

BOARD OF DIRECTORS REPORT FOR THE YEAR ENDED 31st DECEMBER 2013

2013 NET INCOME OF EGP 103MN VS A LOSS OF EGP (855)MN IN 2012; FIRST YEAR OF POSITIVE NET INCOME SINCE THE EMARATI ACQUISITION IN 2007

FULL YEAR REVENUE OF EGP 580 MN; AN INCREASE OF EGP 190 MN/48.7% VS 2012

NET INCOME OF EGP 34 MILLION; A 105% INCREASE OVER FOURTH QUARTER 2012

FOURTH QUARTER 2013 REVENUES OF EGP 156 MILLION; AN INCREASE OF EGP 40 MN/34.9% OVER FOURTH QUARTER 2012

Bank Standalone Financial Highlights

Income Statement vs. 2012

1. Net Income is EGP 102.8mn, which is EGP 957.7mn better than the same period in 2012
2. Net Revenue from Funds (NRFF) is EGP 407.2mn, 96.7mn/31.2% higher than prior year
3. Total Revenue is EGP 579.9mn, EGP 189.7mn/48.6% higher than the same period in 2012
4. Operating leverage of 24.4% - revenue grew by 48.6% whilst expenses grew by 24.2%
5. Provisions were a recovery of EGP 68.3mn compared to a charge of EGP 979.7mn the same period in 2012. For the New Bank Provisions were EGP 21.6mn in 2013 vs. EGP 23.3mn in 2012
6. Deferred tax was a credit of EGP 148mn, EGP 126.6mn/46.1% lower than full year 2012.

Balance Sheet vs December 2012

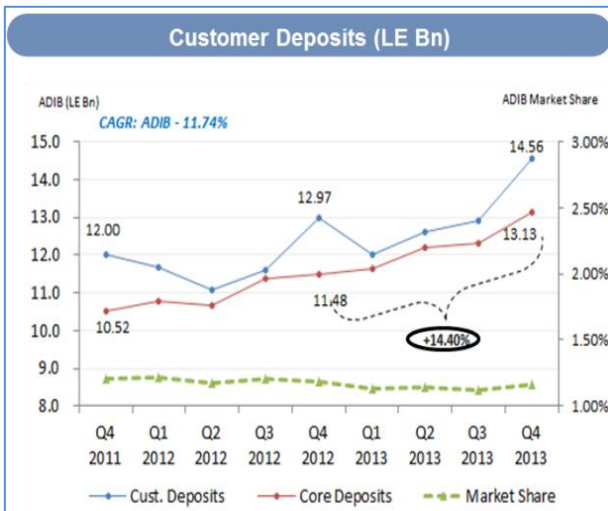
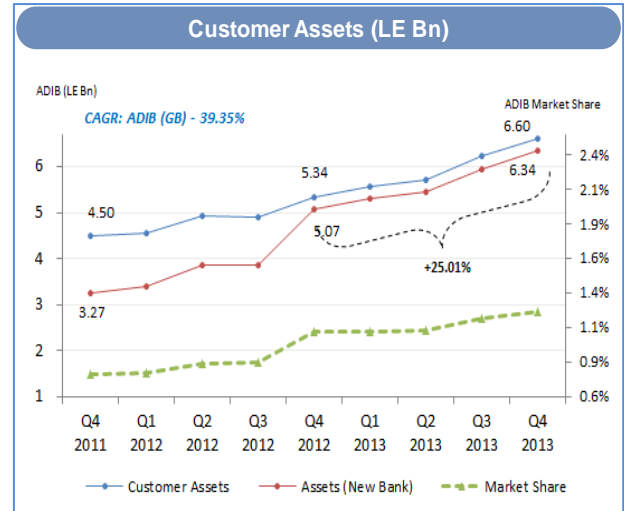
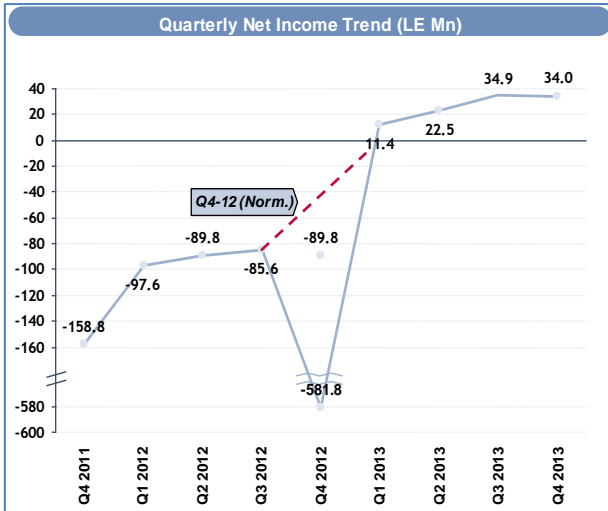
1. Total assets increased by EGP 1.8bn/12.6% to reach EGP 16.4bn
2. Headline financings grew by EGP 1.3bn/23.8% to reach EGP 6.6bn
3. Core deposits grew by EGP 1.6bn/14.4% to reach EGP 13.1bn
4. Shareholders' equity increased by EGP 140.7mn/22.5%
5. Loan to deposit ratio of 45.3% up from 40.9% in 2012
6. Impaired loans after adjusting for pre-acquisition portfolio has reached 0.9% vs 1% in 2012

Income Statement: Q4 2013 vs. Q4 2012

1. Net Income was EGP 34mn, which was EGP 615.9mn/105.8% better than Q4 2012
2. Net Revenue from Funds (NRFF) was EGP 113.3mn, 19.9mn/21.3% higher than Q4 2012
3. Customer Net Revenue was EGP 139.5mn, EGP 29.5mn/26.8% higher than Q4 2012
4. Operating leverage - revenue grew by 34.9% whilst expenses grew by 38.4% - an operating leverage of -3.4% mainly due to the rebranding expenses and the 2013 staff bonuses.

5. Provisions were a net recovery of EGP 5.7 mn compared to a charge of EGP 736.8 mn in Q4 2012. On the new bank side, there was a net charge of EGP 2.7 mn compared to EGP 5.4 mn the same time the prior year.

Key Graphs



Market growth rate:

- Customer assets: 9%
- Customer Deposits: 14%

Three year performance

Balance sheet	2011	2012	2013	3 YR CAGR
Total assets	13,770	14,565	16,397	6.0%
Gross customer 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 ratio				
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	2012	2013	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%	

Network	2011	2012	2013	3 YR CAGR
Branches	70	70	70	0.0%
ATMs	59	64	73	7.4%

[†] In 2012 Basel II CAR ratio is 9.3% which is not considered a breach as the instructions were issued in December 2012 with a transitional period of six months

Commentary

Abu Dhabi Islamic Bank "ADIB" – Egypt (EGX:ADIB) has reported full year 2013 net income of EGP 103 million compared to a loss of EGP 855 Million in 2012. This is the first year of positive net income since the Emarati consortium acquisition in 2007. The 2013 results are a consequence of the significant restructuring that was implemented during the prior years.

ADIB – Egypt's balance sheet continues to grow to reach total assets of EGP 16.4 billion or an increase of 12.6% over 2012 driven mainly by a 24% growth in customer financing, compared to market of circa 9%; ADIB's EGP 6.6 billion customer financing portfolio represents a market share of 1.2%¹0.1% up from 2012. This asset growth was funded by a full year growth in deposits of EGP 1.6/12.2% billion compared to a market growth rate of roughly 14%. With this growth rate the bank's balance sheet remains considerably liquid with 45% financing/deposit ratio and an average cost of fund of 6.3% vs 6.4% in 2012.

Full year net commission and fees in 2013 increased by 86%, compared to the prior year, to reach EGP 112 million. This was mainly driven by more than doubling trade and cash management volumes, and a US\$110 million syndicated mudaraba finance facility fee. Simultaneously, a 31% increase/EGP 96.7 million in net

¹ As of Q3 2013 data

income from funds, driven by the growth in balance sheet coupled by an improvement in our net profit income margin to reach 2.7%² or an increase of 30 bps over 2012. This resulted in full year revenue of EGP 519 Million compared to EGP 370 Million in 2012 or 40% increase over prior year.

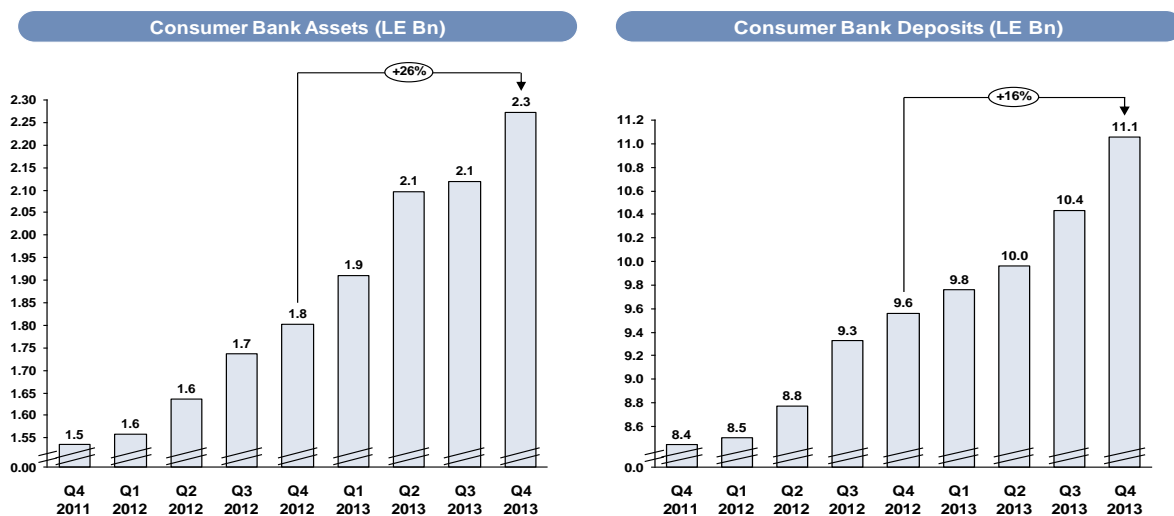
During the second quarter of 2013 the Central Bank of Egypt BASEL II capital regulations became fully effective. ADIB Egypt successfully met the new criteria and reported a CAR at the end of December of 10.8% vs. a regulatory requirement of 10.0%.

ADIB Egypt continued to focus on service quality and customer by rebranding its network of 70 branches and relocating 4 branches to expand its geographical reach and capitalize on the opportunities availed in the new locations. Moreover, investment in technology continued as demonstrated by faster delivery of worker remittance and fund transfers. In addition, in 2013 ADIB Egypt trained 2,465 employees who received 28,000 hours of training covering 179 different topics which underpins the philosophy that continuing to support and strengthening the “Capital Manpower” is fundamental to future growth.

As part of its restructuring plans, the Bank offered its employees a voluntary early retirement program (ERP) in Q4 which 246 employees subscribed to. The program cost was EGP 103m as reflected in the other operating expenses which was funded by a net tax credit of EGP 148 million. As for the General and Administration expenses, they increased by 24%/EGP 98 million due to the introduction of the End of Service Plan, the rebranding marketing activities and the impact of prior year investments in people and infrastructure.

Key Business Segment highlights:

Retail



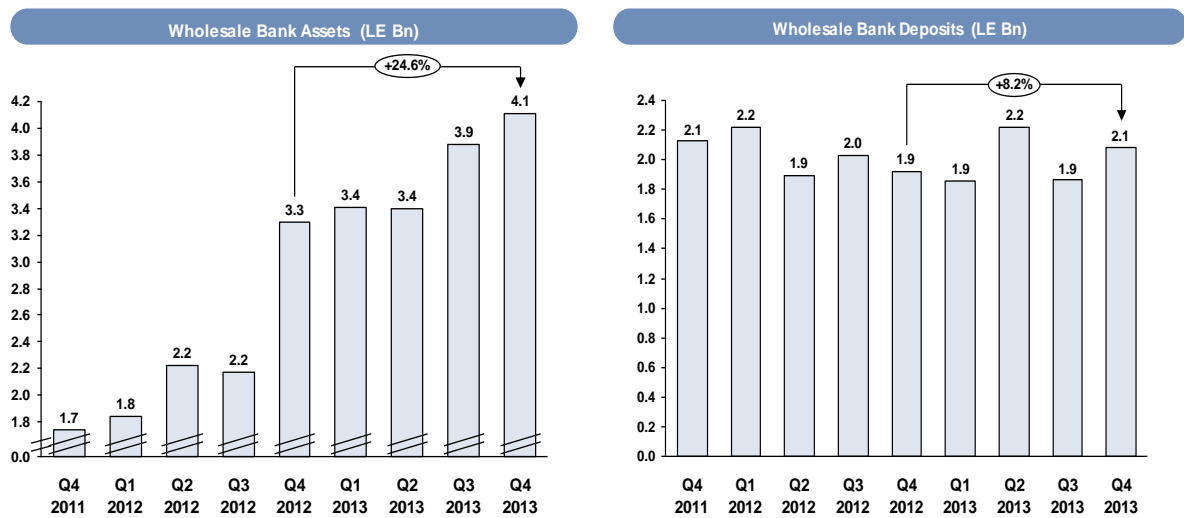
The Retail asset portfolio grew by EGP 468.7mn/26% in the 12 months to 31st December 2013 to reach EGP 2.3bn. The strong growth in assets was achieved mainly from fully cash secured Personal Finance. Over the last 12 months and despite the volume growth and the difficult economic environment, we have seen general provision increased EGP 1.7mn due to the improvement in delinquencies thanks to a vigorous collections strategy.

The Retail deposit portfolio grew by EGP 1.5bn/15.7% in the 12 months to 31st December 2013 to reach EGP 11.1bn, with an increase in our cost of deposits by only 10 basis points compared to 2012.

² As per management accounts

The positive growth in Retail footings continued to be achieved as a result of ADIB Egypt position as one of the top three market share in originations of Auto and Personal Finance in the country. The investment in the new products such as the Cash Back card, Egypt's first Shari'a compliant cash back card and one that brings substantial benefits to the customer, investment in infrastructure, the delivery of a further 4 relocated branches, and lastly, our pursuit of service excellence as reflected in the much improved branch mystery shopping results. Finally, the introduction of branches individual P&L's has paid off in managing bottom line profitability per branch as 24 branches increased their net profit by more than 20%.

Wholesale



The Wholesale Financing portfolio grew by EGP 812.5 million/24.6% in the 12 months to 31st December 2013 to reach EGP 4.1bn. The growth came predominately from the Top Tier Local Corporates and Public Sector. Equally encouraging was a EGP 76.7mn growth in SME following its launch in January 2013. The SME sector remains largely untapped in terms of focused products and services and is key to the recovery of the Egyptian economy, hence ADIB Egypt's focused efforts in pursuing aggressive growth in this sector.. The WB deposit portfolio grew by EGP 156mn/8.2% over the last 12 months with a 30bps improvement in the cost of funds as the Bank succeeded in acquiring less expensive deposits.

Overall, 2013 witnessed significant growth in Fees and Commissions that grew by EGP 51.6mn or 86% compared to 2012. This growth was fuelled by the Corporate Finance product team who successfully arranged a number of facilities to major corporate clients and the doubling of the Trade volumes.

Treasury

Treasury continued to successfully handle the management of the excess liquidity and foreign exchange operations. As result of the significant balance sheet growth, the average asset portfolio managed by Treasury increased by EGP 734mn/14.5% in 2013 vs the same period in 2012 to reach LE 5.8bn. Foreign Exchange income increased by EGP 40.5mn to reach EGP 57.1mn, to register an increased market share of 3.0% up from circa 1.3% the prior year.

Risk Management

ADIB Egypt continued its well established management of the non-performing portfolio. As a result, the headline total non-performing portfolio as a percentage of gross customers financing dropped to 6.1% compared to 42.8% in 2012. This decrease is due to the write-off of EGP 3.2 billion of pre-acquisition non-performing loans. Adjusting the figures to represent the new bank only, the non-performing portfolio percentage was at 0.9% vs. 1% in 2012. Specific provisions in 2013 were a net recovery of EGP 87 Million compared to a charge of EGP 973 Mn in 2012.

In addition to the credit portfolio, a further EGP 5.9 mn in impairment was taken against investments in subsidiaries.

Information Technology

During the period, our Technology Group continued to focus on embedding the new release of our core operating system and the launch of 'view only' on-line banking. Further, 2013 witnessed a significant investment in information security that is fundamental in protecting customer information and privacy.

Employees

ADIB Egypt continued to invest substantially in training and leveraging the mock branch as well as the internal and external training facilities. As a result, in Retail 2013 registered a 165% increase in the number of staff trained and a 62% increase in training hours. Further, in Q3 we launched our employee End of Service Benefit Plan that allows employees to save for their retirement, with the bank matching 200% of employee contributions up to the first 3% of their salary. In Q4 we offered to employees a voluntary early retirement plan which 246 employees subscribed to.

Awards

Finally, we are proud that ADIB Egypt won the IFN Best Islamic Bank in Egypt for the third consecutive year and added a new award for the first time namely the IFN Best Mudarabah Deal for the year 2013. ADIB Egypt also made the Bloomberg list as one of the largest managers of sharia compliant finance coverage in EMEA in 2013.

Gratitude

The Board of Directors would like to express their appreciation to our customers, shareholders and staff for their continued support and trust in our bank