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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 ("the Bank") and its subsidiaries (collectively "the Group"), which comprise the consolidated statement of financial position as at 31 December 2014 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

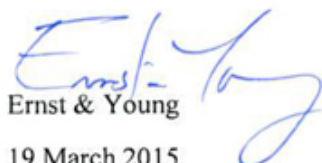
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.


Ernst & Young

19 March 2015
Beirut, Lebanon


BDO, Semaan, Gholam & Co

Bank Audi SAL

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>LL million</i>	<i>2013</i> <i>LL million</i>
CONTINUING OPERATIONS			
Interest and similar income	4	3,401,120	2,693,381
Interest and similar expense	5	(2,150,881)	(1,731,234)
Net Interest Income		1,250,239	962,147
Fee and commission income	6	458,795	351,110
Fee and commission expense	7	(85,356)	(69,092)
Net Fee and Commission Income		373,439	282,018
Net gain on financial assets at fair value through profit or loss	8	52,189	162,307
Net gain on sale of financial assets at amortized cost	9	262,026	163,976
Revenues from financial assets at fair value through other comprehensive income	26	32,120	28,806
Share of profit of associates under equity method	27	373	1,169
Net gain on sale of subsidiaries	10	-	775
Other operating income	11	23,307	12,909
Total Operating Income		1,993,693	1,614,107
Net credit losses	12	(209,748)	(135,362)
Net Operating Income		1,783,945	1,478,745
Personnel expenses	13	(632,571)	(509,415)
Other operating expenses	14	(374,789)	(326,771)
Depreciation of property and equipment	28	(64,674)	(52,723)
Amortisation of intangible assets	29	(23,602)	(16,092)
Impairment of goodwill	32	(3,015)	-
Total Operating Expenses		(1,098,651)	(905,001)
Operating Profit		685,294	573,744
Net gain on disposal of fixed assets		816	685
Profit Before Tax From Continuing Operations		686,110	574,429
Income tax	15	(158,025)	(114,711)
Profit After Tax From Continuing Operations		528,085	459,718
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations, net of tax	16	40	(600)
Profit for the period		528,125	459,118
Attributable to:			
Equity holders of the Bank:			
Profit for the year from continuing operations		513,500	454,621
Profit for the year from discontinued operations		513,460	455,221
Profit for the year from discontinued operations		40	(600)
Non-controlling interests:			
Profit for the year from continuing operations		14,625	4,497
Profit for the year from continuing operations		14,625	4,497
		528,125	459,118
Earnings per share:			
		<i>LL</i>	<i>LL</i>
Basic earnings per share	17	1,297	1,199
Basic earnings per share from continuing operations	17	1,297	1,201

The attached notes 1 to 59 form part of these consolidated financial statements.

Bank Audi SAL

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>LL million</i>	<i>2013</i> <i>LL million</i>
Profit for the year from continuing operations		528,085	459,718
Discontinued operations		40	(600)
Profit for the year		528,125	459,118
Other comprehensive income (loss)			
<i>Items to be reclassified to the income statement in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(174,327)	(254,388)
Net gain (loss) on hedge of net investments	21	6,580	(5,743)
	47	(167,747)	(260,131)
Effect of change in time value of hedging instruments	21	348	-
<i>Items not to be reclassified to the income statement in subsequent periods:</i>			
Actuarial loss on defined benefits plans		(35)	(578)
Net deferred income taxes	15	521	(167)
	47	486	(745)
Net unrealized gain on financial assets at fair value through other comprehensive income		22,599	25,647
Net deferred income taxes	15	(2,211)	6,989
	47	20,388	32,636
Revaluation of lands and buildings		383,096	-
Net deferred income taxes	15	(49,332)	-
	47	333,764	-
Share of other comprehensive income of an associate under equity method	27	-	4,546
		354,638	36,437
Other comprehensive gain for the year, net of tax	47	187,239	(223,694)
Total comprehensive income for the year, net of tax		715,364	235,424
Attributable to:			
Equity holders of the Bank		713,319	265,015
Non-controlling interest		2,045	(29,591)
		715,364	235,424

The attached notes 1 to 59 form part of these consolidated financial statements.

Bank Audi SAL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	<i>Notes</i>	<i>2014</i> <i>LL million</i>	<i>2013</i> <i>LL million</i>
ASSETS			
Cash and balances with central banks	18	13,247,387	9,192,108
Due from banks and financial institutions	19	3,608,892	4,010,658
Loans to banks and financial institutions and reverse repurchase agreements	20	2,928,743	657,945
Derivative financial instruments	21	197,127	136,062
Financial assets at fair value through profit or loss	22	516,822	627,981
Loans and advances to customers at amortized cost	23	25,775,338	22,064,822
Loans and advances to related parties at amortized cost	24	110,007	114,829
Debtors by acceptances		340,480	262,689
Financial assets at amortized cost	25	14,573,743	16,023,035
Financial assets at fair value through other comprehensive income	26	135,706	272,475
Investments in associates	27	27,762	28,615
Property and equipment	28	948,541	575,836
Intangible assets	29	92,652	82,259
Non current assets held for sale	30	18,510	19,318
Other assets	31	536,536	278,584
Goodwill	32	197,473	211,144
TOTAL ASSETS		63,255,719	54,558,360
LIABILITIES			
Due to central banks	33	438,385	252,042
Due to banks and financial institutions	34	1,695,351	1,599,912
Due to banks under repurchase agreements	33	90,443	196,180
Derivative financial instruments	21	116,303	134,466
Customers' deposits	35	53,413,209	46,118,217
Deposits from related parties	36	586,621	757,590
Debt issued and other borrowed funds	37	854,455	537,101
Engagements by acceptances		340,480	262,689
Other liabilities	38	519,980	502,771
Provisions for risks and charges	39	153,961	132,882
TOTAL LIABILITIES		58,209,188	50,493,850
SHAREHOLDERS' EQUITY – GROUP SHARE			
Share capital – common shares	40	659,586	454,324
Share capital – preferred shares	40	8,250	6,495
Issue premium – common shares	41	883,582	659,206
Issue premium – preferred shares	41	745,500	747,255
Warrants issued on subsidiary shares	40	17,195	-
Cash contribution to capital	42	72,586	72,586
Non-distributable reserves	43	1,050,579	959,545
Distributable reserves	44	616,976	589,523
Treasury shares	46	(4,929)	(114,327)
Retained earnings		599,388	441,400
Other components of equity	47	(178,943)	(269,081)
Result of the year		513,500	454,621
NON-CONTROLLING INTEREST	48	63,261	62,963
TOTAL SHAREHOLDERS' EQUITY		5,046,531	4,064,510
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		63,255,719	54,558,360

The attached notes 1 to 59 form part of these consolidated financial statements.

Bank Audi SAL

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

	Notes	2014 LL million	2013 LL million
OPERATING ACTIVITIES			
Profit before tax from continuing operations		686,110	574,429
Profit before tax from discontinued operations		40	(600)
Adjustments to reconcile profit before tax to net cash flows:			
Non-cash:			
Depreciation and amortisation	28 & 29	88,276	68,815
Net gain on financial instruments at amortised cost	9	(262,026)	(163,976)
Provisions for loans and advances	12	229,705	145,721
Provision for impairment of financial instruments	12	(699)	(736)
Recoveries of provision for loans and advances	12	(19,258)	(14,131)
Share of net profit of associates	27	(373)	(1,169)
Net gain on disposal of assets acquired in settlement of debt	11	(11,600)	-
Net gain on sale or disposal of fixed assets		(846)	(685)
Provision for risks and charges	39	38,140	31,441
Write back of provisions for risks and charges	39	(897)	(2,307)
Provision for end of service benefits	39	34,013	21,741
Write back of provision for end of service benefits		(239)	(27)
Impairment of goodwill	32	3,015	-
		783,361	658,516
Working capital adjustments:			
Balances with the Central Banks, banks and financial institutions maturing in more than 3 months		(5,830,497)	597,293
Change in derivatives and financial assets held for trading		31,932	(123,917)
Change in loans and advances to customers and related parties		(3,880,895)	(6,546,791)
Change in other assets		(247,787)	(40,232)
Change in deposits from customers and related parties		7,124,023	6,467,816
Change in other liabilities		(63,043)	122,862
Proceeds from sale of non-current assets held for sale		16,734	35,841
Cost of non current assets held for sale		(4,932)	(5,104)
Change in non controlling interest		298	213
Effect of entities deconsolidated during the year		-	(6,092)
		(2,070,806)	1,160,405
Cash (used in) from operations			
Provisions for risks and charges paid	39	(24,882)	(16,952)
End of service benefits paid	39	(17,607)	(3,989)
Taxation paid	15	(148,506)	(158,751)
		(2,261,801)	980,713
Net cash flows (used in) from operating activities			
INVESTING ACTIVITIES			
Change in financial assets – other than trading		1,869,311	(1,303,331)
Purchase of property and equipment and intangibles	28 & 29	(112,019)	(186,243)
Change in investments under equity method and related loans		1,225	6,556
Cash collected from sale of property and equipment and intangibles		1,330	822
		1,759,847	(1,482,196)
Net cash flows from (used in) investing activities			
FINANCING ACTIVITIES			
Subsidiary shares warrants	40	22,613	-
Issuance of common shares	40	426,820	-
Issuance of preferred shares	40	-	339,008
Cancellation of preferred shares “D”	40	-	(188,438)
Distribution of dividends	40	(249,906)	(245,131)
Treasury GDR and warrants transactions		76,334	(93,936)
Debt issued and other borrowed funds	37	317,354	537,101
		593,215	348,604
Net cash flows from financing activities			
CHANGE IN CASH AND CASH EQUIVALENTS			
		91,261	(152,879)
Net foreign exchange difference			
		(173,492)	(255,107)
Cash and cash equivalents at 1 January		5,184,476	5,592,462
CASH AND CASH EQUIVALENTS AT 31 DECEMBER			
	49	5,102,245	5,184,476
Operational cash flows from interest and dividends			
Interest paid		(2,103,459)	(1,706,500)
Interest received		3,232,999	2,658,311
Dividends received		32,392	28,987

The attached notes 1 to 59 form part of these consolidated financial statements.

Bank Audi SAL

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	<i>Attributable to the equity holders of the Bank</i>														
	<i>Share capital - common shares</i>	<i>Share capital - preferred shares</i>	<i>Issue premium - common shares</i>	<i>Issue premium - preferred shares</i>	<i>Warrants issued on subsidiary shares</i>	<i>Cash contribution to capital</i>	<i>Non distributable reserves</i>	<i>Distributable reserves</i>	<i>Treasury shares</i>	<i>Retained earnings</i>	<i>Other components of equity</i>	<i>Result of the year</i>	<i>Total</i>	<i>Non-controlling interest</i>	<i>Total shareholders' equity</i>
	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>	<i>LL million</i>
Balance at 1 January 2014	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
Net profits for the year	-	-	-	-	-	-	-	-	-	-	-	513,500	513,500	14,625	528,125
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	199,819	-	199,819	(12,580)	187,239
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	199,819	513,500	713,319	2,045	715,364
Appropriation of 2013 profits	-	-	-	-	-	-	105,168	23,372	-	76,175	-	(204,715)	-	-	-
Capital increase	64,950	-	387,300	-	-	-	-	(2,817)	-	-	-	-	449,433	-	449,433
Increase in share nominal value	140,312	1,755	(140,312)	(1,755)	-	-	-	-	-	-	-	-	-	-	-
Distribution of dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(210,899)	(210,899)	-	(210,899)
Distribution of dividends on preferred shares	-	-	-	-	-	-	-	-	-	-	-	(39,007)	(39,007)	-	(39,007)
Entities under equity method	-	-	-	-	-	-	-	-	-	358	2,701	-	3,059	-	3,059
Treasury shares transactions	-	-	-	-	-	-	(22,942)	-	109,398	-	-	-	86,456	-	86,456
Non controlling interest share of reserves	-	-	-	-	-	-	(28,616)	8,212	-	20,006	-	-	(398)	398	-
Non controlling interest share of capital	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,145)	(2,145)
Sale of financial assets at FVTOCI	-	-	-	-	-	-	-	-	-	101,144	(112,382)	-	(11,238)	-	(11,238)
Unrealised gain on foreign exchange	-	-	-	-	-	-	37,773	-	-	(37,773)	-	-	-	-	-
Subsidiary shares warrants	-	-	(22,612)	-	26,004	-	-	-	-	(3,392)	-	-	-	-	-
Warrant transactions	-	-	-	-	(8,809)	-	-	(1,314)	-	-	-	-	(10,123)	-	(10,123)
Transfer between reserves	-	-	-	-	-	-	(349)	-	-	349	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-	1,121	-	-	1,121	-	1,121
Balance at 31 December 2014	659,586	8,250	883,582	745,500	17,195	72,586	1,050,579	616,976	(4,929)	599,388	(178,943)	513,500	4,983,270	63,261	5,046,531
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 shares "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

The attached notes 1 to 59 form part of these consolidated financial statements.