during their audit. He then states that, at its meeting of 22 May 2012, the Board of Directors had to amend the financial statements for the financial year ending 31 December 2012, with the result that the shareholders received the final documentation for this general meeting less than 2 weeks before it was held.

The general meeting acknowledges this information to the auditors.

The Chairman continues by informing the shareholders meeting with regard to the resolutions sent to them prior to this general meeting that the first resolution did not take into account the fact that a regulated agreement was signed by Banque BIA with BANQUE EXTERIEURE D'ALGERIE in 2012. Therefore, he proposes to amend this resolution and submit for the approval of the shareholders the agreement signed by Banque BIA and BANQUE EXTERIEURE D'ALGERIE on 14 December 2012, which had been authorised prior to its signature by the Board of Directors at its meeting of 31 October 2012.

The shareholders are then given all the information concerning this agreement.

For their full information, Mr SADOUN then explains to the shareholders the legal procedure for the authorisation and approval of this type of agreement.

A long discussion ensues between the shareholders.

Then, since no one else wishes to speak, the Chairman puts the following resolutions to the vote:

FIRST RESOLUTION

The ordinary annual general meeting of shareholders, after reading the auditors' special report, acknowledges the authorisation by the Board of Directors at its meeting of 31 October 2012 of the agreement signed between Banque BIA and BANQUE EXTERIEURE D'ALGERIE and approves said agreement in accordance with article L 225-38 of the French commercial code.

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

SECOND RESOLUTION

The ordinary annual general meeting of shareholders, after hearing the board of directors' annual report, the Chairman's report on internal control procedures and the general auditors' report, approves the accounts and balance sheet for the 2012 financial year as presented, as well as the company operations represented in said accounts and reports.

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

THIRD RESOLUTION

The ordinary annual general meeting of shareholders ratifies as necessary the amount of director's fees allocated to the Board of Directors for the 2012 financial year, i.e. € 318,000 (€ 226,000 in 2009 - € 260,000 in 2010 – €275,000 in 2011).

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

FOURTH RESOLUTION

The ordinary annual general meeting of shareholders notes that the results for the 2012 financial year are reflected by a profit before tax of 645,912 Euros and after exceptional income and expenses and tax, a net loss of 9,559,750 Euros.

It decides, on the proposal of the board of directors, to appropriate this loss to the carry-forward account, thus bringing it to a debit amount of 21,912,510 Euros.

In accordance with article 243 bis of the French tax code, it is declared that the Company has not distributed any dividends for the previous three financial years.

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

FIFTH RESOLUTION

The ordinary annual general meeting of shareholders grants full and entire discharge to the directors for their management duties during the 2012 financial year.

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

SIXTH RESOLUTION

Full powers are given to the Chairman or a bearer of an original, copy or extract of these minutes with a view to the fulfilment of legal formalities.

THIS RESOLUTION IS ADOPTED UNANIMOUSLY

LIBYAN FOREIGN BANK then asks to re-examine the matter of the replacement of Mr Giadalla ETTALHI as director of Banque BIA which was the subject of the tenth resolution presented by the LIBYAN FOREIGN BANK at the ordinary general meeting of 21 May 2013 and which the shareholders had decided to postpone voting on to a later meeting.

The directors are then reminded that the replacement of Mr Giadalla ETTALHI as director implies either him resigning or the meeting deciding to dismiss him.

Mr Giadalla ETTALHI, questioned in this regard by the Chairman, declares that he is considering resigning as a director of Banque BIA but has not made up his mind yet.

The shareholders then acknowledge this declaration and decide under these circumstances to only give their approval, if Mr Giadalla ETTALHI resigns, for the Board to co-opt Mr Béchir Mohamed SAMALOUS as his replacement, as requested by the LIBYAN FOREIGN BANK in various letters and in particular the letter of 29 May 2013.

These minutes are drafted as record of all of the above and signed, after being read, by the members of the committee.

THE CHAIRMAN
Mohamed LOUKAL

SCRUTINEER
Said KESSASRA et Mustafa BEN KHALIFA

THE SECRETARY
Philippe DELECLUSE

MANAGEMENT REPORT

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

(Operations of financial year ended December 31, 2012)

In a climate of post-crisis uncertainty, the BIA Bank adjusted its strategic plan to ensure its growth model continued to focus on its key strengths:

- Its core business, the financing of international trade;
- Proprietary securities trading.

Taking advantage of this transitional phase, the bank consolidated its operational model and in-house control systems in order to maintain prudent risk management.

The bank successfully adapted its organization and operating expenses in line with the changes in its business.

I. BALANCE SHEET AS AT DECEMBER 31, 2012

At closing, the balance sheet total was €1,305,133 K versus €1,498,368 K at the end of 2011, a reduction of 12.9% from one financial year to the next.

Overall, and at closing, inter-bank transactions were still predominant, representing more than 2/3 of the balance sheet total on both assets and liabilities. On the liabilities side, they continue to consist mostly of deposits from Libyan and Algerian correspondent banks, mainly those of our shareholders. These funds are almost exclusively reinvested with the French central bank, on the inter-bank market or invested in Euro-zone government bonds. Inter-bank transactions represented 74% of the total balance sheet assets and 71% of the liabilities.

ASSETS

At the end of the financial year, the following aspects were noted:

- Cash investments with the French central bank amounted to 628 million Euros.
- A very sharp reduction in transactions with customers, explained by a very high degree of selectivity in financing granted.
- An increase in the portfolio of fixed-income securities, mostly bonds, from governments or commercial banks of the euro zone.
- A clear improvement in the valuation of share-type assets posted as investment securities; these are mainly proprietary investments on equities quoted on the CAC 40, SBF 120 or STOXX 50.
- A significant increase in the "other assets" item for payments made to the Tax Authorities in litigation that is currently before the courts.

LIABILITIES

The main point to be noted was:

- The increase in provisions for liabilities and charges, due mainly to the almost total provisioning of the tax risk as requested by the French Prudential Supervisory Authority (Autorité de Contrôle Prudentiel - ACP), i.e. an allocation for 2012 of 10.2 million Euros, which impacts the net result accordingly, leading to a net loss of 9.6 million Euros for 2012.

OFF-BALANCE SHEET

At year end:
- Signed commitments given fell significantly from one financial year to the next:

- Overall, financing commitments decreased substantially from one financial year to the next (-83 %), exclusively due to the sharp reduction in confirmed lines of credit which amounted to 3.8 million Euros at the end of 2012 versus 43.6 million Euros last year.
- Guarantee commitments also declined significantly one financial year to the next, amounting to 320 million Euros versus 537 million at the end of 2011.

- Signed commitments received followed the same downward trend, down 87% over the course of the year.

II. PROFIT AND LOSS STATEMENT FOR THE YEAR 2012

The profit and loss statement shows the following main changes:

MAIN DEVELOPMENTS (in Millions of euros)	Situation at 31.12.12	Situation at 31.12.11	% Variation year
Interest, income and similar revenues	10,383	15,900	-34,7%
Commissions	2,370	2,435	-2,7%
Profits or losses on portfolio operations	15,385	-13,260	216,0%
Other bank operationg income and expenses	74	45	-63,0%
NET BANKING INCOME	**28,212**	**5,121**	**450,9%**
Payroll expenses	-7,616	-7,921	-3,8%
Other general operating expenses	-5,005	-4,847	3,3%
Depreciation expenses	-475	-421	12,7%
TOTAL OPERATING EXPENSES	**-13,096**	**-13,189**	**-0,7%**
GROSS OPERATING RESULT	**15,116**	**-8,068**	**287,4%**
Cost of risk	-14,470	-4,876	196,8%
OPERATING RESULT	**646**	**-12,944**	**105,0%**
Profits or losses on fixed assets	0	248	
OPERATING INCOME BEFORE TAXES	**646**	**-12,696**	**-105,1%**
Expeptional result	33	-3	1093,4%
Income tax	-10,239	307	
Allocations/ Reversals of FRBG (General Bank Risk Fund) and regulatory provisions	0	0	
NET RESULT	**-9,560**	**-12,393**	**22,9%**

The main factors of the net banking income variation are:

- Net interest income down by more than 30%, due to the combined effects of the decline in business and rates that are still historically low.
- A moderate decrease of 2.7 % in the total level of commissions.
- A very sharp increase in income on investment securities. In 2012, the bank showed a profit on the investment portfolio of 15.1 million Euros, divided between capital gains on securities for 9.5 million Euros and reversals of provisions for 5.6 million Euros.

General operating expenses:

- Payroll expenses amounted to 7.6 million Euros, down 3.8% against 2011 due mainly to a slight reduction in staff and a reduction in social security type provisions in 2012.
- Other operating expenses amounted to 5 million Euros, up slightly by 3.3% against 2011 due particularly to the increases in fees and taxes.

In 2012, gross operating result amounted to 15.2 million Euros versus a loss of 8 million Euros in 2011.
Given the major renovation work on premises started 5 years ago and the modernization of the computer system, depreciation expenses were up 12% against 2011 at 0.47 million Euros.

Adopting a very conservative approach and given the continuing economic downturn, BIA bank had to record further depreciation on its debts, particularly for the Middle East, which led it to post new provisions and adjust its cost of risk accordingly. The new net amount of this item was 14.5 million Euros in 2012 versus 4.9 million Euros in 2011.

Movements relating to cost of risk for the financial year were as follows:

COST OF RISK (in Millions of Euros)	Provisions	Reversals	Net Amount
Bad Debts - Banks	(3,7)	0,0	(3,7)
Bad Debts - Customers	(13,4)	1,0	(12,4)
Bad Securities	(0,3)	0,1	(0,1)
Signed commitments	(0,1)	-	(0,1)
Country risks	(3,1)	4,7	1,6
Other liabilities and charges	(0,0)	0,2	0,2
TOTAL COST OF THE RISK	(20,4)	5,9	(14,5)

The operating result was at equilibrium at 0.6 million Euros versus a loss of last year of 12.9 million Euros.

In accordance with the regulation CNC n° 03 – R – 01 concerning the accounting treatment of pension commitments and similar benefits, the bank posted a provision of €58 K for pension commitments.

The company was subject to tax adjustments covering 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 advisors, it has undertaken a number of administrative, diplomatic and legal means of recourse which will continue in 2013. In response to the request of the Prudential Control Authority, the BIA Bank had to post an additional provision of 10.2 million Euros on December 31, 2012. This is the level of provision we were asked to make by the ACP, i.e. total coverage of the adjustments, excluding collection penalties.

At closing, the company showed a taxable profit of 1.3 million Euros. However, the BIA bank was able to charge its carry-back of the loss generated in 2011 within the authorized limits and was exempted from payment of corporate taxes in 2012. On this basis, corporate tax on the loss carry-back at the end 2012 was 3.4 million euros.

The net loss after taxes was 9.6 million Euros versus a net loss of 12.4 million Euros last year.

III. FORESEEABLE DEVELOPMENTS AND OUTLOOK

The 2013 budget is within the development policy defined by the 3-year strategic plan (2011-2013). Having been examined and approved by the Board of Directors meeting of December 2012, it is based on:

- A slight advance in the euro against the dollar.
- Very slightly higher inter-bank interest rates, but close to 0.
- A level of documentary credit activity equivalent to 2012.
- Optimization in the management of cash surpluses with a diversification on bond instruments and monetary UCITS fund
- Continuation of the bank's withdrawal from financial credit activities

A projected net banking income of 15 million Euros for a gross operating result estimated at 2.4 million Euros.

The main lines of action planned for the 2012 financial year are:

- Stabilization of our long-term capital
- Maintenance of commercial activity
- Stabilization of the portfolio of trade receivables
- Increase in the securities activity

IV. COMMERCIAL ACTIVITY IN 2012

Documentary credits
The profitability stemming from the documentary credit activity declined by 27% in 2012, due to the end of operations with Sudan and despite the resumption of flows with Libya.

The total volume of business on documentary credits was 1.80 billion Euros, the same level as in 2011.

Other international operations
As an extension of its documentary credit activity, the bank maintained its activities, and consolidated its position, on the following aspects in particular:

- Refinancing of documentary credit transactions.
- Issuing of contract bonds.
- Advances on transfers of documentary credit products.
- Correspondent banking activity.
- Syndication operations within the framework of documentary credit transactions.

Corporate business
The net banking income from this activity decreased slightly in 2012, feeling the repercussions of the slowdown of the export documentary credit activity, with a sharp drop in the volume of discounting of documentary credits in favor of the beneficiary.

Lending activity
Following the 2008 crisis, it was decided to avoid new lending commitments. For this reason, the net banking income from this activity was 0.4 million Euros in 2012.

Proprietary trading activity
As part of its policy of optimizing cash surpluses, the bank decided to invest some of these funds in European sovereign bonds, with a sharp increase in revenue at 13.8 million Euros.

Cash-foreign exchange activity
The points of note in 2013 are as follows:

- An increase in cash surpluses which were reinvested on the inter-bank market
- A decrease in inter-bank rates
- High volatility on the foreign exchange markets
- Improvements on the equities markets.

In this context, the objective was to preserve the operating margin while ensuring optimal refinancing.

The income from this activity was down at 1.2 million Euros in 2012.

V. RISK CONTROL

In 2012, the main modifications in terms of internal control procedures were as follows:

1. Launch of a "Risk Management Information System": OXIAL's "BlueSuite" solution, well-known within the "Mosarisk" Bank.
2. Commencement of a process of updating procedures.
3. Reinforcement of operational processes for documentary credits.
4. Reinforcement of the operational processes for market activities.
5. Optimization of scenarios and rating system for profiling customers for money laundering risk.
6. Implementation of guidelines for information system monitoring.
7. Implementation of corrective actions following an ACP audit carried out in 2012.

Credit risk

Credit risk selection is based on a systematic examination of applications supported by an in-house evaluation tool and decisions to grant or renew loans are analyzed independently with respect to the operational entities.

The risk monitoring system accompanying the credit decision process is based on the following actions:

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

Other financial risks

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

With regard to managing risks on securities, the B.I.A has a portfolio that is broken down into two distinct families.

Firstly, securities issued by sovereign States following the restructuring of the debts of banks based in the corresponding countries. An investment portfolio type management is adopted with these securities.

Secondly, the Bank has assets with medium and long-term rates the objective of which is to optimize its high level of liquidities, stemming from its equity capital, at terms that are better than those offered by the standard inter-bank activity. In accordance with the prudential norms in effect, this portfolio is evaluated regularly.

The bank's exposure to overall interest rate risk remains low as confirmed by the ALM tools.

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

Foreign exchange risks have also been contained, the Cash-Foreign Exchange activity as a rule systematically working within the limits set by the management bodies.

VI. SUBSIDIARIES AND INVESTMENTS

1- ARAB INTERNATIONAL COMPANY FOR HOTELS AND TOURISM/"AICHT" CAIRO

This company with a capital of US $169,713,700 (our stake is 3.94% for an entry value in assets on our books of US $4,434,000) owns several hotels in Egypt.

In 2012, BIA did not record any dividends and in view of the decline in business and profitability observed since 2011, the bank maintained the provision of 10% constituted last year on this investment.

2- ARAB FINANCIAL SERVICES/Manama (BAHRAIN)

In 2012, this company which has investment bank status reduced its share capital to US $30,000,000. We hold a stake of 1.63% or US $463,700.
In 2012, it did not record any dividends for the financial year.

3- NVERSIONES HOTELERAS/LOS CABOS

This company, with an initial capital of US $20,055,789 (our initial investment was US $2,096,496 or 10.46%), owns and holds a stake in 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 SHARES IN CAPITAL

In accordance with the provisions of article L 225-102 of the French Commercial Code, we inform you that no employees held shares in the capital of the company on the last day of the financial year, i.e. December 31, 2012.

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

None.

IX. INFORMATION ABOUT PAYMENT TIMES

Invoices received from suppliers and service providers are processed on receipt and paid within a maximum of 1 month. The balance of accounts payable was €212 K at the end of 2012 versus €246 K at the end of 2011.

X. DIVIDENDS DISTRIBUTED DURING LAST THREE FINANCIAL YEARS

The Board of Directors declares that the following dividends per share were distributed over the past three financial years:

YEAR	Net dividend	Tax credit
2009	None	
2010	€ 1,54	
2011*	None	

** Payments made the following year*

XI. RESEARCH AND DEVELOPMENT ACTIVITIES

None.

XII. EVENTS AFTER END OF FINANCIAL YEAR AND PRIOR TO CLOSING OF FINANCIAL STATEMENTS

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

XIII. CHANGE IN METHODS

No change in valuation or presentation methods affected the financial statements of the financial year.

XIV. PROPOSED APPROPRIATION OF PROFIT/LOSS

The financial statements of the 2012 financial year were approved by the Board of Directors on April 5, 2013.
They show a net loss of 9,559,750 Euros.
This loss will be posted to retained earnings, which will therefore show a debit balance of 21,912,510 euros.

XV. STATEMENT OF FINANCIAL RESULTS

The table mentioned in article R225-102 of the French commercial code, which shows the financial results of the company over the last five financial years, is presented hereafter.

COMPANY FINANCIAL RESULTS DURING THE LAST FIVE FINANCIAL YEARS (in euros)					
Description	2008	2009	2010	2011	2012
CAPITAL AT END OF FINANCIAL YEAR					
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 equities					
OPERATIONS AND RESULTS OF FINANCIAL YEAR					
Pre-tax sales	53,553,556	35,872,238	30,196,290	25,480,759	30,165,334
Result before taxes, profit sharing, depreciation and	11,558,890	11,874,374	5,794,323	6,388,171	-9,910,004
Income taxes	-867,000	228,924	1,183,545	-333,333	-10,115
Employee profit sharing dur for financial year	-	-	-	-	-
Result after taxes, depreciation and provisions	-2,407,989	3,002,337	2,667,393	-12,393,180	-9,559,750
Amount of profits distributed			16,231,000		
RESULT OF OPERATIONS REDUCED TO A SINGLE SHARE					
Profit after taxes but before depreciation and	1,18	1,10	0,44	0,64	-0,94
Profit after taxes, depreciation and provisions	-0,23	0,28	0,25	-1,18	-0,91
Dividend paid for each share	-	-	1,54		
STAFF					
Number of	77	89	77	72	69
Amount of wage bill	4,448,592	4,722,222	4,846,666	4,940,220	4,493,298
Amount of sums paid for social benefits (social security, charitable works, etc.)	2,207,714	2,114,474	2,449,058	2,490,320	2,438,822

XVI. DIRECTORS' FEES

The Board of Directors proposed to the General Meeting to set the amount of directors' fees for the 2012 financial year.

XVII. INFORMATION ABOUT COMPANY OFFICERS

List of company officers

In accordance with the provisions of article L 225-102-1, paragraph 3 of the French commercial code, please find below a list of all of the appointments and duties the officers of the Company hold in any other company.
In accordance with the law, the auditors have audited the company's accounts on an on-going basis.
They will read out their reports and are available to provide any information associated with their audit activities to the shareholders.
The Board of Directors asks the shareholders to approve the resolutions submitted to them and is available to provide any further information.

APPENDIX TO THE MANAGEMENT REPORT

POSITIONS HELP

Mister Mohamed LOUKAL

Chairman and Chief Executive Officer	*Banque Extérieure d'Algérie / Alger*
Chairman and Chief Executive Officer	*Banque BIA / Paris*
Member of the Governing Board	*Union de Banques Arabes et Françaises / Neuilly sur Seine*
Member of the Governing Board	*British Arab Commercial Bank / Londres*
Member of the Governing Board	*Banque du Maghreb Arab pour l'Investissement et le Commerce / Alger*

Mister Giadalla ETTALHI

Vice President	*Banque BIA / Paris*
Member of the Governing Board	*Société Libyo-Tunisienne pour la Fabrication De matériaux de Construction / Misurata (Libye)*

Mister Nacer LAOUAMI

Member of the Governing Board	*Banque BIA / Paris*

Mister Said KESSASRA

Member of the Governing Board	*Banque BIA / Paris*
Chairman and Chief Executive Officer	*Institut Algérien des Hautes Etudes Financières*
Member of the Governing Board	*Société des Emballages Fer Blanc et Futs*

Mister Abdulhakim KHAMAJ

C.E.O and Member of the Governing Board	*Libyan Local for Investment and Development Fund/Tripoli until the month of may 2012*
C.E.O	*Libyan Local for Investment and Development Fund/Tripoli since the month of june 2012*
Member of the Governing Board	*Banque BIA / Paris until the 13 july 2012*
Member of the Executive Commitee	*Union de Banques Arabes et Françaises / Neuilly sur Seine since the month of september 2012.*

Mister Mustafa BEN KHALIFA

Member of the Governing Board	*Alinmaa Holding Company for Financial Investments/Tripoli*
Member of the Governing Board	*Banque BIA / Paris*

Mister Naji Mohamed Issa BELGASEM

Deputy Director of research and statistics	*Central Bank of Libya / Libya*
Member of the Governing Board	*Banque BIA / Paris since the 31 October 2012*

Mister Amer AMISH

General Manager Delegate	*Banque BIA / Paris*

Mister Mohamed YOUNSI

Deputy General Manager Delegate	*Banque BIA / Paris*
Member of the Governing Board	*Inversiones Hoteleras Los Cabos / Mexique*

AUDITORS' REPORT PREPARED IN ACCORDANCE WITH ARTICLE L. 225-235 OF THE FRENCH COMMERCIAL CODE ON THE CHAIRMAN OF THE BOARD OF DIRECTORS' REPORT

Financial year ended 31 December 2012

Dear sir/madam,

In our capacity as auditors of BANQUE BIA and in accordance with the provisions of article L. 225-235 of the French Commercial Code, we now present our report on the report prepared by your chairman in accordance with the provisions of article L. 225-37 of the French Commercial Code for the year ended 31 December 2012.

It is the chairman's responsibility to prepare, and submit to the board of directors for approval, a report detailing the internal control and risk management procedures implementation within the company and providing the other information required by article L. 225-37 of the French Commercial Code, relating in particular to the corporate governance system.

It is our responsibility to:
- Make any observations we feel necessary on the information contained in the chairman's report concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information, and
- Certify that the report includes the other information required by article L. 225-37 of the French Commercial Code, without verifying the accuracy of such other information.

We conducted our work in accordance with the auditing standards applicable in France.

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

The auditing standards applicable require the implementation of procedures intended to assess the veracity of the information about internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the chairman's report. These procedures include the following in particular:
- Examining the internal control and risk management procedures relating to the preparation and processing of accounting and financial information underlying the information presented in the chairman's report as well as existing documentation;
- Examining the work carried out to prepare this information and existing documentation;
- Determining if any major deficiencies in internal control relating to the preparation and processing of accounting and financial information that we may have detected during our audit work have been appropriately reported in the chairman's report.

On the basis of this work, we do not have any observations to make on the information concerning the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the report written by the chairman of the board of directors, in accordance with the provisions of article L. 225-37 of the French Commercial Code.

Other information

We certify that the report written by the chairman of the board of directors includes the other information required in article L. 225-37 of the French Commercial Code.

Issued in Paris, on 23 May 2013
The Auditors

Sofideec Baker Tilly
Pierre FAUCON

Artex Audit Associés
Eric SADOUN

AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Financial year ended 31 December 2012

Dear sir/madam,
As instructed by your general meeting, we now present our report for the financial year ended 31 December 2012, reporting on:
- The audit of the financial statements of BANQUE BIA, as attached to this report;
- The justification of our judgements;
- The specific checks and information stipulated by law.

The financial statements were prepared by the board of directors.
Our responsibility is to express an opinion on these financial statements based on our audit.

I. Opinion on financial statements

We conducted our audit in accordance with auditing standards generally accepted in France. Those standards require that we perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement. An audit includes examining evidence supporting the amounts and disclosures in the financial statements, on a test basis or by other methods of selection. It also includes assessing the accounting principles used, the significant estimates made and 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 opinion.
We certify that, with regard to French accounting rules and principles, the financial statements are accurate and genuine and present fairly the results of the company's operations during the financial year as well as the company's financial position and assets at this year end.

II. Justification of judgements

In accordance with the provisions of article L. 823-9 of the French commercial code relating to the justification of our judgements, we inform you of the following:
- Since your company holds a portfolio of investment securities (note 5 of additional information), we examined the control procedure relating to the accounting classification and determination of the parameters used to value these positions.
- Note 7 of the notes to the accounts and note 6 of the additional information mention the depreciation allowances and provisions formed by your company to cover the risks inherent in its activities, notably credit risk, and to deal with probable losses resulting from ongoing events. In assessing these estimates, we examined the control procedure relating to the monitoring of such risks, the assessment of such risks and the coverage of value impairments.
- Our work included assessing the elements used by the board of directors to support the application of the accounting principle of operating continuity, and examining the documentation underlying these elements.

The judgements thus made are part of our audit work on the financial statements, taken in their entirety, and therefore helped us in forming our opinion expressed in the first part of this report.

III. Specific checks and information

We also carried out the specific checks stipulated by law, in accordance with auditing standards applicable in France.
We have no reservations to make on the accuracy of the information given in the board of directors' annual report and in the documents sent to the shareholders reporting on the company's financial position and the financial statements, and the consistency of such information with the financial statements.

Issued in Paris, on 23 May 2013
The Auditors

Sofideec Baker Tilly
Pierre FAUCON

Artex Audit Associés
Eric SADOUN

SPECIAL AUDITORS' REPORT ON REGULATED AGREEMENTS

Financial year ended 31 December 2012

Dear sir/madam,
In our capacity as auditors of your company, we now present our report on regulated agreements.

It is our responsibility to inform you, on the basis of the information we have been given, of the key features and terms of the agreements of which we have been informed or which we have discovered during our audit, without expressing an opinion on their usefulness and appropriateness or identifying other such agreements. It is your responsibility, according to article R. 225-31 of the French Commercial Code, to assess the advantage involved in signing such agreements with a view to approving them.

Furthermore, it is our responsibility, if applicable, to provide you with the information stipulated in article R. 225-31 of the French Commercial Code relating to the performance, during the past year, of agreements previously approved by the general meeting.

We conducted the procedures we considered necessary in accordance with the professional guidelines of the French national institute of statutory auditors (Compagnie nationale des commissaires aux comptes) relating to this audit. These procedures consisted in agreeing the information provided to us with the relevant source basic documents.

AGREEMENTS SUBMITTED TO GENERAL MEETING FOR APPROVAL

In accordance with article L.225-40 of the French Commercial Code, we have been informed of agreements submitted to your board of directors for prior approval..

A SERVICE AGREEMENT

Object: Banque BIA may have cause to perform services or carry out procedures on behalf of its shareholders, invoicing the cost of such services to the shareholders concerned.

Parties concerned
- The Banque Extérieure d'Algérie, represented by Mr Nacer LAOUAMI
- Libyan Foreign Bank, represented by Mr Mustafa BEN KHALIFA directors of your company

Date of approval: Board of Directors meeting of 31 October 2012

Effect: Such services were posted to income for the financial year for the sum of Ð36,630.72, invoiced to Banque Extérieure d'Algérie.

AGREEMENTS PREVIOUSLY APPROVED BY THE GENERAL MEETING

We hereby inform you that we have not been advised of any agreement previously approved by the general meeting which was to be continued during the past financial year.

Issued in Paris, 23 May 2013
The Auditors

Sofideec Baker Tilly
Pierre FAUCON

Artex Audit Associés
Eric SADOUN