ADIB مصرف أبوظبي الإسلامي

ADIB Egypt

ANNUAL REPORT 2013

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MD & CEO's Statement

In a period which saw volatile economic and political upheaval, 2013 witnessed solid results in the transformation from a loss making bank under restructure to a profit generating organization.

MD & CEO's Statement

2013 – A Landmark Year for ADIB Egypt

2013 can only be described as a landmark year in ADIB Egypt's history. We achieved pivotal accomplishments that will stand as milestones in our journey of success in the Egyptian market.

Since 2011 we have successfully navigated a market undergoing political upheaval and transformation resulting in unparalleled volatility. Amid the political turmoil, economic growth remained weak; real GDP growth stood at 2.1% in December 2013 and we witnessed a rising fiscal deficit and public debt.

Yet despite this consistently strenuous environment, in 2013 we reaped the rewards of our five-year restructuring plan, reflecting our aspirations for ADIB Egypt. It was a challenging journey, but today I am proud to say that our ambitious strategy, implemented in face of many hurdles, achieved solid results. Perhaps the most symbolic of our achievements is our official name change in April 2013 to ADIB Egypt. This represented a culmination of our team's unwavering determination, our persistent commitment to the Egyptian market, our consistent efforts to fulfill market needs and ADIB's support.

The name change was a catalyst for more growth and further improvements that has transformed the bank from loss-making to profitable. For the first time since the Emirati consortium acquisition in 2007, ADIB Egypt has reported a net income of EGP 103mn, compared to an EGP 855mn loss in 2012.

Our Consumer Banking portfolio grew 26% year-on-year reaching EGP 2.3bn, and recorded total deposits of EGP 11.1bn. We introduced ADIB Cashback, Egypt's first Shari'a compliant card and maintained our position as one of Egypt's best financial institutions offering auto and personal finance products.

Our Wholesale sector achieved 66% growth in assets, tripled revenues from fees and commissions and achieved 170% growth in total revenue. We also sealed two pioneering deals; the first Shari'a compliant syndication with East Delta Electricity Production Company and Egypt's first Shari'a compliant Ijara Sale and lease back deal with Maridive Oil and Services Company.

The Treasury sector proficiently managed surplus liquidity and forex operations, averting the impact of currency shortages and ending the year with a solid liquidity profile. Average assets under management rose14.5% year-on-year to reach EGP 5.8bn.

We had our sights set on success across all the bank's divisions, without compromising our risk management policies. In 2013 we completed the cleanup of our balance sheet with the write-off of EGP 3.8bn worth of non-performing loans after our strategic decision in 2012 to close the provisions gap with a single payment two years ahead of plan.

One of our main drivers of success has been our focus on customer-centric products and services to cater to our clients' needs and to maintain our established lead in certain sectors, while making significant headway in others. Equally important factors included embarking on our renovation plan to revamp branches nationwide, introducing cutting-edge infrastructure to facilitate quality banking services, offering innovative products, launching corporate finance and focusing on SME's. All this was reinforced by a dedicated team who worked hard to deliver on our commitments.

Today, ADIB Egypt employs a dynamic team of over 2,000 skilled employees providing a growing portfolio of Shari'a compliant products and services via a nationwide network of 70 branches, and 42 microfinance units.

Driven by our vigilant sense of responsibility to shareholders, regulators and clients , we have embedded global best practices of corporate governance and with continued commitment to the highest anti-money laundering standards deeply within the oragnisation. We diligently enhanced our policies and procedures and trained employees to implement them. In 2013, 367 employees were trained and all branches were reviewed to assert the importance of controls, 'know your customer' policies, reporting of suspicious transactions and full compliance with regulations and governance requirements.

We have earned recognition for our efforts. In 2013 for the fourth consecutive year Islamic Finance News named ADIB Egypt 'Best Islamic Bank in Egypt' and we were awarded 'Best Islamic Finance Mudarbah Deal for 2013' for the first time in recognition of the syndicated finance agreement with the East Delta Electricity Production Company (EDEPC). We were also 12th in Bloomberg's ranking of EMEA Islamic finance book runners. Locally, we were named Amwal Al Ghad's 'Best Islamic Bank of the Year' and Al Mal and Al Borsa nominated ADIB as the 'Fastest Growing Bank in Egypt'.

The true measure of a company lies not only in the value it brings to shareholders and clients, but also to the communities in which it operates. ADIB Egypt is committed to building bridges towards a brighter and healthier future; this year we helped provide communities access to healthcare and education and contributed to projects nationwide supporting underprivileged segments of society.

Looking ahead, we expect banks to play a bigger role in Egypt's journey to economic recovery. Demand for services will be driven by economic policies geared towards growth, the launch of several mega-projects covering infrastructure, and energy, and the private sector's growing appetite for expansion.

We will continue to cement our success, expand our market share and complete our renovation plans. We are also keen to introduce new products that will redefine our digital banking offerings and to enhance our investment banking and wholesale arms to pave the way for even greater success.

Finally, I would like to thank our shareholders and valued customers for their trust and confidence. I am grateful to my team and confident in their abilities to continue to drive the future success of ADIB Egypt.

Nevine Loutfy
Managing Director, CEO and Acting Chairman

Board of Directors

Board of Directors

Nevine Loutfy

Managing Director, CEO and Acting Chairman, ADIB Egypt

Nevine Loutfy was appointed Managing Director and CEO of ADIB Egypt (formerly NBD) in 2008. At the helm of the organization, she led the bank's transformation into a fully Shari'a compliant institution, oversaw the implementation of an all-encompassing five-year restructuring plan and managed the pivotal turnaround from losses to profit.

Loutfy began her banking career with Citibank in March 1976 as a Financial Analyst in the Cairo office. With over three decades of banking experience, Loutfy's career spans positions in the United States, Europe and emerging markets, with in-depth expertise in the wholesale sector, SME business management and retail sectors, in addition to credit risk and capital management.

Prior to joining ADIB, Loutfy worked with Citigroup's EMEA Commercial Bank in London where she held the positions of Chief Operating Officer, Managing Director and Business Senior Credit Officer, covering a wide range of functions across Europe, the Middle East and Africa.

She holds a BA in Economics from the American University in Cairo.

Ahmed El Houssieny

Board Member

Ahmed El Houssieny has held a number of distinguished positions with leading private equity and investment banking institutions across the region. With more than 15 years of extensive experience in the private equity and investment banking industries, the various leadership roles he has assumed helped him develop a depth of knowledge that ranges from transactional experience on principal investments to building and managing teams and financing and advising.

Prior to assuming his role as CEO of Planet Investment Banking, El Houssieny was a Managing Director at Citadel Capital, where he played a key role in establishing and positioning the company as the leading buyout firm in Africa and the Middle East.

Before joining Citadel Capital in 2005, El Houssieny was the Director of Investment Banking and Executive Committee Member at Barclays Bank, where he was responsible for setting the bank's strategic direction and evaluating non-organic growth options. He also held the position of Vice President on Citigroup Investment Bank's North West Africa Team, where he spearheaded the origination, structuring and execution of complex corporate financing solutions for large businesses and financial institutions.

El Houssieny holds a BA in Political Science and Business Administration from the American University in Cairo and an MBA with distinction from the Maastricht School of Management

Board of Directors (Continued)

Sarvesh Sarup

Board Member

Sarvesh Sarup joined ADIB in November 2008 and is Head of the Retail Banking Group, responsible for all retail banking activities and resources in addition to retail operations and branches.

Sarvesh brings more than 23 years of experience in financial services of which 20 years were spent with Citigroup, where he held various senior positions including Head of Retail Banking and Customer Franchise Management for the Europe, Middle East and Africa Region in Citibank London; CEO for Consumer Bank in Citibank India; and Head of Strategy and Business Development in Citibank EMEA Region.

Sarvesh is the Chairman of CitiFinancial in India and Europe, as well as MD of Citi Suzuki Joint Venture.

Subhi Benkhadra

Board Member

Subhi Benkhadra has been the Chief Executive Officer of Baniyas Investment and Development Co. since April 2012. With over 20 years of extensive experience in the banking industry, Benkhadra began his career with the United Bank of Kuwait PLC in 1987, where he served as a bond trader with the fund management team and proprietary trading desk. Three years later, he became the Product Development Officer for the Investment Division until 1995, later assuming the position of Head of Arab Capital Markets.

Benkhadra joined PrimeCorp Investment Management Ltd. in May 1999 and served as the Deputy Managing Director of the asset management business until February 2001, when he took on the position of Chief Executive Officer and Managing Director of Investment Trust Limited.

In May 2003, he moved to Bahrain to join Esterad Investment Company BSC as Chief Executive Officer, in addition to serving as Director of the Board from 2010-2013. In 2010, Benkhadra became the Chief Executive Officer and Managing Director of the European Islamic Investment Bank.

Benkhadra graduated from the University of Bath in 1987 with a Bachelor's degree in Environmental Engineering and holds an MBA in Finance from City University Business School.

Mohamed Chaouki

Board Member

Mohamed Chaouki is a member of the Management Committee of the Emirates International Investment Company (EIIC) and the Chief Executive Officer of AD.

After years of extensive experience as an investment banker and portfolio manager in Morocco's thriving markets, Chaouki joined EIIC in 2006 as a member of the Asset Management team in charge of the MENA equities portfolio.

In 2008, he became Vice President of A sset Management and subsequently Vice President of Alternative Investments and Research. Chaouki joined EIIC, AD Capital S.A in 2010 as a Regional Asset Manager at one of the very first Casablanca Finance City companies.

Chaouki is a member of the Management Committee at EIIC, and a board member of the Moroccan Asset Management Society .

Board of Directors (Continued)

Mohamed Mostafa Abdel Salam

Board Member

Mohamed Abdel Salam joined NIB's legal department in 1992 and progressed through the ranks to reach his current position of Deputy of Legal Affairs.

He began his career as a lawyer in the legal department of the Red Sea Public Company for Construction, and over the course of 27 years of practice has gained tremendous insight and exceptional experience spanning various aspects of corporate law.

Abdel Salam holds a BA in Law from Cairo University.

Arif Usmani

Board Member

Arif Usmani is the Global Wholesale Bank Head at Abu Dhabi Islamic Bank with over 32 years of extensive banking experience, spanning several geographies and disciplines.

In 1981, Usmani joined Citi in Pakistan and was based in Karachi until 1989. From 1989 to 2003, he held several posts in various international markets including Saudi Arabia, Singapore, Hong Kong, Slovakia and Nigeria.

In Nigeria, Usmani was the Division Head for West Africa and was responsible for the management of Citi's franchises in Nigeria, Cote d'Ivoire, Cameroon, Gabon, Republic of Congo and Senegal. In 2003, Usmani moved back to Saudi Arabia as a Citi affiliate and held the post of Chief Risk Officer of the Saudi American Bank. He continued in this role when Citi sold its stake and the bank became part of the Samba Financial Group.

In 2008, after the completion of his assignment with Samba, he rejoined Citi as Country Head for Pakistan. Usmani has a First Class Honors degree in Theoratical Physics from Imperial College, London, and is an Associate of the Royal College of Science.

Financial Highlights

EGP 2,000

(million) Paid up Capital

EGP 765

(million) Equity

EGP 234

(million) Total Provisions

45%

Financing to Deposit ratio

103

(million) Net Profit

Net profit for 2013 increased by 112% to EGP 103 million

580

(million) Total revenues

Total Revenues for 2013 increased by 48.6% to EGP 580 million

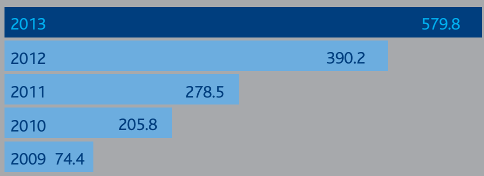
Balance sheet	2011 EGP mn	2012 EGP mn	2013 EGP mn	3 YR CAGR
Total assets	13,770	14,565	16,397	6.0%
Gross customers financing	8,296	9,774	7,566	-3.0%
New Bank	3,851	5,651	7,171	23.0%
Bad Bank	4,445	4,123	395	-55.4%
Customer deposits	12,052	12,971	14,564	6.5%
Total equity	709	625	765	2.6%
Non-performing financing				
Headline	54.2%	42.8%	6.1%	
of which New Bank	1.4%	1.0%	0.9%	
Capital adequacy ratio-Basel I (2011,2012) Basel II (2013 onward)	11.2%	11.3%	10.8%	
Tier 1 ratio - Basel II	N/A	5.9%	6.9%	
Customer financing to deposit ratio	37.3%	40.9%	45.3%	

Income Statement	2011 EGP mn	2012 EGP mn	2013 EGP mn	3 YR CAGR
Net Revenue	260	390	580	30.6%
Expenses (G&A)	(362)	(408)	(506)	11.9%
Operating profit (margin)	(102)	(17)	74	N/A
Credit provisions and impairment charge	(371)	(978)	69	N/A
Net profit	(561)	(855)	103	N/A
Total credit provisions to gross financing assets ratio				
New Bank	2.7%	1.9%	1.8%	
Bad Bank	62.4%	82.5%	27.2%	
Cost to income ratio	-139.1%	-104.5%	-87.3%	

Financial Highlights (Continued)

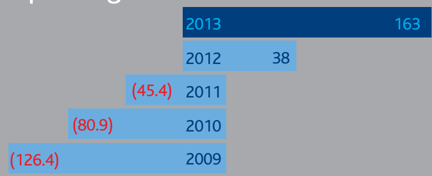
48.6%

Revenues



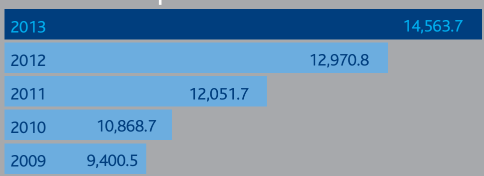
328.9%

Operating Profit



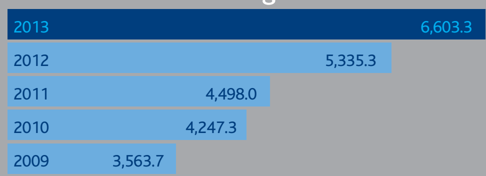
12.3%

Customer Deposits



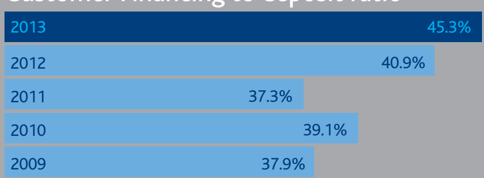
23.8%

Net Customer Financing



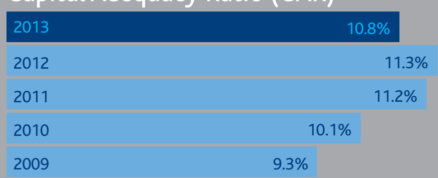
45.3%

Customer Financing to deposit ratio



10.8%

Capital Adequacy Ratio (CAR)



Bank Overview

ADIB Egypt Overview

History

The National Bank for Development (NBD) was initially founded in 1980 as an Egyptian joint stock company in accordance with the provisions of law No.43 (1974) and its amendment. An Emarati consortium comprising ADIB and the Emarati international Investment Company acquired a 49% stake in NBD in September 2007, following which NBD's paid -up capital increased almost sevenfold from EGP 281mn to EGP 2bn by the end of 2010.

Upon the acquisition the bank adopted a five-year comprehensive restructuring strategy aimed at transforming conventional into Shari'a compliant activities, strengthening its business model and reinforcing customer satisfaction as one of the cornerstones of the bank's philosophy, taking it from a state-owned institution to a truly "modern Islamic bank" that offers its clients superior quality products and services.

2013 Milestones

On 3 April 2013, the bank's name officially changed from the National Bank for Development to Abu Dhabi Islamic Bank (ADIB) Egypt, and the ADIB Egypt trading symbol debuted on Egypt's stock exchange. Officially changing the name to ADIB Egypt was also a reflection of the bank's transition on all levels. For the first time since the Emarati Consortium acquisition in 2007, the bank recorded a net profit. Its non-performing portfolio as a percentage of total customer finance fell to 6.1% in 2013 compared to 42.8% in 2012. This turning point followed the bank's strategic decision to close the remaining value of the provision gap with a single payment of EGP 956mn, two years ahead of schedule.

The name change was swiftly followed by rebranding of the bank's facades and ATMs, along with a renovation plan. By the end of 2013, a total of 30 branches were completely revamped. ADIB Egypt's sleek, modernized branch designs and highly trained staff clearly reflect the impact of restructuring efforts that have positioned the bank at the forefront, of the industry.

ADIB Egypt Today

In addition to offering client-centric financing solutions, liability products and treasury services, ADIB Egypt employs a dynamic team of over 2,000 experts providing a growing portfolio of Shari'a compliant products and services across its nationwide network of 70 branches and 42 microfinance units.

ADIB Egypt is among the country's leading Islamic financial institutions, and one of the fastest-growing banks in the Egyptian market, well on its way to becoming Egypt's top-tier Islamic bank.

Going Forward

Our vision for 2014 is to continue moving forward to position ADIB Egypt as an industry leader, providing comprehensive Shari'a compliant banking services with a customer-centric focus based on innovative products and superior customer service. We aim to be the bank of choice for retail customers. For corporates, we will offer a full range of comprehensive financial solutions that provide necessary financial support to the Egyptian economy as a whole.

ADIB Egypt Subsidiaries and Affiliated Companies

No	Company Name	Bank's %	Co Purpose	Classification
1	ADIBHOLDING	99.60%	Financial	Subsidiaries
2	Cairo National Company For Investment & Securities	64.75%	Financial	Subsidiaries
3	ADILEASE	60.06%	Leasing	Subsidiaries
4	Assiut Islamic National Co. For Trading And Investment	40.00%	Trading	Subsidiaries
5	National Co. For Trading And Development "INTAD"	40.00%	Trading	Subsidiaries
6	National Co. for Glass & Crystal	5.42%	Manufacturing	Subsidiaries
7	ADIB Properities	5.00%	Real Estate Investment	Subsidiaries
8	ADIBCAPITAL	2,5%	Securities	Subsidiaries
9	Cairo National Co. For Brokerage & Securities	32.00%	Brockerage	Associated
10	Arab Orient "Takaful" Insurance Co.	20.00%	Insurance	Associated
11	Alexandria national company for financial investments	9.04%	Financial	Associated
12	Servico	1.83%	Services	Associated

Bank Overview (Continued)

Bank's Main Shareholders	
Name	**Proportion**
Abu Dhabi Islamic Bank	49.62 %
National Investment Bank	12.39 %
Emirates International Investment Company (EIIC)	9.51 %
Abu Dhabi Commercial Bank	4.99 %
Affiliated Companies to EIIC	2.43 %
Others	21.06%

ADIB- Abu Dhabi: An Overview

Headquartered in Abu Dhabi, UAE, the Abu Dhabi Islamic Bank (ADIB) was established in 1997 as a public joint stock company through Emiri Decree No.9. It commenced operations on November 11, 1998, and is listed on the Abu Dhabi securities market under the supervision and the regulatory framework of the UAE Central Bank.

The bank carries out all contracts, operations and transactions in accordance with Shari'a principles and is committed to its core values, which are reflected across all aspectsof its work: simplicity and sensiblility; transparency; pursuing mutual-benefits; hospitable and tolerance; and Shari'a-inspired.

ADIBs' mission is to offer Islamic financial solutions for the global community, and to become a top-tier financial services group that provided its customers with 'banking as it should be' Today, ADIB is widely recognized as a pillar of Islamic banking in the UAE and across the Middle East. It continues to expand its local presence and is currently the third-largest retail bank in the UAE with 80 branches and over 600 ATMs.

International expansion is a key component of the bank's ambitious growth strategy, which entails evaluating opportunities to build its presence in the MENA region as well farther afield. To date the bank has a substantial presence in Egypt, KSA, Sudan, Iraq, Qatar and the UK.

The bank has gained global recognition with numerous awards and honors in appreciation of the success of its ongoing efforts, including Best Overall Islamic Bank from Islamic Finance News for second consecutive year and Best Islamic Bank in the UAE from Global Finance for the fourth consecutive year ADIB is also proud to have been recognized with the Muhammed Bin Rashid Al Maktoum Award for Business Excellence and named the Best Supporting Bank for SME initiatives in the UAE.

Our Mission

Shari’a Compliant Financial Solutions for the Egyptian Community

Our Vision

To be a leading universal bank that is fully Shari’a Compliant, focusing on service excellence, product and solution innovation

Our Values

- We keep it Simple and Sensible
- We are Transparent
- We work for Mutual Benefit
- We nurture Hospitality & Tolerance
- We are Shari’a inspired

ADIB Egypt Awards

Islamic Finance News Awards

International Recognition for ADIB Egypt

In 2013 Abu Dhabi Islamic Bank (ADIB) Egypt was again among the top-tier institutions recognized by Islamic Finance News (IFN). Renowned as one of the most credible industry voices, IFN provides thousands of experts and academics with firsthand insights and updates on Islamic financial markets.

Best Islamic Bank in Egypt

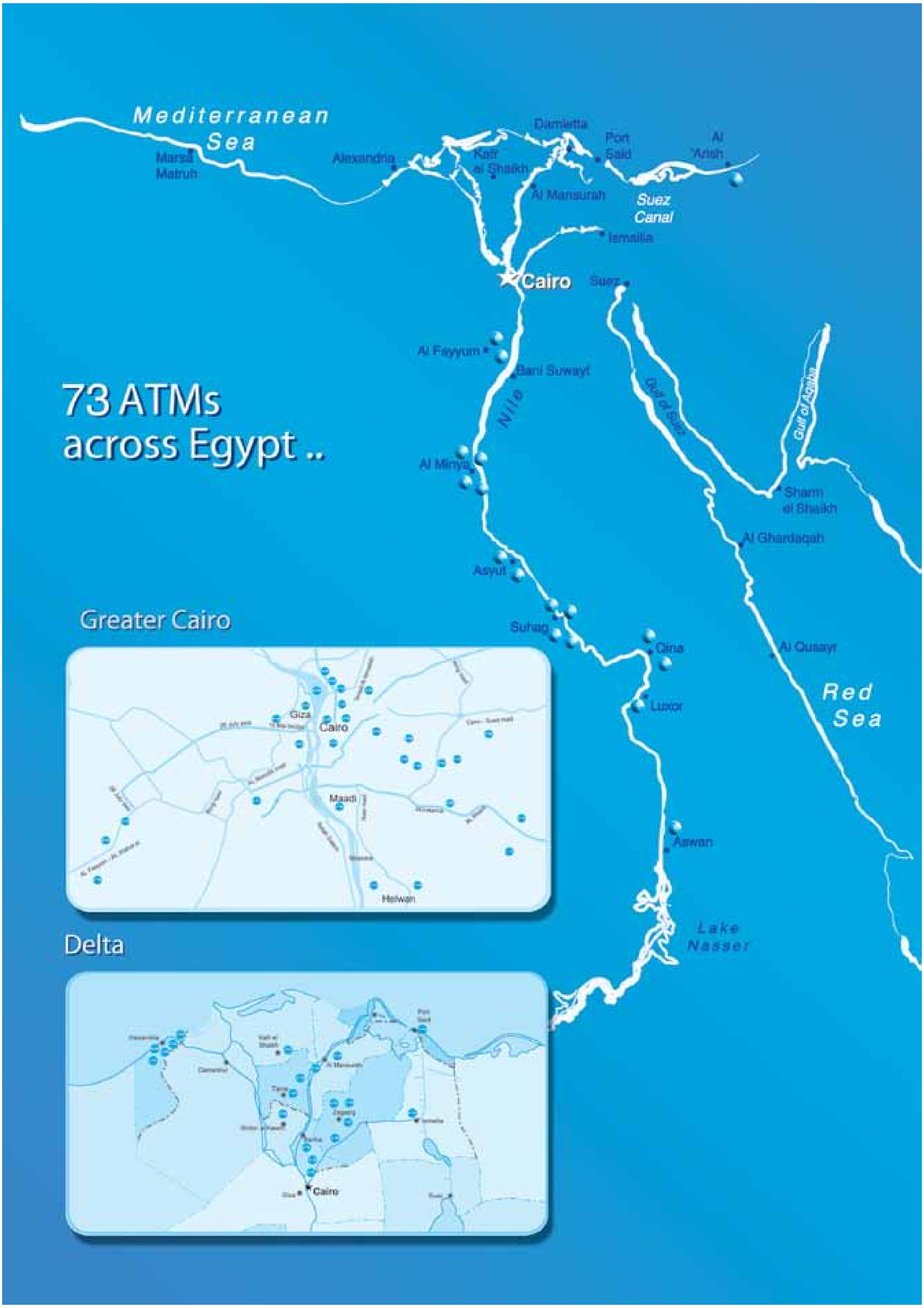
For the fourth consecutive year and based on customer voting, ADIB Egypt was honored to be named 'Best Islamic Bank in Egypt' for 2013. A great mark of recognition, the award is a culmination of the bank's efforts to lead Islamic banking in the Egyptian market.

Best Islamic Finance Mudarbah Deal

For the first time in its history ADIB Egypt was awarded 'Best Islamic Finance Mudarbah Deal for 2013.' The award comes as recognition for the bank's landmark syndicated finance agreement with the East Delta Electricity Production Company (EDEPC), the first of its kind in Egypt. Award recipients are determined by a designated committee of specialists, who reviewed and evaluated corporate finance deals conducted and submitted by banks in 2013.

ADIB Egypt Branches

ADIB Egypt ATMs



Business Review

In 2013 the retail portfolio grew by EGP 469mn to reach 2.3bn, and retail deposits grew EGP 1.5bn to EGP 11bn.

Retail Banking

2013 saw the continuation of our efforts to meet the different needs of our customers. Despite the political and socioeconomic unrest, ADIB Egypt's retail banking business gained visible traction with renewed consumer confidence. This was clearly demonstrated by the significant strides and accomplishments supporting the bank's overall results. In 2013 the retail portfolio grew by EGP 469mn, 26% year-on-year increase, to reach EGP 2.3bn.

Retail deposits grew EGP 1.5bn, bringing total deposits to EGP 11bn. The retail performances assured ADIB Egypt's lead on several fronts with the bank cementing its place among Egypt's top three banks offering auto and personal finance products.

ADIB Egypt's retail banking strategy in 2013 embodied a strong appetite for growth combined with stringent risk management policies. Together these strategic pillars made maximum use of renewed potential while limiting any possible detrimental impact in the face of an unstable and challenging economic environment

The bank's name change to Abu Dhabi Islamic Bank (ADIB) Egypt coupled with a network of 70 branches, 30 of which were completely renovated, re-staffed and equipped with the ability to offer even more innovative Shari'a compliant products, have contributed to the improved ADIB Egypt retail banking experience.

Liabilities

On the liabilities front, we introduced new programs and products while enhancing existing ones. As a result, we not only met our target segment's expectations, but also delivered an array of Shari'a compliant products and services that redefined market benchmarks among our peer.

In 2013, we achieved profitable growth for our liabilities portfolio by focusing on highly profitable accounts (CASA) and enhancing our deposits, Wakala and Mudaraba net revenue from funds (NRFF). A Shari'a compliant one-year term deposit with monthly, quarterly and semi-annual profits, the retail Wakala achieved a balance of EGP 538mn by December 2013.

Business Banking

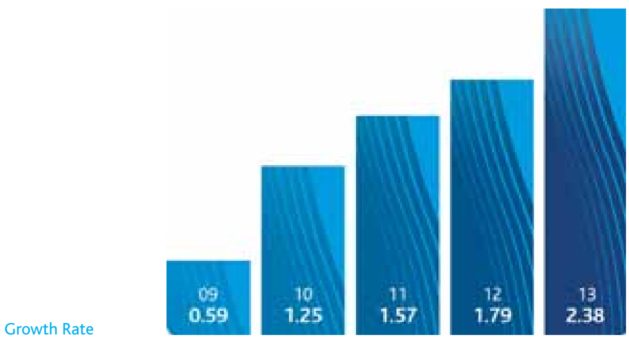
ADIB Egypt has focused on tapping into business banking as a key area of opportunity. With a strategic plan based on the one- stop-shop concept and the development of comprehensive relationship-based offerings, we conducted monthly technical and sales training to increase fee income and marketing support and established a direct sales unit to accelerate acquisitions and grow market share. Our newly launched business banking proposition is set to leverage this inherent potential and translate it into actual growth that will further strengthen the performance of our retail division.

Assets

On the assets front, we continued to cement our market leadership in auto finance by combining highly competitive financing options with streamlined and efficient processes that reinforced our position as a favored financier. In 2013, our auto finance average portfolio grew 3% year-on-year.

In addition, we rolled out a successful cross-selling strategy for auto and personal finance solutions, helping us effectively engage a wide base of customers with strong credit records. We also offered top-ups for personal finance customers affiliated with premier social and sporting clubs based on their credit history. Our business strategy was further supported by a highly successful nationwide assets campaign covering auto and personal finance products and offering customers rewards. These efforts translated into tangible results. Our 'Al Yosr' personal finance product, for example, achieved a solid 49% year-on-year portfolio growth.

Consumer Assets



Business Review (Continued)

Cashback Cards

In 2013, we introduced the ADIB Cashback card, Egypt's first Shari'a compliant card, which achieved significant milestones. We focused on growing acquisitions among our existing base of liability and assets customers by offering quality customer service and quick turnaround times. We acquired 8,000 cards over the year with a total balance of EGP 33mn and revenue of EGP 5.7mn.

Microfinance

Microfinance is an integral part of our retail banking business. It is a field that is not only important to economic development, but that also offers significant untapped potential. With the completion of the restructuring process, we focused on rejuvenating our microfinance business, and by end of 2013 had expanded our reach to 42 microfinance units across 19 governorates.

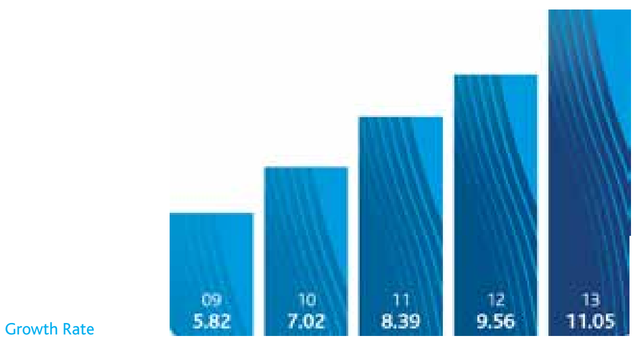
On the back of a clearly growing appetite for financial products, we allocated an additional EGP 200mn of funds to boost our microfinance offerings business and adapted our systems to a highly dynamic market. In recognition of the needs of micro-entrepreneurs we developed novel products and services while simultaneously expanding our reach to facilitate mass distribution to target groups, with a special focus on women.

Furthermore, we swiftly recognized and responded to current market conditions by easing documentation requirements and procedures, offering our microfinance customers unmatched flexibility without compromising our risk management standards. Additionally, a wide range of benefits including a takaful program, competitive rates, and doorstep service delivery, has set our microfinance portfolio ahead and apart.

Ultimately, we recognize that exceptional customer service is at the heart of our retail banking success. We have taken multiple measures to bring ADIB Egypt's customer service to new heights with tangible results; mystery shopping revealed customer service ratings improved from 82% at the end of 2012 to 87% at the end of the second quarter of 2013.

In 2014, our focus will be on maintaining our lead in priority banking via our network of dedicated Gold Center branches and by making it even more convenient for priority customers to access sophisticated products and services.

Consumer Deposit



Business Review (Continued)

In 2013 Wholesale Banking achieved 23% growth in assets to reach EGP 4.1bn, tripled our revenue from fees and commissions and achieved 170% growth in total revenue.

Wholesale Banking

ADIB Egypt Wholesale Banking maintained its unwavering commitment to the local market. Our determination to cement existing client relationships and establish new long-term bonds, helped position us as the bank of choice for a growing number of corporate clients.

In 2013 we achieved 23% growth in assets to reach EGP 4.1bn, tripled our revenue from fees and commissions and achieved 170% growth in total revenue.

Backed by ADIB's recognized regional leadership, and a greatly enhanced image resulting from our name change, we maximized the strength of our franchise to support our corporate clients' aspirations.

Our strategy in 2013 enabled us to expand our full-fledged Shari'a compliant product portfolio together with top-notch services catering to clients' diverse needs, capture large corporate business, acquire a substantial share of trade flows and position ourselves at the forefront of the SME segment. These efforts went a long way toward establishing ADIB Egypt as a leading wholesale bank.

Our results for the year reflect our success. We achieved 66% growth in finance assets, our trade import and export volumes rose by 65% and 47% respectively and our embryonic SME business, launched in November 2012, achieved 610% increase in average finance.

These results were driven by our commitment to continuous progress. We consistently implemented procedural and systemic improvements along with enhancing our wholesale banking policy and procedures. We undertook substantial system developments to issue more transparent and comprehensive statements and customer positions. We also increased automation across our cash management services.

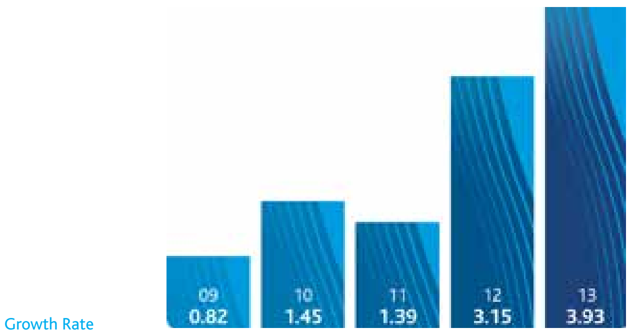
In 2013, ADIB Egypt with the support of ADIB Capital closed several landmark deals that underscored the Wholesale team's efforts.

- We concluded the first Shari'a compliant syndication with East Delta Electricity Production Company (EDEPC), for the issuance of letters of credit and a refinancing facility for USD 110mn. This significant deal was subsequently recognized by Islamic Finance News (IFN) as the best Shari'a compliant deal in 2013.

- ADIB Egypt also sealed a milestone USD 150mn syndicated transaction for regional offshore oil and services giant Maridive Oil and Services Company to support the company's investments and expansion plans. This pioneering transaction is the first Shari'a compliant Ijara sale and lease-back deal in the Egyptian market and was the first syndicated deal of 2013. ADIB Egypt also acted as the initial mandated lead arranger, book runner, facility agent and security agent.

Ultimately in 2014 ADIB Egypt aims to expand its market share and cement its position as Egypt's leading Shari'a compliant financial institution, through an ambitious growth plan. This is backed by our dedication to continuously innovating and introducing new products and solutions tailored to meet corporations' diverse needs. In addition to broadening existing relationships, we will strive to build new ties with leading companies across different segments and strengthen our focus on cross-selling, achieving better efficiency ratios and improving returns on investments.

Wholesale Assets



Business Review (Continued)

Treasury continued to outperform budgetary expectations and successfully managed the bank's excess liquidity and foreign exchange operations. Given the growth in the bank's balance sheet, the average asset portfolio managed by Treasury increased by EGP 734mn or 14.5% in 2013, reaching EGP 5.8bn.

Treasury

Treasury continued to outperform expectations and successfully managed the bank's excess liquidity and foreign exchange operations. Given the growth in the bank's balance sheet, the average asset portfolio managed by Treasury increased by EGP 734mn or 14.5% in 2013, reaching EGP 5.8bn.

Against the backdrop of a volatile and challenging environment and growing economic uncertainty, the pace and scale of these developments have transformed the banking sector's operational foundations and brought the Treasury division to the forefront of financial institutions.

The Treasury function played a critical role in tackling treasury-linked challenges such as managing liquidity and market risk, as well as providing expert advice and services to ADIB Egypt customers.

In 2013 ADIB Egypt oversaw further solidification of its liquidity position. The bank ended 2013 with a substantially strengthened liquidity profile. Treasury ensures not only that the bank generates surplus liquidity, but also its prudent and conservative investment. Low-risk, high-liquidity investments are Treasury's highest priority when managing liquidity, in order to ensure that ADIB Egypt is able to fully meet its obligations to customers.

The foreign exchange markets were highly volatile in 2013, and political events severely strained foreign exchange coverage as the country's reserves continued to decline. This precipitated reduced volumes of foreign exchange available for sale to clients, and a lower risk appetite. We continued to diligently monitor developments, factor in their impact and constantly evaluate investment decisions to ensure our portfolio reflected economic and political risks.

Driven by better spreads and good position taking by traders, foreign exchange revenues witnessed sizeable improvement, recording 230% over plan and growing 276% over last year. Foreign exchange income increased by EGP 40.5mn to reach EGP 57.1mn, bringing market share to 3.0% from circa 1.3% the prior year.

Net revenues from funding (NRFF) were 20% ahead of plan, but 22% lower than last year's figures. This is very much in line with our expectations as profit rates on the Egyptian pound dropped considerably.

To partially counteract the drop in rates, Treasury increased the volume of assets and liabilities within approved limits, giving the team room for better performance. As a result, volume for on-balance sheet items grew 20% compared to the previous year.

We expect that 2014 will witness a shift in revenue trends, as political tensions ease. This will facilitate faster NRFF growth, while foreign exchange revenues slow down as the central bank rebuilds the country's reserves.

The Treasury priority for 2014 is to ensure that our portfolio choices efficiently factor in all risk fundamentals. The Treasury team will be further supported by new products to meet various clients' needs, and will continue to help protect ADIB Egypt customers from market volatility.

Corporate Governance Report

Corporate Governance Report

Effective corporate governance aligned with global best practices is ADIB Egypt's foundation for long-term success ensuring transparency and disclosure.

Effective corporate governance aligned with global best practices is ADIB Egypt's foundation for long-term success ensuring transparency and disclosure. The bank adopts guidelines set by the Central Bank of Egypt (CBE), the Egyptian Financial Services Authority (EFSA), the Organization for Economic Cooperation and Development (OECD), and Islamic Shari'a principles and rulings in accordance, with its articles of incorporation.

To reinforce its commitment to robust corporate governance strategies, policies and procedures, the Compliance Department prepared a Corporate Governance Manual that was presented to the Board and approved in its meeting held on 27/7/2011, which stressed the importance of ensuring the sound implementation of corporate governance and spreading its culture in all fields of business and amongst all employees. The manual was amended to incorporate CBE directives and regulations issued on 23/8/2011.

Our Commitment to Corporate Governance

ADIB Egypt applies sound corporate governance principles that are thoroughly and consistently implemented providing a solid basis for effective relationships among all parties. The bank, its Board of Directors, its shareholders and its stakeholders. These principles constitute the overall framework guiding the bank's strategies and tools to achieve its goals, and set out and ensure:

1. The rights of shareholders and their capacity to fully exercise their ownership rights
2. Equitable treatment of all shareholders
3. The role of stakeholders within the framework of corporate governance
4. Transparency and disclosure
5. The roles and responsibilities of the Board of Directors
6. An effective basis for an efficient governance system

Accordingly, the bank guarantees equitable treatment of all shareholders including minor and major shareholders. It also recognizes the rights of all shareholders as stipulated by law, and guarantees they will be provided with all material information concerning the bank's activities. It emphasizes the accountability of the board to the bank and to the shareholders, in addition to the necessity of abiding by regulations to avoid conflict of interest.

The General Assembly

The General Assembly is the highest authority within the bank's organization. It includes all shareholders, each according to his/her percentage of share ownership. The assembly is managed in a manner that enables all shareholders to express their opinion. The bank's management announces the topics on the agenda with complete transparency and encourages shareholders to attend the General Assembly meeting.

Corporate Governance Report (Continued)

The Board of Directors

- The Board of Directors is delegated by the General Assembly to set the strategic goals of the bank, as well as to follow up on the bank's activities and oversee Executive Management to ensure aligned implementation.
- The Board is responsible for providing effective governance over the bank's activities and ensuring the efficiency of internal controls and compliance with policies and procedures.
- The Board is responsible for risk oversight, ensuring that necessary steps are taken to foster a culture of risk-adjusted decision-making as an integral component of the bank's corporate strategy and value generation process to avoid any unforeseen losses and protect shareholders' interests.
- The Board is accountable for the review and oversight of the bank's activities, the organization's financial soundness and for reporting results to the General Assembly with full disclosure and transparency.
- The Board ensures compliance with all regulatory and supervisory requirements, the disclosure of shareholder policies, and related parties' regulations and preserves the interests of shareholders, depositors, creditors, employees and other stakeholders.

Board of Directors Meetings

The Bank's Board of Directors held six meetings in 2013, corresponding with the Central Bank of Egypt (CBE)'s corporate governance directives for banks, which stipulate that the board should meet at least once every two months.

The following table shows board members' attendance at the meetings in compliance with CBE directives and best practices. The board members may not be absent for more than a third of the board meetings during the year, and in cases exceeding this number the Chairman must notify the General Assembly of the bank in order to take necessary action.

Board Member Name	Capacity	Board Meeting Dates						Total number of meetings attended by each member during 2013	Total number of board meetings during 2013	Difference
		28/3/2013	28/4/2013	12/6/2013	1/8/2013	31/10/2013	5/12/2013			
Nevine Loutfy	Chairman	√	√	√	√	√	√	6	6	-
Sarvesh Sarup	Member	√	√	√	√	√	√	6	6	-
Mohamed Mostafa Abdel Salam	Member	√	√	√	√	√	√	6	6	-
Ahmed Youssef El Hosseiny	Member	√	√	X	√	X	√	4	6	2
David Letts	Member	X	X	X	X	X	X	-	6	6

Corporate Governance Report (Continued)

Board Committees

A number of special committees have been established under the Board of Directors to facilitate and enhance performance. They review matters within their remit and submit their findings and proposals to the board, for approval. Committees act under the responsibility of the board and do not exempt it from any liability. Some committees are required by the corporate governance guidelines of the CBE, while others are created to ensure best practice standards of corporate governance.

Board Committees include:

- Audit Committee
- Executive Committee
- Risk Management Committee
- Salaries and Remuneration Committee
- Nomination and Corporate Governance Committee

A joint committee has been formed combining the Salaries and Remuneration Committee and the Nomination and Corporate Governance Committee, which was awaiting the appointment of three new board members. A letter was sent to the CBE on January 16, 2013, advising it of said arrangement.

The board is in the process of appointing an additional member to support the committees' formation according to regulations and independence.

Executive Committee

Ms. Nevine Loutfy
Managing Director, CEO and Acting Chairman

Zuhair Idris
Chief Operating Officer

Michael Murray
Chief Financial Officer

Heidi Ahmed Kamal
Cluster Chief Risk Officer

Iman Ismail
Wholesale Bank Head

Ahmed Effat
Head of Consumer

Tamer Shaheen
Treasury and Financial Markets Head

Imran Ibrahim
Operation and Technology Head

Amr Abbas Radwan
Recovery Head Management

Compliance – Anti-Money Laundering & Terrorism

ADIB Egypt is committed to the highest standards of anti-money laundering (AML) and anti-terrorism compliance.

ADIB Egypt is committed to the highest standards of anti-money laundering (AML) and anti-terrorism compliance. The Compliance Department ensures the implementation of sound corporate governance practices, controls and standards that prevent the use of our products and services to launder money derived from illegal or criminal activities, or to finance terrorist activities.

To fulfill this commitment, we have developed and continue to update policies and procedures that meet or exceed applicable legal and regulatory requirements. Staff awareness is another main tool that helps achieve this goal, and is one of the Compliance departments priorities. To this effect 367 employees were trained, and two Head Office Departments and all branches were reviewed in 2013 to stress the importance of controls, 'know your customer' policies and reporting of suspicious transactions as well as full compliance with regulations and governance requirements.

The Compliance Department works closely with local organizations including the Egyptian Money Laundering Combating Unit (EMLCU) and the CBE to ensure adherence to Anti-Money Laundering Law No. 80 2002 and its amendments. The ongoing cooperation to fight money laundering and terrorism also complies with the recommendations of the Financial Action Task Force (FATF), the Wolfsberg Principles and Basel compliance requirements and best practices.

Conflicts of Interest

ADIB Egypt has established a group of regulations that constitute the general framework of the bank's conflict of interest policy, which falls under the corporate governance and administrative rationalization concepts governing the institutions. These regulations have to be complied with to enhance professional integrity and transparency. The policy aims at setting controls to govern any conflicts of interest arising from transactions engaged in by employees, senior management and members of the board included in the bank's Code of Conduct and conflict of interest.

A potential conflict of interest is defined as a situation where the objectivity, independence and / or neutrality of the decision maker, at any level, is affected by his or his relatives' or friends' personal interests, whether financial or moral; or when the individual's performance is compromised by direct or indirect personal considerations, or through the knowledge of privileged sensitive information, not publicly declared, attained by virtue of his job that affects his decisions and creates a conflict with the bank's interests.

Certain cases are subject to the regulations of the conflict of interest policy including gifts, favoritism, disclosure of confidential information, private and casual business, transactions with external suppliers, extending finance to employees' relatives, social and political activities and transactions undertaken by senior management and members of the board. All are also governed by various regulations including the CBE, Capital Markets and Companies laws, as well as the rules on the listing and de-listing of securities in the egyptian stock market, according to February 1, 2014 release from the Egyptian Financial Supervisory Authority.

Fatwa and Shari'a Supervisory Board

The Fatwa and Shari'a Supervisory Board is an independent body of leading Islamic scholars who have gained extensive experience in the field of Islamic financial jurisprudence and banking transactions.

About Fatwa and Shari'a Supervisory Board:

The Fatwa and Shari'a Supervisory Board (referred to as 'the Shari'a Board') is an independent body of leading Islamic scholars who have gained extensive experience in the field of Islamic financial jurisprudence and banking transactions. The Shari'a Board has a major responsibility to oversee, monitor and assess the compilance of the bank's operations and business including its working environment and managerial decisions, with the principles of Islamic Shari'a rulings.

Following is the formation of the Fatwa and Shari'a Supervisory Board and its General Secretariat:

- Dr. Abdul Sattar Abu Ghuddah -Chairman of the Board
- Dr. Hussain Hamed Hassan – Shari'a Board Member
- Dr. Muhammad Abdul Halim Omar - Shari'a Board Member
- Dr. Osaid Al-Kilani - External Consultant of the Shari'a Board
- Mr. Deyaa El-Din Mohammad Zoair - General Secretariat of the Shari'a Board

Duties and Responsibilities:

- Issuing Fatwa resolutions and Shari'a decisions for all the bank's operations and transactions.
- Reviewing and attestation of the bank's forms, contracts, agreements and overall documents relevant to the bank's activities.
- Reviewing and approving the bank's financing structures, investment formulas, forms of liquidity management and relevant contracts and documents.
- Reviewing and approving the services offered by the bank and all related documents, fees and commissions.
- Reviewing and approving the bank's operational policies and procedures to ensure compliance of business activities with the requirements of Shari'a rulings.
- Reviewing and approving the accounting basis and IT accounting system for the bank's business and operations.
- Reviewing and approving the bank's code of ethics, while adding what it deems necessary to the work environment as an Islamic bank.

The Fatwa and Shari'a Supervisory Board is entitled to supervise the bank's overall business and activities to ensure that it is fully Shari'a compliant.

Accordingly, the Shari'a Board is entitled to review what it deems necessary to conduct its duties. This includes, but is not limited to, records, documents, and any requested data. The board has the right to monitor the bank's operations through its own direct Shari'a auditing, reviewing and examination, or it may use independent internal auditing reports or any specialized entity to help it carry out its responsibilities according to best practice.

Corporate Social Responsibility

"Stemming from an entrenched belief that success in the banking business and community development go hand in hand, ADIB Egypt always strives to be a supportive pillar of the society in which it operates." - Nevine Loutfy , MD and CEO

Taking proactive steps on the path of Egypt's social advancement and prosperity, ADIB Egypt puts corporate social responsibility (CSR) at the forefront of its commitments. Society's most pressing issues are the foundation of our charity and CSR strategy in Egypt. We are proud to actively take part in building bridges towards a brighter and healthier future.

Health

ADIB Egypt has proudly supported numerous initiatives, institutions and organizations providing essential healthcare services to the Egyptian community, from university hospitals, to local healthcare units and NGOs ADIB is committed to addressing one of the most vital needs of underprivileged community members.

In 2013, ADIB Egypt was honored to:

- Bolster the capacity of Zaqaziq University Hospital's Intensive Care unit, which offers treatment to nearly 18,000 patients every month, with state of the art cardiovascular equipment.
- Provide Cairo University's Kasr Al Aini Hospital with equipment to reduce surgical hemorrhages.
- Partner with the Breast Cancer Foundation of Egypt (BCFE) to sponsor 10 major surgeries as well as essential medical processes.
- Provide Al Fayoum University's School of Medicine with vital cardiology equipment to enhance medical and educational services in the community.
- Equip Al Gharaqa Charity Hospital's clinics in Daqahleyia providing free healthcare services to underprivileged community members.
- Donate ultrasound equipment to the Egyptian Autistic Society's healthcare unit in the area of Kom Bakkar which lacks access to healthcare facilities.

Education

Stemming from ADIB Egypt's commitment to build bridges of social justice so every individual is given access to basic rights , we focused on education as a crucial vehicle to help advance the community. Following are some of the initiatives we are proud to have taken part in throughout 2013.

- We partnered with Alexandria University's School of Law to cover the tuition fees of 70 underprivileged students abolishing financial obstacles in the way of obtaining a degree and starting a career.
- We collaborated with Children's Cancer Hospital 57357 to train and develop the skills of its nursing staff through programs in collaboration with accredited international medical institutions.
- ADIB also sought to expand the geographic scope of its charitable work to include Upper Egypt. We are proud to have encouraged innovative youth with breakthrough ideas in the technology field by honoring the efforts of The 'Start Up Weekend' project winner in Assiut, providing the necessary capital to implement the winning idea on-the ground.

Corporate Social Responsibility (Continued)

Community

ADIB is proud to have contributed to several charitable projects in the Delta and Upper Egypt regions that have benefited large segments of society.

- We provided funding for the completion of construction of the Abrar Charity and Development Complex in Bani Sareed Village, Sharqeyia, encompassing a mosque and an educational center, as well as a housing complex for the mentally disabled and other housing and development projects for orphans and widows sponsored by the Abrar Foundation Egypt for People with Special Needs.
- ADIB Egypt also partnered with the Al Nour Charity Foundation to facilitate the construction of a pediatrics and pediatric surgery hospital in Sheikh Zayed.
- Stemming from our belief that the new generation is the key to a prosperous future, ADIB Egypt helped fund the Awlady Association For Orphans in Maadi's establishment of a state-of-the-art computer lab. The bank also formed a team of volunteers to deliver and oversee computer training courses, in addition to providing knitting machines for orphans to acquire new skills and make and sell products.
- We also collaborated with Misr El Kheir Foundation's Al Gharemeen initiative to repay the debts of eight people and free them from imprisonment, giving them and their families a chance for a better future.

Next Steps:

ADIB is committed to maintaining its community activities and CSR projects. We firmly believe in the importance of healthcare and education and will continue to support initiatives in these fields. In the coming years ADIB hopes to add pivotal projects to its roster of community services. A CSR plan will be established to ensure that the services provided are those most needed and we are assessing a number of significant and relevant projects to formulate a long-term sustainable initiative that will become the pillar of our community work.

Contents

Independent Auditors' Report

To: The Shareholders of Abu Dhabi Islamic Bank - Egypt - S.A.E

Report on the Separate Financial Statements

We have audited the accompanying Separate Financial Statements of the Abu Dhabi Islamic Bank S.A.E, represented in the balance sheet as of December 31st, 2013 and the related separate statements of income, change in equity and cash flow for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Separate Financial Statements:

The Separate Financial Statements are the responsibility of the bank's management. Management is responsible for preparation and fair presentation of these Separate Financial Statements, in accordance with the instructions of preparation and presentation of Separate Financial Statements for Egyptian banks issued by the Central Bank of Egypt on December 16th, 2008, as well as with relevant Egyptian laws and regulations. Management's responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the Separate Financial Statements, that are free of material misstatement, whether due to fraud or error. Management's responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibilities:

Our responsibility is to express an opinion on these Separate Financial Statements based on our audit. We conducted our audit in accordance with the Egyptian standards on auditing and applicable Egyptian laws. These standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance that the Separate Financial Statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Financial Statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Separate Financial Statements, whether due to fraud or error. In making these risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the Separate Financial Statements in order to design the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal controls. The audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management and evaluating the overall presentation of the Separate Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion:

The tax provision shortfall as of December 31st, 2013 amounted to LE 28mn (December 31st, 2012: 79mn). We have qualified our audit report for the year ended December 31st, 2012 in this regard.

Independent Auditors' Report (Continued)

Qualified opinion

In our opinion, except for the effect on the financial statement referred to in the previous paragraph, the Separate Financial Statements give a true and fair view, in all material aspects, of the financial position of Abu Dhabi Islamic Bank S.A.E and of its financial performance and cash flows for the year then ended in December 31st 2013, in accordance with the instructions of the preparation and the presentation of Separate Financial Statements of Egyptian banks issued by the Central Bank of Egypt on December 16th, 2008, as well as with relevant Egyptian laws and regulations.

Emphasis of matter

Without qualifying our report, we draw your attention to the following:

1. Note (2-B) to the Separate Financial Statements, the bank's accumulated losses as of December 31st 2013 have reached EGP 3,364mn (December 31st 2012: EGP 3,522mn), which exceeds half of the issued capital. In accordance to article no. 69 of the companies Law no. 159 of 1981, the shareholders' extraordinary general assembly meeting will be held to decide the continuity of the bank. The Separate Financial Statements have been prepared based on the going concern principal based on the assumption that the bank's shareholders' paid amounts under capital increase by an amount of EGP 1,861mn as of 31st December 2013.
2. Note no. (35) to the separate financial statements, in February 2012, the bank presented a legal case to prove the unconstitutionality of tax on income from treasury bills, as the bank had incurred taxable losses for years covered by the legal case. According to legal and tax advisors' estimation, the case has a high probability of success.

Report on other Legal and Regulatory Requirements:

Nothing has come to our attention that causes us to believe that the bank contravened any of the provisions of the Central Bank's Banking and Monetary System Law no.88 of 2003 for the year then ended.

The bank maintains proper accounting records that comply with the laws and the bank articles of association and the Separate Financial Statements agree with the bank's records.

The financial information included in the Board of Directors' report, prepared in accordance with Law no. 159 of the year 1981 and its executive regulations, is in agreement with the box of the bank in so far as such information is recorded therein.

AUDITORS

Hossam Zaki Nasr

FESAA – FEST
R.A.A (12254)

Allied for Accounting and Auditing E&Y

Mohamed Elsayed Abd Elhakim

FESAA - FEST
R.A.A (3960)

BDO & CO

Cairo 31st March 2013

Fatwa & Shari'a Supervisory Board Report

On Fiscal Year Ending December 31, 2013

In the name of Allah most Gracious most Merciful

To the Shareholders of ADIB Egypt,

- In accordance with the Article and Memorandum of Association pertaining to ADIB Egypt, its amendments, and the executive regulations and policy of the bank's Fatwa and Shari'a Supervisory Board, we would like to present the following report:
- The Shari'a Board has convened several assemblies throughout the year.
- The board issued fatwas and resolutions in line with the topics at hand, in addition to information, clarifications and discussions exchanged between the board and various departments within the bank.
- The board revised and discussed the Shari'a audit reports submitted by the bank's internal Shari'a Audit Unit.

In our opinion:

- The accountability of compliance with the provisions of Shari'a rules and principles fall upon the executive management of the bank. The Shari'a Board's responsibility is confined to stating independent Shari'a compliant views about the bank's commitment in conforming to stipulations of Islamic Shari'a in all its operations.
- Regarding the conversion of the bank's system, its operations and transactions into an Islamic entity, the following have been endorsed:
- Most of the bank's performing conventional loans (outstanding before acquisition) have been converted into Shari'a compliant products. The remaining unconverted will be set aside and placed into a separate portfolio, for the account of shareholders, pending their conversion. All new financing is granted in accordance with Shari'a rules and principles.
- All new deposits are processed under Shari'a rules and principles. As for the existing conventional deposits, most of them have been converted to meet Shari'a rules and principles, while the remaining part will be amended to meet Shari'a requirements.
- We are working towards offering alternative Shari'a compliant products for treasury activities. As for the current conventional activities they will be separate(d) in thez above mentioned portfolio.
- The bank's financial statements for the fiscal year ending December 31, 2013 have been issued employing Islamic banking terms based on Shari'a rules and principles.

For\ Fatwa and Shari'a Supervisory Board

Dr. Hussein Hamed Hassan

Translation of Financial Statements orginally issued in Arabic

Separate Balance Sheet as at December 31st, 2013

	Note No	December 31st, 2013 LE'000	December 31st, 2012 LE'000
ASSETS			
Cash and Due From Central Bank of Egypt (CBE)	14	**1,694,008**	1,132,798
Due from Banks	15	**1,272,051**	1,713,552
Treasury Bills	16	**3,256,763**	3,440,951
Facilities to Banks (Net)	17/1	**-**	31,577
Conventional Loans to Customers (Net)	17/2	**294,736**	391,381
Financing to Customers (Net)	17/2	**6,308,586**	4,912,301
Financial Investments:			
Available for Sale	18/1	**1,177,479**	1,075,038
Held to Maturity	18/2	**12,181**	18,754
Net Investments in Associates & Subsidiaries	19	**170,326**	149,262
Net Intangible Assets	20	**4,501**	11,325
Other Assets	21	**1,016,448**	632,733
Fixed Assets, Net	22	**231,426**	244,084
Deferred Tax Asset	28	**958,892**	810,866
TOTAL ASSETS		**16,397,397**	**14,564,622**
LIABILITIES AND SHAREHOLDERS' EQUITY : **LIABILITIES :**			
Due to Banks	23	**1,099**	337,733
Customers' Deposits	24	**14,563,667**	12,970,850
Subordinated Financing	25	**209,023**	180,777
Other Liabilities	26	**774,686**	415,840
Other Provisions	27	**83,493**	34,656
TOTAL LIABILITIES		**15,631,968**	**13,939,856**
SHAREHOLDERS EQUITY:			
Issued and Paid-Up Capital	29/2	**2,000,000**	2,000,000
Paid Under Capital Increase	29/3	**1,861,418**	1,861,418
Reserves	30	**214,649**	221,474
Difference between Face Value and Present Value (Subordinated Financing)	25	**53,777**	64,189
Accumulated Losses	30/4	**(3,364,415)**	(3,522,315)
TOTAL SHAREHOLDERS' EQUITY		**765,429**	**624,766**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,397,397**	**14,564,622**
CONTINGENT LIABILITIES AND COMMITMENTS	32/2	998,245	969,607

- The auditors' report is attached
- The accompanying notes are integral part of their financial statements.

Nevine Loutfy

Chairman, Chief Executive Officer and Managing Director

Michael Murray

Chief Financial Officer

Translation of Financial Statements orginally issued in Arabic

Separate Income Statement for the year ended December 31st, 2013

	Note	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
		z	EGP '000
Income From Murabaha, Musharaka, Mudaraba and Other Similar Income	5	1,229,451	1,014,647
Cost of Deposits and Similar Costs	5	(822,258)	(704,185)
Net Profit Income		**407,193**	**310,462**
Fees and Commission Income	6	117,418	61,181
Fees and Commission Expense	6	(5,626)	(941)
Net Fees and Commission Income		**111,792**	**60,240**
Dividend Income	7	3,827	2,859
Net Trading Income	8	57,102	16,618
Administrative Expenses	9	(506,338)	(407,658)
Other Operating Expenses	10	(194,529)	(128,970)
Cost of Credit	11	69,144	(978,291)
Gain from Sale of Financial Investments	18/3	6,581	(4,789)
Loss before Tax		**(45,228)**	**(1,129,529)**
Tax	12	148,026	274,608
Net Profit (Loss) for the Year		**102,798**	**(854,921)**
Profit (Loss) Per Share	**13**	**0.51**	**(4.27)**

- The accompanying notes are an integral part of their financial statements.

Separate Income Statement of change is shareholders' for the year ended December 31st, 2013

	Capital	Paid Under Capital Increase	Reserves					Difference between Face Value and Value of Subordinated Financing	Retained losses	Total
			Legal Reserve	General Reserve	Special Reserve	AFS Invest-ments F.V. Reserve	General Banking Risk Reserve			
Balance at 1 January 2012	2,000,000	1,173,321	22,878	42,522	26,257	(6,691)	64,637	-	(2,625,917)	697,007
Paid Under Capital increase	-	688,097	-	-	-	-	-	-	-	688,097
Transfer to general banking risk Reserve	-	-	-	-	-	-	41,477	-	(41,477)	-
Net change at Fair Value for AFS investments	-	-	-	-	-	30,394	-	-	-	30,394
Net Loss for the Year	-	-	-	-	-	-	-	-	(854,921)	(854,921)
Difference between face value & present value for subordinated loan	-	-	-	-	-	-	-	64,189	-	64,189
Balance at 31 December 2012	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**23,703**	**106,114**	**64,189**	**(3,522,315)**	**624,766**
Transfer to general banking risk Reserve	-	-	-	-	-	-	(44,690)	-	44,690	-
Net change at Fair Value for AFS investments	-	-	-	-	-	37,865	-	-	-	37,865
Net Profit for the year	-	-	-	-	-	-	-	-	102,798	102,798
Difference between face value & present value for subordinated loan	-	-	-	-	-	-	-	(10,412)	10,412	-
Balance at 31 December 2013	**2,000,000**	**1,861,418**	**22,878**	**42,522**	**26,257**	**61,568**	**61,424**	**53,777**	**(3,364,415)**	**765,429**

- The accompanying notes are an integral part of their financial statements.

Separate Cash Flow for the year ended December 31st, 2013

	Note	31 December 2013	31 December 2012
		EGP '000	EGP '000
Operational activities			
Loss before tax		(45,228)	(1,129,529)
Non cash adjustment to reconcile loss before tax to cash flows from operating activities:			
Depreciation of fixed assets	23	45,576	40,040
Amortization of intangible assets	21	16,287	14,536
Cost of credit	11	11,304	978,291
Other provisions	27	66,630	70,836
MTM of Assets held for trading	8	29	1
Other provision used	27	(17,789)	(51,990)
Loans provision used	17/2	(3,235,252)	(368,815)
other Provisions no longer required		(79,110)	(4,995)
Foreign currency revaluation of Loan Loss provisions	17	31,786	14,979
Foreign currency revaluation of other provisions	27	(4)	85
Foreign currency revaluation of held to maturity investments	18	(888)	(734)
Foreign currency revaluation of available for sale investments	18	(1,521)	(704)
Impairment losses for assets reverted to the bank		1,181	11,434
Gains on sale of fixed assets	10	(7,907)	(6,480)
Gains on sale of assets reverted to the bank	10	(16,496)	(8,233)
Impairment losses of financial investment in sub & associated	18/3	4,854	5,811
Profit from sale of Assets held for trading	8	264	(755)
Profit from sale of available for sale investments	18/3	(7,913)	-
Profit from sale of treasury bills	18/3	(3,523)	(1,022)
Dividends income	7	(3,827)	(2,859)
Amortization of subordinated loan using EIR method		10,411	-
Foreign currency revaluation of subordinated financing		17,835	-
Operating loss prior changes in assets and liabilities utilized in operational activities		(3,213,300)	(440,103)
Net decrease (increase) in assets & liabilities			
Due from banks		481,867	(258,408)
Treasury bills		803,225	(1,496,023)
Assets held for trading		(294)	753
Loans to customers		2,109,080	(1,465,042)
Other assets		(498,035)	(90,980)
Due to banks		(336,634)	(432,771)
Customers' deposits		1,592,817	919,170
Other liabilities		358,844	189,519
Net cash flows provided from (Used in) operating activities		1,297,570	(3,073,885)

Translation of Financial Statements orginally issued in Arabic

Separate Cash Flow for the year ended December 31st, 2013 (Cont)

	Note	31 December 2013	31 December 2012
		EGP '000	EGP '000
Cash flows from investing activities			
Purchase of investments available for sale	18/2	(322,550)	(445,230)
Proceeds from Investments available for sale	18/2	267,408	107,823
Payments for the purchase of fixed assets	22	(41,706)	(66,710)
Payments for the purchase of intangible assets	20	(9,463)	(15,504)
Proceeds from sale of fixed assets		16,696	7,172
Payments to purchase investment in subsidiaries & Associate		(3,012)	-
Proceeds from investments Held to maturity		8,321	6,946
Proceeds from sale of treasury bills	18/2	3,523	1,022
Dividends income	18/3	3,827	2,859
Net cash flows used in investing activities		**(76,956)**	**(401,622)**
Cash flows from financing activities			
Proceeds from Shareholders under Capital Increase	29 /3	-	688,097
Proceeds from Subordinated Financing		-	180,777
Difference between Face Value and Value of Subordinated Financing		-	64,189
Net cash flows provided from financing activities		**-**	**933,063**
Net change in cash and cash equivalents during the Year		1,220,614	(2,542,444)
Cash and cash equivalents at the beginning of the Year		(130,262)	2,412,183
Cash and cash equivalents at the end of the Year		**1,090,352**	**(130,261)**
Cash and cash equivalents at end of Year are represented in :			
Cash and due from CBE	14	1,694,008	1,132,798
Due from banks	15	1,272,051	1,713,552
Treasury bills	16	3,256,763	3,440,951
Due from banks (Deposits matured more than 3 months)	15	(1,131,452)	(1,613,319)
Treasury bills with maturity more than 3 months	16	(4,001,018)	(4,804,243)
Cash and cash equivalents at end of the Year	**31**	**1,090,352**	**(130,261)**

- The accompanying notes are an integral part of their financial statements.

Notes to separate the Financial Statements for the year ended December 31st, 2013

1 - BACKGROUND:

Abu Dhabi Islamic Bank - Egypt (formerly National Bank for Development – S.A.E) was established in 1974 in accordance with Investment Law No. 43 of 1974 and its executive regulations and the amendments thereon and is listed on the Egyptian Stock Exchange (EGX). The bank provides a full range of banking services to Corporate, Retail and Micro Finance clients through its head office located in Cairo and its 69 branches across all governorates and customers are served by 2054 employees at 1st December 2013.

Abu Dhabi Islamic Bank - Egypt is - as a financial institution - subject to the supervision and control of the Central Bank of Egypt (CBE). In addition, as a Shari'a compliant bank it complies with Shari'a principles in all the transactions and products it provides to its clients, whether such products are investment deposits, investment certificates or savings accounts, as well as meeting clients' various financing needs by providing options such as Murabaha (Cost-plus), Musharka (Joint Venture), Ijarah (Leasing) and cash back cards. It also offers Islamic options for letter of guarantee and letter of credit. The bank has a Shari'a Board composed of Islamic jurists who are continually consulted regarding all aspects of new banking transactions.

At the Extraordinary General Assembly meeting dated September 3rd 2007 an approval was obtained to amend the name of "National Bank for Development" to "Abu Dhabi Islamic Bank - Egypt" after converting the Bank's activities to be Shari'a compliant in accordance with Shari'a standards.

On April 3rd the bank's name was changed in the commercial register from the National Bank for Development" to "Abu Dhabi Islamic Bank - Egypt".

The Separate Financial Statements for the year ended 31st December 2013 and were approved by the bank's Board of Directors on 23 February 2014 .

2 - SIGNIFICANT ACCOUNTING POLICIES:

A) Basis for preparation

The financial statements are prepared in accordance with the Central Bank of Egypt (CBE) basis of preparation of the bank's financial statements and principles of recognition and measurement, as approved by its Board of Directors on 16th 2008, . These financial statements have been prepared under the historical cost convention as modified by the revaluation of financial investment at fair value through the profit and loss account, the subordinated finance and available for sale financial assets.

The bank also prepared the financial statements in accordance with CBE basis of preparation of the financial statements & principles of recognition and measurement issued by CBE's Board of Directors on 16 December 2008 .

Consolidated and Separate Financial Statements are to be read together as of September 30th 2013 to gather sufficient information to understand the banks' activities, results, cash flow and change in owners' equity.

B) Significant accounting principle:

Although accumulated losses were LE 3,364mn as of 31st December 2013 (December 31st , 2012 : LE 3,522mn), which exceeds the paid up capital in addition to the effect of the shortfall of tax provisions, the financial statements have been prepared on the going concern basis as shareholders have paid amounts as Paid Under Capital Increase of LE 1,861mn as as of 31st December .

As per article no. 69 of companies' law no. 159 for year 1981 an Extraordinary General Assembly meeting held on 31st March 2013 approved the bank's continuity as a going concern.

C) Associates and Subsidiary Companies:

C/1 Subsidiaries:

Subsidiaries are entities which the bank has the power to govern its financial and operating policies. Usually the bank's ownership exceeds half the voting power taking into consideration potential future voting power where the bank has the option to exercise or convert that option at the time of assessment.

C/ Associates:

Associates are companies where the bank owns (from 20% to 50%) - either directly or indirectly - enough shares to influence the financial and operating policies of the company whilst not reaching control. - The purchase method is used to account for the acquisition of subsidiaries and associates by the bank. The cost of an acquisition is measured at the fair value and/or asset given and/or equity instruments issued and/or liabilities assumed at the date of exchange plus costs directly attributable to the acquisition. Net assets, including contingent liabilities assumed in a business combination, are measured initially at their fair values at the acquisition date, irrespective of the minority interest. The excess of acquisition cost over the banks' share of the fair value in the net assets acquired is recorded as goodwill. If the acquisition cost is less than the fair value of the net assets, the difference is recognized directly in the income statement under the item "Other operating income/(expenses)". - Calculation of the associated and subsidiary companies in the financial statements are calculated on the cost basis, investments are registered on the acquisition expenses basis, deducting any impairment loss in value and dividend income is registered in the income statement in which it is declared.

D) Segment Reports:

Business sectors consist of a group of assets and operations to produce products and services which have similar risks and benefits; each sector is distinct from the other. Geographical sectors are related within an economic framework, each with distinct characteristics.

The bank does not have any geographical sectors that operate in a different economic framework as of September 30th, .

E) Foreign Currency Transactions:

E/1 Trade and presentation currency

The Egyptian pound is the currency of preparation and presentation of the financial statements.

E/2 Transactions and balances in foreign currency

The banks' accounting records are maintained in Egyptian pounds whilst transactions in other currencies are recorded at rates of exchange ruling on the transaction date. Monetary assets and the liabilities in foreign currencies are revaluated into Egyptian pounds at the rates of exchange ruling at the balance sheet date with any resultant gain or loss being recorded in the income statement as follows:

- Net trading income or net income from financial instruments originally classified as a change in fair value through Income Statement according to its type.
- Other operating income/loss for other items.

The changes in fair value of monetary financial instruments denominated in foreign currencies and classified as available for sale (debt instruments) are classified into:

- Differences due to change in amortized cost of the instrument; these are recognized through Income Statement in "Profit/ Interest and similar income"
- Differences due to changes in foreign currencies exchange rates; these are recognized through Income Statement in "Other operating income /expense"
- Differences due to change in fair value of the instrument which are recognized through equity in "Available for sale fair value reserve".

Translation differences on non-monetary items (equity securities) held at fair value through income are also reported through the income statement whereas for those classified as available for sale the income is recorded directly in equity within "Net unrealized gains and losses on available for sale assets" .

F) Financial assets:

The Bank classifies its financial assets into the following groups:

- Financial assets designated at fair value through Income Statement.
- Financings and receivables.
- Financial investments held to maturity.
- Financial investments available for sale.

The management's classification depends on the purpose of the investments at the time of its purchase.

F- Financial assets designated at fair value through Income Statement

Financial assets include Investments Held for Trading:

- Financial instruments are recorded as Held for Trading if they are acquired for resale in the short term, or if they represent part of a specific financial instrument or portfolio that are managed together and there is evidence of actual recent transactions which refers to gains\losses of income in the short term.
- Under all circumstances the bank does not re-classify any financial instrument into financial instruments measured at fair value through Income Statement or to a group of financial assets held for trading.

F- Financings and receivables

- Financings and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those:
- That the bank intends to sell immediately or in the short term, which are classified as Held for Trading, or are classified as financial assets designated at fair value through the Income Statement account.
- That the bank upon initial recognition designates the asset as Available for Sale.
- For which the bank may not recover substantially all of its initial investment other than because of a credit deterioration of the issuer.
- Historical probability of default for the Retail portfolio was calculated according to the realized loss for the past 3 to 6 months and based on the average delinquency period for each product. For the corporate portfolio, historical probability of default was calculated as per the rates issued by Moody's for the Middle East for each facility as per its facility risk rating.

F- Investments held to maturity

Held to Maturity financial investments are non-derivative assets which carry fixed or determinable payments and where the bank has the intention and the ability to hold to maturity. All Held to Maturity financial investments are reclassified as Available for Sale in case of a sale of significant portion unless the sale is in an emergency situation.

F- Financial investments available for sale

Available for Sale financial investments are non-derivative financial assets that are intended to be held for an unspecified period and may be sold to provide liquidity or due to changes in the prices of shares, foreign currencies, or interest rates.

The following principles are followed for financial assets:

- Purchases or sales of financial assets designated at fair value through the Income Statement account, held to maturity financial investments, and available for sale financial investments are recognized at the trade date which is the date the bank is committed to purchase or sell the financial asset.
- Financial assets that are not classified as designated at fair value through the Income Statement account at the initial measurement are recognized at fair value plus directly attributable costs of acquisition or issue while financial assets designated at fair value through the Income Statement account at initial measurement are recognized only at fair value with any directly attributable acquisition or issue costs recorded in the "Net Trading Income" in the income statement.
- Financial assets are derecognized where the rights to receive cash flows from the asset have expired or the bank has transferred all the risks and rewards of the asset to another party, whilst a financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.
- Available for Sale financial investments and financial assets designated at fair value through the Income Statement account are subsequently measured at fair value.
- Held to Maturity financial investments are subsequently measured at amortized cost.
- Income Statement due to changes in the fair value of financial assets designated at fair value through Income Statement are recorded in income statement during the period it occurred.
- Income Statements' arising from changes in fair value of Available for Sale financial investments are recognized directly in equity, when the asset is disposed of or impaired, the cumulative profit or loss previously recognized in equity is recognized in the income statement.
- Monetary assets' interest/profit income is recognized based on the amortized cost method in the income statement. The foreign currency revaluation differences related to Available for Sale investments are recognized in the income statement. Available for sale equity instruments related to dividends are recognized in the income statement when they are declared.
- Fair values are obtained from quoted market prices in liquid markets. Where no active market exists, or quoted prices are unobtainable, the fair value is estimated using a variety of valuation techniques, including discounted cash flow and other pricing models. Inputs to pricing models are generally market-based where available and taken from reliable external data sources.
- If the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity can measure the equity instrument at cost minus any impairment losses.
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is when the obligation is discharged, cancelled or expires.

- Available for Sale financial assets, Held for Trading and financial assets at fair value through profit or loss are all subsequently measured at fair value. Financings and receivables and Held to Maturity Investments are subsequently measured at amortized cost.
- Gains and losses arising from changes in the fair value of financial assets classified as At fair value through profit or loss are recognized in the income statement in the year in which they arise. Gains and losses arising from changes in the fair value of "Available for Sale Financial Assets" are recognized directly in equity until the financial asset is derecognized or impaired, at which time, the cumulative gain or loss previously recognized in equity is recognized in income statement.
- Interest/profit calculated using the effective interest/profit method and foreign currency gains and losses on monetary assets classified as available for sale are recognized in the income statement. Dividends on available for sale equity instruments are recognized in the income statement when the bank's right to receive payment is established.
- The fair values of quoted investments in active markets are based on current bid prices, If there is no active market for a financial asset, the bank measures the equity instruments that are classified as available for sale at cost net of impairment loss, if any.
- Debt instruments can be reclassified from Available for Sale investments to Held to Maturity investments at fair value when the bank has the intention and ability to hold to maturity including financings and bonds. Any related Income Statement that was previously recognized are treated as follows:
    - i. Financial assets with fixed or determinable payments and fixed maturity are valued at amortized cost, using the effective interest method. In case of impairment the profit/interest and loss that have been previously recognized directly in equity are removed from equity and recognized in the income statement.
    - ii. Income Statement related to financial assets without fixed or determinable maturity are held in equity till sale or disposal of the asset then removed from equity and recognized in the income statement. In case of impairment the profits and losses that have been previously recognized directly in equity are removed from equity and recognized in the income statement.
- Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the bank has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when they are extinguished – that is when the obligation is discharged, cancelled or expired.

G) Offset of financial assets and financial liabilities

Financial assets and liabilities are offset when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. REPO and Reverse Repo agreements are netted in balance sheet under Treasury Bills.

H) Profit/Interest income and expenses

Interest income and expense for all interest/profit-bearing financial instruments, except for those classified as Held for Trading or designated as at fair value through profit or loss, are recognized within 'profit/interest income' and 'profit/interest expense' in the income statement using the effective profit/interest rate method. The effective profit/interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the profit/interest income or profit/interest expense over the relevant year.

The effective profit/interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective profit/interest rate, the bank estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective profit/interest rate, transaction costs and all other premiums or discounts. Profit/interest income on financings is recognized on accrual basis except for the interest income on non-performing financings, which ceases to be recognized as revenue when the recovery of interest or principle is in doubt.

When financings or debts are classified as non-performing or impaired, related profit/interest income are not recognized but rather, are carried off balance sheet in statistical records and are recognized as revenues on the cash basis as follows:

- When collected and after recovery of all areas for retail financings, personal financings, real estate financings for personal housing and financings to small business.
- For corporate financings, profit/interest income is also recognized on the cash basis, according to which interest earned during the periods subsequent to reschedule agreements does not start to accrete on the financing principal until the bank collects 25% of the rescheduled installments and after payments of the installments continue to be regular for at least one year.

I) Fees and Commission Income

Fees and commissions charged by the bank for servicing a financing or facility that is measured at amortized cost and that are an integral part of the effective interest rate of that financial instrument are recognized as revenue as the services are provided.

Recognition of such fees and commission in profit or loss ceases when a financing becomes non-performing or is impaired in which case fees and commission income is rather marginalized and carried off the balance sheet. Recognition of such fees and commissions as revenues continues on the cash basis when the relevant profit/interest income on the financial instrument is recognized since they are generally treated as an adjustment to the effective profit/interest rate on the financial asset.

If it is probable that the bank will enter into a specific lending arrangement, the commitment fee received is regarded as compensation for an ongoing involvement with the acquisition of a financial instrument and, together with the related transaction costs, is deferred and recognized as an adjustment to the effective profit/interest rate, If the commitment expires without the bank making the financing, the fee is recognized as revenue on expiry.

A syndication fee received by the bank that arranges a financing and retains no part of the financing package for itself (or retains a part at the same effective profit/interest rate for comparable risk as other participants) is compensation for the service of syndication; such a fee is recognized as revenue when the syndication has been completed.

Fees and commissions resulting from direct negotiations or participation in such negotiations for the benefit of or on behalf of another party, such as those earned on the allotment of shares or other financial assets to a client or acquisition or disposal of entities for a client, are recognized as revenue when the specific transaction has been completed.

Administrative and other service fees are recognized as income on a time proportionate basis over the lifetime of the service.

J) Dividends:

Dividends are recognized in the income statement when the right to receive dividends is established.

K) REPO and Reverse Repo agreements:

Financial instruments sold in accordance to re-purchase agreements are recognized as assets added to the balance of Treasury Bills on the balance sheet. Liabilities under purchase and re-sale agreements are deducted from the balance of Treasury Bills and the difference between sale price and re-purchase price is recognized as accrued income over the term of the agreement using the effective interest method.

L) Impairments of financial assets:

L- Financial assets held with cost to depreciation:

The bank assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of assets is impaired. A financial asset or a portfolio of assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet data ('a Loss Event') and that loss event or events has had an impact on the estimated cash flow of the financial asset or the portfolio of financial assets that can be reliably estimated. Objective evidence that a financial asset or a portfolio of financial assets is impaired includes observable data that comes to the attention of the bank about the following loss events:

- Significant financial difficulty of the issuer or the obligor.
- A breach of contract, such as a default or delinquency in interest or principal payments.
- It becomes probable that the borrower will enter bankruptcy or liquidation.
- Deterioration of Financial position of the borrower.
- The lender for economic or legal reasons relating to the borrower's financial difficulty granting to the borrower a concession that the lender would not otherwise consider.
- Impairment in the value of guarantee.
- Deterioration of creditworthiness.

A measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group.

The bank estimates the period between the date on which the loss event has occurred and the date on which the impairment loss has been identified for each specific portfolio, for application purposes, the bank considers this period to equal one.

The bank first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant, taking into consideration the following:

- If the bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment based on the historical loss rates.
- Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized, are not included in a collective assessment of impairment.
- An asset that is individually assessed for impairment, but for which an impairment loss is not recognized is included in a group of other similar assets.
- If there is objective evidence that an impairment loss on financings and receivables or Held-to-Maturity investments carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash discounted at the financial asset's original effective interest rate. The carrying amount of the asset shall be reduced through use of an allowance account. The amount of the loss shall be recognized in profit or loss.
- For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (asset nature, business nature, geographical location, etc...) that are indicative of the debtors' ability to pay all amounts due according to the contractual terms. Provisions are then related to estimate future payments as an indication of the borrowers' ability to fulfill his contract.

- When assessing the impairment loss for a group of financial assets on the basis of the historical loss rates, future cash flows in the group are estimated on the basis of the contractual cash flows of the bank's assets and the historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently.
- The bank ensures that estimates of changes in future cash flow reflects and are directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the bank to reduce any differences between loss estimates and actual loss experience.

L- Financial investments Available-for-Sale and Held-to-Maturity date in associates and subsidiary companies

At each balance sheet date, the bank assesses whether there is objective evidence that any financial asset or group of financial assets, that are classified as available for sale has been impaired. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is an objective evidence of impairment.

Such decline is presumed to be significant for the equity instruments if it reaches 10% of the cost of the financial instrument, whereas it is presumed a prolonged decline when it extends for a period of more than 9 months.

In respect of Available-for-Sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity. However, if in a subsequent period, the fair value of a debt instrument classified as Available-for-Sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss for that debt instrument.

M) Intangible Assets

M-1 Software (computer programs):

- Expenditure on the upgrade and maintenance of computer programs is recognized as an expense in the income statement in the year in which it is incurred. Expenditures directly incurred in connection with specific software are recognized as intangible assets if they are controlled by the bank and when it is probable that they will generate future economic benefits that exceed its cost within more than one year. Direct costs include the cost of the staff involved in upgrading the software in addition to a reasonable portion of relative overheads.
- Upgrade costs are recognized and added to the original cost of the software, when it is likely that such costs will increase the efficiency or enhance the performance of the computer software beyond the original specification.
- The cost of the computer software recognized as an asset shall be amortized over the period of expected benefits which shall not exceed three years.

N) Fixed Assets:

All fixed assets are carried at historical cost net of accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the items, subsequent costs are included in the assets carrying amount or recognized separately, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. Repairs and maintenance expenses are recognized in profit or loss within "other operating costs" line item during the financial year in which they are incurred.

Depreciation is charged on all assets other than land so as to write off the cost of assets over their estimated useful lives. A straight-line method is used based on the following annual rates:

Mechanical systems and equipment	5 years
Motor vehicles	5 years
Other equipment	8 years
Furniture and fittings	10 years
Buildings	20 years
Decorations and preparations	20 years

The bank reviews the carrying amounts of its depreciable fixed assets whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered. Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount is reduced to its recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use, gains and losses on disposals are determined by comparing proceeds with relevant carrying amount, these are included in profit or loss in other operating income/(costs) in the income statement.

O) Impairment of non-financial assets:

Non-financial assets that do not have definite useful lives, except for goodwill, shall not be amortized. These are annually tested for impairment. Depreciable fixed assets are tested for impairment whenever changes in circumstances or events indicate that the carrying amounts of those assets may not be recovered.

Impairment loss is recognized and the carrying amount of an asset is reduced to the extent that such carrying amount exceeds the asset's recoverable amount.

The recoverable amount of an asset is the higher of the asset's net realizable value or value in use. For the purpose of estimating the impairment loss, where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

At each balance sheet date, non-financial assets for which an impairment loss is recognized shall be reviewed to assess whether or not such impairment losses should be reversed through profit or loss.

P) Leasing

This is calculated as per law no. 95 for the year 1995, if the contract grants the right to the tenant to purchase the asset by a set date and a set value, in addition to contract covered more than 75% of estimated useful life, or if the existing rent represents more than 90% of the assets value. Other contracts represent operational rent contracts.

P-1 Rent

For leasing contracts the expense of rent in addition to maintenance is recognized as expenses in the income statement. If the Bank exercises its right to purchase the rented asset, the expenses of purchase is capitalized and depreciated over the remaining useful life. The payments are recognized under operational rent and decreased by the amount of any payments received within the stated period and registered in the income statement as steady installments.

Q) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise balances due within three months from date of acquisition; they include cash and balances due from Central Bank of Egypt, other than those within the mandatory reserve, current accounts with banks and Treasury Bills, Certificates of Deposits and other governmental notes.

R) Other provisions

Provisions for obligations are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date.

For obligations due, provisions are calculated based on undiscounted expected outflows unless the time value of money has a significant impact on the amount on provision, then it is measured at the present value.

When a provision is wholly or partially no longer required, it is reversed through profit or loss under other operating income/expenses.

Provisions for obligations due within more than 12 months from the balance sheet date are recognized based on the present value of the best estimate of the consideration required to settle the present obligation at the balance sheet date. An appropriate pre-tax discount rate that reflects the time value of money is used to calculate the present value of such provisions. For obligations due within less than twelve months from the balance sheet date, provisions are calculated based on undiscounted expected outflows unless the time value of money has a significant impact on the amount of provision, then it is measured at the present value.

S) Taxes

Taxes include income taxes and deferred taxes are recognized in the income statement except for income tax relating to the owners' equity which is recognized directly within the owners' equity statement.

Income tax on the year's profit or loss represents the sum of the tax currently payable and deferred tax and is recognized in the income statement.

The bank's liability for current year tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period, in addition to income tax adjustments related to previous years. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Separate Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. However, when it is expected that the tax benefit will increase, the carrying amount of deferred tax assets shall increase to the extent of previous reduction.

T) Comparative figures

Comparative figures are reclassified, where necessary, for consistency with changes in the current period's presentation.

3 - MANAGEMENT OF FINANCIAL RISKS

The bank, as a result of conducting its activities, is exposed to various financial risks. Since financial activities are based on the concept of accepting risks and analyzing and managing individual risks or group of risks together, the bank aims at achieving well-balanced risks and relevant rewards, as appropriate and to reduce the probable adverse effects on the bank's financial performance. The most important types of risks are credit risk, market risk, liquidity risk and other operating risks. The market risk comprises foreign currency risk, interest rate risk and other pricing risks.

The risk management policies have been laid down to determine and analyze the risks, set limits to the risks and control them through reliable methods and up–to–date systems. The bank regularly reviews the risk management policies and systems and amendments thereto, so that they reflect the changes in markets, products and services and the best up-to–date applications.

Risks are managed in accordance with preapproved policies by the Board of Directors; the risk management department identifies evaluates and covers financial risks in close collaboration with the bank's various operating units.

The Board of Directors provides written rules which cover certain risk areas, such as credit risk, foreign exchange risk, interest rate risk and the use of derivative and non-derivative financial instruments.

3/1 Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The bank deems financings to customers, banks and financial investments in terms of bills, current accounts, deposits at banks, as financial assets exposed to credit risk of settling part or all of the dues by the concerned parties on the maturity date. Credit risk also exists on items not registered in the balance sheet such as financing commitments.

3/1/1 Measurement of Credit Risk

Financings and facilities to clients:

To evaluate credit risk relating to financings and facilities to banks and/or clients, 3 components are to be considered:

- Probability of default
- Exposure at default
- Loss given default

The banks daily activities include measurement of credit risk, which reflects estimated loss (expected loss model) required by Basel Banking observatory committee, a conflict could generate between operational measurements and impairments as per the Egyptian Accounting Standards, which recognizes losses encountered on Balance Sheet "Recognized losses" rather than "Expected loss" (note 3/1/1).

The bank evaluates each client through a detailed weight categorization; these methods have been developed for internal evaluation usage and for analysis to reach the appropriate weighting. The banks' clients have been categorized to 4 categories, reflecting the delay in payment, therefore clients could move between the various categories depending on evolving circumstances. The bank frequently and periodically reviews the efficiency of this method to estimate any cases.

Internal Categories:

Category	Description
1	Good debts
2	Regular Follow Up
3	Special Follow Up
4	Bad debts

The estimated loss, is the loss incurred when delay in payment occurs, being a percentage of financing which differs depending upon client, nature of claim, available collaterals and guarantees.

Debt Instruments and Treasury Bills:

The bank, in this case uses external categorization, such as standard and poor or other equivalents. If external classification is not available, the method of credit risk is followed.

3/1/2 Minimization and Avoidance of risk:

The bank manages and controls the credit risk on the debt category and various circumstances, nature, country, manufacture, etc. The assets exposed to credit risk in these categories are classified according to detailed rules and terms depending heavily on information relevant to the customer, his activity, financial position and his payment track record.

Framework for categorizing debts is drawn by sub borders including on/off balance sheet figures, the daily risk relating to trade items (e.g. Foreign exchange). Actual figures are compared to daily limits.

Periodical monitoring and review of credit risk through analyzing the ability of clients and estimated clients. In light of the results, amendments to the debt limitation take place as appropriate.

Several methods to eliminated risk are as follows:

Collaterals:

Several rules and policies are stated by the bank to minimize credit risk, one of which is collaterals, the bank specifies guidelines for certain types of collaterals. Major types are as follows:

- Real estate mortgage
- Operating asset mortgage such as machinery and goods
- Mortgage of financial Instruments such as: securities or equities

Usually the long term facilities are related to corporate, while short term facilities or credit for retail are used/needed to minimize losses. The bank seeks extra collaterals from related parties if a sign of impairment of any financing or facility occurs.

Collaterals depend mainly on type of facilities. Treasury Bills and Securities are usually without collateral, except for financial pools covered by asset-backed securities and similar guaranteed by financial instruments.

Master netting arrangements:

The bank minimizes credit risk through arrangements made between major clients representing high portfolios and the bank master netting arrangements does not result in netting between assets and liabilities within the balance sheet because the settlement is normally set on total value. This leads to a lower risk rate for the bank, because in case of non-performing financings settlements are in favor of the bank. Due to fluctuations the bank's risk weight can differ due to circumstances.

Commitments related to credits:

The major need for commitments related to credits is for the client to have liquidity when needed, guarantees and standby letters of credit issued by the bank on behalf of the client; to guarantee or grant a third party the right to withdrawal from the clients account within a certain limit.

Usually this is guaranteed by shipped merchandise or goods therefore the risk weight is less than direct financings. Credit commitments represent the hidden, unused part of the risk tolerated by the bank such as granting financings, LCs and LGs, the bank then is subject to losses to equal value of credits. Losses indorsed by unused credits are less than the value, due to facilities being granted for possible commitments for a specific client with certain conditions. The bank observes the credits till maturity date (long term credits hold a higher risk weight).

3/1/3 Impairment and Provisioning Policies

Impairment loss provisions stated on the end of year balance sheet are extracted from the categorized weight risk rating. Provisions are mainly calculated for credits holding the lowest category and the following table clarifies the percentage upon which the provisions are calculated:

	31 December 2013	
Banks Rating	Loans and Facilities	Impairment loss provisions
Good debts	76.74%	11.98%
Regular Follow Up	15.69%	14.93%
Special Follow Up	1.46%	3.18%
Bad debts	6.11%	69.92%
	100.00%	100.00%

Internal evaluation helps to clarify if there are any significant indications existing for provisions, as per Egyptian

Accounting Standards no. 26, guided by the following points set by the bank:

- Financial problems faced by the client.
- Breaching of financing contract for example overdue installments.
- Prediction of bankruptcy or liquidation or financial restructure.
- Deterioration of competitive position.
- The Bank granting superior or extraordinary facilities that the Bank could normally not agree upon
- Impairment of the collateral.
- Deterioration of credit status

The Bank's policy includes revising all the Bank's assets (exceeding a certain percentage of importance) at least once per year or more if needed.

Loss is evaluated at the balance sheet date on all major accounts. Evaluation normally includes the existing collateral, verifying all payments and withdrawals from the account, Impairment loss is accumulated on similar assets; historical expertise, personal judgment statistical methods.

3/1/4 Model of General Risk Measurement

In addition to the 4 categories stated in note 3/1/1, the management takes on several other detailed measurements, to comply with the CBE requirements. Assets exposed to risk are categorized as per the CBE's conditions and instructions mainly related to the client, such as: activity, financial position, payment stability.

The Bank calculates the impairment of assets exposed to credit risk, including commitments relating to credit on the basis of rates determined by CBE. In case, the required for impairment losses as per CBE credit worthiness rules exceeds the provisions, that excess shall be debited to retained earnings and carried to the general reserve for banking risks in the equity section.

Such reserve is always adjusted on a regular basis, by any increase or decrease so that the reserve shall always be equivalent to the amount of increase between the two provisions. Such reserve is not available for distribution (note 31/2) and shows the movement on the general reserve for banking risks during the financial year.

As follows is the statement of credit rating for corporations as per the Bank's internal ratings as compared with those of CBE's; it also includes the percentages of provisions required for impairment of assets exposed to credit risk.

CBE rating	CBE rating Description	Required Provision %	Internal Rating	Internal Rating Description
1	Low risk	0%	1	Good debts
2	Moderate risk	1%	1	Good debts
3	Satisfactory risk	1%	1	Good debts
4	Appropriate risk	2%	1	Good debts
5	Acceptable risk	2%	1	Good debts
6	Marginally acceptable risk	3%	2	Regular Follow up
7	Risk needs special attention	5%	3	Special Follow up
8	Substandard	20%	4	Bad debts
9	Doubtful debts	50%	4	Bad debts
10	Bad debts	100%	4	Bad debts

3/1/5 Maximum limit for credit risk before guarantees

5/A Maximum limit for credit risk before guarantees:

Value in EGP '000

	31 December 2013	31 December 2012
Balance Sheet items exposed to Credit Risks Treasury Bills	3,456,178	3,732,317
Financing to customers		
Retail loans		
• Overdraft	1,749	7,785
• Covered Cards	143,854	9,456
• Personal Financing	3,020,518	2,532,552
• Real Estate Mortgage	6,332	11,670
Corporate Loans:		
• Overdraft	614,716	344,042
• Direct Financing	3,446,222	6,122,247
• Syndicated Financing	332,321	745,887
Financial Investments:		
Debt instruments	1,149,033	1,041,921
Total	12,170,923	14,547,877
Off balance sheet items exposed to credit risks		
Financing commitment	-	66,145
Letters of credit (Import & confirmed Export)	288,566	208,429
Letters of guarantee	300,071	278,445
Documentary credit	75,711	86,959
Bank guarantees	333,897	329,629
Total (Note 33)	998,245	969,607

The above table represents the maximum limit of risk to be exposed to at the end of December 31st , 2013 and without taking into consideration any guarantees for balance sheet items and/or amounts stated depends on the net carrying amount shown in the balance sheet.

As shown in the preceding table 62.16% (December 31st, 2012, 67.18%) of the maximum limit exposed to credit risk results from financings and facilities to customers, while investments in debt instruments represents 9.44% (December 31st, 2012, 7.16%).

The management is confident in its ability to maintain control on an ongoing basis and maintain the minimum credit risk resulting from financing portfolio, facilities, and debt instruments as follows:

- 92.43% (December 31st, 2012, 56.35%) of the financings and facilities portfolio are rated on the highest 2 levels of the internal rating.
- 76.74 % (December 31st, 2012, 50.14%) of the financing portfolio and facilities having no arrears or indicators of impairment.

- Financings and facilities valued on a separate basis amounting to LE 462mn (December 31st, 2012, LE 4.180mn) with impairment less than 6.11% from its value against (December 31st, 2012, 42.76%).
- The bank applied more prudential selection process on granting financings and facilities during the financial year ended at December 31st 2013.
- More than 99.82% of investments in debt instruments and treasury bills represent debt instruments due from the Egyptian government.

3/1/6 Financing:

The status of balances of financings and facilities in terms of credit rating are as follows:

Value in EGP '000

	31 December 2013			31 December 2012		
Loans and facilities	Loans and facilities to customers	Financing to banks	Total	Loans and facilities to customers	Financing to banks	Total
Not having arrears and not subject to impairment	5,806,147	-	5,806,147	4,868,452	31,596	4,900,048
Arrears not subject to impairment	1,297,449	-	1,297,449	693,911	-	693,911
Subject to impairment*	462,116	-	462,116	4,179,680	-	4,179,680
Total (Note 18)	7,565,712	-	7,565,712	9,742,043	31,596	9,773,639
Less:						
Impairment loss provision **	(233,538)	-	(233,538)	(3,505,882)	(19)	(3,505,901)
Interest in suspense	(34,392)	-	(34,392)	(462,815)	-	(462,815)
Deferred profits	(694,460)	-	(694,460)	(469,664)	-	(469,664)
Net (Note 18)	6,603,322	-	6,603,322	5,303,682	31,577	5,335,259

* Financings and facilities to customers subjected to impairment representing the legacy facilities.

** The impairment loss provision for the legacy bad debts amounted 107mn (3 401mn as of 31 December 2012) because of the bank's write-off of some legacy bad debt amounting to EGP 3,235,252.

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

Financing to banks and customers:

Value in EGP '000

Rating	31 December 2013							
	Retail				Corporate			Total
	Overdraft	Cash back Cards	Personal financing	Real Estate Mortgage	Overdraft	Direct facilities	Syndicated financing	
Good financing	1,749	142,297	2,903,923	472	614,525	2,105,682	37,500	5,806,148
Regular follow up	-	1,149	31,919	4,650	190	854,157	294,821	1,186,886
Special follow up	-	290	4,284	-	1	105,989	-	110,564
Bad debts	-	118	80,392	1,210	-	380,394	-	462,114
Total	**1,749**	**143,854**	**3,020,518**	**6,332**	**614,716**	**3,446,222**	**332,321**	**7,565,712**

Guaranteed financings are not considered subject to impairment for the non-performing category after taking into consideration the collectability of the guarantees, financings and facilities portfolio has increased as of December 31st, 2013 by 22.59% (Decemberst 31st, 2012 increased by 17.81%).

Value in EGP '000

Rating	31 December 2012							
	Retail				Corporate			Total
	Overdraft	Cash back Cards	Personal financing	Real Estate Mortgage	Overdraft	Direct facilities	Syndicated financing	
Good financing	7,785	9,327	2,203,774	9,751	279,576	1,804,162	585,674	4,900,049
Regular follow up	-	87	39,146	293	64,461	418,212	85,277	607,476
Special follow up	-	26	10,587	11	5	872	74,936	86,437
Bad debts	-	16	279,045	1,615	-	3,899,001	-	4,179,677
Total	**7,785**	**9,456**	**2,532,552**	**11,670**	**344,042**	**6,122,247**	**745,887**	**9,773,639**

Financing having no arrears and not subject to impairment

The credit worthiness is rated for the financings and facilities portfolio that have no arrears and is not subject to impairment that is by reverting to the bank's internal rating.

Financing having arrears and not subject to impairment:

They are financings and facilities having arrears until 90 days and they are not subject to impairment unless there is information to the contrary, Financings and facilities to customers having arrears and not subject to impairment are represented as follows:

Value in EGP '000

31 December 2013	Retail				
	Overdraft	Cash back Cards	Personal financings	Real Estate Mortgage	Total
30 to 60 days arrears	-	1,149	31,919	4,650	37,718
60 to 90 days arrears	-	290	4,284	-	4,574
Total	**-**	**1,439**	**36,203**	**4,650**	**42,292**

31 December 2012	Retail				
	Overdraft	Cash back Cards	Personal financings	Real Estate Mortgage	Total
30 to 60 days arrears	-	87	39,146	293	39,526
60 to 90 days arrears	-	26	10,587	11	10,624
Total	**-**	**113**	**49,733**	**304**	**50,150**

Value in EGP '000

31 December 2013	Corporate			
	Overdraft	Direct financing	Syndicated financings	Total
30 to 60 days arrears	190	854,157	294,821	1,149,168
60 to 90 days arrears	1	105,989	-	105,990
Total	**191**	**960,146**	**294,821**	**1,255,158**

31 December 2012	Corporate			
	Overdraft	Direct financing	Syndicated financings	Total
30 to 60 days arrears	64,461	418,212	85,277	567,950
60 to 90 days arrears	5	872	74,936	75,813
Total	**64,466**	**419,084**	**160,213**	**643,763**

At the first recognition of financings and facilities the fair value of the guarantees is re-evaluated on a regular basis taking into consideration market value in the subsequent events.

Financing subject to individual impairment:

Financing to clients as follows:

Value in EGP '000

31 December 2013	Retail			Corporate	Total
	Cash back Cards	Personal Financing	Real Estate Mortgage	Direct financing	
Financings subject to individual impairment	118	80,392	1,211	380,394	462,115

31 December 2012	Retail			Corporate	Total
	Cash back Cards	Personal Financing	Real Estate Mortgage	Direct financing	
Financings subject to individual impairment	16	279,045	1,615	3,899,001	4,179,677

Re-scheduled Financing

Restructuring activities include renegotiating in terms of payments terms extension, restructure of mandatory management policies, and adjusting/postpone repayment terms. Renegotiating policies depend on indicators or standards in addition to the management personal judgment to show that regular payments are of high probability. These policies are subject to regular review. Long-term financings, especially financings to customers are usually subject to renegotiation.

Value in EGP '000

Loans and Financing to customers Corporate	31 December 2013	31 December 2012
Direct Financing	214,200	216,569

3/1/7 Investments in debt instruments and treasury bills:

The following table represents breakdown of debt instruments and Treasury Bills, as per rating agencies at the end of the financial year.

Value in EGP '000

31 December 2013	Treasury Bills	Investments in Debt Instruments	Total
Less than A	3,456,178	1,149,033	4,605,211

3/1/8 Geographical sectors:

Value in EGP '000

	Arab Republic of Egypt				Other Countries	
	Cairo	Alex, Delta & Sinai	Upper Egypt	Total		Total
Treasury bills	3,456,178	-	-	3,456,178	-	3,456,178
Debt instruments in AFS and HTM	1,149,033	-	-	1,149,033	-	1,149,033
Financing to customers						
Retail:						
Overdraft	1,397	255	97	1,749	-	1,749
Cash back cards	143,854	-	-	143,854	-	143,854
Personal Financing	1,629,913	1,057,924	332,681	3,020,518	-	3,020,518
Real Estate Mortgage	6,332	-	-	6,332	-	6,332
Corporate financing:						
Overdraft	614,653	63	-	614,716	-	614,716
Direct Financings	3,444,413	1,809	-	3,446,222	-	3,446,222
Syndicated Financings	332,321	-	-	332,321	-	332,321
Total as of 31 December 2013	**10,778,094**	**1,060,051**	**332,778**	**12,170,923**	**-**	**12,170,923**
Total as of 31 December 2012	**13,211,631**	**912,404**	**311,995**	**14,436,030**	**111,847**	**14,547,877**

3/2 Market Risk

Market risk is reflected in the fluctuation of the fair value or future cash flow, resulting from changes in market parameters. Market risk affects interest rates, foreign currency as well as equity products; each is exposed to general market movements.

Management of market risk, either related to trading or non-trading, is monitored by two separate teams, whereas reports are presented regularly to the board of directors.

Trading portfolios include direct dealing with clients and with the market, as for non-trading portfolios it is mainly established from management of assets interest rates or liabilities relating retail.

These portfolios include foreign exchange and equity instruments resulting from Investments Held-for-Maturity and Investments Available-for-Sale.

3/2/1 Market Risk Measurement Techniques

As a part of managing market risk, the bank has several hedging strategies and enters into several contracts for exchange of interest rate, that is to try to balance the risk of the debt instruments, long term financings with fixed interest in case of fair value implementation. Following are the major measurement methods used:

A. Value at risk

The bank implements value at risk method on portfolios Held-for-Trade, as well as non-trade. That is to evaluate the market risk and estimated maximum loss, depending on some predictions of the change in market conditions. The Board of Directors set limits to values at risk (for both trading and non-trading investments), which are monitored on a daily basis by the market risk department. The value at risk is the estimated calculated loss of the existing portfolio, this reflects the maximum loss that could occur but with a set ratio of 98%. Therefore there is a 2% probability of actual loss is more than the estimated loss. From the model of value at risk, ten day custody is expected, before closing all positions. In addition to that, it is assumed that market movement within the ten days of custody will follow the same pattern, The market pattern is determined on a historical 5 year basis, used to predict ratios, prices, rates. Outputs are closely monitored to evaluate the accuracy of the measurement method.

Using this method does not guarantee the value of loss to be within limits especially if there is a major market movement As the market risk impacts a major part of the bank's business, the board of directors on a yearly basis set appropriate limitations for the value at risk (trading and non-trading) and are divided on the business sectors, comparing actual to estimated values, reviewed on a daily basis by the risk department. The daily value at risk within the financial year was EGP1,149,033 (December 31st 2012, EGP1,041,921K). The quality of the value at risk model is evaluated regularly, through testing results of portfolio held for trade. Reports are presented after wards to management and board of directors.

B. Stress Testing:

Stress testing gives an indication of the loss that may arise from sharp change in circumstances. Stress testing is designed to understand the impact, using standard analysis for specific scenarios.

The bank undertakes various scenarios using risk analysis, such as compressing risk factors, by predicting crucial movements on each risk category, as well as developing country testing, due to special circumstances such as currency floating, Stress testing results are reviewed by management and the board of directors.

3/2/2 VAR summary

Value in EGP '000

	12 months to 31 Dec 2013			12 months to 31 December 2012		
	Average	High	Low	Average	High	Low
Interest Rate Risk	1,149,033	-	-	1,041,921	-	-
Total Value upon Risk	1,149,033	-	-	1,041,921	-	-

There is a direct tie between the increase of value at risk and increase of interest rate risk in global markets. The 3 stated results (average, less, more) have been individually calculated.

The value calculated does not represent the total value at risk by the whole bank as a result of the diversified relation between different portfolios as well as different risk factors.

3/2/3 Foreign exchange risk:

The bank has exposure to foreign currency risk and cash flow. The board of directors has set limitations to the financial currency as a total value at the end of each day as well as monitoring it within the day. The following table below summarizes the group's exposure of the bank to foreign currency exchange rate risk at December 31st , 2013. Included in the table are the financial instruments at carrying amount, categorized by currency.

31 December 2013 — Value in EGP '000

	LE	USD	Euro	Sterling	Yen	Others	Total
Assets							
Cash and due from CBE	1,650,918	38,691	167	3,312	2	918	1,694,008
Due from banks	6,469	1,140,680	22,607	75,947	556	25,792	1,272,051
Treasury bills	3,874,375	312,237	-	28,671	-	-	4,215,283
Loans and Financing to clients	6,419,608	1,139,497	-	6,606	-	1	7,565,712
Financial Investments							
Available for sale	1,146,043	31,436	-	-	-	-	1,177,479
Held to maturity	6,977	5,204	-	-	-	-	12,181
Investments in subsidiaries & Associates	170,326	-	-	-	-	-	170,326
Total Financial Assets	13,274,716	2,667,745	22,774	114,536	558	26,711	16,107,040
Liabilities							
Due to other banks	340	666	-	-	-	93	1,099
Customers deposits	13,646,893	747,883	23,017	118,901	549	26,424	14,563,667
Subordinated Financing	-	209,023	-	-	-	-	209,023
Total financial Liabilities	13,647,233	957,572	23,017	118,901	549	26,517	14,773,789
Net financial position	(372,517)	1,710,173	(243)	(4,365)	9	194	1,333,251

3/2/4 Interest Rate Risk

The bank is exposed to fluctuation of interest rates, which reflects in the cash flow as well as fluctuation in the fair value of financial instruments. Marginal Interest could increase as a result of fluctuations and profits could decrease. The Board of Directors has set limitations to the differences in interest ratings and re-pricing. This is monitored on a daily basis by the risk department. The table below summarizes the book value of the financial instruments by type and the re-rating dates or maturity dates (which is nearest).

Value in EGP '000

31 December 2013	Up to 1 Month	1 - 3 months	3 - 12 Months	1 - 5 years	More than 5 years	Non - Profit Bearing	Total
Financial Assets							
Cash and due from CBE	-	-	-	-	-	1,694,008	1,694,008
Due from banks	1,037,386	93,605	-	-	-	141,060	1,272,051
Treasury bills	178,711	537,211	3,499,361	-	-	-	4,215,283
Loans and Financing to clients	591,876	829,149	2,136,067	3,572,820	435,800	-	7,565,712
Financial assets held for trading							
Financial Investments							
Available for sale	-	86,659	67,437	844,325	179,058	-	1,177,479
Held to maturity	-	-	-	12,181	-	-	12,181
Investments in subsidiaries & Associates	-	-	-	-	-	170,326	170,326
Total Financial Assets	1,807,973	1,546,624	5,702,865	4,429,326	614,858	2,005,394	16,107,040
Financial Liabilities							
Dues to banks	-	-	-	-	-	1,099	1,099
Customers deposits	1,692,671	915,510	1,229,302	8,351,119	904,447	1,470,618	14,563,667
Subordinated Financing	-	-	-	209,023	-	-	209,023
Total Financial Liabilities	1,692,671	915,510	1,229,302	8,560,142	904,447	1,471,717	14,773,789

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

3/3 Liquidity Risk

Liquidity risk is defined as the risk of not being able to meet cash flow or collateral requirements, when they fall due and at a reasonable price, this could lead to failing to meet deposit obligations to clients and financing commitments.

Liquidity Risk Management Process

Liquidity Management Process, as carried out and monitored by a separate team in treasury, includes:

- Day – to – day funding, managed by monitoring future cash flows to ensure that requirements can be met, the capability of the bank to meet its liabilities, including payment upon maturity of financings.
- Maintaining a portfolio of highly marketable assets that guarantees flexibility in liquidation if needed, to meet any unexpected fluctuations.
- Observation of liquidity ratios compared to the internal policies of the bank, and the CBE.

Regular assessment of the bank's structural liquidity profile - daily, weekly and monthly – which are the main time spans to manage liquidity. The Risk Department studies maturities of contracted financial liabilities as well as financial assets.

Its role is also to monitor the liquidity gaps between average maturity assets and the level and type of unused financing commitments, the ratio of usage of debit current accounts, and the effect of contingent liabilities such as LCs and LGs.

Funding Strategy:

Liquidity resources are reviewed by a separate team, in order to provide wide range diversification in currencies, geographical location, source products as well as maturities.

Assets available to meet all liabilities and cover financing commitments include cash, balances with the Central Bank, balances due from banks, treasury bills and financings and facilities to banks and clients. Moreover, some debt instruments, treasury bills is pledged to cover liabilities. The bank has the ability to meet unexpected net cash flows through selling securities, and finding other financing sources.

3/4 Capital Management

Basel II

The bank's objectives in managing its capital including elements other than equity shown in the balance sheet are represented in the following:

- Compliance with capital legal requirements in Egypt.
- Protecting the bank's ability to continue as a going concern and enabling it to generate yield for shareholders and other parties dealing with the bank.
- Maintaining a strong capital base to enhance growth.

Capital adequacy ratio and capital usage is reviewed on a daily basis as per the regulations of the CBE, through set models based on Basel II instructions, the required information is presented to the CBE on a quarterly basis.

The CBE regulations require compliance with the following:

- Maintaining LE 500mn as a minimum requirement for the Authorized Share Capital.
- Maintaining a ratio between capital elements, and asset and contingent liability elements.
- Capital to be greater than 10% of the weighted risk assets.

The capital adequacy ratio consists of the following two tiers:

Tier 1:

It is the basic capital comprising paid in capital (after deducting the carrying amount of the treasury stocks), retained earnings, and reserves resulting from profit appropriations except for the general reserve for banking risks less any goodwill previously recognized and any carried forward losses.

Tier 2:

Is the subordinate capital comprising the equivalent of the general reserve according to CBE credit rating bases issued by CBE not in excess of 1.25 % of total assets and contingent liabilities (risk weights applied), subordinate financings maturing after more than 5 years (amortizing 20% of their value each year), and 45 % of the increase between the fair value and carrying amount for the Available-for-Sale investments, investments Held-to-Maturity, and investments in affiliates and subsidiaries.

On calculating the total numerator of capital adequacy, it is to be considered that tier 2 should not be greater than tier 1, and subordinate financings should not be greater than 50 % of Tier 1.

Assets are risk weighted in a range from 0% to 100 % according to the type of asset, to reflect related credit risk taking into consideration cash guarantees; the same treatment is used for the off-balance sheet amounts after making relevant adjustments to reflect the contingent nature and the potential loss for these amounts.

The bank has complied with all the capital requirements within the last two years. Following is a table summarizing capital and capital adequacy ratio:

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

Basel II

Capital	31 December 2013 EGP '000	31 December 2012 EGP '000
Tier 1 - Part A		
Capital shares	2,000,000	2,000,000
Paid under capital increase	1,861,418	1,861,418
Reserves	65,400	65,400
Accumulated loss	(3,378,737)	(3,540,844)
Dedcut: Financial Institutions Investment	(978)	(1,357)
Total Tier 1 - Part A	**547,103**	**384,617**
Tier 1 - Part B		
Differnce between FV and PV for Subordinated Loan	53,777	64,189
Total Tier 1 - Part A	**53,777**	**64,189**
Total qualifying Tier 1 (Part A+B)	**600,880**	**448,806**
Tier 2		
General Provision	70,331	47,857
Subordinated Loan	209,023	180,777
45% of the increase in fair value compared to carrying amount of available for sale investment, investments held to maturity & investments in affiliates	53,438	17,002
45% of Special Reserve	7,724	7,724
Total qualifying Tier 2	**340,516**	**253,360**
Capital Base (Tier 1 +Tier2)	**941,396**	**702,166**
Risk Weighted Assets	8,057,828	6,978,626
Market Risk	52,690	145,452
Operation Risk	647,672	455,103
Total Risk - Weighted assets	**8,758,190**	**7,579,181**
Capital Adequacy ratio (%) *	**10.75%**	**9.26%**

*The BASEL II guidelines were issued on 24th December, 2012 which set out a transitional period of six months. As a result of the timing of the instructions, ADIB EG was not in a position to take the necessary actions to comply with the minimum CAR requirements under BASEL II at 31st December 2012. This has been corrected during 2013.

4 - SIGNIFICANT ACCOUNTING ESTIMATES

The bank undertakes estimations and judgments that affect the value of assets and liabilities, consistent estimations and judgments are based on historical experience and other factors, including the expectations of future events that are reasonably estimated in accordance with the available information and the following are the related estimations and judgments.

A) Impairment loss for financings and facilities

The bank reviews the portfolio of financings and facilities on at least a quarterly basis. The bank uses discretionary judgment on determining whether it is necessary to record impairment in the income statement using reliable data indicating measurable decline in the expected future cash flows from financing portfolio before identifying any decline at the level of one financing. This evidence includes data indicating negative change in the ability of a portfolio of borrowers to repay the bank, or local and economic circumstances related to default. On scheduling future cash flows, the management uses estimates based on previous experience related to impairment of assets having credit risks. Such experience refers to impairment similar to that of the portfolio in question.

The methods and assumptions used in estimating both the amount and timing of the future cash flows are reviewed on a regular basis to minimize any discrepancy between the estimated loss and actual loss based on given experience.

B) The impairment equity instruments Available for Sale

In the case of Available-for-Sale financial investments, a significant or prolonged decline in the fair value of the security below its cost is considered as impairment. Where such evidence exists, significant or prolonged decline needs a personal judgment. To make this judgment the bank assesses, besides other factors, the common share price volatility. In addition, impairment exists when there is objective evidence that a certain company has a financial difficulty in its cash flow from operating and financing activities, industry tool or sector or technological advances.

C) Financial Investments Held to Maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as investments Held-to-Maturity. This category requires personal judgment and therefore the bank tests whether there is a genuine intent and ability to hold such investments to maturity. If the bank fails to hold such investments till maturity (except for certain tightly defined circumstance such as if an entity sells an insignificant amount of Held-to-Maturity investments close to maturity date), investments should be reclassified as Available-for-Sale, which will be measured at fair value instead of amortized cost.

5 - NET PROFIT INCOME

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Profit on Financing and similar income		
Facilities to banks	309	529
Loans and Financing to customers	650,986	470,399
Treasury bills and bonds	574,280	538,744
Deposits and current accounts	3,876	4,975
Total	1,229,451	1,014,647
Cost of Deposits and similar Costs		
Deposits and Current Accounts:		
To Banks	(65,814)	(8,312)
To Customers	(756,444)	(695,873)
Total	(822,258)	(704,185)
Net	407,193	310,462

6- NET FEES & COMMISSION INCOME:

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Fees and commissions income:		
Fees and commissions related to Financing	18,820	7,169
Corporate finance	54,514	21,992
Other fees	44,084	32,020
Total	117,418	61,181
Fees and commissions expenses:		
Other fees paid	(5,626)	(941)
Net	111,792	60,240

7-DIVIDEND INCOME

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Sanable Fund dividend	375	-
Available for sale Investments	3,452	2,859
Total	**3,827**	**2,859**

8- NET TRADING INCOME

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Foreign currencies operations		
Gain from foreign currencies exchange	57,396	15,864
MTM of Held for Trading	(29)	(1)
Gain on sale of Held for Trading	(265)	755
Total	**57,102**	**16,618**

9- ADMINISTRATIVE EXPENSES

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
Cost of employees	EGP '000	EGP '000
Salaries and wages*	(280,455)	(241,373)
Social insurance	(11,999)	(10,003)
Depreciation and amortization	(61,863)	(54,578)
Other administrative expenses	(152,021)	(101,704)
Total	**(506,338)**	**(407,658)**

*Salaries and wages for the year ended 31st December 2013 includes an amount of LE 19,494 K (for the year ended 31st December 2012 : LE 17,754 K) which represents the average of top 20 salaries paid during the year.

10- OTHER OPERATING EXPENSES

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Gain on sale of assets reverted to Bank	16,496	8,233
Gain on sale of fixed assets	7,907	6,480
Gain on sale of sell & lease back assets	-	1,610
Software cost	(4,670)	(1,792)
Operating lease	(49,072)	(72,247)
Early retirement costs*	(102,973)	-
Impairment loss for assets reverted to bank	(1,181)	(11,434)
Other provisions	(66,630)	(65,841)
Others	5,594	6,021
Total	(194,529)	(128,970)

* During 2013, some of the legacy staff voluntary benefited from the early retirement system offered by the bank. Total cost for 2013 reached LE 102,973 thousand.

11 - Cost of credit

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Impairment loss Banks	19	(19)
Impairment Reversal / (loss) customers	68,265	(979,636)
Impairment loss recovery of HTM investment	860	1,364
Total	69,144	(978,291)

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

12- TAX EXPENSES

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Deferred Tax *	148,026	274,608
Total	**148,026**	**274,608**

* Additional Information on the deferred tax is detailed in note no. 29

13- NET PROFIT PER SHARE

The Net Income per share during the year was calculated by using the weighted average method for the numbers of the outstanding shares during the year.

	Last 12 Months 31 December 2013	Last 12 Months 31 December 2012
	EGP '000	EGP '000
Net Profit / (loss) for the year	102,798	(854,921)
Weighted average for the issued common stocks	200,000	200,000
Net Profit / (Loss) Per Share	**0.51**	**(4.27)**

* For the purpose of presenting gain per share, the bank did not discounted board members and staff bonus due to accumulated loss which comply with companies' law no.159 for 1981 article 194.

14- CASH AND DUE FROM CENTRAL BANK OF EGYPT

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Cash*	173,310	182,156
Due From Central Bank (reserve requirements)	1,520,698	950,642
	1,694,008	1,132,798

15- DUE FROM BANKS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Current accounts	140,598	100,233
Deposits	1,131,453	1,613,319
Total	1,272,051	1,713,552
Central Bank (including the required reserve percentage)	93,584	391,365
Local Banks	229,527	1,199,520
Foreign Banks	948,940	122,667
Total	1,272,051	1,713,552
Non-Profit bearing balances	141,060	103,960
Fixed profit balances	1,130,991	1,609,592
Total	1,272,051	1,713,552

16- TREASURY BILLS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
91 days maturity	15,000	40,000
182 days maturity	78,025	699,175
274 days maturity	1,524,650	1,575,175
364 days maturity	2,597,608	2,820,621
	4,215,283	5,134,971
Unearned revenues	(199,415)	(291,366)
Total	4,015,868	4,843,605
REPOs		
REPOs matured during 1 week	(759,105)	(1,402,654)
Total	3,256,763	3,440,951

17- FACILITIES TO BANKS AND CUSTOMERS

17/1- FACILITIES TO BANKS 31 December 2013

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Direct facilities	-	31,596
	-	31,596
Impairment loss Provision	-	(19)
Net	-	31,577
Impairment loss Provision		
Balance at the beginning of the Year	19	-
Impairment loss charge within the Year	1	19
Provision no longer required	(20)	-
	-	19

17/2 FINANCING TO CUSTOMERS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Retail		
Overdraft	1,749	7,785
Cash back cards	143,854	9,456
Personal Financing	3,020,518	2,532,552
Real Estate Mortgage	6,332	11,670
Total (1)	3,172,453	2,561,463
Corporate (including SMEs)		
Overdraft	614,716	344,042
Direct Financing *	3,446,222	6,122,247
Syndicated Financing	332,321	714,291
Total (2)	4,393,259	7,180,580
Total loans & facilities (1 + 2)	7,565,712	9,742,043
Impairment loss for financings	(233,538)	(3,505,882)
Profit in suspense **	(34,392)	(462,815)
Deferred profit	(694,460)	(469,664)
Net	6,603,322	5,303,682
Net distributed as follows:		
Conventional loans (Net)	294,736	391,381
Financing (Net)	6,308,586	4,912,301
Net	6,603,322	5,303,682

	31 December 2013	31 December 2012
Impairment loss Provision	EGP '000	EGP '000
Balance at the beginning of the year	3,505,882	2,878,239
Impairment loss charge for the year	12,163	979,637
Recoveries during the year	-	160
Usage during the year	(3,235,252)	(368,816)
Transferred from other provisions	-	1,682
Transferred to other liabilities	(1,951)	-
Provision no longer required	(79,090)	-
Foreign currency revaluation differences	31,786	14,980
Balance at the end of year	233,538	3,505,882

During 2013, the bank wrote off some of the legacy bad debts, the write-off amounted 3,235,252 EGP.

** Profit in suspense was accumulated according to the credit rating issued by the CBE.

17/2 FINANCING TO CUSTOMERS (continued)

Impairment losses for financing movement

Movement for impairment losses for financing as per type:

31 December 2013 — Value in EGP '000

RETAIL	Overdraft	Caovered Cards	Personal Financing	Real Estate Mortgage	Total
Balance at 1 January 2013	-	46	288,468	1,622	290,136
Impairment loss charge within the year	-	1,131	13,799	(409)	14,521
Usage during the year *	-	(746)	(209,923)	-	(210,669)
Provisions no longer required	-	-	(81)	-	(81)
Balance at 31 December 2013	**-**	**431**	**92,263**	**1,213**	**93,907**

31 December 2012

RETAIL	Overdraft	Caovered Cards	Personal Financing	Real Estate Mortgage	Total
Balance at 1 January 2012	-	1,085	251,293	2,134	254,512
Impairment loss charge within the year	-	49	37,764	(512)	37,301
Usage during the year	-	(1,142)	(692)	-	(1,834)
Recoveries during the year	-	54	103	-	157
Balance at 31 December 2012	**-**	**46**	**288,468**	**1,622**	**290,136**

31 December 2013

CORPORATE	Overdraft	Direct Financing	Syndicated Financing		Total
Balance at 1 January 2013	2,979	3,203,140	9,627	-	3,215,746
Impairment loss charge within the year	(1,783)	1,117	(1,692)	-	(2,358)
Usage during the year *	-	(3,024,583)	0	-	(3,024,583)
Transferred to other liabilities	-	(1,951)	0	-	(1,951)
provision no longer required	-	(79,009)	0	-	(79,009)
Foreign currency revaluation differences	-	31,315	471	-	31,786
Balance at 31 December 2013	**1,196**	**130,029**	**8,406**	**-**	**139,631**

31 December 2012

CORPORATE	Overdraft	Direct Financing	Syndicated Financing		Total
Balance at 1 January 2012	2,610	2,611,289	9,828	-	2,623,727
Impairment loss charge within the year	368	957,149	(15,181)	-	942,336
Usage during the year	-	(366,982)	-	-	(366,982)
Recoveries During the year	-	3	-	-	3
Transferred from other provisions	-	1,682	-	-	1,682
Foreign currency revaluation differences	-	-	14,980	-	14,980
Balance at 31 December 2012	**2,978**	**3,203,141**	**9,627**	**-**	**3,215,746**

Loan loss provision for bad financings from pre-acquisitions reached LE 107mn (31 December 2013: 3,401mn) after the bank wrote off bad financings from pre-acquisition of LE 3,235mn.

19- FINANCIAL INVESTMENTS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
18 /1 Available for Sale Investment **Debt instruments - at Fair value**		
Listed	1,143,699	1,029,153
Equity instruments - at fair value		
Listed	-	20,768
Unlisted	33,780	25,117
Total available for sale investments (1)	**1,177,479**	**1,075,038**
18 /2 Financial Investment Held to maturity		
Debt Instruments- at amortized cost		
Listed	5,334	12,768
Sanabel Fund (*)	6,847	5,986
Total Investments held to maturity (2)	**12,181**	**18,754**
Total Financial Investments (1 + 2)	**1,189,660**	**1,093,792**
Categorized as follows:		
Current	1,149,033	1,062,689
Non-Current	40,627	31,103
Total	1,189,660	1,093,792
Categorized as follows:		
Fixed Income debt instruments	1,140,377	1,019,580
Variable Income debt instruments	15,503	28,327
Variable Income equity instruments	33,780	45,885
Total	**1,189,660**	**1,093,792**

(*) Sanabel Islamic Mutual Fund:

The investments held to maturity include the bank's investment in Sanabel Islamic mutual fund in association with ABC bank, managed by HC Company.

The number of the bank's certificates share is LE 75,000 certificates with a par value of LE 100. The acquisition cost amounted to LE 7,635,000

The value per certificate as 31 December 2013 amounted to LE 91.29 (December 31st, 2012: LE 79.82)

18 - FINANCIAL INVESTMENTS (continued)

Value in EGP '000

	Financial Investment AFS	Financial Investment HTM	Total
Balance at 1 January 2013	1,075,038	18,754	1,093,792
Additions	322,550	-	322,550
Disposals (Sales/Redemption)	(259,495)	(8,321)	(267,816)
Foreign currency revaluation difference	1,521	888	2,409
Change in the fair value	37,865	-	37,865
Impairment loss recoveries	-	860	860
Balance at 31 December 2013	**1,177,479**	**12,181**	**1,189,660**
Balance at 1 January 2012	706,533	23,602	730,135
Additions	445,230	-	445,230
Disposals (Sales/Redemption)	(107,823)	(6,946)	(114,769)
Foreign currency revaluation difference	704	734	1,438
Change in the fair value	30,394	-	30,394
Impairment loss	-	1,364	1,364
Balance at 31 December 2012	1,075,038	18,754	1,093,792

18 /3 Gain from Financial Investment

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Gain on Sale of Investments Available for Sale	7,913	-
Gain on Sale of Treasury Bills	3,523	1,022
Impairment loss of Investments in Associates & Subsidiaries	(4,855)	(5,811)
	6,581	(4,789)

19- INVESTMENTS IN subsidiaries & Associate (Net)

	31 December 2013		31 December 2012	
	Value	Share	Value	Share
Investments in Subsidiaries		%		%
National Cristal and Glass Company*	10,036	5.42%	10,036	5.42%
Cairo National Company for Investment	76,797	64.75%	76,797	64.75%
National Company for Trading and Development (Entad)	19,206	40.00%	19,206	40.00%
Assuit Islamic National for Trading and Development	23,477	40.00%	23,477	40.00%
ADI Holding Company	4,980	99.60%	4,980	99.60%
ADI Capital Company	125	2.50%	125	2.50%
ADI Properities	13	5.00%	-	0.00%
ADILease leasing Company	31,648	60.06%	8,743	16.98%
Total Subsidiaries Companies	166,282		143,364	
Investments in Associated				
Cairo National Company for Brokerage & Securities	538	32.00%	538	32.00%
Youth Company For Investment and General Services (SERVICO)	126	1.83%	126	1.83%
Alexandria National Company for Financial Investments	2,181	9.04%	2,181	9.04%
Arab Mashriq Company for Takaful Insurance	13,000	20.00%	10,000	20.00%
Total Associates Companies	15,845		12,845	
Investment in Subsidiaries and Associated Companies	182,127		156,209	
Less: Impairment loss	(11,801)		(6,947)	
Net investment in Subsidiary and Associated Companies (1)	170,326		149,262	
Investment in Subsidiaries and Associated Companies - Fully Impaired	37,852		37,852	
Less: Impairment loss	(37,852)		(37,852)	
Net investment in Subsidiaries and Associated Companies - Fully Impaired (2)	-		-	
Investment in Subsidiary and Associated Companies (Net) (1 +2)	170,326		149,262	

*The bank sold (77.46%) of National Cristal and Glass Company to Abu Dhabi Islamic Holding (Subsidiary Company) and so far the bank will complete the legality transfer process.

As per a study by the bank's management to determine the level of control exercised over the companies, classified as associated companies, has resulted in some of these companies being reclassified as subsidiaries.

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

20- INTANGIBLE ASSETS (Net)

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Computer software		
Net Book value at the beginning of year	11,325	10,357
Additions	9,463	15,504
Amortization for the year	(16,287)	(14,536)
Net book value at end of year	**4,501**	**11,325**

21- OTHER ASSETS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Accrued revenues	122,669	86,712
Pre-paid expenses	46,075	31,129
Down payments under purchase fixed assets	11,412	9,412
Assets reverted to the Bank in settlement of debts (Net of Impairment)	10,028	124,427
Deposits & custody	2,887	1,990
Due from Related Parties*	345,638	168,794
Due from Tax Authority **	271,010	155,179
Other debit balances	206,729	55,090
Total	**1,016,448**	**632,733**

* On June 23rd, 2013, Assets reverted to the bank which cost amounted to LE 138,148 thousands and fair value of LE 154,066 thousand were sold to ADI Properties Co. resulting in a gain on sale of LE 15,918 thousand.

** Represents amounts under settlements in dispute with the Tax Authority (Note 35).

22- FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)

Value in EGP '000

	Land & Premises	Machinery & Equipment	Other Assets	Total
Net Book value at 1 January 2013	19,093	1,404	223,587	244,084
Additions	22,944	667	18,096	41,707
Disposals	(10,799)	-	(139)	(10,938)
Depreciation	(2,497)	(297)	(42,782)	(45,576)
Depreciation related to disposal	2,122	-	27	2,149
Net Book value at 31 December 2013	**30,863**	**1,774**	**198,789**	**231,426**
Cost	54,063	4,548	419,711	478,322
Accumulated depreciation	(23,200)	(2,774)	(220,922)	(246,896)
Net Book value at 31 December 2013	**30,863**	**1,774**	**198,789**	**231,426**
Net Book value at 1 January 2012	20,993	1,605	195,508	218,106
Additions	460	77	66,173	66,710
Disposals	(460)	(10)	(2,610)	(3,080)
Depreciation	(1,900)	(278)	(37,862)	(40,040)
Depreciation related to disposal	-	10	2,378	2,388
Net Book value at 31 December 2012	19,093	1,404	223,587	244,084
Cost	41,918	3,881	401,754	447,553
Accumulated depreciation	(22,825)	(2,477)	(178,167)	(203,469)
Net Book value at 31 December 2012	19,093	1,404	223,587	244,084

- Fixed Assets after depreciation include LE 10.3mn (December 31st. 2012 : LE 10.3mn) represent cost of assets not registered yet. Legal procedures are under progress for them to be registered.
- Total value of fully depreciated assets as of December 31st, 2013 amounted to LE 107mn.

23- DUE TO BANKS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Foreign Banks	1,099	21,783
Local Banks	0.00	315,950
Total	**1,099**	**337,733**

24- CUSTOMERS' DEPOSITS

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Demand deposits	2,380,866	1,732,580
Time deposits & call accounts	3,511,273	3,577,557
Term saving certificates	5,014,688	4,330,825
Savings deposits	3,508,599	3,176,869
Other deposits	148,241	153,019
Total	**14,563,667**	**12,970,850**
Classified as follows:		
Corporate deposits	4,046,095	3,934,960
Retail deposit	10,517,572	9,035,890
Total	**14,563,667**	**12,970,850**
Profit free balances	1,470,619	1,150,821
Variable Profit balances	13,093,048	11,820,029
Total	**14,563,667**	**12,970,850**
Current balances	9,548,979	8,640,025
Non-current balances	5,014,688	4,330,825
Total	**14,563,667**	**12,970,850**

25 - SUBORDINATED FINANCING

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Balance at the beginning of the year	180,777	240,904
Difference between FV and PV	-	(64,189)
Amortization of Difference between FV and PV	10,411	-
FX Revaluation	17,835	-
	209,023	180,777

*The subordinated financing with the amount of USD 39mn equivalent to LE 241mn granted by ADIB- UAE under Wakala investment agreement for tenor of six years, starts on December 27th, 2012 with a profit rate of 0.125% form the investment amount and the expected profit equals to Libor USD on any extension period after six years. The bank has recognized the subordinated financing by the present value using a discount rate of 5.3% and the difference between the face value and the present value in the agreement date for the amount of EGP 64,189K was added to equity statement as per the CBE regulations .

26- OTHER LIABILITIES

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Accrued revenues	47,580	42,880
Accrued expenses	2,639	2,639
Due to Tax Authority *	271,010	155,179
Due to related party *	226,023	75,440
Other credit balances	227,434	139,702
Total	774,686	415,840

27- OTHER PROVISIONS

Value in EGP '000

	Provision for Contingent Claims	Provision for Tax	Provision for Contingent Liabilities	Total
Balance at 1 January 2013	9,650	15,800	9,206	34,656
Formed during the year	922	62,945	2,763	66,630
Amount used during the year	(1,650)	(16,139)	-	(17,789)
Provision no longer required	-	-	-	-
Foreign currencies revaluation difference	-	-	(4)	(4)
Transferred to loans provision	(117)	117	-	-
Balance at 31 December 2013	**8,805**	**62,723**	**11,965**	**83,493**
Balance at 1 January 2012	14,360	-	8,043	22,403
Formed during the year	5,156	63,801	1,879	70,836
Amount used during the year	(3,989)	(48,001)	-	(51,990)
Provision no longer required	(4,995)	-	-	(4,995)
Transferred from Contingent Liabilities to contingent claims	33	-	51	84
Foreign currencies revaluation difference	(915)	-	(767)	(1,682)
Balance at 31 December 2012	**9,650**	**15,800**	**9,206**	**34,656**

28 - DEFERRED TAX

The deferred tax has been calculated on the differences based on the liability using the actual tax rate of 25%.

The deferred tax asset resulting from retained loss is not recognized unless a future tax profit is estimated and it is expected the bank can benefit from the losses in the short run.

Following Are the Deferred Assets and Liabilities

	31 December 2013	31 December 2012
	EGP '000	EGP '000
	Assets / (Liabilities)	Assets / (Liabilities)
Fixed Assets	(26,054)	(27,269)
Provisions (other than the impairment loss for loans)	5,119	4,714
Profit in suspense	8,598	115,704
Retained tax losses	971,229	717,717
Net tax of which an asset arises	**958,892**	**810,866**
Movement of deferred tax assets and liabilities method:		
Beginning balance	810,866	536,258
Addition	330,474	354,858
Disposals	(182,448)	(80,250)
Closing Balance	**958,892**	**810,866**

29 - CAPITAL

29/1 Authorized Capital

The authorized capital amounts to LE 4bn (December 31st, 2012 : LE 4bn)

29/2 Issued and paid in Capital:

The issued and paid in capital amounted to LE 2bn (December 31st, 2012 LE 2bn) represented by 200mn shares (December 31st, 2012 : 200mn shares) with a nominal value of LE 10 per share.

29/3 Amounts paid under capital increase

During the last 4 years ADIB – UAE deposited LE 1.662k in cash directly as amounts paid under capital increase, on December 28th, 2011 ADIB – UAE approved to transfer the full amount of Subordinated financing of LE 199, 020K to amounts paid under capital increase. Which resulted the total amount paid under capital to increase to reach 1,861k.

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Beginning balance	1,861,418	1,173,321
Amounts Paid Under Capital Increase	-	688,097
	1,861,418	1,861,418

30 - RESERVES AND RETAINED LOSSES

	31 December 2013	31 December 2012
Reserves	EGP '000	EGP '000
Legal Reserves	22,878	22,878
General Reserves	42,522	42,522
Special Reserves	26,257	26,257
Fair Value Reserves - Investments available for sale	61,568	23,703
General Banking Risk Reserve	61,424	106,114
Total Reserves	214,649	221,474

30/1 Special Reserves

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Adjustments for change in the measurement policy for AFS Investments related to previous years	17,165	17,165
Adjustments for change in the measurement policy of impairment loss for loans and facilities for pervious years	9,092	9,092
	26,257	26,257

Distribution from this reserve is only allowed with CBE approval.

30 /2 Fair value reserve – available for sale investments

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Beginning balance	23,703	(6,691)
Profit from change in fair value	37,135	29,597
Loss transferred to income statement for AFS disposals	730	797
	61,568	23,703

Distribution from this reserve is only allowed with CBE approval.

30 /3 General Banking Risk Reserves

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Beginning balance	106,114	64,637
Adjustments for change in the measurement policy of impairment loss for financings and facilities	6,122	35,994
10% provision based on the value of assets reverted to the Bank	(50,812)	5,483
Ending balance	61,424	106,114
Balance of General Bank Risk Reserve		
General Bank Risk Reserve for loans & facilities	61,424	55,302
General Bank Risk Reserve for assets reverted to the Bank	-	50,812
Ending balance	61,424	106,114

The CBE instructions require the bank to provide general bank reserves to guarantee any differences in impairment loss measurement methods for financings/facilities and assets reverted to the bank between the old and new CBE methodologies. Distribution from this reserve is only allowed with CBE approval.

*Distribution from this reserve is only allowed with CBE approval.

30 /4 Accumulated Losses

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Balance at the beginning of the year	(3,522,315)	(2,625,917)
Net Income (Loss) for the year	102,798	(854,921)
Transferred to general banking risk reserve	44,690	(41,477)
Cost of the subordinated loan using EIR	10,411	-
	(3,364,416)	(3,522,315)

31- CASH AND CASH EQUIVALENT

For the purpose of presenting the cash flow statement, cash and cash equivalents include the following balances maturing within less than 3 months from the date of acquisition.

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Cash and Due from CBE	1,694,008	1,132,798
Due from banks	1,272,051	1,713,552
Treasury Bills	3,256,763	3,440,951
Due from Banks maturities more than3 months	(1,131,452)	(1,613,319)
Treasury bills maturities more than 3 months	(4,001,018)	(4,804,243)
	1,090,352	(130,261)

32- CONTINGENT LIABILITIES AND COMMITMENTS

A- Capital commitments

The bank's contracts for capital commitments reached LE 4,694 k as of December 31st, 2013 (December 31st, 2012: LE 2,278 k). Representing purchases of fixed assets and the management is adequately confident that finance shall be made available to cover these commitments.

B- Contingent Liabilities

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Financing commitment	-	66,145
Letters of credit	288,566	208,429
Letters of guarantee	300,071	278,445
Documentary credit	75,711	86,959
Bank guarantees	333,897	329,629
	998,245	969,607

C- Operating Lease Committment

	31 December 2013	31 December 2012
	EGP '000	EGP '000
From 1 year up to 5 yaers	42,906	21,987
More than 5 years	23,082	23,951
	65,987	45,938

33- RELATED PARTY TRANSACTIONS

33/1 Loans and facilities to related parties:

	31 December 2013	31 December 2012
	Subsidiaries and Associated	Subsidiaries and Associated
	EGP '000	EGP '000
Islamic Financing at the end of the year	69,366	131,207

33/2 Deposits from Related Parties:

	31 December 2013	31 December 2012
	Subsidiaries and Associated	Subsidiaries and Associated
	EGP '000	EGP '000
Deposits	20,432	7,905

The previous deposits are of variable interest and upon demand.

33/3 ADIB – UAE

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Due from Banks	60,455	316,653
Dues to Banks	914	7,728
Amounts paid under capital increase	1,861,418	1,861,418
Subordinated loan	209,023	180,777
Other liabilities	226,023	75,440

Notes to separate the Financial Statements for the year ended December 31st, 2013 (Cont)

33/4 ADI – Holding

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Amount received from NGF's shares Selling	164,185	164,185
Establishment Expenses	91	91
Proceeds from sale of National company for Maize	19,997	-
Others	2,816	1,174
	187,089	165,450

33/ 5 ADI – Properties

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Amounts due on sale of Assets reverted to the bank	154,066	-

33/6 National Cristal & Glass Company

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Proceeds from sale of	26,033	45
Cost of deposits and similar costs	23	-

33/7 Board Members and top management benefits

	31 December 2013	31 December 2012
	EGP '000	EGP '000
Salaries and short term benefits	4,204	5,960

34 - SALES OF FIXED ASSETS RE-RENTED ON LEASING BASIS:

The bank's management has sold land and a building owned by the bank which comprise of 29 branches of the bank on a leasing contract basis with a total value of LE 214,659,243 resulting in "Profit from sales of fixed assets with a value of LE 194,791,863 an agreement with the CBE was reached to use this amount to decrease the operating losses of the first quarter of 2009. Instead of amortizing on the leasing period that is on condition that the bank does not grant any facilities to the leasing company to finalize the deal. The bank has also finalized a leasing agreement dated March 30th, 2009 to re-rent these facilities with a value of LE 321mn to be paid on 120 monthly installments starting April 30th, 2009 .

35 - TAX POSITION

Corporate Tax:

- Tax inspections for the years prior to 2008 have been fully completed and all due taxes have been paid and the internal committee was set up and no due taxes were reported.
- Preparation and presenting the tax return for the years till 2012 have been presented to tax authority as per law no. 91 for the year 2005
- Preparing and presenting the tax return for the years 2009/2010
- In September 2010 and based on legal and tax advisors opinion, the bank stopped paying tax on Egyptian treasury bills income and related penalties. The bank filed a legal case claiming that tax on treasury bills income is not constitutional as the bank did not achieve any tax profit during the years under conflict. According to legal and tax advisor its probable that the bank will win the case.

Salary Tax:

- Tax inspections and internal committee for the years prior to 2008 have been fully completed and there was no due tax for this period
- The years 2009 to 2011 are currently being inspected
- The payroll taxes are being paid on the due dates as stated by law

Stamp duty Tax:

First: In light of law no. 111 for the year 1980 (before amendments)

- Inspections of all Upper Egypt branches (18 branches) have been finalized from the opening of the branches to 31/7/2006 with all tax liabilities settled.
- Inspections of 14 out of East Delta branches have been finalized from the opening of the branches till 31/7/2006 with all tax liabilities settled.
- Inspections of 12 out of 14 West Delta branches have been finalized from the opening of the branches till 31/7/2006 with all tax liabilities settled.

35 - TAX POSITION (continued)

- Inspection of 16 out of 17 Cairo branches has been finalized from start of their activities to 31/7/2006. Tax liabilities for 10 branches were settled and 6 branches are still under settlement after tax disputes.
- An appeal in the court is in process for 44 branches for which the tax liability was determined. Partial settlement of these liabilities was made to avoid delay penalties since the court appeal does not stop the tax liability.
- As for the remaining 11 bank branches, coordinating between tax authorities is in process to start inspection for years prior to 31/7/2006.

Second: In light of law no. 143 for the year 2006 (amendment of law no. 111)

- Inspections of the bank branches for the years starting 1/8/2006 to 31/12/2007. Have been finalized from opening of the branch to 31/7/2006. An appeal on the amount is in process and an internal committee of the tax authorities has been set up to study the issue.

Sales Tax:

- Inspections of the bank branches up to 31/12/2006 and due tax was paid.
- Years 1/1/2007 to 31/12/2012 is currently under preparation for future inspection.

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