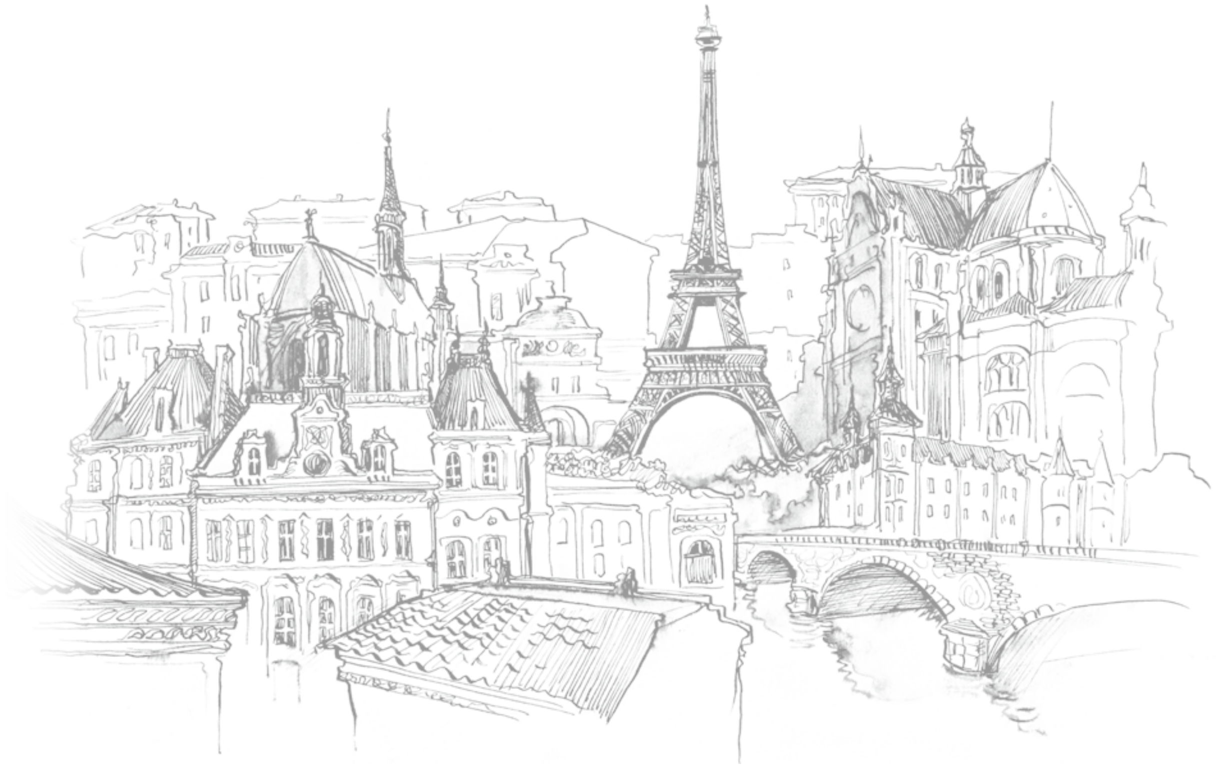
2013 ANNUAL REPORT



Conception-Réalisation l'autreagence

BANQUE BIA

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

BANQUE BIA

2013 SUMMARY

MESSAGE FROM THE CHAIRMAN

Despite the uncertainties associated with its recapitalisation plan, BIA Bank again delivered profit in 2013.

The proactivity of the Bank's Executive Management and the strong commitment of its teams were rewarded.

The constraints were effectively managed, with great prudence shown through an aversion to risk.

Thanks to the support of its shareholders, the Bank is confident of success in 2014.

Mohamed Loukal

PRESENTATION

2013

GLOBAL ECONOMIC SITUATION/2013 ANNUAL REPORT

Against a positive outlook for 2014 where the pace of economic recovery should increase in the United States, continue in Japan and take hold in the eurozone, global trade will be the main driver of global expansion, with increased imports in high-income countries boosting emerging economies' exports.
The dual management of the banking and sovereign debt crises, conducted realistically and in concert in Europe and the United States helped to contain the extreme risks of adjustment. The shared aim consists in patiently re-establishing the conditions for balanced growth for the entire global economy with a managed exit from unconventional monetary policies.
For emerging countries, which are characterised by highly differentiated monetary policies, stronger growth is generally expected despite the need for a new economic model and the risk of a currency crisis.
At end 2014, there should be a balanced distribution of global GDP between developed and emerging countries given that emerging countries' contribution to global growth is fourfold that of developed countries.
In addition, the pronounced trend of growing South-South trade should continue.
Concerning developing countries, the outlook for growth is very promising for Africa, especially sub-Saharan Africa.
Finally, although the stability of crude oil prices is under pressure, developing oil-exporting countries should also experience a boost in growth in 2014.

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 %*

Conseil d'administration

Mohamed Loukal	*President*
Giadalla Ettalhi	*Vice-President*
Mustafa Ben Khalifa	*Director*
Saïd Kessasra	*Director*
Banque Extérieure d'Algérie	*Represented by Brahim Semid, Director*
Libyan Foreign Bank	*Represented by Naji Mohamed IssaBelgasem, 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 Audit Associés

Sofideec Baker Tilly

Audit committee

Giadalla Ettalhi	*President*

Account committee

Mohamed Loukal	*President*

Overal Inspection

Najib Tabti

FINANCIAL REPORT

2013

Balance Sheet (in € thousands)

ASSETS	31.12.2013	31.12.2012
Cash, central banks and post office accounts	71,220	628,217
Government bonds		
amounts due from financial institutions	211,285	342,335
amounts due from customers	114,941	128,102
bonds and other fixed-income securities	52,002	101,114
equities and other variable-income securities	94,256	76,413
Participating interests and other long-term securities	4,611	4,820
Shares in related undertakings		
Finance leases and purchase-option leases		
Operating leases		
Intangible assets	168	253
Property and equipment	1,691	1,857
Unpaid share capital		
Own shares		
Trading and settlement accounts		
Other assets	19,092	20,003
Prepayments and accrued income	681	2,019
TOTAL ASSETS	**569,949**	**1,305,133**

LIABILITIES AND SHAREHOLDERS' EQUITY	31.12.2013	31.12.2012
Central banks and post office accounts		
Amounts due to financial institutions	213,904	926,528
Amounts due to customers	186,757	215,849
Debt securities		
Other liabilities	931	1,164
Accruals and deferred income	2,656	2,266
Trading and settlement accounts		
Provisions for liabilities and charges	23,696	21,324
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 (+/-)	-21,913	-12,353
Income for the year (+/-)	4,001	-9,560
Retained earnings carried forward		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**569,949**	**1,305,133**

Off-Balance Sheet (in € thousands)

COMMITMENTS GIVEN	31.12.2013	31.12.2012
Financing commitments	5,140	7,789
Guarantees	155,904	319,519
Securities-related commitments		

COMMITMENTS RECEIVED	31.12.2013	31.12.2012
Financing commitments		
Guarantees	42,467	10,400
Securities-related commitments		

Income Statement (in € thousands)

INCOME STATEMENT FOR THE YEAR (in € thousands)	31.12.2013	31.12.2012
+ Interest income	10,373	15,147
- Interest expense	-1,432	-5,725
+ Finance lease income		
- Finance lease charges		
+ Operating lease income		
- Operating lease charges		
+ Income from variable-income securities	1,263	961
+ Commission income	2,244	2,587
- Commission expense	-221	-217
+/- Gains (losses) on trading portfolio transactions	362	248
+/- Gains (losses) on investment portfolio transactions	11,229	15,136
+ Other banking operating income	46	84
- Other banking operating expenses	-8	-10
NET BANKING INCOME	**23,857**	**28,212**
- General operating expenses	-12,156	-12,621
- Net charges to depreciation and amortisation on non-current assets	-458	-475
GROSS OPERATING INCOME	**11,243**	**15,116**
Net write-backs (charges) to provisions for risk	-2,520	-14,470
NET OPERATING INCOME BEFORE TAX	**8,723**	**646**
+/- Gains (losses) on property and equipment	20	
PRE-TAX INCOME FROM ORDINARY ACTIVITIES	**8,743**	**646**
+/- Exceptional items	-6	33
- Tax (+/-)	-4,736	-10,239
+/- Net write-backs from (charges to) frbg and regulated provisions		
NET INCOME	**4,001**	**-9,560**

Notes to the financial statements, for the financial year ended 31.12.2013

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 the French Banking and Financial Regulations Committee (Comité de la Réglementation Bancaire et Financière - CRBF) and with the instructions of the French Banking Commission (Commission Bancaire) in force at 31 December 2013, in particular as defined under Regulation CRBF 91-01, as amended by Regulation CRC 99-04. 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, 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 expense 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 expense 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

Bonds and other fixed-income securities mainly relate to bonds, UCITS and negotiable medium-term notes (EMTN). The premiums and discounts are amortised on a straight-line basis over the life of the instruments.
Equities and other variable-income securities mainly relate to negotiable medium-term notes (EMTN) 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 Regulation CRC No. 2002-03, 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.
Under Article 6 of Regulation CRC No. 2002-03, restructured debts are reclassified to performing debts. A valuation haircut is also recognised on these debts, which is calculated on their market price or that of debts of the same type and with the same features that have recently been traded. The income and expenses relating to the management of valuation haircuts applied to restructured debts are recognised in the cost of risk.

7. PROVISIONS

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

8. EMPLOYEE BENEFITS

Regulatory provisions on mandatory supplementary pension plans are applied through contributions, included in the year's expenses, paid to pension organisations as provided for by collective agreement.
Provisions are made for retirement benefit obligations in accordance with the option provided for in Article L 123.13 of the French Commercial Code.
In accordance with Recommendation CNC No. 03 – R – 01, obligations relating to long-service awards are recognised in expenses for the year.
In accordance with the applicable legislation on employee benefits, social security contributions are also provisioned.

9. CHANGE IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.
The financial statements for the year are presented as defined under Regulation CRBF 91-01, as amended.

Additional information on the annual financial statements as at december 31, 2013

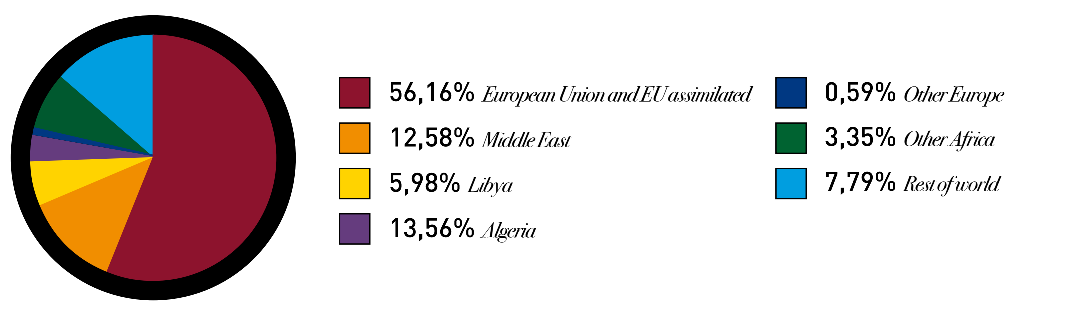
1. TOTAL ASSETS

At year end, total assets were EUR569,949k, compared with EUR1,305,133k at end 2012.

2. GEOGRAPHIC DISTRIBUTION OF LOANS AND RECEIVABLES

The geographic distribution of loans and receivables changed considerably between 2013 and 2012. Operations with the European Union accounted for only 56% of the total, compared with 70% in 2012 14 points lower than the previous year. This change is explained by increased operations with the Middle East (+7 percentage points). Operations with Algeria still accounted for just under 15% of the total.
This geographic redistribution is due to the significant decrease in total assets and a fall in cash transactions with European counterparties.

GEOGRAPHIC BREAKDOWN OF LOANS as at 31 December 2013



3. CASH AND INTERBANK TRANSACTIONS

Ordinary debit accounts mainly comprise our demand 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 on non-OECD countries amounted to EUR72,771k, and provisions for impairment of the assets in question totalled EUR55,721k.

At 31 December, amounts due from shareholders totalled EUR12k.

Cash and interbank transactions break down as follows:

ASSETS (in € thousands)	2013	2012
Cash	337	392
Sight deposits with central banks	70,883	627 825
Ordinary accounts	119,795	36 048
Deposit accounts and term loans	90,600	303 698
Related debts - bank loans	85	199
Securities taken under reverse purchase agreements	0	0
Doubtful debts	805	2 390
TOTAL	**282,505**	**970 552**

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	20,000	69,509		1,091		90 600

4. LOANS AND ADVANCES TO CUSTOMERS

Loans and advances to customers comprise corporate loans, other customer lending and overdraft accounts. Related debts are aggregated with the principal in the balance sheet.
Loans and advances to non-OECD customers (excluding related debts) totalled EUR38,720k. Provisions relating to these assets totalled EUR8,450k.
Customer overdrafts include net doubtful debts and outstanding payments in the amount of EUR32,193k; provisions were made for 43.7% of these debts.

(in € thousands)	2013	2012
Lending to customers	79,195	89,23
Ordinary accounts	3,492	2,274
Net doubtful debts and outstanding payments	32,194	36,291
Related debts	60	307
TOTAL	**114,941**	**128,102**

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		3,207	5,239	65,755	4,994	79,194

5. SECURITIES

SECURITIES SUMMARY AS AT 31 DECEMBER 2013 (in € thousands)

	Provisionable base			Provisions							
Title	Debts at 31.12.13 in €k	Debts at 31.12.12 in €k	2013/2012 change in €k	Inventory 31.12.13 in €k	Inventory 31.12.12 in €k	2013/2012 change in €k	Premium and Discount	Net risk in €k (Dec. 2013)	% prov.	Value at 31.12.13	Unrealised capital gain
Short-term investment securities	168,259	205,202	-36,943	(21,192)	(29,317)	8,126	(810)	146,258	12,59%	146,258	
Long-term investment securities	5,074	5,303	-229	(463)	(484)	21		4,611	9,12%	-	
TOTAL	**173,333**	**210,505**	**-37,173**	**(21,654)**	**(39,324)**	**8,147**	**(810)**	**150,869**	**12,49%**	**146,258**	

The entire securities portfolio is classified as short-term investment securities and equity investments or long-term investment securities and mainly comprises:

- Eurozone bond-type securities, of which those issued by governments accounted for 85% and those by banks for 15% of the total outstanding exposure. The net carrying amount was 34.9 million euros at end 2013.
- Accumulation shares or units of UCITS (mainly money market funds) issued by French credit institutions in the amount of 67 million euros.
- Equity-type instruments, all listed on organised markets, acquired as long-term investments with an investment objective, and generally listed on the main international indices with a net carrying amount of 40 million euros at end 2013.
- Brady-type securities and foreign instruments, of which most are denominated in USD, in the amount of 4.2 million euros.
- Foreign equity investments denominated in USD.

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

Breakdown of the investment portfolio at 31.12.2013

INVENTORY OF INVESTMENT SECURITIES AT 31 DECEMBER 2013
(Excluding related debts and settlement accounts) (in € thousands)

Title	Gross amount outstanding	Provisions	Premium /Discount	Net risk at 31.12.13 in €K	Coverage %	Net present value at 31.12.13	Unrealised capital gain
Investment securities Fixed income	105,516	-635	-810	98,880	-1,37%	104,567	286
Investment securities Variable income	59,631	-20,557		39,074	34,47%	39,737	663
Doubtful debts	2,338	-554		1,784	23,72%	1,784	
TOTAL	**167,485**	**-21,746**	**-810**	**139,737**	**-13,47%**	**146,087**	**948**

It should be noted that the settlement accounts relating to securities amounted to 5.9 million euros.

Equity investments at 31.12.2013

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 capital of USD169,713,700 (our stake is 3.94% for a book value of USD4,434,000) owns several hotels in Egypt.
BIA did not receive any dividends in 2013 and, as a precaution, maintained the provision of 10% made in 2012 for this investment.

ARAB FINANCIAL SERVICES/MANAMA (BAHREÏN)

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.

It did not recognise any dividend in respect of the 2013 financial year.

Equity investments at 31.12.2013

SUMMARY OF EQUITY INVESTMENTS (in € thousands)

Description	BIA shares	Gross value	Provisions	Net carrying amount	Net situation	Unrealised capital gains or losses
Inversiones Los Cabos *	10,46%	1,521	(141)	1,379	1,378	-1
AICHT	3,94%	3,215	(322)	2,894	3,810	916
AFS	1,63%	336		336	598	262
TOTAL		**5,072**	**(463)**	**4,609**	**5,787**	**1,177**

6. TYPES OF DOUBTFUL DEBTS

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

SUMMARY OF DOUBTFUL DEBTS AND PROVISIONS
At 31 December 2013 (in € thousands)

	Debts			Provisions				
Title	Debts at 31.12.2013 in €k	Debts at 31/12/12 in €k	2012/2013 change in €k	Inventory 31.12.2013 in €k	Inventory 31.12.2012 in €k	2013/2012 change in €k	Net risk in €k	Coverage %
Credit institutions	56,408	64,293	-7,886	-55,721	-61,933	6,212	686	98,8%
Customers	56,918	68,550	-11,632	-25,001	-32,420	7,419	31,917	43,9%
Investment securities	2,338	6,413	-4,075	-554	-3,944	3,389	1,784	23,7%
TOTAL	**115,664**	**139,256**	**-23,592**	**-81 276**	**-98,297**	**17,020**	**34,388**	**70,3%**

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 2013	31.12.13	Net outstanding debt in €k 2012	31.12.12
Europe	941	16%	945	9%
Middle East	1,256	22%	5,451	55%
African countries	1,826	31%	2,039	20%
Algeria				0%
Libya	0	0%		0%
Rest of the world	1,784	31%	1,524	15%
TOTAL	5,807	100%	9,959	100%

DOUBTFUL DEBTS, NOT COMPROMISED (in € thousands)

Regions	Net outstanding debt in €k 2013	31.12.13	Net outstanding debt in €k 2012	31.12.12
Europe	28,545	99,88%	31,321	93%
Algeria	35	0,12%		
Middle East			2,252	7%
African countries				
TOTAL	28,580	100%	33,573	100%

ECONOMIC AGENTS

COMPROMISED DOUBTFUL DEBTS (in € thousands)

Economic agents	Net outstanding debt in €k 2013	31.12.13	Net outstanding debt in €k 2012	31.12.12
Banks	686	33%	3,306	33%
Companies	3,303	51%	5,093	51%
Governments	1,784	15%	1,524	15%
Individuals	34	0%	37	0%
TOTAL	5,807	100%	9,959	100%

DOUBTFUL DEBTS, NOT COMPROMISED (in € thousands)

Economic agents	Net outstanding debt in €k 2013	31.12.13	Net outstanding debt in €k 2012	31.12.12
Companies	28,530	99,82%	33,573	100%
Individuals	50	0,18%		
Banks				
TOTAL	28,580	100%	33,573	100%

7. OTHER ASSETS, PREPAYMENTS AND ACCRUED INCOME

As at 31 December 2013, other assets, prepayments and accrued income break down as follows:

ASSETS (in € thousands)	2013	2012
Other assets	**19,092**	**20,003**
Sundry debtors	280	92
Government (corporate tax and VAT)	18,811	19,910
Security deposits and guarantees	0	0
Prepayments and accrued income	**681**	**2,019**
Deposits in transit	0	0
Foreign exchange adjustment	0	13
Prepaid expenses	107	157
Accrued income	536	805
Negative/positive carry-over to be received	0	1
Entries to be adjusted	39	1,044

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. NON-CURRENT ASSETS AND AMORTISATION AND DEPRECIATION

The gross value (before depreciation and amortisation) of intangible assets, which mainly comprised computer software, amounted to EUR2,031k and that of property, plant and equipment amounted to EUR6,158k.

NON-CURRENT ASSETS (in € thousands)	Amount at end 2012	Acquisitions	Sales Retirements	Amount at end 2013
Intangible assets	2,007	24	0	2,031
Property, plant and equipment	6,137	168	-147	6,158
TOTAL	8,144	192	-147	8,189

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 2012	Provisions	Reversals on sales	Amount at end 2013
Amortisation of intangible assets	1,754	128		1,864
Depreciation of property, plant and equipment	4,281	334	-147	4,468
TOTAL	6,035	462	-147	6,332

9. AMOUNTS OWED TO CREDIT INSTITUTIONS

At end 2013, because of the sharp fall in deposits from our shareholders, funds from interbank items totalled EUR213,904k, compared with EUR926,527k at end 2012, i.e. a substantial decrease of 77%.

Banks' sight deposits mainly consist of ordinary foreign bank accounts.

Deposits from banks from non-OECD countries (not including related deposits) amounted to EUR213,267k and accounted for the majority of the item.

At 31/12/2013, sight deposits and shareholders' deposits amounted to EUR114,054k.

LIABILITIES (in € thousands)	2013	2012
Ordinary accounts	48,222	55,090
Deposit accounts and term loans	165,662	871,388
Related deposits	22	49
TOTAL	**213,905**	**926,528**

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	162,806	2,856			165,662

10. CUSTOMER CREDIT ACCOUNTS

At 2013 year end, customer funds were down 13.5% year on year.

Sight and term deposits of customers of non-OECD countries remained predominant and were slightly down on last year to EUR171,725k, compared with EUR195,819k at end 2012. Total deposits of non-OECD customers accounted for 92% of total customer credit accounts.

(in € thousands)	2013	2012
Ordinary customer accounts	93,046	113,111
Security deposits	13,739	13,580
Credit deposit accounts	79,949	88,692
Related debts	22	81
Other sums due	1	385
TOTAL	**186,757**	**215,849**

BREAKDOWN OF CREDIT DEPOSIT ACCOUNTS (time remaining) (in € thousands)					
	Overnight transactions	< 3 months	3 months < D <= 1 year	1 year < D < = 5 years	> 5 years	Total
Credit deposit accounts	78,903	1,046			79,949

11. OTHER LIABILITIES, ACCRUALS AND DEFERRED INCOME.

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

LIABILITIES (in € thousands)	2013	2012
Other liabilities	**931**	**1,164**
Sundry creditors	24	235
Government (VAT-PL)	43	64
Social security expenses to be paid	864	864
Accruals and deferred income	**2,656**	**2,266**
Accounts due after deposit	59	77
Foreign exchange adjustment	6	0
Deferred income	38	65
Expenses to be paid	1,281	1,358
Negative/positive carry-over to be paid	0	0
Entries to be adjusted	1,271	766

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 31.12.2013 (in € thousands)			
Title	Provisions		
	Stock 31.12.13 en K€	Stock 31.12.12 en K€	Variation de stock 13/12 en K€
Country risks	1,826	3,079	-1,254
Tax provisions	19,489	16,071	3,418
Social security provisions	1,505	1,396	110
Other provisions for liabilities and charges	876	778	98
TOTAL	**23,696**	**21,324**	**2,372**

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 continue in 2014.

After having not complied with the ACP's request in 2012, BIA Bank, as a measure of extreme prudence, recognised an additional provision for late payment interest and collection penalties of 3.4 million euros at 31 December 2013. Tax disputes are now fully provisioned.

In accordance with CNC regulation No. 03 – R – 01 relating to the accounting treatment of retirement benefit obligations and similar benefits, a EUR17k reversal of 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 3.17%.

13. SUBORDINATED DEBTS

None.

14. EQUITY AND PROFIT FOR THE YEAR

The share capital, fully paid up, is EUR158,100k, or 10,540,000 shares with a par value of 15 euros per share.

Other equity amounts to -EUR20,097k, broken down as follows:

- Retained loss: - EUR21,913k
- Statutory reserve: EUR1,816k

For the year ended 31 December 2013, the profit for the year after deducting accumulated tax losses and corporate income tax amounted to EUR4,001k.

The proposed appropriation of this profit is as follows:
- EUR4,001k will be posted to retained earnings. Retained earnings will show a debit balance of EUR17,912k.

15. OFF-BALANCE SHEET COMMITMENTS

Financing commitments break down as follows:

FINANCING COMMITMENTS (in € thousands)	2013	2012
Financing commitments in favour of credit institutions		
Letters of credit opened	476	2,898
Other credit lines confirmed	3,626	3,790
Acceptances to be paid or undertakings to pay	1,038	1,101
TOTAL	5,140	7,789

On 31 December 2013, there were no financing commitments in favour of our shareholders.

Guarantee commitments break down as follows:

GUARANTEE COMMITMENTS (in € thousands)	2013	2012
Confirmations of letters of credit opened	139,288	282,330
Other guarantees to credit institutions	3,902	12,147
Other irrevocable commitments to credit institutions	10,629	24,759
Other guarantees to customers	2,085	283
Doubtful commitments	0	0
TOTAL	155,904	319,519

Following remittance of cash deposited as collateral and a sizeable year-on-year decline, guarantee commitments with shareholder banks amounted to EUR39,906k and accounted for only 25.6% of total commitments.

COMMITMENTS RECEIVED AS SECURITY (in € thousands)	2013	2012
Guarantees received from credit institutions	37,464	5,170
Guarantees received from insurance companies and government agencies	5,003	5,229
TOTAL	42,467	10,400

At year end, guarantee commitments received from shareholders amounted to EUR3,625k, i.e. 8.5% of the total, a level almost identical to last year.

16. OTHER COMMITMENTS

The total amount of other surety operations was EUR12,000k.

17. NET BANKING INCOME

BREAKDOWN OF NET BANKING INCOME (in € thousands)	Expenses (-)	Income (+)	Total (+ or -)
+/- Interest and similar income	**-1,432**	**10,373**	**8,941**
Of which bank	*-1,257*	*1,136*	*-121*
Customers	*-175*	*2,304*	*2,130*
Securities		*2,431*	*2,431*
Treated as commissions		*4,502*	*4,502*
+ Income from variable yield securities	**0**	**1,263**	**1,263**
of which securities		*1,263*	*1,263*
+/- Commissions	**-221**	**2,244**	**2,023**
Of which bank	*-215*	*0*	*-215*
Customers		*285*	*285*
Securities			*0*
Signed commitments			
Others	*-5*	*1,959*	*1,954*
+/- Operating profits or losses from trading portfolio	**0**	**362**	**362**
+/- Operating profits or losses from investment portfolio and related	**-9,430**	**20,659**	**-11,229**
+ Other bank operating income and expenses	**-8**	**46**	**38**
TOTAL	-11,090	34,947	23,857

For the year ended 31 December 2013, the bank posted net banking income of 23.9 million euros, compared with 28.2 million euros the previous year. The main reasons for the change are:

- A substantial decrease in revenue from investment securities. In 2013, the bank delivered a net profit on the investment portfolio of 11.2 million euros, compared with 15.1 million euros in 2012. 2013 revenue comprises capital gains on investment securities in the amount of 3.2 million euros and reversals of provisions in the amount of 8 million euros.

- Net interest income down 5% due to the combined effects of a decline in activity and continuing historically low interest rates.

- A sharp decline in commission income (-13%).

BREAKDOWN OF +/- PROFITS OR LOSSES ON INVESTMENT PORTFOLIO TRANSACTIONS AND SIMILAR at 31 December 2013 (in € thousands)			
Title	Expenses	Income	Net amounts
Capital gains or losses on sales of investment securities	-47	3,282	3,235
Allocations to and reversals of provisions on investment securities	-9,383	17,377	7,994
TOTAL	**-9,430**	**20,659**	**11,229**

18. GENERAL OPERATING EXPENSES

General operating expenses break down as follows:

GENERAL OPERATING EXPENSES (in € thousands)	2013	2012
Salaries and other benefits	4,477	4,493
Social security expenses	2,327	2,439
Incentive bonuses and employee profit sharing	40	30
Net provisions for social security	159	119
Taxes, duties and similar payments on remuneration	735	535
Other taxes and duties	73	638
Rentals	40	95
Transport and travel	829	778
Other outside services	3,476	3,494
TOTAL	**12,156**	**12,621**

- Personnel costs were little changed at 7.7 million euros, compared with 7.6 million euros in 2012, i.e. a slight increase of 1.6%. Despite the fall in the number of employees, personnel costs did not fall significantly in 2013 mainly because of an increase in payroll tax and quite high severance pay settlements.
- Other operating expenses amounted to 4.4 million euros, down on 2012. The fall in added value recorded in 2013 gave rise to a large decrease in taxes and duties.
- The auditors' fees for the statutory audit of the financial statements for the year ended 2013 amounted to two hundred and eighty-three thousand one hundred and seventeen euros including taxes.

19. DEPRECIATION AND AMORTISATION

The annual expense for depreciation and amortisation of non-current assets amounted to EUR458k.

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	-1,022	6,798	5,776
Doubtful debts - Customers	-202	6,983	6,781
Doubtful investments	-58	3,330	3,271
Signed commitments	-56	-	-56
Country risk	-615	1,910	1,294
Other liabilities and charges	-87	33	-54
Discounts recognised on restructured loans and receivables	-15,434		-15,434
Losses on unrecoverable loans and receivables	-4,099		-4,099
TOTAL COST OF RISK	**-21,573**	**19,053**	**-2,520**

In accordance with Article 6 of regulation CRC 2002-03, restructured loans and receivables were 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 was recognised under the cost of risk.

21. EXCEPTIONAL ITEMS

For 2013, exceptional items showed a net expense of EUR6k.

22. FORWARD FOREIGN EXCHANGE TRANSACTIONS

At year end 2013, the total amount of forward transactions not settled was EUR1,166k.

23. LIQUIDITY RATIO

The liquidity ratio was 241.8% at 31 December 2013. The liquidity surplus amounted to EUR179,536k.

24. STATEMENT OF MAJOR RISKS

At 31 December 2013, regulatory capital amounted to 94 million euros; net commitments relating to shareholders and senior executives were deducted from equity in accordance with the regulatory provisions and specific provisions applying to BIA bank. The bank complies with the provisions applicable to major risk.

At 31 December 2013, total weighted commitments, net of guarantees and provisions representing more than 10% of equity through offsetting entries, amounted to EUR343,670k and concerned 15 beneficiaries.

25. CAPITAL REQUIREMENT IN RESPECT OF CREDIT RISK

In accordance with the new provisions stemming from the decree of 25 August 2012 transposing the European "CRD2" Directive, the bank's net equity less commitments with shareholders amounted to 94 million euros at 31 December 2013, for a minimum capital requirement in respect of credit, market and operational risk of 22.4 million euros.

The solvency ratio was 33.7%.

26. BIA BANK EMPLOYEES

On average in 2013, the breakdown of Bank employees is as follows:

AVERAGE 2013	Number	Percentage
Technicians	27	40%
Executives	40	60%
TOTAL	**67**	**100%**
Men	20	30%
Women	47	70%
TOTAL	**67**	**100%**

Minutes of the combined annual and extraordinary shareholders' meeting of 22 may 2014

The combined annual and extraordinary 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 Alain Hollande was appointed secretary.

The attendance sheet, certified correct by the chairman and secretary of the meeting, showed that the six (6) 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 Baker Tilly Sofideec, 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 2013,
- Directors' report to which is appended the table of results for the past five financial years,
- Chairman's report (Article 117 of the French Financial Security Law),
- Statutory Auditors' reports,
- The resolutions that would be voted by the meeting,
- Llist of shareholders.

The chairman reminded those present that the information and documents required by the law and regulations were at the disposal of 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:

AGENDA

1. Directors' report

2. Chairman's report on the preparation and organisation of the work of the Board of Directors and the internal control procedures within the Bank (Article 117 of the French Financial Security Law)

3. Statutory Auditors' report

4. Examination and approval of the financial statements for the year ended 31 December 2013

5. Approval, where given, of the agreements referred to in Article L 225-38 of the French Commercial Code

6. Appropriation and breakdown of the profit for the year

7. Setting of directors' fees

8. Discharge to the Board of Directors

9. Appointment of company <>, company<>, Mr <>, Mr <>, Mr <>, Mr <>, in the capacity as director of BANK BIA for a period of three years, expiring at the end of the annual Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2016

10. Vote on the resolutions submitted to the annual Shareholders' Meeting

11. Advisory vote on all forms of remuneration paid to senior executives and to certain categories of personnel during the 2013 financial year – Article L 511-73 of the French Monetary and Financial Code

12. Increase in share capital for the benefit of employees (Article L 225-129-6 of the French Commercial Code

13. Other matters.

Amar Y. Alhgag, representing Libyan Foreign Bank, said that, as part of the discussion of other matters, he would be making a statement, which was accepted by the shareholders.

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

Mr Sadoun read out the Statutory Auditors' report, stating that they had audited the annual financial statements, justified their assessments and verified the information contained in the Directors' report.

He specified that the assignment and verifications performed by the Statutory Auditors mainly consisted in:

1. examining the procedures relating to the accounting classification and valuation of the securities portfolio at 31 December 2013;

2. examining the writedowns and provisions recognised, notably in respect of credit risk;

3. verifying compliance with the principle of going concern.

He confirmed that the audit, which had been conducted by the Statutory Auditors as part of their assignment, led to the Statutory Auditors' giving their favourable opinion as stated in their report.

Mr Faucon continued by saying that the Statutory Auditors had also verified the information contained in the Directors' report, which did not require any comments on their part concerning its consistency with BANK BIA's financial statements for the same period.

The same is true for the information contained in the Chairman's report on internal control.

Finally, he specified that the Bank entered into no particular regulated agreement during the course of 2013 and that, accordingly, the auditors' report addressed to shareholders merely states the absence of any such agreement.

Then, Amar Y. Alhgag questioned the Statutory Auditors about the amount of provisions recognised by BANK BIA in respect of its litigation with the French tax authorities relating to its tax audit.

Mr Sadoun then said that provisions had been made for the entire tax adjustment advised by the tax authorities and contested by BANK BIA because of the nature of the litigation, the firm position taken by the tax authorities and the express request made by the French Prudential Supervisory Authority (Autorité de contrôle prudentiel et de résolution - ACPR) in this respect.

Mr Younsi then fully explained the reason for the tax adjustment decided by the tax authorities in respect of the Bank.

Amar Y. Alhgag, representing Libyan Foreign Bank, then asked the Statutory Auditors whether they had received the ACPR's report, to which the auditors replied in the affirmative.

Amar Y. Alhgag proposed that, at each Shareholders' Meeting, the shareholders be provided with the reports issued by the ACPR since the last annual Shareholders' Meeting together with BANK BIA's answers.

The shareholders accepted this request, it however being reiterated that all the shareholders were either present or represented at BANK BIA's Board of Directors meetings and, therefore, had already received those documents.

The chairman stressed that 2013 was an exceptional year for BANK BIA, which had succeeded in obtaining both good accounting and economic results in a difficult economic situation.

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

The annual Shareholders' Meeting acknowledges that, as and when required, there are no agreements referred to in Article L 225-38 of the French Commercial Code.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

SECOND RESOLUTION

After having listened to a reading of the Directors' report, the Chairman's report on internal control 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 2013 as presented, as well as the Company's operations based on the said accounts and reports.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

THIRD RESOLUTION

The annual Shareholders' Meeting ratifies, as and when required, the amount of directors' fees allocated to the Board of Directors for the 2013 financial year, i.e. EUR 318,000 (EUR 260,000 in 2010 – EUR 275,000 in 2011 – EUR 318,000 in 2012).

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

FOURTH RESOLUTION

The annual Shareholders' Meeting notes that the Bank reported a profit for the year of EUR 4,000,938.

On the proposal of the Board of Directors, it resolves to appropriate this entire profit to retained earnings, which will amount to (EUR 17,911,571) 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 2013 financial year.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

SIXTH RESOLUTION

The annual Shareholders' Meeting acknowledges that the terms of office of the directors will expire at the end of this Shareholders' Meeting and resolves to appoint as directors:

- Banque Extérieure d'Algérie, which will be represented by Brahim Semid,
- Mohamed Loukal,
- Said Kessasra,
- Libyan Foreign Bank, which will be represented by Naji Issa Belgasem,
- Mustafa Ben Khalifa,

and to appoint as new director, in replacement of Giadalla Ettalhi:

- Abdulhakim Ali Emhemed Khamag, of Libyan nationality - Born on 16 June 1950, in Janzour (Libya) - Residing in Janzour (Tripoli) (Libya)

for a term of three years, which will expire at the end of the Shareholders' Meeting convened to approve the financial statements for the year ended 31 December 2016.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

Mr Loukal was keen to thank Giadalla Ettalhi for his contribution to BANK BIA's development throughout his terms of office as director and Vice-Chairman. Mr Loukal said that he was proud of having worked alongside Mr Ettalhi and thanked him for his contribution to the Board of Directors.

Giadalla Ettalhi said that it was with great satisfaction that he performed his duties within an institution that, together with its shareholders, conducted its operations with great professionalism. He was very pleased to have contributed to the long work of constructing BANK BIA and wished it every success in working through the current period of transition.

SEVENTH 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 1,458,868, paid during the 2013 financial year to the senior executives and to categories of personnel whose professional activities have a material impact on BANK BIA's risk profile, who comprise 12 persons within the Bank.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

EIGHTH RESOLUTION

Within the framework of Article L. 225-129-6 of the French Commercial Code, the shareholders authorise the Board of Directors, for a duration of one year from this day, to increase the share capital by at most EUR 10,000, by cash contributions, under the conditions required by Article L. 3328-18 et seq. of the French Labour Code.

THIS RESOLUTION WAS ADOPTED UNANIMOUSLY

NINTH 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

OTHER MATTERS

The chairman then gave the floor to Amar Y. Alhgag, representing Libyan Foreign Bank.

Amar Y. Alhgag informed the shareholders of BANK BIA that:

1. Libyan Foreign Bank wishes that BANK BIA ensure compliance with French law and banking regulations in all areas.

Mr Loukal said that Bank Extérieure d'Algérie supported this request but specified that concerning the question of combining the functions of Chairman of the Board of Directors with those of Managing Director, Banque Extérieure d'Algérie deferred to the decision of the ACPR, to which a derogation request had been submitted by BANK BIA.

2. Libyan Foreign Bank wishes that should it sell 26% of BANK BIA's capital to Banque Extérieure d'Algérie, BANK BIA's development and profitability be assured under the terms of a new strategic plan, which would have to be prepared and adopted within BANK BIA.

3. Libyan Foreign Bank intends to sell 26% of BANK BIA's capital to Banque Extérieure d'Algérie in consideration of a fair price.

4. In consequence of Libyan Foreign Bank's selling 26% of BANK BIA's capital to Banque Extérieure d'Algérie, it wishes to keep, as minority shareholder, the rights conferred on it by law and in accordance with the terms that will be established with Banque Extérieure d'Algérie.

The shareholders of BANK BIA acknowledged the statements made by Amar Y. Alhgag on behalf of Libyan Foreign Bank.

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

THE CHAIRMAN
Mohamed LOUKAL

THE SCRUTINEERS
Said KESSASRA M. BEN KHALIFA

THE SECRETARY
Alain HOLLANDE

MANAGEMENT REPORT

2013

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

(Financial year ended 31 December 2013)

In view of new regulatory constraints, BIA Bank restricted its operations to its core business, documentary credit, while opting for moderate diversification in its proprietary trading activity.

As a result, the bank maintained positive financial performance in line with its budgetary targets.

Operational capacities were maintained and general operating expenses contained, in line with its level of activity.

I. BALANCE SHEET AS AT 31 DECEMBER 2013

At year end, in view of the bank's ceasing to undertake transactions related to cash deposited by shareholders as collateral, total assets markedly declined to EUR569,949k, compared with EUR1,305,133k at year end 2012, i.e. a significant fall of 56.4% year on year.

Overall and in view of the bank's withdrawal from activity related to shareholders' deposits, interbank transactions accounted for only just under a half of total assets, compared with more than two-thirds in 2012. On the liabilities side, shareholders' and other Libyan and Algerian correspondent banks' deposits continued to account for the majority of interbank transactions. The funds are deposited with the French central bank or invested on the interbank market or in eurozone government bonds. Interbank transactions represented 37% of total assets and 38% of the liability side of the balance sheet.

ASSETS

At financial year end, main changes included:

- Cash invested with the French central bank declined sharply to 71 million euros, compared with 628 million euros at year end 2012.
- Another reduction in transactions with customers, explained by greater selectivity when granting financing.
- Sharp decline in securities transactions mainly due to the sharp decline in funds from our shareholders.
- Another improvement in the valuation of equity-type assets posted under investment securities. These are mainly proprietary investments, mostly comprising financial instruments included in the CAC 40, SBF 120 or STOXX 50 indices.
- The "other assets" item relates to payments made to the tax authorities as part of litigation currently before the courts. These cases are fully provisioned.

LIABILITIES

Main changes included:

- A marked decline in customer deposits (-13.5%), both in sight deposits and term deposits.
- A slight increase in provisions for liabilities and charges, mainly due to an additional provision of 3.4 million euros for tax risk. Tax risk is now fully provisioned.

OFF-BALANCE SHEET

At year end:
- Signed commitments given declined significantly year on year:

- Overall, financing commitments decreased substantially year on year (-34%) mainly because of the marked decline in import documentary credit transactions (-84%).
- Guarantee commitments also declined significantly year on year, amounting to 156 million euros compared with 320 million euros at year end 2012.

- However, signed commitments received increased markedly over the year to 42 million euros (+308% year on year).

II. INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

The main changes in the income statement are as follows:

MAIN DEVELOPMENTS (in € thousands)	31.12.13	31.12.12
Revenue, interest and similar income	10,204	10,383
Commissions	2,023	2,370
Profits on portfolio transactions	11,591	15,385
Other bank operating income and expenses	38	74
Net banking income	**23,857**	**28,212**
Personnel costs	(7,738)	(7,616)
Other general operating expenses	(4,418)	(5,005)
Depreciation and amortisation expense	(458)	(475)
Total general operating expenses	**(12,614)**	**(13,096)**
Gross operating income	**11,243**	**15,116**
Cost of risk	(2,520)	(14,470)
Net operating income	**8,723**	**646**
Gains or losses on fixed assets	20	0
Net income before non-recurring items and tax	**8,743**	**646**
Net non-recurring income (expense)	(6)	33
Income tax	(4,736)	(10,239)
Increases in/reversals of frbg (general bank risks fund) and regulated provisions	0	0
Net income (loss)	**4,001**	**(9,560)**

MAIN REASONS FOR THE CHANGE IN NET BANKING INCOME WERE:

- Slight reduction of 1.7% in net interest income due to the combined effects of a decline in activity and continuing historically low interest rates.
- A marked fall of nearly 15% in total commissions.
- A substantial decrease in revenue from investment securities. In 2013, the bank delivered a profit on the investment portfolio of 11.2 million euros, compared with 15.1 million euros in 2012. Gains on securities in 2013 fell to 3.2 million euros, compared with 9.5 million euros in 2012. However, net reversals of provisions increased to 8 million euros, compared with 5.6 million euros in 2012. Income from foreign exchange deals amounted to 0.4 million euros, compared with 0.3 million euros in 2012.

GENERAL OPERATING EXPENSES:

- Personnel costs increased slightly by 1.6% due to the combined effect of rather substantial severance pay settlements in the amount of 275 thousand euros, a significant increase in payroll tax and a slight decrease in the number of employees.

- Other operating expenses amounted to 4.4 million euros, a decrease of 11.7% compared with 2012. The fall in added value recorded in 2013 gave rise to a large decrease in taxes and duties.

In 2013, gross operating income was down 25% to 11.2 million euros, compared with 15.2 million euros in 2012.

In 2013, depreciation and amortisation expense decreased by 3.5% to 0.46 million euros.

Following substantial provisions made in 2011 and 2012, the absence of new exposures and restructuring of some large syndicated loans, **the cost of risk posted a net charge of 2.5 million euros in 2013, compared with a net charge of 14.4 million euros in 2012**. Reversals of provisions for doubtful debts (15.3 million euros) were entirely absorbed by the recognition of valuation haircuts relating to the restructuring of some of these loans (15.4 million euros). Loan write-offs recognised as part of these restructurings generated a charge of 4.1 million euros. Country risk recorded a net reversal of provisions of 1.2 million euros in 2013.

COST OF RISK (in € thousands)	Provisions	Reversals	Net amount
Doubtful debts - Banks	(1,0)	6,8	5,8
Doubtful debts - Customers	(0,2)	7,0	6,8
Doubtful investments	(0,1)	3,3	3,3
Signed commitments	(0,1)	-	(0,1)
Country risk	(0,6)	1,9	1,3
Other liabilities and charges	(0,1)	0,0	(0,1)
Discounts recognised on restructured loans and receivables	(15,4)		(15,4)
Losses on unrecoverable loans and receivables	(4,1)		(4,1)
TOTAL COST OF RISK	**(21,6)**	**19,1**	**(2,5)**

Net income before non-recurring items and tax amounted to 8.7 million euros, compared with 0.6 million euros in 2012.

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 17 thousand euros 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, it undertook a number of administrative, diplomatic and legal means of recourse, which will continue in 2014. In response to the request of the French Banking Commission (Autorité de Contrôle Prudentiel) and for reasons of prudence, BIA Bank decided to make an additional provision of 3.4 million Euros on 31 December 2013. Tax disputes are now fully provisioned.

At year end, the company posted profit before tax of 5.3 million euros. Taxable income was 9 million euros. Also, in accordance with applicable provisions, the carryback of the loss made in 2011 was charged to the reporting period in the amount of 5 million euros, resulting in income tax of only 1.3 million euros recognised for the period.

From these items, net income after tax amounted to 4 million euros, compared with a net loss of 9.6 million euros the previous year.

III. FORESEEABLE DEVELOPMENTS AND OUTLOOK

The 2014 budget is in line with the policy of optimising costs pending a capital increase and a recovery in the bank's commercial operations. The budget was examined and approved by the Board of Directors at its meeting of December 2013 and is based on:

- A slight appreciation of the euro against the dollar;
- A slight rise in interbank rates but remaining close to zero;
- A 33% fall in net banking income from documentary credit business compared with 2013;
- Optimised management of free cash flow with diversification on bond vehicles and money market funds;
- A subordinated loan of 85 million euros taken out to offset the fall in cash deposited as collateral;
- The bank's continued withdrawal from credit activities;

Estimated net banking income of around 10 million euros.

IV. COMMERCIAL ACTIVITY IN 2013

Documentary credit
Profitability of documentary credit business fell by 31% in 2013 because of a decrease in the volume of transactions with Algerian and Libyan state banks.
Total volume of documentary credit business amounted to 1.2 billion euros, a decrease of 32% compared with 2012.

Other international operations
As an extension to its documentary credit business, the bank maintained its activities and consolidated its position, particularly as regards:

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

Corporate business
Net banking income from this activity decreased slightly in 2013, adversely affected by a slowdown in export documentary credit business, with a sharp drop in the volume of documentary credit discounts in favour of beneficiaries.

Financial loans business
Following the 2008 crisis, it was decided not to enter into any new financial loan commitments. Restructuring of financial loans undertaken in 2013 helped to generate net banking income of 0.5 million euros in 2013.

Proprietary trading activity
As part of its policy of optimising free cash flow, the bank decided to invest some of these funds in European sovereign bonds for income of 6.9 million euros.
Net reversals of provisions for impairment of investments were recognised in the amount of 8 million euros.

Cash-foreign exchange activity
2013 was marked by:
- A decrease in free cash flow that was invested on the interbank market;
- A fall in interbank rates;
- High volatility on foreign exchange markets;
- Improvement in equity markets.

In this context, the aim was to preserve operating margin while ensuring optimal refinancing of operations.

Revenue from this activity fell to 1.4 million euros in 2013.

V. RISK CONTROL

In 2013, the main changes to internal control procedures were:

1. Optimisation of the Risk Management Information System (RMIS);
2. Completion of the work of updating procedures;
3. Organisational consolidation to realise synergies and savings in resources.

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, the B.I.A. 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, at terms that are better than those offered by the standard interbank activity. In accordance with the applicable prudential standards, this portfolio is evaluated 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 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 capital of USD154,313,700 (our stake is 3.94% for a book value of USD4,434,000) owns several hotels in Egypt.

In 2013, 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% made for this investment.

2-ARAB FINANCIAL SERVICES/Manama (BAHRAIN)
In 2012, this company reduced its share capital to USD30,000,000. The company has investment bank status. We have a 1.63% stake in the company, i.e. USD463,700.

In 2013, 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 2013.

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 processed on receipt and paid within a maximum of one month. The balance of accounts payable was EUR167k at year end 2013, compared with EUR212k at year end 2012.

X. DIVIDENDS DISTRIBUTED DURING THE LAST THREE FINANCIAL YEARS

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

YEAR	Net dividend	Tax credit
2010	1,54 €	
2011	None	
2012*	None	

** Payments made the following year*

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

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

XIV. PROPOSED APPROPRIATION OF PROFIT

The financial statements for the year ended 31 December 2013 were approved by the Board of Directors on 11 April 2014.
They show a net profit after tax of 4,000,938 euros.
The proposed appropriation of this profit is as follows:
- 4,000,938 euros will be posted to retained earnings. Consequently, retained earnings will show a debit balance of 17,911,572 euros.

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	2009	2010	2011	2012	2013
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	35,872,238	30,196,290	25,480,759	30,165,334	18,034,178
Profit (loss) before tax, profit sharing, depreciation, amortisation and provisions	11,874,374	5,794,323	6,388,171	-9,910,004	-13,836,243
Income tax income (expense)	228,924	1,183,545	-333,333	-10,115	-1,318,041
Profit sharing for the year	-	-	-	-	-
Profit (loss) after taxes, amortisation, depreciation and provisions	3,002,337	2,667,393	-12,393,180	-9,559,750	4,000,938
Earnings distributed		16,231,000			
EARNINGS PER SHARE					
Earnings after tax but before amortisation, depreciation and provisions	1,10	0,44	0,64	-0,94	-1,19
Earnings after tax, amortisation, depreciation and provisions	0,28	0,25	-1,18	-0,91	0,38
Dividend per share	-	1,54			
STAFF					
Number of employees	89	77	72	69	66
Total salaries	4,722,222	4,846,666	4,940,220	4,493,398	4,467,357
Employee benefits (social security, social benefit schemes, etc.)	2,114,474	2,449,058	2,490,320	2,438,822	2,337,119

XVI. DIRECTORS' FEES

The Board of Directors will ask the Shareholders' Meeting to set the amount of directors' fees for the 2013 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 accounts 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.

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 / Tunis*

Mister Giadalla ETTALHI

Vice President	*Banque BIA / Paris*

Mister Brahim SEMID

Member of the Governing Board	*Banque BIA / Paris*
Member of the Governing Board	*Axa Assurances Vie Algérie*
Member of the Governing Board	*Ijar Leasing Algérie*

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 Fus*
Member of the Governing Board	*Société GEMA*

Mister Mustafa BEN KHALIFA

Chairman	*First Gulf Bank / Tripoli*
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*

Mister Amer AMISH

General Manager Delegate	*Banque BIA / Paris*
Member of the Governing Board	*Arab International Company for Hotels and Tourism / Le Caire*

Mister Mohamed YOUNSI

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

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 2013

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 2013.

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, 7 May 2014
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON

Artex Audit Associés
Eric SADOUN

Statutory Auditors' report on the annual financial statements

For the year ended 31 December 2013

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 2013, 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 2013, 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 have 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, 7 May 2014
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 2013

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
We were not informed of any agreement already approved by the Shareholders' Meeting the performance of which continued during the financial year just ended.

Paris, 7 May 2014
The Statutory Auditors

Sofideec Baker Tilly
Pierre FAUCON

Artex Audit Associés
Eric SADOUN