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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BANK AUDI SAL

We have audited the accompanying consolidated financial statements of Bank Audi SAL -- Audi Saradar Group [subsequently "Bank Audi SAL"] ("the Bank") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

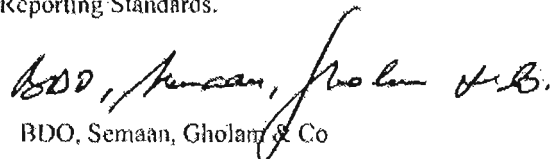
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

24 March 2014
Beirut, Lebanon


BDO, Semaan, Gholam & Co

Bank Audi SAL – Audi Saradar Group

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	<i>Notes</i>	<i>2013</i> <i>LL million</i>	<i>2012</i> <i>LL million</i>
CONTINUING OPERATIONS			
Interest and similar income	4	2,693,381	2,208,509
Interest and similar expense	5	(1,731,234)	(1,344,819)
Net Interest Income		962,147	863,690
Fee and commission income	6	351,110	330,562
Fee and commission expense	7	(69,092)	(51,197)
Net Fee and Commission Income		282,018	279,365
Net gain on financial assets at fair value through profit or loss	8	162,307	197,456
Net gain on sale of financial assets at amortized cost	9	163,976	265,812
Revenues from financial assets at fair value through other comprehensive income	26	28,806	30,245
Share of profit of associates under equity method	27	1,169	551
Net gain on sale of subsidiaries	10	775	-
Other operating income	11	12,909	22,251
Total Operating Income		1,614,107	1,659,370
Net credit losses	12	(135,362)	(182,585)
Net Operating Income		1,478,745	1,476,785
Personnel expenses	13	(493,064)	(411,746)
Other operating expenses	14	(343,122)	(291,959)
Depreciation of property and equipment	28	(52,723)	(46,088)
Amortisation of intangible assets	29	(16,092)	(7,663)
Impairment of goodwill	32	-	(21,167)
Total Operating Expenses		(905,001)	(778,623)
Operating Profit		573,744	698,162
Net gain on disposal of fixed assets		685	850
Profit Before Tax From Continuing Operations		574,429	699,012
Income tax	15	(114,711)	(154,537)
Profit After Tax From Continuing Operations		459,718	544,475
DISCONTINUED OPERATIONS			
(Loss) profit from discontinued operations, net of tax	16	(600)	33,814
Profit for the period		459,118	578,289
Attributable to:			
Equity holders of the Bank:			
Profit for the year from continuing operations		454,621	564,737
Profit for the year from discontinued operations		455,221	531,419
		(600)	33,318
Non-controlling interests:			
Profit for the year from continuing operations		4,497	13,552
Profit for the year from discontinued operations		4,497	13,056
		-	496
		459,118	578,289
Earnings per share:			
		<i>LL</i>	<i>LL</i>
Basic earnings per share		1,199	1,527
Diluted earnings per share		1,199	1,526
Basic earnings per share from continuing operations		1,201	1,431
Diluted earnings per share from continuing operations		1,201	1,430

The attached notes 1 to 61 form part of these consolidated financial statements.

Bank Audi SAL – Audi Saradar Group

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	<i>Notes</i>	2013 <i>LL million</i>	<i>Restated</i> 2012 <i>LL million</i>
Profit for the year from continuing operations		459,718	544,475
Discontinued operations		(600)	33,814
Profit for the year		459,118	578,289
Other comprehensive income (loss)			
<i>Items to be reclassified to the income statement in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(254,388)	(126,143)
Net loss on hedge of net investments		(5,743)	(3,589)
	47	(260,131)	(129,732)
<i>Items not to be reclassified to the income statement in subsequent periods:</i>			
Actuarial loss on defined benefits plans		(578)	(3,572)
Net deferred income taxes		(167)	822
	47	(745)	(2,750)
Net unrealized gain on financial assets at fair value through other comprehensive income		25,647	5,613
Net deferred income taxes		6,989	(9,667)
	47	32,636	(4,054)
Share of other comprehensive income of an associate under equity method	27	4,546	-
		36,437	(6,804)
Other comprehensive gain for the year, net of tax	47	(223,694)	(136,536)
Total comprehensive income for the year, net of tax		235,424	441,753
Attributable to:			
Equity holders of the Bank		265,015	472,011
Non-controlling interest		(29,591)	(30,258)
		235,424	441,753

The attached notes 1 to 61 form part of these consolidated financial statements.

Bank Audi SAL – Audi Saradar Group

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	<i>Notes</i>	<i>2013</i> <i>LL million</i>	<i>Restated</i> <i>2012</i> <i>LL million</i>
ASSETS			
Cash and balances with central banks	18	9,192,108	9,462,380
Due from banks and financial institutions	19	4,229,556	4,280,978
Loans to banks and financial institutions and reverse repurchase agreements	20	657,945	1,060,267
Derivative financial instruments	21	136,062	51,046
Financial assets at fair value through profit or loss	22	409,083	510,657
Loans and advances to customers at amortized cost	23	22,064,822	15,416,403
Loans and advances to related parties at amortized cost	24	114,829	304,511
Debtors by acceptances		262,689	182,715
Financial assets at amortized cost	25	16,023,035	14,549,116
Financial assets at fair value through other comprehensive income	26	272,475	245,793
Investments in associates	27	28,615	34,230
Property and equipment	28	575,836	528,710
Intangible assets	29	82,259	49,600
Non current assets held for sale	30	19,318	50,054
Other assets	31	278,584	241,484
Goodwill	32	211,144	222,846
TOTAL ASSETS		54,558,360	47,190,790
LIABILITIES			
Due to central banks	33	252,042	133,108
Due to banks and financial institutions	34	1,599,912	1,171,174
Due to banks under repurchase agreements	34	196,180	681,487
Derivative financial instruments	21	134,466	56,042
Customers' deposits at amortized cost	35	46,118,217	39,718,890
Deposits from related parties at amortized cost	36	757,590	689,101
Engagements by acceptances		262,689	182,715
Other liabilities	37	502,771	408,865
Provisions for risks and charges	38	132,882	111,313
Non current liabilities held for sale	30	-	14,799
Subordinated loans and similar debts	39	537,101	-
TOTAL LIABILITIES		50,493,850	43,167,494
SHAREHOLDERS' EQUITY – GROUP SHARE			
Share capital – common shares	40	454,324	438,586
Share capital – preferred shares	40	6,495	19,124
Issue premium – common shares	41	659,206	659,206
Issue premium – preferred shares	41	747,255	583,876
Cash contribution to capital	42	72,586	72,586
Non-distributable reserves	43	959,545	812,960
Distributable reserves	44	589,523	551,406
Treasury shares	46	(114,327)	(20,245)
Retained earnings		441,400	323,697
Other components of equity	47	(269,081)	(79,475)
Result of the year		454,621	564,737
NON-CONTROLLING INTEREST	48	62,963	96,838
TOTAL SHAREHOLDERS' EQUITY		4,064,510	4,023,296
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		54,558,360	47,190,790

The attached notes 1 to 61 form part of these consolidated financial statements.

Bank Audi SAL – Audi Saradar Group

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

	<i>Notes</i>	2013 <i>LL million</i>	<i>Restated</i> 2012 <i>LL million</i>
OPERATING ACTIVITIES			
Profit before tax from continuing operations		574,429	699,012
Profit before tax from discontinued operations		(600)	45,581
Adjustments to reconcile profit before tax to net cash flows:			
Non-cash:			
Depreciation and amortisation	28 & 29	68,815	55,180
Impairment of assets acquired in settlement of debt reversed	30	-	(4)
Net gain on financial instruments at amortised cost	9	(163,976)	(265,812)
Provisions for loans and advances	12	145,721	202,104
Recoveries of provision for loans and advances	12	(14,131)	(19,629)
Share of net profit of associates	27	(1,169)	(551)
Net gain on disposal of assets acquired in settlement of debt	11	-	(8,297)
Net gain on sale or disposal of fixed assets		(685)	(850)
Provision for risks and charges	38	31,441	17,597
Write back of provisions for risks and charges	38	(2,307)	(7)
Provision for impairment of financial instruments	12	(736)	110
Provision for end of service benefits	38	21,741	15,224
Write back of provision for end of service benefits		(27)	-
Gain on sale of subsidiaries and associates	16	-	(48,622)
Gain on revaluation due to loss of control	16	-	(20,439)
Impairment of goodwill	32	-	31,088
		658,516	701,685
Working capital adjustments:			
Balances with the Central Banks, banks and financial institutions maturing in more than 3 months		597,293	(163,621)
Change in derivatives and financial assets held for trading		94,982	342,228
Change in loans and advances to customers and related parties		(6,546,791)	(2,923,486)
Change in other assets		(40,232)	53,869
Change in deposits from customers and related parties		6,467,816	3,025,484
Change in other liabilities		122,862	(459,123)
Proceeds from sale of assets obtained in settlement of debt		35,841	19,068
Cost of non current assets held for sale		(5,104)	(211)
Change in non controlling interest		213	(524)
Effect of entities deconsolidated during the year		(6,092)	(66,482)
Cash from operations		1,379,304	528,887
Provisions for risks and charges paid	38	(16,952)	(249)
End of service benefits paid	38	(3,989)	(5,435)
Taxation paid	15	(158,751)	(131,373)
Net cash flows from operating activities		1,199,612	391,830
INVESTING ACTIVITIES			
Change in financial assets – other than trading		(1,303,331)	17,722
Purchase of property and equipment and intangibles	28 & 29	(186,243)	(182,586)
Change in investments under equity method and related loans		6,556	9,420
Cash collected from sale of property and equipment and intangibles		822	18,635
Proceeds from sale of associates and subsidiaries	16	-	118,706
Net cash flows used in investing activities		(1,482,196)	(18,103)
FINANCING ACTIVITIES			
Issuance of preferred shares	40	339,008	226,125
Cancellation of preferred share “D”	40	(188,438)	-
Distribution of dividends	40	(245,131)	(236,179)
Treasury GDR transactions		(93,936)	59,084
Subordinated debts	39	537,101	-
Net cash flows from financing activities		348,604	49,030
INCREASE IN CASH AND CASH EQUIVALENTS		66,020	422,757
Net foreign exchange difference		(255,107)	(130,035)
Cash and cash equivalents at 1 January		5,592,462	5,299,740
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	49	5,403,375	5,592,462
Operational cash flows from interest and dividends			
Interest paid		(1,706,500)	(1,316,918)
Interest received		2,658,311	2,265,668
Dividends received		28,987	30,418

The attached notes 1 to 61 form part of these consolidated financial statements.

Bank Audi SAL – Audi Saradar Group

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to the equity holders of the Bank											Non-controlling interest LL million	Total shareholders' equity LL million	
	Share capital - common shares LL million	Share capital - preferred shares LL million	Issue premium - common shares LL million	Issue premium - preferred shares LL million	Cash contribution to capital LL million	Non distributable reserves LL million	Distributable reserves LL million	Treasury shares LL million	Retained earnings LL million	Other components of equity LL million	Result of the year LL million			Total LL million
Balance at 1 January 2013	438,586	19,124	659,206	583,876	72,586	812,960	551,406	(20,245)	323,697	(79,475)	564,737	3,926,458	96,838	4,023,296
Net profits for the year	-	-	-	-	-	-	-	-	-	-	454,621	454,621	4,497	459,118
Other comprehensive losses	-	-	-	-	-	-	-	-	-	(189,606)	-	(189,606)	(34,088)	(223,694)
Total comprehensive income	-	-	-	-	-	-	-	-	-	(189,606)	454,621	265,015	(29,591)	235,424
Appropriation of 2012 profits	-	-	-	-	-	151,332	18,825	-	149,449	-	(319,606)	-	-	-
Cancellation of preferred share "D"	-	(15,675)	-	(172,762)	-	-	-	-	-	-	-	(188,437)	-	(188,437)
Increase in share nominal value	15,738	124	-	(124)	-	-	(15,738)	-	-	-	-	-	-	-
Issue of preferred shares G & H	-	2,922	-	336,265	-	-	(174)	-	-	-	-	339,013	-	339,013
Distribution of dividends on ordinary shares	-	-	-	-	-	-	-	-	431	-	(210,176)	(209,745)	-	(209,745)
Distribution of dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	(34,955)	(34,955)	-	(34,955)
Entities consolidated during the year	-	-	-	-	-	-	-	-	470	-	-	470	-	470
Entities deconsolidated during the year	-	-	-	-	-	(251)	(2,894)	-	3,184	-	-	39	-	39
Entities under equity method	-	-	-	-	-	-	-	-	478	-	-	478	-	478
Treasury shares transactions	-	-	-	-	-	146	-	(94,082)	-	-	-	(93,936)	-	(93,936)
Non controlling interest share of reserves	-	-	-	-	-	-	-	-	-	-	-	-	(4,662)	(4,662)
Non controlling interest share of capital	-	-	-	-	-	(116)	(13,365)	-	13,103	-	-	(378)	378	-
Transfer between reserves	-	-	-	-	-	(4,526)	51,470	-	(46,944)	-	-	-	-	-
Increase in subsidiary ownership	-	-	-	-	-	-	-	-	(3,983)	-	-	(3,983)	-	(3,983)
Other movements	-	-	-	-	-	-	(7)	-	1,515	-	-	1,508	-	1,508
Balance at 31 December 2013	454,324	6,495	659,206	747,255	72,586	959,545	589,523	(114,327)	441,400	(269,081)	454,621	4,001,547	62,963	4,064,510
Balance at 1 January 2012	438,197	17,243	657,846	359,633	72,586	696,360	380,215	(103,912)	328,516	21,056	544,239	3,411,979	141,172	3,553,151
Effect of adopting IAS 19 (R)	-	-	-	-	-	-	-	-	-	(10,223)	-	(10,223)	-	(10,223)
Balance at 1 January 2012 as restated	438,197	17,243	657,846	359,633	72,586	696,360	380,215	(103,912)	328,516	10,833	544,239	3,401,756	141,172	3,542,928
Net profits for the year	-	-	-	-	-	-	-	-	-	-	564,737	564,737	13,552	578,289
Other comprehensive income	-	-	-	-	-	-	-	-	-	(92,726)	-	(92,726)	(43,810)	(136,536)
Total comprehensive income	-	-	-	-	-	-	-	-	-	(92,726)	564,737	472,011	(30,258)	441,753
Appropriation of 2011 profits	-	-	-	-	-	133,284	1,505	-	172,828	-	(307,617)	-	-	-
Distribution of dividends on ordinary shares	-	-	-	-	-	443	-	-	-	-	(210,712)	(210,269)	-	(210,269)
Distribution of dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	(25,910)	(25,910)	-	(25,910)
Issue of preferred shares	-	1,881	-	224,243	-	-	-	-	-	-	-	226,124	-	226,124
Employees' share-based payments	389	-	1,360	-	-	(587)	-	-	(2,247)	-	-	(1,085)	-	(1,085)
Entities deconsolidated during the year	-	-	-	-	-	(8,219)	(19,637)	-	24,690	497	-	(2,669)	-	(2,669)
Entities under equity method	-	-	-	-	-	-	-	-	(723)	-	-	(723)	-	(723)
Treasury shares transactions	-	-	-	-	-	(24,583)	-	83,667	-	-	-	59,084	-	59,084
Non controlling interest share of capital	-	-	-	-	-	-	-	-	-	-	-	-	(12,840)	(12,840)
Non controlling interest share of reserves	-	-	-	-	-	(138)	(4,308)	-	5,682	-	-	1,236	(1,236)	-
Reserve for share option agreements	-	-	-	-	-	-	6,844	-	-	-	-	6,844	-	6,844
Transfer between reserves	-	-	-	-	-	16,612	186,781	-	(205,314)	1,921	-	-	-	-
Other movements	-	-	-	-	-	(212)	6	-	265	-	-	59	-	59
Balance at 31 December 2012	438,586	19,124	659,206	583,876	72,586	812,960	551,406	(20,245)	323,697	(79,475)	564,737	3,926,458	96,838	4,023,296

The attached notes 1 to 61 form part of these consolidated financial statements.