2024

Annual Report

Bank Audi

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STATEMENT OF THE CHAIRMAN

Dear stakeholders,

The year 2024 witnessed a continuation of the challenges experienced in 2023—operational, legal, and economic—further exacerbated by military escalations that culminated, towards the end of the year, in significant local and regional geopolitical shifts.

These geopolitical shifts, accompanied by the reestablishment of full public governance through the election of a President of the Republic in early 2025 and the formation of a new government with promising agendas, mark, however, a comforting development and give us cautious optimism that a turning point may have been reached in the prolonged Lebanese crisis. Concrete solutions are now actively envisaged by the Government and public authorities. Yet, Lebanon's path to recovery remains marked by uncertainties.

During 2024 and despite the ongoing challenges, we remained resolute in our commitment to navigating this complex environment with resilience and strategic discipline. With the unwavering support of the Board, management has pursued a prudent and disciplined strategy focused on strengthening operational integrity, enhancing financial resilience, and preparing the institution for the implementation of the restructuring and resolution plan.

During the year under review, we also implemented important enhancements in our governance structure. These changes were aimed at reinforcing the Board's role in providing independent oversight of management's execution of strategy, while maintaining a sharp focus on risk and compliance. Our commitment to transparency, integrity, and accountability remained steadfast, even amidst legal ambiguities and broader sector challenges. This commitment was further reinforced through changes in the composition of the Board and adjustments in the distribution of roles, which strengthened our collective expertise and bolstered the Board's independent oversight capabilities.

Reflecting on the aforementioned challenges and achievements, I would like, on behalf of the Board of Directors, to extend my sincere gratitude to our employees, clients, and stakeholders at large. Your continued trust and support are instrumental in enabling the Bank to move forward with confidence and determination. We recognize that the absence of critical financial sector reforms remains a challenge for the entire industry, creating uncertainties that impact long-term planning and market confidence. We share these concerns and remain committed to navigating this environment with resilient governance and strategic focus.

I am confident that, together, we will emerge stronger and better positioned for the future.

Samir N. Hanna
Chairman of the Board

STATEMENT OF THE GROUP CHIEF EXECUTIVE OFFICER

Dear stakeholders,

As we reflect on the year 2024, it is clear that the environment in which Bank Audi operates remains profoundly complex and volatile. It was a year of extraordinary difficulty for Lebanon and for all who call it home. Already enduring the deep toll of a prolonged economic and financial crisis, our country was shaken once again by the eruption of the war in September. This conflict not only significantly impacted the country's infrastructure, economy, and human capital but compounded the uncertainty that has weighed so heavily on Lebanese households, institutions, and businesses alike.

In this most trying of contexts, Bank Audi remained fully operational, and deeply committed to its stakeholders. We navigated the year with prudence, discipline, and with a perpetuation of our strategic repositioning, aiming at going through the prolonged period of economic uncertainty while fortifying our readiness for the eventual sectoral resolution. The Group's overarching direction in 2024 revolved around eight key strategic priorities, ranging from executing our six going-concern pillars and launching neo, the first digital bank in Lebanon, to adapting agilely to regulatory changes and divesting from capital-intensive operations. A defining moment in this journey was the Bank's decision to exit the Turkish market through the successful divestiture of Odea Bank to ADQ Financial Services LLC on 26 March 2025. These actions allowed us to ensure the long-term sustainability of the Bank and to continue as much as possible meeting its financial obligations, and supporting clients in the best efficient manner.

Despite having to contend with the prevailing systemic challenges, our Lebanese operations maintained stability, even as the absence of a credible national restructuring plan continued to strain the broader sector. This was achieved through tight cost discipline and careful balance sheet management. Encouragingly, early 2025 brought signs of political renewal and a potential path to reform, as evidenced by the formation of a technocratic government and a progress towards IMF engagement. We will continue to support reform, advocate for a viable restructuring framework, and prepare our institution for the day after the implementation of the resolution plan.

Internationally, the Bank's operations in France, Switzerland, Qatar, and Saudi Arabia demonstrated solid performance. Of particular note was the consistent profitability of our Private Banking operations and the marked improvement in our Saudi entity following the adoption of a new growth strategy.

Our financial results reflect the disciplined execution of our strategy. Consolidated assets stood at USD 16.7 billion at year-end 2024, and while we reported zero consolidated net profits for the year, this was a direct consequence of our decision to allocate all pre-provision profits to provision for risk and charges— an approach that strengthens our balance sheet and fortifies our readiness for the banks' resolution.

In tandem with financial prudence, the Bank has also made tangible progress in redefining its business model. In Lebanon, we continued transitioning toward a digital-first platform for individuals while consolidating our branch footprint to better serve high-net-worth and corporate clients.

Beyond the numbers, we continue to invest in the pillars that will shape our future.

In Human Resources, our commitment to supporting our people remains central to us. In the face of the crisis, we responded quickly to ensure the safety and well-being of our employees. With the war in September, we activated crisis protocols, including relocating staff from high-risk areas and providing them with necessary logistical and financial support. Our employees were at the heart of our response, and we worked to ensure they felt supported during an uncertain and difficult period.

Throughout the year, we also focused on fostering employee engagement and morale, organizing wellness initiatives and social events to maintain a sense of community and unity. These efforts were essential in ensuring that our team remained resilient and motivated, despite the external pressures. Looking ahead, we will continue to prioritize the health, well-being, and development of our workforce as we adapt to the evolving needs of the sector.

On the compliance front, the regulatory landscape in 2024 was significantly impacted by Lebanon's inclusion on the Financial Action Task Force's (FATF) "Grey List," presenting new challenges for compliance. Despite these pressures, Bank Audi remained steadfast in applying solid principles of transparency and due diligence. We focused on reinforcing our internal controls and ensuring that we continued to meet international compliance expectations. This was crucial for maintaining our relationships with global correspondent banks and ensuring the Bank's ability to operate effectively in the international financial system.

In 2024, the Bank also continued its focus on Corporate Social Responsibility, adapting our initiatives to the prevailing circumstances. We continued to support our employees, providing assistance to those displaced by the war and strengthening our youth empowerment programs, which included the Audi Youth Summer Experience and internships for young people. While our efforts in this area were adjusted in response to the crisis, we remained committed to making a meaningful contribution to society.

Additionally, we continued our environmental sustainability initiatives, including efforts to reduce our carbon footprint and expand our recycling programs. These actions reflect our long-term commitment to sustainability and our responsibility to the communities we serve.

Looking ahead, while uncertainties persist, the Bank is well positioned to leverage any improvements in the external environment.

On behalf of management, I extend my deepest thanks to our clients, shareholders, regulators, partners, and above all, our employees—for their strength, integrity, and unwavering commitment during one of the most challenging years in our history.

With shared purpose, we look forward to better days ahead.

Respectfully,

Khalil I. El Debs
Group Chief Executive Officer

MAIN FINANCIAL INDICATORS IN 2024

	2020	2021	2022	2023	2024	CAGR 20-24
Assets	35,431	26,857	26,926	18,566	16,665	-17.19%
Loans to customers	6,136	4,743	3,937	1,049	963	-37.07%
Customers' deposits	21,528	20,101	19,381	12,806	12,416	-12.85%
Shareholders' equity	2,951	2,492	4,017	1,738	955	-24.58%
Net earnings (loss) - published	-145	-184	-435	0	0	
Normalized Net earnings[3]	519	722	683	234	183	-22.94%
Number of branches	125	115	112	91	84	-9.46%
Number of staff	3,931	3,176	3,059	3,136	2,805	-8.09%
Placements and loan quality						
Placements with Central Bank and banks[1]/Deposits	97.42%	100.12%	88.58%	103.56%	105.35%	
Loans to deposits	28.50%	23.59%	20.32%	8.19%	7.75%	
Credit-impaired/Gross loans[2]	15.31%	13.33%	14.78%	25.87%	20.90%	
Loan loss provisions/Credit-impaired (including allowance for ECL Stages 1 & 2)	94.46%	115.06%	88.27%	88.00%	94.67%	
Loan loss provisions/Credit-impaired (including real guarantees and allowance for ECL Stages 1 & 2)	158.41%	141.16%	103.59%	95.85%	104.33%	
Net credit-impaired/Equity	16.65%	9.98%	4.96%	4.13%	5.19%	
Allowance for ECL Stages 1 & 2/Net loans	7.02%	7.61%	3.07%	2.94%	3.76%	
Capital adequacy						
Equity/Assets	8.33%	9.28%	14.92%	9.37%	5.73%	
Common equity Tier 1 ratio	9.36%	10.04%	6.33%	8.46%	5.55%	
Capital adequacy ratio	13.12%	14.52%	9.81%	9.54%	7.43%	
Profitability [3]						
Cost to income	44.22%	40.71%	49.02%	52.13%	44.8%	
ROAA	1.40%	2.38%	2.64%	1.22%	1.08%	
ROACE	21.69%	32.94%	40.99%	15.86%	18.39%	

[1] Including CDs.
[2] After adoption of IFRS 9.
[3] Adjusted to the one-off flows from the outset of the financial crisis in Lebanon, excluding discontinued operations, before allocation of provisions.
[4] Excluding entities held for sale.

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01 Corporate Governance

1.0. CORPORATE GOVERNANCE FRAMEWORK

INTRODUCTION

The Board of Directors of Bank Audi aims at achieving the Group's long-term success through the implementation of Governance practices that promote continuity, consistency, and effectiveness in the way the Board operates and governs the Bank.

In 2024, the Board continued to pay a particular attention to prudent and effective controls, in consideration of the heightened risks resulting from the fiscal and monetary crisis that persisted since the last quarter of 2019, in addition to its role of policy setting and of providing strategic guidance. Despite the impact of the said crisis on the Bank, and on all other banks and market players, and despite the additional pressing matters that showed up in 2024, the Bank continued its operations with integrity and in compliance with applicable laws and regulations.

The Board is thus satisfied that, during the period under review, it fully discharged all its responsibilities, as mapped in its yearly rolling agenda, and acted on the recommendations of its committees in a way to meet its obligations towards its shareholders and all other stakeholders. The Board is also satisfied that the Bank's Governance framework conforms to applicable directives and guidelines, and is adapted to the Bank's needs and high expectations of its stakeholders.

GOVERNANCE FRAMEWORK

Bank Audi is governed by a Board of Directors consisting of up to 12members (currently 8) elected by the General Assembly of shareholders for terms not exceeding 3 years.

The roles of Chairman of the Board and General Manager - Chief Executive Officer are distinct. The Board is led by a Non-Executive Chair, who oversees corporate governance and ensures the Board's effective functioning, while the General Manager - CEO is responsible for leading the company's management, executing its strategy, and overseeing its operations.

The responsibility of the Board is to ensure strategic direction, management supervision and adequate control of the company, with the ultimate goal of increasing the long-term value of the Bank. Bank Audi's Governance framework and that of its major banking subsidiaries encompass a number of policies, charters, and terms of reference that shape the Group's Governance framework over a wide range of issues including risk supervision, compliance, AML/CFT, audit, remuneration, evaluation, succession planning, ethics and conduct, budgeting, and capital management. Clear lines of responsibility and accountability are in place throughout the organization with a continuous chain of supervision for the Group as a whole, including effective channels of communication of the Group Executive Committee's guidance and core group strategy. Strategic objectives setting corporate values and promoting high standards of conduct have been established and widely communicated throughout the Group, providing appropriate incentives to ensure professional behavior.

The Bank's Corporate Governance Guidelines are accessible on the Bank's website at bankaudigroup.com

The Board is supported in carrying out its duties by the Audit Committee, the Risk Committee, the Remuneration Committee, the Compliance/AML/CFT Board Committee, the Corporate Governance and Nomination Committee, and the Executive Committee.

- The mission of the Group Audit Committee is to assist the Board in fulfilling its oversight responsibilities as regards: (i) The adequacy of accounting and financial reporting policies; (ii) the integrity of the financial statements and the reliability of disclosures; (iii) the appointment, remuneration, qualifications, independence and effectiveness of the external auditors; and (iv) the independence and effectiveness of the internal audit function[1].

- The mission of the Group Risk Committee is to assist the Board in discharging its risk-related responsibilities. The Committee is expected to: (i) consider and recommend the Group's risk policies and risk appetite to the Board; (ii) monitor the Group's risk profile for all types of risks; and (iii) oversee the management framework of the aforementioned risks, and assess its effectiveness.

- The mission of the Remuneration Committee is to assist the Board in maintaining a set of values and incentives for Group executives and employees that are focused on performance and promote integrity, fairness, loyalty and meritocracy.

- The mission of the Compliance/AML/CFT Board Committee is to assist the Board of Directors in its functions and supervisory role with respect to: (i) fighting money laundering and terrorist financing and understanding the related risks, and assisting it in making the appropriate decisions in this regard; (ii) protecting the Bank from other compliance-related risks and, more generally, overseeing the Bank's compliance with applicable laws, policies and regulations.

- The mission of the Corporate Governance and Nomination Committee is to assist the Board in maintaining an effective institutional and Corporate Governance framework for the Group, an optimal Board composition, and effective Board processes and structure.

- The mission of the Group Executive Committee is to support the Group CEO in formulating policy and strategy proposals for the Board, providing leadership to management, promoting compliant execution of the Bank's business, overseeing performance against KPIs and reporting thereon to the Board.

[1] *It is not the duty of the Audit Committee to plan or to conduct audits or make specific determinations that the Bank's statements and disclosures are complete and accurate, nor is it its duty to assure compliance with laws, regulations and the Bank's Code of Ethics and Conduct. These are the responsibilities of Management and/or of external auditors.*

2.0. SHAREHOLDING STRUCTURE

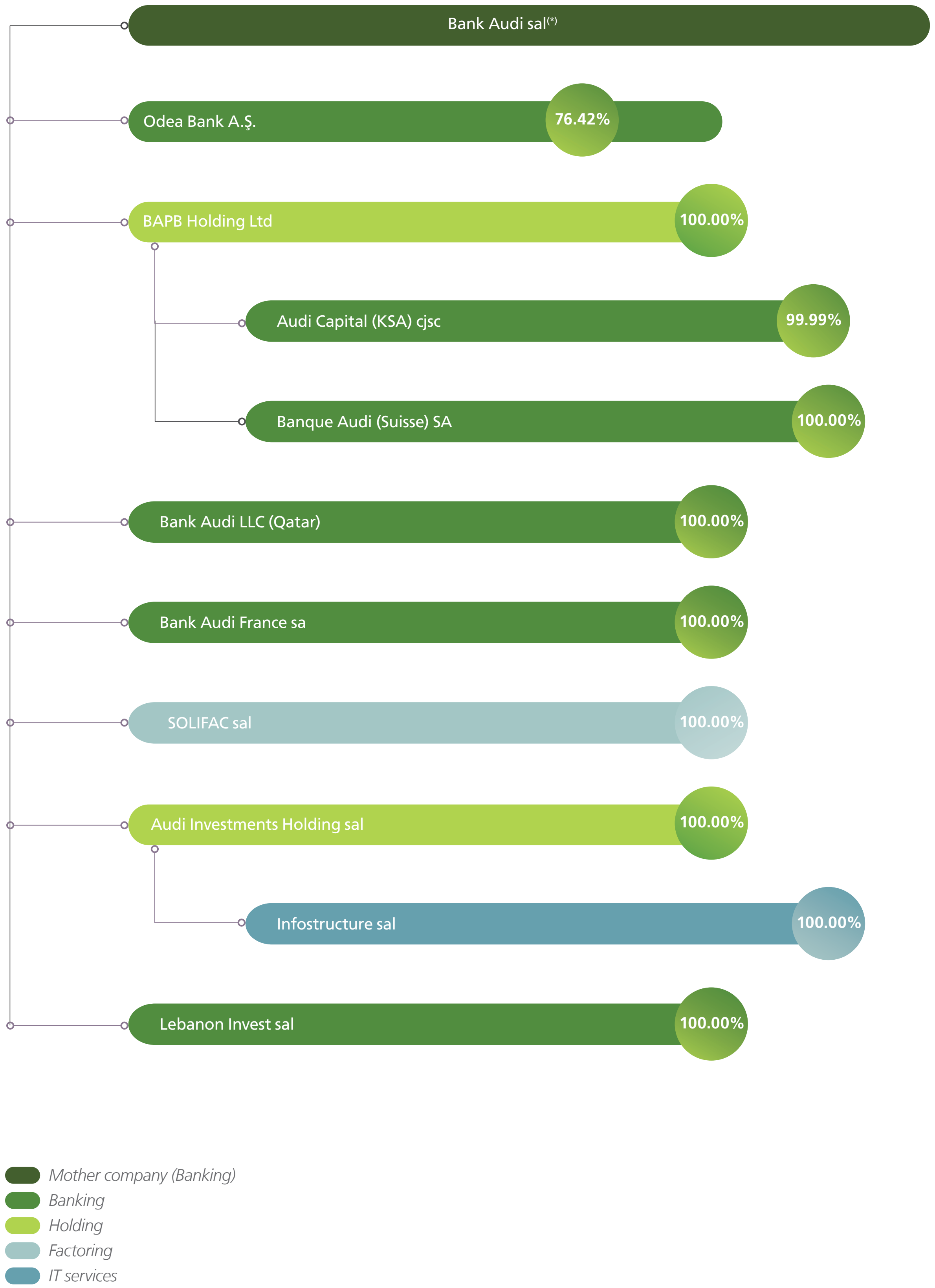
The following table sets out the composition of the holders of the Common Shares as at December 31, 2024:

Shareholders/Groups of Shareholders	Country (Ultimate Economic Ownership)	Percentage Ownership[1] (%)
FRH Investment Holding SAL [2]	Lebanon	12.25
Sheikh Dheyab Bin Zayed Bin Sultan Al-Nahyan	United Arab Emirates	7.96
Al-Hobayb Family	Kingdom of Saudi Arabia	5.87
Audi Family[3]	Lebanon	5.01
Family of Late Sheikha Suad Hamad Al Saleh Al Homaizi	Kuwait	4.42
Akig Investment Holdings Ltd	Iraq	4.26
Phoenicia Enterprises S.A	Lebanon	3.37
Al-Sabah Family	Kuwait	3.21
European Bank for Reconstruction and Development - EBRD	—	2.90
Ali Ghassan El Merhebi Family	Lebanon	2.78
Kel Group	Lebanon	2.49
Mohammed Bin Dhoheyan Bin Abdul Aziz Al Dhoheyan	Kingdom of Saudi Arabia	2.37
Investment & Business Holding Group	Lebanon	2.19
Imad Ibrahim Itani	Lebanon	1.88
International Finance Corporation - IFC	—	1.70
Executives and Employees	Lebanon	0.61
Others	—	15.17
Global Depositary Receipts ("GDRs") [4]	—	21.55
Total shareholding[5]	—	100.00

[1] *Percentage ownership figures represent Common Shares owned by the named Shareholders and are expressed as a percentage of the total number of Common Shares issued and outstanding as at the date hereof.*
[2] *FRH Investment Holding SAL is a member of the Board of Directors, represented by Fahd Rafic Hariri.*
[3] *The Audi Family includes the following members of the Board as at the date hereof: Janaudi Holding S.A.L (Represented by Marc Jean Audi) and Sherine Raymond Audi.*
[4] *GDRs represent common shares held by "The Bank of New York Mellon" as a holder of record in its capacity as depositary under the Bank's GDR Program.*
*In addition to the ownership of Common shares mentioned above, 8.35 % of the Bank's Common Shares are held through GDRs by each of **FRH Investment Holding s.a.l. (including by its controlling shareholder), Sheikh Dheyab Bin Zayed Bin Sultan Al-Nahyan, the Al-Hobayb Family, the Audi Family, the Family of Late Sheikha Suad H. Al Homaizi, and Mohammed Bin Dhoheyan Bin Abdul Aziz Al Dhoheyan.** (respectively, 1.56%, 2.13%, 1.66%, 0.51%, 1.23%, and 1.27%). Information on GDR ownership is based on self-declarations (pursuant to applicable Lebanese regulations) as GDR ownership is otherwise anonymous to Bank Audi.*
[5] *As at the date hereof, the total number of common shares is 588,538,215. The Bank (and its affiliates) is the custodian of shares and/or GDRs representing 95.63 % of the Bank's Common Shares.*

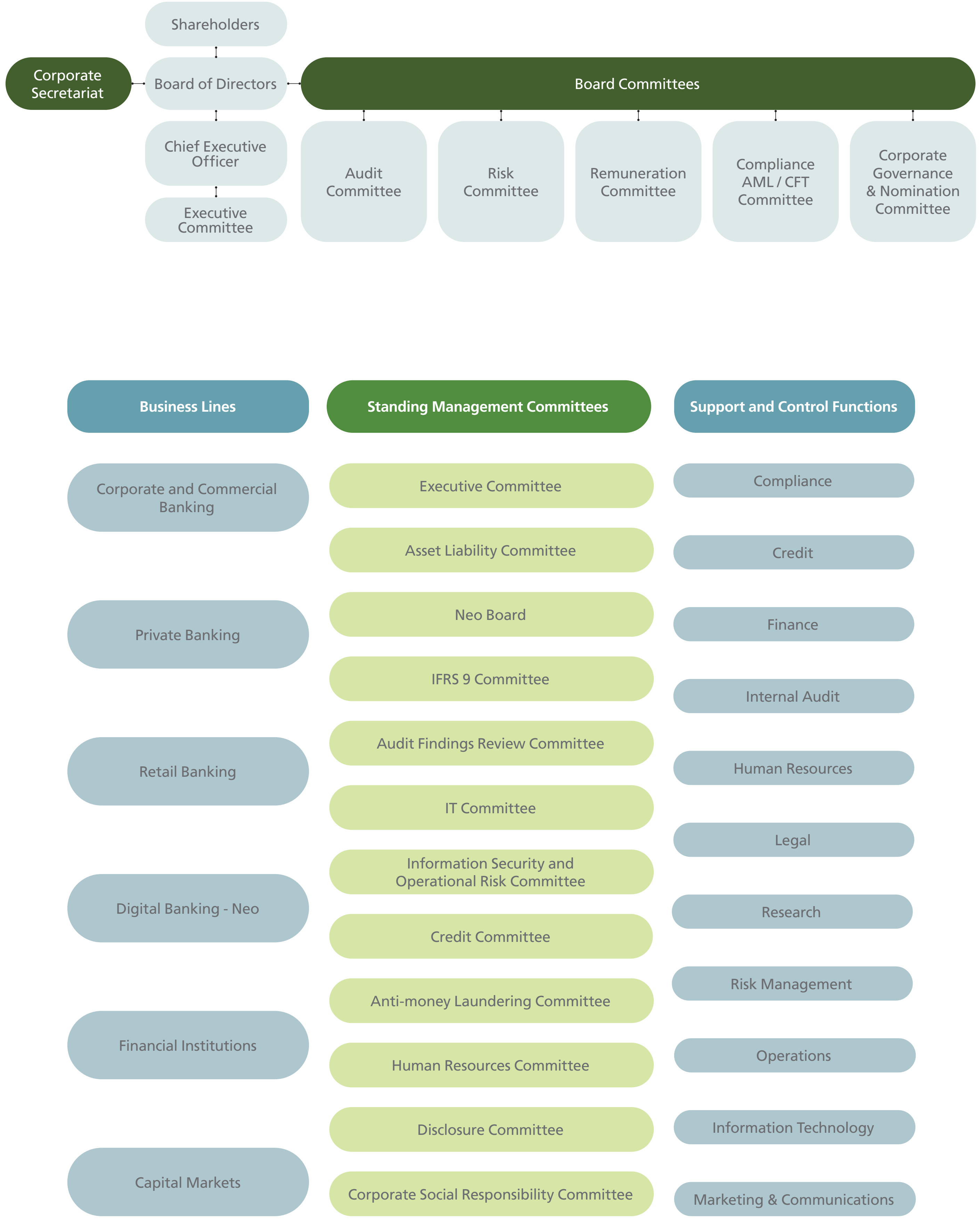
3.0. CORPORATE STRUCTURE

The major subsidiaries and branches abroad of Bank Audi sal as at 31/12/2024 are:



(*) *Percentage ownership represents the economic ownership of the Bank with direct and/or indirect ownership through subsidiaries.*

4.0. GROUP HIGH LEVEL CHART



5.0. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The current members of the Board of Directors were elected by a resolution of the Ordinary General Assembly of shareholders held on 25 July 2024 for a three-year term expiring on the date of the annual Ordinary General Assembly meeting that will examine the accounts and activity of the year 2026.

The names of Directors[2] serving at the date of this report are the following:

Members	Independent (as per the Bank's Corporate Governance Guidelines[3])	Member of the Group Audit Committee	Member of the Board Group Risk Committee	Member of the Remuneration Committee	Member of the Compliance/ AML/CFT Board Committee
Mr. Samir N. HANNA *(Chairman)*					
Dr. Khalil M. BITAR	•		Chair •	•	
Ms. Sherine R. AUDI	•				Chair •
Mr. Mutlaq H. AL-MORISHED	•	•			•
Janaudi Holding sal, represented by Mr. Marc J. AUDI	•	Chair •		Chair •	•
FRH Investment Holding sal, represented by Mr. Fahd R. HARIRI			•	•	
U Chain - Directors Ltd., represented by Mr. Maher G. MEREHBI	•	•	•	•	
Mr. Khalil I. EL DEBS *(General Manager - CEO)*					

Secretary of the Board

Dr. Farid F. LAHOUD *(Chief Compliance Officer - Corporate Secretary)*

[2] Listed according to their dates of appointment.
[3] Definition of "Director independence" as per the Bank' s Governance Guidelines (summary):
"In order to be considered independent Director by the Board, a Director should have no relationship with the Bank that would interfere with the exercise of independent judgment in carrying out responsibilities as a Director. Such a relationship should be assumed to exist when a Director (him/herself or in conjunction with affiliates):
- *is occupying, or has recently occupied an executive function in the Bank or the Group;*
- *is providing, or has recently provided advisory services to the Executive Management;*
- *is a major shareholder (i.e. owns, directly or indirectly, more than 5% of outstanding Audi common stock), or is a relative of a major shareholder;*
- *has, or has recently had a business relationship with any of the Senior Executives or with a major shareholder;*
- *is the beneficiary of credit facilities granted by the Bank;*
- *is a significant client or supplier of the Bank;*
- *has been, over the 3 years preceding his appointment, a partner or an employee of the Bank's external auditor;*
- *is a partner with the Bank in any material joint venture.*

In addition to the above, the Board of Directors is satisfied with the ability of the independent Directors to exercise sound judgment after fair consideration of all relevant information and views without undue influence from Management or inappropriate outside interests."

FREQUENCY OF MEETINGS

In 2024, the Board of Directors held 6 meetings, the Group Audit Committee held 5 meetings, the Group Risk Committee held 4 meetings, the Remuneration Committee held 4 meetings, the Corporate Governance and Nomination Committee held 2 meetings, and the Compliance/AML/CFT Board Committee held 4 meetings.

CHANGES TO THE BOARD OF DIRECTORS DURING THE YEAR 2024

On 16 May 2024, acting on the recommendation of the then Chairman – General Manager Mr. Samir Hanna, the Board of Directors resolved to separate the roles of Chairman and General Manager, as now permitted by Lebanese laws and the Bank's bylaws. Pursuant to the above, Mr. Samir Hanna relinquished his managerial duties and has since been serving as a Non-Executive Chair of the Board. Concomitantly, Mr. Khalil El Debs was appointed General Manager – CEO.

On 25 July 2024, the Ordinary General Assembly of Shareholders convened and resolved to reelect three of the then serving Directors (the others having expressed their wish not to be considered for a new mandate) and five new Directors, all for a term of three years expiring on the date of convening the Annual General Assembly of Shareholders that will examine the accounts of the year 2026.

The newly elected Board convened following the General Assembly of shareholders and resolved, amongst other things, to (i) re-elect Mr. Samir N. Hanna as Chairman of the Board; and (ii) reappoint Mr. Khalil El Debs as General Manager – CEO.

LEGAL ADVISORS

Cortbaoui & Kanaan

AUDITORS

BDO, Semaan, Gholam & Co.

Ernst & Young p.c.c.

FEES PAID TO STATUTORY AUDITORS

Total fees paid to Ernst & Young and BDO, Semaan, Gholam & Co statutory auditors for the services rendered to the Group for the years 2024 and 2023 are shown as below:

Audit and service fees paid to the Group auditors and their member firms (Lebanon and abroad)

USD '000	Dec-24	Dec-23
Audit services fees related to Group statutory auditors (Lebanon and abroad)	1,930	1,739
Audit services fees related to other audit firms	395	247
Total Audit Services Fees	2,325	1,986
Other services fees to Group statutory auditors (Lebanon and abroad)	207	265
Total Audit Services and other Fees	2,532	2,251

Other services cover tasks required by law and other services compatible with the statutory auditors' role.

6.0. BIOGRAPHIES OF BOARD MEMBERS

SAMIR N. HANNA

Chairman

Age: 80 – Lebanon
Director since August 1990
Term expires at the 2027 annual General Assembly of shareholders
- Chairman of the Board of Directors
- Former Chief Executive Officer

Samir Hanna is the current Chairman of the Board of Directors and former Chief Executive Officer of the Bank Audi Group. He joined Bank Audi in January 1963 and held several managerial and executive positions across various departments of the Bank. He was appointed General Manager of the Bank in 1986 and a member of its Board of Directors in 1990. In the early 1990s, he initiated and managed the expansion strategy of Bank Audi, transforming it into a leading banking group offering universal banking products and services, including Corporate, Commercial, Retail, Investment, and Private Banking.

He was elected Chairman of the Board of Bank Audi sal, succeeding Mr. Raymond Audi, on 10 April 2017. Samir Hanna has served as a member or Chair of the Boards of a number of subsidiaries of the Bank Audi Group, including (i) member of the Board of Directors of Odea Bank A.Ş., Bank Audi's subsidiary in Turkey, from 2012 until 2021 (Chairman until November 2020), (ii) member of the Board of Directors of Banque Audi (Suisse) SA from 2011 until 2021, and (iii) member of the Board of Directors of Bank Audi sae (Egypt) from 2006 until 2020.

In May 2024, acting on his recommendation, the Board of Directors resolved to separate the roles of Chairman and General Manager - CEO, as now permitted by Lebanese laws and the Bank's bylaws. Pursuant to the above, Mr. Samir Hanna relinquished his managerial duties and has since been serving as a Non-Executive Chair of the Board.

KHALIL M. BITAR

Board Member

Age: 82 – Lebanon
Director since April 2010
Term expires at the 2027 annual General Assembly of shareholders
- Independent member of the Board of Directors
- Chairman of the Risk Committee
- Member of the Remuneration Committee

Khalil Bitar is an independent member of the Board of Directors and the Chair of its Risk Committee since 2010. He is a former Professor of Physics and a former Dean of the Faculty of Arts and Sciences of the American University of Beirut (AUB). He held this last position from 1997 until 2009, playing an instrumental role in advocating AUB's strengths and regional position as the premier center for higher education, and in re-establishing its PhD programs.

Throughout his career, he held several academic and administrative positions, including Associate Director of the Supercomputer Computations Research Institute – Florida State University (between 1994 and 1997) and visiting professor at leading academic institutes in Europe and North America (including the European Organisation for Nuclear Research in Geneva, the International Centre for Theoretical Physics in Italy, The Institute for Advanced Study in New Jersey, the Fermi National Accelerator Laboratory (Fermilab) in Illinois, the University of Illinois, Brookhaven National Lab. in New York, the Max Planck Institute in Munich, and the Rockefeller University in New York). He also served two mandates as member of The Institute for Advanced Study in Princeton, New Jersey, between 1968 and 1972.

Khalil Bitar has also served as (i) member of the Board of Directors of Audi Private Bank sal and the Chairman of its Risk Committee, and (ii) member of the Board of Directors of Audi Investment Bank sal and Chairman of its Risk Committee from March 2012 until November 2013, and as advisor to its Board for Risk Committee matters until the merger of both entities with Bank Audi sal in December 2020.

He holds a Bachelor of Science degree in Physics from the American University of Beirut, a Master's of Science degree in Physics, and a PhD in Theoretical Physics from Yale University in the United States.

SHERINE R. AUDI

Board Member

Age: 64 – Lebanon
Director since April 2017
Term expires at the 2027 annual General Assembly of shareholders
- Non-executive Chair of the Board of Directors of Bank Audi France
- Chair of the Board Compliance & AML/CFT Committee

- **Sherine Audi** is the non-executive Chair of the Board of Directors of Bank Audi France SA, the French subsidiary of the Bank.

She started her banking career in 1980 at Bank Audi France SA, a fully owned subsidiary of Bank Audi sal. She held several positions there, including in credit, business development, operations, and administration. She was appointed Assistant General Manager of Bank Audi France in 1995, then Executive Director in 2000, and Director–General Manager from 2010 until 2022. In this capacity, she led Bank Audi France's activity and drove its strategic transformations (including technological and regulatory ones) as required by current market rules and practices. She also acted as the representative of Bank Audi France SA toward the French banking authorities and professional organizations. In September 2022, she resolved to relinquish her executive duties and was elected non-executive Chair of the Board of Directors of Bank Audi France, effective January 1, 2023.

Since December 2021, she has also served as Vice-Chair of the Chambre de Commerce Franco-Libanaise, after having served as its treasurer since 2015.

Sherine Audi holds a diploma as a Certified Director from Sciences Po Paris, jointly with the French Institute of Directors.

MUTLAQ H. AL-MORISHED

Board Member

Age: 67 – Kingdom of Saudi Arabia
Director since July 2024
Term expires at the 2027 annual General Assembly of shareholders
- Member of the Board Compliance & AML/CFT Committee
- Member of the Audit Committee

Mutlaq Hamad Al-Morished is served most recently (until March 2024) as the Chief Executive Officer and a Board Member at TASNEE, a major industrial corporation based in Saudi Arabia. His career began in the USA with Shell, followed by holding key roles at SADAF, where he advanced from Chief Engineer to Vice President of Engineering & Operations, and later President in 1998. He also led the Saudi Iron & Steel Co. (HADEED) as President from 1999 to 2000.

In 2000, Mr. Al-Morished joined Saudi Basic Industries Corporation (SABIC), a leading diversified chemical manufacturing company based in Saudi Arabia, holding various senior positions including President of the Metals Group, Vice President of Shared Services, CFO, and EVP of Finance, until his move to TASNEE in 2015.

His other board memberships include the Saudi General Authority for Military Industries, TRONOX (NYC), and the Chairmanship of the National Metal Manufacturing & Casting Co. (Maadaniyah). Since 2017, he also serves as the independent Chairman of Citigroup Saudi Arabia JSC, a company licensed to undertake securities business activities and financial advisory services in the KSA.

Previously, he served as Chairman of YANSAB, SABIC Capital in Holland, SAUDI KAYAN, SABIC Captive Insurance Limited in the UK, and Alinma Investment Co. He has also held board roles with Alinma Bank, Gulf Bank, GARMCO in Bahrain, Aluminum Bahrain (ALBA), Alinma Tokio Marine, and the General Organization of Saudi Arabian Airlines, among others. Additionally, he was a member of the Advisory Board for Economic Affairs of the Supreme Economic Council of Saudi Arabia.

Mr. Al-Morished holds an MBA from Stanford University (1989), an MS in Nuclear Engineering from Princeton University (1981), and a BS in Nuclear Physics & Math from the University of Denver (1979).

JANAUDI HOLDING SAL

Represented by

MARC J. AUDI

Board Member

Lebanon
Director since July 2024
Term expires at the 2027 annual General Assembly of shareholders
- Chairman of the Audit Committee
- Chairman of the Remuneration Committee
- Member of the Board Compliance & AML/CFT Committee

Janaudi Holding sal is a family holding company owned by the members of the family of late Jean Wadih Audi, one of the founders of the Bank. It holds Common Shares of the Bank representing 1.80% of the total number of Common Shares issued and outstanding as at June 30, 2024, in addition to GDRs representing 0.2% of the Bank's Common Shares. Janaudi Holding sal is chaired by Marc J. Audi and is represented by him on the Board of Directors of the Bank.

Marc Audi
Age: 66 – Lebanon

Marc Audi has been a member of the Board of Directors of the Bank since March 1996. He served as General Manager from 2004 until February 2022 and as Lebanon Country Manager of the Bank Audi Group until June 2020.

He started his banking career in 1981 and held several executive positions within the Bank Audi Group in various countries, including France, the USA (California), Switzerland, and Lebanon. Throughout his career, he held executive responsibilities at the group level in Commercial Lending, Capital Markets, and Private Banking (notably serving as General Manager of Banque Audi (Suisse) SA, the Private Banking arm of the Group, until 2005).

Marc Audi currently serves as Chairman of the Board of Directors of Banque Audi (Suisse) SA and as a Board member of several other affiliates of the Bank Audi Group.

He holds a Master of Business Administration from the University of Paris IX – Dauphine.

FRH INVESTMENT HOLDING SAL

Represented by

FAHD R. HARIRI

Board Member

Lebanon
Director since July 2024
Term expires at the 2027 annual General Assembly of shareholders
- Member of the Risk Committee
- Member of the Remuneration Committee

FRH Investment Holding sal is a holding company fully owned (99.9%), and represented on the Board, by Mr. Fahd R. Hariri. It holds Common Shares of the Bank representing 12.25% of the total number of Common Shares issued and outstanding as at June 30, 2024. In addition to the foregoing, Mr. Fahd Hariri owns GDRs representing 1.56% of the Bank's Common Shares.

Fahd Hariri
Age: 44 – Lebanon

Fahd Hariri is an accomplished businessman involved in the development of residential properties and chairing a number of international investment firms. His investment portfolio extends internationally with real estate holdings in prominent cities such as New York, Paris, and Monte Carlo, as well as in leading corporations and Lebanese banks.

He is the son of late Rafiq Hariri, former prime minister of Lebanon assassinated in 2005. Despite his family ties, he has never been politically active nor has he held any public mandate.

Fahd Hariri pursued an education in architecture at the École Spéciale d'Architecture in Paris, graduating in 2004. With a passion for art and design, he is the owner and president of the Alberto Pinto studio (now known as Pinto) since 2020.

U CHAIN DIRECTORS LTD.

Represented by

MAHER G. MEREHBI

Board Member

Cyprus
Director since July 2024
Term expires at the 2027 annual General Assembly of shareholders
- Member of the Audit Committee
- Member of the Risk Committee
- Member of the Remuneration Committee

U Chain Directors Ltd. ("UCD") is a newly incorporated company established under the laws of the Republic of Cyprus. Its purpose is to provide directorship services to the banking and other business sectors. UCD has nominated Maher Merehbi as its representative on the Board of the Bank.

Maher Merehbi
Age: 60 – Lebanon

Maher Merehbi has been the CEO, for more than 12 years, of a reputable group of companies engaged in the construction and development fields, with activities in Lebanon, the Gulf countries and Africa.

The aim of the presence of UCD, represented by Mr. Merehbi, on the Board of the Bank is to reinforce the Board with experienced independent members having the necessary qualifications to bring value to the Board of the Bank.

KHALIL I. EL DEBS

Board Member

General Manager -
Chief Executive Officer

Age: 53 – Lebanon
Director since July 2024
Term expires at the 2027 annual General Assembly of shareholders
- Chairman of the Executive Committee

Khalil El Debs is the Chief Executive Officer of Bank Audi sal, a position he assumed in May 2024 following a nearly 30-year tenure at the bank. A seasoned financial executive with deep expertise in corporate and investment banking, risk management, and strategic restructuring, he has played a critical role in shaping the bank's growth and operational realignment over the years.

Since joining Bank Audi in 1995, Mr. El Debs has been instrumental in strengthening the bank's corporate and commercial banking divisions, driving key financing initiatives, and overseeing major client relationships. His leadership has been central to navigating complex financial environments and optimizing the bank's core business operations across multiple regional markets.

Prior to his appointment as CEO, he served as Deputy Chief Executive Officer, managing a broad portfolio that spanned Corporate & Commercial Banking, SME Banking, Retail Banking, Energy & Infrastructure Finance, Operations, Private Banking, Private Equity, and the International Division. In this role, he led strategic initiatives aimed at reinforcing the Bank's financial position and operational efficiency.

From 2008 to 2020, as Group Head of Corporate Banking, Mr. El Debs oversaw the bank's lending strategy across international markets, serving on key credit committees and leading the establishment of Bank Audi's syndication and project finance division. He played a pivotal role in structuring and executing large-scale transactions, fostering partnerships with international and regional financial institutions.

Beyond his executive responsibilities, Mr. El Debs serves as Chairman of the Board of Directors of Bank Audi LLC in Qatar. He is also a member of the Boards of Directors of Banque Audi (Suisse) S.A., Bank Audi France S.A., and Audi Capital KSA. Furthermore, he serves on the boards of several other subsidiaries of the Bank Audi Group.

Before joining Bank Audi, Mr. El Debs began his career at ABN AMRO Bank N.V., where he gained experience in corporate finance and international banking.

He holds a Master of Business Administration from the Lebanese American University and has been a Chartered Financial Analyst (CFA) since 2001.

7.0. REMUNERATION POLICY AND PRACTICES

1. The objective of the Remuneration Policy of the Bank is to establish coherent and transparent Compensation and Benefits practices in the Bank and the Group, that are consistent with the Bank's culture, business, long-term objectives, risk strategy, performance, and control environment, as well as with legal and regulatory requirements.

2. It is Bank Audi's policy to provide all employees of the Group with a comprehensive and competitive compensation package that is commensurate with each employee's position, grade and performance. Such performance is assessed on the following 3 performance criteria: key job responsibilities, SMART business goals, and behavioral competencies. Individual compensations are also linked to the achievement of objectives and are aligned with prudent risk taking. The compensation and benefits of control functions are determined in a way that preserves their objectivity and independence.

3. The aggregate consolidated amount of compensation and benefits paid by the Bank is included in the annual budget approved by the Board and is set in a way not to affect the Group's medium and long-term capacity to sustain such levels of compensation nor its financial position or its interests.

4. Core Compensation and Benefits include basic salary and performance-based bonus (in addition to a number of ancillary benefits including individual and family medical coverage, education allowances, and others).

5. There is currently no outstanding stock-related compensation. And there are no compensation arrangements encompassing claw backs or deferrals of payments, save for matters resulting from applicable laws and regulations. Amounts of compensation paid annually are disclosed in accordance with the International Financial Reporting Standards and with the provisions of Article 158 of the Lebanese Code of Commerce.

As reported in the Bank's financial statements, salaries, bonuses, attendance fees and other short-term benefits awarded to key Management personnel (as defined in Note 50 accompanying the financial statements) during the year 2024 amounted to LBP 451,341 million, in addition to post-employment benefits reflected in the Income statements and other comprehensive income amounting to LBP 6,485 million and LBP 59,298 million respectively. Provision for end-of-service benefits of key Management personnel amounted to LBP 93,315 million as of 31 December 2024 (2023: LBP 27,532 million).

Following the changes at Board level including the separation of the Board chairmanship from management and the appointment of a new CEO, the definition of Key Management Personnel has been reviewed. Key Management Personnel for the purpose of 2024 include the Chair and members of the Board of Directors, the General Manager - CEO, the Assistant General Manager - Deputy CEO, the Assistant General Managers (two individuals) and the CFO. The numbers in 2023 quoted above are aligned to the aforementioned definition for comparison purposes.

02 Management Discussion & Analysis

1.0. OVERVIEW OF BANK AUDI SAL

Bank Audi sal ("Bank Audi") is a leading Lebanese banking group with a universal banking profile. Founded in 1830 in Sidon, Southern Lebanon, the Bank was incorporated in its present form in 1962 as a private joint stock company with limited liability ("société anonyme libanaise"). Bank Audi is registered in the Beirut Commercial Registry under number 11347 and in the Lebanese list of banks under number 56. The Bank is licensed by the Central Bank of Lebanon. The Central Bank of Lebanon is the lead supervisor of Bank Audi and its subsidiaries. Bank Audi's head office and registered address is Bank Audi Plaza, Omar Daouk Street, Bab Idriss, P.O. Box: 11-2560, Beirut, Lebanon.

Bank Audi offers universal banking products and services covering Corporate, Commercial, Individual and Private Banking services to a diversified client base, mainly in the MENA region. In addition to its historic presence in Lebanon, Switzerland and France, the Bank has operations in Saudi Arabia, Qatar and Abu Dhabi (through a representative office). In 2023, the Bank resolved to sell its operation in Turkey in light of the significant capital needs it requires to maintain the momentum of its activity at its current trend. On 28 March 2025, the sale transaction was completed.

The initial shareholders of the Bank were members of the Audi family, together with Kuwaiti investors. Today, the shareholder base comprises more than 1,500 holders of common shares and global depositary receipts (representing common shares), including individual investors, institutional investors and two supranational agencies: the International Finance Corporation ("IFC"), a member of the World Bank Group, and the European Bank for Reconstruction and Development. The Bank's common shares (ordinary shares and global depositary receipts) are listed on the Beirut Stock Exchange (the "BSE") (Ticker: Audi. BY and AUSR respectively).

Terms such as "Bank Audi", "the Bank", "the Group", "we", "us" and "our" refer to Bank Audi sal and its consolidated subsidiaries. Terms such as: i) **Lebanese entities** consist of Bank Audi sal and other minor Lebanese entities including consolidation adjustments; ii) **Turkey** represents Odea Bank A.Ş. before its sale; iii) **Private Banking entities** consist of Banque Audi (Suisse), Audi Capital (KSA), and Bank Audi Private Bank Holding (Cyprus); and iv) **Other entities** consist of Bank Audi France sa, Bank Audi LLC (Qatar) and other European and MENA entities.

The dicussion and analysis that follows covers the consolidated performance of Bank Audi in the year 2024, based on the audited consolidated financial statements of the Bank for the fiscal years ended 31 December 2024 and 31 December 2023. The Bank's consolidated financial statements are prepared in accordance with the International Accounting Standard 34, the general accounting plan for banks in Lebanon, and the regulations of the Central Bank of Lebanon, the Banking Control Commission of Lebanon (BCC) and the Lebanese Capital Market Authority (CMA). Such Financial Statements include the results of the Bank and its consolidated subsidiaries as listed in Note 45 to the 2024 Financial Statements. Ernst & Young p.c.c. and BDO, Semaan, Gholam & Co. have jointly audited the annual financial statements.

The Group primarily operates in Lebanon, which has faced a severe fiscal, monetary, and economic crisis since October 17, 2019, leading to an unprecedented recession. This situation has significantly hindered the ability of the Lebanese government and banking sector to borrow internationally. Banks have imposed unofficial capital controls, limiting foreign currency transfers and reducing credit and cash withdrawals, further disrupting economic activity.

Early on the Crisis, the difficulty in accessing foreign currency has created a parallel market, where rates diverged sharply from the then applicable official rate of LBP 1,507.5/USD, leading to rampant inflation and a currency crisis. In February 2023, the Central Bank of Lebanon changed the official published exchange rate from LBP 1,507.5 to LBP 15,000 to the US Dollar. Sayrafa Rates and parallel market rates remained highly volatile and divergent from the new official published exchange rate (LBP 42,000 and LBP 58,200 respectively at 1 February 2023).

In February 2024, the Central Bank of Lebanon changed again the official published exchange rate from LBP 15,000 to LBP 89,500 to the US Dollar, aligning hence the rate for financial reporting with the prevailing market rate and reducing discrepancies in financial figures.

The Bank continues to maintain its accounts in Lebanese Pounds (LBP) following regulatory requirement and IAS 21 standard. All figures presented in the following MD&A are expressed in US Dollars ("USD"), unless specifically otherwise stated. As per regulatory requirement, some balances are translated based on other exchange rate such as but not limited to the "Sayrafa" rate. Since 2020, the Central Bank has implemented various measures to control inflation, including lifting import subsidies and allowing limited cash withdrawals, but the ongoing crisis hampers effective recovery. The crisis has led to a distinction between onshore and offshore assets, with terms like "local Dollars" and "fresh accounts" emerging to describe the differences in access to funds. Political deadlocks have hindered recovery, exacerbating the economic situation, which is characterized by a lack of government reform, an IMF program, and necessary laws. While some reforms have been initiated, uncertainties remain, making it difficult for management to estimate the crisis's full impact on the Bank's financial position.

In particular, the uncertainty on the exchange rate, and the lack of visibility on the government's plans with respect to: (a) the high exposures of banks with the Central Bank of Lebanon, (b) the Lebanese sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, in rendering Management unable to estimate in a reasonable manner the impact of these matters on its consolidated financial position. Management anticipates that the above matters will have a materially adverse impact on the Group's consolidated financial position and its consolidated equity.

Until the above uncertainties are resolved, the Group is continuing its operations as performed since 17 October 2019 and in accordance with the laws and regulations. De-facto capital controls and inability to transfer foreign currencies to correspondent banks outside Lebanon are exposing the Group to litigations that are dealt with on a case by case basis when they occur. The Group has been subject to increased litigations as a result of these restrictive measures adopted by Lebanese banks in relation to withdrawal of funds and transfers abroad, as well as in relation to the repayment by customers of local foreign currency loans in Lebanese Pounds. Management is carefully considering the impact of these litigations and claims. There are still uncertainties related to the consequences of these restrictive measures based on the current available information and the prevailing laws and local banking practices. Management believes that a legislative solution is urgently needed, through the enactment of laws that are appropriate for the adjudication of the unconventional legal disputes arising under the current exceptional circumstances. Due to recent developments and the increasing trend in judgments ruled in favor of the plaintiffs and customers during years 2021, 2022 and 2023, Management considers that they may affect negatively the liquidity of the Group (refer to Note 56). The amount cannot be determined presently.

Given the current uncertainties, it is challenging to create accurate future plans. However, the Group is focused on strengthening its financial position and capitalization to better withstand future pressures, aiming to position Bank Audi as a leader in the sector when restructuring and recovery occur.

Certain statements in the MD&A are "forward-looking statements," reflecting the Bank's expectations regarding its operations, financial condition, competitive position, business plans, growth initiatives, and potential regulatory impacts. These statements often include terms like "believes," "expects," "anticipates," and similar expressions. They do not guarantee future performance and are subject to risks and uncertainties that could lead to actual results differing significantly from these projections. The Bank does not commit to updating any forward-looking statements.

Lebanon's economic and banking data are derived from the International Monetary Fund, the Central Bank of Lebanon, various Lebanese governmental entities and the Bank's internal sources. The region's economic and banking data are derived from the International Monetary Fund, the Economist Intelligence Unit, Bloomberg, the region's central banks and the Bank's internal sources.

This discussion and analysis starts with an overview of the Bank's strategy, followed by a review of the operating environment and a comparative analysis of the Group's financial conditions and results of operations for the periods ended 31 December 2024 and 31 December 2023. An overview of share information and dividend policy comes next, followed by risk management, resources deployed, compliance and corporate social responsibility.

2.0. STRATEGY

The Bank's consolidated activity and results continue to be in line with those observed over the past 6 years, heavily marked by the persisting challenges in the operating conditions in the country of presence, particularly in Lebanon and Turkey, the Group's two principal markets.

Within this backdrop, the Bank continues to implement a direction aiming at allowing it to cruise along the transitory period leading to the restructuring of the banking sector. This direction revolves around resilience and readiness while encompassing:

1. Implementing the six going concern pillars.
2. Developing scalable business opportunities in both Corporate/Commercial banking and Individual / Personal banking segments.
3. Implementing a digital banking solution in Lebanon, "neo bank", to support the quality of earnings.
4. Adapting quickly and agilely to the numerous regulatory changes affecting the banking sector.
5. Divesting from operations and activity with heightened capital needs requirements,
6. Developing entities operating outside Lebanon, among which Private Banking entities, sustaining the earning generation momentum while deploying a risk management and control/compliance framework;
7. Targeting a lean organizational structure group-wide, by improving operational efficiency and optimizing cost structure
8. Sustaining compliance with rules and regulations, while maintaining clear communication, transparency and disclosures.

In executing this direction, Management will be prioritizing the Group's ability to withstand pressures, while positioning the Lebanese entities at the forefront of the sector in a post-restructuring era to ensure a swift recovery and prompt resumption of normal banking activities. Focus will primarily be on adapting to changing regulations, improving earnings quality, preserving offshore liquidity, and managing increased non-financial risks in the absence of a Capital Control law. In parallel, the Group will be also enhancing synergies across entities, enforcing prudent risk and disciplined cost management policies, and upholding the implementation of compliance best practices.

3.0. OPERATING ENVIRONMENT

The fourth quarter of 2024, which saw the realization of a ceasefire in the country and the fall of the regime in Syria, opened the country to new horizons to Lebanon that could be quite promising, if the opportunity is grasped on behalf of Lebanese decisions makers, especially that it was followed in early 2025 by promising presidential elections, PM appointment and cabinet formation. The 13-month war had significant damages on Lebanon's economy through direct and indirect effects. Those costs are estimated at no less than half the country's GDP, leading to economic stagnation and pressures on almost all sectors of the real economy.

Real sector indicators for the year 2024 were mostly on the downside. Among these, we mention activity at the airport with a contraction of 20.8% year-on-year in 2024, total value of cleared checks which decreased by 81.5% year-on-year in 2024, number of tourists with a decrease of 32.1% year-on-year in 2024, property taxes with a decrease of 48.7% year-on-year in 11M 2024 and property sales value which dropped by 59.3% year-on-year in 11M 2024. Quantity of goods at the Port of Beirut also noted a slight decrease of 0.2% year-on-year in 2024. On the other hand, at the level of real sector indicators which posted positive performances in 2024, construction permits increased by 4.5% during the period.

At the monetary level, the Lebanese Pound maintained its stability during the year despite the war environment amid orthodox policies followed by the Central Bank of Lebanon and a containment of LBP currency in circulation outside BdL. In parallel, inflation has been significantly contained, reporting 12% at end-year 2024, down from 204% in the year 2023 and an average of 173% over the 2020-2023 crisis years.

At the capital markets level, the year 2024 was positive for both equity and bond markets. The stock market price index contracted by 24.7% over the year, within the context of relatively weaker market liquidity, with trading value contracting by 9.6% relative to the same period of last year. Lebanon's sovereign eurobond prices are now quoted at 18 cents/USD across the curve, against 6 cents/USD at end-2023, with institutional investors foreseeing an opportunity of a domestic political breakthrough with potential economic recovery beyond the near term.

At the banking sector level, the year 2024 has seen a continuation of the banking sector trends reported since the economic crisis onset in October 2019, though at a more moderate pace, namely a contraction in FX loans and FX deposits, low rate of interest in foreign currency coupled with a surge in LBP rates, contraction in shareholders' equity amid continuing bank losses and stable FX liquidity following sharp declines post-crisis.

FX deposits declined by USD 3.4 billion in 2024 (to reach USD 87.9 billion), enlarging the cumulative decline since crisis onset to USD 35.7 billion. This year's decline was mostly in resident FX deposits (-USD 3.3 billion), while non-resident FX deposits were on a standstill. Since the crisis onset in October 2019, resident FX deposits contracted by USD 24.7 billion, while non-resident FX deposits dropped by USD 11.0 billion over the period.

FX loans declined by USD 2.0 billion in 2024 (to reach USD 5.5 billion), enlarging the cumulative decline since crisis onset to USD 32.6 billion. This year's decline was mostly in resident FX loans (-USD 1.9 billion), while non-resident FX loans were on a standstill. Since the crisis onset in October 2019, resident FX loans contracted by USD 28.6 billion, while non-resident FX loans dropped by USD 4.0 billion over the period.

The year 2024 saw a considerable rise in LBP interest rates, while foreign currency rates remained closed to nil. The average rate on LBP deposits rose from 0.55% in December 2023 to 3.58% in December 2024, yet remained much lower than the 9.03% rate reported in October 2019. The average rate on FX deposits stabilized at 0.03% in December 2024 (similar to the December 2023 level), i.e much lower than the 6.61% rate reported in October 2019.

Banks FX liquidity abroad managed to report a slight rise in the year 2024. It rose from USD 4.5 billion in December 2023 to USD 4.7 billion in December 2024, against a high of USD 8.4 billion in October 2019. To this foreign liquidity, a USD 0.6 billion of cash in vault in US$ could be added, raising the total FX primary liquidity to USD 5.3 billion in December 2024 (against USD 5.2 billion in December 2023).

Shareholders' equity amounted to USD 4.8 billion in December 2024, down from USD 5.1 billion in December 2023 amid the effect of official exchange rate devaluation on shareholders equity. It is worth recalling that shareholders' equity were as high as USD 20.6 billion as at October 2019, i.e on the eve of the crisis eruption. The cumulative contraction in equity since then is tied to bank losses over the period resulting from FX costs, operating expenses related to inflationary pressures and excessive provisioning requirements on the sovereign.

At the dawn of a new year characterized by an emergence from war atrocities, a careful analysis imposes itself as to the various scenarios envisaged for 2025 amid hopes that the year would represent a significant inflection point towards what the Lebanese, disregarding their belongings, affiliations and beliefs, aspire to looking ahead.

Three scenarios are actually envisaged for 2025, namely the positive scenario, the middle scenario and the negative scenario, with probabilities of realization of 60%, 30% and 10% respectively. Having said that, the 2025 outlook emerges with possible upside and downside risks that might represent a net deviation of the outlook ahead from the preset scenarios.

The positive scenario assumes the ceasefire persists throughout 2025, with the launch of a widespread reconstruction effort, an end to the political deadlock, the launch of long awaited reforms and a full fledge agreement with the IMF. In case the conditions of such a scenario materialize, real GDP growth would jump to above 8%, inflation would go down to global levels, BdL reserves would be significantly reinforced and the balance of payments would turn into a surplus of no less than USD 4 billion.

The medium scenario also assumes the ceasefire persists throughout 2025, yet with no end to the political deadlock, and no launch of reforms. Under this scenario, real GDP growth would be close to 2%, BdL reserves would stabilize after fallout and the balance of payments would be in quasi-balance.

The negative scenario assumes the war re-emerges in 2025 amid an all-out war scenario, with no end to the political deadlock and no launch of reforms. Under this scenario, real GDP growth would be significantly negative and could reach around -15%, inflation would surge up to 200% at least, BdL reserves would be cut into half and the balance of payments would record a large deficit of no less than USD 5 billion.

After circa 18 months of monetary stability observed so far driven by the new monetary paradigm of the Central Bank refraining from financing the State, the Lebanese Pound's exchange rate outlook obviously depends on the scenarios envisaged looking ahead. The Pound is set to definitely maintain stability under the positive scenario, most likely in the middle scenario but undeniably not in the negative scenario.

Within this perspective, the need to restore a confidence imposes on political authorities the imperative challenge of safeguarding the cease fire, promptly filling the institutional constitutional gap, restoring the firm cohesive role of the State and the army, agreeing on answers and solutions to all pending issues and sending the right signals to the business and investment community at large.

Lebanon's Major Economic Figures

(USD Million)	2023	2024	Var 2024/2023
Real Sector Indicators			
Real GDP growth	-0.2%	-5.7%	-5.5%
Number of passengers at the Airport (000s)	7,094	5,620	-20.8%
Number of tourists (000s)	1,666	1,131	-32.1%
Merchandise at the Port (000 tons)	5,421	5,412	-0.2%
Consturction permits (000 square meters)*	3,993	4,296	7.6%
External sector			
Balance of payments	+2,237	+6,437	+4,200
o.w. BdL	-813	+5,714	+6,527
o.w. Banks and Financial Institutions	+3,050	+723	-2,327
Monetary sector			
M3 (end-period)	77,747	69,257	-10.9%
Cleared checks	11,759	2,176	-81.5%
Annual CPI inflation (end-period, %)	204.3%	11.7%	-192.6%
Banking sector (end-period)			
Total assets	115,249	102,760	-10.8%
Total shareholders' equity	5,092	4,820	-5.3%
Total deposits	94,750	88,646	-6.4%
Total credits	8,321	5,646	-32.1%

** 11 M figures for 2023 and 2024*

4.0. CONSOLIDATED FINANCIAL CONDITION AND RESULTS OF OPERATIONS

4.1. BUSINESS OVERVIEW IN 2024

In 2024, the Bank's consolidated activities and results continue to be principally impacted by ongoing challenges in its two primary markets: Lebanon and Turkiye. It is also driven by the performance of its operations in France, in addition to a number of entities grouped under the Private Banking business line, along with other entities in the MENA region.

The table below sets out the contribution of each of those constituents as at end-December 2024 as compared to end-December 2023:

	Dec-23		Dec-24		Change Dec-24/23	
(USD Million)	Volume	Share in Total	Volume	Share in Total	in Volume	in %
ASSETS						
Lebanese Entities	14,113	76.0%	12,654	75.9%	-1,459	-10.3%
Turkey	2,836	15.3%	2,242	13.5%	-594	-20.9%
Private Banking Entities	1,235	6.7%	1,380	8.3%	145	11.7%
Bank Audi France	1,266	6.8%	1,308	7.8%	42	3.3%
Other Entities	143	0.8%	146	0.9%	3	2.1%
Consolidation Adjustments	-1,027	-5.6%	-1,065	-6.4%	-39	3.8%
Total	18,566	100.0%	16,665	100.0%	-1,901	-10.2%
DEPOSITS						
Lebanese Entities	10,912	85.2%	10,434	84.0%	-478	-4.4%
Private Banking Entities	771	6.0%	837	6.7%	66	8.6%
Bank Audi France	1,098	8.6%	1,132	9.1%	34	3.1%
Other Entities	75	0.6%	53	0.5%	-22	-29.3%
Consolidation Adjustments	-50	-0.4%	-40	-0.3%	10	-20%
Total	12,806	100.0%	12,416	100.0%	-390	-3.0%
LOANS						
Lebanese Entities	228	21.7%	110	11.4%	-118	-51.8%
Private Banking Entities	369	35.2%	425	44.1%	56	15.2%
Bank Audi France	359	34.2%	343	35.6%	-16	-4.5%
Other Entities	93	8.9%	96	10%	3	3.2%
Consolidation Adjustments	0	0.0%	-11	-1.1%	-11	
Total	1,049	100.0%	963	100.0%	-86	-8.2%
Net earnings	FY-2023		FY-2024		Change FY24/FY23	
(USD Million)	Volume		Volume		in Volume	
Lebanese Entities	-85		-39		46	
Private Banking Entities	-1		27		28	
Bank Audi France	13		17		4	
Other Entities	2		5		3	
Entities held for sale	71		-10		-81	
Total	0		0		0	
Normalised net earnings	FY-2023		FY-2024		Change FY24/FY23	
(USD Million)	Volume	Share in Total	Volume	Share in Total	in Volume	in %
Lebanese Entities	196	64.1%	138	79.8%	-58	-29.6%
Private Banking Entities	21	6.9%	21	12.1%	0	0.0%
Bank Audi France	13	4.2%	17	9.8%	4	30.8%
Other Entities	5	1.6%	7	4.1%	2	40.0%
Entities held for sale	71	23.2%	-10	-5.8%	-81	-114.1%
Total	306	100.0%	173	100.0%	-133	-43.5%

What follows is a brief discussion of the overall trends across main constituents of the Group:

4.1.1. PERFORMANCE BY GEOGRAPHY

OPERATIONS IN LEBANON

In Lebanon, in 2024, there was almost no progress made by the Lebanese authorities in addressing the fundamental drivers of a viable restructuring and resolution plan. Adding to its woes, Lebanon faced a severe setback following the 13-month conflict with Israel culminated in a full-fledged war in the fourth quarter and resulting in significant human, physical, and economic losses (estimated in the tune of tens of USD billion), along with a massive exodus not seen since the end of the civil war in 1990. Most sectors of the economy have come to a standstill, with tourism and agriculture being the hardest hit, while industrial, real estate, trade, and service sectors also suffered greatly. The banking sector showed negative effects, though to a lesser extent than other areas.

While there has been some progress earlier in the year in lowering inflation and stabilizing the exchange rate, supported by the Central Bank of Lebanon decision to end monetary financing and foreign exchange subsidies, as well as the elimination of the fiscal deficit, these reforms are insufficient for recovery. Most notably, the absence of a credible and financially viable strategy for the banking system continues to hamper economic growth and deposit recovery, while giving rise to an increasingly cash-based and informal economy and larger risks of illicit activities.

Notwithstanding, the recent political developments (Ceasefire agreement, fall of Syrian regime, presidential elections, PM designation, Cabinet announcement, etc) opened the country to new horizons starting 2025 that could be promising, of course if the opportunity is appropriately grasped on behalf of Lebanese decisions makers. The month of February 2025 saw the formation of a cabinet of qualified experts, with a number of promising figures in the announced lineup. Furthermore, the IMF has stated its readiness to re-enter negotiations with the Lebanese Republic following the recent politico-economic changes in Lebanon.

In this context, activity of the Lebanese operations remained sluggish in 2024. Total assets, expressed in USD at the prevailing official FX rates, decreased by USD 1.4 billion, largely due to the 83% devaluation of the official exchange rate, from LBP 15,000 per USD at the end of December 2023 to LBP 89,500 per USD in 2024. This evolution is driven by a decline in assets denominated in LBP and in restricted dollars ("lollars") by respectively USD 1.3 billion and USD 279 million, within an increase in fresh dollars denominated assets by USD 181 million. Concurrently, Bank Audi (Lebanon) saw an increase in deposits denominated in fresh dollars, which rose by USD 160 million. This growth was fueled by USD 36.2 million from Lollar deposits (due to circulars 158 and 166) and USD 39 million from the Neo with the remainder justified by the growth in external accounts business.

Despite a board decision in November 2023 to extend credit facilities to Lebanese entities to counter heightened competition in the corporate sector and support retail loans for employees of reputable corporate clients, lending activity remained limited, with net loans increasing in fresh dollar terms by only USD 20 million during 2024. On the profitability front, the Bank continued to implement its past practice of allocating all pre-tax profits to provisions for risks and charges, which will be directed to various asset classes as needed until a comprehensive recovery plan is established.

OPERATION IN TURKIYE

Turkiye in 2024 witnessed a gradual shift aimed at redirecting domestic demand from consumption to investment and exports, in tandem with hikes in policy rates setting the stage for prolonged tight financial conditions. Despite these efforts, headline inflation continued to be significantly driven by unfavorable base effects and strong price pressures. The tighter policy mix dampened economic growth while the banking sector's activity contracted, conducing to a noticeable decline in profitability.

On this backdrop, total assets of Odea Bank expressed in Turkish Lira decreased nominally by TRY 4.4 billion in 2024, reaching TRY 79.2 billion as at end-December 2024. In real terms, assets of Odea Bank declined by TRY 12.1 billion, an evolution partially offset by a positive FX translation impact of the depreciation of the Turkish Lira versus the USD across the period. Conversely when expressed in USD, assets of Odea Bank declined by USD 594 million of which USD 342 million of real decrease with a negative FX translation effect of USD 252 million.

In parallel, customer deposits dropped from TRY 58.3 billion as at end-December 2023 to TRY 48.1 billion as at end-December 2024 while customer loans decreased to TRY 26.9 billion from TRY 31 billion as at end-December 2023. The ratio of stage 3 loans to gross loans stood at 4.1% as the same date, down from 4.6% at end-December 2023, with a coverage of those loans by specific provisions of 75.8% excluding collaterals. Odea Bank contribution to consolidated profits dropped significantly during the year turning negative with a loss of USD 10 million compared to net profits of USD 71 million in the corresponding period of last year, as the Bank registered negative net interest margin following a steep increase in funding cost resulting from the prevailing restrictive monetary policy applied by local authorities to curb the ramping inflation.

(in TRY Million)	Dec-23	Dec-24	Change in Volume Dec-24 / Dec-23
Balance sheet data			
Assets	83,604	79,171	-4,433
Deposits	58,342	48,112	-10,230
Loans	31,566	26,942	-4,624
Equity	6,111	5,584	-527
Outstanding LCs + LGs	12,289	15,132	2,843
Earnings data	FY-2023	FY-2024	Change
Total income	4,276	1,688	-2,588
Net profits	1,710	-330	-2,040
Spread	2.5%	-2.5%	-5.0%
ROAA	2.3%	-0.5%	-2.8%
ROACE	31.3%	-7.3%	-38.6%

In November 2023, and given the significant requirement of Odea Bank for capital needs to sustain its growth at the current level amidst a continuing devaluation of the Turkish Lira, the Board of Directors resolved to divest of its investment in the Turkish subsidiary. Following a due diligence and negotiation process, Bank Audi, in addition to other shareholders, have entered, on 14 October 2024, into definitive transaction agreements with ADQ Financial Services LLC, a subsidiary of Abu Dhabi Developmental Holding Company PJSC (ADQ), for the acquisition of 96% of the share capital of Odea Bank A.Ş. by ADQ and certain related companies. Pursuant to the agreement, Bank Audi has agreed to sell its 76.4% interest in the share capital of Odeabank, along with International Finance Corporation (IFC), IFC FIG Investment Company Sarl (IFC FIG Fund) and European Bank for Reconstruction and Development (EBRD), and another private investor, as sellers. The transaction completed on 26 March 2025, following the satisfaction of customary regulatory conditions, including obtaining the approvals of the Banking Regulation and Supervision Authority and the Competition Authority in Türkiye. This transaction aligns well with Bank Audi Group's present strategic focus on its home market. Until closing, the operation of Odea Bank, and in compliance with IFRS, was treated as a discontinued operation as at end-December 2024 the same way it was in the financials as at end-December 2023.

ENTITIES IN OTHER COUNTRIES OF PRESENCE

The entities operating in other countries performed well in 2024.

1. BANK AUDI FRANCE

In 2024, assets of Bank Audi France increased by USD 42 million, from USD 1.27 billion as at end-December 2023 to USD 1.31 billion as at end-December 2024. In parallel, customer's deposits of Bank Audi France rose from USD 1.10 billion as at end-December 2023 to USD 1.13 billion as at end-December 2024, corresponding to an increase by USD 34 million. Loans to customers dropped by USD 16 million to USD 343 million as at end-December 2024 . Bank Audi France achieved net profits of USD 16 million in 2024 compared to USD 13.4 million during 2023. Higher interest and non-interest income generation coupled with stable cost base stand behind the year-on-year improvement in both European entities.

(USD Million)	Dec-23	Dec-24	Change in Volume Dec-24 / Dec-23
Balance sheet data			
Assets	1,266	1,308	42
Deposits	1,098	1,132	34
Loans	359	343	-16
Equity	119	127	8
Outstanding LCs + LGs	54	80	26
Earnings data	2023	2024	Change FY 2024 / 2023
Total income	48.8	48.4	-0.4
Net profits	13.4	16.0	2.6
ROAA	1.2%	1.5%	0.3%
ROAE	12.3%	15.7%	3.4%

2. PRIVATE BANKING ENTITIES

Private Banking entities led by Banque Audi (Suisse) reported net profits of USD 21.4 million in 2024 compared to USD 21.3 million in 2023.

Client assets at Bank Audi Private Bank, which include both deposits and off-balance sheet Assets under Management (AuMs), such as fiduciary deposits and custody accounts, remained stable year-on-year at USD 5.9 billion. This stability was primarily driven by client account closures following a strategic portfolio review and net new money (NNM) outflows from existing clients. These factors were offset by favorable market conditions and the successful acquisition of new clients, a noteworthy achievement given the ongoing Lebanese crisis, further exacerbated by the Israeli-Lebanese conflict during the year.

(USD Million)	Dec-23	Dec-24	Change in Vol. Dec-24 / Dec-23	Change in % Dec-24 / Dec-23
Balance sheet data				
On-Balance Sheet Assets	1,235	1,385	150	12.1%
Total Client Assets	5,887	5,866	-21	-0.4%
o.w. AuMs (Off-Balance Sheet)	3,993	3,920	-73	-1.8%
o.w. Deposits (On-Balance Sheet)	770	837	67	8.8%
o.w. Fiduciary Deposits (Off-Balance sheet)	1,124	1,109	-15	-1.3%
Client Loans	369	425	56	15.2%
Equity	362	362	0	
Normalized Earnings data	FY-2023	FY-2024	Change in Volume YoY	Change in % FY24 / FY23
Total income	80.5	83.9	3.4	4.2%
Net profits	21.3	21.4	0.1	0.3%
Spread (on AA +AAuMs)	0.6%	0.6%	0.0%	
ROAA+AAuMs	0.3%	0.3%	0.0%	
ROACE	6.7%	6.5%	-0.2%	

In Saudi Arabia, Audi Capital KSA, adopted a new growth strategy believed to be based on a foundation of steady, methodical expansion, underpinned by a diversified product offering, a clear market focus, and strategic organizational changes, including and not restricted to new Management appointments. The roll out of the growth plan has progressed significantly and the financial company is looking to launch a series of Funds. In 2024, Audi Capital KSA reported net profits of USD 0.6 million compared to a loss of - USD 0.9 million in 2023.

3. BANK AUDI (QATAR)

In the MENA region, Bank Audi Qatar's lending activity was reinforced with an increase in net loans by USD 3 million. Subsequently Bank Audi Qatar's net loans reached USD 96 million as at end-December 2024, compared to USD 93 Million as at end-December 2023. The Qatari entity's net profits reached USD 5.3 million in 2024, compared to USD 3.1 million in 2023.

4.1.2 ABIDANCE BY REGULATORY REQUIREMENTS

In response to the tough operating conditions prevailing in Lebanon because of the war, the Central Bank of Lebanon issued or amended a number of circulars as follows:

- Amending Basic Circulars 158 and 166 respectively by increasing monthly payments on ad-hoc basis, whereby exceptionally, selected beneficiaries were allowed to withdraw two additional payments in Oct-24 and one additional payment in Nov-24, Dec-24 and Jan-25. In parallel, BdL provided the related liquidity from the banks' reserve requirements in foreign currency at BdL, thus resulting in future savings on the Bank's fresh liquidity by USD15mn.
- Amending Basic Circular 166, by removing the previously set conditions restricting customers who have converted LBP deposits in excess of USD 300 thousands to USD after October 2019 from benefiting from BdL Basic Circular 166.
- Amending BdL Basic Circular 147: whereby Banks were asked to accept the return of unsettled issued bankers' checks into all accounts, thus allowing depositors to benefit from applicable BdL circulars.

A comprehensive list of the key regulations issued over the recent years is included in Note 1 of the enclosed audited financial statements.

4.1.3 NON-FINANCIAL RISKS: LITIGATIONS

The restrictive measures that the Lebanese banks had to adopt in relation to the withdrawal of funds and transfers abroad are exposing all banks, including ours, to increased litigations in Lebanon and abroad. Although litigations are a common occurrence in the banking industry due to the nature of the business and for which the Bank has an established remedial protocol, claims tied to these restrictive measures, among others, are beyond its control. Litigations related to the crisis are dealt with on a case-by-case basis when they occur. Management is carefully considering the impact of these litigations and claims. Meanwhile, the Bank believes that a legislative solution is urgently needed through the enactment of laws that are appropriate for the adjudication of the unconventional legal disputes arising under the current exceptional circumstances.

Recently, less cases have been filed against Bank Audi in Lebanon and abroad; the rulings have been issued in favor of the bank in Lebanon and abroad the foreign courts have considered themselves non-competent to rule over cross-border matters.

Among the aforementioned litigations of systemic nature, a complaint was filed on 22 February 2022 by a group of lawyers under the name "الشعب يريد إصلاح النظام" against "Lebanese banks" and the chairmen of their boards of directors for alleged committed crimes of tort and fraudulent bankruptcy, money laundering, fraud and breach of trust. Since then, as a result of this complaint, the former Public Prosecutor of Appeal in Mount Lebanon judge Ghada Aoun exceeding her attributions and in flagrant violation of the law, initiated several procedures and issued several decisions in this respect on selected banks, that differ from bank to bank. These included clarification sessions, interrogations, requests of specific data, examination of data by appointed experts, restraining orders, travel bans, prohibition of disposal of assets… With respect to Bank Audi sal, the Bank, members of its Board of Directors, as well as a number of current/former employees, were the target of orders banning them from disposing of their assets in addition to accusations of violation of the Bank secrecy law. Bank Audi sal has so far sought diverse legal expertise on the matter: common consensus converges toward the fact that the claims of the Public Prosecutor of Appeal in Mount Lebanon are baseless and with no legal grounds. H.E. the Prime Minister Designate of Lebanon's sent a letter to the Ministry of Interior dated 22 February 2023, requesting H.E the Minister of Interior to instruct all Internal Security Forces – General Directorate not to execute any decision or order by the said Prosecutor in relation with the above accusations. H.E. the Minister of Interior sent such communication on the same date. Furthermore, on 28 February 2023, the Attorney General of Lebanon instructed the Prosecutor to stop the investigations and inquiries against the Bank, as well as other banks, until the state prosecution request, filed as a result of her actions, has been ruled upon and the decision rendered. On 4 May 2023, a decision was rendered by disciplinary judges in Lebanon to suspend and dismiss the Public Prosecutor of appeal in Mount Lebanon for her services, based on several complaints raised by several parties in claims handled by the latter, noting that the decision is subject to appeal to the Supreme Disciplinary Authority. At present, the case is with the Investigative Judge, and Management and its legal counsels are in the opinion that the case will be dismissed for the total lack of legal grounds. In addition, money laundering accusations were recently made against the Chairman and a member of the Board of Directors of the Bank, as well as officers of other Lebanese banks by the same Public Prosecutor of Mount Lebanon who was acting beyond her jurisdiction.

In addition, the Group may, from time to time, become involved in other legal or arbitration proceedings which may affect its operations and results.

4.2. CONSOLIDATED FINANCIAL OVERVIEW IN 2024

The Bank's financial statements have been prepared in accordance with regulatory requirements, particularly regarding the translation of foreign currencies into Lebanese Pounds (LBP) using the official exchange rates provided by the Central Bank of Lebanon. As mandated, Bank Audi publishes its figures in LBP, translating balances and transactions in foreign currencies—predominantly USD—using the prevailing official exchange rate. For the periods reported, the official exchange rate was LBP 15,000 per USD at end-December 2023 and LBP 89,500 per USD as at end-December 2024 .

All figures in the following analysis are expressed in US Dollars (USD), unless stated otherwise. These figures have been translated from LBP using the official exchange rates mentioned above.
Given the presence of multiple exchange rates in Lebanon due to the ongoing financial crisis, the results of Lebanese entities may not accurately represent absolute values and are intended solely to illustrate the evolution of key indicators.

Consolidated assets of Bank Audi, translated from Lebanese Pounds at the official exchange rates for the periods, stood at USD 16.7 billion as at end-December 2024, compared to USD 18.6 billion as at end-December 2023, i.e. decreasing by USD 1.9 billion. This evolution is attributed primarily the change in the official exchange which brings in an FX dimension to the evolution of aggregates across the period, taking into account the currency structure of the said aggregate. Consolidated assets denominated in Lebanese Pounds decreased over the same period by USD 1.3 billion, from USD 1.7 billion as at end-December 2023 to USD 414 million as at end-December 2024, driven by a devaluation once again in February 2024 of the Official exchange rate of the Lebanese Pounds to the USD. Consolidated assets denominated in foreign currencies decreased by USD 598 billion, broken down over a decrease by USD 594 million in assets of Odea Bank, partially offset by an increase in assets by USD 191 million in other entities operating outside Lebanon within a contraction by USD 195 million for the assets of Lebanese entities denominated in foreign currencies.

The negative contribution of Odea Bank to the evolution of consolidated assets in 2024, is explained by a real decline in the assets of the Turkish entity by USD 342 million during the year within a negative translation impact from the devaluation of the Turkish Lira during the year, (from TRY 29.48 per USD as at end-December 2023 to TRY 35.32 per USD as at end-December 2024), representing a negative USD 252 million.

In November 2023, and given the significant requirement of Odea Bank for capital needs to sustain its growth at the current level amidst a continuing devaluation of the Turkish Lira, the Board of Directors resolved to divest of its investment in the Turkish subsidiary. Until completion on 26 March 2025, the operation of Odea Bank, and in compliance with IFRS, was to be treated as a discontinued operation and accordingly its financials were not reflected in the line-by-line structure of the Statement of Financial Position as at end-December 2023 and as at end-December 2024. Rather, its assets and liabilities were booked under "assets held for sale" and "liabilities held for sale" respectively (sub captions of "other assets and other liabilities" in the Summarized Statement of Financial Position below). In the Income Statement, the net profits generated by this discontinued operation in the years 2023 and 2024 were booked under "results from discontinued operations".

The table below sets out the evolution of the Group's financial position as at end-December 2024, compared to end-December 2023:

Summarised Statement of Financial Position

(USD Million)	Dec-23	Dec-24	Change in Vol. Dec-24 / Dec-23	Change in %
Cash & placements with banks and central banks	11,555	11,341	-214	-1.9%
Portfolio securities	1,707	1,740	33	1.9%
Loans to customers and related parties	1,049	963	-86	-8.2%
Other assets*	3,015	2,365	-650	-21.5%
Fixed assets	1,239	256	-983	-79.4%
Assets = Liabilities + Equity	18,566	**16,665**	**-1,901**	**-10.2%**
Bank deposits	357	295	-62	-17.3%
Customers' deposits and related parties	12,806	12,416	-390	-3.0%
Subordinated debt	271	268	-3	-1.1%
Other liabilities**	3,394	2,731	-663	-19.5%
Shareholders' equity (profit included)	1,738	955	-783	-45.0%
AUMs + fid. dep. + cust. acc.	7,823	7,914	91	1.2%
Assets + AUMS	26,389	**24,579**	**-1,810**	**-6.9%**

** In 2024 and 2023, other assets include assets held for sale amounting to USD 2,242 million and USD 2,836 million respectively.*

*** In 2024 and 2023, other liabilities include liabilities held for sale amounting to USD 2,033 million and USD 2,629 million respectively.*

In details, consolidated deposits fell from USD 12.8 billion at end-December 2023 to USD 12.4 billion, corresponding to a decrease of USD 390 million. By segment:

- Lebanese entities accounted for USD 468 million of the contraction in consolidated deposits, with the devaluation of the LBP driving a decrease in deposits denominated in LBP by USD 325 million. Deposits in foreign currencies of Lebanese entities decreased by USD 143 million.
- Deposits from entities operating abroad increased by USD 79 million, reflecting increases of deposits in Banque Audi (Suisse) by USD 66 million and Bank Audi France by USD 34 million, amid decreasing deposit base in Bank Audi Qatar by USD 21 million.

On the uses side, consolidated net loans declined by USD 86 million, from USD 1,049 million as at end-December 2023 to USD 963 million as at end-December 2024 (excluding Odea Bank since it is accounted as discontinued operations under Other Assets). This decrease was driven by:

- A reduction of loans booked in Lebanese entities by USD 129 million, with USD 57 billion of this decline attributed to loans denominated in LBP. Loans in foreign currencies fell by USD 72 million, mostly from repayment of loans in restricted dollars amid a net increase in loans in fresh dollars by USD 10 million. Loans in foreign currencies booked in Lebanese entities totaled USD 95 million as at end-December 2024,
- An increase of USD 43 million in loans from entities outside Lebanon, representing notably an increase by USD 56 million in Lombard loans at Banque Audi (Suisse) offset by a USD 16 million decrease at Bank Audi France. Loans of Bank Audi Qatar rose by some USD 3 million during the year.

Consolidated assets under management, including fiduciary deposits and custody accounts were stable, standing at USD 7.9 billion as at end-December 2024 compared to USD 7.8 billion as at end-December 2023. By entity, assets under management of Banque Audi (Suisse) declined over the same period by USD 28 million, offset by increases in assets under management in Lebanese entities by USD 88 million, in Bank Audi (Qatar) by USD 19 million and in Audi Capital (KSA) by USD 11 million. Subsequently, the aggregate of consolidated assets and AuMs, including fiduciary deposits, custody accounts and AuMs reached USD 24.6 billion at end-December 2024, compared to USD 26.4 billion as at end-December 2023, underscoring a contraction by 6.9%.

BREAKDOWN BY GEOGRAPHY

The following table sets out a breakdown of the Bank's assets, customers' deposits and loans by geography as at the dates indicated:

	Assets			Deposits			Loans		
	Dec-23	Dec-24	Change	Dec-23	Dec-24	Change	Dec-23	Dec-24	Change
By region									
Lebanon	70.5%	69.5%	-1.0%	84.8%	83.7%	-1.1%	21.8%	10.3%	-11.5%
Abroad	29.5%	30.5%	1.0%	15.2%	16.3%	1.1%	78.2%	89.7%	11.5%

30.5% of consolidated assets are booked in entities outside Lebanon as at end-December 2024, compared to 29.5% as at end-December 2023. Entities outside Lebanon also accounted for 89.7% of consolidated net loans compared 78.2% as at end-December 2023. The evolution is explained by a continued derisking of the loan portfolio in Lebanese entities reaching a mere USD 106 million as at end-December 2024, within an increased share of loan booking in the entities abroad. Likewise, entities outside Lebanon accounted for 16.3% of consolidated customers' deposits as at end-December 2024, compared to 15.2% as at end-December 2023.

BREAKDOWN BY CURRENCY

Due to Lebanon's ongoing crisis since 2019, including unofficial capital controls, multiple exchange rates, hyperinflation, and potential government reforms, the Bank's consolidated financial statements do not reflect the disclosures required by IAS 29 for hyperinflationary economies. Consequently, the Lebanese market distinguishes between onshore and offshore assets and liabilities, as well as foreign currency bank accounts subject to capital controls and those free from them. This differentiation arises from varying perceptions of real economic value, leading to terms like "lollars" for local US Dollar accounts under capital controls and "fresh accounts" for foreign currency accounts without such controls.

The table below details the breakdown of consolidated assets, deposits, and loans by currency, highlighting amounts in Lebanese Pounds (LBP) and foreign currencies. The foreign currency amounts are further categorized into restricted amounts (Lollars) and unrestricted amounts (labeled as fresh), reflecting the current market definitions in Lebanon since the onset of the crisis.

This breakdown provides insight into the currency composition of the Bank's financial position, which is crucial for understanding liquidity and risk exposure in the current economic environment.

Breakdown by Foreign Currency – Local vs "Fresh"

	Dec-2024				
		FCY			Total
(USD Million)	LBP	o.w. Lollars(*)	o.w. Fresh(**)	Total FCY	LBP & FCY
Loans and advances to customers and related parties	4	79	880	959	963
Total assets	414	9,902	6,349	16,251	16,665
Deposits from customers and related parties	66	9,690	2,660	12,350	12,416

	Dec-2023				
		FCY			Total
(USD Million)	LBP	o.w. Lollars(*)	o.w. Fresh(**)	Total FCY	LBP & FCY
Loans and advances to customers and related parties	62	161	826	987	1,049
Total assets	1,716	10,200	6,650	16,850	18,566
Deposits from customers and related parties	392	9,994	2,420	12,414	12,806

	Change Dec-2024 - Dec-2023 in %				
		FCY			Total
	LBP	o.w. Lollars(*)	o.w. Fresh(**)	Total FCY	LBP & FCY
Loans and advances to customers and related parties	-93.5%	-51.0%	6.5%	-2.8%	-8.2%
Total assets	-75.9%	-2.9%	-4.5%	-3.6%	-10.2%
Deposits from customers and related parties	-83.1%	-3.0%	9.9%	-0.5%	-3.0%

(*) Onshore assets and liabilities in foreign currencies subject to unofficial capital controls in Lebanon.
(**) Offshore assets and liabilities in foreign currencies not subject to capital controls in Lebanon.

Lebanese Pounds (LBP) are translated to US Dollar at the closing official exchange rates (LBP 15,000/USD as at end-December 2023 and 89,500/USD as at end-December 2024) published by the Central Bank of Lebanon, in line with IAS 21 due to the lack of an alternative legal exchange mechanism.

As at end-December 2024, the Bank's consolidated assets totaled USD 16.7 billion. This comprises:

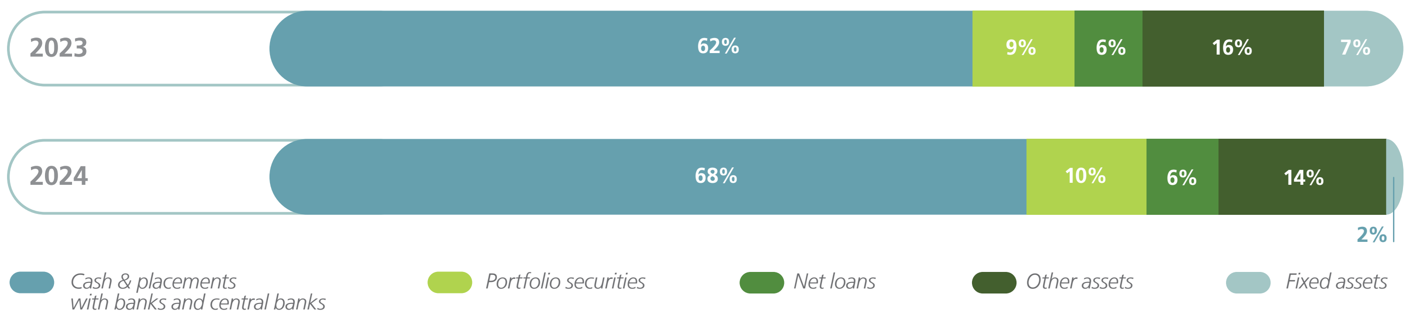
- USD 414 million in assets denominated in Lebanese Pounds (LBP) compared to USD 1,716 million as at end-December 2023,
- USD 6.4 billion in unrestricted assets denominated in foreign currencies (fresh), including assets from foreign entities, compared to USD 6.7 million as at end-December 2023,
- USD 9.9 billion in restricted assets in foreign currencies, compared to USD 10.2 billion as at end-December 2023.

4.2.1. ASSET ALLOCATION BY TYPE

The allocation of consolidated assets continued to be skewed towards cash and placements with banks and central banks, which account for close to 68% of total uses as at end-December 2024, followed by a share of 10% for the consolidated portfolio securities, a mere 6% for net loans, 14% for other assets and 2% for fixed assets. This is compared to shares of 62%, 9%, 6%, 16% and 7% respectively as at end-December 2023. This shift of the share of fixed assets from 7% to 2% across the year is attributed to an inflationary effect from FX translation following the earlier inclusion of surplus gains from the revaluation of real estate properties at a rate of LBP 89,500 per USD at a time where the reporting rate was LBP 15,000 per USD in December 2023. The adjustment of the official exchange rate to LBP 89,500 per USD in 2024 has normalized this impact.

The charts below highlight the structure of the consolidated uses as at end-December 2024 compared to end-December 2023:

Assets Breakdown



The contribution of Odea Bank justifies the sizeable share of other assets in the total across both dates.

4.2.1.1. CHANGES IN PLACEMENTS WITH CENTRAL BANKS AND BANKS

The Bank's consolidated placements with central banks and banks, which primarily consist of cash and amounts held at central banks (including free accounts and compulsory reserves, but excluding certificates of deposit issued by the Central Bank of Lebanon), placements with banks, loans to banks, and reverse repurchase facilities with central banks and financial institutions, moved marginally from USD 11.6 billion as at end-December 2023 to USD 11.3 billion as at end- December 2024.

The table below sets out a breakdown of placements with central banks and banks by type and currency as at end-December 2024:

Placements with Central Bank and Banks (Excluding CDs)

(USD Million)	LBP	USD	EUR	OTHERS	TOTAL
Cash and placements with Central Banks	47	8,768	667	183	9,665
o.w. Reserves requirements	15	1,325	10		1,350
o.w. Cash deposits	32	7,443	657	183	8,315
Placements with banks	1.5	1,374	89	211	1,676
Total Placements	49	10,142	756	394	11,341

The Bank's placements in Lebanese Pounds primarily consist of cash and deposits with the Central Bank of Lebanon. These placements fell from USD 195 million at end-December 2023 (corresponding to LBP 2,925 billion) to a low of USD 49 million by end-December 2024 (corresponding to LBP 4,341 billion). Driven by a negative translation effect of the devaluation of the official rate, this drop stems from a USD 71 million reduction in decrease in cash deposits at the Central Bank and a USD 73 million decrease in reserve requirements within a decrease in placements with banks by USD 3 million. The ratio of placements in Lebanese Pounds to deposits in the same currency rose from 49.8% as at end-December 2023 to 72.8% by end-December 2024, indicating that the decrease in LBP placements was slower than that of customer deposits in LBP.

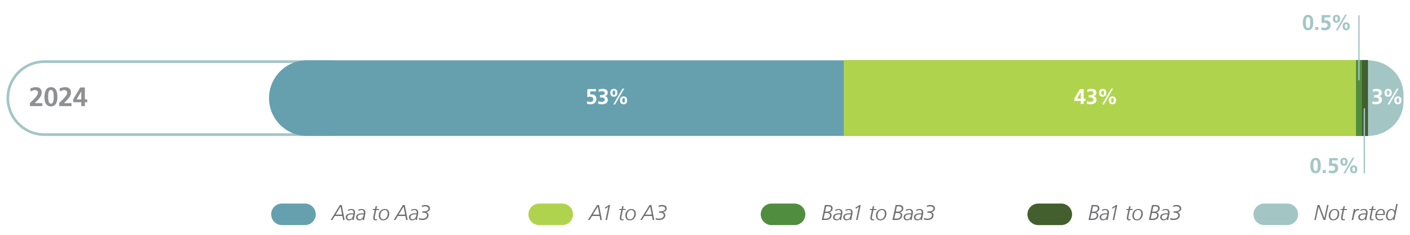
The Bank's foreign currency placements with Central Banks, which include cash and short-term deposits with the Central Bank of Lebanon and other central banks (excluding BdL-issued certificates of deposit), reached USD 9.6 billion as at end-December 2024, slightly lower than the USD 9.7 billion as at end-December 2023. The movement in consolidated placements in foreign currencies with Central Banks represent decreases in foreign currencies' placements with the Central Bank in Lebanese entities by USD 175 million and in Bank Audi France by USD 71 million, offset by an increase in placement with the Central Bank by Banque Audi (Suisse) by USD 131 million. In relative terms, these placements represented 77.9% of the consolidated customer deposits denominated in foreign currencies totaling of USD 12.4 billion at the same date. Of these, foreign currency placements in cash deposits with central banks amounted to USD 8.3 billion with almost no change relative to end-December 2023, with the remainder in reserve requirements (USD 1.3 billion).

Additionally, placements with correspondent banks denominated in foreign currencies amounted to USD 1.7 billion as at end-December 2024, almost the same level as at end-December 2023, representing 13.6% of foreign currency-denominated deposits (compared to 13.3% as at end-December 2023). As at end-December 2024, Bank Audi Lebanon held USD 585 million of free liquidity in foreign currencies after netting external account deposits of USD 562 million.

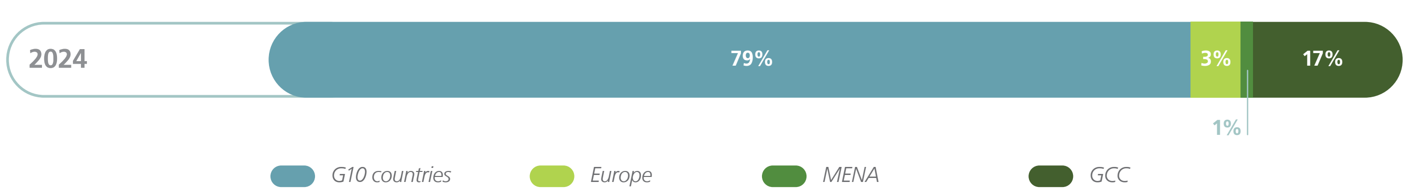
The Bank's placements with correspondent banks are mainly based in low risk OECD and GCC countries that show high levels of solvency and financial and monetary stability. 96% of the placements (excluding reverse repo agreements) denominated in foreign currencies are held in banks rated A3 or better.

The charts below set out the breakdown of money market placements held with banks (excluding reverse repo agreements) as at end-December 2024 by rating and geographic location:

Breakdown of Placements with Banks by Rating in 2024



Breakdown of Placements with Banks by Region in 2024



4.2.1.2. CHANGES IN SECURITIES' PORTFOLIO

The Bank's securities portfolio, which includes certificates of deposit issued by the Central Bank of Lebanon, Lebanese Pound-denominated Treasury bills, foreign currency Lebanese-sovereign bonds, non-Lebanese sovereign bonds, other fixed-income instruments, and equity securities, increased in 2024 by USD 33 million, to USD 1,740 million at end-December 2024 from USD 1,707 million by end-December 2023.

By currency, the increase in the portfolio included a decrease of USD 105 million in securities denominated in Lebanese Pounds, driven by the adoption of the new official exchange rate. On the opposite, the portfolio of securities denominated in foreign currencies increased by USD 138 million.

The following table sets out the distribution of the Bank's securities portfolio by type of security as at the dates indicated:

Portfolio Securities Breakdown

(USD Million)	Dec-23	Dec-24	Change in Volume	Change in %
Central Bank of Lebanon certificates of deposit	682	651	-31	-4.5%
LBP-denominated	4	0	-4	-100%
Foreign currency-denominated	678	651	-27	-4.0%
Net Lebanese Treasury bills and Eurobonds	164	96	-68	-41.5%
LBP-denominated	137	23	-114	-83.2%
Foreign currency-denominated	27	73	46	170.4%
Risk-ceded government Eurobonds	10	10	0	0%
Foreign currency-denominated	10	10	0	0%
Other non-Lebanese sovereign securities	420	392	-28	-6.7%
USD	365	204	-161	-44.1%
EUR	55	188	133	241.8%
Other fixed income securities	285	438	153	53.7%
Foreign currency-denominated	285	438	153	53.7%
Equity securities	147	153	6	4.1%
LBP-denominated	113	125	13	11.5%
Foreign currency-denominated	34	28	-6	-17.6%
Total portfolio securities	1,707	1,740	33	1.9%

Lebanese Central Bank Certificates of Deposit Portfolio

The Bank's exposure to the Central Bank of Lebanon through certificates of deposit in foreign currency, contracted by USD 27 million, dropping from USD 678 million to USD 651 million, largely due to the decrease in restricted deposits and the application of BdL basic circulars 158, 166 and 151. When including free account placements at the Central Bank in foreign currencies net of borrowings from BdL, total exposure to BdL in foreign currencies reached USD 8,929 million as of end-December 2024, down from USD 8,965 million at end-December 2023. This amount is net of an Expected Credit Loss (ECL) of USD 195 million, which remained unchanged till date. Meanwhile, the Bank is allocating all pre-provision pretax profits to provisions for risk and charges with an aim to allocate those assets to any assets as needed until such time when a recovery plan is in place.

Exposure to Lebanese Securities

The Group's exposure to Lebanese securities decreased by USD 67 million in 2024, primarily reflecting negative foreign exchange impacts on Treasury bills reaching a negative USD 114 million. The exposure to Lebanese sovereign Eurobonds, net of ECLs, increased by USD 46 million, bringing the total to USD 73 million. The change reflects predominantly the increase in the market price of these instruments, which are held in the Fair value thru Profit and Loss portfolio and benefitting from a Mark to Market valuation.

Non-Lebanese Sovereign Securities

The Bank's exposure to non-Lebanese sovereign risk decreased by USD 28 million, falling from USD 420 million to USD 392 million between end-December 2023 and end-December 2024. The decrease was influenced by a USD 161 million decline in USD-denominated securities offsetting a USD 133 million increase in Euro-denominated securities. As at end-December 2024, the non-Lebanese sovereign bonds constituted 22.5% of the total securities portfolio, compared to 24.6% at the end of December 2023. They represented 3.2% of foreign currency-denominated customer deposits, down from 3.4% at the end of 2023.

Other International Fixed Income Securities

The Bank's exposure to other international fixed income securities stood at USD 438 million as at end-December 2024 compared to USD 285 million as at end-December 2023, representing an increase by USD 153 million. This is mainly due to the increase of bonds portfolio related to banks and financial institutions issuers by USD 229 million. The portfolio is now more concentrated on banks and financial institutions issuers which represent 76.7% of the total portfolio compared to 37.3% (when excluding ODEA) as at end-December 2023, while corporate issuers accounted for 23.3% compared to 27.3% as at end-December 2023. The remaining end-December 2023 exposure was against instruments categorized under "loans to customers at fair value through P&L".

IFRS Classification of Portfolio Securities

The classification of the Bank's securities portfolio across various asset classes is determined by each Group entity's business model for managing financial assets and the contractual cash flow characteristics of these assets. Initially, all assets are measured at fair value plus, for financial assets not valued at fair value through profit or loss, the specific transaction costs. Subsequently, assets are measured at amortized cost, fair value through other comprehensive income (FVOCI), or fair value through profit or loss (FVTPL).

The table below sets out the distribution of the Bank's securities portfolio by asset class and currencies as follows:

Portfolio Securities by Asset Class

(USD Million)	Dec-23	Dec-24	Change in Volume	Change in %
Financial assets held at FVTPL	291	141	-150	-51.5%
Foreign currency-denominated	291	141	-150	-51.5%
Financial assets designated at fair value through OCI	135	341	206	152.6%
LBP-denominated	112	124	12	10.7%
Foreign currency-denominated	23	217	194	843.5%
Financial assets classified at amortised cost	1,282	1,258	-24	-1.9%
LBP-denominated	141	23	-118	-83.7%
Foreign currency-denominated	1,141	1,235	94	8.2%
TOTAL PORTFOLIO SECURITIES	1,707	1,740	33	1.9%
LBP-denominated	252	147	-105	-41.7%
Foreign currency-denominated	1,455	1,593	138	9.5%

As at end-December 2024, financial assets classified at amortized cost represented 72.3% of the portfolio, down from 75.1% as at end-December 2023 while assets held at FVTPL decreased to 8.1% from 17% during the same period. Conversely, assets designated at FVOCI increased to 19.6% from 7.9%.

The following table sets out the distribution of financial assets classified at amortized cost by type of security, as at end-December 2024 as compared to end-December 2023:

Distribution of Financial Assets Classified at Amortised Cost by Type

(USD Million)	Dec-23	Dec-24	Change in Volume	Change in %
Central Bank of Lebanon Certificates of Deposit	683	652	-31	-4.5%
Net Lebanese Treasury Bills and Eurobonds	152	13	-139	-91.4%
Risk-ceded Government Eurobonds	10	10	0	0%
Other non-Lebanese sovereign securities	257	347	90	35.0%
Other fixed income securities	180	236	57	31.7%
Financial assets classified at Amortized Cost	1,282	1,258	-24	-1.8%

The distribution of financial assets classified at amortized cost by security type remained stable as at end-December 2024 relative to end-December 2023. The portfolio was primarily composed of Certificates of Deposit (CDs) issued by the Central Bank of Lebanon (BdL), accounting for 51.8% of the amortized cost assets. This is consistent with trends observed in previous years. Other non-Lebanese sovereign bonds accounted for 27.6% while other fixed income securities had a share of 18.8% with the remainder accounted for by Lebanese sovereign securities.

4.2.1.3. LOAN PORTFOLIO

In November 2023, the Board of Directors resolved to exit the Bank's investment in Turkiye, a direction which was confirmed on 14 October 2024 with the execution of definitive agreements with ADQ for the sale of the Bank's subsidiary, Odea Bank. Until completion of the transaction on 28 March 2025, the operation of Odea Bank, and in compliance with IFRS, is treated as a discontinued operation and accordingly its financials, including customers loans, were not reflected in the line-by-line structure of the Statement of Financial Position as at end-December 2023 and as et end-December 2024. Rather, its assets and liabilities were booked under "assets held for sale" and "liabilities held for sale" respectively.

In what follows, we analyze separately the evolution of the loan portfolio of Lebanese entities in the year 2024 and that of the loan portfolio of entities abroad, excluding Odea Bank.

LEBANESE ENTITIES

The net loan portfolio of Lebanese entities has contracted by USD 129 million in 2024 with USD 57 million of this decline attributed to loans denominated in LBP. Loans in foreign currencies fell by USD 72 million, mostly from repayment of loans in restricted dollars amid a net increase in loans in fresh dollars by USD 10 million. Loans in foreign currencies booked in Lebanese entities totaled USD 95 million as at end-December 2024. The decline of the net loan portfolio reflects the devaluation of the Lebanese Pound as highlighted by the adjustment of the official exchange rate from USD/LBP 15,000 to USD/LBP 89,500 early 2024, and, the increased collection efforts focusing on settling non-performing loans (NPLs).

Going forward, selective lending continues for strategic clients in defensive sectors in Lebanese Pounds and in foreign currencies. In fact, the Board of Directors decided late 2023 to extend credit facilities to Lebanese customers to counter heightened competition in the corporate sector and support retail loans for employees of reputable corporate clients. In spite of this, the lending activity in fresh dollars remained limited in 2024, dampened by the challenging operating conditions and the repercussion of the war on Lebanon on investment sentiment.

ANALYSIS OF LOANS BY CURRENCY

Following the adjustment in the official exchange rate, the share of foreign currency loans in the total net loan portfolio surged to 96% as at end-December 2024, up from 73% at end-December 2023, despite an overall decline in foreign currency loans over the same period.

ANALYSIS OF LOAN QUALITY*

Lebanese Entities

(USD Million)	Dec-23	Dec-24	Change Dec-24/Dec-23
Credit-impaired loans	321	224	-97
o.w. Corporate	251	195	-56
o.w. Retail	70	29	-41
Net loans	228	99	-129
o.w. Corporate	200	86	-114
o.w. Retail	28	13	-15
Allowance for ECL Stage 3	252	176	-76
o.w. Corporate	184	150	-34
o.w. Retail	68	26	-42
Allowance for ECL Stages 1 & 2	19	30	12
o.w. Corporate	16	30	14
o.w. Retail	3	0.58	-2
Credit-impaired loans/Gross loans	64.2%	73.2%	9.0%
o.w. Corporate	62.6%	73.5%	10.9%
o.w. Retail	70.4%	74.4%	4.0%
Net credit-impaired loans/Gross loans	13.7%	15.5%	1.8%
o.w. Corporate	16.6%	17.1%	0.5%
o.w. Retail	2.2%	7.7%	5.5%
Credit-impaired loans coverage	78.6%	78.8%	0.2%
o.w. Corporate	73.5%	76.9%	3.4%
o.w. Retail	96.9%	89.7%	-7.2%
Allowance for ECL Stages 1 & 2/Net loans	8.4%	30.4%	22.0%
o.w. Corporate	8.1%	34.9%	26.8%
o.w. Retail	10.9%	4.5%	-6.4%

(*) As per IFRS 9.

CREDIT-IMPAIRED LOANS OF LEBANESE ENTITIES

Credit-impaired loans for Lebanese entities continued to decline, decreasing by another USD 97 million to USD 224 million as of end-December 2024 from USD 321 million as at end-December 2023. This decrease was mainly attributed to sustained collection efforts, with breakdowns indicating a USD 56 million reduction in corporate/commercial loans and USD 8 million in retail loans along with a write-off of USD 33 million. Consequently, provisions were released, resulting in a USD 76 million decrease in total allowances for Expected Credit Loss (ECL) under Stage 3. As of end-December 2024, the coverage ratio for credit-impaired loans stood at 78.8%, up from 78.6% as at end-December 2023.

The ratio of credit-impaired loans to gross loans increased markedly from 64.2% at end-December 2023 to 73.2% at end-December 2024. This rise is primarily due to the significant contraction of the total loan portfolio, coupled with the increased official exchange rate of the US Dollar against the Lebanese Pound (LBP). Most credit-impaired loans are denominated in foreign currency, amplifying the ratio's increase.

ENTITIES OPERATING OUTSIDE LEBANON

The analysis that follows of the loan portfolio of entities operating outside Lebanon excludes the contribution of Odea Bank.

The total net loan portfolio for entities operating outside Lebanon increased by USD 43 million during 2024. The portfolio stood at USD 864 million at end of December 2024, compared to USD 821 million at the end of December 2023.This increase was driven by a USD 56 million rise in Banque Audi (Suisse) and a USD 2 million increase in Bank Audi Qatar, partially offset by a USD 15 million decrease in Bank Audi France.

This geographical distribution of net loans and advances for entities operating outside Lebanon has experienced a notable shift between end-December 2023 and end-December 2024. Banque Audi (Suisse) saw an increase in its share from 45% to 49%, reinforcing its position as the largest contributor. Meanwhile Bank Audi France experienced a slight decline from 44% to 40%, while Bank Audi Qatar maintained a stable share of 11%.

Breakdown of Net Loans & Advances by Entities Operating Outside Lebanon as at end - December 2023

(USD Million)

Breakdown of Net Loans & Advances by Entities Operating Outside Lebanon as at end - December 2024

(USD Million)

As of end-December 2024, the composition of the Bank's consolidated net loan portfolio by currency remained heavily concentrated in USD and EUR, which together accounted for 78% of total net loans for entities operating outside Lebanon.

The distribution of loans by currency as at end-December 2024, compared to end-December 2023, highlights significant stability within the portfolio as the USD (US Dollar) remains the predominant currency with a 45% share, reflecting the Bank's reliance on this stable currency amid the prevailing regional volatility, while the EUR (Euro) maintains a solid 33% share, serving as a key currency for transactions in European markets.

The following charts show the distribution of the Bank's consolidated net loan portfolio by currency as at end-December 2024 as compared to end-December 2023:

Breakdown of Net Loans & Advances in Entities Operating Outside Lebanon by Currency Entities as at end - December 2023

Breakdown of Net Loans & Advances in Entities Operating Outside Lebanon by Currency Entities as at end - December 2024

ANALYSIS OF LOANS BY TYPE OF CUSTOMER

As of end-December 2024, the Bank's net loans for entities operating outside Lebanon exhibited the following distribution by borrower type:

- Personal and Private Banking accounts for 59% of the loan portfolio mainly due to Banque Audi (Suisse), marking a slight decrease from 62% at end-December 2023.
- Corporate Segment: represents now 39% of the consolidated net loan book, up from 36% at the end of December 2023, while the share of SME loans remains the same as of December 2023 and is equal to 2%.

The predominance of loans to Personal and Private Banking reflects the Bank's effort to capture growth opportunities in the private and retail markets across countries of presence. At the same time, the significant share of corporate loans underscores the Bank's longstanding relationships and established presence in the Corporate Sector.

Breakdown of Net Loans & Advances in Entities Operating outside Lebanon by Type of Customer

(USD Million)

ANALYSIS OF LOANS BY ECONOMIC SECTOR

As of end-December 2024, the distribution of the Bank's net loan portfolio for entities operating outside Lebanon by economic sector is led by a 51% share of Private Banking customers in the loan portfolio of these entities, followed by a 14% share of Wholesale Trade and a 10% share of Developers & Real Estate Services.

The increase of the net loan book by USD 43 million is mostly attributed to the Private banking segment increasing by USD 66 million to be followed by an increase in the Wholesale Trade segment by USD 46 million with the remainder representing decrease by other loans.

Breakdown of Net Loans & Advances in Entities Operating outside Lebanon by Economic Sector

	Dec-23		Dec-24	
(USD Million)	Volume	Share in %	Volume	Share in %
Private Banking	372	45%	438	51%
Developers & Real Estate Services	87	11%	84	10%
Non-Bank Holdings & Financial Entities	86	10%	51	6%
Wholesale Trade	75	9%	121	14%
Manufacturing Industries	53	6%	42	5%
Other loans	148	19%	128	14%
Total	821	100%	**864**	**100%**

ANALYSIS OF LOANS BY MATURITY

As at end-December 2024, the evolution of the loan portfolio for entities operating outside Lebanon shows an increase in short-term loans by USD 89 million. This increase is primarily attributed to Banque Audi (Suisse) and Bank Audi France, which contributed USD 56 million and USD 27 million, respectively, to the total short-term increase. Additionally, there was an increase in medium-term facilities of USD 10 million. Conversely, long term facilities experienced a decrease of USD 56 million, mainly due to the settlement of loans at Bank Audi France.

The structure of this net portfolio across maturities changed with an increase in the share of short term loans in the total to stand at 76% as at end-December 2024 compared to a share of 70% as at end-December 2023 amid a decrease of long term facilities in total net loans by around 8%.

The following table shows the breakdown of the loan portfolio of entities operating outside Lebanon by maturity as at end-December 2024 compared to end-December 2023.

Breakdown of Net Loans & Advances in Entities Operating outside Lebanon by Maturity since Inception

	Dec-23		Dec-24	
(USD Million)	Volume	Share in %	Volume	Share in %
Short-term facilities	571	69%	660	76%
Medium-term facilities	48	6%	58	7%
Long-term facilities	202	25%	146	17%
Total	821	100%	864	100%

ANALYSIS OF LOANS BY TYPE OF COLLATERAL

As of end-December 2024, the distribution of the consolidated net loan portfolio for entities operating outside Lebanon highlights the reliance on various forms of collateral. 63% of the net loan portfolio was secured, indicating a strong emphasis on collateralization, which enhances credit risk management. 18% of the net loan portfolio is secured by corporate or personal guarantees while the remaining 20% share is unsecured. This distribution is mostly unchanged relative to end-December 2023, with shares of 65%, 18% and 18% respectively.

The following table shows the distribution of the Bank's loan portfolio by type of collateral as at end-December 2024 as compared to end-December 2023:

Breakdown of Net Loans & Advances in Entities Operating outside Lebanon by Collaterals

	Dec-23		Dec-24	
(USD Million)	Volume	Share in %	Volume	Share in %
Secured	530	65%	541	63%
Cash co. & bank guarantee	*141*	*17%*	*157*	*18%*
Real estate mortgage	*121*	*15%*	*109*	*13%*
Securities (bonds & shares)	*268*	*33%*	*275*	*32%*
Corporate or personal guarantees	144	17%	152	17%
Unsecured	147	18%	171	20%
Total	821	100%	864	100%

LOAN QUALITY*

Entities Operating outside Lebanon

The Bank applies the IFRS9 standard in estimating collective and specific provisions for the loan portfolio.

The following table shows the main loan quality indicators as at end-December 2024 as compared to end-December 2023 for entities operating outside Lebanon:

Loan Quality - Entities operating outside Lebanon (Excluding Odea Bank)

(USD Million)	Dec-23	Dec-24	Change Dec-24/Dec-23
Credit impaired loans	31	28	-3
Net Loans	821	864	43
Allowance for ECL stage 3	26	25	-1
Allowance for ECL stage1 & 2	12	6	-6
Credit-impaired loans/Gross loans	3.6%	3.2%	-0.4%
Net credit-impaired loans/Gross loans	0.5%	0.4%	-0.1%
Credit-impaired loans coverage	85.5%	88.9%	3.4%
Allowance for ECL Stages 1 & 2/Net loans	1.4%	0.7%	-0.7%

(*) As per IFRS 9.

4.2.2. FUNDING SOURCES

Funding sources of Bank Audi sal continue to be predominantly driven by private customers' deposits. As at end-December 2024, consolidated deposits represented 74.5% of total funding sources, with the structural shift relative to 69.0% as at end-December 2023 reflecting predominantly the FX impact following the adoption of the new official exchange rate in 2024. This was partially compensated by a decrease in the share of shareholders' equity in total funding to 5.7% as at end-December 2024 from 9.3% as at end-December 2023, while Central Banks' with Banks' deposits, other liabilities and subordinated debt had shares in total funding of 1.8%, 16.4% and 1.5% this year, compared to 1.9%, 18.3% and 1.5% respectively the previous year.

The following table sets out the distribution of the Bank's sources of funding as at the dates indicated:

Breakdown of Funding Sources

(USD Million)	Dec-23	Dec-24	Change in Volume	Change in %
Central Banks' deposits	169	32	-137	-81%
Time deposit	*169*	*32*	*-137*	*-81%*
Banks' deposits	188	263	75	40%
Sight deposits	*68*	*146*	*78*	*114%*
Time deposits	*120*	*117*	*-3*	*-3%*
Customers' and related parties' deposits	12,806	12,416	-390	-3%
Sight deposits	*7,645*	*7,579*	*-66*	*-1%*
Time deposits, saving accounts and certificates of deposit	*5,103*	*4,689*	*-414*	*-8%*
Collateral and margins	*58*	*148*	*90*	*155%*
Subordinated loans	271	268	-3	-1%
Other liabilities	3,394	2,731	-663	-20%
Shareholders' equity	1,738	955	-783	-45%
Total	18,566	16,665	-1,901	-10.2%

4.2.2.1. CHANGES IN CUSTOMERS' DEPOSITS

Consolidated deposits fell from USD 12.8 billion at end-December 2023 to USD 12.4 billion as at end-December 2024, corresponding to a decrease of USD 390 million. Most of this reduction was due to the FX effect following the adoption of the new official exchange rate early 2024.

Lebanese entities accounted for USD 468 million of the contraction in consolidated deposits, with the devaluation of the LBP driving a decrease in deposits denominated in LBP by USD 325 million. Deposits in foreign currencies of Lebanese entities decreased by USD 143 million. Deposits from entities operating abroad increased by USD 79 million, reflecting increases of deposits in Banque Audi

(Suisse) by USD 66 million and Bank Audi France by USD 34 million, amid decreasing deposit base in Bank Audi (Qatar) by USD 21 million. As at end-December 2024, the USD 12.4 billion of consolidated customers' deposits were distributed across the Group's entities as follows: Deposits of Lebanese entities totaled USD 10.4 billion, comprising USD 67 million in LBP and USD 10.3 billion in foreign currencies (including USD 9.7 billion in restricted deposits). Deposits of Private Banking entities led by Banque Audi (Suisse) totaled USD 837 million, while those of Bank Audi France and Bank Audi LLC (Qatar) reached USD 1.1 billion and USD 54 million respectively.

Conversely, as at end-December 2023, consolidated customers' deposits totaled 12.8 billion. Deposits of Lebanese entities totaled USD 10.9 billion, comprising USD 392 million in LBP and USD 10.5 billion in foreign currencies (including USD 10 billion in restricted deposits). Deposits of Private Banking entities led by Banque Audi (Suisse) totaled USD 771 million, while those of Bank Audi France and Bank Audi LLC (Qatar) reached USD 1.1 billion and USD 74 million respectively.

ANALYSIS OF CUSTOMERS' DEPOSITS BY BUSINESS SEGMENT

The following table sets out the breakdown of consolidated customers' deposits over business segments as at end-December 2024 as compared to end-December 2023:

Breakdown of Customers' Deposits by Segment

	Dec-23		Dec-24		Change Dec-24/Dec-23	
(USD Million)	Volume	Share in %	Volume	Share in %	Volume	Share in %
Deposits from customers and related parties	12,806	100.0%	12,416	100.0%	-390	
Corporate & SME Banking	1,300	10.1%	1,218	9.8%	-82	-0.3%
Retail, Personal & Public Banking	11,506	89.9%	11,198	90.2%	-308	0.3%

In 2024, the decrease of consolidated customers' deposits excluding Odea Bank is skewed in absolute terms towards Retail & Personal Banking deposits. The latter decreased by USD 308 million during the year, from USD 11.5 billion as at end-December 2023 to USD 11.2 billion as at end-December 2024. Nonetheless, the share of those deposits in total consolidated customers' deposits increased slightly from 89.9% as at end-December 2023 to 90.2% as at end-December 2024, following a slower contraction of consolidated deposits in relative terms than that achieved by Corporate & SME Banking deposits.

The latter indeed contracted during 2024 by USD 82 million to stand at USD 1.2 billion as at end-December 2024 compared to USD 1.3 billion a year before. Consequently, the share of Corporate & SME Banking in total consolidated deposits decreased from 10.1% as at end-December 2023 to 9.8% as at end-December 2024.

ANALYSIS OF CUSTOMERS' DEPOSITS BY TYPE

The following chart sets out the Bank's consolidated customers' deposits by type as at end-December 2024 and as at end-December 2023:

Breakdown of Customers' Deposits by Type

	Dec-23		Dec-24		Change Dec-24/Dec-23	
(USD Million)	Volume	Share in %	Volume	Share in %	Volume	Share in %
Deposits from customers and related parties	12,806	100.0%	12,416	100.0%	-390	
Sight deposits	7,645	59.7%	7,579	61.0%	-66	1.3%
Time deposits	5,103	39.8%	4,689	37.8%	-414	-2.0%
Margin deposits	42	0.3%	137	1.1%	95	0.8%
Others deposits	16	0.2%	11	0.1%	-5	-0.1%

In 2024, the decrease in consolidated customers' deposits excluding Odea Bank by USD 390 million reflects predominantly a decrease in sight deposits (including margin and other deposits) by USD 24 million to be added to a decrease in time deposits (including saving accounts and certificates of deposit) by USD 414 million.

Notwithstanding, sight deposits continue to account for the majority of total deposits as at end-December 2024 with a share of 62.2%, up from 60.2% as at end-December 2023. Consolidated sight and other short-term deposits excluding Odea Bank stood at USD 7.73 billion as at end-December 2024, compared to USD 7.7 billion as at end-December 2023.

On the other hand, time deposits stood at USD 4.7 billion as at end-December 2024, compared to USD 5.1 billion as at end-December 2023, representing 37.8% of total deposits as at end-December 2024 compared to 39.8% as at end-December 2023.

ANALYSIS OF CUSTOMERS' DEPOSITS BY MATURITY

The following table sets out the maturity profile of the Bank's consolidated customers' deposits as at end-December 2024 and as at end-December 2023:

Breakdown of Deposits by Maturity

	Dec-23		Dec-24		Change Dec-24/Dec-23	
(USD Million)	Volume	Share in %	Volume	Share in %	Volume	Share in %
Less than 1 month	11,607	90.6%	11,449	92.2%	-158	1.6%
1-3 months	632	4.9%	522	4.2%	-110	-0.7%
3-12 months	493	3.9%	411	3.3%	-82	-0.5%
Less than 1 year	12,732	99.4%	12,382	99.7%	-350	0.3%
1-5 years	58	0.4%	14	0.1%	-44	-0.3%
Over 5 years	16	0.2%	20	0.2%	4	0.1%
More than 1 year	74	0.6%	34	0.3%	-40	-0.3%
Total	12,806	100%	12,416	100.0%	-390	

In 2024, the proportion of customers' deposits with maturities of less than one month within consolidated deposits rose by 1.6%, increasing from 90.6% at the end of December 2023 to 92.2% at the end of December 2024. This shift reflects a predominance of sight deposits and a customer preference in entities operating outside Lebanon for placing savings in one-month deposits to capitalize on higher interest rates. The larger share of sight deposits in total deposits particularly in Lebanese entities has no impact on the stickiness of deposits given that since October 2019, informal capital controls have been in effect in Lebanon, significantly restricting both outbound and inbound deposit flows.

As of December 31, 2024, 99.7% of consolidated customer deposits had maturities of less than one year, up from 99.4% at the end of December 2023. The remaining 0.3% primarily consisted of deposits with maturities between one and five years.

ANALYSIS OF CUSTOMERS' DEPOSITS BY CURRENCY

The following table sets out the distribution of the Bank's customers' deposits by currency as at end-December 2024 as compared to end-December 2023:

Breakdown of Deposits by Currency

	Dec-23		Dec-24		Change Dec-24/Dec-23	
(USD Million)	Volume	Share in %	Volume	Share in %	Volume	Share in %
Lebanese Pound	392	3.1%	67	0.5%	-325	-2.6%
US Dollars	11,030	86.1%	10,922	88.0%	-108	1.9%
Euro	1,142	8.9%	1,146	9.2%	4	0.3%
Other currencies	242	1.9%	281	2.3%	39	0.4%
Total	12,806	100%	12,416	100.0%	-390	

Following the implementation of a new official exchange rate in Lebanon early 2024, the proportion of customers' deposits in Lebanese Pounds (LBP) fell significantly from 3.1% as at end-December 2023 to just 0.5% as at end-December 2024. During the same period, the percentage of customer deposits held in US Dollars increased from 86.1% to 88.0%, solidifying its status as the dominant currency in consolidated deposits. The share of deposits in Euros saw a slight increase, reaching 9.2% of total deposits, while the share of other currencies increased from 1.9% to 2.3%.

4.2.2.2. SUBORDINATED DEBT

As at end-December 2024, post deconsolidation of Odea Bank, the Bank continued to have two unsecured subordinated loans of an aggregate amount of USD 268 million (including interest accruals), compared to an aggregate amount of USD 271 million as at end-December 2023. Below is a detailed description of those loans:

USD 150 Million Due 11 April 2024 – 6.55% tele rate 6-month

On 27 March 2014, the Bank entered into subordinated loans with the IFC and the IFC Capitalisation Fund in an aggregate amount of USD 150 million. The repayment date for the loans is 11 April 2024, subject to early redemption or acceleration (which is, in turn, subject to Central Bank approval). The loans bear interest at a rate of 6.55% over six-month LIBOR and certain fees, payable, in each case, on a bi-annual basis, subject to the availability of distributable free profits in accordance with the Central Bank's Basic Circular 35, as applicable at the time of entry into the loans. As per the agreement terms, if on a particular interest payment date, the Group does not determine it had free profits available for distribution based on the most recent audited financial statements, the Group's obligation to pay such interest shall be deferred and become due and payable on the next interest payment date, to the extent of free profits then available, and if not then available, such deferral shall continue until the interest payment date when all interests have been paid in full.

In light of the severity of the Crisis in Lebanon, the prevailing uncertainties and its effect on the Group's financial position retaining earnings and equity which the Group anticipates to be material leading to a need for recapitalisation, and hence the unavailability of distributable free profits, interest payments under this agreement have been deferred. This matter was under objection from the lender.

On April 4, 2024, the IFC's Subordinated Loan matured. Bank Audi did not settled it in abidance by the decision taken by the Central Council of the BdL asking Bank Audi to suspend payment on the IFC Subordinated loan until such time when a banking restructuring law is issued. On 16 April 2025, upon a confidential agreement entered into by Bank Audi and the IFC parties, the objection and claim made by the IFC parties have been dismissed. As at 31 December 2024, deferred interest payable amounted to USD 60.7 million and was recorded under "Other liabilities".

USD 116,560,000 Due 19 April 2027 – 5%

In September 2013, the Bank issued USD 350 million of subordinated unsecured bonds. The repayment date for the bonds was 16 October 2023, subject to early redemption or acceleration. Earlier in 2022, the Bank proceeded to the conversion earlier of the USD 347 million subordinated debt maturing in 2023 into new unsecured subordinated notes under Lebanese law, the 2022 subordinated notes, that includes a put option at the discretion of the noteholder who may choose to redeem the note at 90.5% of the principal amount. As at 19 May 2022, holders of notes representing approximately USD 230 million had exercised the put option out of USD 347 million outstanding (66% of the total).

4.2.2.3. SHAREHOLDERS' EQUITY

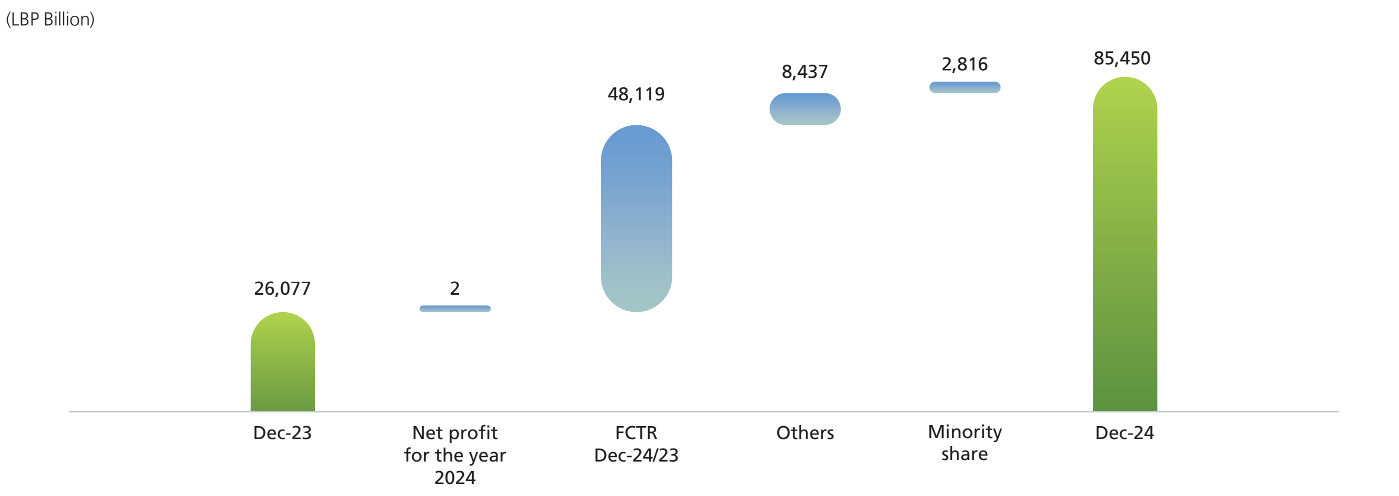
In 2024, Bank Audi's consolidated shareholders' equity, expressed in USD at the prevailing official exchange rates, decreased by USD 783 million, dropping from USD 1.7 billion as at end-December 2023 to USD 955 million as at end-December 2024. This decline is mainly attributed to the devaluation of the LBP against the USD, particularly following the adoption of the new official exchange rate in early 2024, from LBP 15,000 per USD in 2023 to LBP 89,500 per USD. The negative impact is further magnified by the non-monetary nature of shareholders' equity, as its value in LBP remains unchanged despite the currency's devaluation. In LBP, consolidated shareholders' equity increased from LBP 26,077 billion as at end-December 2023 to LBP 85,450 billion as at end-December 2024, representing a rise by 228%.

This significant evolution is justified predominantly by a significant impact of the devaluation of the Lebanese pounds on:

- consolidated equity given its non-monetary, and,
- on fixed assets following the deletion of the artificial inflation of the value of Lands and Building created as at end-December 2023 as a result of the adoption then of a rate of LBP 89,500 for their revaluation at a time where the applied official reporting rate was LBP 15,000.

The chart below highlights the evolution of consolidated in 2024, split over the most significant components:

Evolution of Shareholders' Equity in 2024



In details, the above movement of consolidated equity was driven by:

- A sizeable positive FX translation impact on the Bank's investments denominated in FCY and translated to LBP as result of change in the official rates. This was partially offset by a negative FCTR in FCY as result of the devaluation of the CHF and TRY against the USD dollar,
- The revaluation of Lands and Buildings as per the Central Bank of Lebanon's request from USD 194 million to USD 205 million,
- A mark-to market loss related to the revaluation of Financial instruments booked as OCI.

In terms of equity structure as at end-December 2024, total shareholders' equity comprised LBP 1,885 billion of common equity group share, in addition to LBP 905 billion of preferred equity and LBP 3,342 billion of minority shares. The Bank's common share capital amounted to LBP 983 billion. The said share capital represented 588,538,215 common shares (BSE: AUDI) as at end-December 2023 and 2024, each with a nominal value of LBP 1,670 of which 119,639,761 were represented by Global Depositary Receipts listed on the Beirut Stock Exchange (BSE: AUSR).

The preferred equity represents 3 series as follows: Series "H" comprising 750,000 shares, Series "I" comprising 2,500,000 shares, and Series "J" comprising 2,750,000 shares, all with an issue price of USD 100. The terms of Series "I" and "J" preferred shares include a loss absorption clause whereby a trigger event (capital adequacy or non-viability event) could result in the mandatory conversion of those preferred shares to common shares at a ratio of 15 common shares for each preferred shares.

4.2.2.4. CAPITAL ADEQUACY

The following table sets out the Bank's capital adequacy ratios as at end-December 2024 and end-December 2023:

Capital Adequacy Ratio

(USD Million)	Dec-23	Dec-24	Change Dec 24/23
Risk-weighted assets	16,337	14,568	-1,769
o.w. Credit risk	15,369	12,893	-2,476
o.w. Market risk	501	618	117
o.w. Operational risk	467	1,057	590
Tier 1 capital	1,439	819	-620
o.w. Common Tier 1	1,379	*809*	*-570*
Tier 2 capital	119	263	144
Total regulatory capital	1,558	1,082	-476
Common Tier 1 ratio	8.44%	5.55%	-2.89%
+ Additional Tier 1 ratio	0.36%	0.07%	-0.29%
= Tier 1 ratio	8.80%	5.62%	-3.18%
Tier 2 ratio	0.73%	1.81%	1.08%
Total ratio	9.54%	7.43%	-2.11%
Minimum capital requirements(*)			
Common Tier 1 ratio	4.50%	4.50%	
+ Additional Tier 1 ratio	1.50%	1.50%	
= Tier 1 ratio	6.00%	6.00%	
Tier 2 ratio	2.00%	2.00%	
Total capital ratio	8.00%	8.00%	

(*) BdL allowed Banks to draw down on the capital conservation buffer in 2020-2021 and requested from them to rebuild it progressively. For 2023 and 2024, the forbearance treatment was reinstated waiving the CCB temporarily.

Alongside the decline in consolidated shareholders' equity in 2024, regulatory capital also reduced by USD 476 million, decreasing from USD 1.6 billion as at end-December 2023 to USD 1.1 billion as at end-December 2024, a contraction by 30.5%. The change in the official exchange rate also adversely affected consolidated risk-weighted assets, albeit to a less extent, since the latter dropped from USD 16.3 billion as at end-December 2023 to USD 14.6 billion as at end-December 2024, reflecting a 10.8% decrease.

Due to a faster decline in the components of regulatory capital than in consolidated risk weighted assets, the total capital adequacy ratio of the Bank reduced during the year. As at end-December 2024, both the consolidated CET1 and Tier one ratios stood at 5.6%, while the consolidated capital adequacy ratio stood at 7.4%. These figures are compared to the regulatory minimums of 4.5%, 6.0%, and 8%, respectively, excluding the capital conservation buffer of 2.5% which requirement was waived by the Central Bank of Lebanon for the years 2023 and 2024.

On 14 October 2024, the Bank and other shareholders entered in to definitive agreement with ADQ for the sale of their stake in Odea Bank AS. The completion of this transaction, and the subsequent deconsolidation of Odea Bank from the Group, would have a beneficial impact on the Common Tier 1 equity of Bank Audi, mainly driven by the release of its risk-weighted assets, amounting to USD 1.9 billion. A simulation based on reviewed consolidated figures as at end-December 2024 reveals that the deconsolidation of Odea Bank would translate into a corollary improvement in Bank Audi's CET1 and Tier 1 ratios from 5.9% to 6.0%. In parallel, total capital ratio would stand at 7.2%.

4.3. RESULTS OF OPERATIONS

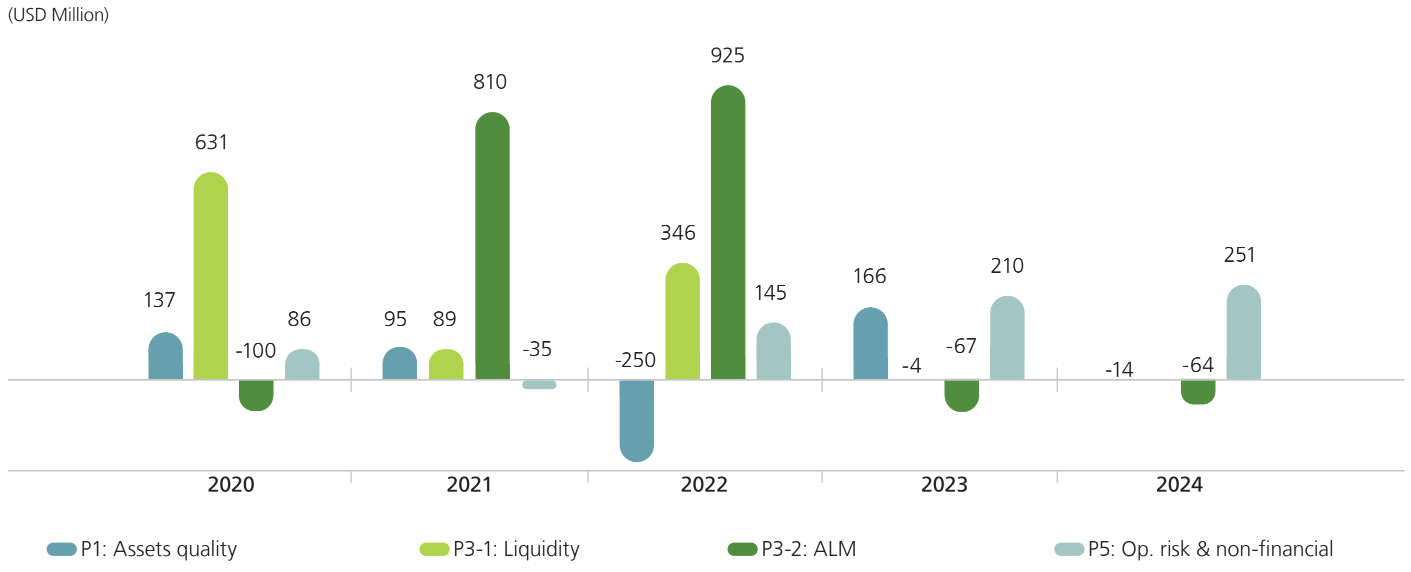
Bank Audi reported zero consolidated net profits in 2024, same as in 2023, in line with the declared direction to earmark all pre-prov pretax profits to provisions for risk and charges. The Bank resolved to allocate these provisions where and when needed to any asset class until such time a resolution plan is implemented. The relevant regulatory authorities fully supported this direction and authorized the Bank to incorporate partially those provisions along the Stage 1 ECLs as Tier 2 capital components.

Up to end December 2024, the outstanding balance of provisions for risk and charges in Bank Audi Lebanon reached USD 384 million, of which USD 252 million accumulated during the 2024 exercise. By currency, the USD 384 million are broken down over USD 158 million denominated in LBP and USD 226 million denominated in foreign currencies.

The accumulated provisions for risk and charges are to be added to other exceptional expenses incurred since the outset of the Lebanese Crisis in October 2019 and which are closely tied to the adopted six going concern pillars. Together they aggregate to the one-off flows.

The chart below displays a breakdown of the one-offs expenses incurred by the Bank over the 2020-2024 period broken down over the respective going concern pillars:

Breakdown of One-Offs Expenses over Selected Components of the Six Going-Concern Pillars



**During 2020, USD 195 million represents gain from PV LBP structure on CDs sold to CLDs .*
*** During 2020, USD -95 million represents loss on BdL deposits breakage for FX purchase.*

The table below sets out the evolution of the Bank's net normalised consolidated results in 2024 relative to 2023, while showcasing one-off flows tied to the Crisis and the results of discontinued operations across both dates. Results of discontinued operations refers to the results of Odea Bank, the Bank's subsidiary in Turkiye.

Summarised Normalised Consolidated Income Statement

(USD Million)	2023	2024	Change YOY 2024/2023 in Volume	in %
Interest income(1)	406	236	-170	-41.9%
Net of new taxes on financial investments	*-28*	*-6*	*22*	*-78.6%*
Non-interest income	145	131	-14	-9.7%
Total income	551	367	-184	-33.4%
Operating expenses	287	165	-122	-42.5%
Credit expense	14	-3	-17	-121.4%
Income tax	15	23	8	53.3%
Total expenses	317	185	-132	-41.6%
Net profits after tax (Normalised from continuing operations)	234	183	-51	-21.8%
Results of discontinued operations	71	-10	-81	-114.0%
Net profits after discontinued operations	306	173	-133	-43.5%
+ Crisis-related one-offs	-306	-173	134	-43.8%
= Net profit after tax and one-offs	0	0	0	0%

** Restated excluding Odea Bank for comparative purposes*
(1) Includes interest revenues from financial assets at FVTPL.

In 2024, Bank Audi's normalized net profits after tax, before one-off flows and the results of discontinued operations, contracted by 21.8% to USD 183 million from USD 234 million in 2023.

By geography, the USD 51 million year-on-year contraction in net profits is attributed principally to Lebanese entities that registered a decline in net profits over the period by USD 57.8 million while net profits of entities operating abroad expanded by USD 6.3 million. In fact, in 2024, Lebanese entities reported normalized net profits after tax, before one-off flows and the results of discontinued operation of USD 138 million compared to USD 196 million in 2023, representing a decrease by 29.5%. This evolution is justified by a lower total income generation by USD 189 million following 1) the depletion of net income sources (in LBP mostly but also in USD) given the comprehensive de-risking of the loan portfolio in Lebanon within a significant no reliance on income generated from the BdL or sovereign placement and 2) the devaluation of the LBP versus the USD following the adoption of the new Official exchange rates by Banque du Liban in February 2024. It was partially offset by a contraction of general operating expenses of Lebanese entities by USD 135 million during the year from USD 209 million in 2023 to USD 73 million in 2024.

In parallel, entities operating outside Lebanon registered net normalized profits of USD 44 million in 2024 compared to USD 37.8 million, representing an increase by USD 6.3 million or 16.7%. By entity, the USD 44 million are broken down over USD 21.4 million for Private Banking entities, USD 17.4 million for Bank Audi France, and USD 5.3 million for Bank Audi Qatar. This is compared to a contribution of USD 21.3 million for Private Banking entities, USD 13.4 million for Bank Audi France and USD 3.1 million for Bank Audi Qatar in 2023.

In what follows, we analyse the line-by-line flows of normalised profits in 2024 relative to 2023.

4.3.1. INTEREST INCOME

In 2024, consolidated net interest income net of taxes decreased by USD 170 million, driven by Lebanese entities with consolidated interest income moving from USD 406 million in 2023 to USD 236 million in 2024. The latter decrease is driven by the effect of devaluation of the LBP versus the US Dollar coupled with regulatory interest rates cuts on placements with the Central Bank of Lebanon denominated in foreign currencies, along with the continued effect of the deleveraging of the loan portfolio. The contribution of Lebanese entities to consolidated net interest income amounted to USD 154 million in 2024 while that of entities operating outside Lebanon reached USD 82 million, almost the same level as in 2023.

The contraction in consolidated net interest income resulted in a drop in consolidated net spread, from 2.12% in 2023 to 1.40% in 2024, mirroring a sharp decrease in the spread of Lebanese entities from 2.28% in 2023 to 1.15% in 2024.

4.3.2. NON-INTEREST INCOME

In parallel, normalised consolidated non-interest income contracted by 9.7% or USD 14 million, decreasing from USD 145 million in 2023 to USD 131 million in 2024. By geography, normalized non-interest income of Lebanese entities decreased from USD 89.3 million to USD 70.1 million, declining by USD 19.2 million. This decline stems from a drop in the net commission generation of Lebanese entities from USD 82.7 million in 2023 to USD 62.9 million in 2024, reflecting the very limited transactional activity as well as the devaluation of the Official exchange rate. In parallel, non-interest income generation in entities abroad expanded from USD 55.8 million in 2023 to USD 61 million in 2024.

4.3.3. COST OF CREDIT

In 2024, in consideration of the significant reduction of the loan portfolio of Lebanese entities reaching in net terms a mere USD 129 million compared to end-December 2024 within a coverage of credit impaired loans of those entities increasing to 79.1%, Management did not allocate any impairment cost in Lebanese entities. An allocation for specific provision was made in Bank Audi France for USD 5.2 million, offset by provisions recoveries at Bank Audi France of USD 8.5 million, leaving a negative allocation on consolidated level of USD 2.7 million. This is compared to an allocation of USD 14.2 million in 2023, of which USD 12.5 million booked by Bank Audi France and USD 1.6 million in Bank Audi (Qatar), both representing the main booking entities for lending for the Group.

4.3.4. TOTAL OPERATING EXPENSES

In 2024, the Bank's consolidated normalized total operating expenses amounted to USD 165 million, a 42.5% decrease relative to USD 287 million in 2023. This reduction is primarily attributed to the devaluation of the official exchange rate, which impacted Lebanese entities' expenses. These expenses decreased from USD 209 million in 2023 to USD 73.3 million in 2024.

In contrast, entities operating outside Lebanon experienced an increase in general operating expenses, rising from USD 79 million in 2023 to USD 91 million in 2024. This uptick reflects the prevailing inflationary pressures in those countries.

To align operating costs with current business activities, Bank Audi Lebanon's management continues to enforce a rigorous cost control policy. This includes a freeze on recruitment, except for critical needs, and rightsizing the branch network and human capital. A key initiative is the launch of a neo-bank, aiming to build a digital bank without physical branches. This transition involved replacing branches with digital outlets, leading to a reduction in staff. In 2024, BASAL's staff decreased by 173 employees, from 1,302 full-time employees (FTEs) as at end-December 2023 to 1,129 FTEs as at end-December 2024. Additionally, three physical branches were closed in tandem with the rollout of the neo-bank, in alignment with the bank's strategic shift towards digital banking.

4.3.5. INCOME TAX

Consolidated income taxes from normalised continuing operations moved from USD 15 million in 2023 to USD 23 million in 2024, of which USD 10.3 million are contributed by entities operating outside Lebanon.

4.3.6. RESULTS FROM DISCONTINUED OPERATIONS

In 2023, due to Odea Bank's significant capital needs to sustain growth amid the ongoing devaluation of the Turkish Lira, the Board of Directors of Bank Audi sal decided to divest its investment in the Turkish subsidiary. Up until the completion of the transaction on 26 March 2025, Odea Bank's operations were classified as a discontinued operation in accordance with IFRS. As a result, its financials were not included in the Income Statement on a line-by-line basis. Instead, the net profits from this discontinued operation in 2023 and in 2024 were reported under "results from discontinued operations.

Results from discontinued operations, or the contribution of Odea Bank to the consolidated net profits, reached USD 71 million in 2023. In 2024, said contribution turned negative with a net loss of USD 10 million.

4.3.7. COMPONENTS OF ROAA AND ROAE

The Bank's profitability ratios in 2024 continued to be distorted by the magnitude of the one-off flows. The analysis at consolidated level, excluding the one-off flows and discontinued operations, reveals that the return on average assets stood at 1.08% as at end-December 2024 compared to 1.22% as at end-December 2023. The table below sets the evolution of key performance indicators in 2023:

Key Performance Metrics(*)

	2023	2024	Change
Spread	2.12%	1.40%	-0.72%
+ Non-interest income/AA	0.76%	0.77%	0.01%
= Asset utilisation	2.88%	2.17%	-0.71%
X Net operating margin	42.50%	49.69%	7.19%
o.w. Cost to income	*52.13%*	*44.80%*	*-7.33%*
o.w. Provisions	*2.57%*	*-0.73%*	*-3.30%*
o.w. Tax cost	*2.79%*	*6.24%*	*3.45%*
= ROAA	1.22%	1.08%	-0.14%
X Leverage	11.63	16.84	5.21
= ROAE	14.22%	18.17%	3.95%
ROACE	15.86%	18.39%	2.53%

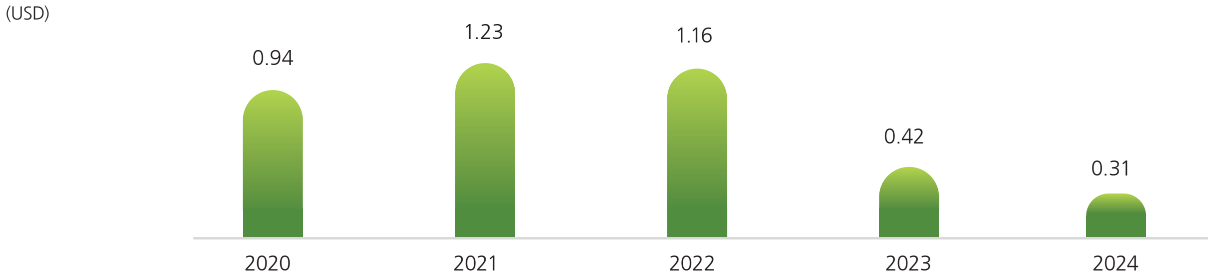
(*) Based on Normalized Consolidated Income Statement excluding one off flows & discontinued Operations.

4.4. EARNINGS PER COMMON SHARE AND COMMON BOOK PER SHARE

"Basic earnings per common share" is calculated based on the weighted number of common shares in issue over the period and net profits after tax. For comparison on equal basis, we exclude from the calculation net profits from discontinued operations, as well as the exceptional flows since 2019 onward. Normalized basic earnings per share stood at USD 0.31 in 2024 compared to USD 0.42 in 2023. Taking into account the allocation of net profits generated in 2024 to provisions for risk and charges as stated in the published consolidated income statement, Bank Audi would report a zero basic earnings per share in 2023 and in 2024.

The chart below sets out the evolution of normalized basis earnings since 2020:

Normalized Earnings per Common Share Growth



The table below sets out the common book per share as at end-December 2024 as compared to end-December 2023:

Equity Metrics

(USD Million)	Dec-23	Dec-24	Change	Percent
Shareholders' equity	1,738	955	-783	-45.0%
- Minority shares	49	37	-12	-24.0%
= Shareholders' equity group share	1,689	917	-772	-45.7%
- Preferred stock (including dividends)	60	10	-50	-83.3%
= Common shareholders' equity	1,629	907	-722	-44.3%
Weighted average of outstanding shares (net of Treasury stock)	587,366	587,366	0	0.0%
Common book per share (USD)	2.77	1.54	-1.23	-44.4%
Share price at end-December (USD)	2.35	2.48	0.13	5.5%
P/Common book	0.85	1.61	0.76	89.4%

The common book per share decreased from USD 2.77 as at end-December 2023 to USD 1.54 as at end-December 2024, mirroring the registered contraction in common equity when translated to USD (please refer to the section "Shareholders' Equity" section for further details).

4.5. PRINCIPAL BUSINESS ACTIVITIES

4.5.1. COMMERCIAL AND CORPORATE BANKING

In 2024, global markets continued to experience heightened volatility and economic uncertainty, in large part due to ongoing geopolitical tensions and conflict in the broader region. The persistence of military confrontations, including the war in Ukraine and sporadic flare-ups in the Middle East, contributed to amplified concerns over global energy supplies, inflationary pressures, and investor sentiment. Moreover, shifting alliances and policy decisions in response to the conflicts kept market participants on edge. Against this backdrop, governments and central banks worldwide grappled with the twin challenges of containing inflation and supporting economic recovery, leading to frequent regulatory and policy adjustments.

In this challenging environment, Bank Audi maintained a proactive and prudent approach to navigate market volatility across its operating markets and to address rapidly changing regulatory frameworks. The Bank's overarching objective has remained twofold: to support clients' business continuity and growth while preserving adequate portfolio quality.

During 2024, and building on its ongoing de-risking strategy, Bank Audi's net consolidated lending by Corporate and Commercial Banking stood at USD 0.95 billion as at end-December 2024 (compared to USD 1.02 billion as at end-December 2023). The change reflects continued deleveraging efforts in Lebanon and the impact of currency fluctuations in some markets of operation.

LEBANESE OPERATIONS

In 2024, Lebanon's economy continued to walk a tightrope between persistent structural challenges and fleeting signs of improvement. Deep-rooted fiscal imbalances, high public debt, and the urgent need for banking sector restructuring weighed on overall prospects. The situation was further aggravated in the third and fourth quarters of 2024 by the war in Lebanon, which disrupted tourism, trade, and private sector operations.

Despite these setbacks, the Lebanese private sector again showcased its resilience. A moderate rebound in trade gave some businesses a lifeline, highlighting Lebanon's enduring strategic importance in the region. By year-end, cautious optimism emerged, spurred by the prospect of electing a president and forming a cabinet—an outcome that materialized in January 2025. This political breakthrough is expected to provide a more stable governance framework and could potentially pave the way for implementing structural reforms necessary for sustainable recovery.

Throughout 2024, Bank Audi's strategy in Lebanon focused on:

1. Providing essential support (e.g., financing facilities for working capital & capex, trade finance, foreign exchange and cash management) to help Corporate and Commercial Banking clients address financing needs and daily operational and financing needs.
2. Continuing a prudent de-risking policy in line with local economic conditions, currency fluctuations, and the Bank's conservative provisioning approach.

Accordingly, total net loans to corporate and commercial clients in Lebanon stood at USD 93 million as at end-December 2024 (compared to USD 194 million as at end-December 2023). This figure reflects the ongoing deleveraging trend and the Bank's continued provisioning strategy aimed at preserving portfolio quality amid uncertain economic conditions.

FOREIGN ENTITIES

Bank Audi France SA

The corporate and commercial net loan portfolio at Bank Audi France as at end-December 2024 amounted to USD 343 million, compared to USD 359 million as at end-December 2023. Bank Audi France continues to support the Group's corporate clients in their international ventures, providing selective loans and credit facilities to projects and businesses that present balanced risk-return profiles.

Odea Bank SA – Turkey

As at end-December 2024, the corporate and commercial net loan portfolio of Odea Bank (expressed in US Dollars) stood at USD 752 million, compared to USD 1.07 billion as at end-December 2023. This evolution was influenced by ongoing settlement of foreign currency-denominated loans, policy rate adjustments by Turkish authorities, and the continued depreciation of the Turkish Lira, which impacted the USD countervalue of the local currency-denominated portfolio.

Despite the continued complexities in global and regional markets, Bank Audi's Corporate and Commercial Banking remains committed to prudent risk management, active portfolio monitoring, and support for clients' evolving needs. The Bank believes that the renewed political momentum in Lebanon, accompanied by broader structural reforms—particularly the restructuring of the banking sector—can set the stage for a more sustainable recovery. Bank Audi's strategic focus thus remains on selective lending, optimal portfolio quality, and delivering value-added services to its corporate and commercial clients across its markets.

4.5.2. RETAIL BANKING

The evolving landscape of global banking has spurred banks to reassess their overall strategies, particularly within its Retail Banking Segment. In an era of digital disruption and changing consumer expectations, banks recognize that the key to sustainable success lies in offering personalized, affordable, convenient and seamless banking experiences. Banks worldwide are augmenting their digital capabilities to meet their evolving customer needs and adapt to shifting market dynamics. They are assessing their traditional business models and prioritizing digital transformation.

The Retail Banking segment has remained resilient despite challenges, focusing on sustainable growth, non-interest income expansion, and key client segments such as HNWIs, Affluent, upper affluent and mass customers. Efforts include enhancing client segmentation, personalizing banking experiences, and diversifying revenue through fee-based services wealth management, and tailored financial solutions.

Digital and transactional banking improvements aim to provide seamless, convenient solutions that align with customer aspirations, reinforcing loyalty and satisfaction. The Bank remains committed to innovation and excellence, ensuring its offerings evolve with market demands.

BANK AUDI SAL – (LEBANON) (BASAL)

In response to evolving market dynamics, Bank Audi Lebanon has redefined its business model, transitioning towards a digital-first approach for individuals while maintaining a strong presence to cater for corporate and commercial activities. To align with its strategic positioning, the bank optimized its physical presence by reducing the number of brick-and-mortar branches from 83 in 2019 to 42 at the date of this report, focusing on serving corporate and commercial clients and continuing to satisfy the more complex needs of affluent & high net-worth customers.

The aforementioned transformation marks a significant shift from a branch-heavy model to a more accessible and tech-driven infrastructure, ensuring broader financial inclusion while maintaining efficiency and convenience. By encouraging its individual customers to switch to a digital-first experience, Bank Audi is embracing a future-ready approach, making financial services more seamless, cost-effective, and aligned with global banking trends.

In support of this strategy, the Bank expanded its alternative channels for individual clients and more specifically its ATM network by 32 ATMs in 2024, bringing the total to 221, while partnering with agents to extend cash points across Lebanon.

Retail credit and debit card activity In parallel, the retail credit and debit cards business has evolved in 2024 and demand for cards increased driven by the need for financial flexibility in a challenging economic environment as well as the improvement of financial literacy among the Lebanese population specially among younger consumers.

After it has completed the migration of its Cards' Portfolio from Visa to Mastercard, Bank Audi currently offers a diverse range of credit and debit cards for local and International use tailored to meet various financial needs.

Furthermore, the Bank is currently working on enhancing its Reward & Loyalty Programs to provide value for cardholders, encouraging them to use their cards more frequently. The program is also intended to attract more customers.

Neo digital bank

2024 marks a transformational year for Bank Audi with the official launch of neo by Bank Audi, Lebanon's first full-fledged digital bank. As the foundation of the bank's long-term digital strategy, neo is designed to offer a seamless, cost-efficient, and fully digital banking experience, providing individuals, professionals, and businesses with innovative financial solutions.

Building on the strong foundation laid in 2023, neo successfully transitioned from development to full-scale execution in 2024. Launched in mid-year, neo has witnessed exceptional adoption within just six months, acquiring a large number of clients equally split between new-to-bank customers and existing Bank Audi clients. These include private-sector employees receiving their salaries through neo, public sector workers, and individuals using the platform for various financial needs, including cross-border remittances. By simplifying access to financial services, neo is not just growing its customer base but also actively reintegrating clients into the formal banking sector.

neo has played a crucial role in bringing clients back into the banking sector promoting digital payments over cash, contributing to a more structured and cashless ecosystem. By offering a reliable and efficient alternative to physical cash transactions, neo is helping shift payment habits in Lebanon towards digital solutions, supporting financial inclusion, and reducing the informal use of cash in everyday transactions.

At the core of neo's success is a growing team of industry experts who drive the business forward. Our team includes industry experts across various domains, ensuring operational excellence, innovation, and customer-centric solutions. This includes our Compliance team, which ensures adherence to regulatory frameworks and upholds the highest standards of security and transparency. Additionally, our dedicated Contact Center provides seamless support via direct calls or chat, delivering an efficient and personalized banking experience. Together, these teams play a critical role in maintaining trust, operational efficiency, and continuous growth.

This expertise is complemented by a full standalone digital banking stack, built on state-of-the-art technology that supports scalability and continuous innovation. Designed for seamless integration with third-party services, the secure infrastructure allows for the addition of new functionalities and future expansion. This adaptability ensures that neo remains at the forefront of digital banking, offering customers a cutting-edge, digital-first experience that meets global standards and evolves with their needs.

As part of its commitment to innovation, neo App delivers a fully digital experience from start to finish without the need to visit the branch. Clients can onboard from anywhere get authenticated biometrically, open an account instantly, and access dual-currency (LBP & USD) transactions, debit and credit card services, seamless funding and payments, real-time currency exchange, bill payments, and instant salary advances. Further enhancing its remote-first approach, neo allows customers to request a debit card delivered via fast and secure mailing service, manage payments, and split bills effortlessly—all within the neo app. With the addition of lending services tailored for payroll clients, neo continues to enhance its financial ecosystem.

Expanding beyond individual banking, neo has introduced solutions catering to different customer segments. neo teens provides a dedicated platform for young users, empowering them to receive and send money, withdraw cash from ATMs, split and pay bills, and purchase e-vouchers under full parental supervision. Meanwhile, the bank is working on introducing neo business that will offer a streamlined banking experience for freelancers, professionals, and businesses, enabling efficient payment collection and bulk disbursement solutions.

By introducing neo, Bank Audi now offers a dual banking approach, giving clients the flexibility to choose between a fully digital bank or traditional branch-based services. This model provides customers with greater control over their banking experience, allowing them to transition to digital banking at their own pace while maintaining access to physical branches when needed.

As neo continues to scale, it is not just redefining banking in Lebanon—it is shaping the future of financial services. By combining innovation, accessibility, and operational efficiency, neo is driving the next phase of digital transformation, reinforcing its position as Lebanon's fastest-growing digital bank and setting new benchmarks for modern banking in the region.

Odea Bank SA – Turkiye Odeabank's Retail Banking Unit in Türkiye has been focused on offering personalized services and expanding its product portfolio to meet customer needs. In 2024, the bank's primary goal was to strengthen long-term relationships with clients by providing a range of financial products tailored to their evolving requirements. This resulted in a 25% increase in the number of active customers.

The Bank continued to enhance its offerings to meet the diverse needs of customers across various risk profiles. Notably, the Retail Banking Unit introduced Privileged and Private Banking services to cater to high-net-worth individuals. These services provided exclusive benefits such as dedicated Relationship Managers, rich investment product alternatives, free money transfers, and discounted safe deposit boxes. These efforts aimed to offer tailored banking experiences that met both the financial and non-financial expectations of customers.

Odeabank was also a pioneer in remote banking services. Building on its 2015 launch of remote account opening, the bank integrated video calls into the process, facilitating easier customer acquisition. By 2024, approximately 75% of new customers were acquired through remote channels. This move was supported by a strong focus on digital marketing, with campaigns designed to increase customer awareness and brand recognition. Collaborations with leading brands in Türkiye, along with investments in performance-based communication channels, further boosted Odeabank's visibility and customer acquisition.

The Bank's shift towards "phygital banking" continued, combining experienced financial consulting with digital services. By 2024, the number of active customers engaging with Odeabank's digital services grew by 48%. The Bank also continued to focus on investment products, particularly through its digital channels. Campaigns promoting investment opportunities helped improve customer engagement, while Odeabank also launched initiatives to increase customer loyalty, such as the "Invite Your Friend" campaign.

Odeabank's digital platforms, including its mobile app, saw significant growth. The mobile transaction volume surged by 179% compared to the previous year, and the app was downloaded over 430,000 times in 2024. The Bank's ATMs, available across Türkiye, supported these digital efforts by providing customers with additional access points for banking transactions.

Akademi'O, Odeabank's financial education platform, continued to offer valuable content, including audio bulletins and podcasts, to improve financial literacy. These resources provided insights into global markets and investment strategies, keeping customers informed and engaged.

In terms of retail banking products, Odeabank made significant improvements across several areas:

1. Investment Products: The Bank enhanced its customer-focused investment management approach by offering tailored products and expert guidance. For instance, the stock trading experience was improved through updates to the Odea application, offering features such as a daily bulletin and economic calendar. Additionally, mutual fund volumes grew by 112%, reaching TL 56.5 billion by the end of 2024.

2. Deposit Products: Odeabank offered fixed and variable income deposit products, including Oksijen accounts that provided overnight interest and flexibility in managing currency holdings. The demand for these products increased by 118% from the previous year. The Bank also introduced campaigns for new customers to boost deposit volumes.

3. Retail Loans: The introduction of pre-approved personal loans through the Odea app allowed customers to access credit limits easily, with or without credit life insurance. This digital loan application process simplified customer access to financial products.

4. Debit and Credit Cards: Odeabank launched contactless payment features for its debit cards and introduced Troy-branded credit cards to support domestic payment systems. The Bank also simplified the card application process and introduced new products targeting upper-segment customers.

5. Insurance and Private Pension: Odeabank expanded its offerings in the insurance and private pension sectors, collaborating with companies like AXA Sigorta and MetLife to provide customers with more accessible insurance and retirement products.

4.5.3. PRIVATE BANKING

Bank Audi Private Bank, which provides services to high-net-worth individuals through its network in Europe (Geneva) and the Middle East (Beirut, Riyadh, Abu Dhabi and Amman), comprises two main booking entities, namely Banque Audi (Suisse) SA and Audi Capital (KSA).

Bank Audi Private Bank offers a full and diversified range of services, with access to major markets worldwide and global investment products, including discretionary portfolio management, investment advisory and trade execution services in all asset classes, structuring and management of Saudi and regional funds, and other Private Banking services. Its main customers are high net worth individuals in Lebanon, Europe and the Gulf region, as well as the Lebanese diaspora in Sub-Saharan Africa and Latin America.

Bank Audi Private Bank entities have consolidated on balance sheet assets and assets under management (comprising of assets under management, fiduciary deposits and custody accounts) reaching USD 5.9 billion at end-December 2024. In Switzerland, Banque Audi (Suisse) SA represents the main Private Banking arm of the Group, with over USD 5.2 billion in AuMs. In Saudi Arabia, Audi Capital (KSA) serves as the Group's main Private Banking hub for GCC markets, with AuMs of USD 0.7 billion.

The Private Banking entities are well structured, with the same Senior Management team which will progressively ensure better synergy and accountability, effective management, corporate governance, and alignment of business objectives. The de-risking of its balance sheet by the sale of Audi Private Bank sal in 2020 has helped ensure that the Private Banking business is well poised for future growth outside Lebanon, particularly given the persisting challenging domestic and global economic conditions.

4.5.4. TREASURY AND CAPITAL MARKETS

The year 2024 saw a net improvement in Lebanon's capital markets within the context of the stability in the Lebanese Pound (despite the war spillovers) and a surge in equity and bond markets.

At the foreign exchange market level, the LBP held firm ground against the US dollar on the parallel FX market over the year 2024, registering marginal movements around 89,600-89,700 despite rising monetary pressures in the fourth quarter of the year due to escalating hostilities across the Lebanese territories. The Central Bank of Lebanon's liquid foreign reserve assets reached USD 10,135 million end-December 2024, up by USD 814 million relative to end-2023. This added to a USD 748 million rise in BdL's FX reserves between end-July 2023 and end-December 2023, which brought the total growth in BdL's liquid FX buffers to USD 1,562 million since the start of the new BdL leadership. The sustained currency stability and the net positive growth in BdL's FX buffers came within the context of BdL's policy to end State monetary financing, curb money creation and reconstitute liquid FX buffers, in addition to a quasi-equilibrium in public finances and balance of payments.

At the money market level, the year 2024 bore witness to the Central Bank of Lebanon's policy to contain money creation and preserve monetary stability, with the currency in circulation reaching LBP 66 trillion end-December 2024 against LBP 58 trillion at end-2023. The overnight rate, which is a non-cash rate, closed the year at 35% compared to 60% at the end of the previous year.

At the stock market level, the BSE remained on the investor's radar screen over the year 2024, registering strong price gains of 24.7% for the fourth year in a row, following increases of 41.3% in 2023, 37.2% in 2022 and 48.1% in 2021. This is mainly explained by hedging activity against adverse developments and investor tendency to avoid haircuts on their financial placements, noting that equity prices are denominated in domestic US dollars. As to trading volumes, the BSE total turnover contracted by 9.6% year-on-year to reach USD 525 million in 2024. Solidere shares captured the lion's share of activity (92.4%), followed by the industrial shares with 5.3% and the banking shares with 2.3%.

At the bond market level, the year 2024, and particularly the fourth quarter of the year, saw a strong bond price rebound, with prices of sovereigns reaching levels unseen since late 2021. In details, Lebanese bond prices reached 12.75-13.65 cents per US dollar at end-December 2024 compared to 6.00-7.00 cents per US dollar at end-December 2023. This is mainly driven by a decent international institutional bid, as market players saw a glimpse of hope of change in the domestic politico-economic landscape in the medium term following the latest political developments on the local front and in the Middle East, and bets that this would pave the way for reform implementation and debt restructuring.

Within this market environment, Bank Audi exerted extended efforts to consolidate its financial position and reinforce its financial standing. Treasury and capital markets activity was focused primarily on strengthening the Bank's capitalization, building up foreign currency liquidity abroad, reducing its commitments and contingencies to parties outside Lebanon, and attracting new foreign currency deposits, while implementing regulatory requirements.

5.0. EARNINGS ALLOCATION

From 1996 and until 2018, the Board of Directors of the Bank has recommended the distribution to holders of common shares of a dividend payment of at least 30% of after-tax profits in each year.

With the outset of the financial crisis in 2019, the Central Bank set limits on banks' own equity dilution within the perspective of a forthcoming restructuring plan requiring significant contribution from the shareholders' base. Consequently, it issued two circulars impacting the Bank's dividend distribution policy: in November 2019, BdL Intermediary Circular 532 restricted banks operating in Lebanon from distributing dividends from 2019 profits while Intermediary Circulars 616, 659, 676 and 726 extended the restrictions to annual periods covering years 2020 to 2024.

Pursuant to those circulars, the Board of Directors recommended to the Ordinary General Assembly in its April 2020 meeting not to distribute common and preferred dividends on the 2019 exercise. Board of Directors held in years 2021 to 2025 issued similar recommendations in line with the aforementioned circulars.

The table below highlights dividends' distribution latest practices at Bank Audi:

Consolidated Payout Ratio

(USD Million)	2014	2015	2016	2017	2018
Common earnings	320.0	380.3	439.7	516.6	458.9
Dividends on common shares	159.7	159.9	199.9	219.9	219.9
Dividends per common shares (USD)	0.40	0.40	0.50	0.55	0.55
Payout ratio on common shares	49.9%	42.1%	45.5%	42.6%	47.9%
Dividends on preferred shares	30.4	22.9	30.4	42.4	41.6
Total dividends	190.1	182.8	230.2	262.2	261.5
Net earnings	350.3	403.1	470.1	559.0	500.6
Total payout ratio	54.3%	45.3%	49.0%	46.9%	52.2%

Pursuant to the decision of the Ministry of Finance in Lebanon late 2017 (Law No. 64 published in the Official Gazette on 26 October 2017), the withholding tax on dividends of listed companies has increased from 5% to a current 10%.

6.0. RISK MANAGEMENT

During 2024, and in view of the continued challenges and uncertainties governing the economic and operating environments, compounded by the war escalation in Lebanon, the Group has primarily focused on:

1- Enhancing income generation in foreign currency through non-interest income (fees & commissions) as well as interest income by benefiting from relatively high global interest rates;
2- Strengthening international liquidity position;
3- Closely managing non-financial risks and in particular litigation, operational, compliance and cyber security risks and enhancing operational resilience.

Litigation risk continues to be exacerbated by the absence of a formal capital control law governing current restrictions on international transfers.

6.1. EVOLUTION OF THE GROUP'S RISK MANAGEMENT FRAMEWORK

SCENARIO ANALYSES AND SIMULATIONS

As part of its risk management framework, the Bank relies on scenario and sensitivity analyses to simulate and quantify the impact of potential future and emerging risks on the Bank's main pillars, including solvency, earnings and asset quality.

The Bank continues to perform these analyses and simulations to assess the impact of various scenarios, including potential banking restructuring plans and their impacts on international liquidity and capital requirements. This proactive approach ensures the Bank remains well prepared and sufficiently resilient to comfortably meet its future financial obligations.

CRISIS RESPONSE AND BUSINESS CONTINUITY AMIDST LEBANON'S 2024 WAR ESCALATION

In response to the war escalation in Lebanon during 2024, the Bank convened the Crisis Management Committee to manage the evolving situation, monitor developments, and implement contingency measures.

The Committee's primary focus was to ensure the safety of both personnel and clients and maintain operational continuity in the event of severe disruptions to communication, energy, and other critical services.

REMEDIAL MEASURES

Since the start of the Lebanese crisis in October 2019, Bank Audi has been implementing a series of remedial measures aiming at improving, among other, its international liquidity, earning capacity and operational resilience.

These measures were initially focused on: i) ring-fencing foreign entities from Lebanese risk to safeguard their financial positions, ii) replenishing international liquidity mainly through market operations and the divestments of certain foreign-held assets, iii) meeting the capital increase requirement of BdL as per its circular 154, iv) implementing cost optimization and organizational restructuring initiatives, and v) relieving liquidity pressure by rescheduling commitments to international financial institutions.

In 2024, the Bank continued to implement measures aimed at strengthening its six pillars strategy, with a particular focus on enhancing the quality of its earnings both in Lebanon and abroad, as well as optimizing its cost structure. This emphasis on cost optimization was further supported by the introduction of a new digital banking platform in Lebanon designed to streamline customer service and reduce operational costs. Management has also deployed considerable efforts to mitigate growing non-financial risks, specifically in relation to litigation, operational and compliance risks by strengthening internal controls.

CYBER SECURITY MANAGEMENT FRAMEWORK

The Bank continues to focus on strengthening its information and cyber security risk framework. This is in light of growing cyber threats worldwide, including ransomware attacks. The Bank has been actively adopting best practices by streamlining the management of such risks through regular IT security and cyber security updates and assessments, which are periodically reviewed by senior management through dedicated committees. Also, the Bank has been allocating a specific budget for cyber security since 2022 to keep its IT infrastructure up-to-date and therefore reduce the Bank's vulnerability to such threats.

6.2. PRIORITIES FOR 2025

From a risk perspective, priorities in 2025 will focus on:

1- Preserving and enhancing international liquidity in Lebanon and maintaining robust liquidity levels in foreign entities;
2- Strengthening and diversifying earning capacity in Lebanon (especially in foreign currency) and abroad;
3- Optimizing balance sheet management to mitigate the risk of declining interest rates on net interest income;
4- Closely managing the credit risk of new lending in fresh dollars in Lebanon to ensure that credit quality remains high;
5- Mitigating non-financial risks, particularly in relation to i) litigation risk, which is still growing in the absence of a formal capital control law in Lebanon, ii) compliance risk, iii) operational and cyber security risks, and iv) business continuity risk, by ensuring high operational resilience capacity.

6.3. CREDIT RISK

6.3.1. CORPORATE CREDIT RISK

During 2024, the Bank continued to deleverage its loan portfolio granted Pre-October 2019, particularly in Lebanon, and focused on increasing collection and dealing with delinquent loans. The Bank has also been working on implementing the new credit strategy focusing on limited lending to various selective high-quality clients. This strategy stipulates very strict underwriting criteria and clear guidelines relating to associated legal and collateral enforceability risks.

As at 31 December 2024, the consolidated non-retail net loan portfolio (excluding Odeabank) contracted by 7% to USD 0.95 billion, from USD 1.02 billion reported as at 31 December 2023. This decrease was mainly driven by reduction in Bank Audi Lebanon's portfolio, which contracted from USD 194 million to USD 93 million over the same period following the official devaluation of the Lebanese Pound from 15,000 to 89,500 per USD, as well as the continued deleveraging of the Lebanese legacy loan portfolio.

6.3.2. RETAIL CREDIT RISK

The drop in the consolidated retail net loan portfolio reached 56% in 2024, with exposure decreasing from USD 29 million as at 31 December 2023 to USD 13 million as at 31 December 2024 when denominated in US Dollar.

6.3.3. PRIVATE BANKING

Private banking activities are essentially channelled through Banque Audi (Suisse), which mainly engages in low risk Lombard lending loans granted against highly liquid and diversified collaterals. This low risk lending activity, combined with very tight and automated monitoring standards, ensure the portfolio remains of very high quality.

6.3.4. IFRS9 IMPAIRMENT

The Group applies the IFRS9 standard on a consolidated basis. This necessitates the estimation of the Probability of Default (PD) and Loss Given Default (LGD) for each portfolio by country of operation and segment. The Group, to the extent possible, has relied on its own historical information to estimate PDs and LGDs. When such information was not available internally and for selective portfolios, the Group has used external information such as PDs and LGDs reported by various external rating agencies.

During 2024, the Bank in Lebanon started allocating provisions in fresh dollars for its exposures in the same currency across all asset classes, aligning with best practices.

Central Bank of Lebanon's foreign currency exposure, which is expected to be subject to a loss distribution mechanism under a future banking-restructuring program, remains provisioned at the minimum regulatory required level of 1.89%.

6.4. ALM AND LIQUIDITY RISK MANAGEMENT

6.4.1. LIQUIDITY RISK

Following the October 2019 events and subsequent de-facto restrictions on international fund transfers, the Bank in Lebanon prioritizes the management and optimization of its international foreign currency liquidity position.

Since then, the Bank has made considerable efforts to improve its foreign liquidity position in order to meet its international commitments, as well as to comply with the minimum regulatory liquidity limits set by the Central Bank of Lebanon, whilst providing a reasonable buffer.

The Bank also took several measures to ring-fence its foreign subsidiaries from the spillover effects of the Lebanese crisis by heavily restricting inter-group funding.

The Group also performs liquidity stress tests as part of its liquidity risk monitoring and assessment processes. The purpose of these tests is to ensure adequate liquidity buffers are maintained to withstand potential future stress scenarios.

6.4.2. INTEREST RATE RISK

Interest rate risk arises out of the Bank's interest-sensitive asset, liability and derivative positions. The mismatch in the repricing dates of these positions creates interest rate risk for the Bank, which is inherent in its banking activities.

In 2024, the Bank in Lebanon focused on strengthening its international dollar-based interest and commission earnings. The interest income, including contributions from the Group's overseas subsidiaries, benefited from relatively high global interest rates.

However, this interest income may experience some pressure in 2025 due to potential drops in interest rates. To mitigate this risk, the Bank deployed a limited amount of its liquidity in highly rated international bonds, locking in relatively higher interest rates for an extended period.

6.4.3. MARKET RISK

Market risk is defined as the potential loss in both on and off-balance sheet positions resulting from movements in market risk factors, such as Foreign Exchange (FX) rates, interest rates and equity prices.

The Bank maintains a very low appetite to market risk be it from changes in interest rates, equity prices and foreign exchange rates.

In February 2024, BdL issued Basic Circular 167 requiring banks to value certain assets and liabilities using the exchange rate quoted on the electronic platform, which closely reflects the prevailing market rate of ~LBP 89,500 per USD. This was applicable to financial statements starting January 31, 2024.

This step contributed in the enhancement of the quality of reporting by removing some of the uncertainties associated with the impact of multiple exchange rates on the financial statements. However, it has not yet addressed the difference in exchange rates between local dollar and international dollar.

6.5. NON-FINANCIAL RISKS

6.5.1. OPERATIONAL RISK

The Basel framework defines Operational Risk as the loss that may result from inadequate or failed internal processes, people, systems and external events.

The first pillar upon which the mitigation of operational risk rests is a Board-approved framework that sets a sound governance, along with high-level standards for managing operational risks, while ensuring compliance with laws, regulations and best practices. The second pillar is the effective implementation of this framework, which is subject to periodic reviews to maintain its relevance given the Bank's operating environment and the overall strategy of the Group.

At Bank Audi, the management of operational risk is based on a three-line-of-defense approach. Business line managers act as a first line of defense by managing operational risks arising from their daily activities. The second line of defense is assumed by several support functions that mainly include: Operational Risk, Information & Cyber Security Risk, Business Continuity, Legal, Compliance, Middle Office and Internal Control. Internal Audit, which constitutes the third line of defense, provides an independent assurance on the effectiveness and relevance of the operational risk framework.

Operational risks are identified, assessed, monitored and controlled through dynamic risk and control assessments, key risk indicators, incident reporting, and risk sign-offs on new or major changes in products, services, processes, systems and outsourced activities. To support a sound, efficient and standardized group-wide adoption of operational risk management practices, the Bank uses an internally developed operational risk solution for incident reporting and action plan tracking. Additionally, the Bank mitigates operational risks by purchasing insurance coverage for threats such as cybercrime, computer crime, infidelity, professional indemnity and property damage.

The deteriorating operating environment in Lebanon that has started in October 2019 brought major stress upon the operations of branches and several departments. This stress sometimes materializes in terms of physical attacks and damage to assets, client complaints as well as legal notices and lawsuits filed by clients in local and foreign jurisdictions, particularly in relation to restrictions applied on foreign currency deposits by Lebanese banks. The escalation of war in Lebanon during 2024 further intensified these challenges, prompting the Bank to activate its Crisis Management Committee to address daily operational risks and implement proactive and remedial measures to ensure resilience.

6.5.2. INFORMATION SECURITY RISK AND BUSINESS CONTINUITY

Bank Audi is committed to protect the interest of its stakeholders and maintain a high quality of service to its customers with minimum disruption. Several initiatives were implemented to enhance the Bank's information and cyber security posture, improve crisis management and the handling of security incidents, as well as ensure the continuity and resilience of its business operations.

6.5.2.1. INFORMATION SECURITY

The Bank adopts a proactive risk-based approach to protect its information assets, prevent data loss, reduce its vulnerability to cyber-attacks, and improve the security of its IT systems. Risk and vulnerability assessments are conducted on a regular basis to identify and mitigate potential threats to information assets. Measures are also taken on a continuous basis to ensure compliance with information security regulatory requirements.

6.5.2.2. CYBER RESILIENCE

Given the increasing threat of cybercrime globally, the Bank remains focused on the latest cyber security trends, threats, countermeasures, technologies and tools, through ongoing research and continuous education and training. Several technical and non-technical safeguards were implemented to minimize the risks of cyberattacks and strengthen cyber resilience posture. In addition, external expertise is sought when needed. The Bank has also contracted a cybercrime insurance policy as an additional layer of security protection against cyber risk

6.5.2.3. BUSINESS CONTINUITY

The Business Continuity framework is designed to ensure the continuity of critical business activities in the event of unforeseen incidents disrupting the Bank's operations, such as system failures, pandemic-related staff absences or restricted access to the primary Head Office. To that effect, the Bank established in Lebanon a world-class business continuity site, along with a disaster recovery site that was awarded the Tier 4 Fault Tolerant Certification of Design Documents and Constructed Facility, which is the highest level of certification that can be usually granted.

Additionally, a Business Continuity Plan (BCP) was developed and implemented to mitigate disruptions to critical business activities and ensure their timely resumption. This plan identifies, among other things, business continuity teams and their roles, calling trees, emergency procedures, vital records and assembly points. The BCP is updated annually or upon major changes. Rehearsals are conducted yearly, or as needed, to evaluate the effectiveness of the Bank's Business Continuity readiness. The Bank regularly updates evacuation procedures for its headquarters, and ensures that the fire and emergency systems are maintained and tested periodically.

7.0. DEPLOYED RESOURCES

7.1. INFORMATION TECHNOLOGY

During 2024, Infostructure, the fully-owned subsidiary by Bank Audi, and the Bank's IT service provider, continued to play its role as a partner in every strategic decision the bank adopts, by transforming the business strategies and visions into tangible solutions and services.

NEO, the first digital bank on the Lebanese market, saw in 2024 the launching of several new features and services, and work is underway for additional services to be made available to NEO customers in 2025.

Moreover, in 2024, the strategic IT transformation initiative undertaken in 2023 by Bank Audi management was ongoing with steady steps forward, involving thorough solution design planning and security assessments. This initiative involves, among other things, the assessment to move certain systems and services with non-critical data to either a private or a public cloud in order to reap the many benefits that cloud computing can provide.

Also, Infostructure sustained its continual efforts to manage and update its infrastructure and systems to preserve, on the one hand, its level of excellence in every service it offers, and, on the other hand, to strengthen the Bank's security posture by circumventing any security vulnerabilities or the ever-growing cyber threats, all while warranting full compliance with the regulatory requirements of the Central Bank of Lebanon.

Furthermore, and in accordance with the bank's strategic ongoing initiative to optimize operations and reduce cost, Infostructure worked on rationalizing certain business applications, and on reducing spending on licenses and infrastructure.

Infostructure also continued in 2024 to offer its usual technical and advisory assistance to Bank Audi's entities whenever requested.

In this context, Infostructure worked in 2024 on all the technical preparations and designs for a major revamp of the bank's Qatar entity, involving the renovation of its infrastructure, moving certain systems and services to the cloud, and last but not least, the upgrade of its core banking system. The actual implementation is expected to begin in 2025.

In addition, Infostructure offered its consulting and advisory assistance to Bank Audi's KSA entity who kicked off in 2024 an initiative to do a major revamp of its IT services including moving its infrastructure to the cloud, and to update its business solutions.

7.2. HUMAN RESOURCES DEVELOPMENT

In 2024, amid Lebanon's prolonged economic crisis and the eruption of war in September 2024, the Bank's Human Resources strategy remained centered on resilience, compassion, and adaptability. HR Lebanon continued to support employees and their families through exceptional times, while nurturing engagement, unity, and solidarity across the organization.

REINFORCING INTERNAL EQUITY & SUPPORT

Throughout 2024, the Bank took measured steps to reinforce fairness and internal equity across the organization. In light of Lebanon's ongoing economic strain, the Bank maintained its focus on supporting employees' well-being through thoughtful adjustments to internal policies and benefits.

These efforts included reviewing compensation structures to ensure consistency and equity within the institution, as well as revisiting the schooling allowance to provide additional relief for families managing the rising cost of education.

While external economic challenges remain, these initiatives reflect the Bank's commitment to standing by its employees and maintaining internal stability with a responsible and balanced approach.

EMPLOYEE SUPPORT DURING CRISIS

The outbreak of war in September 2024 brought new and unprecedented challenges. The Bank promptly activated a comprehensive crisis response protocol aimed at safeguarding employees' well-being and preserving operational continuity.

A portion of the workforce was relocated to safer areas, and HR extended targeted logistical and financial assistance to those impacted, particularly employees from high-risk zones. Branches in affected areas were temporarily closed, and employees were reassigned to alternate locations.

In parallel, flexible attendance policies were adopted to reflect the varying degrees of risk, ensuring compassion without compromising continuity. While formal mental health initiatives are still in planning, the Bank has placed employee well-being at the forefront of its response efforts, with upcoming priorities focusing on emotional and psychological support.

ENGAGEMENT & WELL-BEING

In 2024, the Bank led several initiatives to promote wellness, morale, and a sense of community across the organization—extending that spirit to employees' families as well.

- A Mother's Day e-competition celebrated working mothers with fun challenges and a festive reception.
- The Annual Walkathon encouraged over 100 employees to embrace fitness and friendly competition.
- Euro 2024 match screenings brought employees together in a relaxed and social atmosphere.

The Bank also organized two enriching programs for employees' children aged 13–16. The Audi Youth Summer Experience introduced younger participants to financial literacy, career skills, and social responsibility. Meanwhile, the Youth Cultural Enrichment Week engaged older students in workshops and field trips centered around critical thinking, digital fluency, and Lebanon's cultural heritage.

These initiatives reflect the Bank's commitment to nurturing both employee engagement and future-ready, socially conscious generations.

ORGANIZATIONAL EFFICIENCY & TALENT STRATEGY

The Bank remained focused on optimizing organizational structure and workforce planning through continued headcount reduction and internal talent redistribution. These efforts ensured the Bank's operational agility and alignment with strategic needs.

At the same time, targeted efforts were made to promote internal mobility and sustain employee engagement, helping key talents remain motivated and committed despite external pressures. For those affected by workforce transitions, outplacement support was offered, reinforcing the Bank's commitment to managing change responsibly and respectfully.

Succession planning also remained a core pillar. Despite a challenging environment, internal movements and development efforts continued to support leadership continuity and mitigate the impact of resignations and displacements.

LOOKING AHEAD

As we look ahead to 2025, the Bank's management remains focused on building a connected, engaged, and future-ready workforce. Our priorities include:

- A comprehensive review of job titles and the grading structure, along with the implementation of a talent assessment framework, to align roles and compensation with evolving market dynamics and internal equity.
- The continued expansion of employee engagement and wellness initiatives, including the development of emotional and mental health support programs.
- Introducing learning opportunities around emerging technologies—particularly artificial intelligence—to help employees adapt to new tools and evolving roles in the digital era.

Through these initiatives and an unwavering commitment to our people, the Bank aims to foster resilience, loyalty, and a renewed sense of purpose across the organization.

ODEA BANK

Odea Bank's Human Resources department focuses on fostering a professional and growth-oriented workplace through fair evaluation, equal opportunity, and transparent practices. The HR team actively promotes motivation and engagement across generations, emphasizing innovative processes, supportive feedback, and internal career development.

Key initiatives include:

- Talent acquisition that favors internal promotion and young talent programs like "Nova" and "OdeaStellar."
- Performance management based on dual-focused evaluations and dynamic process models.
- Employee engagement through open communication channels and value-driven cultural initiatives.
- Training and leadership development with programs emphasizing data literacy, agile methods, and managerial growth.
- Compensation and HR analytics aligned with industry standards and performance metrics.

With a youthful, dynamic workforce (77% Gen Y, average age 36), Odea Bank aims to empower employees and maintain its position as a top employer in the banking sector.

8.0. COMPLIANCE

In 2024, the Bank continued to operate in a highly challenging compliance environment with persistent structural pressures and emerging risks. These included (i) the prolonged and severe domestic financial, economic, and political crisis; (ii) intensifying international geopolitical dynamics, particularly in the last quarter of the year; (iii) the expansion of global sanctions regimes affecting key markets and neighboring jurisdictions; and (iv) the inclusion of Lebanon on the Financial Action Task Force (FATF) "List of Jurisdictions Under Increased Monitoring" (commonly referred to as the Grey List) in October 2024.

Despite these pressures, the Bank reaffirmed its unwavering commitment to maintaining a robust and resilient compliance framework, grounded in international standards and regulatory expectations, while maintaining the confidence of its international and regional correspondent banking partners.

In light of Lebanon's Grey Listing, the Bank renewed its focus on transparency, due diligence, and the ongoing reinforcement of its internal control environment. Building on its earlier review of the MENA FATF Mutual Evaluation Report, the Compliance Function prioritized alignment with the recommendations issued by the FATF and its regional counterparts, integrating them into the Bank's compliance strategy and operating procedures.

The Compliance Function maintained close oversight of compliance risks across all business lines, ensuring that control measures were effectively implemented and that operational teams received timely and practical regulatory guidance. It exercised its independent responsibilities while collaborating closely with the first line of defense to promote shared accountability and a strong culture of compliance.

The Compliance Function also continued to enhance internal controls, leverage technology to strengthen monitoring and reporting capabilities, and ensure consistent oversight across all activities, including NEO by Bank Audi, the digital banking platform. These efforts were supported by institution-wide awareness and training initiatives aimed at embedding a culture of compliance, ethics, and professional responsibility.

Key compliance activities in 2024 included:

1. Regularly updating policies and procedures to remain aligned with evolving regulatory and market requirements and to effectively mitigate financial crime risks.
2. Strengthening the Enterprise-Wide Compliance Program and ensuring consistent oversight across all Group entities, both in Lebanon and abroad.
3. Promoting a strong compliance culture through continuous staff training and awareness initiatives across all functions and levels.
4. Monitoring international sanctions and adapting controls accordingly across the Bank and its subsidiaries.
5. Advising senior management and business lines on emerging regulatory developments and compliance obligations.
6. Collaborating with Risk, Internal Audit, and external partners to reinforce the Bank's control environment and maintain trusted correspondent relationships.

Looking ahead to 2025, the Bank's compliance agenda remains anchored in the five foundational pillars of excellence: diligence, partnership, quality, evaluation, and cooperation. These principles will continue to guide our efforts to enhance compliance processes, strengthen our culture of evaluation, and expand the use of data analytics to support more informed, risk-based decision-making. We remain committed to fostering a strong compliance culture across the Bank and its subsidiaries, investing in staff development, proactively addressing emerging challenges, and safeguarding our relationships with international banking partners.

9.0. CORPORATE SOCIAL RESPONSIBILITY

The year 2024 marked a profoundly devastating chapter for Lebanon. The war triggered by Israeli military aggression, left a deep scar on our communities. Thousands of lives were lost, families were displaced, and daily life was severely disrupted. The uncertain future deepened the economic and social burdens the country was already facing.

Amid this turmoil, Bank Audi's approach to Corporate Social Responsibility was shaped by the surrounding realities. We mobilized resources to provide temporary housing for 197 affected employees and adapted our social initiatives to respond to urgent needs, while continuing our long-term programs in youth development, cultural support, and wellbeing. Our actions may appear modest in the face of such large-scale challenges; however, they can make a meaningful difference—helping to foster resilience and nurture hope within the communities we're part of.

As of the end of 2024, our workforce consisted of 1,478 employees, with a gender distribution of 54.5% male and 45.5% female, maintaining consistent gender diversity across all organizational levels.

In support of youth empowerment and capacity building, we welcomed a total of 240 interns, including 145 university students, 47 young professionals, and 48 teenagers. Each intern was offered hands-on experience, skill development opportunities, and exposure to potential career paths.

This year, we also hosted the second edition of the Audi Youth Summer Experience, a five-day training program designed for employees' children aged 13 to 14. Forty-seven participants participated in interactive workshops covering money management, digital banking, career development, and social skills.

In parallel, internal awareness campaigns were launched to promote key social and environmental issues, including gender-based violence and recycling awareness. In recognition of World Water Day, an educational video produced by our employees highlighted the importance of sustainable water usage.

Concurrently, internal awareness campaigns were launched to promote key social and environmental issues, among which gender-based violence, road safety, recycling and international woman day. In recognition of World Water Day, an educational video developed by our employees highlighted the importance of sustainable water usage.

The summer season witnessed the nationwide launch campaign of neo our digital bank, marking a significant milestone in the evolution of Lebanon's banking sector. With a strategic focus on accessibility, convenience, and affordability, neo is transforming the way communities engage with financial services.

Since setting our 2012 benchmark year, we have continuously monitored our carbon footprint, and assessed our resource consumption. In 2024, we increased our use of renewable energy by 57.6% compared to 2023. Furthermore, our 2024 carbon footprint analysis reported a total of 224.8 metric tons of CO_2e equivalent ($mtCO_2$) in avoided greenhouse gas (GHG) emissions, representing a 49.3% reduction compared to our 2012 baseline.

Our ongoing recycling program collected approximately 66 tons of paper—an increase of 10% over 2023—and 974 kilograms of PET waste, marking a 19% year-on-year improvement.

We are deeply aware that Lebanon's path to recovery remains long and challenging. We are mindful that our contributions are modest compared to the hardships our country and our clients continue to endure. The road ahead depends on broader reforms beyond our control. With patience, and dedication, we will continue working toward better days ahead.

03 Financial Statements

RESOLUTIONS PROPOSED BY THE BOARD OF DIRECTORS TO THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

In May 2025, the Board of Directors of the Bank adopted the following proposals to the Annual General Assembly of shareholders relating to the approval of the financial statements, to the constitution of reserves, to the allocation of the annual results, and to a number of other matters falling within the prerogatives of the Ordinary General Assembly:

PROPOSAL NO. 1

The Ordinary General Assembly of shareholders of the Bank is invited to approve the Bank's accounts, in particular the balance sheet and the profit and loss statement as at and for the year ended on 31 December 2024, and to grant full discharge to the Chairman and members of the Board of Directors in respect of their management of the Bank's activities during the year 2024.

PROPOSAL NO. 2

The Ordinary General Assembly of shareholders of the Bank is invited to approve the transfer of the 2024 annual results to the previously accumulated losses, pursuant to the relevant circulars or memos of the Lebanese Banking Control Commission.

OTHER PROPOSALS TO THE GENERAL ASSEMBLY

The Board of Directors of the Bank also adopted other proposals to the Annual General Assembly of shareholders to the effect of: (i) ratifying transactions that are subject to the approval of the Ordinary General Assembly of shareholders; (ii) authorising the entry into similar transactions during the year 2025; (iii) Determining the remuneration of the Directors; (iv) Re-appointing the External Auditors and setting their fees; and (v) other matters falling within the prerogatives of the Ordinary General Assembly, all as more fully described in the present Annual Report, in the enclosed financial statements, and in the other supporting documents addressed to the General Assembly and published separately.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal

Adverse Opinion

We have audited the consolidated financial statements of Bank Audi SAL (the "Bank") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2024, 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 notes to the consolidated financial statements, including material accounting policy information.

In our opinion, because of the significance of matters discussed in the *"Basis for Adverse Opinion"* section of our report, the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Adverse Opinion

1. As disclosed in Note 2.1 to the consolidated financial statements, the Group did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the consolidated financial statements from and for the years from which the Republic of Lebanon and the Republic of Türkiye have been designated as a hyperinflationary economy, including the current year ended 31 December 2024, nor did the Group consider its effects on forecasts and discount rates used in accounting estimates. In addition, as disclosed in Note 25, during 2022, the Group determined the carrying amount of lands and real estate in Lebanon based on a valuation performed by an accredited external independent valuer in US Dollars and then translated it to Lebanese Pounds at the Sayrafa rate of LBP 89,500 for the US Dollar as at 31 December 2023 as required by the Central Bank of Lebanon Intermediate Circular 659. The gain from revaluation amounting to LBP 10,344 billion was recognized in other comprehensive income for the year ended 31 December 2023. During the year ended 31 December 2024, the Group recorded an additional gain from revaluation amounting to LBP 1,344 billion recognized in other comprehensive income. In accordance with IAS 29, the historical cost should be restated from the date of acquisition by applying the general price index, and then compared to the appraised amount with the difference treated as required by IAS 16 – Property, Plant and Equipment ("IAS 16"); and subsequently, the appraised carrying amount should be restated from the date of the appraisal by applying the general price index. In addition, due to the lack of information and visibility on the impact of the current macroeconomic crisis in Lebanon, we were unable to conclude on the adequacy of the appraised amount. Had the Group applied the requirements of IAS 29, and considered its effects on accounting estimates, many elements and disclosures in the consolidated financial statements, including comparative financial information, would have been materially different. The effects on the consolidated financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2023 was modified for the same reasons.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal (continued)

Basis for Adverse Opinion (continued)

2. As disclosed in Note 1 to the consolidated financial statements, the Group had used the official published exchange rates for the translation of its monetary assets and liabilities denominated in foreign currencies and the assets and liabilities of its foreign operations and all transactions in foreign currencies during 2021, 2022 and 2023, instead of using the rates at which the future cash flows could have been settled as required by IAS 21 – The Effects of Changes in Foreign Exchange Rates, when several exchange rates are available. This caused us to qualify our opinion on the financial statements relating to those years, as other exchange rates through legal exchange mechanisms were available, depending on the source and nature of the operation or balance, and which should have been used by the Group to comply with the requirements of IAS 21. As disclosed in Note 1 to the consolidated financial statements, from January 2024, the official published exchange rate was set at LL 89,500 to the US Dollar which converged with the rates of the legal exchange mechanism for the exchange of foreign currencies not subject to de-facto capital controls throughout the period and up to date. With respect to foreign currencies subject to de-facto capital controls, we were unable to conclude whether this exchange rate is that at which the future cash flows could have been settled if those cash flows had occurred at the measurement date. In addition, the Group recorded the impact of the change in exchange rates used, in the consolidated statement of income statement for the year ended 31 December 2024 under "Net trading gain" and in the consolidated statement of comprehensive income for the year ended 31 December 2024 under "Exchange differences on translation of foreign operations". The Group did not restate comparative amounts which is a departure from IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"). As we were unable to satisfy ourselves on the appropriate exchange rate to be used on foreign currencies subject to de-facto capital controls, we were unable to determine whether any adjustments were necessary to many accounts and disclosures in the consolidated financial statements. Also, had the Group applied the requirements of IAS 21 and used the rate at which the future cashflows could have been settled during 2021, 2022 and 2023, and had the Group applied the requirements of IAS 8, many accounts and disclosures in the consolidated financial statements, including comparative financial information, would have been materially different. The effects on the consolidated financial statements from the departure of IAS 21 and IAS 8 have not been determined.

3. As at 31 December 2024, the Group holds balances with the Central Bank of Lebanon amounting to LBP 818,979 billion (2023: LBP 140,621 billion), a portfolio of Lebanese government treasury securities and Certificate of deposits (under financial assets at amortized cost) totalling LBP 60,348 billion (2023: LBP 12,672 billion), a portfolio of loans amounting to LBP 9,840 billion (2023: LBP 3,425 billion) and other balances with banks and other assets amounting to LBP 4,238 billion (2023: LBP 892 billion), concentrated in Lebanon which represent 60% of the Group's total assets as at 31 December 2024 (2023: 57%).

   As disclosed in Note 1, the consolidated financial statements do not include adjustments required by IFRS 9 – Financial Instruments to the carrying amounts of the above assets and to many related accounts and disclosures that would result from resolution of the uncertainties described in Note 1.

   Furthermore, the Group has engaged in several transactions involving modification of contractual cash flows, renegotiations, exchanges and extinguishment of financial assets and financial liabilities. The Group has not applied the requirements of IFRS 9 and assessed whether these transactions should be accounted for as modifications resulting in derecognition or no derecognition, nor is the Group calculating and accounting for the impact of such modifications, which constitutes a departure from the requirements of IFRS 9. The effects of these departures on the carrying amount of these financial instruments and related income statement accounts have not been determined. Our opinion for the year ended 31 December 2023 was modified for the same reasons above.

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INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal (continued)

Basis for Adverse Opinion (continued)

   Also, as disclosed in Note 47, management did not produce the information about the fair value of these assets and other financial instruments concentrated in Lebanon and these consolidated financial statements consequently do not include the fair value disclosures required by IFRS 13 – Fair Value Measurement.

   Had such adjustments and disclosures been determined and made, many elements and related disclosures in the accompanying consolidated financial statements for the years ended 31 December 2024 and 31 December 2023 would have been materially different. The effects of the resolution of these uncertainties on the consolidated financial statements and disclosures have not been determined. Our opinion for the year ended 31 December 2023 was modified for same reasons explained above.

4. As at 31 December 2024, the Group holds equity instruments in entities operating in Lebanon amounting to LBP 11,241 billion held at fair value through other comprehensive income (2023: LBP 1,709 billion). The fair value of these instruments is measured based on a mix of observable and unobservable data holding a high level of uncertainty due to lack of reliable market evidence in light of the uncertainties described in Note 1. As such, it is not possible to determine the future effects that the economic crisis described in Note 1 would have on the carrying amounts of these assets. Consequently, we were unable to determine whether any adjustments should have been recorded on these amounts. Our opinion for the year ended 31 December 2023 was modified for same reasons.

5. As at 31 December 2024, the Group carries provisions for risks and charges amounting to LBP 33,026 billion (2023: LBP 2,818 billion) for which we requested but did not receive any basis for such provision. Accordingly, we were unable to determine whether these provisions meet the recognition criteria of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". Consequently, we were unable to determine whether adjustments to the carrying amount of these provisions as at 31 December 2024 and related income statement accounts for the year ended 31 December 2024 were necessary. Our opinion for the year ended 31 December 2023 was modified for same reasons.

6. As disclosed in Note 1 to the consolidated financial statements, law 330 was enacted on 4 December 2024 and its application decisions were issued by the Ministry of Finance in Lebanon on 12 March 2025. Because of the late issuance of the application decisions, management was unable to finalize its assessment and is still assessing the tax impacts of the full application of law 330 at the date of our audit report. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements as at 31 December 2024 and for the year then ended were necessary.

7. The events and conditions and practices that would not qualify as normal course of business in a non-crisis environment described in Note 1 and the matters described in paragraphs 1, 2 and 3 above affect the financial position, liquidity, solvency and profitability of the Group, and expose the Group to increased litigation and regulatory risks. Significant uncertainty exists in relation to the outcome of the litigations, claims and investigations raised against the Group and the negative impact that they may have on the Group's financial position as disclosed in Notes 1 and 56. These events and conditions may cast significant doubt on the Group's ability to continue as a going concern. We were unable to obtain sufficient appropriate audit evidence about the Group's ability to continue as a going concern. Our opinion for the year ended 31 December 2023 was modified for same reasons.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal (continued)

Basis for Adverse Opinion (continued)
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Lebanon, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter
We draw attention to Note 11 to the consolidated financial statements, which describes that during 2024, the Bank used the multiplier factor in acquisition of Lebanese Government Eurobonds and the settlement of several loans and advances which breaches the Central Bank of Lebanon Basic Circular 159. These transactions were queried by the regulator, whereby the latter has instructed the Bank to discontinue entering into such transactions going forward. No penalties or sanctions were imposed on the Bank as a result of these transactions. We also draw attention to Note 1 to the consolidated financial statements which describes that the Lebanese crisis which was set off during the last quarter of 2019 has resulted in several practices and transactions for which there are no directly observable prices or a governing legal/regulatory framework. Our opinion is not further modified with respect to this matter.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended 31 December 2024. Except for the matters described in the "*Basis for Adverse Opinion*" section of our report, we have determined that there are no other key audit matters to communicate in our report.

Other Information Included in the Group's 2024 Annual Report
Other information consists of the information included in the Group's Annual Report other than the consolidated financial statements and our auditors' report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. As described in the *"Basis for Adverse Opinion"* section of our report, the consolidated financial statements do not include adjustments arising from the maters set out therein. We have concluded that the other information is materially misstated for the same reasons with respect to the amounts or other items in the Group's 2024 Annual Report affected by matters reported in the "*Basis for Adverse Opinion*".

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal (continued)

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF BANK AUDI sal (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Ernst & Young

Ernst & Young

BDO, Semaan, Gholam & Co.

26 May 2025
Beirut, Lebanon

CONSOLIDATED INCOME STATEMENT

For the Year Ended 31 December 2024

	Notes	2024 LBP Million	2023 LBP Million
CONTINUING OPERATIONS			
Interest and similar income	4	22,542,404	6,024,914
Interest and similar expense	5	(3,052,349)	(720,304)
Net interest income		19,490,055	5,304,610
Fee and commission income	6	11,297,134	1,954,696
Fee and commission expense	7	(1,320,019)	(140,585)
Net fee and commission income		9,977,115	1,814,111
Net trading gain	8	10,238,092	1,435,128
Net gain (loss) on derecognition of financial assets at amortised cost	9	201,481	(11,067)
Net (loss) gain on derecognition of financial assets at fair value through other comprehensive income		(4,940)	7
Share of profit of an associate under equity method	24	-	10,177
Other operating income	10	842,133	76,041
Total operating income		40,743,936	8,629,007
Net recovery (impairment loss) on financial assets	11	1,173,473	(2,500,575)
Net operating income		41,917,409	6,128,432
Personnel expenses	12	(9,145,621)	(2,364,295)
Other operating expenses	13	29,185,616	(4,253,047)
Depreciation of property and equipment and right-of-use assets	25	(740,163)	(242,957)
Amortisation of intangible assets	26	(114,347)	(20,627)
Total operating expenses		39,185,747	(6,880,926)
Operating income (loss)		2,731,662	(752,494)
Net (loss) gain on disposal of fixed assets		(605)	11,008
Profit (loss) before tax from continuing operations		2,731,057	(741,486)
Income tax	14	(2,055,451)	(249,006)
Profit (loss) for the year from continuing operations		675,606	(990,492)
DISCONTINUED OPERATIONS			
(Loss) profit for the year from discontinued operations, net of tax	44	(673,893)	990,812
Profit for the year		1,713	320
Attributable to:			
Equity holders of the parent		212,471	(233,195)
Profit (loss) for the year from continuing operations		*675,805*	*(990,374)*
(Loss) profit for the year from discontinued operations	44	*(463,334)*	*757,179*
Non-controlling interests		(210,758)	233,515
Loss for the year from continuing operations		*(199)*	*(118)*
(Loss) profit for the year from discontinued operations		*(210,559)*	*233,633*
		1,713	320
Earnings (loss) per share:			
		LBP	LBP
Basic and diluted earnings (loss) per share	15	362	(397)
Basic and diluted earnings (loss) per share from continuing operations	15	1,151	(1,686)
Basic and diluted (loss) earnings per share from discontinued operations	15	(789)	1,289

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2024

	Notes	2024 LBP Million	2023 LBP Million
Profit (loss) for the year from continuing operations		675,606	(990,492)
(Loss) profit for the year from discontinued operations		(673,893)	990,812
Other comprehensive income that will be reclassified to the income statement in subsequent periods from continuing operations			
Foreign currency translation			
Exchange differences on translation of foreign operations		39,551,698	7,968,758
Net foreign currency translation		39,551,698	7,968,758
Debt instruments at fair value through other comprehensive income			
Change in fair value during the year		40,548	3,196
Tax effects	14	(7,293)	(639)
Net gain on debt instruments at fair value through other comprehensive income		33,255	2,557
Total other comprehensive income that will be reclassified to the income statement in subsequent periods from continuing operations		39,584,953	7,971,315
Other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods from continuing operations			
Revaluation of lands and buildings			
Revaluation gain	25	1,343,968	10,343,872
Tax effects	14	43,702	(534,872)
Net revaluation of lands and buildings		1,387,670	9,809,000
Remeasurement losses on defined benefit plans			
Actuarial loss on defined benefits plans	36	(1,634,557)	(753,198)
Tax effects	14	(3,977)	46,154
Net remeasurement losses on defined benefit plans		(1,638,534)	(707,044)
Equity instruments at fair value through other comprehensive income			
Net unrealised gains		9,779,540	1,514,337
Tax effects	14	(1,628,575)	(270,115)
Net unrealised gains on equity instruments at fair value through other comprehensive income		8,150,965	1,244,222
Total other comprehensive income that will not be reclassified to the income statement in subsequent periods from continuing operations		7,900,101	10,346,178
Other comprehensive income for the year from continuing operations, net of tax		47,485,054	18,317,493
Other comprehensive income for the year from discontinued operations, net of tax	44	11,932,961	1,712,132
Total comprehensive income for the year from continuing operations, net of tax		48,160,660	17,327,001
Total comprehensive income for the year from discontinued operations, net of tax	44	11,259,068	2,702,944
Total comprehensive income for the year, net of tax		59,419,728	20,029,945
Attributable to:			
Equity holders of the parent		59,814,463	19,389,805
Non-controlling interests		2,605,265	640,140
		59,419,728	20,029,945

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 LBP Million	2023 LBP Million
ASSETS			
Cash and balances with central banks	16	865,064,542	148,469,720
Due from banks and financial institutions	17	149,978,644	24,847,986
Derivative financial instruments	18	1,134,384	452,527
Financial assets at fair value through profit or loss	19	12,599,342	4,358,540
Loans and advances to customers at amortised cost	20	85,796,399	15,165,583
Loans and advances to related parties at amortised cost	21	361,848	575,051
Debtors by acceptances		635,460	250,048
Financial assets at amortised cost	22	112,572,327	19,225,632
Financial assets at fair value through other comprehensive income	23	30,516,062	2,025,273
Investments in an associate	24	-	141,155
Property and equipment and right-of-use assets	25	22,596,627	18,524,365
Intangible assets	26	301,397	62,834
Assets obtained in settlement of debt	27	98,468	98,468
Other assets	28	5,986,037	1,152,697
Deferred tax assets	14	507,994	98,187
Goodwill	29	2,748,350	497,030
Assets held for sale	44	200,628,451	42,541,256
TOTAL ASSETS		1,491,526,332	278,486,352
LIABILITIES			
Due to central banks	30	2,823,868	2,529,211
Due to banks and financial institutions	31	23,538,927	2,826,759
Derivative financial instruments	18	1,114,034	312,937
Customers' deposits	32	1,107,716,259	190,765,621
Deposits from related parties	33	3,537,330	1,319,556
Debt issued and other borrowed funds	34	23,953,218	4,063,130
Engagements by acceptances		635,460	250,048
Other liabilities	35	18,307,380	5,812,585
Current tax liabilities	14	1,525,180	269,203
Deferred tax liabilities	14	1,940,806	310,826
Provisions for risks and charges	36	39,067,339	4,519,041
Liabilities held for sale	44	181,916,730	39,430,857
TOTAL LIABILITIES		1,406,076,531	252,409,774
SHAREHOLDERS' EQUITY – GROUP SHARE			
Share capital – common shares	37	982,859	982,859
Share capital – preferred shares	37	10,020	10,020
Issue premium – common shares	37	902,290	902,290
Issue premium – preferred shares	37	894,480	894,480
Cash contribution to capital	38	72,586	72,586
Non-distributable reserves	39	2,588,375	2,535,354
Distributable reserves	40	35,995	35,995
Treasury shares	42	(8,392)	(8,392)
Accumulated losses		(4,965,220)	(4,896,300)
Other components of equity	43	72,368,301	25,149,133
Reserves related to assets held for sale	44	9,013,806	(105,217)
Result of the year		212,471	(233,195)
		82,107,571	25,339,613
NON-CONTROLLING INTERESTS	45	3,342,230	736,965
TOTAL SHAREHOLDERS' EQUITY		85,449,801	26,076,578
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,491,526,332	278,486,352

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended 31 December 2024

	Notes	2024 LBP Million	2023 LBP Million
OPERATING ACTIVITIES			
Profit (loss) before tax from continuing operations		2,731,057	(741,486)
(Loss) profit before tax discontinued operations	44	(4,014,104)	1,013,260
Adjustments for non-cash items:			
Depreciation and amortisation	25 & 26 & 44	2,062,629	412,177
Net gain on derecognition of financial instruments at amortised cost	9 & 44	(201,481)	(81,251)
Net (recovery) impairment loss on financial assets	11 & 44	(2,767,322)	2,485,614
Gain from associates under equity method	24	-	(10,177)
Gain from acquisition of a subsidiary	24	(507,343)	-
Net gain (loss) on sale or disposal of fixed assets		605	(11,008)
Provision for risks and charges		24,339,220	3,213,982
Write-back of provisions for risks and charges		(18,860)	(1,769)
Interest expense on debt issued and other borrowed funds	34	996,445	709,789
Net foreign exchange difference		(6,660,523)	(2,198,500)
		15,960,323	4,790,631
Changes in operating assets and liabilities:			
Balances with the central banks, banks and financial institutions maturing in more than 3 months		65,134,873	24,166,952
Change in derivatives and financial assets held for trading		13,322,889	(4,571,920)
Change in loans and advances to customers and related parties		5,062,565	(22,068,295)
Change in other assets		(1,774,878)	(333,763)
Change in deposits from customers and related parties		(19,473,452)	48,949,075
Change in other liabilities		8,711,844	1,089,332
Change in provisions for risks and charges		-	(268,629)
Cash from operations		86,944,164	51,753,383
Provisions for risks and charges paid		(1,144,205)	(170,679)
Taxation paid		(1,291,995)	(105,202)
Net cash from operating activities		84,507,964	51,477,502
INVESTING ACTIVITIES			
Change in financial assets – other than trading		(28,711,112)	(25,079,533)
Purchase of property and equipment and intangibles	25 & 26	(296,729)	(689,050)
Proceeds from sale of property and equipment and intangibles		(313,380)	12,220
Net cash used in investing activities		(29,321,221)	(25,756,363)
FINANCING ACTIVITIES			
Debt issued and other borrowed funds	34	(525,053)	(328,787)
Lease liability payments	35	(132,104)	(76,542)
Net cash used in financing activities		(657,157)	(405,329)
CHANGE IN CASH AND CASH EQUIVALENTS		54,529,586	25,315,810
Foreign exchange differences		422,063,084	54,633,810
Cash and cash equivalents at 1 January		87,944,953	7,995,333
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	46	564,537,623	87,944,953
Operational cash flows from interest and dividends			
Interest paid		(2,602,337)	(651,118)
Interest received		18,973,972	5,398,543
Dividends received		4,841	1,008

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2024

	Attributable to the Equity Holders of the Group														
	Share Capital - Common Shares	Share Capital - Preferred Shares	Issue Premium - Common Shares	Issue Premium - Preferred Shares	Cash Contribution to Capital	Non-distributable Reserves	Distributable Reserves	Treasury Shares	Accumulated losses	Other Components of Equity	Reserves Related to Assets Held for Sale	Result of the Year	Total	Non-controlling Interests	Total Shareholders' Equity
	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million	LBP Million
Balance at 1 January 2024	**982,859**	**10,020**	**902,290**	**894,480**	**72,586**	**2,535,354**	**35,995**	**(8,392)**	**(4,896,300)**	**25,149,133**	**(105,217)**	**(233,195)**	**25,339,613**	**736,965**	**26,076,578**
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	212,471	212,471	(210,758)	1,713
Other comprehensive income	-	-	-	-	-	-	-	-	-	47,482,969	9,119,023	-	56,601,992	2,816,023	59,418,015
Total comprehensive income	-	-	-	-	-	-	-	-	-	47,482,969	9,119,023	212,471	56,814,463	2,605,265	59,419,728
Appropriation of 2023 losses	-	-	-	-	-	53,021	-	-	(286,216)	-	-	233,195	-	-	-
Sale of FVTOCI	-	-	-	-	-	-	-	-	263,801	(263,801)	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	(46,505)	-	-	-	(46,505)	-	(46,505)
Balance at 31 December 2024	**982,859**	**10,020**	**902,290**	**894,480**	**72,586**	**2,588,375**	**35,995**	**(8,392)**	**(4,965,220)**	**72,368,301**	**9,013,806**	**212,471**	**82,107,571**	**3,342,230**	**85,449,801**
Balance at 1 January 2023	982,859	10,020	902,290	894,480	72,586	2,529,255	35,995	(9,537)	(4,193,502)	5,408,056	-	(673,985)	5,958,517	96,825	6,055,342
Net income for the year	-	-	-	-	-	-	-	-	-	-	-	(233,195)	(233,195)	233,515	320
Other comprehensive income	-	-	-	-	-	-	-	-	-	19,623,000	-	-	19,623,000	406,625	20,029,625
Total comprehensive income	-	-	-	-	-	-	-	-	-	19,623,000	-	(233,195)	19,389,805	640,140	20,029,945
Appropriation of 2022 losses	-	-	-	-	-	6,099	-	-	(680,084)	-	-	673,985	-	-	-
Discontinued operations (Note 44)							-	-	-	105,217	(105,217)	-	-	-	-
Treasury share transactions	-	-	-	-	-	-	-	1,145	(8,065)	-	-	-	(6,920)	-	(6,920)
Write off of FVTOCI	-	-	-	-	-	-	-	-	(12,860)	12,860	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	(1,789)	-	-	-	(1,789)	-	(1,789)
Balance at 31 December 2023	982,859	10,020	902,290	894,480	72,586	2,535,354	35,995	(8,392)	(4,896,300)	25,149,133	(105,217)	(233,195)	25,339,613	736,965	26,076,578

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2024

NOTES' INDEX

1.0. CORPORATE INFORMATION

Bank Audi sal (the "Bank") is a Lebanese joint stock company registered since 1962 in Lebanon under No. 11347 at the Register of Commerce and under No. 56 on the banks' list at the Central Bank of Lebanon. The Bank's head office is located in Bank Audi Plaza, Omar Daouk Street, Beirut, Lebanon. The Bank's shares are listed on the Beirut Stock Exchange. Effective 6 November 2020, the global depository receipts were delisted from the London SEAQ.

The Bank, together with its subsidiaries (collectively "the Group"), provides a full range of Retail, Commercial, Investment and Private Banking activities through its headquarters as well as its branches in Lebanon, and its presence in Europe and the Middle East.

The consolidated financial statements were authorised for issue in accordance with the Board of Directors' resolution on 15 May 2025.

1.1. MACROECONOMIC ENVIRONMENT

The Group's operations are mostly in Lebanon that has been witnessing, since 17 October 2019, severe events that have set off an interconnected fiscal, monetary and economic crisis, as well as deep recession that have reached unprecedented levels. Sovereign credit ratings have witnessed a series of downgrades by all major rating agencies and reached the level of default when, on 7 March 2020, the Lebanese Republic announced that it will withhold payment on the bonds due on 9 March 2020, which was followed by another announcement on 23 March 2020 for the discontinuation of payments on all of its US Dollar-denominated Eurobonds.

Throughout this sequence of events, the ability of the Lebanese government and the banking sector in Lebanon to borrow funds from international markets was significantly affected. Banks have imposed de-facto capital controls, restricted transfers of foreign currencies outside Lebanon, significantly reduced credit lines to companies and withdrawals of cash to private depositors, all of which added to the disruption of the country's economic activity, as the economic model of Lebanon relies mainly on imports and consumption. Businesses downsized, closed or bankrupted, and unemployment and poverty rose fast and have reached unprecedented levels.

The difficulty in accessing foreign currencies led to the emergence of a parallel market to the peg whereby the price to access foreign currencies increased constantly, deviating significantly from the peg of LBP 1,507.5 to the US Dollar. This has resulted in an uncontrolled rise in prices and the incessant de facto depreciation of the Lebanese Pound, impacting intensely the purchasing power of Lebanese citizens, driving a currency crisis, high inflation and rise in the consumer price index. In February 2023, the Central Bank of Lebanon changed the official published exchange rate from LBP 1,507.5 to LBP 15,000 to the US Dollar. In January 2024, the Central Bank of Lebanon changed the official published exchange rate from LBP 15,000 to LBP 89,500 to the US Dollar.

As a result of the de-facto capital controls, the multitude of exchange rates, the hyperinflation, and the potential repercussions of government reform measures on (i) the banks operating in Lebanon, and (ii) the Lebanese people's net worth, their local businesses and their local bank accounts, the Lebanese market saw the need to differentiate between onshore assets and offshore assets, foreign currency bank accounts that are subject to de-facto capital controls and those that are not subject to capital controls, onshore liabilities and offshore liabilities. Hence the new terms in the Lebanese market, such as "local Dollars" to designate local US Dollars bank accounts that are subject to de-facto capital controls, and "fresh funds/accounts" to designate foreign currency cash and foreign currency bank accounts which are free from capital controls (as they are sourced from foreign currency cash and/or from incoming transfers from abroad).

LEBANESE GOVERNMENT'S FINANCIAL RECOVERY PLAN

A financial recovery plan was ratified by the Cabinet on 20 May 2022.

The plan includes several measures that are prerequisites to unlock funds from a preliminary deal with the International Monetary Fund agreed in April 2024, that could help pull the country out of a three-year financial meltdown.

The endorsed plan foresees a full audit of the Central Bank's forex financial standing. Then, the government "will cancel, at the outset, a large part of the Central Bank's foreign currency obligations to banks in order to reduce the deficit in BdL's capital," the document said. The largest 14 commercial banks, representing 83% of total assets, would also be audited. Viable banks would be recapitalised with "significant contributions" from banks' shareholders and large depositors.

The plan made no mention of a sovereign fund to manage state-owned assets but pledges to limit recourse to public assets, which had been a demand of Lebanon's commercial banks. The plan said it would protect small depositors "to the maximum extent possible" in each viable bank but did not lay out a minimum amount to be protected – unlike draft plans. Non-viable banks, however, would be dissolved by the end of November, it added. As of today, laws for the reinstatement of financial stability, for the resolution of banks and for capital controls are yet to be issued.

INTERNATIONAL MONETARY FUND

The Lebanese authorities and the IMF team have reached a staff-level agreement (SLA) on comprehensive economic policies that could be supported by a 46-month Extended Fund Arrangement (EFF) with requested access of SDR 2,173.9 million (equivalent to about USD 3 billion). This agreement is subject to approval by IMF Management and the Executive Board, after the timely implementation of all prior actions and confirmation of international partners' financial support.

RECENT POLITICAL DEVELOPMENTS

The recent political developments (Ceasefire agreement, presidential elections, PM designation, Cabinet announcement, etc) opened the country to new horizons if the opportunity is appropriately grasped on behalf of Lebanese decisions makers. This month saw the formation of a cabinet of qualified experts followed by the appointment of a new Central Bank Governor.

BANKING RESTRUCTURING

On 12 April 2025, the Cabinet approved the draft banking reform law which is yet to be approved by the Parliament. Its implementation is contingent on the passage of the financial gap law, highlighting the interdependence of the three core reforms: lifting banking secrecy, restructuring banks, and closing the financial gap.

The law introduces a full legal framework for intervening in the operations of failing banks, with the aim of protecting depositors, safeguarding financial stability, and ensuring the continuity of essential banking services. As a starting point, banks are required to meet minimum capital and liquidity requirements that will be specified in the financial gap law. The law clearly outlines the conditions under which a bank is deemed to be failing or likely to fail, and introduces several restructuring tools such as recapitalization, forced mergers, and asset separation.

At the heart of the draft law is the creation of a Bank Restructuring Authority, a specialized independent body tasked with overseeing the resolution process of distressed financial institutions. This authority would have sweeping powers, including the ability to initiate bank restructuring, appoint independent valuers, enforce asset transfers, and if necessary, trigger liquidation procedures.

It remains unclear how the events mentioned above will evolve, and the Bank continues to monitor the situation closely. Any and all such events mentioned above will add up to the already material adverse prospects on the Bank's business, financial condition, results of operations, prospects, liquidity and capital position.

1.2 REGULATORY ENVIRONMENT

During 2020 and up to the date of authorisation of issue of these consolidated financial statements, the Central Bank of Lebanon has issued several circulars to address the situations, mainly:

- Basic Circular 150 issued on 9 April 2020 and exempting banks from placing mandatory reserves with the Central Bank of Lebanon in relation to funds transferred from abroad or cash deposits in foreign currency received after 9 April 2020, subject to preserving and guaranteeing the liberty of the depositors in determining the use of these funds and benefiting from all kinds of banking services (transfers abroad, international credit card limits, foreign currency cash withdrawals…). Banks are requested to maintain at all times an amount equivalent to those funds in the form of (i) cash held in vaults at the Bank's premises, (ii) offshore accounts held with correspondents and (iii) "cash money" accounts held with BDL as per Basic Circular 165 definition. Intermediate Circular 715 issued on 21 November 2024 expanded the scope to include sovereign debts instruments issued by G10 countries and debt instruments rated "BBB" and above on the condition they are held at fair value.
- Basic Circular 151 issued on 21 April 2020 and concerning depositors who wish to withdraw amounts of cash from their foreign currencies accounts as per a specific rate up to limits set by the Bank. The exchange rate specified by the Central Bank of Lebanon in its transactions with banks will remain applicable to all other operations in US Dollar. At maturity as at 31 December 2023, the circular was not renewed.
- Intermediate Circular 567 issued on 26 August 2020 (amending Basic Circular 23, 44 and 78), which partly altered the directives for the determination of expected credit losses and regulatory capital calculation and ratios, previously set in its Intermediate Circular 543 issued on 3 February 2020. Loss rate applied for the calculation of regulatory expected credit losses on exposures to Lebanese sovereign bonds in foreign currencies was increased from 9.45% to 45%, (later on increased again to 75% by Intermediate Circular 649), while loss rates applied for the calculation of regulatory expected credit losses on exposures to Lebanese sovereign bonds in local currency, exposures to the Central Bank of Lebanon in foreign currencies and exposures to the Central Bank of Lebanon in local currency remained the same (0%, 1.89% and 0% respectively).

- Allowing banks to constitute the expected credit losses on exposures to Lebanese sovereign and the Central Bank of Lebanon, progressively over a period of five years, noting that the Central Bank of Lebanon's Central Council may accept to extend the term to 10 years for banks that manage to complete the 20% cash contribution to capital requirement. Intermediate circular 649 issued on 24 November 2022 replaced the aforementioned five years and ten years deadline by the fixed dates of 31 December 2026 and 31 December 2029 respectively.

- Allowing banks not to automatically downgrade loan classification or staging for borrowers that were negatively affected by the COVID-19 pandemic, showing past due and unpaid for the period from 1 February 2020 to 31 December 2020. These borrowers must be identified as either still operating on a going concern basis or not. In case the borrower is still operating as a going concern, the Bank may reschedule the loan. In exceptional cases when the borrower ceases to operate as a going concern following the impact of the COVID-19 pandemic, the Bank must immediately downgrade the loan classification and staging to Stage 3 (default).

- Requesting from banks to finalise the assessment of the future financial position of their customers by 31 December 2020, and to estimate expected credit losses based on this assessment and recognise the financial impact in the statement of income for the year ended 31 December 2020.

- Prohibiting banks from distributing dividends on common shares for the years 2019 and 2020 (Years 2021, 2022, 2023, 2024 and 2025 were subsequently added by way of Intermediate Circulars 616, 659, 676 and 726 respectively).

- Requesting from banks to increase their own funds (equity) by an amount equal to 20% of their common equity Tier 1 capital as of 31 December 2018, through issuing new foreign currency capital instruments that meet the criteria for inclusion as regulatory capital, except retained earnings and gain from revaluation of fixed assets. The Central Bank of Lebanon's Central Council may exceptionally approve for a bank to complete 50% of the 20% required capital increase through the transfer of real estate properties from the shareholders to the concerned bank. However, these real estate properties must be liquidated in a period of 5 years following the operation.

- Changing the treatment of revaluation of fixed assets reserve for regulatory capital calculation, to become allowed for inclusion as Common Equity Tier 1 (previously 50% of this reserve was allowed for inclusion as Tier 2), subject to approval of the Central Bank of Lebanon on the revaluation gain. On 20 January 2023, Intermediate Circular 659 capped the inclusion of revaluation of fixed assets at 50% under certain conditions while allowing the use of the prevailing Sayrafa rate at the end of each reporting period over 5 years. Besides, it widened the scope of revaluation to include participations and long-term loans to affiliated banks and financial institutions. Intermediate Circular 685 issued on 28 December 2023 increased the contribution of this revaluation to Common Equity Tier 1 from 50% to 75%.

- Banks must comply with the minimum capital adequacy ratios and are forbidden from distributing profits if these ratios drop below 7% for common equity Tier 1, 10% for Tier 1 and 12% for total capital. Banks must maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1. After allowing banks to draw down the buffer fully during 2020 and 2021, a partial drawn up to 1.75% in 2022, latest regulatory changes introduced on 2 February 2024 via Intermediate Circular 689 allowed a full draw down of the 2.5% buffer during years 2023 and 2024. Central Bank of Lebanon will issue future instructions for reconstitution of capital.

- Preparing and presenting to the Central Bank of Lebanon a comprehensive plan for rectifying non-compliances with regulatory capital requirements and other regulations imposed by the Central Bank of Lebanon, taking into consideration all required provisions by the Banking Control Commission of Lebanon (BCCL), as well as other losses or provisions that the Bank expects to incur from all kinds of exposures to risks, and specifying the period of time needed to address the non-compliances.

- Exceptionally for the years 2020 and 2021, Allowances for Expected Credit Losses on Stage 1 and 2 exposures, excluding those relating to Lebanese sovereign and the Central Bank of Lebanon, may be included under regulatory Common Equity Tier 1. This treatment will be amortised over a period of 3 years (2022-2024 by 25% yearly).

• Basic Circular 154 issued on 27 August 2020 and aiming mainly at restoring the operations of banks in Lebanon to their normal levels as at before October 2019, and rectifying any non-compliance with regulatory ratios and banking regulations. The circular mainly introduced the following measures:

- Requesting banks to present a fair assessment of the value of their assets and liabilities for the purpose of putting in place the comprehensive plan referred to in Intermediate Circular 567 (refer to above), in order to be able, within a period limited in time, to comply with the regulatory and banking requirements, mainly those related to liquidity and solvency, and in order to restore the operations of the Bank to their normal levels as at before October 2019.

- Requesting banks to incite each customer who has transferred abroad, between 1 July 2017 and the date of the circular, more than USD 500,000 or their equivalent in other foreign currencies, to deposit in a 5-year term (extended to 8-year term following Intermediate Circular 707 date 20 September 2024) "special account" an amount equal to 15% to 30% (depending on the type of customer) of the transferred amount. Banks shall use this type of deposits to facilitate foreign operations that stimulate the national economy. This is also applicable for the banks' importing customers, based on opened letters of credits during any of the years 2017, 2018 and 2019, and without a minimum threshold.

- Requesting from banks to maintain a current account with a foreign correspondent bank offshore, free of any obligations (cash on premises and liquidity abroad). Such accounts shall be at no time less than 3% of the Bank's total foreign currency deposits as at 31 July 2020, by 28 February 2021. This requirement was subject to several amendments; the latest (Intermediate Circular 707) considered foreign currency deposits as at 31 July 2024 as the basis for the computation instead of 31 July 2020, thus lowering liquidity required levels as customers' deposits decreased over the period. Besides, it extended the date to comply to be 31 December 2025 instead of 28 February 2021. Also it added to the numerator Lebanese sovereign Eurobonds as well as US Treasury and Investment grade foreign debt instruments on the condition they are held at fair value. Intermediate Circular 716 issued on 21 November 2024 expanded again the scope to include sovereign debts instruments issued by G10 countries and debt instruments rated "BBB" and above held at fair value.

- Requesting from banks, after taking consideration of their fair assessment of their financial position, to present a plan during the first quarter of 2021, to address recapitalisation needs, if any, to the Central Bank of Lebanon's Central Council, for its approval. Banks shall take the necessary legal and regulatory measures in order to facilitate the consensual possibility for their depositors to transfer their deposits to shares or bonds. Bank shares will be exclusively listed in Beirut. Banks can pay interest on the bonds that exceed current levels.

• Basic Circular 157 issued on 10 May 2021 and setting the framework of exceptional measures for foreign-currency operations. Hence, banks operating in Lebanon must process customers' FX operations (buy and sell) related to their personal or commercial needs on the electronic platform "Sayrafa". Transactions with customers encompass purchase and sale of foreign currencies banknotes against LBP, as well as operations from/to foreign currencies external accounts against LBP. Banks are required to properly document each transaction and should not collect commission margins between buy and sell operations exceeding 1%.

• Basic Circular 158 issued on 8 June 2021 and defining the mechanism for the gradual settlement of foreign currency deposits up to an amount equivalent to USD 50,000. To benefit from the provisions of the said circular, certain eligibility criteria must be met.

Eligible funds will be transferred to a subaccount over which banking secrecy will be lifted vis-à-vis BdL and BCC before being gradually withdrawn and remitted to the customer on a monthly basis. Customers' monthly entitlements are (i) an amount of USD 400 in cash or equivalent (transfer abroad, credited to a payment card with international usage, etc.) (amended later on to USD 300 for all BdL 158-based contracts signed with the customers after 1 July 2023 following the issuance of BdL intermediate circular 674 on 5 July 2023) and (ii) an amount in LBP equivalent to USD 400 and converted at a rate USD/LBP 12,000 (before amendment USD/LBP at 15,000 on 20 January 2023), noting that 50% of the amount will be paid in cash and 50% will be credited to a payment card. The portion in LBP was later on removed with the issuance of BdL Intermediate Circular 674. On 17 November 2023, BdL issued Intermediate Circular 682 adding an eligibility criteria to benefit from Basic Circular 158. On 8 June 2024, Intermediate Circular 697 expanded the scope of beneficiaries to include minors. Besides, beneficiaries of BdL Basic Circular 158 can now benefit from BdL Basic Circular 166 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 717 issued on 26 November 2024.

During 2024 several intermediary circulars were issued granting additional payments to beneficiaries of Basic Circular 158 (2 in October 2024, 1 for each month from November 2024 to January 2025) All additional payments were financed from the Bank's compulsory reserves with BdL in foreign currency. Intermediate circular 729 issued on 20 February 2025 increased the monthly payment to be $500 for all beneficiaries of Basic Circular 158. The additional amounts were financed from the Bank's compulsory reserves with BdL in foreign currency.

Customers who have transferred their funds after the crisis to another local Bank can benefit from the provisions of said circular if (i) transferred funds are returned to the originating bank, and if (ii) the customer hadn't benefited from the circular neither from the originating Bank, nor the destination Bank. The financing of the aforementioned process will be secured equally through (i) BdL reduction of compulsory reserves requirements from 15% to 14% as per BdL Intermediate Circular 586 and (ii) the Bank's offshore liquidity. To that end, the Bank can use its foreign liquidity subject computed as per BdL Basic Circular 154 requirements on the condition that it reconstitutes it by 31 December 2022, extended to 31 December 2023 by Intermediate Circular 626 issued on 21 June 2022.

• Basic Circular 159 issued on 17 August 2021 preventing banks from processing foreign currency funds received from customers whether in the form of cash or through offshore transfers at a value other than its face value, with the exception of transactions pertaining to the settlement of loans (which was subsequently removed by Intermediate Circular 671 issued on 20 June 2023). It also prevented banks from purchasing foreign currencies at parallel rate with the exception of the purchase foreign currencies duly recorded on the electronic platform and resulting from offshore incoming transfers with the purpose of (i) enhancing liquidity, (ii) engaging in medium or long term investments, (iii) settling international commitments. Finally, the circular prevented banks from purchasing bankers' checks and other bank accounts in foreign currencies, whether directly or indirectly.

• Intermediate Circular 600 (amending Basic Circular 73) issued on 3 November 2021 requires banks to record existing and future provisions for expected credit losses in the same currency as the related assets and off-balance sheet exposures. Banks are also required to set in place necessary measures to manage their FX position resulting from provisions recorded in foreign currencies.

• Intermediate Circular 616 issued on 3 March 2022 prohibiting banks from distributing dividends to ordinary shareholders from results of financial years 2019, 2020 and 2021 (years 2022, 2023 and 2024 were added through Intermediate Circular 659, 676 and 726 respectively).

- Basic Circular 162 issued on 28 March 2022 requesting from banks to secure a level of liquidity sufficient to allow public sector employees to withdraw their monthly salaries and other compensations without setting any type of limits.

- Basic Circular 163 issued on 27 May 2022 defining the framework for the monitoring of the accounts of public officials, the performance of due diligence on their operations and the reporting to the Special Investigation Committee on the basis of founded suspicion.

- Intermediate Circular 637 issued on 27 July 2022 (amending Basic Circulars 65 and 78) requires banks selling real estate properties or participations acquired in accordance with the provisions of Article 153 or 154 of the CMC, only against fresh USD or its equivalent in LBP based on Sayrafa rate.

- Basic Circular 164 issued on 12 October 2022 and requesting banks to report to the Banking Control Commission on the cost of their monthly operating expenses that should be paid with fresh money, the resources for settling these expenses and how to ensure those resources.

- Intermediate Circular 648 issued on 1 November 2022 (amending Basic Circulars 14 and 67) reduced by 50% the interest rates served on foreign currencies placements with BdL and on Certificates of Deposits issued by BdL while continuing paying 50% of coupon payment in the instrument's currency and 50% in LBP at official rate (LBP 1,507.5 to the US Dollar until 31 January 2023 and LBP 15,000 to the US Dollar afterwards). This circular was later amended on 2 February 2024 by Intermediate Circular 686 increasing the interest rate reduction on foreign currencies placements with BdL and on Certificates of Deposits issued by BdL from 50% to 75% while limiting the coupon payment to be in FCY only. The Intermediate Circular 701 issued on 27 June 2024 specified that interests paid in USD by BdL on the banks' term deposits in US dollars and on Certificates of deposits in US Dollars owned by banks will be placed in the non-"cash money" current account opened at BdL for the concerned bank. Those provisions are applicable until 31 December 2024. Intermediate Circular 719 issued on 17 December 2024 extended the deadline to 30 June 2025.

- Intermediate Circular 649 issued on 24 November 2022 (amending Basic Circulars 44 and 143) introduced a forbearance treatment in capital ratios computation by allowing the exclusion from Common Equity Tier 1 of a portion of losses incurred from FX purchases from BdL against LBP banknotes (66% and 33% respectively in 2022 and 2023)

- Intermediate Circular 656 issued on 20 January 2023 stating that Banks and financial institutions operating in Lebanon must not accept the repayment of loans granted in foreign currencies to non-residents, of which off-shore companies, except through incoming cross-border transfers of fresh funds.

- Basic Circular 165 issued on 19 April 2023 and requesting banks to open new accounts at BdL in LBP and in USD specifically and exclusively for the "Cash Money" (i.e. money transferred from abroad and/or received as banknotes in foreign currencies after 17 November 2019 in addition to the money deposited or which will be deposited as banknotes in new accounts in LBP and which respect the conditions set in BdL basic circular 150 for "fresh money"). These new accounts will be used for the settlement, compensation & transfer operations through BdL National Payment System (BdL-NPS).

- Intermediate Circular 683 issued on 17 November 2023 amending the provisions BdL Basic Cicular 32 which defines the framework of Foreign Exchange ("FX") operations in Banks operating in Lebanon and various FX positions computation. This circular came on the wake of several amendments applied in 2023 (Intermediate Circular 659, Intermediate Circular 675 and Intermediate Circular 677) aiming at converging to the IAS 21: The Effects of Changes in Foreign Exchange Rates differentiating monetary from non-monetary items and the corresponding impact on the Bank's FX position. Based on the new definition, the Bank is authorized to hold a Special Long FX position to hedge its core equity against FX risk. This special long FX position is to be deducted from the FX open position to reach the FX Trading Position. Besides, the circular reintroduced the 1% maximum limit (if the Bank holds concurrently a long open position and a net long trading position) on net trading position and 40% limit on Global position, while cancelling all previously authorized structural/fixed positions and any forbearance limit. The Intermediate Circular 730 issued on 20 February 2025 circular stated that excesses over set limits whether long or short should be liquidated by 31 December 2025.

- Intermediate Circular 689 issued on 2 February 2024 permitting the full inclusion in Common Equity Tier 1 of balance of Foreign Currency Translation Adjustments as well as 75% of net changes from FVTOCI instruments. Besides, it allowed a full draw down of the 2.5% capital conservation buffer during years 2023 and 2024.

- Intermediate Circular 690 issued on 2 February 2024 permitting the full inclusion in the regulatory equity of positive balance (gains) of Foreign Currency Translation Reserve noting that this equity is used for the computation of various regulatory ratios other than capital adequacy ratios (FX position, limit of placement with FI, Code of money credit ("CMC") 153 limit.

- Basic Circular 166 issued on 2 February 2024 defining a new mechanism for the repayment of restricted funds in FCY and de-facto replacing Basic Circular 151, which authorized limited withdrawals in LBP from foreign currencies accounts at pre-defined exchange rates and has not been renewed. Beneficiaries from said circular – who cannot be old or current beneficiaries from Basic Circular 158 - would be able to withdraw on a monthly basis USD150 in cash up to a cumulative amount of USD 4,350 until June 2026. 50% of said amount will be financed from the Bank's own liquidity and 50% from the Bank's restricted funds with BdL. Certain exclusions parameters apply to potential customers wishing to benefit from the circular (Customers who did not return offshore transfers as per basic circular 154, traders of checks, customers who converted LBP deposits into foreign currencies for at least USD 300,000 post-crisis with the exception of those who converted their end of service indemnity, customers who settled their FCY loans for an amount equivalent to USD 300,000 from LBP proceeds, beneficiaries of sayrafa transactions above or equal to USD 75,000, corporate clients, etc.). On 27 June 2024, Intermediate Circular 698 expanded the scope of beneficiaries to include minors. Besides, beneficiaries of BdL Basic Circular 166 can now benefit from BdL Basic Circular 158 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 718 issued on 26 November 2024.

  During 2024 several intermediary circulars were issued granting additional payments to beneficiaries of Basic Circular 166 (2 in October 2024, 1 for each month from November 2024 to January 2025) All additional payments were financed from the Bank's compulsory reserves with BdL in foreign currency. Intermediate circular 728 issued on 20 February 2025 increased the monthly payment to be $250 for all beneficiaries of Basic Circular 166. The additional amounts were financed from the Bank's compulsory reserves with BdL in foreign currency.

- Basic Circular 167 issued on 2 February 2024 defining the published rate on BdL's electronic platform as the FX translation rate for the Bank's FCY monetary items as well for the non-monetary assets measured at fair value and assets measured as per equity method in line with IAS 21. This measure applies starting January 2024 reported financials.

- Intermediate Circular 708 issued on 20 September 2024 (amending Basic Circulars 43 and 44) changing the treatment of revaluation of foreclosed assets for regulatory capital calculation, to become allowed for inclusion as Common Equity Tier 1 for 75% of its value (previously 33% of this reserve was allowed for inclusion as Tier 2), subject to approval of the Central Bank of Lebanon on the revaluation gain and on the completion of the revaluation before 31 December 2025.

- Intermediate Circular 712 issued on 10 October 2024 (amending Basic Circular 147) requesting from Banks to refund customers' accounts with the proceeds of a Banker's check issued by the Bank from the concerned customer's account on the condition it has not been endorsed and there are no related litigations. Besides, if the customer is eligible, he can benefit from provisions of Basic Circulars 158 and 166.

- Intermediate Circular 723 issued on 13 January 2025 (amending Basic Circular 81) restricting the granting of loans in US Dollars to "cash money" only as per Basic Circular 165 definition.

- Intermediate Circular 733 issued on 27 March 2025 (amending Basic Circular 159) permitting banks to purchase foreign currencies provided that the margins and commissions do not exceed 1% of the purchase price to only sell local foreign currency only to Central Bank of Lebanon. Banks are also restricted to sell or purchase financial instrument in Local foreign currencies without prior approval from Central Bank of Lebanon (amended with Intermediate Circular 734 issued on 14 April 2025).

1.3. PARTICULAR SITUATION OF THE GROUP

EXCHANGE RATES

Several exchange rates had emerged since the last quarter of 2019 that varied significantly among each other and from the official published exchange rate. The official exchange rate was changed from LBP 1,507.5 to LBP 15,000 to the US Dollar in February 2023 and then from LBP 15,000 to LBP 89,500 to the US Dollar in January 2024. Sayrafa Rates (refer to below) and parallel market rates remained highly volatile and divergent from the official published exchange rates since the last quarter of 2019 up to the last change in the official published exchange rate in January 2024, as a result of which they became convergent.

Assets and liabilities in foreign currency, transactions in foreign currency and foreign currency translation reserves, regardless of whether they are onshore or offshore, were reflected in these consolidated financial statements at the official published exchange rates as follows:

	2024		2023	
	Year-end Rate LBP	Average Rate LBP	Year-end Rate LBP	Average Rate LBP
US Dollar	89,500.00	89,500.00	15,000.00	13,875.63
Euro	93,465.00	96,752.54	16,695.00	15,049.23
Swiss Franc	99,224.00	101,528.59	17,942.58	15,533.78
Turkish Lira	2,534.10	2,709.75	508.84	579.36
Saudi Riyal	23,835.00	23,852.32	3,999.60	3,698.81
Qatari Riyal	24,551.00	24,548.04	4,114.10	3,805.04

The exchange rates above consist of the official exchange rates published by the Central Bank of Lebanon on a monthly basis.

SAYRAFA PLATFORM

On 10 May 2021, the Central Bank of Lebanon issued Basic Circular 157 setting the framework of exceptional measures for foreign-currency operations. Hence, banks operating in Lebanon must process customers' FX operations (buy and sell) related to their personal or commercial needs on the electronic platform "Sayrafa". Transactions with customers encompass purchase and sale of foreign currencies banknotes against LBP, as well as operations from/to foreign currencies external accounts against LBP. Sayrafa corresponds to a floating system and the Sayrafa average rate and volume of foreign currency operations are published on the website of the Central Bank of Lebanon.

Foreign currency operations were executed on the Sayrafa platform at the following exchange rates:

	Rate as at 31 December 2024 LBP	Average Rate for the Year Ended 31 December 2024 LBP	Rate as at 31 December 2023 LBP	Average Rate for the Year Ended 31 December 2023 LBP
US Dollar	89,500	89,500	89,500	78,116

The platform rate is not available for the purchase and sale of and "local" foreign currency bank accounts which are subject to de-facto capital controls.

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The Group uses the official published exchange rate to translate all balances and transactions in foreign currencies, regardless of their source or nature. With respect to onshore monetary assets and liabilities, subject to de-facto capital controls, this does not always represent a reasonable estimate of expected cash flows in Lebanese Pounds that would have to be generated/used from the realisation of such assets or the payment of such liabilities at the date of the consolidated financial statements.

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Because of the gap between the several exchange rates available, the number of variables and assumptions affecting the possible future resolution of the uncertainties is very high, increasing the subjectivity and complexity of the judgment, and Management was unable to determine the rate at which the future cash flows represented by the transaction or balance could have been settled depending on its source and nature, if those cash flows had occurred at the measurement date. Accordingly, the Group used the official published exchange rate to translate all balances and transactions in foreign currencies, regardless of their source or nature which did not represent a reasonable estimate of expected cash flows in Lebanese Pounds that would have to be generated/ used from the realisation of such assets or the payment of such liabilities

EXCEPTED CREDIT LOSSES

As at 31 December 2024, loss allowances on assets held at the Central Bank of Lebanon are recorded in these consolidated financial statements at the loss rates mentioned in the Central Bank of Lebanon's Basic Circular 44. Due to the high levels of uncertainty and to the lack of observable indicators and of visibility on the government's plans with respect to banks' exposure to the Central Bank of Lebanon and Lebanese sovereign, we are unable to estimate in a reasonable manner expected credit losses on these exposures. Accordingly, these consolidated financial statements do not include adjustments of the carrying amount of these assets to their recoverable amounts based on International Financial Reporting Standards and an expected credit loss model.

The impact is expected to be pervasive and will be reflected in the consolidated financial statements once the debt restructuring has been defined conclusively by the government and all uncertainties and constraints are resolved, and once the mechanism for allocating losses by asset class and currency is clear and conclusive. Maximum exposures to the credit risk of the Central Bank of Lebanon and the Lebanese government and the recognised loss allowances, as well as their staging, are detailed in Note 52 to these consolidated financial statements.

As a result of the negative economic conditions and the deepening of the recession, the credit quality of the private loans portfolio concentrated in Lebanon has significantly deteriorated since the last quarter of 2019. The deterioration was further aggravated by the effects of the significant high inflation in Lebanon. Since the start of the Lebanese crisis, the Bank has been implementing a de-risking strategy by considerably reducing its assets size, specifically its portfolio of private loans concentrated in Lebanon. It has also set up a centralised and specialised remedial function to proactively review and manage the quality of its various portfolios. The private loans portfolio of Lebanese entities has significantly contracted since the onset of the Lebanese crisis as it decreased from USD 3.9 billion at 31 December 2019 to USD 0.3 billion as at 31 December 2024. With all other variables held constant, Management believes that the significant devaluation of the Lebanese Pound (and de-facto local US Dollar) and the triple digit inflation, reduced the risks of default compared to 31 December 2019. However, given the high level of uncertainties facing the Lebanese economy and the expected type of instruments underlying future cash flows on settlement of these private loans, loss allowances have been estimated based on the best available information at the reporting date about past events, current conditions and forecasts of economic conditions combined with expert judgment. Maximum exposures to the credit risk of the Group's portfolio of private loans and the recognised loss allowances, as well as their staging, are detailed in Note 52 to these consolidated financial statements.

The consolidated financial position of the Group, as reported in these consolidated financial statements, does not reflect the adjustments that would be required by IFRS as a result of the future government reform program, the deep recession, the currency crisis and the hyperinflation. Due to the high levels of uncertainties, the lack of observable indicators, the uncertainty on the exchange rate, and the lack of visibility on the government's plans with respect to: (a) the high exposures of banks with the Central Bank of Lebanon, (b) the Lebanese sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, Management is unable to estimate in a reasonable manner the impact of these matters on its consolidated financial position. Management anticipates that the above matters will have a materially adverse impact on the Group's consolidated financial position and its consolidated equity.

LITIGATIONS AND CLAIMS

Until the above uncertainties are resolved, the Group is continuing its operations as performed since 17 October 2019 and in accordance with the laws and regulations. De-facto capital controls and inability to transfer foreign currencies to correspondent banks outside Lebanon are exposing the Group to litigations that are dealt with on a case by case basis when they occur. The Group has been subject to increased litigations as a result of these restrictive measures adopted by Lebanese banks in relation to withdrawal of funds and transfers abroad, as well as in relation to the repayment by customers of local foreign currency loans in Lebanese Pounds. Management is carefully considering the impact of these litigations and claims. There are still uncertainties related to the consequences of these restrictive measures based on the current available information and the prevailing laws and local banking practices. Management believes that a legislative solution is urgently needed, through the enactment of laws that are appropriate for the adjudication of the unconventional legal disputes arising under the current exceptional circumstances. Due to recent developments and the increasing trend in judgments ruled in favour of the plaintiffs and customers from the years 2021 till 2024. Management considers that they may affect negatively the liquidity of the Group (refer to Note 56). The amount cannot be determined presently.

TAXES, SOCIAL SECURITY CONTRIBUTIONS AND RELATED PROVISIONS

Due to the availability of several exchange rates in the Lebanese market, the determination of taxes, social security contributions and related provisions in relation to transactions or activities in foreign currencies are highly sensitive to the exchange rates applied. As a result of the unprecedented events and circumstances, there is high level of judgment involved in deciding on the exchange rates used and any change in these exchange rates, would result in a different determination of taxes, social security contributions and related provisions.

LAW 330 DATED 4 DECEMBER 2024

Law 330 enacted on 4 December 2024 (amending Article 45 of Income Tax Law 144 and its amendments), authorized taxpayers to conduct a nontaxable exceptional revaluation of fixed assets and inventory, and an exceptional adjustment on the negative or positive foreign exchange differences resulting from receivable and payable balances and from financial accounts in foreign currency. On 12 March 2025, the Ministry of Finance issued the decisions 338, 339 and 340 related to the application of Law 330. Due to the late issuance of the decisions, the Group was unable to quantify or record the impact of the law on the taxes in the Group's consolidated financial statements for the year ended 31 December 2024. The Group is currently working to identify all impacts the law will have on the consolidated financial statements.

MEASURES BY THE BANK

Meanwhile, the Bank is exerting extended efforts to (a) strengthen its capitalisation, (b) enhance the quality of its private loans portfolio, deleveraging it as appropriate and downsizing its balance sheet, (c) build up its offshore liquidity and reduce its commitments and contingencies to correspondent banks and financial institutions outside Lebanon, and (d) manage operating profitability.

On 1 October 2020, the Bank received a letter from the Central Bank of Lebanon, referring to Basic Circular 154 and Intermediate Circular 567, and requesting the Bank to submit a roadmap that sets out the following:

- The Bank's overall strategy for the years 2020-2024.
- The Bank's assessment of its portfolio of private loans and expected credit losses as at 31 December 2020, as well as total realised and expected losses for the year 2020.
- The amount of expected credit losses that have not been translated yet to foreign currencies.
- The capital needs to comply with the minimum required capital and the measures and sources that will be relied upon to cover the shortfall, when existing.
- The Bank's strategy with respect to its investments in foreign banks and branches.
- The mechanism to rectify any non-compliance with regulatory requirements.
- The measures that will be taken to rectify non-compliances with articles 154 and 153 of the Code of Money and Credit, if any.
- The measures that will be taken to attract foreign liquidity or "fresh funds" and to cover liquidity onshore and offshore commitments.

The roadmap was submitted to the Central Bank of Lebanon on 18 February 2021, including a number of assumptions that remain highly susceptible to material change depending on the evolution of the financial, monetary and operating conditions in Lebanon. Hence, a definitive reasonable and credible roadmap can only be achieved once the many material uncertainties still governing the outlook in Lebanon are resolved and the amount of recapitalisation needs is accurately determinable.

Once the above uncertainties are resolved, a pro-forma balance sheet of the Bank will be prepared which will include the effects of the hyperinflation, the effects of the restructuring of the government debt securities, the effects of the restructuring of the Central Bank of Lebanon balance-sheet and the effects on its private loan portfolio.

The Bank's key strategic objectives during this challenging period focused on the consolidation and de-risking of the domestic franchise and operations, and the ring-fencing of foreign entities and branches from Lebanon's spill-over effects.

In practice, Management has adopted a new strategic direction focusing on six main pillars to face the current financial and economic environment. These pillars are:

1. Asset quality: reduce the risk profile of the Group through the management of the Group's portfolio of assets by (1) sustaining the loan deleveraging policy, (2) maintaining higher loss allowances coverage, (3) closely monitoring the lending portfolios while taking early remedial actions on problematic files, and (4) smoothly reducing sovereign debt exposure, especially in foreign currency.

2. Quality of earnings: efforts to attract low cost and stable funding while maintaining relationships with good profile obligors with consistent and recurring returns and ancillary revenues. End result is for foreign entities to continue to provide the Group with diversified income generation capacity. Continuous rationalisation of operating expenses targeting a lean organisational structure, improving operational efficiency and reducing cost structure to adapt to the changing operating environment and the level of revenue streams of the Group.

3. Liquidity and ALM: create a liquidity buffer in anticipation of turbulences.

4. Solvency: maintain sufficient capital buffers over the minimum regulatory capital adequacy levels (calculated in accordance with the rules established by the Central Bank of Lebanon).

5. Operational and other non-financial risks: management of operational, compliance, legal, conduct, cyber, strategic and third-party risks while constantly updating business continuity plans to adapt to disruptions in business activities due to new occurring risks and changes.

6. Governance: strict adherence to the internal and regulatory Governance principles, with a particular focus on the control and risk-based oversight role of the Board of Directors to adapt to the particular requirements of the current challenging environment while mobilising the Bank's executive, control, and oversight committees for the continued effectiveness of the control framework. Maintaining abidance by CSR principles to ensure sustainability of the Group, taking into account the economic, social and environmental parameters of our operations in Lebanon and abroad.

The Group is taking measures to help strengthen its financial position, including international liquidity and solvency metrics. However, as at 31 December 2024, consolidated capital adequacy ratios stood at 5.6%, 5.6% and 7.4% for CET1, Tier 1 and Total CAR respectively (minimum regulatory levels of 4.5%, 6.0% and 8.0%, since banks are allowed to draw down on the 2.5% capital conservation buffer during 2023 and 2024).

In the continued absence of the long-awaited banking restructuring plan, the Bank is unable to predict the impact of the crisis and the then adopted restructuring plan on the financial statements of the Bank in Lebanon, nor it is able to predict the measures that might be taken by the regulator in that regard. The Bank is also uncertain whether the measures implemented since the outset of the crisis and mentioned above would be sufficient to cover all its commitments as they become due and restore the activities of the Bank to normal pre-crisis levels. Such sufficiency and a reasonable and credible plan can only be achieved once the uncertainties from the prevailing crisis, and, as well as the implementation of a clear national fiscal and economic recovery plan are resolved. It is only at that particular point in time that a pro-forma balance sheet of the Bank will be prepared and will include the effects of the hyperinflation, the effects of the restructuring of the government debt securities, the effects of the restructuring of the Central Bank of Lebanon balance-sheet and to a lesser extend the effects on its private loan portfolio.

The Lebanese crisis which was set off during the last quarter of 2019 has imposed severe limitations on the ability to conduct Commercial Banking activities or transactions under the normal course of business in Lebanon. Market embedded factors, such as de-facto capital controls, inability to secure foreign liquidity and the existence of several values for the US Dollar, resulted into several practices and transactions that would not qualify as normal course of business in a non-crisis environment, and for which there are no directly observable prices or a governing legal/ regulatory framework. Such practices and transactions expose the Bank to increased litigation and regulatory risks, and negatively impact the financial position of the Bank, its regulatory ratios and covenants due the adverse effects of the uncertainties. There is a significant uncertainty in relation to the extent and period over which this situation will continue and the impact that conducting operations under a crisis environment in the foreseeable future will further have on the Group's financial position, future cash flows, results of operations, regulatory ratios and covenants. The Group's realisation value of assets and sufficiency and settlement value of liabilities are premised on future events, the outcome of which are inherently uncertain.

2.0. MATERIAL ACCOUNTING POLICIES

2.1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis except for: a) the revaluation of land and buildings pursuant to the adoption of the revaluation model of IAS 16 for this asset class, and b) the measurement at fair value of derivative financial instruments, financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive income.

The consolidated financial statements are presented in Lebanese Pounds (LBP) which is the Bank's functional currency, and all values are rounded to the nearest million, except when otherwise indicated.

As of 31 December 2024 and 2023, all conditions have been met for the Group's financial statements to incorporate the inflation adjustment provided under IAS 29 "Financial Reporting in Hyperinflationary Economies". IFRS requires that financial statements of any entity whose functional currency is the currency of a hyperinflationary economy be restated into the current purchasing power at the end of the reporting period. Paragraph 4 of IAS 29 states that it is preferable for all entities that report in the currency of a hyperinflationary economy to apply the standard at the same date. In order to achieve uniformity as to the identification of an economic environment of this kind, IAS 29 provides certain guidelines: a cumulative three-year inflation rate exceeding 100% is a strong indicator of hyperinflation, but also qualitative factors, such as analysing the behaviour of population, prices, interest rates and wages should also be considered.

The Lebanese Central Administration of Statistics reported 3-year and 12-month cumulative rates of inflation of 666% and 18%, respectively, as of December 2024 (2023: 2,005% and 192%). Qualitative indicators, following the deteriorating economic condition and currency controls, also support the conclusion that Lebanon is a hyperinflationary economy for accounting purposes for periods ending on or after 31 December 2020. As of December 2024 and based on the inflation data published by Turkey Statistical Institute on 3 January 2025, the 3-year and 12-month cumulative increase in Consumer Price Index has been 290.79% and 44.38% (31 December 2023: 308.66% and 64.8%). Accordingly, the Turkish economy was defined as hyperinflationary economy and consequently IAS 29 should be implemented on the financial statements of the Group's subsidiary in Turkey starting for periods ending on or after 30 June 2022.

Therefore, entities whose functional currency is the Lebanese Pound or Turkish Lira should restate their financial statements to reflect the effects of inflation in conformity with IAS 29. Such restatements shall be made as if the Lebanese economy has always been hyperinflationary, using a general price index that reflects the changes in the currency's purchasing power.

The effects of the application of IAS 29 are summarised below:

(a) Financial statements must be adjusted to consider the changes in the currency's general purchasing power, so that they are expressed in the current unit of measure at the end of the reporting period.

(b) In summary, the restatement method under IAS 29 is as follows:

i. Monetary items are not restated in as much as they are already expressed in terms of the measuring unit current at the closing date of the reporting period. In an inflationary period, keeping monetary assets generates loss of purchasing power and keeping monetary liabilities generates an increase in purchasing power. The net monetary gain or loss shall be included as income for the period for which it is reported.

ii. Non-monetary items carried at the current value of the end date of the reporting period shall not be restated to be presented in the balance sheet, but the restatement process must be completed in order to determine into the current purchasing power at the end of the reporting period the income derived from such non-monetary items.

iii. Non-monetary items carried at historical cost or at the current value of a date prior to the end of the reporting period are restated using coefficients that reflect the variation recorded in the general level of prices from the date of acquisition or revaluation to the closing date of the reporting period, then comparing the restated amounts of such assets with the relevant recoverable values. Depreciation charges of property, plant and equipment and amortisation charges of intangible assets recognised in profit or loss for the period, as well as any other consumption of non-monetary assets will be determined based on the new restated amounts.

iv. Income and expenses are restated from the date when they were recorded, except for those profit or loss items that reflect or include in their determination the consumption of assets carried at the purchasing power of the currency as of a date prior to the recording of the consumption, which are restated based on the date when the asset to which the item is related originated; and except those profit or loss items originated from comparing two measurements expressed in the purchasing power of currency as of different dates, for which it is necessary to identify the compared amounts, restate them separately and compare them again, but with the restated amounts.

v. At the beginning of the first year of application of the restatement method of financial statements in terms of the current measuring unit, the prior year comparatives are restated in terms of the measuring unit current at the end of the current reporting period. The equity components, except for reserved earnings and undistributed retained earnings, shall also be restated, and the amount of undistributed retained earnings shall be determined by the difference between net assets restated at the date of transition and the other components of opening equity expressed as indicated above, once all remaining equity components are restated.

As of the date of the accompanying consolidated financial statements, Management is temporarily unable to apply the above-mentioned standard, nor is it able to quantify the effect that the application of IAS 29 would have on the presented consolidated financial statements due to the following considerations: the significant divergence in exchange rates, the lack of consensus on the general price index and the lack of views of relevant regulators, including tax authorities. However, management estimates such effects to be significant. This situation must be taken into account when interpreting the information reported by the Group in the accompanying consolidated financial statements including its consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement.

The Group is currently assessing the date at which it will apply IAS 29. The application of IAS 29 is very complex and requires the Group to develop new accounting software and processes, internal controls and governance framework. Based on the Group's preliminary assessment, the absence of an official legal payment and settlement mechanism that would reflect in a reasonable manner, the expected cash flows for assets and liabilities in foreign currencies, and the absence of an accurate reflection of price changes impede the useful information that would have been otherwise produced from the application of IAS 29. Accordingly, the Group has postponed the application of IAS 29 and incurring costs for developing accounting processes and a governance framework until the Group is comfortable that such application would provide the users with more relevant information.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB), and the regulations of the Central Bank of Lebanon and the Banking Control Commission ("BCC").

PRESENTATION OF FINANCIAL STATEMENTS

The Group presents its statement of consolidated financial position broadly in order of liquidity. An analysis regarding recovery or settlement within one year after the statement of consolidated financial position date (current) and more than one year after the statement of consolidated financial position date (non-current) is presented in these Notes.

Financial assets and financial liabilities are generally reported gross in the consolidated statement of financial position. They are offset and the net amount is reported only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis – or to realise the assets and settle the liability simultaneously – in all of the following circumstances: a) the normal course of business, b) the event of default, and c) the event of insolvency or bankruptcy of the Group and/or its counterparties. Only gross settlement mechanisms with features that eliminate or result in insignificant credit and liquidity risk and that process receivables and payables in a single settlement process or cycle would be, in effect, equivalent to net settlement. This is not generally the case with master netting agreements; therefore the related assets and liabilities are presented gross in the consolidated statement of financial position. Income and expense will not be offset in the consolidated income statement unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the Group. The effect of netting arrangements is disclosed in Note 30.

2.2. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Bank Audi sal and its subsidiaries as at 31 December 2024. Details of the principal subsidiaries are given in Note 45.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee.
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. However, under individual circumstances, the Group may still exercise control with less than 50% shareholding or may not be able to exercise control even with ownership over 50% of an entity's shares. When assessing whether it has power over an investee and therefore controls the variability of its returns, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee.
- The relevant activities and how decisions about those activities are made, and whether the Group can direct those activities.
- Contractual arrangements such as call rights, put rights and liquidation rights.
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interests and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control.

Where the Group loses control of a subsidiary but retains an interest in it, then such interest is measured at fair value at the date that control is lost with the change in carrying amount recognised in profit or loss. Subsequently, it is accounted for as an equity-accounted investee or in accordance with the Group's accounting policy for financial instruments depending on the level of influence retained. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. As such, amounts previously recognised in other comprehensive income are transferred to consolidated income statement.

NON-CONTROLLING INTERESTS

Non-controlling interests represent the portion of profit or loss and net assets of subsidiaries not owned by the Group. The Group has elected to measure the non-controlling interests in acquirees at the proportionate share of each acquiree's identifiable net assets. Interests in the equity of subsidiaries not attributable to the Group are reported in consolidated equity as non-controlling interests.
Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group treats transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The Group applied for the first time, certain amendments to the standards which are effective for annual periods beginning on or after 1 January 2024. The nature and impact of each amendment is described below:

AMENDMENTS TO IFRS 16: LEASE LIABILITY IN A SALE AND LEASEBACK

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the Group's consolidated financial statements.

AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The amendments had no impact on the Group's consolidated financial statements.

SUPPLIER FINANCE ARRANGEMENTS - AMENDMENTS TO IAS 7 AND IFRS 7

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:

Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The transition rules clarify that an entity is not required to provide disclosures in any interim periods in the year of initial application of the amendments. Thus, the amendments had no impact on the Group's consolidated financial statements.

2.4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

LACK OF EXCHANGEABILITY – AMENDMENTS TO IAS 21

In August 2023, the Board issued Lack of Exchangeability (Amendments to IAS 21). The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments will be effective for annual reporting periods beginning on or after 1 January 2025. Early adoption is permitted but will need to be disclosed. When applying the amendments, an entity cannot restate comparative information. The Group is currently assessing the impact of the amendments on the Group's financial statements.

IFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

In addition, narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after 1 January 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively. The Group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

2.5. SUMMARY OF MATERIAL ACCOUNTING POLICIES

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group makes an acquisition meeting the definition of a business under IFRS 3, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the consolidated income statement. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured until it is finally settled within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the consolidated statement of comprehensive income in accordance with IFRS 9.

Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) or group of CGUs, which are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit to which the goodwill is allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment in accordance with IFRS 8 "Operating Segments".

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor separately tested for impairment.

The income statement reflects the Group's share of the results of operations of the associates. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The financial statements of associates are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss in the consolidated income statement.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is transferred to consolidated income statement where appropriate. Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

FOREIGN CURRENCIES

The consolidated financial statements are presented in Lebanese Pound (LBP) which is also the Bank's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The Bank uses the step-by-step method of consolidation.

(I) TRANSACTIONS AND BALANCES

Transactions in foreign currencies are initially recorded at the functional currency rate of exchange ruling at the date of the transaction (as disclosed in Note 1).

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange (as disclosed in Note 1) at the date of the statement of financial position. All differences are taken to "net trading gain" in the consolidated income statement, except for monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time the cumulative amount is reclassified to the income statement. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or the income statement are also recognised in other comprehensive income or the income statement, respectively).

(II) GROUP COMPANIES

On consolidation, the assets and liabilities of subsidiaries and overseas branches are translated into the Bank's presentation currency at the rate of exchange as at the reporting date (as disclosed in Note 1), and their income statements are translated at the monthly average exchange rates for the year (as disclosed in Note 1). Exchange differences arising on translation are recognised in OCI. On disposal of a foreign entity, the deferred cumulative amount recognised in OCI relating to that particular foreign operation is reclassified to the consolidated income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operations and translated at the exchange rate on the reporting date (as disclosed in Note 1).

FINANCIAL INSTRUMENTS – INITIAL RECOGNITION

(I) DATE OF RECOGNITION

All financial assets and liabilities are initially recognised on the settlement date. This includes "regular way trades": purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(II) INITIAL MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial instruments are initially measured at their fair value, plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

In the case of a financial instrument measured at fair value, with the change in fair value being recognised in the income statement, the transaction costs are recognised as revenue or expense when the instrument is initially recognised. When the fair value of financial instruments at initial recognition differs from the transaction price, the Group accounts for the Day 1 profit or loss, as described below.

(III) DAY 1 PROFIT OR LOSS

When the transaction price differs from the fair value at origination and the fair value is based on a valuation technique using only observable inputs in market transactions, the Group immediately recognises the difference between the transaction price and fair value (a "Day 1" profit or loss) in the consolidated income statement. In cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in the consolidated income statement when the inputs become observable, or when the instrument is derecognised.

FINANCIAL ASSETS – CLASSIFICATION AND MEASUREMENT

On initial recognition, financial assets are classified as measured at: amortised cost, fair value through other comprehensive income, or fair value through profit or loss on the basis of two criteria:

(i) The business model within which financial assets are measured; and
(ii) Their contractual cash flow characteristics (whether the cash flows represent "solely payments of principal and interest" (SPPI)).

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

All other financial assets are classified as measured at fair value through profit or loss.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. This election is made on an investment-by-investment basis.

On initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group is required to disclose such financial assets separately from those mandatorily measured at fair value.

BUSINESS MODEL

The Group determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. Generally, a business model is a matter of fact which can be evidenced by the way business is managed and the information provided to Management.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:
- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's Key Management Personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- How Managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account.

The Group's business model can be to hold financial assets to collect contractual cash flows even when sales of financial assets occur. However, if more than an infrequent number of sales are made out of a portfolio, the Group needs to assess whether and how such sales are consistent with an objective of collecting contractual cash flows. If the objective of the Group's business model for managing those financial assets changes, the Group is required to reclassify financial assets.

THE SPPI TEST

As a second step of its classification process, the Group assesses the contractual terms of financial assets to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at fair value though profit and loss.

FINANCIAL ASSETS AT AMORTISED COST

Balances with central banks, due from banks and financial institutions, loans to banks and financial institutions and reverse repurchase agreements, loans and advances to customers and related parties at amortised cost, and financial assets at amortised cost.

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributed to the acquisition are also included in the cost of investment. After initial measurement, these are subsequently measured at amortised cost using the EIR, less expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. The amortisation is included in "interest and similar income" in the consolidated income statement. Losses arising from impairment are recognised in the consolidated income statement in "net recovery (impairment loss) on financial assets". Gains and losses arising from the derecognition of financial assets measured at amortised cost are reflected under "net gain (loss) on derecognition of financial assets at amortised cost" in the consolidated income statement.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt Instruments at Fair Value through Other Comprehensive Income

These financial assets are initially recognised at cost, being the fair value of the consideration paid for the acquisition of the investment. All transaction costs directly attributed to the acquisition are also included in the cost of investment. After initial measurement, these are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in other comprehensive income. Interest income and foreign exchange gains and losses are recognised in the income statement in the same manner as for financial assets measured at amortised cost. The ECL calculation for debt instruments at fair value through other comprehensive income is explained below. On derecognition, cumulative gains or losses previously recognised in other comprehensive income are reclassified from other comprehensive income to the income statement.

Equity Instruments at Fair Value through Other Comprehensive Income

Upon initial recognition, the Group can elect to classify irrevocably some of its investments in equity instruments at fair value through other comprehensive income when they are not held for trading. Such classification is determined on an instrument-by-instrument basis.

These financial assets are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated under equity. The cumulative gain or loss will not be reclassified to the consolidated income statement on disposal of the investments.

Dividends on these investments are recognised under "non-interest revenue from financial assets at fair value through other comprehensive income" in the consolidated income statement when the Group's right to receive payment of dividend is established in accordance with IFRS 15 "Revenue from contracts with customers", unless the dividends clearly represent a recovery of part of the cost of the investment. Equity instruments at fair value through other comprehensive income are not subject to an impairment assessment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Included in this category are those debt instruments that do not meet the conditions in "financial assets at amortised cost" and "financial assets at fair value through other comprehensive income" above, debt instruments designated at fair value through profit or loss upon initial recognition, and equity instruments at fair value through profit or loss. Management only designates a financial asset at fair value through profit and loss upon initial recognition when the designation eliminates, significantly reduces, the inconsistent treatment that would otherwise arise from measuring assets or recognising gains and losses on them on a different basis.

Debt Instruments at Fair Value through Profit or Loss and Loans and Advances at Fair Value

These financial assets are recorded in the consolidated statement of financial position at fair value. Transaction costs directly attributable to the acquisition of the instrument are recognised as revenue or expense when the instrument is initially recognised. Changes in fair value and interest income are recorded under "net trading gain" in the consolidated income statement. Gains and losses arising from the derecognition of debt instruments and other financial assets at fair value through profit or loss are also reflected under "net trading gain" in the consolidated income statement, showing separately those related to financial assets designated at fair value upon initial recognition from those mandatorily measured at fair value.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments in equity instruments are classified at fair value through profit or loss, unless the Group designates at initial recognition an investment that is not held for trading as at fair value through other comprehensive income. These financial assets are recorded in the consolidated statement of financial position at fair value. Changes in fair value and dividend income are recorded under "net trading gain" in the consolidated income statement. Gains and losses arising from the derecognition of equity instruments at fair value through profit or loss are also reflected under "net trading gain" in the consolidated income statement.

FINANCIAL LIABILITIES (OTHER THAN FINANCIAL GUARANTEES, LETTERS OF CREDIT AND LOAN COMMITMENTS) – CLASSIFICATION AND MEASUREMENT

Liabilities are initially measured at fair value plus, in the case of a financial liability not at fair value through profit or loss, particular transaction costs. Liabilities are subsequently measured at amortised cost or fair value.

The Group classifies all financial liabilities as subsequently measured at amortised cost using the effective interest rate method, except for:

- Financial liabilities at fair value through profit or loss (including derivatives).
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- Contingent consideration recognised in a business combination in accordance with IFRS 3.

The Group may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when:

- Doing so results in more relevant information because it either eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as "an accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's Key Management Personnel; or
- A group of financial liabilities contains one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivatives is prohibited.

Financial liabilities at fair value through profit and loss are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recorded in the income statement with the exception of movements in fair value of liabilities designated at fair value through profit and loss due to changes in the Group's own credit risk. Such changes in fair value are recognised in other comprehensive income, unless such recognition would create an accounting mismatch in the consolidated income statement. Changes in fair value attributable to changes in credit risk do not get recycled to the consolidated income statement.

Interest incurred on financial liabilities designated at fair value through profit or loss is accrued in interest expense using the EIR, taking into account any discount/premium and qualifying transaction costs being an integral part of instrument.

Debt Issued and Other Borrowed Funds

Financial instruments issued by the Group, which are not designated at fair value through profit or loss, are classified under "debt issued and other borrowed funds" where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, debt issued and other borrowings are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method.

A compound financial instrument which contains both a liability and an equity component is separated at the issue date. A portion of the net proceeds of the instrument is allocated to the debt component on the date of issue based on its fair value (which is generally determined based on the quoted market prices for similar debt instruments). The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the debt component. The value of any derivative features (such as a call option) embedded in the compound financial instrument other than the equity component is included in the debt component.

Due to Central Banks, Due to Banks and Financial Institutions, Due to Banks under Repurchase Agreements and Customers' and Related Parties' Deposits

After initial measurement, due to central banks, banks and financial institutions, bonds under repurchase agreements, and customers' and related parties' deposits are measured at amortised cost less amounts repaid using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the effective interest rate method. Customers' deposits which are linked to the performance of indices or commodities are subsequently measured at fair value through profit or loss.

DERIVATIVES RECORDED AT FAIR VALUE THROUGH PROFIT OR LOSS

A derivative is a financial instrument or other contract with all three of the following characteristics:

a) Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (also known as the "underlying").
b) It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
c) It is settled at a future date.

The Group enters into derivative transactions with various counterparties. These include interest rate swaps, futures, credit derivatives, cross-currency swaps, forward foreign exchange contracts and options on interest rates, foreign currencies and equities.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed separately in the notes. Changes in the fair value of derivatives are recognised in "net trading gain" in the consolidated income statement, unless hedge accounting is applied, which is discussed in under "hedge accounting policy" below.

EMBEDDED DERIVATIVES

An embedded derivative is a component of a hybrid instrument that also includes a non-derivative host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract. A derivative that is attached to a financial instrument, but is contractually transferable independently of that instrument, or has a different counterparty from that instrument, is not an embedded derivative, but a separate financial instrument.

An embedded derivative is separated from the host and accounted for as a derivative if, and only if:

(a) The hybrid contract contains a host that is not an asset within the scope of IFRS 9.
(b) The economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host.
(c) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
(d) The hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

FINANCIAL GUARANTEES, LETTERS OF CREDIT AND UNDRAWN LOAN COMMITMENTS

Financial guarantees are initially recognised in the consolidated financial statements at fair value, being the premium received. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the consolidated income statement, and an ECL provision. The premium received is recognised in the income statement in "net fees and commission income" on a straight line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Group is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments are not recorded in the statement of financial position. The nominal values of these instruments, together with the corresponding ECLs, are disclosed in these notes.

RECLASSIFICATION OF FINANCIAL ASSETS

The Group reclassifies financial assets if the objective of the business model for managing those financial assets changes. Such changes are expected to be very infrequent and are determined by the Group's Senior Management as a result of external or internal changes when significant to the Group's operations and demonstrable to external parties.

If financial assets are reclassified, the reclassification is applied prospectively from the reclassification date, which is the first day of the first reporting period following the change in business model that results in the reclassification of financial assets. Any previously recognised gains, losses or interest are not restated.

If a financial asset is reclassified so that it is measured at fair value, its fair value is determined at the reclassification date. Any gain or loss arising from a difference between the previous carrying amount and fair value is recognised in the income statement. If a financial asset is reclassified so that it is measured at amortised cost, its fair value at the reclassification date becomes its new carrying amount.

DERECOGNITION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

FINANCIAL ASSETS

(i) Derecognition Due to Substantial Modification of Terms and Conditions

If the terms of a financial asset are modified, then the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- Fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset.
- Other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Group plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place (see below).

If the modification of a financial asset measured at amortised cost or fair value through other comprehensive income does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

(ii) Derecognition Other than for Substantial Modification

A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition. The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset; or
- The Group retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the "original asset"), but assumes a contractual obligation to pay those cash flows to one or more entities (the "eventual recipients"), when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if:

- The Group has transferred substantially all the risks and rewards of the asset; or
- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Group would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the consolidated income statement, as "other operating income" or "other operating expenses".

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

REPURCHASE AND REVERSE REPURCHASE AGREEMENTS

Securities sold under agreements to repurchase at a specified future date are not derecognised from the consolidated statement of financial position as the Group retains substantially all the risks and rewards of ownership. The corresponding consideration received (cash collateral provided) is recognised in the consolidated statement of financial position as an asset with a corresponding obligation to return it, including accrued interest as a liability within "due to banks under repurchase agreements", reflecting the transaction's economic substances as a loan to the Group. The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the EIR. When the counterparty has the right to sell or re-pledge the securities, the Group reclassifies those securities in its statement of financial position to "financial assets given as collateral".

Conversely, securities purchased under agreements to resell at a specified future date are not recognised in the consolidated statement of financial position. The consideration paid (cash collateral provided), including accrued interest is recorded in the consolidated statement of financial position within "loans to banks and financial institutions and reverse repurchase agreements", reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is recorded in "net interest income" and is accrued over the life of the agreement using the EIR. If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "financial liabilities at fair value through profit or loss" and measured at fair value with any gains or losses included in "net trading gain" in the consolidated income statement.

IMPAIRMENT OF FINANCIAL ASSETS

(i) OVERVIEW OF THE ECL PRINCIPLES

The Group records allowance for expected credit losses based on a forward-looking approach for all loans and other financial assets not held at fair value through profit or loss, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments". Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case the allowance is based on the 12 months' expected credit loss (12mECL). The 12mECL is the portion of lifetime ECLs which represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

(ii) MEASUREMENT OF ECLS

The Group measures ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Group if the commitment is drawn down and the cash flows that the Group expects to receive.
- Financial guarantee contracts: the expected payments to reimburse the holder less any amount that the Group expects to recover.

They key inputs into the measurements of ECL are:

- PD: the Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD: the Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, and expected drawdowns on committed facilities.
- LGD: the Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

These parameters are generally derived from statistical models and other historical data. Forward-looking information is incorporated in ECL measurements.

The Group measures ECLs using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk (SICR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For these instruments with a remaining maturity of less than 12 months, probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be impaired, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be impaired are included in this stage, the allowance for credit losses captures the lifetime expected credit losses, similar to Stage 2.

(iii) FORBORNE AND MODIFIED LOANS

The Group sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or otherwise enforcing collection of collateral. The Group considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Group would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Group's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Group also reassesses whether there has been a significant increase in credit risk. The Group also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- At least a 12-month probation period has passed.
- Three consecutive payments under the new repayment schedule have been made.
- The borrower has no past dues under any obligation to the Group.
- All the terms and conditions agreed to as part of the restructuring have been met.

If modifications are substantial, the loan is derecognised, as explained above.

(iv) CREDIT-IMPAIRED FINANCIAL ASSETS

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt financial assets carried at fair value through other comprehensive income, and finance lease receivables are credit-impaired (referred to as "Stage 3 financial assets"). A financial asset is "credit-impaired" when one or more events that have detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- Significant financial difficulty of the borrower or issuer.
- A breach of contract such as a default or past due event.
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- The disappearance of an active market for a security because of financial difficulties.

(v) WRITE-OFFS

Financial assets are written off either partially or in their entirety only when the Group has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to "net recovery (impairment loss) on financial assets".

(vi) DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the income statement. The accumulated loss recognised in OCI is recycled to the income statement upon derecognition of the assets.

(vii) COLLATERAL REPOSSESSED

The Group occasionally acquires properties in settlement of loans and advances. Upon initial recognition, those assets are measured at fair value as approved by the regulatory authorities. Subsequently, these properties are measured at the lower of carrying value or net realisable value.

Upon sale of repossessed assets, any gain or loss realised is recognised in the consolidated income statement under "other operating income" or "other operating expenses". Gains resulting from the sale of repossessed assets are transferred to "reserves appropriated for capital increase" in the following financial year.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives and non-financial assets, namely land and building and building improvements, at fair value at each balance sheet date. Also, fair values of financial instruments measured at amortised cost are disclosed in these notes.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Management determines the policies and procedures for both recurring and non-recurring fair value measurement. At each reporting date, Management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

HEDGE ACCOUNTING

As part of its risk management, the Group identifies a series of risk categories with corresponding hedging strategies using derivative instruments.

When a hedging relationship meets the specified hedge accounting criteria set out in IFRS 9, the Group applies one of the three types of hedge accounting: fair value hedges, cash flow hedges, or hedges of net investments in a foreign operation.

At the inception, the Group formally documents how the hedging relationship meets the hedge accounting criteria. It also records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness.

A hedging relationship qualifies for hedge accounting only if: (a) the hedging relationship consists only of eligible hedging instruments and eligible hedged items; (b) at the inception of the hedging relationship, there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge; and (c) the hedging relationship meets all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would create hedge ineffectiveness that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

At each hedge effectiveness assessment date, a hedge relationship must be expected to be highly effective on a prospective basis in order to qualify for hedge accounting. The effectiveness test can be performed qualitatively or quantitatively. A formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item, both at inception and semi-annually on an ongoing basis. Hedge ineffectiveness is recognised in the consolidated income statement in "net trading gain".

The Group applies the IBOR reform Phase 1 reliefs to hedging relationships directly affected by IBOR reform during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (RFR). The reliefs apply during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). A hedging relationship is affected if interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The reliefs require that for the purpose of determining whether a forecast transaction is highly probable, it is assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform. IBOR reform Phase 1 requires that for hedging relationships affected by IBOR reform, the Group must assume that for the purpose of assessing expected future hedge effectiveness, the interest rate is not altered as a result of IBOR reform. The reliefs cease to apply once certain conditions are met. These include when the uncertainty arising from IBOR reform is no longer present with respect to the timing and amount of the benchmark-based cash flows of the hedged item, if the hedging relationship is discontinued or once amounts in the cash flow hedge reserve have been released.

IBOR reform Phase 2 provides temporary reliefs that allow the Bank's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. The reliefs require the Group to amend the hedge designations and hedge documentation.

(i) FAIR VALUE HEDGES

For qualifying fair value hedges, the gain or loss on the hedging instrument is recognised in the consolidated income statement under "net trading gain". Hedging gain or loss on the hedged item adjusts the carrying amount of the hedged item and is recognised in the consolidated income statement also under "net trading gain". If the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, those amounts remain in other comprehensive income.

If the hedging instrument expires or is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge accounting, or the Group decides to voluntarily discontinue the hedging relationship, the hedge relationship is discontinued prospectively. If the relationship does not meet the hedge effectiveness criteria, the Group discontinues hedge accounting from the last date on which compliance with hedge effectiveness was demonstrated. If the hedge accounting relationship is terminated for an item recorded at amortised cost, the accumulated fair value hedge adjustment to the carrying amount of the hedged item is amortised over the remaining term of the original hedge by recalculating the EIR. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated income statement.

(ii) CASH FLOW HEDGES

For qualifying cash flow hedge, a separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

a) The cumulative gain or loss on the hedging instrument from inception of the hedge.
b) The cumulative change in fair value (present value) of the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (the portion that is offset by the change in the cash flow hedge reserve described above) shall be recognised in other comprehensive income. Any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognised in the consolidated income statement. The amount that has been accumulated in the cash flow hedge reserve and associated with the hedged item is treated as follows:

a) If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability without affecting other comprehensive income.

b) For cash flow hedges other than those covered by a), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income at that time remains in other comprehensive income and is recognised when the hedged forecast transaction is ultimately recognised in the consolidated income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to the consolidated income statement.

(iii) HEDGE OF NET INVESTMENTS

Hedges of net investments in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the consolidated income statement. On disposal or partial disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in the foreign currency translation reserve is transferred to the consolidated income statement as a reclassification adjustment.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

GROUP AS A LESSEE

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use Assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

The right-of-use assets are presented within “property, equipment and right-of-use assets” on the consolidated financial statements and are subject to impairment in line with the Group’s policy, as described under “impairment of non-financial assets”.

Depreciation charge for right-of-use assets is presented within “depreciation of property, and equipment and right-of-use assets” in the consolidated financial statements.

(ii) Lease Liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in- substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group’s lease liabilities are included under “other liabilities”. Moreover, the interest charge on lease liabilities is presented within “interest and similar expenses” in consolidated financial statements.

(iii) Short-term Leases and Leases of Low-value Assets

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Other rental expenses (including non-lease components paid to landlords) are presented within other operating expenses.

Group as a Lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

REVENUE RECOGNITION

The following specific recognition criteria must also be met before revenue is recognised.

(i) INTEREST AND SIMILAR INCOME AND EXPENSE

The Effective Interest Rate

Interest income and expense are recognised in the income statement applying the EIR method for all financial instruments measured at amortised cost, financial instruments designated at fair value through profit or loss, and interest-bearing financial assets measured at fair value through other comprehensive income.

The EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability. When calculating the EIR for financial instruments other than purchased or originated credit-impaired, an entity shall take into account all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but shall not consider the expected credit losses. For purchased or originated credit-impaired financial assets, a credit adjusted effective interest rate is calculated using estimated future cash flows and expected 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 interest rate, transaction costs, and all other premiums or discounts.

Interest Income and Interest Expense

The effective interest rate of a financial asset or a financial liability is calculated on initial recognition of the financial asset or financial liability. In determining interest income and expense, the EIR is applied to the gross carrying amount of the financial asset (unless the asset is credit-impaired) or the amortised cost of a financial liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts, unless the financial instrument is measured at fair value, with the change in fair value being recognised in the income statement. In those cases, the fees are recognised as revenue or expense when the instrument is initially recognised.

When a financial asset becomes credit-impaired after initial recognition, interest income is determined by applying EIR to the net amortised cost of the instrument. If the financial asset cures and is no longer credit-impaired, the Group reverts back to calculating interest income on a gross basis. Furthermore, for financial assets that were credit-impaired on initial recognition, interest is determined by applying a credit-adjusted EIR to the amortised cost of the instrument. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income calculated using the effective interest method presented in the consolidated income statement includes:

- Interest on financial assets at amortised cost.
- Interest on debt instruments measured at fair value through other comprehensive income.
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows in the same period as the hedged cash flows affect interest income/expense.

Interest expense presented in the consolidated income statement includes:

- Financial liabilities measured at amortised cost.
- The effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows in the same period as the hedged cash flows affect interest income/expense.

Interest income and expense on financial instruments measured at fair value through profit or loss are presented under “net trading gain” in the consolidated income statement.

(ii) FEE AND COMMISSION INCOME

The Group earns fee and commission income from a diverse range of services it provides to its customers. Fee income can be divided into the following two categories:

Fee Income Earned from Services that Are Provided over a Certain Period of Time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include commission income and asset management, custody and other management and advisory fees.

Loan commitment fees for loans that are likely to be drawn down and other credit related fees are deferred (together with any incremental costs) and recognised as an adjustment to the EIR on the loan. When it is unlikely that a loan be drawn down, the loan commitment fees are recognised as revenues on expiry.

Fee Income from Providing Transaction Services

Fees arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Fee or components of fee that are linked to a certain performance are recognised after fulfilling the corresponding criteria.

(iii) DIVIDEND INCOME

Dividend income is recognised when the right to receive the payment is established.

(iv) NET TRADING GAIN

Net trading gain comprises gains and losses related to trading assets and liabilities, non-trading derivatives held for risk management purposes that do not form part of qualifying hedging relationships, financial assets and financial liabilities designated as at fair value through profit or loss, and non-trading assets mandatorily measured at fair value through profit or loss. The line item includes fair value changes, interest, dividends and foreign exchange differences.

CASH AND CASH EQUIVALENTS

“Cash and cash equivalents” as referred to in the cash flow statement comprises balances with original maturities of a period of three months or less including cash and balances with central banks, deposits with banks and financial institutions, deposits due to banks and financial institutions, and repurchase and reverse repurchased agreements.

PROPERTY AND EQUIPMENT

"Property and equipment", except for land and buildings, is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property and equipment. When significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated income statement as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised since the date of revaluation. Valuations are performed by internal or external valuers with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the real estate revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the income statement, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

Accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated using straight line method to write down the cost of property and equipment to their residual value over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

• Buildings	40-50 years
• Freehold improvements	5-10 years
• Leasehold improvements	5-10 years
• Motor vehicles	5-7 years
• Office equipment and computer hardware	5-10 years
• Office machinery and furniture	10 years

Any item of property and equipment and any significant part initially recognised are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

INTANGIBLE ASSETS

An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite of indefinite. Intangible assets with finite lives are amortised over the useful economic life. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

The Group does not have intangible assets with indefinite economic life.

Amortisation is calculated using the straight-line method to write down the cost of intangible assets to their residual values over their estimated useful lives as follows:

• Computer software	5 years
• Key money	70 years

ASSETS OBTAINED IN SETTLEMENT OF DEBT, ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Assets obtained in settlement of debt and assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition, Management has committed to the sale, and the sale is expected to have been completed within one year from the date of classification.

Property, plant and equipment, and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately in the statement of financial position.

A discontinued operation is a component of an entity that has either been disposed of or is classified as held for sale, and: a) represents a separate major line of business or geographical area of operations; b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or c) is a subsidiary acquired exclusively with a view to resale.

In the consolidated income statement of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the loss of control. The resulting profit or loss (after taxes) is reported separately in the income statement.

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement, unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

PROVISIONS FOR RISKS AND CHARGES

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Group determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the consolidated income statement net of any reimbursement.

The Group operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings both in Lebanon and in other jurisdictions, arising in the ordinary course of the Group's business.

When the Group can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Group records a provision against the case. Where the probability of outflow is considered to be remote or probable, but a reliable estimate cannot be made, a contingent liability is disclosed. However, when the Group is of the opinion that disclosing these estimates on a case-by-case basis would prejudice their outcome, then the Group does not include detailed, case-specific disclosures in its financial statements.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Group takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

The Group provides retirement benefits obligations to its employees under defined benefit plans, which requires contributions to be made to separately administered funds. The cost of providing these benefits is determined using the projected unit credit method which involves making actuarial assumptions about discount rates and future salary increases. Those assumptions are unbiased and mutually compatible.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling excluding net interest, and the return on plan assets (excluding net interest), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment; and
- The date that the Group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "personnel expenses" in consolidated statement of income:
- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements.
- Net interest expense or income.

TAXES

Taxes are provided for in accordance with regulations and laws that are effective in the countries where the Group operates.

(i) CURRENT TAX

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) DEFERRED TAX

Deferred tax is provided on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:
- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each statement of financial position date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Current tax and deferred tax relating to items recognised directly in other comprehensive income are also recognised in other comprehensive income and not in the consolidated income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

DIVIDENDS ON COMMON SHARES

Dividends on common shares are recognised as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank. Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

TREASURY SHARES

Own equity instruments of the Group which are acquired by it or by any of its subsidiaries (Treasury shares) are deducted from equity and accounted for at cost. Consideration paid or received on the purchase sale, issue or cancellation of the Group's own equity instruments is recognised directly in equity. No gain or loss is recognised in the consolidated income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments.

When the Group holds own equity instruments on behalf of its clients, those holdings are not included in the Group's consolidated statement of financial position.

Contracts on own shares that require physical settlement of a fixed number of own shares for a fixed consideration are classified as equity and added to or deducted from equity. Contracts on own shares that require net cash settlement or provide a choice of settlement are classified as trading instruments and changes in the fair value are reported in the consolidated income statement.

ASSETS UNDER MANAGEMENT AND ASSETS HELD IN CUSTODY AND UNDER ADMINISTRATION

The Group provides custody and administration services that result in the holding or investing of assets on behalf of its clients. Assets held in trust, under management or under custody or under administration, are not treated as assets of the Group and, accordingly, are recorded as off-balance sheet items.

CUSTOMERS' ACCEPTANCES

Customers' acceptances represent term documentary credits which the Group has committed to settle on behalf of its clients against commitments by those clients (acceptances). The commitments resulting from these acceptances are stated as a liability in the statement of financial position for the same amount.

2.6. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

JUDGMENTS

In the process of applying the Group's accounting policies, Management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognised in the consolidated financial statements:

GOING CONCERN
Notwithstanding the events and conditions disclosed in Note 1, these consolidated financial statements have been prepared based on the going concern assumption. The Board of Directors believe that they are taking all the measures available to maintain the viability of the Group and continue its operations in the current business and economic environment.

IMPAIRMENT OF GOODWILL
Management's judgment is required in estimating the future cash flows of the CGUs. These values are sensitive to cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the term sustainable pattern of cash flows thereafter. While the acceptable range within which underlying assumptions can be applied is governed by the requirement for resulting forecasts to be compared with actual performance and verifiable economic data in future years, the cash flow forecasts necessarily and appropriately reflect Management's view of future business prospects.

BUSINESS MODEL
In determining whether its business model for managing financial assets is to hold assets in order to collect contractual cash flows, the Group considers:
- Management's stated policies and objectives for the portfolio and the operation of those policies in practice.
- How management evaluates the performance of the portfolio.
- Whether Management's strategy focuses on earning contractual interest revenues.
- The degree of frequency of any expected asset sales.
- The reason for any asset sales, and
- Whether assets that are sold are held for an extended period of time relative to their contractual maturity.

CONTRACTUAL CASH FLOWS OF FINANCIAL ASSETS
The Group exercises judgment in determining whether the contractual terms of financial assets it originates or acquires give rise on specific dates to cash flows that are solely payments of principal and interest on the principal outstanding, and so may qualify for amortised cost measurement. In making the assessment, the Group considers all contractual terms, including any prepayment terms or provisions to extend the maturity of the assets, terms that change the amount and timing of cash flows and whether the contractual terms contain leverage.

DEFERRED TAX ASSETS
Deferred tax assets are recognised in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

HEDGE ACCOUNTING
The Group's hedge accounting policies include an element of judgment and estimation. Estimates of future interest rates and the general economic environment will influence the availability and timing of suitable hedged items, with an impact on the effectiveness of the hedge relationships. Details of the Group's hedge accounting policies and the sensitivities most relevant to risks are disclosed in these notes.

The Group applies temporary reliefs which enable its hedge accounting to continue during the period of uncertainty, before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. For the purpose of determining whether a forecast transaction is highly probable, the reliefs require to be assumed that the IBOR on which the hedged cash flows are based is not altered as a result of IBOR reform.

DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL AND TERMINATION OPTIONS
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain to exercise or not the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. a change in business strategy).

The Group included the renewal period as part of the lease term for leases of head offices and branches due to the significance of these assets to its operations. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

FAIR VALUE OF FINANCIAL INSTRUMENTS
Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data is not available, estimation is required to establish fair values. The judgments and estimates include considerations of liquidity and model inputs such as credit risk (both own and counterparty) funding value adjustments, correlation and volatility.

IMPAIRMENT LOSSES ON FINANCIAL INSTRUMENTS
The measurement of impairment losses across all categories of financial assets requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Group's ECL calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs. Components of the ECL models that are considered accounting judgments and estimates include:
- The Group's internal credit rating model.
- The Group's criteria for assessing if there has been a significant increase in credit risk.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and economic inputs and their impact on ECL calculation.
- Selection of forward-looking macroeconomic scenarios and their probability of occurrence, to derive the ECL models.

As per internal policy, the Group regularly reviews its models in the context of actual loss experience and adjusts when necessary.

IMPAIRMENT OF NON-FINANCIAL ASSETS
Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model, as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

REVALUATION OF PROPERTY AND EQUIPMENT
The Group carries its land and buildings and building improvements at fair value, with changes in fair value being recognised in other comprehensive income. These are valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The Group engaged an independent valuation specialist to assess fair values for property and equipment. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided in Note 25.

PENSIONS OBLIGATION
The cost of the defined benefit pension plan is determined using an actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are highly sensitive to changes in these assumptions.

LEASES – ESTIMATING THE INCREMENTAL BORROWING RATE
The Group cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value

to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3.0. SEGMENT REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segments are evaluated based on information relating to net operating income and financial position. Income taxes and operating expenses are managed on a group basis and are not allocated to operating segments.

Interest income is reported net, since Management monitors net interest income as a performance measure and not the gross income and expense amounts. Net interest income is allocated to the business segment based on the assumption that all positions are funded or invested via a central funding unit. An internal Funds Transfer Pricing (FTP) mechanism was implemented between operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The assets and liabilities that are reported in the segments are net from inter-segments' assets and liabilities since they constitute the basis of Management's measures of the segments' assets and liabilities and the basis of the allocation of resources between segments.

BUSINESS SEGMENTS

The Group operates in four main business segments which are Corporate and Commercial Banking, Retail and Personal Banking, Treasury and Capital Markets, and Group Functions and Head Office.

CORPORATE AND COMMERCIAL BANKING

Provides diverse products and services to the corporate and commercial customers including loans, deposits, trade finance, as well as all regular Corporate and Commercial Banking activities.

RETAIL AND PERSONAL BANKING

Provides individual customers' deposits and consumer loans, overdrafts, credit cards, and funds transfer facilities, as well as all regular Retail and Private Banking activities.

TREASURY AND CAPITAL MARKETS

Provides Treasury services including transactions in money and capital markets for the Group's customers, manages investment and trading transactions (locally and internationally), and manages liquidity, foreign currency and market risks. This segment also offers Investment Banking and brokerage services, and manages the Group's own portfolio of stocks, bonds, and other financial instruments.

GROUP FUNCTIONS AND HEAD OFFICE

Consists of capital and strategic investments, exceptional profits and losses, as well as operating results of subsidiaries which offer non-banking services.

The following tables present net operating income information and financial position information.

Net Operating Income Information

	2024				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Net interest income	**2,850,491**	**6,981,843**	**9,532,681**	**125,040**	19,490,055
Non-interest income					
Net fee and commission	3,741,873	5,400,384	462,050	372,808	9,977,115
Financial operations	-	1,276,970	8,894,540	263,123	10,434,633
Other operating income	14,088	49,423	166,994	611,628	842,133
Total non-interest income	**3,755,961**	**6,726,777**	**9,253,584**	**1,247,559**	**21,253,881**
Total operating income	**6,606,452**	**13,708,620**	**19,056,256**	**1,372,599**	**40,743,936**
Net recovery on financial assets	1,283,791	556,369	(666,687)	-	1,173,473
Net operating income	**7,890,243**	**14,264,989**	**18,389,578**	**1,372,599**	**41,917,409**

	2023				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Net interest income	902,130	1,939,931	2,392,440	70,109	5,304,610
Non-interest income					
Net fee and commission	730,709	937,946	68,626	76,830	1,814,111
Financial operations	(1,362)	109,009	1,589,852	(273,431)	1,424,068
Share of gain of associates	-	-	-	10,177	10,177
Other operating income	2,051	60,156	156	13,678	76,041
Total non-interest income	731,398	1,107,111	1,658,634	(172,746)	3,324,397
Total operating income	1,633,528	3,047,042	4,051,074	(102,637)	8,629,007
Net impairment on financial assets	(514,030)	213,270	(2,199,815)	-	(2,500,575)
Net operating income	1,119,498	3,260,312	1,851,259	(102,637)	6,128,432

Financial Position Information

	2024				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Total assets	33,830,617	127,162,830	1,088,461,111	41,443,323	1,290,897,881
Total liabilities	112,861,627	1,019,861,824	22,460,403	68,975,947	1,224,159,801

	2023				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Investments in an associate	-	-	-	141,155	141,155
Total assets	6,702,532	21,095,604	182,469,008	25,677,952	235,945,096
Total liabilities	20,697,581	176,162,975	7,031,034	9,087,327	212,978,917

Capital expenditures amounting to LBP 296,729 million for the year 2024 (2023: LBP 118,819 million) are allocated to the Group Functions and Head Office business segment.

Interest and similar income from exposure to the Central Bank of Lebanon and Lebanese sovereign amounted to LBP 8,086,490 million for the year 2024 (2023: LBP 3,753,359 million) arising from time deposits with the Central Bank of Lebanon and financial instruments held by the Group. The breakdown of interest and similar income from exposure to the Central Bank of Lebanon and Lebanese sovereign is as follows:

	2024 LBP Million	2023 LBP Million
Interest and similar income		
Central Bank of Lebanon	7,945,979	3,616,199
Lebanese sovereign	140,511	137,160
	8,086,490	3,753,359

GEOGRAPHICAL SEGMENTS

The Group operates in three geographical segments: Lebanon, Middle East and North Africa, and Turkey (MENAT) and Europe. As such, it is subject to different risks and returns. The following tables show the distribution of the Group's net external operating income, assets and liabilities allocated based on the location of the subsidiaries reporting the results or advancing the funds. Transactions between segments are carried at market prices and within pure trading conditions.

Net Operating Income Information

	2024			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Net interest income	**12,807,587**	**422,595**	**6,259,873**	**19,490,055**
Non-interest income				
Net fee and commission	5,932,712	530,792	3,513,611	9,977,115
Financial operations	8,352,837	200,700	1,881,096	10,434,633
Other operating income	831,275	3,064	7,794	842,133
Total non-interest income	**15,116,824**	**734,556**	**5,402,501**	**21,253,881**
Total external operating income	**27,924,411**	**1,157,151**	**11,662,374**	**40,743,936**
Net recovery on financial assets	933,892	(55,426)	295,007	1,173,473
Net external operating income	**28,858,303**	**1,101,725**	**11,957,381**	**41,917,409**

	2023			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Net interest income	4,157,268	92,421	1,054,921	5,304,610
Non-interest income				
Net fee and commission	1,235,976	60,446	517,689	1,814,111
Financial operations	1,458,122	5,356	(39,410)	1,424,068
Share of gain of associates	10,177	-	-	10,177
Other operating income	72,365	98	3,578	76,041
Total non-interest income	2,776,640	65,900	481,857	3,324,397
Total external operating income	6,933,908	158,321	1,536,778	8,629,007
Net impairment on financial assets	(2,303,914)	(22,824)	(173,837)	(2,500,575)
Net external operating income	4,629,994	135,497	1,362,941	6,128,432

Financial Position Information

	2024			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Capital expenditures	125,750	4,031	166,948	296,729
Total assets	1,040,796,579	12,904,573	237,196,729	1,290,897,881
Total liabilities	1,028,182,906	5,370,055	190,606,840	1,224,159,801

	2023			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Capital expenditures	92,636	4,034	22,149	118,819
Investments in an associate	141,155	-	-	141,155
Total assets	196,875,648	2,268,480	36,800,968	235,945,096
Total liabilities	182,348,277	1,175,798	29,454,842	212,978,917

Segment reporting assets and liabilities as at 31 December 2024 do not include those held for sale and amounting to LBP 200,628,451 million and LBP 181,916,730 million respectively (2023: LBP 42,541,256 million and LBP 39,430,857 million respectively).

4.0. INTEREST AND SIMILAR INCOME

	2024 LBP Million	2023 LBP Million
Balances with central banks	8,084,466	2,955,102
Due from banks and financial institutions	6,732,682	985,363
Loans and advances to customers at amortised cost	5,303,822	1,047,810
Loans and advances to related parties at amortised cost	12,528	3,619
Financial assets classified at amortised cost	2,025,967	1,028,261
Debt instruments classified at fair value through other comprehensive income	382,939	4,759
	22,542,404	6,024,914

Withholding taxes amounting to LBP 556,945 million were deducted from interest and similar income (2023: LBP 381,779 million).

The components of interest and similar income from loans and advances to customers at amortised cost are detailed as follows:

	2024 LBP Million	2023 LBP Million
Corporate and SME	2,549,398	500,683
Retail and Personal Banking	2,754,424	547,127
	5,303,822	1,047,810

The components of interest and similar income from financial assets classified at amortised cost are detailed as follows:

	2024 LBP Million	2023 LBP Million
Lebanese sovereign and Central Bank of Lebanon	1,106,831	927,292
Other sovereign	228,987	11,690
Private sector and other securities	690,149	89,279
	2,025,967	1,028,261

The components of interest and similar income from financial assets classified at fair value through other comprehensive income are detailed as follows:

	2024 LBP Million	2023 LBP Million
Other sovereign	10,275	2,747
Private sector and other securities	372,664	2,012
	382,939	4,759

5.0. INTEREST AND SIMILAR EXPENSE

	2024 LBP Million	2023 LBP Million
Due to central banks	45,247	45,324
Due to banks and financial institutions	29,745	35,067
Customers' deposits	1,968,094	305,218
Deposits from related parties	4,310	927
Debt issued and other borrowed funds	996,445	332,266
Lease liabilities	8,508	1,502
	3,052,349	720,304

The components of interest and similar expense from customers' deposits are detailed as follows:

	2024 LBP Million	2023 LBP Million
Corporate and SME	836,143	45,206
Retail and Personal Banking	1,021,910	259,609
Public Sector	110,041	403
	1,968,094	305,218

6.0. FEE AND COMMISSION INCOME

	2024 LBP Million	2023 LBP Million
Commercial banking income	5,471,045	1,193,062
Brokerage and custody income	3,294,078	497,507
Electronic banking	1,194,964	86,864
Trade finance income	587,051	99,149
Credit-related fees and commissions	274,594	39,484
Trust and fiduciary activities	262,060	26,861
Corporate finance fees	-	551
Insurance brokerage income	-	403
Other fees and commissions	213,342	10,815
	11,297,134	1,954,696

7.0. FEE AND COMMISSION EXPENSE

	2024 LBP Million	2023 LBP Million
Electronic banking	607,464	42,388
Brokerage and custody fees	516,910	77,051
Commercial Banking expenses	97,771	14,580
Other fees and commissions	97,874	6,566
	1,320,019	140,585

8.0. NET TRADING GAIN

	2024 LBP Million	2023 LBP Million
Gain (loss) on financial instruments at fair value through profit or loss	1,014,290	(139,600)
Foreign exchange	1,114,520	(134,657)
Derivatives	752,211	307,502
Gain (loss) resulting from exchange of foreign currencies (*)	312,092	(753,226)
Gain from devaluation of official exchange rates (**)	7,042,618	2,154,110
Dividends	2,361	999
	10,238,092	1,435,128

Foreign exchange includes gains and losses from spot and forward contracts and other currency derivatives, as well as the result of the revaluation of the daily open foreign currency positions.

Interest income from debt instruments at fair value through profit or loss is nil during 2024 (2023: LBP 5,099 million).

(*) During 2024 and 2023, and in order to manage its USD/LBP FX position, the Group engaged in the following transactions:
- During 2024, the Bank purchased from its customers local foreign currencies at a rate of LBP 15,000, which resulted in a gain of LBP 312,092 million recorded in the consolidated income statement.
- During 2023, the Bank bought fresh dollars from customers at Sayrafa average rates to cover external committed expenses. These transactions resulted in a loss of LBP 675,765 million recorded in the consolidated income statement.
- During 2023, certain subsidiaries also engaged into exchanges of foreign currencies subject to de-facto controls at rates different from the official published exchange rate, which resulted in a loss of LBP 77,461 million recorded in the consolidated income statement.

(**) In January 2024, the Central Bank of Lebanon changed the official published exchange rate from LBP 15,000 to LBP 89,500 to the US Dollar which resulted in a gain of LBP 7,042,618 million recorded in the consolidated income statement (2023: from LBP 1,507.5 to LBP 15,000 to the US Dollar which resulted in a gain of LBP 2,154,110 million).

9.0. NET GAIN (LOSS) ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTISED COST

The Group derecognises some debt instruments classified at amortised cost for the purpose of currency risk management. The schedule below details the losses arising from the derecognition of these financial assets:

	2024 LBP Million	2023 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Certificates of deposit	-	(27)
Eurobonds	199,690	2,343
	199,690	2,316
Other sovereign		
Governmental bills	1,791	(10,830)
	1,791	(10,830)
Private sector and other securities		
Corporate debt instruments	-	(2,553)
	-	(2,553)
	201,481	(11,067)

10.0. OTHER OPERATING INCOME

	2024 LBP Million	2023 LBP Million
Release of provision for risks and charges (Note 36)	4,166	9
Release of provision for end of service indemnities (Note 36)	14,694	837
Gain on arising from acquisition of a subsidiary (Note 24)	507,343	-
Other income	315,930	75,195
	842,133	76,041

11.0. NET (RECOVERY) IMPAIRMENT LOSS ON FINANCIAL ASSETS

	2024 LBP Million	2023 LBP Million
Re-measurements:		
Cash and balances with central banks	-	452,629
Due from banks and financial institutions	(144,083)	34,549
Loans and advances to customers at amortised cost	2,256,551	236,185
Loans and advances to related parties at amortised cost	-	8
Financial assets at amortised cost	814,938	1,713,114
Financial guarantees and other commitments	53,735	1,126
	2,981,141	2,437,611
Recoveries:		
Loans and advances to customers at amortised cost	(4,327,641)	(199,921)
Financial guarantees and other commitments	-	(923)
	(4,327,641)	(200,844)
Net direct losses	173,027	263,808
	(1,173,473)	2,500,575

During 2024, the Group acquired Lebanese Government Eurobonds at a mark-up as these transactions were settled in foreign currencies subject to de-facto capital controls. Part of these transactions occurred with existing debtors that simultaneously used the foreign currencies subject to de-facto capital controls to settle part of their outstanding debt. As a result, for the year ended 31 December 2024, the Group recognized an impairment loss on financial assets at amortized cost amounting to LBP 3,958,876 million and recoveries on loans and advances to customers at amortized cost amounting to LBP 2,727,850 million. These transactions were queried by the regulator, whereby the latter has instructed the Bank to discontinue entering into such transactions going forward. No penalties or sanctions were imposed on the Bank as a result of these transactions.

12.0. PERSONNEL EXPENSES

	2024 LBP Million	2023 LBP Million
Salaries and related benefits	7,033,661	1,394,414
Social security contributions	842,750	173,527
Schooling	369,379	107,723
End-of-service benefits (Note 36)	364,177	383,266
Transportation	194,460	138,847
Medical expenses	175,576	70,799
Training and seminars	26,442	2,872
Food and beverage	9,341	1,243
Others	129,835	91,604
	9,145,621	2,364,295

13.0. OTHER OPERATING EXPENSES

	2024 LBP Million	2023 LBP Million
Provisions for risks and charges (Note 36)	23,975,043	2,556,577
Professional fees	1,038,313	276,730
Information technology	849,709	139,242
Electricity, water and fuel	426,538	332,303
Outsourcing services	329,100	185,446
Advertising fees	289,249	46,029
Insurance premiums	287,194	97,639
Maintenance	223,710	88,487
Subscription to communication services	223,006	32,454
Taxes and similar disbursements	194,884	71,691
Facilities services	173,568	114,616
Board of Directors' fees	165,236	19,711
Rental charges under operating leases	125,813	50,787
Travel and related expenses	125,733	30,459
Telephone and mail	92,009	26,702
Premium for guarantee of deposits	80,640	10,583
Hospitalisation and medical care	80,438	44,961
Electronic cards expenses	70,101	30,410
Regulatory charges	56,967	26,848
Documentation and miscellaneous subscriptions	57,728	8,225
Office supplies	19,028	9,318
Donations and social aids	13,700	8,101
Receptions and gifts	11,794	2,736
Others	276,115	42,992
	29,185,616	4,253,047

14.0. INCOME TAX

The components of income tax expense for the year ended 31 December are detailed as follows:

	2024 LBP Million	2023 LBP Million
Current tax		
Current income tax	2,229,161	264,289
Adjustment in respect of current income tax relating to prior years	(108,867)	-
Other taxes treated as income tax	4,258	237
	2,124,552	264,526
Deferred tax		
Relating to origination and reversal of temporary differences	(69,101)	(15,520)
	2,055,451	249,006

The components of operating profit (loss) before tax, and the differences between income tax expense reflected in the financial statements and the calculated amounts, are shown in the table below:

	2024 LBP Million	2023 LBP Million
Operating profit (loss) before tax from continuing operations	2,731,057	(741,486)
At applicable tax rate	1,177,142	82,622
Non-deductible expenses:		
Non-deductible expenses and losses for carry forward	10,631	535,929
Non-deductible provisions	187,378	152,557
Unrealised losses on financial instruments	888	15,871
Other non-deductibles	4,011,873	458,685
	4,210,770	1,163,042
Income not subject to tax:		
Revenues previously subject to tax	131,899	7,114
Carried forward Losses	663,368	761,436
Exempted revenues	178	1,984
Unrealised gains on financial instruments	70,147	127,893
Other deductibles	2,293,159	82,948
	3,158,751	981,375
Income tax	2,229,161	264,289
Effective income tax rate	81.62%	(35.64%)

The tax rates applicable to the parent and subsidiaries vary from 10% to 25% in accordance with the income tax laws of the countries where the Group operates. For the purpose of determining the taxable results of the subsidiaries for the year, the accounting results have been adjusted for tax purposes. Such adjustments include items relating to both income and expense, and are based on the current understanding of the existing tax laws and regulations and tax practices.

The movement of current tax liabilities during the year is as follows:

	2024 LBP Million	2023 LBP Million
Balance at 1 January	269,203	28,996
Charges for the year	2,124,552	264,526
Charges related to discontinued operations	-	49,697
Transfer to tax regularisation accounts	(242,395)	(14,323)
Other transfers	48	34
	1,882,205	299,934
Less taxes paid:		
Current year tax liabilities	(1,220)	-
Prior year tax liabilities	(1,290,775)	(38,109)
Taxes paid related to discontinued operations	-	(67,093)
	(1,291,995)	(105,202)
Foreign exchange difference	665,767	45,475
Balance at 31 December	1,525,180	269,203

Deferred taxes recorded in the consolidated statement of financial position result from the following items:

	2024					
	Deferred Tax Assets LBP Million	Deferred Tax Liabilities LBP Million	Income Statement from Continuing Operations LBP Million	Income Statement from Discontinuing Operations LBP Million	Other Comprehensive Income from Continuing Operations LBP Million	Other Comprehensive Income from Discontinuing Operations LBP Million
Impairment allowance on financial assets	458,049	-	68,649	-	-	-
Financial instruments at FVTOCI	343	1,907,390	-	-	(1,635,868)	-
Difference in depreciation rates	30,614	1,058	(458)	-	-	-
Defined benefit obligation	18,988	(249,714)	910	-	(3,977)	-
Revaluation of real estate	-	281,323	-	-	43,702	-
Other temporary differences	-	749	-	-	-	-
	507,994	1,940,806	69,101	-	(1,596,143)	-

	2023					
	Deferred Tax Assets LBP Million	Deferred Tax Liabilities LBP Million	Income Statement from Continuing Operations LBP Million	Income Statement from Discontinuing Operations LBP Million	Other Comprehensive Income from Continuing Operations LBP Million	Other Comprehensive Income from Discontinuing Operations LBP Million
Provisions	-	-	-	(5,649)	-	-
Impairment allowance on financial assets	69,972	-	63,075	124,575	-	-
Financial instruments at FVTOCI	511	274,181	-	-	(270,754)	121,671
Difference in depreciation rates	5,214	1,058	347	-	-	-
Defined benefit obligation	22,490	(59,736)	-	-	46,154	6,544
Revaluation of real estate	-	94,574	-	-	(534,872)	-
Cash flow hedge reserve	-	-	-	-	-	(9,552)
Other temporary differences	-	749	(47,902)	(91,677)	-	-
	98,187	310,826	15,520	27,249	(759,472)	118,663

15.0. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share are calculated by dividing the loss for the year attributable to ordinary equity holders of the Bank by the weighted average number of common shares outstanding during the year. The Bank does not have arrangements that might result in dilutive shares. As such, diluted earnings per share was not separately calculated. The following table shows the income and share data used to calculate earnings (loss) per share:

	2024 LBP Million	2023 LBP Million
Profit (loss) attributable to equity holders of the Bank from continuing and discontinued operations	212,471	(233,195)
Profit (loss) attributable to equity holders of the Bank from continuing operations	675,805	(990,374)
(Loss) profit attributable to equity holders of the Bank from discontinued operations	(463,334)	757,179
Weighted average number of shares outstanding	587,365,833	587,338,495
	LBP	LBP
Basic and diluted earnings (loss) per share	362	(397)
Basic and diluted earnings (loss) per share from continuing operations	1,151	(1,686)
Basic and diluted (loss) earnings per share from discontinued operations	(789)	1,289

There have been no other transactions involving common shares or potential common shares between the reporting date and the date of authorisation of these consolidated financial statements.

16.0. CASH AND BALANCES WITH CENTRAL BANKS

	2024 LBP Million	2023 LBP Million
Cash on hand	9,428,092	2,598,325
Central Bank of Lebanon		
Current accounts	318,596,977	45,604,026
Time deposits	514,773,040	96,950,795
Accrued interest	1,837,778	793,874
	835,207,795	143,348,695
Other central banks		
Current accounts	36,657,218	5,250,814
	36,657,218	5,250,814
	881,293,105	151,197,834
Less: allowance for expected credit losses (Note 52)	(16,228,563)	(2,728,114)
	865,064,542	148,469,720

During 2019, the Bank and the Central Bank of Lebanon signed a netting agreement for specified financial assets and liabilities that qualifies for netting under the requirements of IAS 32. As at 31 December 2023, time deposits with the Central Bank of Lebanon amounting to LBP 4,826,665 million and term borrowings from the Central Bank of Lebanon are reported on a net basis on the consolidated statement of financial position (Note 30).

As at 31 December 2024, financial assets and financial liabilities that were settled on a net basis amounted to LBP 9,254,889 million (2023: LBP 4,428,224 million) (Note 30).

OBLIGATORY RESERVES

- In accordance with the regulations of the Central Bank of Lebanon, banks operating in Lebanon are required to deposit with the Central Bank of Lebanon an obligatory reserve calculated on the basis of 25% of sight commitments and 15% of term commitments denominated in Lebanese Pounds. This is not applicable for investment banks which are exempted from obligatory reserve requirements on commitments denominated in Lebanese Pounds. Additionally, all banks operating in Lebanon are required to deposit with the Central Bank of Lebanon non-interest-bearing placements representing 14% of total deposits in foreign currencies regardless of nature.
- Subsidiary banks operating in foreign countries are also subject to obligatory reserve requirements determined based on the banking regulations of the countries in which they operate.

The following table summarises the Group's placements in central banks available against the obligatory reserves as of 31 December:

	2024			2023		
	Lebanese Pounds LBP Million	Foreign Currencies LBP Million	Total LBP Million	Lebanese Pounds LBP Million	Foreign Currencies LBP Million	Total LBP Million
Central Bank of Lebanon						
Current accounts	1,365,105	-	1,365,105	1,321,133	-	1,321,133
Time deposits	-	121,048,675	121,048,675	-	21,549,525	21,549,525
	1,365,105	121,048,675	122,413,780	1,321,133	21,549,525	22,870,658
Other central banks						
Current accounts	-	911,635	911,635	-	161,298	161,298
	-	911,635	911,635	-	161,298	161,298
	1,365,105	121,960,310	123,325,415	1,321,133	21,710,823	23,031,956

17.0. DUE FROM BANKS AND FINANCIAL INSTITUTIONS

	2024 LBP Million	2023 LBP Million
Current accounts	69,628,806	8,596,395
Time deposits	78,835,861	16,115,876
Checks for collection	8,709	-
Accrued interest	1,580,162	172,428
	150,053,538	24,884,699
Less: allowance for expected credit losses (Note 52)	(74,894)	(36,713)
	149,978,644	24,847,986

As of 31 December 2024, due from banks and financial institutions include: (i) collaterals given to foreign banks for trade finance amounting to LBP 2,545,553 million (2023: LBP 487,779 million); (ii) amounts subject to seizure from litigations against the Bank of LBP 334,404 million (2023: LBP 60,583 million); and (iii) other restricted amounts of LBP 1,245,147 million (2023: LBP 192,284 million).

18.0. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for trading and for risk management purposes. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument (being an equity instrument, commodity product, reference rate or index, etc.). The notional amounts indicate the volume of transactions outstanding at year-end and are not indicative of either the market risk or credit risk.

FORWARDS AND FUTURES

Forwards and future contracts are contractual agreements to buy and sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Future contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

OPTIONS

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or to sell a specific amount of financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

SWAPS

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in specified underlying index such as an interest rate, foreign currency rate, commodity index or equity index.

Interest rate swaps relate to contracts taken out by the Group with other counterparties (customers and financial institutions) in which the Group either receives or pay a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with difference being paid by one party to the other.

In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

The Group has positions in the following type of derivatives:

31 December 2024	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million
Derivatives held for trading			
Forward foreign exchange contracts	64,218	44,291	11,245,311
Forward precious metals contracts	22,864	-	727,948
Currency swaps	18,119	45,638	8,146,671
Precious metals swaps	5,115	37	278,829
Currency options	292,422	292,422	10,856,643
Credit derivatives	-	-	914,973
Equity options	731,646	731,646	880,712
Total	1,134,384	1,114,034	33,051,087

31 December 2023	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million
Derivatives held for trading			
Forward foreign exchange contracts	4,896	3,594	547,720
Forward precious metals contracts	100	1,158	54,723
Currency swaps	176,182	36,213	10,219,152
Precious metals swaps	1,877	2,500	199,652
Currency options	90,655	90,655	4,279,505
Credit derivatives	-	-	156,602
Equity options	178,817	178,817	352,286
Total	452,527	312,937	15,809,640

DERIVATIVE FINANCIAL INSTRUMENTS HELD FOR TRADING PURPOSES

Most of the Group's derivative trading activities relate to deals with customers which are normally offset by transactions with other counterparties. Also included under this heading are any derivatives entered into for risk management purposes which do not meet the IFRS 9 hedge accounting criteria.

19.0. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 LBP Million	2023 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Eurobonds	7,435,603	165,957
Other sovereign		
Treasury bills	3,481,835	2,321,096
Eurobonds	11,637	1,838
	3,493,472	2,322,934
Private sector and other securities		
Banks and financial institutions	-	1,509,348
Mutual funds	1,414,939	342,164
Equity instruments	255,328	18,137
	1,670,267	1,869,649
	12,599,342	4,358,540

According to the management decision, the Group changed its intention relating to the Eurobonds portfolio amounting to LBP 5,992,510 million from hold to collect to trading. At the transfer effective date, 31 December 2024, the Group's Eurobonds portfolio was measured at fair value through profit or loss. The purpose is to allow inclusion in the regulatory liquidity ratio.

20.0. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

	2024 LBP Million	2023 LBP Million
Corporate and SME	48,361,061	9,274,322
Retail and Personal Banking	57,357,172	10,213,628
Public sector	1,330,855	325,394
	107,049,088	19,813,344
Less: allowance for expected credit losses (Note 52)	(21,252,689)	(4,647,761)
	85,796,399	15,165,583

21.0. LOANS AND ADVANCES TO RELATED PARTIES AT AMORTISED COST

	2024 LBP Million	2023 LBP Million
Corporate and SME	25	7,222
Retail and Personal Banking	361,823	567,840
	361,848	575,062
Less: allowance for expected credit losses (Note 52)	-	(11)
	361,848	575,051

22.0. FINANCIAL ASSETS AT AMORTISED COST

	2024 LBP Million	2023 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Certificates of deposit	59,479,673	10,428,238
Treasury bills	2,041,628	2,048,052
Eurobonds	-	3,010,000
	61,521,301	15,486,290
Other sovereign		
Treasury bills	29,667,785	3,391,605
Eurobonds	1,370,684	465,142
	31,038,469	3,856,747
Private sector and other securities		
Banks and financial institutions debt instruments	12,573,292	1,581,458
Corporate debt instruments	8,622,102	1,116,385
	21,195,394	2,697,843
	113,755,164	22,040,880
Less: allowance for expected credit losses (Note 52)	(1,182,837)	(2,815,248)
	112,572,327	19,225,632

During 2019, the Bank and the Central Bank of Lebanon signed a netting agreement for specified financial assets and liabilities that qualifies for netting under the requirements of IAS 32. Accordingly, as at 31 December 2023, certificates of deposit amounting to LBP 2,638,000 million and term borrowings from the Central Bank of Lebanon are reported on a net basis on the consolidated statement of financial position. At 31 December 2024, Lebanese Treasury bills of LBP 1,979,141 million were pledged against term borrowings from the Central Bank of Lebanon (2023: the same) (Note 30). During 2024, financial assets and financial liabilities were settled on a net basis amounted to LBP 2,638,000 million (Note 30).

In addition, as at 31 December 2024, the Group, in agreement with credit-linked depositors, settled deposits amounting to USD 300 million in certificates of deposit with the Central Bank of Lebanon denominated in US Dollar having the same nominal amount (2023: the same) (Note 32).

According to the management decision, the Group changed its intention relating to the Eurobonds portfolio amounting to LBP 5,992,510 million from hold to collect to trading. At the transfer effective date, 31 December 2024, the Eurobonds portfolio was measured at fair value through profit or loss. The purpose is to allow inclusion in the regulatory liquidity ratio.

	2024 LBP Million
Eurobonds portfolio at fair value through profit or loss	5,992,510
Eurobond portfolio at amortized cost	(22,059,849)
Allowance for excepted credit loss (Note 47)	16,067,339

23.0. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2024 LBP Million	2023 LBP Million
Debt instruments		
Other sovereign		
Treasury bills	67,335	118,268
Eurobonds	452,353	-
	519,688	118,268
Private sector and other securities		
Banks and financial institutions debt instruments	17,474,990	15,046
Corporate debt instruments	527,366	52,780
	18,002,356	67,826
Equity instruments		
Quoted	11,200,077	1,673,382
Unquoted	793,941	165,797
	11,994,018	1,839,179
	30,516,062	2,025,273

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group classified the following instruments in private sector securities at fair value through other comprehensive income as it holds them for strategic reasons. The tables below list those equity instruments, dividends received, and the changes in fair value net of applicable taxes:

	2024		
	Fair Value LBP Million	Cumulative Changes in Fair Value LBP Million	Dividends LBP Million
Quoted	**11,200,077**	**9,228,192**	**-**
Holcim Liban sal	11,157,643	9,228,192	-
Other equity instruments	42,434	-	-
Unquoted:	**793,941**	**(442,418)**	**2,480**
Banque de l'Habitat sal	15,527	7,296	-
Other equity instruments	778,414	(449,714)	2,480
	11,994,018	**8,785,774**	**2,480**

	2023		
	Fair Value LBP Million	Cumulative Changes in Fair Value LBP Million	Dividends LBP Million
Quoted	1,673,382	1,320,851	-
Holcim Liban sal	1,664,484	1,320,851	-
Other equity instruments	8,898	-	-
Unquoted:	165,797	(59,260)	7
Banque de l'Habitat sal	15,527	7,296	-
Other equity instruments	150,270	(66,556)	7
	1,839,179	1,261,591	7

24.0. INVESTMENTS IN AN ASSOCIATE

	Country of Incorporation	Activity	**2024 Ownership %**	2023 Ownership %	**2024 LBP Million**	2023 LBP Million
CBS Holding sal	Lebanon	Services	-	45.54%	-	141,155

INDIVIDUALLY MATERIAL ASSOCIATE

CBS HOLDING SAL

The following table illustrates the summarised financial information of the Group's associate as at 31 December 2023. The information disclosed reflects the amounts presented in the financial statements of the associate and the Group's share of those amounts.

	2023 CBS Holding sal LBP Million
Current assets	534,255
Non-current assets	59,966
Current liabilities	(432,993)
Non-current liabilities	(29,181)
Equity	132,047
Group's share of equity	60,134
Goodwill	81,021
	141,155
Revenues	532,995
Expenses	(510,648)
Profit for the year	22,347
	10,177

ACQUISITION OF CAPITAL B. SOLUTIONS (HOLDING) SAL

During March 2024, the Group's percentage ownership in Capital B. Solutions (Holding) SAL (previously an associate) increased from 45.54% to 100% after Audi Investments Holding SAL (100% owned subsidiary) acquired the remaining 54.46% of the assets and liabilities of Capital B. Solutions (Holding) SAL through a transfer of shares agreements at LBP 689,413 million. As a result, Capital B. Solutions (Holding) SAL was accounted for under the acquisition method as of 31 December 2024 (2023: equity method). The consolidated financial statements include the results of Capital B. Solutions (Holding) SAL from the acquisition date.

ASSETS ACQUIRED AND LIABILITIES ASSUMED

The fair values equalled the carrying values of the net identifiable assets of Capital B. Solutions (Holding) SAL at the date of acquisition and were LBP 1,889,687 million.

The impact on the consolidated income statement from acquisition of Capital B. Solutions (Holding) SAL amounted to LBP 507,343 million and is summarized below:

Pre-acquisition of Capital B. Solutions (Holding) SAL:	LBP Million
Carrying value of the pre-acquisition interest in Capital B. Solutions (Holding) SAL under equity method	692,931
Consideration paid	689,413
	1,382,344
Post-acquisition of Capital B. Solutions (Holding) SAL:	132,047
Fair value of net assets acquired	1,889,687
Net gain arising from acquisition of subsidiary (Note 10)	**507,343**

25.0. PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Land LBP Million	Buildings and Freehold Improvements LBP Million	Leasehold Improvements LBP Million	Motor Vehicles LBP Million	Office Equipment and Computer Hardware LBP Million	Office Machinery and Furniture LBP Million	Right-of-use LBP Million	Other LBP Million	**Total LBP Million**
Cost or revaluation:									
At 1 January 2024	4,914,692	13,669,751	113,164	2,722	269,883	128,239	154,823	99,433	19,352,707
Revaluation recognised in OCI	(145,581)	1,489,549	-	-	-	-	-	-	1,343,968
Additions	-	19,552	5,405	3,559	16,867	13,224	-	5,850	64,457
Disposals	-	(1)	-	-	(29,290)	(152)	(10,183)	-	(39,626)
Foreign exchange difference	-	3,624,904	276,326	12,091	586,463	200,602	629,890	443,653	5,773,929
At 31 December 2024	**4,769,111**	**18,803,755**	**394,895**	**18,372**	**843,923**	**341,913**	**774,530**	**548,936**	**26,495,435**
Depreciation:									
At 1 January 2024	-	212,795	101,809	2,566	253,256	108,498	67,197	82,221	828,342
Depreciation during the year	-	598,534	6,150	702	28,459	10,761	95,557	-	740,163
Transfers	-	3,788	-	-	-	(3,788)	-	-	-
Disposals	-	(1)	-	-	(29,258)	(138)	(10,183)	-	(39,580)
Foreign exchange difference	-	768,891	242,304	11,319	548,762	194,977	231,159	372,471	2,369,883
At 31 December 2024	**-**	**1,584,007**	**350,263**	**14,587**	**801,219**	**310,310**	**383,730**	**454,692**	**3,898,808**
Net book value:									
At 31 December 2024	**4,769,111**	**17,219,748**	**44,632**	**3,785**	**42,704**	**31,603**	**390,800**	**94,244**	**22,596,627**

	Land LBP Million	Buildings and Freehold Improvements LBP Million	Leasehold Improvements LBP Million	Motor Vehicles LBP Million	Office Equipment and Computer Hardware LBP Million	Office Machinery and Furniture LBP Million	Right-of-use LBP Million	Other LBP Million	Total LBP Million
Cost or revaluation:									
At 1 January 2023	2,086,685	5,529,682	71,494	463	168,260	82,721	54,852	9,328	8,003,485
Revaluation recognised in OCI	2,828,007	7,515,865	-	-	-	-	-	-	10,343,872
Revaluation adjustments	-	(168,630)	-	-	-	-	-	-	(168,630)
Additions	-	70,196	253	-	11,735	10,853	3,966	-	97,003
Movements related to discontinued operations, net	-	3,929	69,432	-	102,394	26,352	159,220	-	361,327
Transfer to assets held for sale	-	(4,668)	(79,841)	-	(118,900)	(29,558)	(181,195)	-	(414,162)
Disposals	-	(2,697)	(24)	-	(80)	(454)	(1,456)	-	(4,711)
Foreign exchange difference	-	726,074	51,850	2,259	106,474	38,325	119,436	90,105	1,134,523
At 31 December 2023	4,914,692	13,669,751	113,164	2,722	269,883	128,239	154,823	99,433	19,352,707
Depreciation:									
At 1 January 2023	-	30,600	63,620	436	154,312	72,108	28,178	7,463	356,717
Revaluation adjustments	-	(168,630)	-	-	-	-	-	-	(168,630)
Depreciation during the year	-	215,868	732	99	7,771	2,727	15,759	1	242,957
Depreciation related to discontinued operations	-	106	12,709	-	19,313	132	57,427	-	89,687
Disposals	-	(2,548)	(24)	-	(101)	(384)	(442)	-	(3,499)
Movements related to discontinued operations, net	-	-	34,496	-	48,677	14,218	7,131	-	104,522
Transfer to assets held for sale	-	(1,043)	(54,614)	-	(78,120)	(16,773)	(72,925)	-	(223,475)
Foreign exchange difference	-	138,442	44,890	2,031	101,404	36,470	32,069	74,757	430,063
At 31 December 2023	-	212,795	101,809	2,566	253,256	108,498	67,197	82,221	828,342
Net book value:									
At 31 December 2023	4,914,692	13,456,956	11,355	156	16,627	19,741	87,626	17,212	18,524,365

Land and buildings with a carrying amount of LBP 18,126,489 million are subject to seizure and restriction on disposal (2023: LBP 17,317,297 million) (Note 56).

The Group has lease contracts for various items primarily comprising head offices and branches used in its operations. Leases of head offices and branches generally have lease terms between 1 and 30 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments.

REVALUATION OF LAND AND BUILDINGS

Fair value of the land and buildings and freehold improvements was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the date of revaluation, the properties' fair values are based on valuations carried out by independent valuers accredited by the local regulators in the countries in which the properties are situated. Gain from level 3 revaluation of LBP 1,343,968 million in 2024 was recognised in other comprehensive income (2023: LBP 10,343,872 million).

SIGNIFICANT UNOBSERVABLE VALUATION INPUT

Description of valuation techniques used and key inputs to valuation of land and buildings:

	Valuation Technique	Significant Unobservable Inputs	2024 Weighted Average(*)	2024 Fair Value LBP Million	2023 Weighted Average(*)	2023 Fair Value LBP Million
Land:						
Lebanon	Market comparable method	Price per sqm	LBP 126 million	4,769,111	LBP 57 million	4,914,692
Buildings and freehold improvements:						
Lebanon	Market comparable method	Price per sqm	LBP 173 million	14,361,893	LBP 86 million	12,869,482
Switzerland	Market comparable method	Price per sqm	LBP 1,499 million	4,441,862	LBP 270 million	800,269

Lebanon
In accordance with the Central Bank of Lebanon's Intermediate Circular 659 issued on 20 January 2023, banks may revalue their properties in US Dollar and translate the revalued amount to LBP at the Sayrafa exchange rate at 31 December. The price above is based on the Sayrafa exchange rate of LBP 89,500 to the US Dollar (2023: LBP 89,500 to the US Dollar).

Switzerland
The above prices are based on the official exchange rate of LBP 89,500 to the US Dollar (2023: LBP 15,000 to the US Dollar).

Significant increase (decrease) in the estimated price per square meter in isolation would result in significantly higher (lower) fair value on a linear basis.

If land, buildings, and related improvements were measured using the cost model, the carrying amounts as of 31 December would have been as follows:

	2024 Land LBP Million	2024 Buildings and Freehold Improvements LBP Million
Cost	64,666	3,843,876
Accumulated depreciation	-	(1,167,789)
Net book value	**64,666**	**2,676,087**

	2023 Land LBP Million	2023 Buildings and Freehold Improvements LBP Million
Cost	64,666	1,068,195
Accumulated depreciation	-	(373,857)
Net book value	64,666	694,338

26.0. INTANGIBLE ASSETS

	Computer Software LBP Million	Other LBP Million	**Total LBP Million**
Cost:			
At 1 January 2024	376,881	-	376,881
Additions	232,272	-	232,272
Write offs	(6,499)	-	(6,499)
Foreign exchange difference	1,164,723	-	1,164,723
At 31 December 2024	**1,767,377**	-	1,767,377
Amortisation:			
At 1 January 2024	314,047	-	314,047
Amortisation during the year	114,347	-	114,347
Related to write offs	(6,232)	-	(6,232)
Foreign exchange difference	1,043,818	-	1,043,818
At 31 December 2024	**1,465,980**	-	1,465,980
Net book value:			
At 31 December 2024	**301,397**	-	**301,397**

	Computer Software LBP Million	Other LBP Million	Total LBP Million
Cost:			
At 1 January 2023	189,237	29	189,266
Additions	21,816	-	21,816
Write offs	(18,279)	-	(18,279)
Movements related to discontinued operations, net	313,426	-	313,426
Transfer to assets held for sale	(343,863)	(29)	(343,892)
Foreign exchange difference	214,544	-	214,544
At 31 December 2023	376,881	-	376,881
Amortisation:			
At 1 January 2023	128,460	29	128,489
Amortisation during the year	20,627	-	20,627
Amortisation related to discontinued operations	58,906	-	58,906
Transfer to assets held for sale	(69,741)	(29)	(69,770)
Related to write offs	(16,721)	-	(16,721)
Foreign exchange difference	192,516	-	192,516
At 31 December 2023	314,047	-	314,047
Net book value:			
At 31 December 2023	62,834	-	62,834

27.0. ASSETS OBTAINED IN SETTLEMENT OF DEBT

The Group occasionally takes possession of assets in settlement of loans and advances. The Group is in the process of selling these assets. Gains or losses on disposal are recognised in the consolidated income statement for the year.

	2024			2023		
	Financial Instruments LBP Million	Properties LBP Million	Total LBP Million	Financial Instruments LBP Million	Properties LBP Million	Total LBP Million
Cost:						
At 1 January	1,813	103,040	104,853	1,813	167,972	169,785
Movements related to discontinued operations, net	-	-	-	-	355,521	355,521
Transfer to assets held for sale	-	-	-	-	(420,453)	(420,453)
At 31 December	1,813	103,040	104,853	1,813	103,040	104,853
Impairment:						
At 1 January	-	6,385	6,385	-	6,385	6,385
At 31 December	-	6,385	6,385	-	6,385	6,385
Net book value:						
At 31 December	1,813	96,655	98,468	1,813	96,655	98,468

The carrying value of assets in settlement of debts include LBP 98,468 million in Lebanon as at 31 December 2024 (2023: same) based on historical costs at the official exchange rate of LBP 1,507.5 to the US Dollar; these are subject to seizure and restriction on disposal (Note 56).

28.0. OTHER ASSETS

	2024 LBP Million	2023 LBP Million
Prepaid charges	474,662	263,061
Tax regularisation account	273,581	39,450
Receivables related to non-banking operations	259,859	28,447
Electronic cards and regularisation accounts	187,535	34,191
Advances to staff	64,100	13,572
Interest and commissions receivable	44,376	2,987
Advances on acquisition of property and equipment	28,880	8,994
Management and advisory fees receivable	25,337	2,901
Fiscal stamps, bullions and commemorative coins	9,403	11,510
Advances on acquisition of intangible assets	4,364	6,499
Hospitalisation and medical care under collection	1,040	185
Funds' management fees	-	586
Other debtor accounts	4,612,900	740,314
	5,986,037	1,152,697

OTHER DEBTOR ACCOUNTS

Other debtor accounts as at 31 December 2024 include an amount of LBP 3,377,101 million related to check issued against lawsuits (2023: LBP 565,995 million).

29.0. GOODWILL

	2024 LBP Million	2023 LBP Million
Cost:		
At 1 January	654,797	200,209
Foreign exchange difference	2,251,320	454,588
At 31 December	2,906,117	654,797
Impairment:		
At 1 January	157,767	157,767
At 31 December	157,767	157,767
Net book value:		
At 31 December	2,748,350	497,030

Testing goodwill for impairment involves a significant amount of judgment. This includes the identification of independent CGUs and the allocation of goodwill to these units based on which units are expected to benefit from the acquisition. The allocation is reviewed following business reorganisations. Cash flow projections necessarily take into account changes in the market in which a business operates including the level of growth, competitive activity, and the impacts of regulatory change. The Group performed its annual impairment test in December 2024 and 2023.

As at 31 December, the carrying amount of goodwill was allocated to the following CGUs:

	2024 LBP Million	2023 LBP Million
Private Banking – Switzerland	2,748,350	497,030

This CGUs does not carry on its statement of financial position any intangible assets with indefinite lives, other than goodwill.

RECOVERABLE AMOUNT

The Private Banking CGU in Switzerland is a separate legal entity offering Private Banking activities to its customers and is reported mainly under the Retail and Personal Banking business segment and the Europe geographical segment. The recoverable amount of this CGU was determined based on a value in use calculation using cash flow projections from financial budgets approved by Senior Management covering a five-year period, with a terminal growth rate of 2.00% (2023: 2.00%). The forecast cash flows were discounted at a pre-tax rate of 10.00% (2023: 10.00%). Based on these assumptions, the recoverable amount exceeds the carrying amount including goodwill by LBP 6,890,367 million (2023: LBP 900,861 million).

KEY ASSUMPTIONS USED IN VALUE IN USE CALCULATIONS AND SENSITIVITY TO CHANGES IN ASSUMPTIONS

The calculation of value in use for the Private Banking – Switzerland CGU is most sensitive to interest rate margins, cost of equity and the projected growth rates used to extrapolate cash flows beyond the budget period.

The cost of equity assigned to an individual CGU and used to discount its future cash flows can have a significant effect on its valuation. The cost of equity percentage is generally derived from an appropriate capital asset pricing model, which itself depends on inputs reflecting a number of financial and economic variables including the risk rate in the country concerned, and a premium to reflect the inherent risk of the business being evaluated. Projected terminal growth rates used are in line with, and do not exceed, the projected growth rates in GDP and inflation rate forecasts for the jurisdictional area where the operations reside.

Management performed a sensitivity analysis to assess the changes to key assumptions that could cause the carrying value of the units to exceed their recoverable amount. These are summarised in the table below which shows the details of the sensitivity of the above measures on the Group's CGU's value in use (VIU):

	Private Banking – Switzerland	
Interest margins	Interest margins are based on current fixed interest yields.	A decrease of 0.10% causes a decrease in the value in use by 0.17% (LBP 51,697 million) (2023: 0.16% (LBP 8,136 million)).
Cost of equity	The cost of equity is the return required for an investment to meet capital return requirements; it is often used as a capital budgeting threshold for required rate of return.	A decrease of 0.25% causes an increase in the value in use by 1.94% (LBP 607,247 million) (2023: 1.54% (LBP 77,642 million)).
Growth rate	Growth rate is the percentage change of the compounded annualised rate of growth of revenues, earnings, dividends and even including macro concepts such as GDP and the economy as a whole.	A decrease of 0.5% causes a decrease in the value in use by 2.59% (LBP 809,932 million) (2023: 1.97% (LBP 99,197 million)).

The following table presents the sensitivity of each input by showing the change required to individual current assumptions to reduce headroom to nil (breakeven) for the Private Banking CGU in Switzerland:

	2024	2023
Interest margin	(13.33%)	(11.08%)
Cost of equity	13.98%	14.94%
Growth rate	(6.89%)	(6.66%)

30.0. DUE TO CENTRAL BANKS

	2024 LBP Million	2023 LBP Million
Central Bank of Lebanon		
Subsidised loans	823,476	538,561
Term borrowings under leverage arrangements	1,979,141	1,979,141
Accrued interest	10,441	10,080
Other central banks		
Other borrowings	10,810	1,429
	2,823,868	2,529,211

SUBSIDISED LOANS

As at 31 December 2024, subsidised loans consist of utilised amounts on facilities granted by the Central Bank of Lebanon for the purpose of lending to customers at subsidised rates in accordance with Decision No. 6116 dated 7 March 1996. Principals are repayable on monthly basis and based on the amounts withdrawn by the customers (2023: the same).

TERM BORROWINGS UNDER LEVERAGE ARRANGEMENTS

As at 31 December 2024, leverage arrangements with the Central Bank of Lebanon represent term borrowings denominated in LBP, bearing a 2% interest rate per annum and having maturities ranging between 2027 and 2028, fully invested in Lebanese Treasury bills earning coupon rates of 7.46%.

As at 31 December 2023, leverage arrangements with the Central Bank of Lebanon represent term borrowings denominated in LBP, bearing a 2% interest rate per annum and having maturities ranging between 2024 and 2031, fully invested in Lebanese Treasury bills, certificates of deposit with the Central Bank of Lebanon in LBP, and blocked term placements with the Central Bank of Lebanon in LBP earning coupon rates ranging between 6.5% per annum and 10.5%. Simultaneously, the Bank has either deposited term placements with the Central Bank of Lebanon in foreign currencies at 6.5% per annum and in LBP at 10.5% per annum (originated from the sale of foreign currencies to the Central Bank of Lebanon) carrying the same maturities; or purchased Lebanese government Eurobonds from the Central Bank of Lebanon. During 2019, the Bank and the Central Bank of Lebanon signed a netting agreement covering only leverage arrangements that were invested in blocked term placement and pledged certificates of deposit with the Central Bank of Lebanon in LBP. This agreement qualifies for netting under the requirements of IAS 32.

The below table summarises the leverage arrangements and related financial assets subject to offsetting, and enforceable similar agreements, and whether offset is achieved in the statement of financial position. The table identifies the amounts that have been offset in the statement of financial position and also those amounts that are covered by enforceable netting arrangements (financial collateral) but do not qualify for netting under the requirements of IAS 32 described in the accounting policies:

	2024 LBP Million	2023 LBP Million
Leverage arrangements		
Gross amounts	1,979,141	9,443,806
Amounts offset against[1]		
Placement with the Central Bank of Lebanon (Note 16)	-	4,826,665
Certificates of deposit with the Central Bank of Lebanon (Note 22)	-	2,638,000
Net amounts reported on the statement of financial position	1,979,141	1,979,141
Financial collateral		
Lebanese Treasury bills (Note 22)	1,979,141	1,979,141
	1,979,141	1,979,141

[1] Represents amounts that can be offset under IAS 32. Placements with the Central Bank of Lebanon and certificates of deposit with the Central Bank of Lebanon have also been reported on the statement of financial position net of the amounts above.

As at 31 December 2024, financial assets and financial liabilities that were settled on a net basis amounted to LBP 11,892,889 million (2023: LBP 4,428,224 million) (Notes 16 and 22).

31.0. DUE TO BANKS AND FINANCIAL INSTITUTIONS

	2024 LBP Million	2023 LBP Million
Current accounts	16,801,605	1,513,085
Term loans	6,734,952	1,311,364
Time deposits	2,322	2,298
Accrued interest	48	12
	23,538,927	2,826,759

Included in term loans above an amount of LBP 6,734,952 million (2023: LBP 1,311,364 million) representing loans granted from various supranational entities for the purpose of financing small and medium-size enterprises in the private sector, with annual interest rates at 0.00% (2023: the same).

During 2021, in light of the social, economic and banking sector conditions in Lebanon and the impending government reform program, certain lenders have agreed on a voluntary basis and at the request of the Bank, to amend certain terms of their loan agreements, amongst others, the repayment schedule and the maturity date. Remaining balance of these loans amounted to LBP 6,734,952 million as at 31 December 2024 (2023: LBP 1,311,364 million).

32.0. CUSTOMERS' DEPOSITS

	2024			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	**Total LBP Million**
Sight deposits	70,628,739	604,112,659	1,229,074	675,970,472
Time deposits	26,012,505	389,934,407	2,633,594	418,580,506
Margins on LCs and LGs	11,904,273	298,378	-	12,202,651
Other margins	63	-	-	63
Other deposits	7,663	954,904	-	962,567
	108,553,243	995,300,348	3,862,668	1,107,716,259
Deposits pledged as collateral				52,699,484

	2023			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Total LBP Million
Sight deposits	14,245,892	99,543,713	263,699	114,053,304
Time deposits	4,305,007	70,631,536	931,291	75,867,834
Margins on LCs and LGs	536,733	70,140	-	606,873
Other margins	5,840	-	-	5,840
Other deposits	9,016	222,754	-	231,770
	19,102,488	170,468,143	1,194,990	190,765,621
Deposits pledged as collateral				6,955,767

Sight deposits includes balances of bullion amounting to LBP 1,365,821 million as at 31 December 2023 which were carried at fair value through profit and loss.

Credit linked deposits are deposits whereby the principal is settled at maturity according to the full discretion of the Group either in cash or in Lebanese government Eurobonds. In agreement with such depositors, the Bank settled deposits amounting to USD 300 million in certificates of deposits with the Central Bank of Lebanon denominated in US Dollar and having the same nominal amount as at 31 December 2024 (2023: the same) (Note 22). Remaining credit linked deposits amounted to USD 10 million as at 31 December 2024 (2023 the same).

33.0. DEPOSITS FROM RELATED PARTIES

	2024		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Sight deposits	337,443	1,973,686	2,311,129
Time deposits	30,839	1,092,016	1,122,855
Other deposits and margin accounts	90,399	12,947	103,346
	458,681	3,078,649	3,537,330
Deposits pledged as collateral			269,318

	2023		
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Total LBP Million
Sight deposits	375,744	246,423	622,167
Time deposits	5,983	671,656	677,639
Other deposits and margin accounts	15,419	4,331	19,750
	397,146	922,410	1,319,556
Deposits pledged as collateral			552,709

34.0. DEBT ISSUED AND OTHER BORROWED FUNDS

	2024 LBP Million	2023 LBP Million
USD 116,560,000 due 19 April 2027 – 5.00%	10,428,472	1,736,160
USD 112,500,000 due 11 April 2024 – 6.55% + Telerate 6m	10,068,750	1,687,500
USD 37,500,000 due 11 April 2024 – 6.55% + Telerate 6m	3,356,250	562,500
Accrued interests	99,746	76,970
	23,953,218	4,063,130

The principal of the loans is to be repaid at maturity. Any principal amount of the loans prepaid may not be re-borrowed. Prepayment on the loans is applicable as follows:

USD 346,730,000 Due 16 October 2023 – 6.75%
In September 2013, the Group issued USD 350 million of subordinated unsecured bonds. The repayment date for the bonds was 16 October 2023, subject to early redemption or acceleration. The bonds carried an annual interest rate of 6.75% payable on a quarterly basis. During 2019, the Group acquired notes with a notional amount of USD 3.3 million for a total consideration of USD 2.6 million, leaving an outstanding sub debt amount of approximately USD 347 million.

In its meeting held on 12 February 2021, the Ordinary General Assembly, pursuant to a recommendation of the Board of Directors, resolved to proceed with the issuance of new unsecured subordinated notes under Lebanese law, the 2022 subordinated notes, to be subscribed to, through the voluntary exchange of the existing subordinated notes.

On 21 October 2021, the Bank announced an invitation to holders of subordinated notes to exchange all of their existing notes for (i) an equivalent principal amount of new notes; and (ii) a cash amount (as defined below) upon the terms and subject to the conditions set forth in the exchange offer memorandum. Existing holders who do not submit an exchange instruction prior to the settlement deadline will have their existing notes cancelled in exchange for the issue of new notes. The noteholder meeting, set to be held on 2 December 2021, was not quorate and was hence adjourned to 20 January 2022. The latter meeting was also not quorate and was further adjourned to 28 February 2022, date at which the necessary quorum was reached (with 68.08% of the aggregate principal amount of the outstanding existing notes then outstanding being represented) and the resolution was duly passed (with 92.98% of the votes being cast in favour of the resolution).

On 15 July 2021, the Bank received the Central Bank of Lebanon's approval for the exchange offer. On 28 March 2022, the Bank received a letter from the Central Bank of Lebanon with the amended approval, passed by a decision of the Central Council of the Central Bank of Lebanon on 23 March 2022, to include certain items, including the inclusion of the put option, in the terms and conditions of the new notes.

On 30 March 2022, the Bank and the Trustee entered into the Supplemental Trust Deed in order to give effect to the resolution.

On 19 April 2022, the Bank proceeded with the exchange of all of the existing notes, with the new issued notes and the settlement of the exchange offer. The terms and conditions of the new notes are summarised below.

USD 116,560,000 Due 19 April 2027 – 5.00%	2024 LBP Million	2023 LBP Million
Nominal value	10,432,120	1,748,400
Upfront interest	(3,648)	(12,240)
	10,428,472	1,736,160

Notes issued on 19 April 2022 in exchange of previous notes issued in September 2013. The terms and conditions for the notes are as follows.

- Maturity date: 19 April 2027.
- Upfront interest payment of 10% payable on 19 April 2022, subject to 10% withholding tax.
- Interest payment of 5% p.a., subject to 10% withholding tax, which will start to accrue on 19 April 2022 and will be payable quarterly in arrears.
- Put option at the discretion of the noteholder who may choose to redeem the note at 90.5% of principal amount. The settlement date of the put option is 19 May 2022.
- In connection to the exchange, a cash amount of USD 118.6875 per 1,000 in principal amount is payable, grossed up, on 19 April 2022.
- These notes are not eligible for integration in Tier 2 in the calculation of the capital adequacy ratio.
- Starting the first anniversary of the issue on 19 April 2023 and after giving a redemption notice, the Bank has the option to redeem in whole but not in part the Notes, including accrued and unpaid interest, noting that the principal amount will be redeemed at 92% of face value. If early redemption is not exercised by the Bank, the redemption percentage will increase thereafter incrementally by 2% at each anniversary date.

On 11 May 2022, the General Assembly resolved to approve: (i) granting of a put option in favour of the holders of the 2022 subordinated notes issued on 19 April 2022 pursuant to the resolution of the Ordinary General Assembly meeting held on 12 February 2021, and (ii) all other terms of the 2022 subordinated notes, as per the Board of Directors' proposal and recommendations.

As at 19 May 2022, holders of notes representing approximately USD 230 million had exercised the put option out of USD 347 million outstanding (66% of the total).

USD 112,500,000 Due 11 April 2024 – 6.55% + Telerate 6m and USD 37,500,000 Due 11 April 2024 – 6.55% + Telerate 6m
The principal amount of the loan (and any interest accrued but unpaid) will rank (i) junior in right of payment to the claims of the holders of unsecured and unsubordinated payment obligations of the Bank; (ii) paripassu with the claims of holders of all other subordinated indebtedness of the Bank and (iii) in priority to the claims of shareholders of the Bank, including in respect of cash contributions to capital. Following satisfaction of unsubordinated claims as aforesaid, the lender shall be entitled to receive and to retain any payment or distribution in respect of the loan and all other amounts outstanding on a paripassu basis with other subordinated indebtedness.

If on a particular interest payment date, the Group does not have free profits available to pay the full amount of accrued and unpaid interest then due in respect of the loan, the Group's obligation to pay such interest shall be deferred and become due and payable on the next interest payment date, to the extent of free profits then available, and if not then available, such deferral shall continue until the interest payment date when all interests have been paid in full on final maturity date.

The Group determined that the matters disclosed in Note 1 will have an impact on the retained earnings and reserves leading to a need for recapitalisation, the amount of which has not been determined yet due to the high level of uncertainty of resulting from these matters. This matter is under objection by the lender. However, the Group believes it is in a strong position. As at 31 December 2024, deferred interest payable amounted to LBP 5,432,271 million and was recorded under "Other liabilities" (2023: LBP 772,275 million) (Note 35).

The Group shall, on any interest payment date or not less than 30 days' prior written notice, have the right to prepay the entire outstanding principal amount of the loan, in whole but not in part, together with accrued but unpaid interest thereon, and all other amounts payable, and subject to the approval of the Central Bank of Lebanon:

- In the event of a change in Lebanese law or regulation resulting in an increase in the withholding tax rate applicable to payments of interest on the loans to more than 5.00% above the rate in effect on the date of the disbursement. No penalty or premium shall be payable in connection with any prepayment following changes in taxation; or
- Subject to the payment of a premium of 2.00% of the outstanding principal amount of the loans to be prepaid, at the option of the Group, on any interest payment date at any time after the fifth anniversary of the date on which the loan is disbursed.

Finally, given the delays in issuing the needed banking restructuring law as one of the measures in dealing with the existing and persisting crisis in Lebanon, and the fact this subordinated debt matured on 11 April 2024, the Group communicated with the Central Bank of Lebanon the urgency in determining how to handle maturing subordinated debt. On 15 April 2024 the Central Bank of Lebanon communicated to the Group that the Central Council of the Central Bank of Lebanon finds not permissible any payment on the subordinated debt before a banking restructuring law is issued, which is being challenged by the lender. Despite the directive of the Central Council of the Central Bank, the lender went ahead and filed a law suit against the Group on 2 August 2024. The Group filed its defense on the matter on 27 September 2024. A full settlement agreement was signed and executed subsequent to the balance sheet date. The approval of the Central Bank of Lebanon on the settlement agreement was obtained on 14 March 2025.

Cash and Non-cash Changes in Debt Issued and Other Borrowed Funds

Changes in debt issued and other borrowed funds during the year were as follows:

	2024 LBP Million	2023 LBP Million
Balance at 1 January	4,063,130	823,443
Up front interest	996,445	332,266
Result related to discontinued operations	-	377,523
Paid during the year	(525,053)	(328,787)
Movements related to assets held for sale	-	3,473,170
Deferred interest payable	-	(4,280,670)
Foreign exchange	19,418,696	3,666,185
Balance at 31 December	23,953,218	4,063,130

35.0. OTHER LIABILITIES

	2024 LBP Million	2023 LBP Million
Deferred interest payable (Note 34)	5,432,271	772,275
Accrued expenses	2,058,416	426,652
Operational taxes	563,971	227,713
Lease liabilities	454,495	102,371
Electronic cards and regularisation accounts	284,517	50,691
Social security dues	109,805	25,686
Employee accrued benefits	108,367	23,517
Miscellaneous suppliers and other payables	43,384	8,606
Bankers' drafts	6,265,233	3,410,558
Other credit balances	2,986,921	764,516
	18,307,380	5,812,585

Bankers' drafts as at 31 December 2024 and 2023 consist of checks paid to depositors that have not yet been withdrawn from the Central Bank of Lebanon or other Lebanese banks.

Set out below are the carrying amounts of lease liabilities and the movements during the year ended 31 December:

	2024 LBP Million	2023 LBP Million
Balance at 1 January	102,371	25,697
Additions	-	52,758
Termination	-	(21,871)
Interest expense	8,508	1,502
Result related to discontinued operations	-	29,592
Paid during the year	(132,104)	(19,115)
Paid related to discontinued operations	-	(57,427)
Transfer to assets held for sale	-	(83,083)
Foreign exchange	475,720	174,318
Balance at 31 December	454,495	102,371

36.0. PROVISIONS FOR RISKS AND CHARGES

	2024 LBP Million	2023 LBP Million
Provisions for risks and charges (a)	35,073,921	3,062,816
Provisions for ECL on financial guarantees and commitments (Note 52)	283,457	40,268
End-of-service benefits (b)	3,709,961	1,415,957
	39,067,339	4,519,041

A) PROVISIONS FOR RISKS AND CHARGES

	2024 LBP Million	2023 LBP Million
Provision for legal claims	296,198	55,237
Other provisions	34,777,723	3,007,579
	35,073,921	3,062,816

	2024 LBP Million	2023 LBP Million
Balance at 1 January	3,062,816	279,340
Add:		
Charge reflected under operating expenses (Note 13)	23,975,043	2,556,577
Less:		
Paid during the year	(637,819)	(118,637)
Net provisions recoveries (Note 10)	(4,166)	(9)
Movements related to discontinued operations, net	-	326,025
Write off	-	(5,173)
Result related to discontinued operations	-	(51,886)
Transfer to assets held for sale	-	(344,378)
Foreign exchange difference	8,678,047	420,957
Balance at 31 December	35,073,921	3,062,816

B) END-OF-SERVICE BENEFITS

Entities operating in Lebanon have two defined benefit plans covering all their employees. The first requires contributions to be made to the National Social Security Fund whereby the entitlement to and level of these benefits depend on the employees' length of service, as well as on the employees' salaries and contributions paid to the fund among other requirements. Under the second plan, no contributions are required to be made, however a fixed end-of-service lump sum amount should be paid for long service employees. The entitlement to and level of these end-of-service benefits provided depend on the employees' length of service, salaries and other requirements outlined in the Workers' Collective Agreement. The first plan described above also applies to non-banking entities operating in Lebanon. Defined benefit plans for employees at foreign subsidiaries and branches are set in line with the laws and regulations of the respective countries in which these subsidiaries are located.

The movement of provision for staff retirement benefit obligations is as follows:

	2024		
	Lebanon LBP Million	Foreign Countries LBP Million	Total LBP Million
Balance at 1 January	1,236,131	179,826	1,415,957
Charge for the year (Note 12)	199,232	164,945	364,177
Paid during the year	(318,488)	(187,898)	(506,386)
Actuarial gain on obligation – experience	1,197,587	(10,675)	1,186,912
Actuarial loss on obligation – economic assumptions	163,225	(8,427)	154,798
Actuarial loss on obligation – demographic assumptions	23,238	269,609	292,847
Provision no more required (Note 10)	(14,694)	-	(14,694)
Foreign exchange difference	-	816,350	816,350
Balance at 31 December	2,486,231	1,223,730	3,709,961

	2023		
	Lebanon LBP Million	Foreign Countries LBP Million	Total LBP Million
Balance at 1 January	207,292	17,380	224,672
Charge for the year (Note 12)	350,084	33,182	383,266
Results related to discontinued operations	-	12,226	12,226
Paid during the year	(14,029)	(38,013)	(52,042)
Actuarial gain on obligation – experience	583,835	5,276	589,111
Actuarial loss on obligation – economic assumptions	108,949	55,138	164,087
Movement related to discontinued operations, net	-	35,805	35,805
Provision no more required (Note 10)	-	(837)	(837)
Transfer to assets held for sale	-	(53,943)	(53,943)
Foreign exchange difference	-	113,612	113,612
Balance at 31 December	1,236,131	179,826	1,415,957

The charge for the year is broken down as follows:

	2024 LBP Million	2023 LBP Million
Current service cost	229,808	367,676
Interest on obligation	134,369	15,590
	364,177	383,266

The key assumptions used in the calculation of retirement benefit obligation are as follows:

	Lebanon		Switzerland	
	2024	2023	2024	2023
Economic assumptions				
Discount rate (p.a.)	14.00%	14.00%	0.95%	1.40%
Inflation rate (p.a.)	None	None	1.10%	1.25%
Salary increase (p.a.)				
Coming years:				
Employees	5.00%	50.00%	1.35%	1.50%
Senior Managers	5.00%	50.00%	1.35%	1.50%
Thereafter:				
Employees	None	None	1.35%	1.50%
Senior Managers	None	None	1.35%	1.50%
Expected annual rate of return on NSSF contributions	3.00%	3.00%	None	None
Expected future pension increases	None	None	1.35%	1.50%
Interest crediting rate	None	None	None	None
Treatment of bonus	None	None	None	None
Demographic assumptions				
Retirement age	Earliest of age 64 or completion of 20 contribution years	Earliest of age 64 or completion of 20 contribution years	Age 65 for men and 64 for women	Age 65 for men and 64 for women
Pre-termination mortality	None	None	BVG 2020 + 1.5%	BVG 2020 + 1.5%
Pre-termination turnover rates (age related with average of)	3.50% – 25.00%	3.50% – 7.50%	4.20% – 25.20%	4.20% – 25.20%

A quantitative sensitivity analysis for significant assumptions is shown as below:

	Discount Rate		Future Salary Increase		Cost of Living Adjustment(*)	
	% Increase LBP Million	% Decrease LBP Million	% Increase LBP Million	% Decrease LBP Million	50% Increase LBP Million	100% Increase LBP Million
Impact on net defined benefit obligation – 2024	(153,131)	175,288	2,985	(2,924)	-	-
Impact on net defined benefit obligation – 2023	(16,518)	16,943	11,859	(11,629)	338,863	677,726

(*) For Lebanon only.

Except for the cost of living adjustments, the sensitivity analysis above was determined based on a method that extrapolates the impact on the defined benefit obligation as a result of 25 basis point changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

37.0. SHARE CAPITAL AND ISSUE PREMIUM

SHARE CAPITAL

The share capital of Bank Audi sal as at 31 December is as follows:

	2024			2023		
	Number of Shares	Share Capital LBP Million	Issue Premium LBP Million	Number of Shares	Share Capital LBP Million	Issue Premium LBP Million
Common shares	588,538,215	982,859	902,290	588,538,215	982,859	902,290
Preferred shares series "H"	750,000	1,252	111,811	750,000	1,252	111,811
Preferred shares series "I"	2,500,000	4,175	372,700	2,500,000	4,175	372,700
Preferred shares series "J"	2,750,000	4,593	409,969	2,750,000	4,593	409,969
	6,000,000	10,020	894,480	6,000,000	10,020	894,480
	594,538,215	992,879	1,796,770	594,538,215	992,879	1,796,770

LISTING OF SHARES

	2024		2023	
	Stock Exchange	Number of Shares	Stock Exchange	Number of Shares
Ordinary shares	Beirut	468,898,454	Beirut	468,898,454
Global depository receipts	Beirut	119,639,761	Beirut	119,639,761
Preferred shares	Beirut	6,000,000	Beirut	6,000,000
		594,538,215		594,538,215

The Board of Directors has approved the delisting of the global depository receipts from the London SEAQ on 29 July 2020. The delisting became effective on 6 November 2020.

PREFERRED SHARES

1. Pursuant to the resolution of the Extraordinary General Assembly of shareholders held on 15 April 2013, the Bank issued series "H" preferred shares under the following terms:

PREFERRED SHARES SERIES "H"

- Number of shares:	750,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,299 (later became LBP 1,670 upon increasing the nominal value).
- Issue premium:	Calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	Annual non-cumulative dividends of USD 4.5 per share for the year 2013, and USD 6.5 for each subsequent year.
- Repurchase right:	The Bank has the right to repurchase the shares in 7 years after issuance, as well as to call them off by that date.

The Extraordinary General Assembly of shareholders held on 21 June 2013 validated and ratified the capital increases according to the aforementioned terms for preferred shares series "H".

2. Pursuant to the resolution of the Extraordinary General Assembly of shareholders held on 29 November 2016, the Bank issued preferred shares series "I" under the following terms:

PREFERRED SHARES SERIES"I"

- Number of shares:	2,500,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,656 (later became LBP 1,670 upon increasing the nominal value).
- Issue premium:	Calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	Annual non-cumulative dividends of USD 3 per share for the year 2016, and USD 7 for each subsequent year.
- Repurchase right:	The Bank has the right to repurchase the shares in 5 years after issuance, as well as to call them off by that date.
- Conversion:	Mandatorily convertible into 15 common shares in case: 1) common equity Tier 1 to risk-weighted assets falls below 66.25% of minimum required by the Central Bank of Lebanon; or 2) the Bank is deemed non-viable by the Central Bank of Lebanon without such a conversion.

The Extraordinary General Assembly of shareholders held on 21 December 2016 validated and ratified the capital increase according to the aforementioned terms.

3. Pursuant to the resolution of the Extraordinary General Assembly of shareholders held on 21 July 2017, the Bank issued preferred shares series "J" under the following terms:

PREFERRED SHARES SERIES "J"

- Number of shares:	2,750,000.
- Share's issue price:	USD 100.
- Share's nominal value:	LBP 1,663 (later become LBP 1,670 upon increasing the nominal value).
- Issue premium:	Calculated in USD as the difference between USD 100 and the counter value of the par value per share based on the exchange rate at the underwriting dates.
- Benefits:	Annual non-cumulative dividends of USD 4 per share for the year 2017, and USD 7 for each subsequent year.
- Repurchase right:	The Bank has the right to repurchase the shares in 5 years after issuance, as well as to call them off by that date
- Conversion:	Mandatorily convertible into 15 common shares in case: 1) common equity Tier 1 to risk-weighted assets falls below 66.25% of minimum required by the Central Bank of Lebanon; or 2) the Bank is deemed non-viable by the Central Bank of Lebanon without such a conversion.

The Extraordinary General Assembly of shareholders held on 27 October 2017 validated and ratified the capital increase according to the aforementioned terms.

PAID DIVIDENDS

In accordance with Central Bank of Lebanon Intermediate Circular 567, 616, 659, 676 and 726 no dividends were distributed from 2019, 2020, 2021, 2022 and 2023 profits.

38.0. CASH CONTRIBUTION TO CAPITAL

In previous years, agreements were entered between the Bank and its shareholders whereby the shareholders granted cash contributions to the Bank amounting to USD 48,150,000 (equivalent to LBP 72,586 million) subject to the following conditions:

- These contributions will remain as long as the Bank performs banking activities.
- If the Bank incurs losses and has to reconstitute its capital, these contributions may be used to cover the losses if needed.
- The shareholders have the right to use these contributions to settle their share in any increase of capital.
- No interest is due on the above contributions.
- The above cash contributions are considered as part of Tier 1 capital for the purpose of determining the Bank's capital adequacy ratio.
- The right to these cash contributions is for the present and future shareholders of the Bank.

39.0. NON-DISTRIBUTABLE RESERVES

	Legal Reserve LBP Million	Reserves Appropriated for Capital Increase LBP Million	Gain on Sale of Treasury Shares LBP Million	Reserve for General Banking Risks LBP Million	Unrealised Gain on Fair Value through Profit or Loss LBP Million	Reserve for Foreclosed Assets LBP Million	Other Reserves LBP Million	**Total LBP Million**
Balance at 1 January 2024	**639,935**	**39,955**	**6,640**	**18,327**	**14,835**	**11,406**	**1,804,256**	**2,535,354**
Appropriation of 2023 profits	53,021	-	-	-	-	-	-	53,021
Balance at 31 December 2024	**692,956**	**39,955**	**6,640**	**18,327**	**14,835**	**11,406**	**1,804,256**	**2,588,375**

	Legal Reserve LBP Million	Reserves Appropriated for Capital Increase LBP Million	Gain on Sale of Treasury Shares LBP Million	Reserve for General Banking Risks LBP Million	Unrealised Gain on Fair Value through Profit or Loss LBP Million	Reserve for Foreclosed Assets LBP Million	Other Reserves LBP Million	Total LBP Million
Balance at 1 January 2023	633,836	39,955	6,640	18,327	14,835	11,406	1,804,256	2,529,255
Appropriation of 2022 profits	6,099	-	-	-	-	-	-	6,099
Balance at 31 December 2023	639,935	39,955	6,640	18,327	14,835	11,406	1,804,256	2,535,354

LEGAL RESERVE

The Lebanese Commercial Law and the Bank's articles of association stipulate that 10% of the net annual profits be transferred to legal reserve. In addition, subsidiaries and branches are also subject to legal reserve requirements based on the rules and regulations of the countries in which they operate. This reserve is not available for dividend distribution.

The Group transferred to legal reserve an amount of LBP 53,021 million (2023: LBP 6,099 million) as required by the laws applicable in the countries in which they operate.

RESERVES APPROPRIATED FOR CAPITAL INCREASE

This amount represents the net gain on the disposal of fixed assets acquired in settlement of debt, in addition to reserves on recovered provisions for doubtful loans and debts previously written off, whenever recoveries exceed booked allowances.

GAIN ON SALE OF TREASURY SHARES

These gains arise from the Global Depository Receipts (GDRs) owned by the Group. Based on the applicable regulations, the Group does not have the right to distribute these gains.

OTHER RESERVES

According to the Central Bank of Lebanon's Main Circular 143, banks in Lebanon are required to transfer to other reserves the balance of reserves for general banking risks and general reserves for loans and advances (totalling LBP 889,720 million) previously appropriated in line with the requirements of Decision 7129 and Decision 7776 respectively. In accordance with the resolution of the Bank's General Assembly held on 30 June 2022 and Central Bank of Lebanon's letter dated 27 January 2022, an amount of LBP 479,263 million was transferred from distributable reserves (for the gain from sale of subsidiaries) and an amount of LBP 165,414 million was transferred from retained earnings (for dividends distributed by foreign subsidiaries). This reserve is part of the Group's equity and is not available for distribution.

RESERVE FOR UNREALISED REVALUATION GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As per the Banking Control Commission's Circular 296 dated 4 June 2018, banks operating in Lebanon are required to appropriate in a special reserve from their annual net profits the value of gross unrealised profits on financial assets at fair value through profit or loss. This reserve is not available for dividend distribution until such profits are realised and released to general reserves.

RESERVE FOR FORECLOSED ASSETS

The reserve for foreclosed assets represents appropriation against assets acquired in settlement of debt in accordance with the circulars of the Lebanese Banking Control Commission. Appropriations against assets acquired in settlement of debt shall be transferred to unrestricted reserves upon the disposal of the related assets.

40.0. DISTRIBUTABLE RESERVES

	General Reserves LBP Million	Cost of Capital Issued LBP Million	**Total LBP Million**
Balance at 1 January 2024 and 31 December 2024	**43,453**	**(7,458)**	**35,995**

	General Reserves LBP Million	Cost of Capital Issued LBP Million	Total LBP Million
Balance at 1 January 2023 and 31 December 2023	43,453	(7,458)	35,995

41.0. PROPOSED DIVIDENDS

In accordance with Central Bank of Lebanon Intermediate Circulars 567, 616, 659, 676 and 726 the Board of Directors does not propose the payment of dividends for the years 2024, 2023, 2022 and 2021.

42.0. TREASURY SHARES

	2024		2023	
	Number of Shares	Cost LBP Million	Number of Shares	Cost LBP Million
Balance at 1 January	**1,172,382**	**8,392**	1,332,382	9,537
Sale of Treasury Shares	-	-	(160,000)	(1,145)
Balance at 31 December	**1,172,382**	**8,392**	1,172,382	8,392

43.0. OTHER COMPONENTS OF EQUITY

	2024					
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreign Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Cash Flow Hedge Reserve LBP Million	**Total LBP Million**
Balance at 1 January 2024	**16,917,281**	**1,260,006**	**7,819,519**	**(847,673)**	**-**	**25,149,133**
Other comprehensive income from continuing operations	1,386,450	8,184,216	39,551,585	(1,639,282)	-	47,482,969
Sale of FVTOCI	-	(263,801)	-	-	-	(263,801)
Foreign currency translation of other components of equity	691,355	(373,196)	(89,480)	(228,679)	-	-
Balance at 31 December 2024	**18,995,086**	**8,807,225**	**47,281,624**	**(2,715,634)**	**-**	**72,368,301**

	2023					
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreign Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Cash Flow Hedge Reserve LBP Million	Total LBP Million
Balance at 1 January 2023	6,971,629	48,095	(1,464,160)	(144,004)	(3,504)	5,408,056
Other comprehensive income from continuing operations	9,807,331	1,246,779	7,966,482	(706,003)	-	18,314,589
Other comprehensive income from discontinued operations	2,890	(50,565)	1,377,739	(20,572)	(1,081)	1,308,411
Write off of FVTOCI	-	12,860	-	-	-	12,860
Transfer to reserves related to assets held for sale	(3,622)	11,127	69,914	23,213	4,585	105,217
Foreign currency translation of other components of equity	139,053	(8,290)	(130,456)	(307)	-	-
Balance at 31 December 2023	16,917,281	1,260,006	7,819,519	(847,673)	-	25,149,133

REAL ESTATE REVALUATION RESERVE

Effective 31 December 2014, the Group made a voluntary change in its accounting policy for subsequent measurement of two classes of property and equipment being i) Land and ii) Building and Building Improvements from cost to revaluation model.

CUMULATIVE CHANGES IN FAIR VALUE

The cumulative changes as at 31 December represent the fair value differences from the revaluation of financial assets measured at fair value through other comprehensive income. The movement during the year can be summarised as follows:

	Change in Fair Value LBP Million	Deferred Tax LBP Million	**Net LBP Million**
Balance at 1 January 2024	1,533,676	(273,670)	1,260,006
Other comprehensive income from continuing operations	9,820,084	(1,635,868)	8,184,216
Sale of FVTOCI	(263,801)	-	(263,801)
Foreign currency translation of other components of equity	(373,196)	-	(373,196)
Adjustments	(2,491)	2,491	-
Balance at 31 December 2024	10,714,272	(1,907,047)	8,807,225
Balance at 1 January 2023	54,231	(6,136)	48,095
Other comprehensive income from continuing operations	1,517,533	(270,754)	1,246,779
Other comprehensive loss from discontinued operations	(172,236)	121,671	(50,565)
Write off of FVTOCI	12,860	-	12,860
Transfer to reserves related to assets held for sale	(229,890)	241,017	11,127
Foreign currency translation of other components of equity	(8,290)	-	(8,290)
Adjustments	359,468	(359,468)	-
Balance at 31 December 2023	1,533,676	(273,670)	1,260,006

44.0. ASSETS AND LIABILITIES HELD FOR SALE

ODEA BANK A.Ş

On 14 October 2024, the Bank signed a shares purchase agreement for the sale of its 76.4% interest in the share capital of Odea Bank A.Ş. The transaction was executed on 26 March 2025, following the satisfaction of customary regulatory conditions, including obtaining the approvals of the Banking Regulation and Supervision Authority and the Competition Authority in Türkiye, at the agreed purchase price as set out in the Share Purchase Agreement. No impairment for Odea Bank A.Ş has been recognised under IFRS 5 as at 31 December 2024. Impairment under IFRS 5 is calculated as the difference between fair value less disposal costs and the carrying value of the disposal group. The fair value is determined by reference to the purchase price agreed upon between the two parties, taking into consideration potential reductions to be made pursuant to the contract. The fair value less disposal costs and the expected contribution exceeds the net asset value as at 31 December 2024.

Assets and liabilities included in disposal groups classified as held for sale:

	Odea Bank A.Ş.	
	2024 LBP Million	2023 LBP Million
Cash and balances with central banks	33,504,059	7,186,853
Due from banks and financial institutions	13,225,753	3,379,715
Loans to banks and financial institutions and reverse repurchase agreements	7,179,637	1,526,060
Derivative financial instruments	1,047,604	272,361
Financial assets at fair value through profit or loss	5,846,092	707,947
Loans and advances to customers at amortised cost	68,274,353	16,061,846
Financial assets at amortised cost	35,527,493	6,182,944
Financial assets at fair value through other comprehensive income	23,024,470	5,294,267
Property and equipment and right-of-use assets	1,535,729	190,687
Intangible assets	2,448,277	274,122
Assets obtained in settlement of debt	589,277	420,453
Deferred tax assets	5,613,486	438,601
Other assets	2,812,221	605,400
Total assets classified as held for sale	**200,628,451**	42,541,256
Due to central banks	12,882	8,770
Due to banks and financial institutions	10,700,774	1,119,124
Due to banks under repurchase agreement	17,499,049	3,170,186
Derivative financial instruments	1,789,173	257,196
Customers' deposits	121,919,956	29,686,785
Debt issued and other borrowed funds	25,512,561	4,280,670
Other liabilities	3,255,273	494,443
Provisions for risks and charges	1,227,062	413,683
Total liabilities classified held for sale	**181,916,730**	39,430,857
Net assets classified as held for sale	**18,711,721**	3,110,399
Attributable to:		
Equity holders of the parent	**15,375,316**	2,377,227
Non-controlling interests	**3,336,405**	733,172
	18,711,721	3,110,399
Reserves related to assets held for sale		
Real estate revaluation reserve	198,385	3,622
Cumulative changes in fair value	(590,741)	(11,127)
Foreign currency translation reserve	9,572,018	(69,914)
Actuarial loss on defined benefit obligation	(165,856)	(23,213)
Cash flow hedge	-	(4,585)
	9,013,806	(105,217)

The carrying value of the disposal group is stated after the elimination of internal balances between Odea Bank A.Ş and the remaining entities within the Group of LBP 4,562,422 million (2023: LBP 1,105 million). Internal balances have been considered in determining the carrying value of the disposal groups held for sale for the purposes of measuring the disposal group at the lower of carrying amount and fair value less costs to sell.

The disposal groups above meet the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax and non-controlling interest in respect of the discontinued operation on the face of the Group income statement, are analysed in the income statement below.

	Odea Bank A.Ş.	
	2024 LBP Million	2023 LBP Million
Interest and similar income	42,306,056	6,297,483
Interest and similar expense	(46,426,352)	(5,104,309)
Net interest (expense) income	**(4,120,296)**	1,193,174
Fee and commission income	2,392,355	719,804
Fee and commission expense	(243,166)	(67,840)
Net fee and commission income	**2,149,189**	651,964
Net trading gain	4,760,663	205,272
Net gain on sale of financial assets at amortised cost	-	92,318
Other operating income	2,003,053	334,413
Total operating income	**4,792,609**	2,477,141
Net recovery on financial assets	1,593,849	14,961
Net operating income	**6,386,458**	2,492,102
Personnel expenses	(6,083,970)	(795,142)
Other operating expenses	(3,108,473)	(535,107)
Depreciation of property and equipment and right-of-use assets	(693,556)	(89,687)
Amortisation of intangible assets	(514,563)	(58,906)
Total operating expenses	**(10,400,562)**	(1,478,842)
Operating (loss) profit	**(4,014,104)**	1,013,260
Net gain on revaluation and disposal of fixed assets	-	-
(Loss) profit before tax	**(4,014,104)**	1,013,260
Income tax	3,340,211	(22,448)
(Loss) profit for the year	**(673,893)**	990,812
Attributable to:		
Equity holder of the parent	**(463,334)**	757,179
Non-controlling interests	**(210,559)**	233,633
	(673,893)	990,812

Other comprehensive income relating to discontinued operations is as follows:

	Odea Bank A.Ş	
	2024 LBP Million	2023 LBP Million
(Loss) profit for the year	**(673,893)**	990,812
Other comprehensive income that will be reclassified to the income statement in subsequent periods		
Foreign currency translation		
Exchange differences on translation of foreign operations	12,510,626	2,083,255
Net foreign currency translation	**12,510,626**	2,083,255
Cash flow hedge		
Net hedging gain arising during the year	48,012	39,555
Gain reclassified to income statement	(50,566)	(3,878)
Tax effects	(8,103)	(9,552)
Net change in cash flow hedge	**(10,657)**	26,125
Debt instruments at fair value through other comprehensive income		
Change in fair value during the year	(977,001)	(509,169)
Tax effects	224,881	121,671
Net loss on debt instruments at fair value through other comprehensive income	(752,120)	(387,498)
Total other comprehensive income that will be reclassified to the income statement in subsequent periods	**11,747,849**	(1,721,882)
Other comprehensive income (loss) that will not be reclassified to the in-come statement in subsequent periods		
Revaluation of lands and buildings		
Revaluation gain	360,513	-
Tax effects	(108,154)	-
Net revaluation of land and buildings	**252,359**	-
Remeasurement losses on defined benefit plans		
Actuarial loss on defined benefits plans	(100,452)	(16,294)
Tax effects	30,135	6,544
Net remeasurement losses on defined benefits plans	**(70,317)**	(9,750)
Equity instruments at fair value through other comprehensive income		
Change in fair value during the year	3,988	-
Tax effects	(918)	-
Net gain on equity instruments at fair value through other comprehensive income	**3,070**	-
Total other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods	**185,112**	(9,750)
Other comprehensive income for the year, net of tax	**11,932,961**	1,712,132
Total comprehensive income for the year, net of tax	**11,259,068**	2,702,944
Attributable to:		
Equity holder of the parent	**8,604,180**	2,065,590
Non-controlling interests	**2,654,888**	637,354
	11,259,068	2,702,944

The cash flows attributed to the discontinued operations are as follows:

	Odea Bank A.Ş.	
	2024 LBP Million	2023 LBP Million
Net cash flows (used in) operating activities	(25,097,721)	(1,116,961)
Net cash flows from investing activities	13,765,731	997,851
Net cash flows (used in) financing activities	(514,408)	(64,526)
Net decrease in cash and cash equivalents	**(11,846,398)**	(183,636)

45.0. GROUP SUBSIDIARIES

A. LIST OF SIGNIFICANT SUBSIDIARIES

The following table shows information related to the significant subsidiaries of the Bank.

	Percentage of Ownership		Country of	Principal	Functional
	2024	2023	Incorporation	Activity	Currency
Bank Audi France sa	100.00	100.00	France	Banking (Commercial)	EUR
Banque Audi (Suisse) SA	100.00	100.00	Switzerland	Banking (Private)	CHF
Audi Capital (KSA)	99.99	99.99	Saudi Arabia	Financial services	SAR
Bank Audi LLC (Qatar)	100.00	100.00	Qatar	Banking services	QAR
Société Libanaise de Factoring sal	100.00	100.00	Lebanon	Factoring	LBP
Odea Bank A.Ş.	76.42	76.42	Turkey	Banking (Commercial)	TRY
Audi Investments Holding sal	100.00	100.00	Lebanon	Investment	USD

B. SIGNIFICANT RESTRICTIONS

Except as disclosed in Note 17, the Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which banking subsidiaries operate. The supervisory frameworks require banking subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group, and comply with other ratios.

C. NON-CONTROLLING INTERESTS

Odea Bank A.Ş is the only subsidiary of the Group that has a material non-controlling interest with 23.58% equity interests held by non-controlling interests as at 31 December 2024 (2023: the same). During 2024 and 2023, assets and liabilities were classified as held for sale in the consolidated balance sheet and the results were discontinued on the consolidated income statement (Note 44).

MATERIAL PARTIALLY-OWNED SUBSIDIARIE

	Odea Bank A.Ş.	
	2024 %	2023 %
Proportion of equity interests held by non-controlling interests	23.58%	23.58%

Financial information relating to Odea Bank A.Ş is provided in Note 44.

46.0. CASH AND CASH EQUIVALENTS

	2024 LBP Million	2023 LBP Million
Cash and balances with central banks	478,696,657	70,875,852
Due from banks and financial institutions	102,653,433	18,583,649
Due to central banks	(10,810)	(1,429)
Due to banks and financial institutions	(16,801,657)	(1,513,119)
	564,537,623	87,944,953

Cash and balances with central banks include amounts of LBP 120,838,999 million at 31 December 2024 (2023: LBP 21,151,994 million) representing mandatory reserve deposits and balances.

Cash and cash equivalents include balances that are subject to de-facto capital controls and restricted transfers outside Lebanon. Accordingly, these balances are not considered readily convertible to known amounts of cash in the denomination currency without a risk of changes in value. However, the Group maintains their classification as cash and cash equivalents as they are freely transferrable within the Lebanese territory. These balances were as follows as at 31 December 2024 and 31 December 2023:

	2024 LBP Million	2023 LBP Million
Cash and balances with central banks	428,952,650	61,480,586
Due from banks and financial institutions	308,342	219,792
	429,260,992	61,700,378

47.0. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values in this note are stated at a specific date and may be different from the amounts which will actually be paid on the maturity or settlement dates of the instrument. In many cases, it would not be possible to realise immediately the estimated fair values given the size of the portfolios measured. Accordingly, these fair values do not represent the value of these instruments to the Group as a going concern. Financial assets and liabilities are classified according to a hierarchy that reflects the significance of observable market inputs. The three levels of the fair value hierarchy are defined below:

QUOTED MARKET PRICES – LEVEL 1

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions on an arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

VALUATION TECHNIQUE USING OBSERVABLE INPUTS – LEVEL 2

Financial instruments classified as Level 2 have been valued using models whose most significant inputs are derived directly or indirectly from observable market data. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets, and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads.

VALUATION TECHNIQUE USING SIGNIFICANT UNOBSERVABLE INPUTS – LEVEL 3

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs).

EFFECTS OF EXCHANGE RATES ON FAIR VALUE MEASUREMENTS

The fair value disclosures for other assets and liabilities are first determined in their original currency, which is not the Lebanese Pound in the case of most of the assets and liabilities reported below. These are then translated to Lebanese Pounds at the official published exchange rate as discussed in Note 1.3. This matter should be taken into consideration when interpreting the fair value disclosures in this note, especially those under Level 1 and Level 2.

47.1. FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

FAIR VALUE MEASUREMENT HIERARCHY OF THE FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE:

	2024			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL ASSETS				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	64,218	-	-	64,218
Forward precious metals contracts	22,864	-	-	22,864
Currency swaps	18,119	-	-	18,119
Precious metals swaps	5,115	-	-	5,115
Currency options	292,422	-	-	292,422
Equity options	731,646	-	-	731,646
	1,134,384	-	-	1,134,384
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of Lebanon				
Eurobonds	7,435,603	-	-	7,435,603
Other sovereign				
Treasury bills	3,481,835	-	-	3,481,835
Eurobonds	11,637	-	-	11,637
Private sector and other securities				
Mutual funds	-	115,424	1,299,515	1,414,939
Equity instruments	255,328	-	-	255,328
	11,184,403	115,424	1,299,515	12,599,342
Financial assets at fair value through other comprehensive income				
Debt instruments				
Other sovereign				
Treasury bills	67,335	-	-	67,335
Eurobonds	452,353	-	-	452,353
Private sector and other securities				
Banks and financial institutions	17,474,990	-	-	17,474,990
Corporate	527,366	-	-	527,366
Equity instruments				
Quoted	11,200,077	-	-	11,200,077
Unquoted	-	266	793,675	793,941
	29,722,121	266	793,675	30,516,062
	42,040,908	115,690	2,093,190	44,249,788

	2023			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL ASSETS				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	4,896	-	-	4,896
Forward precious metals contracts	100	-	-	100
Currency swaps	176,182	-	-	176,182
Precious metals swaps	1,877	-	-	1,877
Currency options	90,655	-	-	90,655
Equity options	178,817	-	-	178,817
	452,527	-	-	452,527
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of Lebanon				
Eurobonds	165,957	-	-	165,957
Other sovereign				
Treasury bills and Eurobonds	2,322,934	-	-	2,322,934
Private sector and other securities				
Banks and financial institutions	1,509,348	-	-	1,509,348
Mutual funds	-	22,844	319,320	342,164
Equity instruments	18,137	-	-	18,137
	4,016,376	22,844	319,320	4,358,540
Financial assets at fair value through other comprehensive income				
Debt instruments				
Other sovereign				
Treasury bills and bonds	118,268	-	-	118,268
Private sector and other securities				
Banks and financial institutions	67,826	-	-	67,826
Equity instruments				
Quoted	1,673,382	-	-	1,673,382
Unquoted	-	2,644	163,153	165,797
	1,859,476	2,644	163,153	2,025,273
	6,328,379	25,488	482,473	6,836,340

	2024			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL LIABILITIES				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	44,291	-	-	44,291
Currency swaps	45,638	-	-	45,638
Precious metals swaps	37	-	-	37
Currency options	292,422	-	-	292,422
Equity options	731,646	-	-	731,646
	1,114,034	-	-	1,114,034

	2023			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL LIABILITIES				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	3,594	-	-	3,594
Forward precious metals contracts	1,158	-	-	1,158
Currency swaps	36,213	-	-	36,213
Precious metals swaps	2,500	-	-	2,500
Currency options	90,655	-	-	90,655
Equity options	178,817	-	-	178,817
	312,937	-	-	312,937
Customers' deposits – sight	1,365,821	-	-	1,365,821
	1,678,758	-		1,678,758

VALUATION TECHNIQUES USED FOR MATERIAL CLASSES OF FINANCIAL ASSETS AND LIABILITIES CATEGORISED WITHIN LEVEL 2 AND LEVEL 3:

FUNDS AND EQUITY SHARES OF NON-LISTED ENTITIES

Units held in funds are measured based on their net asset value (NAV), taking into account redemption and/or other restrictions. Classification between Level 2 and Level 3 is dependent on whether the NAV is observable or unobservable (i.e. recent and published by the fund administrator or not).

Equity shares of non-listed entities comprise mainly the Group's strategic investments, are generally classified at fair value through other comprehensive income, and are not traded in active markets. These are investments in private companies, for which there is no or only limited sufficient recent information to determine fair value. The Group determined that cost adjusted to reflect the investee's financial position and results since initial recognition represents the best estimate of fair value. Classification between Level 2 and Level 3 is based on whether the financial statements of the investee are recent and published or not. These instruments are fair valued using third-party information (NAV or financial statements of non-listed entities), without adjustment. Accordingly, quantitative information about significant unobservable inputs and sensitivity analysis cannot be developed by the Group in accordance with IFRS 13.93 (d).

The movement of items recurrently measured at fair value categorised within Level 3 during the year is as follows:

	2024		2023	
	Financial Instruments at Fair Value through Profit or Loss LBP Million	Financial Instruments at Fair Value through Other Comprehensive Income LBP Million	Financial Instruments at Fair Value through Profit or Loss LBP Million	Financial Instruments at Fair Value through Other Comprehensive Income LBP Million
FINANCIAL ASSETS				
Balance at 1 January	319,320	163,153	34,550	44,658
Re-measurement recognised in other comprehensive income	-	(52,266)	-	(77,927)
Re-measurement recognised in income statement	(313,634)	-	(7,408)	-
Purchases	-	-	-	958
Sales	(176,446)	(2,822)	(16,431)	-
Transfer to assets held for sale	-	-	-	(1,098)
Foreign exchange difference	1,470,275	685,610	308,609	196,562
Balance at 31 December	1,299,515	793,675	319,320	163,153

47.2 FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

COMPARISON OF CARRYING AND FAIR VALUES FOR FINANCIAL ASSETS AND LIABILITIES NOT HELD AT FAIR VALUE

The fair values included in the table below were calculated for disclosure purposes only. The fair valuation techniques and assumptions described below relate only to the fair value of the Group's financial instruments not measured at fair value. Other institutions may use different methods and assumptions for their fair value estimations, and therefore such fair value disclosures cannot necessarily be compared from one institution to another.

FINANCIAL ASSETS AND LIABILITIES CONCENTRATED IN LEBANON

These assets consist of balances with the Central Bank of Lebanon and Lebanese banks, Lebanese government securities, loans and advances to customers and related parties and customers and related parties deposits and debt issued and other borrowed funds. These are illiquid in nature and the measurement of their fair value is usually determined through discounted cash flow valuation models using observable market inputs, comprising of interest rates and yield curves, implied volatilities, and credit spreads. Due to the situation described in Note 1 and the unprecedented levels of uncertainty surrounding the economic crisis that Lebanon, and particularly the banking sector, is experiencing, Management is unable to produce faithful estimation of the fair value of these financial assets and liabilities.

The carrying value of the Group's other financial instruments (not concentrated in Lebanon) not measured at fair value is reasonable approximation of their fair value.

FAIR VALUE MEASUREMENT HIERARCHY OF THE FINANCIAL ASSETS AND LIABILITIES FOR WHICH FAIR VALUE IS DISCLOSED:

FINANCIAL ASSETS AND LIABILITIES NOT CONCENTRATED IN LEBANON

	Carrying Value	Fair Value			
31 December 2024	LBP Million	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	**Total LBP Million**
FINANCIAL ASSETS					
Cash and balances with central banks	45,541,362	8,258,432	37,282,930	-	**45,541,362**
Due from banks and financial institutions	149,537,512	-	149,537,512	-	**149,466,487**
Net loans & advances to customers	78,425,768	-	-	78,425,768	**78,425,768**
Corporate and SME	*26,568,667*	-	-	*26,568,667*	26,568,667
Retail and Personal Banking	*51,857,101*	-	-	*51,857,101*	51,857,101
Net loans & advances to related parties	171,735	-	-	171,735	**171,735**
Retail and Personal Banking	*171,735*	-	-	*171,735*	171,735
Financial assets classified at amortised cost	52,224,333	51,755,097	451,101	-	**52,206,198**
Other sovereign	*31,033,982*	*30,623,929*	*451,101*	-	31,075,030
Private sector and other securities	*21,190,351*	*21,131,168*	-	-	21,131,168
	325,900,710	**60,013,529**	**187,271,543**	**78,597,503**	**325,882,575**
FINANCIAL LIABILITIES					
Due to central banks	10,810	-	10,810	-	**10,810**
Due to banks and financial institutions	22,787,489	-	22,787,489	-	**22,787,489**
Customers' deposits	235,572,545	-	235,572,545	-	**235,572,545**
Deposits from related parties	5,296,242	-	5,296,242	-	**5,296,242**
	263,667,086	-	**263,667,086**	-	**263,667,086**

	Carrying Value	Fair Value			
31 December 2023	LBP Million	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL ASSETS					
Cash and balances with central banks	6,642,693	1,388,864	5,251,918	-	6,640,782
Due from banks and financial institutions	24,573,454	-	24,559,880	-	24,559,880
Net loans & advances to customers	11,852,833	-	-	12,778,549	12,778,549
Corporate and SME	*3,812,434*	-	-	*3,964,647*	3,964,647
Retail and Personal Banking	*8,040,391*	-	-	*8,813,894*	8,813,894
Public sector	*8*	-	-	*8*	8
Net loans & advances to related parties	540,730	-	-	542,134	542,134
Corporate and SME	*7,220*	-	-	*8,624*	8,624
Retail and Personal Banking	*533,510*	-	-	*533,510*	533,510
Financial assets classified at amortised cost	6,553,615	6,286,392	227,119	-	6,513,511
Other sovereign	*3,856,361*	*3,628,704*	*227,119*	-	3,855,823
Private sector and other securities	*2,697,254*	*2,657,688*	-	-	2,657,688
	50,163,325	7,675,256	30,038,917	13,320,683	51,034,856
FINANCIAL LIABILITIES					
Due to central banks	1,429	-	1,429	-	1,429
Due to banks and financial institutions	2,603,959	-	2,603,959	-	2,603,959
Customers' deposits	35,288,134	-	35,605,833	-	35,605,833
Deposits from related parties	1,012,269	-	1,036,493	-	1,036,493
	38,905,791	-	39,247,714	-	39,247,714

VALUATION TECHNIQUES USED FOR MATERIAL CLASSES OF FINANCIAL ASSETS AND LIABILITIES CATEGORISED WITHIN LEVEL 2 AND LEVEL 3:

SHORT-TERM FINANCIAL ASSETS AND LIABILITIES
For financial assets and financial liabilities that have a short-term maturity (less than three months), the carrying amounts are a reasonable approximation of their fair value. Such instruments include: cash and balances with central banks; due to and from banks; demand deposits; and savings accounts without a specific maturity.

DEPOSITS WITH BANKS AND LOANS AND ADVANCES TO BANKS
For the purpose of this disclosure, for financial assets that are short-term in nature or have interest rates that re-price frequently, there is minimal difference between fair value and carrying amount. The fair value of deposits with longer maturities are estimated using discounted cash flows applying market rates for counterparties with similar credit quality. Where market data or credit information on the underlying borrower is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rate.

GOVERNMENT BONDS, CERTIFICATES OF DEPOSIT AND OTHER DEBT SECURITIES
The Group values these unquoted debt securities using discounted cash flow valuation models using observable market inputs, comprising of interest rates and yield curves, implied volatilities, and credit spreads.

LOANS AND ADVANCES TO CUSTOMERS
For the purpose of this disclosure, in many cases, the fair value disclosed approximates carrying value because these advances are short-term in nature or have interest rates that re-price frequently. The fair value of loans and advances to customers that do not fall in this category is estimated using discounted cash flows by applying current rates to new loans with similar remaining maturities and to counterparties with similar credit quality.

DEPOSITS FROM BANKS AND CUSTOMERS
In many cases, the fair value disclosed approximates carrying value because these financial liabilities are short-term in nature or have interest rates that re-price frequently. The fair value for deposits with long-term maturities, such as time deposits, is estimated using discounted cash flows, applying either market rates or current rates for deposits of similar remaining maturities. Where market data is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rate.

48.0. CONTINGENT LIABILITIES, COMMITMENTS AND LEASING ARRANGEMENTS

CREDIT-RELATED COMMITMENTS AND CONTINGENT LIABILITIES

The Group enters into various commitments, guarantees and other contingent liabilities which are mainly credit-related instruments including both financial and non-financial guarantees and commitments to extend credit. Even though these obligations may not be recognised on the statement of financial position, they do contain credit risk and are therefore part of the overall risk of the Group. The table below discloses the nominal principal amounts of credit-related commitments and contingent liabilities. Nominal principal amounts represent the amount at risk should the contracts be fully drawn upon and clients' default. As a significant portion of guarantees and commitments is expected to expire without being withdrawn, the total of the nominal principal amount is not indicative of future liquidity requirements.

	2024		
	Banks LBP Million	Customers LBP Million	**Total LBP Million**
Guarantees and contingent liabilities			
Financial guarantees	168,464	15,674,060	15,842,524
Other guarantees	241,789	5,767,872	6,009,661
	410,253	**21,441,932**	**21,852,185**
Commitments			
Documentary credits	-	11,182,913	11,182,913
Loan commitments	-	29,814,859	29,814,859
Of which: revocable	-	*28,388,333*	*28,388,333*
Of which: irrevocable	-	*1,426,526*	*1,426,526*
	-	**40,997,772**	**40,997,772**

	2023		
	Banks LBP Million	Customers LBP Million	Total LBP Million
Guarantees and contingent liabilities			
Financial guarantees	29,614	1,867,370	1,896,984
Other guarantees	64,454	1,197,029	1,261,483
	94,068	3,064,399	3,158,467
Commitments			
Documentary credits	-	2,228,704	2,228,704
Loan commitments	-	4,211,514	4,211,514
Of which: revocable	-	3,938,737	3,938,737
Of which: irrevocable	-	272,777	272,777
	-	6,440,218	6,440,218

GUARANTEES (INCLUDING STANDBY LETTERS OF CREDIT)

Guarantees are given as security to support the performance of a customer to third parties. The main types of guarantees provided are:

- Financial guarantees given to banks and financial institutions on behalf of customers to secure loans, overdrafts, and other banking facilities; and
- Other guarantees are contracts that have similar features to the financial guarantee contracts but fail to meet the strict definition of a financial guarantee contract under IFRS. These mainly include performance and tender guarantees.

DOCUMENTARY CREDITS

Documentary credits commit the Group to make payments to third parties, on production of documents which are usually reimbursed immediately by customers.

LOAN COMMITMENTS

Loan commitments are defined amounts (unutilised credit lines or undrawn portions of credit lines) against which clients can borrow money under defined terms and conditions.

Revocable loan commitments are those commitments that can be unconditionally cancelled at any time subject to notice requirements according to their general terms and conditions. Irrevocable loan commitments result from arrangements where the Group has no right to withdraw the loan commitment once communicated to the beneficiary.

INVESTMENT COMMITMENTS

The Group invested in funds pursuant to the provisions of Decision No. 6116 dated 7 March 1996 of the Central Bank of Lebanon. In accordance with this resolution, the Group can benefit from facilities granted by the Central Bank of Lebanon to be invested in startup companies, incubators and accelerators whose objects are restricted to supporting the development, success and growth of startup companies in Lebanon or companies whose objects are restricted to investing venture capital in startup companies in Lebanon. These investments have resulted in future commitments on the Group of LBP 654,693 million as of 31 December 2024 (2023: LBP 109,725 million).

LEGAL CLAIMS

Litigation is a common occurrence in the banking industry due to the nature of the business. At year-end, the Group had several unresolved legal claims in Lebanon and abroad, mainly those relating to the restrictive measures in place with respect to the withdrawal of funds and transfers abroad and a civil action filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) against eleven Lebanese banks including Bank Audi sal, asserting primary and secondary liability claims under the Anti-Terrorism Act ("ATA").

The extent of the impact of these matters cannot always be predicted but may materially impact the Group's operations, financial results, condition and prospects. However, once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on advice from legal counsel, and despite the novelty of certain claims and the uncertainties inherent in their unique situation, Management believes that legal claims will not result in any material financial loss to the Group, except as provided for in Note 36, however they may have an impact on the liquidity of the Group (Note 56).

CAPITAL EXPENDITURE COMMITMENTS

	2024 LBP Million	2023 LBP Million
Capital expenditure commitments	24,305	4,345

COMMITMENTS RESULTING FROM CREDIT FACILITIES RECEIVED

The Group has several commitments and covenants resulting from credit facilities, term loans and subordinated debts with non-resident financial institutions. The Group is in breach with some of the financial covenants which were calculated based on the recorded figures and do not take into consideration the adjustments that may result from the resolution of the uncertainties in Note 1. Due to the high level of uncertainties and the lack of observable reliable indicators and the high gap in currency rates, the Group is unable to estimate in a reasonable manner the impact of these matters on its covenant calculation.

OTHER COMMITMENTS AND CONTINGENCIES

Certain areas of the Lebanese tax legislation and the tax legislations where the subsidiaries operate are subject to different interpretations in respect of the taxability of certain types of financial transactions and activities. The Bank's books in Lebanon for the years 2018 to 2019 (inclusive) are currently under review by the tax authorities. The outcome of this review cannot be determined yet. The Bank's books in Lebanon remain subject to the review of the tax authorities for the years 2018 to 2023 and the review of the National Social Security Fund (NSSF) for the period from 30 September 2011 to 31 December 2024. In addition, the subsidiaries' books and records are subject to review by the tax and social security authorities in the countries in which they operate. Management believes that adequate provisions were recorded against possible review results to the extent that they can be reliably estimated.

49.0. ASSETS UNDER MANAGEMENT

Assets under management include client assets managed or deposited with the Group. For the most part, the clients decide how these assets are to be invested.

	2024 LBP Million	2023 LBP Million
Assets under management	620,235,477	98,464,331
Fiduciary assets	88,097,152	18,874,773
	708,332,629	117,339,104

50.0. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both. The definition includes subsidiaries, associates, Key Management Personnel and their close family members, as well as entities controlled or jointly controlled by them.

SUBSIDIARIES

Transactions between the Bank and its subsidiaries meet the definition of related-party transactions. However, where these are eliminated on consolidation, they are not disclosed in the Group's financial statements.

ASSOCIATES AND OTHER ENTITIES

The Group provides banking services to its associates and to entities under common directorships. As such, loans, overdrafts, interest and non-interest bearing deposits, and current accounts are provided to these entities, as well as other services. These transactions are conducted on the same terms as third-party transactions. Summarised financial information for the Group's associates is set out in Note 24 to these financial statements.

Amounts included in the Group's financial statements are as follows:	2024 LBP Million	2023 LBP Million
Loans and advances	361,848	575,051
Of which: granted to Key Management Personnel	*353,010*	*34,966*
Of which: cash collateral received against loans	*157,117*	*531,050*
Indirect facilities	89,853	15,265
Deposits	3,537,330	1,319,556
Interest income on loans	12,528	3,619
Interest expense on deposits	4,310	927

KEY MANAGEMENT PERSONNEL

Key Management Personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Group and its employees. The Group considers the members of the Board of Directors (and it sub-committees) and Executive Committee, and persons and entities connected to them to be Key Management Personnel.

	2024 LBP Million	2023 LBP Million
Short-term benefits	451,341	105,561
Post-employment benefits – income statement	6,485	519
Post-employment benefits – other comprehensive income	(59,298)	(6,719)

Short-term benefits comprise of salaries, bonuses, attendance fees and other benefits.

Provision for end-of-service benefits of Key Management Personnel amounted to LBP 93,315 million as of 31 December 2024 (2023: LBP 27,532 million).

51.0. RISK MANAGEMENT

The Group is exposed to various risk types, some of which are:

- Credit risk: the risk of default or deterioration in the ability of a borrower to repay a loan.
- Market risk: the risk of loss in balance sheet and off-balance sheet positions arising from movements in market prices. Movements in market prices include changes in interest rates (including credit spreads), exchange rates and equity prices.
- Liquidity risk: the risk that the Group cannot meet its financial obligations when they come due in a timely manner and at a reasonable cost.
- Operational risk: the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- Other risks faced by the Group include concentration risk, reputation risk, litigation risk, compliance risk, political risk, business/strategic risk, and information security/cybersecurity risk.

Risks are managed through a process of ongoing identification, measurement, monitoring, mitigation and control, and reporting to relevant stakeholders. The Group ensures that risks and rewards are properly balanced and in line with the risk appetite framework, which is approved by the Board of Directors.

BOARD OF DIRECTORS

The Board of Directors (the Board) is ultimately responsible for setting the level of acceptable risks to which the Group is exposed, and as such, approves the risk appetite and policies of the Group. The Board monitors the risk profile in comparison to the risk appetite on a regular basis and follow-up on existing and emerging risks.

BOARD GROUP RISK COMMITTEE

The role of the Board's Group Risk Committee (BGRC) is to oversee the risk management framework and assess its effectiveness, review and recommend to the Board the Group risk policies and risk appetite, monitor the Group's risk profile, review stress test scenarios and results, and provide access for the Group Chief Risk Officer (CRO) to the Board. The BGRC meets at least every quarter in the presence of the Group CRO.

Various management committees and departments oversee different aspects of risk management, as detailed below:

EXECUTIVE COMMITTEE

The Executive Committee's role is to assist the Board in executing the Group's strategy and aid the Group CEO with the daily operations. It is responsible for developing and implementing business policies and issuing guidance for the Group within the strategy approved by the Board. The Executive Committee is involved in reviewing and submitting to the Board the risk policies and risk appetite.

ASSET LIABILITY COMMITTEE

The Asset Liability Committee (ALCO) is a Management committee responsible in part for managing market and liquidity risks, as well as reviewing funding needs and liquidity contingency measures. It is the responsibility of this committee to set up strategies for managing liquidity and market risks and ensure that Treasury implements those strategies in line with risk policies and limits approved by the Board.

INTERNAL AUDIT

Risk management processes are independently audited by the Internal Audit Department at least annually. This includes the examination of both the adequacy and effectiveness of risk control procedures. Internal Audit discusses the results of its assessments with Management and reports its findings and recommendations to the Audit Committee of the Board.

RISK MANAGEMENT

Risk Management is a function independent from business lines and headed by the Group CRO. The function has the responsibility to ensure that risks are properly identified, measured, monitored, controlled, and reported to relevant stakeholders. These include the heads of business lines, Senior Management, ALCO, the Board Group Risk Committee and the Board. In addition, the function works closely with Senior Management to ensure that proper controls and effective mitigants are in place. The Risk function at the Group level has the responsibility of drafting risk policies and principles for adoption at the entity level. In addition, it is in charge of cascading risk appetite and limits to entities and business lines, as well as monitoring and aggregating the risk profile across the Group.

RISK APPETITE

The Risk appetite reflects the level and type of risk that the Group is willing to accept, taking into account the Group's strategy, operating environment and regulatory constraints.

Risk appetite is formalised in a document, which is reviewed by the Executive Committee and the Board Group Risk Committee, and approved by the Board. This document comprises qualitative and quantitative statements of risk appetite and includes key risk indicators covering various material and relevant risks.

52.0. CREDIT RISK

Credit risk is the risk that the Group will incur a loss because its obligors or counterparties fail to meet their contractual obligations, including the full and timely payment of principal and interest. Credit risk arises from various balance sheet and off-balance sheet exposures including bank placements, loans and advances, credit commitments, financial guarantees, letters of credit, acceptances, investments in debt securities (including sovereign) and derivative financial instruments. Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position. In the case of credit derivatives, the Group is also exposed to the risk of default of the derivative's counterparty.

52.1. CREDIT RISK MANAGEMENT

The Group manages and controls credit risk by setting concentration limits on counterparties, geographies and sectors. It also monitors on a regular basis the risk profile in relation to these limits.

Credit risk oversight is conducted independently by the Credit Review and Credit Risk functions within each entity. These functions ensure a proper coverage of credit risk though the implementation of various processes, including but not limited to: i) providing independent opinions on credit files, ii) reviewing and approving obligors risk ratings assignments, iii) conducting portfolio reviews, iv) ensuring compliance with the Group's credit policy and limits, and v) aggregating data and reporting the credit risk profile to relevant stakeholders.

The Group has established various credit monitoring processes for the early detection of potential deteriorations in borrowers' credit quality and accordingly, and the implementation of corresponding remedial measures. These processes include regular loan portfolio reviews, IFRS 9 Impairment Committee meetings, as well as individual credit assessments of borrowers and their corresponding facilities. The latter process is mainly applicable for non-retail obligors.

The Group has also established an approval limit structure for granting and renewing credit facilities. Credit officers and credit committees are responsible for the approval of facilities up to their own assigned limits. Once approved, facilities are disbursed when all the requirements set by the respective approval authority are met and documents intended as security are obtained and verified by the Credit Administration function.

52.2. EXPECTED CREDIT LOSSES

GOVERNANCE AND OVERSIGHT OF EXPECTED CREDIT LOSSES

The IFRS 9 Impairment Committee, which is a committee composed of Executive Committee members, oversees the implementation of the Expected Credit Loss (ECL) framework. This is being done by: i) approving the IFRS-9 Impairment Policy; ii) reviewing key assumptions and estimations that are part of the ECL framework; iii) approving the forward-looking economic scenarios; iv) approving staging classifications on a name-by-name basis for material exposures; and v) reviewing ECL results.

The Group reviews its IFRS-9 Impairment Policy on an annual basis, at minimum, and amends it accordingly to reflect any change in the estimation methodology, embedded assumptions or regulatory requirements.

Key judgments inherent in this policy, including the estimated life of revolving credit facilities and the quantitative criteria for assessing the Significant Increase in Credit Risk (SICR), are assessed through a combination of expert judgment and data-driven methodologies.

ECL is estimated using a model that takes into account the borrower's exposure, internal obligor risk rating, facility characteristics, and collateral information among other. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. To manage model risks, the Group has established a systematic approach for the development, validation, approval, implementation and on-going use of the models. Models are validated by a qualified independent party to the model developers, before first use and at regular intervals thereafter.

Each model is designated an owner who is responsible for: i) monitoring the performance of the model, which includes comparing estimated ECL versus actual realised losses; and ii) proposing post-model development adjustments to enhance model's accuracy or to account for situations where known or expected risk factors and information have not been considered in the modelling process. Models used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data, reconciliation with Finance data, and documentation of the calculation steps.

ECL estimation takes into account a range of future economic scenarios, which are set by economists within the Group's Research Department using independent models and expert judgment. Forward-looking economic scenarios, with their corresponding probabilities of occurrence, are updated annually or more frequently in the event of a significant change in the prevailing economic conditions.

DEFINITION OF DEFAULT AND CURE

The Group considers a financial asset to be in default when:
- The borrower is unlikely to pay his credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).
- The borrower is more than 90 days past due on any material credit obligation to the Group.

As part of the qualitative assessment process of default identification, the Group carefully considers other criteria than the ones listed above in order to determine if an exposure should be classified in Stage 3 for ECL calculation purpose or if a Stage 2 classification is deemed more appropriate.

It is the Group's policy to consider a financial instrument as "cured" and therefore re-classified out of Stage 3 when none of the default criteria have been present for a specific period of time. The decision whether to classify an asset as Stage 2 or Stage 1 once cured is dependent on the absence of SICR criteria compared to the initial recognition date and is examined on a case-by-case basis. In case of forbearance under Stage 2, the borrower remains in this stage until all the following conditions have been met: i) at least a 12-month probation period has passed; ii) three consecutive payments under the new repayment schedule have been made; iii) the borrower has no past dues under any obligation to the Group; and iv) all the terms and conditions agreed to as part of the restructuring agreement when applicable have been met.

THE GROUP'S INTERNAL RATING AND PD ESTIMATION PROCESS

CENTRAL BANKS, SOVEREIGNS AND FINANCIAL INSTITUTIONS

For central banks, sovereigns and financial institutions' exposures, ratings from recognised external rating agencies are used and mapped to their corresponding PDs as reported by these agencies. These ratings with their corresponding PDs are monitored and updated on a regular basis.

As per BdL Intermediate Circular 649 issued on 24 November 2022, provision coverages on exposures to the Lebanese sovereign and to the Central Bank of Lebanon in foreign currency should reach 75% by December 2026 and 1.89% respectively. Regulatory ECLs on exposures to the Lebanese sovereign in local currency and to the Central Bank of Lebanon in local currency are set to 0%. Due to the high levels of uncertainties, the lack of observable indicators, and the lack of visibility on the Lebanese government's reform plans with respect to, among other, the exposures to the Central Bank of Lebanon, the Group was unable to estimate in a reasonable manner ECL on these exposures and accordingly, as applicable, the loss rates mentioned in BdL Intermediate Circular 649 were adopted. ECL on exposure to the Central Bank of Lebanon in foreign currency stood at 1.89% as at 31 December 2023.

NON-RETAIL LOANS

The Risk function is responsible for the development of internal rating models and for the estimation of Probability of Default (PD) and Loss Given Default (LGD). The Group uses an internal Obligor Risk Rating (ORR) scale comprised of 19 performing grades and 3 non-performing ones. These grades, which are generated by internal rating models, are calibrated to PDs using historical default observations that are specific to each geography and business line segment. If historical default observations are not sufficient for a reliable PD estimation, then a low-default portfolio approach is adopted. The mapping of ratings to PDs is done initially on a through-the-cycle basis. PDs are then adjusted to incorporate a forward-looking component and point in time in line with the IFRS 9 standard.

Internal rating models for the Group's key lending portfolios (including Corporate and SME) take into account both obligor's qualitative and quantitative criteria such as:

- Historical and projected financial information related to the customer. These include debt service coverage, operations, liquidity, capital structure and other relevant financial ratios.
- Account behaviour, repayment history and other non-financial information such as management quality, company standing and industry risk.
- Any publicly available information from external parties. This includes external credit ratings issued by recognised rating agencies, independent research analyst reports and other market disclosures.
- Macroeconomic information such as GDP growth corresponding to the borrower's country of operations.
- Any other supporting information on the obligor's willingness and capacity to repay its debt.

Internal ratings are initially assigned by the credit origination functions (i.e. business lines) and are approved by the Credit Review function, which is independent from business lines. The Credit Review function is responsible for ensuring that ratings assigned to obligors are accurate and updated at all times.

RETAIL LOANS AND PRIVATE BANKING

Retail lending comprises mainly of personal loans, car loans, credit cards and housing loans. The Group normally relies on application scorecards to score retail applicants. These are used to automate decisions according to a certain cut-off score or as an additional input for credit officers to approve or reject applications. For the estimation of expected losses for retail products, the Group uses the loss rate approach by product based on the net flow of exposures from a days-past-due bucket to another. This estimation is adjusted by a forward-looking component in line with the IFRS 9 standard.

Private Banking credit exposures are mainly related to margin lending activities where the Group typically holds high liquid and diversified securities as collaterals with very conservative loan-to-value thresholds. This lending discipline, together with very tight and automated monitoring standards, ensure the portfolio remains of very high quality. The ECLs for these exposures is dependent on collateral types and coverage level, among others.

LOSS GIVEN DEFAULT (LGD)

LGD is the magnitude of the likely loss in the event of a default. The Group estimates LGD based on the history of recovery rates of claims against defaulted counterparties that were fully settled, as well as on the potential future recoveries on defaulted counterparties that still have outstanding balances. LGD estimation is dependent on the counterparty and collateral type, as well as recovery costs. For portfolios with limited historical data, external benchmark information is used to supplement available internal data.

EXPOSURE AT DEFAULT (EAD)

EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract. The EAD of a financial asset is its gross carrying amount at the time of default. For lending commitments, the EADs are potential future amounts that may be drawn under the contract. For financial guarantees, the EAD represents the amount of the guaranteed exposure when the financial guarantee becomes payable.

SIGNIFICANT INCREASE IN CREDIT RISK

In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or Lifetime ECL (LTECL), the Group assesses whether there has been a significant increase in credit risk since initial recognition, using reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information based on the Group's historical experience and expert credit assessment including forward-looking information. The Group assessment of significant increase in credit risk is conducted on a monthly basis based on the following:

NON-RETAIL PORTFOLIO

Migration of obligor risk rating by a certain number of notches from origination date to reporting date as a key indicator of the change in the risk of default at origination date with one at reporting. The Group also considers in its assessment of significant increase in credit risk various qualitative factors including significant adverse changes in business condition, restructuring due to credit quality weakness during the past 12 months, and classification of an exposure under the "Follow-up and Regularisation" supervisory classification.

RETAIL PORTFOLIO

The Group considers specific conditions that might be indicative of a significant increase in credit risk such as the occurrence of a restructuring event.

BACKSTOP

As a backstop, the financial instrument is considered to have experienced a significant increase in credit risk if the obligor is more than 30 days past-due on his contractual payment.

A downgrade from Stage 2 to Stage 3 is based on whether financial assets are credit-impaired at the reporting date.

EXPECTED LIFE

With the exception of revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group has the legal right to call it earlier. With respect to revolving facilities, the Group does not limit its exposure to credit losses to the contractual notice period, but instead, calculates ECL over a period that reflects the Group's expectations with regards to the customer's behaviour, its likelihood of default and future risk mitigation actions, which could include reducing or cancelling the facilities.

FORWARD-LOOKING INFORMATION

The Group incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition, and the measurement of ECL.

The Group formulates three economic scenarios: a base case, which is the median scenario and two less likely scenarios, one upside and one downside, each assigned a specific probability of occurrence. The base case scenario is aligned with information used by the Group for other purposes such as strategic and budgeting planning processes.

These scenarios, including the weights attributable to them, are prepared by economists in the Research Department. They are determined using a combination of expert judgment and model output. The Group reviews the methodologies and assumptions including any forecasts of future economic conditions on a regular basis.

The Group has identified real GDP growth as the key driver for ECL estimation in several countries where it operates. Using an analysis of historical data, the Group has estimated relationships between this macro-economic variable and credit losses. The ECL estimates have been assessed for sensitivity to changes in forecasts of the macroeconomic-variable and also together with changes to the weights assigned to the scenarios. For the Group's various countries of operation, excluding Lebanon, the impact on ECL is not material.

For Lebanon, given the prevailing high economic and financial uncertainties and challenges, as disclosed in Note 1, ECLs estimation remains subject to high volatility (including from changes to macroeconomic variable forecasts) especially in view of the prolonged crisis and continued deterioration in economic conditions. It is not practical at this stage to determine and provide a sensitivity analysis that is reasonably possible before the full resolution of these prevailing high uncertainties.

MODIFIED AND FORBORNE LOANS

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention, and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan recognised as a new loan at fair value in accordance with the accounting policy set out in The Summary of Significant Accounting Policies above.

When a modification results in derecognition, a new loan is recognised and allocated to Stage 1 (assuming it is not credit-impaired at that time).

The Group renegotiates loans to customers in financial difficulties (referred to as "forbearance activities") to maximise collection opportunities and minimise the risk of default. Under the Group's forbearance policy, loan forbearance is granted on a selective basis if the debtor is currently in default on his debt or if there is a high risk of default, there is evidence that the debtor made all reasonable efforts to pay under the original contractual terms and the debtor is expected to be able to meet the revised terms. The revised terms usually include extending the maturity, changing the interest and/or principal and amending the terms of loan covenants. Both retail and corporate loans are subject to the forbearance policy.

Generally, forbearance is a qualitative indicator of a significant increase in credit risk.

The table below includes Stage 1 and 2 assets that were modified and, therefore, treated as forborne during the year.

	2024 LBP Million	2023 LBP Million
Amortised costs of financial assets modified during the period	388,513	52,620

FINANCIAL ASSETS AND ECLS BY STAGE

The tables below present an analysis of financial assets at amortised cost by gross exposure and impairment allowance by stage allocation as at 31 December 2024 and 31 December 2023. The Group does not hold any purchased or originated credit-impaired assets as at year-end.

	Gross Exposure				Impairment Allowance				
31 December 2024	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million	Net Exposure LBP Million
Central banks	36,657,218	835,207,795	-	871,865,013	-	16,228,563	-	16,228,563	855,636,450
Due from banks and financial institutions	149,531,355	489,183	33,000	150,053,538	5,640	56,478	12,776	74,894	149,978,644
Loans and advances to customers at amortised cost	78,264,067	6,335,533	22,449,488	107,049,088	1,408,890	1,832,106	18,011,693	21,252,689	85,796,399
Corporate and SME	*25,992,459*	*6,256,829*	*16,111,773*	*48,361,061*	*1,188,499*	*1,818,767*	*13,197,403*	*16,204,669*	*32,156,392*
Retail and Personal Banking	*52,271,608*	*76,213*	*5,009,351*	*57,357,172*	*220,391*	*13,332*	*3,485,926*	*3,719,649*	*53,637,523*
Public sector	*-*	*2,491*	*1,328,364*	*1,330,855*	*-*	*7*	*1,328,364*	*1,328,371*	*2,484*
Loans and advances to related parties at amortised cost	361,848	-	-	361,848	-	-	-	-	361,848
Financial assets at amortised cost	52,233,863	59,479,673	2,041,628	113,755,164	9,531	1,173,306	-	1,182,837	112,572,327
Financial guarantees and other commitments	33,941,016	651,374	504,694	35,097,084	45,533	23,201	214,723	283,457	34,813,627
Total	**350,989,367**	**902,163,558**	**25,028,810**	**1,278,181,735**	**1,469,594**	**19,313,654**	**18,239,192**	**39,022,440**	**1,239,159,295**

	Gross Exposure				Impairment Allowance				
31 December 2023	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million	Net Exposure LBP Million
Central banks	5,250,814	143,348,695	-	148,599,509	-	2,728,114	-	2,728,114	145,871,395
Due from banks and financial institutions	24,570,068	309,080	5,551	24,884,699	9	34,549	2,155	36,713	24,847,986
Loans and advances to customers at amortised cost	13,947,179	592,270	5,273,895	19,813,344	370,615	98,727	4,178,419	4,647,761	15,165,583
Corporate and SME	*5,351,865*	*535,292*	*3,387,165*	9,274,322	*246,018*	*79,781*	*2,668,233*	2,994,032	6,280,290
Retail and Personal Banking	*8,595,306*	*54,837*	*1,563,485*	10,213,628	*124,597*	*18,936*	*1,219,956*	1,363,489	8,850,139
Public sector	*8*	*2,141*	*323,245*	325,394	-	*10*	*290,230*	290,240	35,154
Loans and advances to related parties at amortised cost	575,062	-	-	575,062	11	-	-	11	575,051
Financial assets at amortised cost	6,554,590	10,428,238	5,058,052	22,040,880	975	196,644	2,617,629	2,815,248	19,225,632
Financial guarantees and other commitments	5,674,921	150,489	84,586	5,909,996	12,841	2,167	25,260	40,268	5,869,728
Total	56,572,634	154,828,772	10,422,084	221,823,490	384,451	3,060,201	6,823,463	10,268,115	211,555,375

The following table represents a reconciliation of the opening to the closing balance of impairment allowances of loans and advances at amortised cost:

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2024	370,615	98,727	4,178,419	4,647,761
Net re-measurements and reallocations	(857,619)	1,303,960	1,810,210	2,256,551
Recoveries	-	-	(4,327,641)	(4,327,641)
Write-offs	-	-	(5,029,413)	(5,027,413)
Other movements	-	-	765,535	765,535
Foreign exchange difference	1,895,894	429,419	20,612,583	22,937,896
Balance at 31 December 2024	1,408,890	1,832,106	18,011,693	21,252,689

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2023	53,116	129,074	708,522	890,712
Net re-measurements and reallocations	94,848	(72,785)	214,122	236,185
Recoveries	-	-	(199,921)	(199,921)
Write-offs	-	-	(1,310,205)	(1,310,205)
Other movements	-	-	66,125	66,125
Related to discontinued operations	147,734	219,211	146,027	512,972
Transfer to assets held for sale	(160,686)	(312,901)	(205,937)	(679,524)
Foreign exchange difference	235,603	136,128	4,759,686	5,131,417
Balance at 31 December 2023	370,615	98,727	4,178,419	4,647,761

The contractual amount outstanding on loans that have been written off, but were still subject to enforcement activity, was LBP 12,040,681 million at 31 December 2024 (2023: LBP 7,013,268 million).

The following table represents a reconciliation of the opening to the closing balance of impairment allowances of financial assets at amortised cost:cost:

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2024	975	196,644	2,617,629	2,815,248
Net re-measurements and reallocations	7,361	-	807,577	814,938
Transfer arising from the Eurobonds reclassification (Note 12)	-	-	(16,067,339)	(16,067,339)
Write offs	-	-	(353,845)	(353,845)
Foreign exchange difference	1,195	976,662	12,995,978	13,973,835
Balance at 31 December 2024	9,531	1,173,306	-	1,182,837

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2023	2,642	65,252	87,890	155,784
Net re-measurements and reallocations	477	(452,629)	2,165,266	1,713,114
Related to discontinued operations	19,357	-	-	19,357
Transfer to assets held for sale	(21,952)	-	-	(21,952)
Foreign exchange difference	451	584,021	364,473	948,945
Balance at 31 December 2023	975	196,644	2,617,629	2,815,248

The following table represents a reconciliation of the opening to the closing balance of impairment allowances of balances with central banks:

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2024	-	2,728,114	-	2,728,114
Foreign exchange difference	-	13,500,449	-	13,500,449
Balance at 31 December 2024	-	16,228,563	-	16,228,563

	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
At 1 January 2023	360	228,094	-	228,454
Net re-measurements and reallocations	-	452,629	-	452,629
Related to discontinued operations	(551)	-	-	(551)
Transfer to assets held for sale	191	-	-	191
Foreign exchange difference	-	2,047,391	-	2,047,391
Balance at 31 December 2023	-	2,728,114	-	2,728,114

Net re-measurements and reallocations include re-measurements as a result of changes in the size of portfolios, reclassifications between stages and risk parameter changes.

ANALYSIS OF RISK CONCENTRATIONS

GEOGRAPHICAL LOCATION ANALYSIS

The Group controls credit risk by maintaining close monitoring credit of its assets exposures by geographic location. The distribution of financial assets by geographic region as of 31 December is as follows:

	2024									
	Lebanon LBP Million	Turkey LBP Million	MENA LBP Million	Europe LBP Million	North America LBP Million	Asia LBP Million	Rest of Africa LBP Million	Central and South America LBP Million	Rest of the World LBP Million	**Total LBP Million**
Balances with central banks	818,979,232	-	-	36,657,218	-	-	-	-	-	855,636,450
Due from banks and financial institutions	432,705	268	23,183,576	106,162,347	12,618,483	7,580,795	470	-	-	149,978,644
Derivative financial instruments	60,999	-	32,828	1,030,459	-	-	10,098	-	-	1,134,384
Financial assets at fair value through profit or loss	7,435,603	-	-	-	3,481,835	-	-	11,637	-	10,929,075
Loans and advances to customers at amortised cost	26,843,592	445,193	20,251,007	24,001,114	2,501,925	907	9,909,947	1,256,004	586,710	85,796,399
Loans and advances to related parties at amortised cost	199,964	-	157,285	4,599	-	-	-	-	-	361,848
Debtors by acceptances	142,944	-	86,134	101,444	194,053	11,085	-	74,747	25,053	635,460
Financial assets at amortised cost	60,347,995	-	3,947,989	25,332,567	19,540,041	2,213,437	-	-	1,190,298	112,572,327
Financial assets at fair value through other comprehensive income	-	-	1,472,394	5,854,220	9,928,031	1,267,399	-	-	-	18,522,044
Other assets	4,695,109		156,750	352,691	-	-	-	-	-	5,204,550
	919,138,143	**445,461**	**49,287,963**	**199,496,659**	**48,264,368**	**11,073,623**	**9,920,515**	**1,342,388**	**1,802,061**	**1,240,771,181**

	2023									
	Lebanon LBP Million	Turkey LBP Million	MENA LBP Million	Europe LBP Million	North America LBP Million	Asia LBP Million	Rest of Africa LBP Million	Central and South America LBP Million	Rest of the World LBP Million	Total LBP Million
Balances with central banks	140,620,581	-	-	5,250,814	-	-	-	-	-	145,871,395
Due from banks and financial institutions	274,532	1	1,911,112	20,142,898	2,491,472	27,956	15	-	-	24,847,986
Derivative financial instruments	2,641	-	3,272	442,581	30	1,563	2,440	-	-	452,527
Financial assets at fair value through profit or loss	165,957	-	-	1,509,348	2,321,096	-	-	1,838	-	3,998,239
Loans and advances to customers at amortised cost	5,096,090	73,247	3,114,192	3,260,305	104,245	451,076	2,876,183	155,313	34,932	15,165,583
Loans and advances to related parties at amortised cost	35,383	-	531,992	7,639	37	-	-	-	-	575,051
Debtors by acceptances	2,060	-	110,561	7,155	-	-	130,272	-	-	250,048
Financial assets at amortised cost	12,672,017	-	925,684	1,507,302	3,695,395	226,275	-	-	198,959	19,225,632
Financial assets at fair value through other comprehensive income	-	-	67,826	-	118,268	-	-	-	-	186,094
Other assets	757,129	-	14,373	63,191	-	-	-	-	-	834,693
	159,626,390	73,248	6,679,012	32,191,233	8,730,543	706,870	3,008,910	157,151	233,891	211,407,248

INDUSTRIAL ANALYSIS

The Group controls credit risk by maintaining close monitoring credit of its assets exposures by industry sector. The distribution of financial assets by industry sector as of 31 December is as follows:

	2024									
	Financial Services and Brokerage LBP Million	Government LBP Million	Consumers LBP Million	Retail and Wholesale LBP Million	Construction and Materials LBP Million	Manufacturing LBP Million	Energy and Petroleum LBP Million	Services and Utilities LBP Million	Agriculture LBP Million	**Total LBP Million**
Balances with central banks	-	855,636,450	-	-	-	-	-	-	-	855,636,450
Due from banks and financial institutions	149,978,644	-	-	-	-	-	-	-	-	149,978,644
Derivative financial instruments	1,029,290	-	-	105,094	-	-	-	-	-	1,134,384
Financial assets at fair value through profit or loss	-	10,929,075	-	-	-	-	-	-	-	10,929,075
Loans and advances to customers at amortised cost	5,322,120	5,172	53,285,796	12,957,048	2,645,954	5,050,136	2,533,255	3,795,249	201,669	85,796,399
Loans and advances to related parties at amortised cost	157,293	-	204,555	-	-	-	-	-	-	361,848
Debtors by acceptances	38,702	-	-	445,318	30,421	121,019	-	-	-	635,460
Financial assets at amortised cost	12,570,439	91,381,977	4,016,603	-	-	3,362,785	-	1,240,523	-	112,572,327
Financial assets at fair value through other comprehensive income	17,702,188	519,547	-	-	-	229,189	-	71,120	-	18,522,044
Other assets	5,140,450	-	64,100	-	-	-	-	-	-	5,204,550
	191,939,126	958,472,221	57,571,054	13,507,460	2,676,375	8,763,129	2,533,255	5,106,892	201,669	1,240,771,181

	2023									
	Financial Services and Brokerage LBP Million	Government LBP Million	Consumers LBP Million	Retail and Wholesale LBP Million	Construction and Materials LBP Million	Manufacturing LBP Million	Energy and Petroleum LBP Million	Services and Utilities LBP Million	Agriculture LBP Million	Total LBP Million
Balances with central banks	-	145,871,395	-	-	-	-	-	-	-	145,871,395
Due from banks and financial institutions	24,847,986	-	-	-	-	-	-	-	-	24,847,986
Derivative financial instruments	442,476	-	-	10,051	-	-	-	-	-	452,527
Financial assets at fair value through profit or loss	1,509,348	2,488,891	-	-	-	-	-	-	-	3,998,239
Loans and advances to customers at amortised cost	1,454,283	38,983	8,788,744	2,003,043	280,567	951,203	553,393	987,205	108,162	15,165,583
Loans and advances to related parties at amortised cost	532,027	-	35,799	-	-	-	-	7,225	-	575,051
Debtors by acceptances	7,154	-	-	242,894	-	-	-	-	-	250,048
Financial assets at amortised cost	1,656,493	16,528,378	641,901	-	-	322,262	-	76,598	-	19,225,632
Financial assets at fair value through other comprehensive income	15,046	118,268	-	-	-	29,927	-	22,853	-	186,094
Other assets	821,121	-	13,572	-	-	-	-	-	-	834,693
	31,285,934	165,045,915	9,480,016	2,255,988	280,567	1,303,392	553,393	1,093,881	108,162	211,407,248

CREDIT QUALITY

The Group assesses the quality of its credit portfolio using the following credit rating methodologies:

(i) External ratings from approved credit rating agencies for fixed income instruments and financial institutions exposures.

(ii) Internal rating models that take into account both financial and non-financial information such as management quality, operating environment and company standing. The Group has developed specific internal rating models for Corporate, SME and Individual borrowers.

(iii) Supervisory classifications, comprising six main categories: (a) Regular includes borrowers demonstrating good to excellent financial condition, risk factors, and capacity to repay. These borrowers display regular and timely payment of their dues, adequacy of cash flows, timely presentation of financial statements, and sufficient collateral/guarantee when required. (b) Follow-up categorization occurs for a borrower when either up-to-date documentation of financial activities is missing or when inconsistencies emerge between the loan facilities provided and their outlined terms and conditions. (c) Follow-up and regularisation includes creditworthy borrowers requiring close monitoring without being impaired. These borrowers usually demonstrate some signs of credit weaknesses (such as insufficient or inadequate cash flows, high leverage ratio, excess facility utilisation, multiple loan rescheduling since initiation), or operate under deteriorating economic or geographic conditions. (d) Substandard loans include borrowers showing clear signs of inability to repay their facilities on time due to financial difficulties (e.g. hard core accounts or weak cash generation capacity). (e) Doubtful loans where full repayment is questioned even after liquidation of collateral, when applicable. It also includes loans with past-dues for over 6 months and debtors who are unable to repay their restructured facilities. Finally, (f) bad loans which relate to obligors with no or little prospects of repayment from their business activities or through assets liquidation. This category also includes borrowers with significant payment delays and/or deemed insolvent.

SOVEREIGN AND BANKS AND FINANCIAL INSTITUTIONS

External Rating Grade	Credit Quality Description
AA+, AA, AA-	High
A+, A, A-	High
BBB+, BBB, BBB-	Standard
BB+, BB, BB-	Standard
B+, B, B-	Weak
CCC+, CCC, CCC-	Weak
CC, C, D	Credit-impaired

NON-RETAIL LOANS

Internal Rating Grade(*)	Credit Quality Description
Performing	
1	High
2	High
3	High
4	Standard
5	Standard
6	Standard
7	Weak
Non-performing	
8	Credit-impaired
9	Credit-impaired
10	Credit-impaired

(*) The internal rating grade is based on the obligor risk rating (which is mapped to PD) and therefore does not incorporate facility risk characteristics and structure such as the existence of credit risk mitigants (impacting therefore LGD). For this reason, an obligor risk rating can be mapped to various supervisory classifications depending on the expected credit loss level.

RETAIL

Internal Rating Grade(*)	Credit Quality Description
B0 (0 days past due)	High
B1 (1 to 30 days past due)	Standard
B2 (31 to 60 days past due)	Standard
B3 (61 to 90 days past due)	Weak
B4 – B6 (91 to 180 days past due)	Credit-impaired
B7 – B12 (181 days to 360 days past due)	Credit-impaired
B13 (more than 360 days past due)	Credit-impaired

The credit quality descriptions can be summarised as follows:

- *High*: there is a very high likelihood that the asset will be recovered in full. Counterparties in this caegory demonstrate a strong ability and willingness to fulfill their obligations on due time.
- *Standard*: there is a high likelihood that the asset will be recovered in full. The lower end of this category includes borrowers in the early stages of delinquency, suggesting operational reduction in their ability to repay their obligations.
- *Weak*: there is a concern on the obligor’s ability to make payments when due. However, this has not materialised yet in an event of default. Under this category, a borrower, who is now under a close monitoring and follow-up process, continues to repay his dues, albeit with some and/or recurring delays. Under this category, there is increasing likelihood of loss.

The table below shows the credit quality of the Group's financial instruments and balances due from banks and financial institutions as per external ratings.

	2024											
	Sovereign and Central Banks						Non-sovereign					
	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Below B- LBP Million	Unrated LBP Million	**Total LBP Million**	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	**Total LBP Million**	**Grand Total LBP Million**
Balances with central banks	36,657,218	-	-	-	818,979,232	855,636,450	-	-	-	-	-	855,636,450
Due from banks and financial institutions	-	-	-	-	-	-	65,287,594	83,838,529	9,446	843,075	149,978,644	149,978,644
Financial assets at fair value through profit or loss	3,481,835	-	-	7,447,240	-	10,929,075	-	-	-	-	-	10,929,075
Financial assets at amortised cost	30,119,517	914,465	-	2,041,628	58,306,367	91,381,977	7,942,949	13,247,401	-	-	21,190,350	112,572,327
Financial assets at fair value through other comprehensive income	519,688	-	-	-	-	519,688	1,082,635	16,919,721	-	-	18,002,356	18,522,044
	70,778,258	914,465	-	9,488,868	877,285,599	958,467,190	74,313,178	114,005,651	9,446	843,075	189,171,350	1,147,638,540

	2023											
	Sovereign and Central Banks						Non-sovereign					
	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Below B- LBP Million	Unrated LBP Million	Total LBP Million	AAA to AA- LBP Million	A+ to BBB- LBP Million	BB+ to B- LBP Million	Unrated LBP Million	Total LBP Million	Grand Total LBP Million
Balances with central banks	5,250,814	-	-	-	140,620,581	145,871,395	-	-	-	-	-	145,871,395
Due from banks and financial institutions	-	-	-	-	-	-	12,006,988	12,313,612	16	527,370	24,847,986	24,847,986
Financial assets at fair value through profit or loss	2,321,096	-	-	167,795	-	2,488,891	1,509,348	-	-	-	1,509,348	3,998,239
Financial assets at amortised cost	3,698,549	157,812	-	2,440,423	10,231,594	16,528,378	1,865,183	832,071	-	-	2,697,254	19,225,632
Financial assets at fair value through other comprehensive income	118,268	-	-	-	-	118,268	15,046	52,780	-	-	67,826	186,094
	11,388,727	157,812	-	2,608,218	150,852,175	165,006,932	15,396,565	13,198,463	16	527,370	29,122,414	194,129,346

The table below shows the credit quality of the Group's loans and advances to customers based on credit quality segment and stage classification.

	2024			
	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	**Total LBP Million**
Loans and advances to customers at amortised cost	78,264,067	6,335,533	22,449,488	107,049,088
Corporate and SMEs	25,992,459	6,256,829	16,111,773	48,361,061
Performing				
High	*243,604*	*144,941*	-	*388,545*
Standard	*25,628,904*	*5,008,608*	-	*30,637,512*
Weak	*119,951*	*1,103,280*	-	*1,223,231*
Non-performing				
Credit-impaired	-	-	*16,111,773*	*16,111,773*
Retail and Private Banking	52,271,608	76,213	5,009,351	57,357,172
Performing				
High	*42,766,593*	-	-	*42,766,593*
Standard	*9,505,015*	*65,687*	-	*9,570,702*
Weak	-	*10,526*	-	*10,526*
Non-performing				
Credit-impaired	-	-	*5,009,351*	*5,009,351*
Public sector	-	2,491	1,328,364	1,330,855
Performing				
Weak	-	*2,491*	-	*2,491*
Non-performing				
Credit-impaired	-	-	*1,328,364*	*1,328,364*
Loans and advances to related parties at amortised cost	361,848	-	-	361,848
Performing				
High	*361,848*	-	-	*361,848*
Off-balance sheet loan commitments and financial guarantee contracts	33,941,016	651,374	504,694	35,097,084
Performing				
High	*6,995,106*	*6,442*	-	*7,001,548*
Standard	*26,863,673*	*247,800*	-	*27,111,473*
Weak	*82,237*	*397,132*	-	*479,369*
Non-performing				
Credit-impaired	-	-	*504,694*	*504,694*
Total	112,566,931	6,986,907	22,954,182	142,508,020

	2023			
	Stage 1 LBP Million	Stage 2 LBP Million	Stage 3 LBP Million	Total LBP Million
Loans and advances to customers at amortised cost	13,947,179	592,270	5,273,895	19,813,344
Corporate and SMEs	5,351,865	535,292	3,387,165	9,273,322
Performing				
High	898,293	41	-	898,334
Standard	4,334,166	196,308	-	4,530,474
Weak	119,406	338,943	-	458,349
Non-performing				
Credit-impaired	-	-	3,387,165	3,387,165
Retail and Private Banking	8,595,306	54,837	1,563,485	10,213,628
Performing				
High	5,529,827	-	-	5,529,827
Standard	2,995,467	26,109	-	3,021,576
Weak	70,012	28,728	-	98,740
Non-performing				
Credit-impaired	-	-	1,563,485	1,563,485
Public sector	8	2,141	323,245	325,394
Performing				
High	8	-	-	8
Weak	-	2,141	-	2,141
Non-performing				
Credit-impaired	-	-	323,245	323,245
Loans and advances to related parties at amortised cost	575,062	-	-	575,062
Performing				
High	575,062	-	-	575,062
Off-balance sheet loan commitments and financial guarantee contracts	5,674,921	150,489	84,586	5,909,996
Performing				
High	1,036,201	-	-	1,036,201
Standard	4,605,285	31,061	-	4,636,346
Weak	33,435	119,428	-	152,863
Non-performing				
Credit-impaired	-	-	84,586	84,586
Total	20,197,162	742,759	5,358,481	26,298,402

MAXIMUM EXPOSURE TO CREDIT RISK AND COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The following table shows the maximum exposure to credit risk by class of financial asset. It further shows the total fair value of collateral, capped to the maximum exposure to which it relates and the net exposure to credit risk.

	2024								
	Maximum Exposure LBP Million	Cash Collateral and Margins LBP Million	Securities LBP Million	Guarantees Received from Banks and Financial Institutions LBP Million	Real Estate LBP Million	Vehicles LBP Million	Other Guarantees LBP Million	Risk Transfer LBP Million	Net Credit Exposure LBP Million
Balances with central banks	855,636,450	-	-	-	-	-	-	-	**855,636,450**
Due from banks and financial institutions	149,978,644	-	-	-	-	-	-	-	**149,978,644**
Derivative financial instruments	1,134,384	-	-	-	-	-	-	-	**1,134,384**
Financial assets at fair value through profit or loss	10,929,075	-	-	-	-	-	-	-	**10,929,075**
Loans and advances to customers at amortised cost	85,796,399	13,104,083	34,737,923	39,532	13,120,125	3,783	411,362	-	**24,379,591**
Corporate and SME	*32,156,392*	*4,453,300*	*2,624,343*	*39,435*	*4,829,550*	*1,960*	*226,534*	-	***19,981,270***
Retail and Personal Banking	*53,639,003*	*8,650,783*	*32,113,580*	*97*	*8,290,575*	*1,823*	*184,828*	-	***4,397,317***
Public sector	*1,004*	-	-	-	-	-	-	-	***1,004***
Loans and advances to related parties at amortised cost	361,848	157,117	-	-	192,412	-	-	-	**12,319**
Debtors by acceptances	635,460	111,449	-	-	-	-	-	-	**524,011**
Financial assets at amortised cost	112,572,327	-	-	-	-	-	-	914,973	**111,657,354**
Financial assets at fair value through other comprehensive income	18,522,044	-	-	-	-	-	-	-	**18,522,044**
Other assets	5,204,550	-	-	-	-	-	-	-	**5,204,550**
Contingent liabilities	27,025,437	5,308,101	393,236	247,308	25,744	9	298,515	-	**20,752,524**
Letters of credit	*11,182,913*	*1,297,329*	-	-	-	-	-	-	***9,885,584***
Financial guarantee given to banks and financial institutions	*168,464*	-	-	-	-	-	-	-	***168,464***
Financial guarantee given to customers	15,674,060	*4,010,772*	*393,236*	*247,308*	*25,744*	*9*	*298,515*	-	***10,698,476***
Total	**1,267,796,618**	**18,680,750**	**35,131,159**	**286,840**	**13,338,281**	**3,792**	**709,877**	**914,973**	**1,198,730,946**

Guarantees received from banks, financial institutions and customers									
Utilised collateral		18,680,750	35,131,159	286,840	13,338,281	3,792	709,877		**68,150,699**
Surplus of collateral before undrawn credit lines		34,288,052	141,806,521	381,255	26,113,294	1,429,003	17,906,305		**221,924,430**
		52,968,802	**176,937,680**	**668,095**	**39,451,575**	**1,432,795**	**18,616,182**		**290,075,129**

The surplus of collateral mentioned above is presented before offsetting additional credit commitments given to customers amounting to LBP 29,814,859 million as at 31 December 2024.

	2023								
	Maximum Exposure LBP Million	Cash Collateral and Margins LBP Million	Securities LBP Million	Guarantees Received from Banks and Financial Institutions LBP Million	Real Estate LBP Million	Vehicles LBP Million	Other Guarantees LBP Million	Risk Transfer LBP Million	Net Credit Exposure LBP Million
Balances with central banks	145,871,395	-	-	-	-	-	-	-	145,871,395
Due from banks and financial institutions	24,847,986	-	-	-	-	-	-	-	24,847,986
Derivative financial instruments	452,527	-	-	-	-	-	-	-	452,527
Financial assets at fair value through profit or loss	3,998,239	-	-	-	-	-	-	-	3,998,239
Loans and advances to customers at amortised cost	15,165,583	1,603,505	5,071,974	18,185	2,716,916	3,095	169,382	-	5,582,526
Corporate and SME	*6,280,290*	*555,737*	*169,898*	*18,116*	*860,572*	*2,190*	*122,131*	-	*4,551,646*
Retail and Personal Banking	*8,850,139*	*1,047,768*	*4,902,076*	*69*	*1,856,344*	*905*	*47,251*	-	*995,726*
Public sector	*35,154*	-	-	-	-	-	-	-	*35,154*
Loans and advances to related parties at amortised cost	575,051	531,050	-	-	2,949	-	-	-	41,052
Debtors by acceptances	250,048	66,705	-	-	-	-	-	-	183,343
Financial assets at amortised cost	19,225,632	-	-	-	-	-	-	156,602	19,069,030
Financial assets at fair value through other comprehensive income	186,094	-	-	-	-	-	-	-	186,094
Other assets	834,693	-	-	-	-	-	-	-	834,693
Contingent liabilities	4,125,688	221,091	71,651	210,205	4,490	20	115,555	-	3,502,676
Letters of credit	*2,228,704*	*17,958*	-	*183,916*	-	-	-	-	*2,026,830*
Financial guarantee given to banks and financial institutions	*29,614*	-	-	-	-	-	-	-	*29,614*
Financial guarantee given to customers	1,867,370	*203,133*	*71,651*	*26,289*	*4,490*	*20*	*115,555*	-	*1,446,232*
Total	215,532,936	2,422,351	5,143,625	228,390	2,724,355	3,115	284,937	156,602	203,569,561
Guarantees received from banks, financial institutions and customers									
Utilised collateral		2,422,351	5,143,625	228,390	2,724,355	3,115	284,937		10,806,773
Surplus of collateral before undrawn credit lines		5,086,124	20,508,116	127,737	5,813,645	290,951	4,219,371		36,045,944
		7,508,475	25,651,741	356,127	8,538,000	294,066	4,504,308		46,852,717

The surplus of collateral mentioned above is presented before offsetting additional credit commitments given to customers amounting to LBP 4,211,514 million as at 31 December 2023.

COLLATERAL AND OTHER CREDIT ENHANCEMENTS

The Group obtains collaterals during its lending activities as a protection against potential losses that may result when borrowers default on their credit obligations. The amount and type of collateral required depend usually on the obligor's creditworthiness. Guidelines are implemented regarding the acceptability of types of collateral and valuation parameters.

Management monitors the market value of a received collateral on a regular basis and requests additional collateral in accordance with the underlying agreement when deemed necessary.

The main types of collateral obtained are as follows:

- Securities: the balances shown represent the fair value of the securities.
- Letters of credit/guarantees: the Group holds in some cases guarantees, letters of credit and similar instruments from banks and financial institutions, which enable it to claim settlement in the event of default on the part of the counterparty. The balances shown represent the notional amount of these types of guarantees held by the Group.
- Real estate (commercial and residential): the Group holds, in some cases, a first-degree mortgage over residential property (for housing loans) and commercial property (for commercial loans). The value shown reflects the fair value of the property limited to the related mortgaged amount.
- Netting agreements: the Group makes use of netting agreements and other arrangements not eligible for netting under IAS 32 Financial Instruments: Presentation, with its counterparties. Such arrangements provide for net settlement of all financial instruments covered by the agreements in the event of default. Although these netting arrangements do not normally result in an offset of balance sheet assets and liabilities (as the conditions for offsetting under IAS 32 may not apply), they nevertheless reduce the Group's exposure to credit risk outstanding amounts of such contracts.

In addition to the above, the Group also obtains corporate guarantees from parent companies for loans to their subsidiaries, personal guarantees from shareholders of the borrowing company and assignments of insurance or bills proceeds and revenues, which are not reflected in the above table.

53.0. MARKET RISK

Market risk is defined as the potential loss in both on-balance sheet and off-balance sheet positions resulting from movements in market risk factors such as foreign exchange rates, interest rates and equity prices.

The responsibilities of the Market Risk function are to identify, measure, monitor, control and report the market risk profile. This is achieved by efficiently applying a robust risk management framework across treasury, investment portfolio, and asset and liability activities. This involves the use of uniform and thorough risk management tools and methodologies. The Group monitors the risk profile generated by these activities in order to ensure that it remains aligned with the approved risk policies and limits.

The Group conducts stress tests on a regular basis using various scenarios and assumptions that are deemed plausible and relevant in line with its business model and operating environment.

CURRENCY RISK

Foreign exchange (or currency) risk is the risk that the value of a portfolio will fall as a result of changes in foreign exchange rates. The major sources of this type of market risk are imperfect correlations in the movements of currency prices, fluctuations in interest rates and exchange rate volatility in general. The Group is subject to currency risk on financial assets and liabilities that are denominated in currencies other than the Lebanese Pound. Most of these financial assets and liabilities are in US Dollars, Euros and Turkish Liras. The Group has also exposure to foreign currency risk through its subsidiaries that have a functional currency other than Lebanese Pounds.

As disclosed in Note 1.3, the Group's assets and liabilities in foreign currencies are valued at the official published exchange rate which does not always represent a reasonable estimate of cash flows in Lebanese Pounds that would have to be generated/used from the realisation of such assets or the payment of such liabilities.

The following tables present the breakdown of assets and liabilities of the Group by currency.

	2024					
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	Other LBP Million	Total LBP Million
Assets						
Cash and balances with central banks	4,203,212	784,760,617	59,724,714	-	16,375,999	865,064,542
Due from banks and financial institutions	132,790	123,012,258	7,966,401	2,148	18,865,047	149,978,644
Derivative financial instruments	-	86,781	457,807	-	589,796	1,134,384
Financial assets at fair value through profit or loss	6,013	12,343,951	-	-	249,378	12,599,342
Loans and advances to customers at amortised cost	354,426	42,867,205	25,326,285	131	17,248,352	85,796,399
Loans and advances to related parties at amortised cost	2,740	350,994	7,994	-	120	361,848
Debtors by acceptances	-	161,632	443,407	-	30,421	635,460
Financial assets at amortised cost	2,043,742	82,418,537	28,110,048	-	-	112,572,327
Financial assets at fair value through other comprehensive income	11,179,692	19,030,532	61,301	-	244,537	30,516,062
Property and equipment and right-of-use assets	18,646,602	3,962	425,756	-	3,520,307	22,596,627
Intangible assets	121,026	-	72,749	-	107,892	301,397
Assets obtained in settlement of debt	2,686	95,782	-	-	-	98,468
Other assets	369,437	4,548,795	580,354	-	487,451	5,986,037
Deferred tax assets	107	-	463,376	-	44,511	507,994
Goodwill	-	-	-	-	2,748,350	2,748,350
Assets held for sale	-	47,728,038	52,715,614	99,998,159	4,186,640	200,628,451
Total assets	37,062,473	1,113,409,084	176,355,536	100,000,438	64,698,801	1,491,526,332
Liabilities and shareholders' equity						
Due to central banks	2,282,189	536,875	4,804	-	-	2,823,868
Due to banks and financial institutions	16,761	12,662,162	622,616	-	10,237,388	23,538,927
Derivative financial instruments	-	157,422	429,813	56	526,743	1,114,034
Customers' deposits	5,956,274	974,317,243	102,207,530	4,788	25,230,424	1,107,716,259
Deposits from related parties	9,930	3,161,332	319,460	4,315	42,293	3,537,330
Debt issued and other borrowed funds	-	23,953,218	-	-	-	23,953,218
Engagements by acceptances	-	161,632	443,407	-	30,421	635,460
Other liabilities	1,825,630	13,417,949	1,386,166	-	1,677,635	18,307,380
Deferred tax liabilities	1,909,485	-	-	-	31,321	1,940,806
Current tax liability	1,239,754	100	6,758	-	278,568	1,525,180
Provisions for risks and charges	13,850,403	22,482,810	1,004,673	-	1,729,453	39,067,339
Liabilities held for sale	-	67,177,861	11,546,393	75,185,395	28,007,081	181,916,730
Shareholders' equity	18,316,678	21,271,013	9,382,616	12,627,973	23,851,521	85,449,801
Total liabilities and shareholders' equity	45,407,104	1,139,299,617	127,354,236	87,822,527	91,642,848	1,491,526,332

	2023					
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	Other LBP Million	Total LBP Million
Assets						
Cash and balances with central banks	2,865,574	133,271,707	11,542,272	-	790,167	148,469,720
Due from banks and financial institutions	54,739	21,014,716	986,585	26	2,791,920	24,847,986
Derivative financial instruments	-	184,057	115,096	22	153,352	452,527
Financial assets at fair value through profit or loss	1,008	2,830,787	-	-	1,526,745	4,358,540
Loans and advances to customers at amortised cost	922,069	7,555,119	4,857,615	27	1,830,753	15,165,583
Loans and advances to related parties at amortised cost	3,308	564,102	7,641	-	-	575,051
Debtors by acceptances	-	152,433	93,069	-	4,546	250,048
Financial assets at amortised cost	2,110,491	16,115,529	999,612	-	-	19,225,632
Financial assets at fair value through other comprehensive income	1,686,197	282,776	12,620	-	43,680	2,025,273
Investments in an associate	-	141,155	-	-	-	141,155
Property and equipment and right-of-use assets	17,774,966	664	89,666	-	659,069	18,524,365
Intangible assets	35,967	-	9,158	-	17,709	62,834
Assets obtained in settlement of debt	2,686	95,782	-	-	-	98,468
Other assets	265,733	681,017	82,496	10	123,441	1,152,697
Deferred tax assets	19,308	396	70,883	-	7,600	98,187
Goodwill	-	-	-	-	497,030	497,030
Assets held for sale	-	10,561,084	8,819,904	22,858,921	301,347	42,541,256
Total assets	25,742,046	193,451,324	27,686,617	22,859,006	8,747,359	278,486,352
Liabilities and shareholders' equity						
Due to central banks	2,350,868	177,923	420	-	-	2,529,211
Due to banks and financial institutions	8,899	2,465,419	136,402	-	216,039	2,826,759
Derivative financial instruments	-	18,045	107,076	-	187,816	312,937
Customers' deposits	5,868,831	164,536,819	16,744,726	1,674	3,613,571	190,765,621
Deposits from related parties	8,327	913,665	390,558	868	6,138	1,319,556
Debt issued and other borrowed funds	-	4,063,130	-	-	-	4,063,130
Engagements by acceptances	-	152,433	93,069	-	4,546	250,048
Other liabilities	1,752,711	3,486,596	274,314	-	298,964	5,812,585
Deferred tax liabilities	298,563	-	-	-	12,263	310,826
Current tax liability	118,119	-	128,543	-	22,541	269,203
Provisions for risks and charges	2,549,089	1,639,094	8,330	-	322,528	4,519,041
Liabilities held for sale	-	13,176,154	2,611,660	18,984,720	4,658,323	39,430,857
Shareholders' equity	13,451,769	5,932,356	1,405,925	1,399,589	3,886,939	26,076,578
Total liabilities and shareholders' equity	26,407,176	196,561,634	21,901,023	20,386,851	13,229,668	278,486,352

Assets and liabilities in foreign currencies presented in the tables above include onshore assets and liabilities in foreign currencies that are subject to de-facto capital controls in Lebanon, which is further explained in Note 1. These are held by entities operating in Lebanon and Management expects that they will be realised/ settled without recourse to foreign currency cash and/or foreign bank accounts outside Lebanon ("fresh funds"). Hence these cannot be perceived to have an economic value equivalent to that of offshore foreign currency assets and liabilities, and should be viewed and managed separately. The tables below detail onshore assets and liabilities in foreign currencies:

	2024			
	USD LBP Million	EUR LBP Million	Other LBP Million	**Total LBP Million**
Assets				
Cash and balances with central banks	776,810,000	37,937,031	573,503	815,320,534
Due from banks and financial institutions	308,342	-	-	308,342
Financial assets at fair value through profit or loss	1,206,450	-	-	1,206,450
Loans and advances to customers at amortised cost	6,642,915	251,632	-	6,894,547
Loans and advances to related parties at amortised cost	187,373	-	-	187,373
Financial assets at amortised cost	58,304,252	-	-	58,304,252
Financial assets at fair value through other comprehensive income	115,092	-	-	115,092
Property and equipment and right-of-use assets	3,962	-	3,066	7,028
Assets obtained in settlement of debt	95,782	-	-	95,782
Other assets	3,801,752	3,115	389	3,805,256
Total assets	**847,475,920**	**38,191,778**	**576,958**	**886,244,656**
Liabilities				
Due to central banks	530,869	-	-	530,869
Due to banks and financial institutions	733,747	888	42	734,677
Customers' deposits	823,391,058	36,632,830	5,331,366	865,355,254
Deposits from related parties	1,737,331	123,758	13,872	1,874,961
Other liabilities	7,395,722	331,462	112,725	7,839,909
Provisions for risks and charges	19,806,576	-	-	19,806,576
Total liabilities	**853,595,303**	**37,088,938**	**5,458,005**	**896,142,246**

	2023			
	USD LBP Million	EUR LBP Million	Other LBP Million	Total LBP Million
Assets				
Cash and balances with central banks	132,124,109	6,739,852	97,674	138,961,635
Due from banks and financial institutions	219,755	37	-	219,792
Financial assets at fair value through profit or loss	280,204	-	-	280,204
Loans and advances to customers at amortised cost	2,300,820	89,861	-	2,390,681
Loans and advances to related parties at amortised cost	31,012	-	-	31,012
Financial assets at amortised cost	10,169,155	-	-	10,169,155
Financial assets at fair value through other comprehensive income	29,925	-	-	29,925
Investment in an associate	141,155	-	-	141,155
Property and equipment and right-of-use assets	664	-	514	1,178
Assets obtained in settlement of debt	95,782	-	-	95,782
Other assets	660,005	16,442	852	677,299
Total assets	146,052,586	6,846,192	99,040	152,997,818
Liabilities				
Due to central banks	176,915	-	-	176,915
Due to banks and financial institutions	213,734	158	8	213,900
Customers' deposits	141,950,371	6,709,140	949,145	149,608,656
Deposits from related parties	270,961	24,737	2,847	298,545
Other liabilities	2,674,438	56,405	17,775	2,748,618
Provisions for risks and charges	1,209,454	-	-	1,209,454
Total liabilities	146,495,873	6,790,440	969,775	154,256,088

INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair value of financial instruments. The Group is exposed to interest rate risk as a result of mismatches of interest rate repricing of assets and liabilities. Positions are monitored on a regular basis by Management and, whenever possible, hedging strategies are used to ensure positions are maintained within established limits.

The table below shows the sensitivity of interest income to 1% parallel changes in interest rates, all other variables being held constant.

The impact of interest rate changes on net interest income is due to assumed changes in interest paid and received on floating rate financial assets and liabilities and to the reinvestment or refunding of fixed rated financial assets and liabilities at the assumed rates. Given the prolonged nature of the Lebanese crisis and related high level of uncertainties, the Group expects the low interest rates environment for the local currency (or equivalent) to continue prevailing in Lebanon during 2024. The Group is also unable to determine what would be a reasonably possible change in interest rates. The Central Bank of Lebanon has already decreased interest rates used by the Lebanese banking sector through its various intermediate circulars.

The change in interest income is calculated over a 1-year period while the effect of any future associated hedges that can be implemented by the Group is not accounted for.

	Decrease in Basis Points	**2024 LBP Million Decrease**	2023 LBP Million Decrease
LBP	- 100	42,328	45,518
USD	- 100	3,662,189	756,284
EUR	- 100	25,827	(5,721)

The Group's interest sensitivity position based on contractual repricing arrangements is shown in the table below. The expected repricing and maturity dates may differ significantly from the contractual dates, particularly with regard to the maturity of customers' demand deposits.

2024	Up to 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Non-interest Bearing LBP Million	Total LBP Million
Assets									
Cash and balances with central banks	480,552,841	36,857,994	-	517,410,835	336,373,076	-	336,373,076	11,280,631	865,064,542
Due from banks and financial institutions	104,774,690	16,139,542	26,465,220	147,379,452	984,613	-	984,613	1,614,579	149,978,644
Derivative financial instruments	1,134,384	-	-	1,134,384	-	-	-	-	1,134,384
Financial assets at fair value through profit or loss	10,929,075	-	-	10,929,075	-	-	-	1,670,267	12,599,342
Loans and advances to customers at amortised cost	39,646,850	25,894,947	17,639,273	83,181,070	1,817,230	290,461	2,107,691	507,638	85,796,399
Loans and advances to related parties at amortised cost	494	4,599	17,944	23,037	287,048	49,052	336,100	2,711	361,848
Financial assets at amortised cost	2,313,815	6,932,526	19,321,448	28,567,789	83,347,435	-	83,347,435	657,103	112,572,327
Financial assets at fair value through other comprehensive income	-	-	4,011,008	4,011,008	14,301,209	-	14,301,209	12,203,845	30,516,062
Total assets	**639,352,149**	**85,829,608**	**67,454,893**	**792,636,650**	**437,110,611**	**339,513**	**437,450,124**	**27,936,774**	**1,258,023,548**
Liabilities									
Due to central banks	47,786	85,782	156,902	290,470	2,402,707	120,250	2,522,957	10,441	2,823,868
Due to banks and financial institutions	17,007,921	66,058	819,334	17,893,313	4,015,232	1,630,333	5,645,565	49	23,538,927
Derivative financial instruments	1,113,874	-	-	1,113,874	-	-	-	160	1,114,034
Customers' deposits	1,021,076,964	46,556,117	36,656,215	1,104,289,296	1,150,698	1,770,383	2,921,081	505,882	1,107,716,259
Deposits from related parties	3,250,698	95,235	23,589	3,369,522	157,683	5,099	162,782	5,026	3,537,330
Debt issued & other borrowed funds	-	-	13,425,000	13,425,000	10,428,472	-	10,428,472	99,746	23,953,218
Lease liabilities	-	20,552	58,859	79,411	375,084	-	375,084	-	454,495
Total liabilities	**1,042,497,243**	**46,823,744**	**51,139,899**	**1,140,460,886**	**18,529,876**	**3,526,065**	**22,055,941**	**621,304**	**1,163,138,131**
Interest rate sensitivity gap	**(403,145,094)**	**39,005,864**	**16,314,994**		**418,580,735**	**(3,186,552)**			
Cumulative gap	**(403,145,094)**	**(364,139,230)**	**(347,824,236)**		**70,756,499**	**67,569,947**			

2023	Up to 1 Month LBP Million	1 to 3 Months LBP Million	3 Months to 1 Year LBP Million	Total Less than 1 Year LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total More than 1 Year LBP Million	Non-interest Bearing LBP Million	Total LBP Million
Assets									
Cash and balances with central banks	73,216,808	3,089,711	4,046,050	80,352,569	26,233,120	38,474,262	64,707,382	3,409,769	148,469,720
Due from banks and financial institutions	16,768,789	3,154,471	4,750,343	24,673,603	-	-	-	174,383	24,847,986
Loans to banks and financial institutions and reverse repurchase agreements	-	-	-	-	-	-	-	-	-
Derivative financial instruments	451,980	-	-	451,980	-	-	-	547	452,527
Financial assets at fair value through profit or loss	3,998,240	-	-	3,998,240	-	-	-	360,300	4,358,540
Loans and advances to customers at amortised cost	5,322,177	6,426,737	2,858,710	14,607,624	399,348	60,836	460,184	97,775	15,165,583
Loans and advances to related parties at amortised cost	873	539,210	2,188	542,271	19,548	13,047	32,595	185	575,051
Financial assets at amortised cost	589,103	2,976,164	1,960,911	5,526,178	7,956,058	5,560,359	13,516,417	183,037	19,225,632
Financial assets at fair value through other comprehensive income	82,843	15,358	29,927	128,128	57,966	-	57,966	1,839,179	2,025,273
Total assets	100,430,813	16,201,651	13,648,129	130,280,593	34,666,040	44,108,504	78,774,544	6,065,175	215,120,312
Liabilities									
Due to central banks	8,251	23,915	98,407	130,573	2,262,391	126,166	2,388,557	10,081	2,529,211
Due to banks and financial institutions	1,547,686	11,071	139,228	1,697,985	709,490	419,273	1,128,763	11	2,826,759
Derivative financial instruments	312,891	-	-	312,891	-	-	-	46	312,937
Customers' deposits	173,319,564	8,887,902	7,406,616	189,614,082	843,295	235,351	1,078,646	72,893	190,765,621
Deposits from related parties	606,515	704,794	7,315	1,318,624	83	782	865	67	1,319,556
Debt issued & other borrowed funds	-	-	2,250,000	2,250,000	1,736,160	-	1,736,160	76,970	4,063,130
Lease liabilities	2	3,708	11,195	14,905	60,750	26,716	87,466	-	102,371
Total liabilities	175,794,909	9,631,390	9,912,761	195,339,060	5,612,169	808,288	6,420,457	160,068	201,919,585
Interest rate sensitivity gap	(75,364,096)	6,570,261	3,735,368		29,053,871	43,300,216			
Cumulative gap	(75,364,096)	(68,793,835)	(65,058,467)		(36,004,596)	7,295,620			

PREPAYMENT RISK

Prepayment risk is the risk that the Group will incur a financial loss because its customers and counterparties repay or request repayment earlier than expected. This is applicable for example on fixed rate loans when market interest rates fall.

In Lebanon and following the severe devaluation of the local currency in the parallel market and prevalence of multiple exchange rates, prepayment activities related to the lending portfolio have accelerated during the past years. However in view of the quasi-absence of any local interest rate benchmarks due to the crisis and given that the Bank in Lebanon prioritised the implementation of a de-risking strategy for loan exposures granted pre- October 2019, the Group considers the impact of prepayment risk resulting from these transactions to be negligible.

Outside Lebanon, market risks that lead to prepayments are not material with respect to the countries where the Group operates. Accordingly, the Group considers the impact of prepayment risk on net profits to be not material after considering any penalty fees received on prepayment activities, when existing.

EQUITY PRICE RISK

Equity price risk is the risk that the value of a portfolio will fall as a result of a change in stock prices. Risk factors underlying this type of market risk are a whole range of various equity (and index) prices corresponding to different markets (and currencies/maturities) in which the Group holds equity-related positions.

Given the Group's very low risk appetite for this type of risk and whenever equity exposures exist, the Group sets tight limits on such exposures and the types of equity instruments that traders are allowed to take positions in. Nevertheless, depending on the complexity of financial instruments, equity risk can be measured in terms of market value of a stock or index position, and also in terms of price sensitivities, such as the sensitivity of the value of a portfolio to changes in the underlying asset's price.

Equity price risk exposure arises from equity securities classified at fair value through other comprehensive income. A 5 percent increase in the value of the Group's equities at 31 December 2024 would have increased cumulative changes in fair value by LBP 557,882 million (2023: LBP 83,181 million). An equivalent decrease would have resulted in an equivalent but opposite impact.

54.0. LIQUIDITY RISK

Liquidity risk arises because of the possibility that the Group might be unable to meet its payment obligations when they fall due under both normal and stress circumstances.

The Group manages liquidity at each entity level independently while keeping oversight of intra-group dependencies, when existing. The Group recognizes that its ability to meet its liquidity requirements, including its international commitments, may come under increasing pressure under a deteriorating operating environment. Following October 2019 events, the Bank's foreign currency liquidity in Lebanon was subject to an unprecedented pressure, which led Management to implement a series of remedial measures to contain the address the challenge.

MONITORING PROCESS

Due to the ongoing economic and financial crisis in Lebanon, Management has prioritized monitoring of international liquidity coverage relative to international commitments, including external accounts.

To support this activity, the Treasury function monitors and reports daily and intra-day inflows and outflows for major currencies and ensures that funding gaps are addressed. Separately, the Market Risk function conducts daily monitoring of international liquidity positions for major applicable currencies and regularly submits ALM Risk reports to ALCO showing changes in liquidity positions as well as the evolution of key internal and regulatory liquidity risk metrics.

The Board and BGRC receive updates on the liquidity risk profile of each banking unit at least quarterly.

LIQUIDITY STRESS TESTS

The liquidity position is assessed under various scenarios, including simulation of Group-specific crisis and market-wide crises. The stress scenarios are applied to both on-balance sheet and off-balance sheet commitments to provide a comprehensive view of potential cash outflows.

Scenarios may include, among others, the following assumptions:
- Significant withdrawals of deposits.
- Significant withdrawals of undrawn and committed credit lines.
- Significant haircut on liquid assets.
- Significant reduction in assets that are eligible as collateral.

LIQUIDITY RISK POLICIES

The Group has put in place policies and measures for monitoring and managing liquidity risk. These include setting up remedial actions to be taken in response to potential liquidity stress events. Among these policies is the Asset Liability Management (ALM) Risk Policy, which is reviewed by ALCO and submitted to the Board Risk Committee for review.

LIQUIDITY RATIOS

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general, and specifically to the Group. In Lebanon and since October 2019 events, the Group monitors on a regular basis the ratio of available international foreign currency liquidity to international commitments over various time horizons.

The Central Bank of Lebanon introduced several various requirements aiming at restoring the normal banking operations in Lebanon to their pre-October 2019 levels. Among these measures, Lebanese banks were requested to constitute, at its correspondent banks abroad, a foreign account free from any obligations that will be at no time below 3% of its total foreign-currency deposits as on 31 July 2024. Banks whose situation is incompatible with the provisions of the paragraph above are granted a time-limit ending on 31 December 2025 to adjust their situation accordingly. Additionally, Lebanese banks were required to maintain international liquidity in the form of banknotes and current account balances with foreign correspondent banks (free of any obligation) in excess of 100% of the external account deposits and other international commitments (including issued letter of credits and letter of guarantees in international dollar).

SOURCES OF FUNDING

Customers' deposits were the main funding source of the Group as at 31 December 2024 and 2023. The distribution of sources and the maturity of deposits are actively monitored in order to avoid high concentration of deposits by maturity and size. The Group monitors the percentage of core deposits to total deposits and aims to maintain this percentage at a high level.

The Group stresses the importance of customers' deposits as source of funds to finance its lending activities. This is monitored by using the advances to deposits ratio which compares loans and advances to customers as a percentage of clients' deposits.

	LBP		Foreign Currencies	
	2024 %	2023 %	**2024 %**	2023 %
Year-end	6	16	8	8
Maximum	14	45	14	18
Minimum	6	16	7	8
Average	10	29	10	16

ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY REMAINING CONTRACTUAL MATURITIES

The table below summarises the maturity profile of the Group's financial assets and liabilities as of 31 December based on contractual undiscounted cash flows. The contractual maturities were determined based on the period remaining to reach maturity as per the statement of financial position's actual commitments. Repayments which are subject to notice are treated as if notice were to be given immediately.

	2024					
	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total LBP Million
Financial assets						
Cash and balances with central banks	505,744,952	37,020,567	-	337,949,630	-	880,715,149
Due from banks and financial institutions	105,346,083	16,585,598	27,167,712	984,613	-	150,084,006
Derivative financial instruments	1,134,384	-	-	-	-	1,134,384
Financial assets at fair value through profit or loss	10,543,838	-	33,142	33,142	1,989,220	12,599,342
Loans and advances to customers at amortised cost	38,510,347	15,109,650	16,381,888	13,181,110	5,441,773	88,624,768
Loans and advances to related parties at amortised cost	493	87	22,285	289,210	49,773	361,848
Debtors by acceptances	148,007	436,264	12,646	-	38,543	635,460
Financial assets at amortised cost	2,458,211	7,001,760	20,141,113	86,927,422	-	116,528,506
Financial assets at fair value through other comprehensive income	-	-	4,033,028	14,489,016	11,994,018	30,516,062
Total financial assets	**663,886,315**	**76,153,926**	**67,791,814**	**453,854,143**	**19,513,327**	**1,281,199,525**
Financial liabilities						
Due to central banks	10,810	11,746	207,441	2,280,531	313,340	2,823,868
Due to banks and financial institutions	16,801,658	23	2,294	1,064,563	5,670,391	23,538,929
Derivative financial instruments	1,114,034	-	-	-	-	1,114,034
Customers' deposits	1,021,470,618	46,685,940	36,760,414	1,150,698	1,770,384	1,107,838,054
Deposits from related parties	3,262,171	95,235	23,589	157,683	5,099	3,543,777
Debt issued and other borrowed funds	13,425,000	-	-	10,528,218	-	23,953,218
Engagements by acceptances	148,007	436,264	12,646	-	38,543	635,460
Lease liabilities	-	20,552	58,859	375,084	-	454,495
Total financial liabilities	**1,056,232,298**	**47,249,760**	**37,065,243**	**15,556,777**	**7,797,757**	**1,163,901,835**
Net liquidity position	**(392,345,983)**	**28,904,166**	**30,726,571**	**438,297,366**	**11,715,570**	**117,297,690**

	2023					
	Less than 1 Month LBP Million	1 to 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	Over 5 Years LBP Million	Total LBP Million
Financial assets						
Cash and balances with central banks	76,022,718	3,466,444	3,939,897	30,862,946	47,389,868	161,681,873
Due from banks and financial institutions	16,983,783	3,077,801	4,952,094	-	-	25,013,678
Derivative financial instruments	452,527	-	-	-	-	452,527
Financial assets at fair value through profit or loss	3,998,238	-	-	-	360,302	4,358,540
Loans and advances to customers at amortised cost	4,719,310	4,681,006	2,396,296	3,065,111	1,416,820	16,278,543
Loans and advances to related parties at amortised cost	716	532,170	1,502	27,151	21,073	582,612
Debtors by acceptances	124,442	4,171	114,297	-	7,138	250,048
Financial assets at amortised cost	824,444	3,317,889	3,112,038	7,739,200	5,770,795	20,764,366
Financial assets at fair value through other comprehensive income	128,127	-	-	57,967	1,897,146	2,083,240
Total financial assets	103,254,305	15,079,481	14,516,124	41,752,375	56,863,142	231,465,427
Financial liabilities						
Due to central banks	9,916	27,650	106,811	2,441,069	133,258	2,718,704
Due to banks and financial institutions	1,547,696	11,071	139,229	709,490	419,273	2,826,759
Derivative financial instruments	312,937	-	-	-	-	312,937
Customers' deposits	173,403,766	8,896,343	7,412,300	885,032	267,027	190,864,468
Deposits from related parties	607,121	705,033	7,065	834	782	1,320,835
Debt issued and other borrowed funds	17,217	-	2,538,544	1,954,925	-	4,510,686
Engagements by acceptances	124,442	4,171	114,297	-	7,138	250,048
Lease liabilities	2	3,708	11,195	60,750	26,716	102,371
Total financial liabilities	176,023,097	9,647,976	10,329,441	6,052,100	854,194	202,906,808
Net liquidity position	(72,768,792)	5,431,505	4,186,683	35,700,275	56,008,948	28,558,619

The table below shows the contractual expiry by maturity of the Group's contingent liabilities and commitments. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

	2024				
	Less than 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	More than 5 Years LBP Million	Total LBP Million
Financial guarantees	12,881,591	2,749,002	211,931	-	15,842,524
Other guarantees	3,684,948	1,244,058	1,080,655	-	6,009,661
Documentary credits	8,222,522	2,865,555	94,836	-	11,182,913
Loan commitments	29,229,263	-	585,596	-	29,814,859
	54,018,324	**6,858,615**	**1,973,018**	**-**	**62,849,957**

	2023				
	Less than 3 Months LBP Million	3 to 12 Months LBP Million	1 to 5 Years LBP Million	More than 5 Years LBP Million	Total LBP Million
Financial guarantees	1,688,570	170,711	37,703	-	1,896,984
Other guarantees	799,770	286,133	175,580	-	1,261,483
Documentary credits	2,222,744	5,960	-	-	2,228,704
Loan commitments	3,985,691	16,643	209,180	-	4,211,514
	8,696,775	479,447	422,463	-	9,598,685

MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below summarises the maturity profile of the Group's assets and liabilities.

The maturity profile of the assets and liabilities at 31 December 2024 is as follows:

	Less than 1 Year LBP Million	More than 1 Year LBP Million	Total LBP Million
Assets			
Cash and balances with central banks	511,464,304	353,600,238	865,064,542
Due from banks and financial institutions	148,994,032	984,612	149,978,644
Derivative financial instruments	1,134,384	-	1,134,384
Financial assets at fair value through profit or loss	10,576,980	2,022,362	12,599,342
Loans and advances to customers at amortised cost	69,145,817	16,650,582	85,796,399
Loans and advances to related parties at amortised cost	22,865	338,983	361,848
Debtors by acceptances	596,917	38,543	635,460
Financial assets at amortised cost	28,660,255	83,912,072	112,572,327
Financial assets at fair value through other comprehensive income	4,033,028	26,483,034	30,516,062
Property and equipment and right-of-use assets	-	22,596,627	22,596,627
Intangible assets	-	301,397	301,397
Assets obtained in settlement of debt	-	98,468	98,468
Other assets	4,481,135	1,504,902	5,986,037
Deferred tax assets	-	507,994	507,994
Goodwill	-	2,748,350	2,748,350
Assets held for sale	113,172,329	87,456,122	200,628,451
Total assets	892,282,046	599,244,286	1,491,526,332
Liabilities and shareholders' equity			
Due to central banks	229,997	2,593,871	2,823,868
Due to banks and financial institutions	16,803,975	6,734,952	23,538,927
Derivative financial instruments	1,114,034	-	1,114,034
Customers' deposits	1,104,795,177	2,921,082	1,107,716,259
Deposits from related parties	3,374,548	162,782	3,537,330
Debt issued and other borrowed funds	13,425,000	10,528,218	23,953,218
Engagements by acceptances	596,917	38,543	635,460
Other liabilities	15,738,275	2,569,105	18,307,380
Current tax liability	1,525,180	-	1,525,180
Deferred tax liabilities	-	1,940,806	1,940,806
Provision for risks and charges	-	39,067,339	39,067,339
Liabilities held for sale	151,316,042	30,600,688	181,916,730
Shareholders' equity	-	85,449,801	85,449,801
Total liabilities and shareholders' equity	1,308,919,145	183,728,255	1,491,526,332

The maturity profile of the assets and liabilities at 31 December 2023 is as follows:

	Less than 1 Year LBP Million	More than 1 Year LBP Million	Total LBP Million
Assets			
Cash and balances with central banks	83,744,714	64,725,006	148,469,720
Due from banks and financial institutions	24,847,986	-	24,847,986
Derivative financial instruments	452,527	-	452,527
Financial assets at fair value through profit or loss	3,998,238	360,302	4,358,540
Loans and advances to customers at amortised cost	11,547,811	3,617,772	15,165,583
Loans and advances to related parties at amortised cost	534,041	41,010	575,051
Debtors by acceptances	242,910	7,138	250,048
Financial assets at amortised cost	6,924,111	12,301,521	19,225,632
Financial assets at fair value through other comprehensive income	128,127	1,897,146	2,025,273
Investments in an associate	-	141,155	141,155
Property and equipment and right-of-use assets	-	18,524,365	18,524,365
Intangible assets	-	62,834	62,834
Assets obtained in settlement of debt	-	98,468	98,468
Other assets	7,603	1,145,094	1,152,697
Deferred tax assets	-	98,187	98,187
Goodwill	-	497,030	497,030
Assets held for sale	24,548,315	17,992,941	42,541,256
Total assets	156,976,383	121,509,969	278,486,352
Liabilities and shareholders' equity			
Due to central banks	140,654	2,388,557	2,529,211
Due to banks and financial institutions	1,697,996	1,128,763	2,826,759
Derivative financial instruments	312,937	-	312,937
Customers' deposits	189,668,405	1,097,216	190,765,621
Deposits from related parties	1,317,941	1,615	1,319,556
Debt issued and other borrowed funds	2,326,984	1,736,146	4,063,130
Engagements by acceptances	242,910	7,138	250,048
Other liabilities	5,557,260	255,325	5,812,585
Current tax liability	269,203	-	269,203
Deferred tax liabilities	-	310,826	310,826
Provision for risks and charges	-	4,519,041	4,519,041
Liabilities held for sale	33,859,451	5,571,406	39,430,857
Shareholders' equity	-	26,076,578	26,076,578
Total liabilities and shareholders' equity	235,393,741	43,092,611	278,486,352

55.0. NON FINANCIAL RISKS

Non-Financial Risks (including Operational, Information and Cyber Security, as well as Business Disruption risks) are administered by an independent function reporting to the Group Chief Risk Officer.

Non-Financial risks are managed across the Group based on a set of principles and standards detailed in the Board-approved Group Operational Risk Policy and the Corporate Information Security Policy. These principles and standards include at a minimum: redundancy of mission-critical systems, segregation of duties, least-privilege principle, four-eye principle, independency of employees performing controls, reconciliations, establishment of second level controls, mandatory vacations, awareness and training. Controls are also embedded within systems and formalised in policies and procedures.

Incidents are captured and analysed to identify their root causes. Based on this analysis, corrective and preventive measures are recommended to prevent future reoccurrences. Furthermore, Risk and Control Assessments (RCAs) are conducted to identify outstanding risk exposures and control vulnerabilities associated with existing or new products, processes, activities and systems. Key Risk Indicators (KRIs) are also developed and monitored periodically to detect breaches and alarming trends. Recommendations to improve the control environment are communicated to concerned parties and issues are escalated to Management as deemed necessary. Beginning 2023, a new management committee called the Audit Findings Review Committee (AFRC) was established to ensure the appropriate and timely resolution of internal audit, external audit, regulatory recommendations and findings.

To ensure the continuity and timely resumption of critical business activities due to the potential risk of system disruptions or other unforeseen events, the Bank has been continuously maintaining a world-class business continuity and disaster recovery site that was awarded the Tier 4 – Fault Tolerant Certification of Design Documents and Constructed Facility. A Business Continuity Plan (BCP) was also developed and is being kept up-to-date to minimise the risk of interruption of critical operations in case of an adverse event. Business Continuity and Disaster Recovery rehearsals are also being conducted periodically to maintain a high operational resilience.

In response to the war escalation in Lebanon during 2024, the Bank convened the Crisis Committee to manage the evolving situation, monitor developments daily, and implement contingency measures. The committee's primary focus was to ensure the safety of both personnel and clients and maintain operational continuity in the event of severe disruptions to communication, energy, and other critical services.

The Bank is also abreast of latest cybersecurity threats, countermeasures, technologies and tools, and is continuously implementing technical and non-technical measures to strengthen its cyber resilience posture. External expert support is sought when needed.

Major incidents, RCA findings, KRI levels, business continuity actions and, information and cybersecurity activities are reported to the Executive Committee, Board Group Risk Committee, and Board of Directors periodically.

Insurances coverage (including cybercrime insurance) is used as an additional layer of mitigation and is commensurate with the Group business activities, in terms of volume, nature and operating environment.

56.0. LITIGATION RISK

At year-end, the Group had several unresolved legal claims in Lebanon and abroad, mainly those relating to the restrictive measures in place with respect to the withdrawal of funds and transfers abroad and a civil action filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) against eleven Lebanese banks including Bank Audi sal, asserting primary and secondary liability claims under the "Justice Against Sponsors of Terrorism Act (JASTA)" and the "Anti-Terrorism Act (ATA) which allow U.S. citizens to seek compensation from individuals or entities that provide material support to terrorist organizations even if the alleged acts occurred outside the United States. The lawsuit is currently in the discovery phase after courts denied the banks' motions to dismiss.

Since 17 October 2019, the Group has been subject to an increased litigations in Lebanon and abroad, as a result of the restrictive measures adopted by Lebanese banks in relation to the withdrawal of funds and transfers abroad, as well as in relation to the repayment by customers of local foreign currency loans in Lebanese Pounds. Management is carefully considering the impact of these existing litigations and claims against the Group in relation to these restrictive measures. There are still uncertainties related to the consequences of these restrictive measures, based on the current available information and the prevailing laws and local banking practices. Due to recent development and the increasing trend in judgments ruled in favour of the plaintiffs and customers in Lebanon and abroad, management considers that they may affect negatively the liquidity of the Group (refer to Note 47). The amount cannot be determined presently. At the balance sheet date, shares owned by the Bank in certain local and foreign subsidiaries were placed under seizure, by court orders in relation to litigations raised by customers for the transfer of funds abroad. Also, amounts held by the Bank at foreign correspondent banks especially in France are being subject to conservatory seizures (Note 17).

Complaints have also been filed by groups of individuals against "Lebanese banks" and the chairmen of their board of directors for alleged committed crimes of tort and fraudulent bankruptcy, money laundering, fraud and breach of trust, which resulted in different legal decisions and actions on several banks. With respect to Bank Audi SAL, the Bank was the target of restraining orders preventing it from disposing of its assets (Notes 25 and 27) in addition to accusations of violation of the banking secrecy law. Bank Audi SAL has sought legal expertise on the matter: common consensus converges toward the fact that the claims are baseless and with no legal grounds.

On 4 May 2023, a decision was rendered by the Disciplinary Council of Judges in Lebanon to suspend and dismiss the Public Prosecutor of Appeal in Mount Lebanon, noting that the decision is subject to the Supreme Disciplinary Authority. At present, the case is with the Judge of Instruction, and Management and its legal counsels are in the opinion that the case will be dismissed for the lack of legal grounds.

During 2024, in relation to another complaint raised by a depositor against the Bank, the Public Prosecutor of Mount Lebanon initiated an investigation that is still ongoing.

In January 2025 a new claim was filed by the Public Prosecutor of Mount Lebanon, against Bank Audi s.a.l., and other individuals and parties, in connection with the file of the firm "Optimum". A hearing was set on 19 June 2025.

Class-action lawsuit was filed by Lebanese depositors against certain Lebanese banks. The lawsuit is still at the initial stage and was just deposited for now to be approved as a class-action lawsuit in the US. The request is now different as they are not requesting cross-border transfer but they are asking for damages resulting mainly for the violation of the Racketeer Influenced and Corrupt Organisations ACT (RICO ACT). The Bank was not yet notified officially of this lawsuit.

In addition, the Group may, from time to time, become involved in other legal or arbitration proceedings which may affect its operations and results. Litigation risk arises from pending or potential legal claims against the Group (Note 48).

57.0. POLITICAL RISK

External factors which are beyond the control of the Group, such as political developments and government actions in Lebanon (Note 1) and other countries, may adversely affect the operations of the Group, its strategy and prospects. Other important political risk factors include government intervention on the Group's activities and social developments in the countries in which the Group operates, political developments in Lebanon, and political or social unrest or military conflict in neighbouring countries and/or other overseas areas. Given the above, the Group recognises that unforeseen political events can have negative effects on the fulfilment of contractual relationships and obligations of its customers and other counterparties which will result in significant impact on Group's activities, operating results and position.

58.0. CAPITAL MANAGEMENT

The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Central Bank of Lebanon, which is the lead supervisor of the Group.

Central Bank of Lebanon Intermediate Circular 567, issued on 26 August 2020, Intermediate Circular 649, issued on 24 November 2022, Intermediate Circular 659, issued on 21 January 2023, Intermediate Circular 685, issued on 28 December 2023, Intermediate Circular 689 issued on 2 February 2024 and Intermediate Circular 726 issued on 6 February 2025 introduced several key changes to the calculation of regulatory capital adequacy ratios. These changes include:

- Raising the regulatory expected credit loss level for Lebanese government securities in foreign currency and Lebanese government-related exposures in same currency from 9.45% to 45% initially and then again to 75% (the latter level to be reached by 31 December 2026). Regulatory ECL for other exposures remain unchanged. These levels remained applicable in 2023.

Type of financial instrument	2024	2023
Exposures to Central Bank of Lebanon in foreign currency	1.89%	1.89%
Exposures to Central Bank of Lebanon in Lebanese Pounds	0%	0%
Lebanese government securities in foreign currency	75%	75%
Lebanese government securities in Lebanese Pounds	0%	0%

The Group recorded expected credit losses on Lebanese government securities in foreign currency equivalent to a loss rate 87% as at 31 December 2023 relative to a loss rate of 75% by 31 December 2026. During 2024, the Bank reclassified Lebanese government securities to fair value through profit and loss account.

- Requesting banks to increase their own funds (capital) by an amount equivalent to 20% of their Common Equity Tier 1 capital as of 31 December 2018, through issuing new foreign currency capital instruments, as well as other approaches that meet the criteria for inclusion as regulatory capital. The deadline for raising capital was initially set at 31 December 2020, but was later extended for the banking sector to 28 February 2021. The Central Bank of Lebanon's Central Council may exceptionally approve a bank's completion of 50% of the 20% required capital increase through the transfer of real estate assets owned by the shareholders to the concerned bank. However, these real estate assets must be liquidated during a 5-year period following regulatory approval date on this transaction.

- Inclusion of gains from Foreign Currency Translation Adjustments in Common Equity Tier 1, effective from 2023 whereas regulation prior to amendments brought by Intermediate Circular 689 included only losses from Foreign Currency Translation Adjustments in Common Equity Tier 1 and 50% of gains in Tier 2 capital. As a result of the change in regulation and the change in the official published exchange rate from LBP 15,000 to the US Dollar to LBP 89,500 to the US Dollar, Common Equity Tier 1 increased by LBP 52,372,260 million as at 31 December 2024 compared to 31 December 2023 (2023: LBP 1,507.5 to the US Dollar to LBP 15,000 to the US Dollar, Common Equity Tier 1 increased by LBP 7,789,057 million).

- Inclusion of 75% of cumulative change in the fair value of financial instruments classified at FVTOCI in Common Equity Tier 1, instead of 50% of the gain in Tier 2, as was the case previously.

- Inclusion of 75% of revaluations gain of owned real estate properties (excluding ones acquired in settlement of bad debt as per Article 154 of the Code of Money & Credit) in Common Equity Tier 1, instead of 50%. The regulatory deadline for completing the reappraisal process for such properties was set on 31 December 2023.

- Exceptionally during 2020 and 2021, allowing banks to draw down the 2.5% capital conservation buffer on condition of rebuilding it progressively starting 2022 by not less of 0.75% each year, to reach the minimum required level of 2.5% by the end of 2024. Following issuance of BdL Intermediate Circular 689, Banks were once again allowed to draw down completely the 2.5% capital conservation buffer in 2023 and 2024.

- Prohibiting banks from distributing dividends if capital adequacy ratios drop below 7% for Common Equity Tier 1, 10% for Tier 1 and 12% for total capital (compared to the regulatory minimum limits of 7%, 8.5% and 10.5% respectively, including a 2.5% capital conservation buffer).

- Exceptionally for 2020 and 2021, allowing the Bank to include provisions for expected credit losses on Stage 1 and 2 exposures, excluding those relating to Lebanese sovereign and the Central Bank of Lebanon, under regulatory Common Equity Tier 1 (previously only Stage 1 allowances were included in Tier 2 capital, subject to a 1.25% cap relative to credit risk-weighted assets). Such provisions included under CET 1 should be amortised over a period of 3 years starting 2022 and ending in 2024 by 25% yearly.

- Exceptionally for 2022 and 2023, allowing banks to include under CET 1 part of the losses resulting from the purchase of local dollars from the Central Bank of Lebanon against Lebanese Pound for the purpose of reducing open net FX short positions prior to 17 November 2022. In 2022, 66% of these losses can be included under CET 1, while in 2023, a maximum of 33% level applies.

- Exceptionally authorizing Banks the inclusion in Tier 2 of provisions for risk and charges, treated as General Provisions, up to a limit of 1.25% of Credit Risk-Weighted assets. At 31 December 2024, the amount of General Provisions included in Tier 2 amounted to 12,489,668 million (2023: nil).

The following table shows the applicable regulatory capital ratios:

	Common Tier 1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
31 December 2024			
Minimum required capital ratios (waiver from capital conservation buffer)	4.50%	6.00%	8.00%
With the full capital conservation buffer of 2.5% (applicable in 2024)	7.00%	8.50%	10.50%
31 December 2023			
Minimum required capital ratios	4.50%	6.00%	8.00%
With the full capital conservation buffer of 2.5% (applicable in 2024)	7.00%	8.50%	10.50%

	2024 LBP Million	2023 LBP Million
Risk-weighted assets:		
Credit risk	1,153,899,775	230,535,287
Market risk	55,276,600	7,521,573
Operational risk	94,650,010	7,004,065
Total risk-weighted assets	1,303,826,385	245,060,925

The regulatory capital including net loss for the year as of 31 December is as follows:

	2024 LBP Million	2023 LBP Million
Tier 1 capital	73,266,932	21,582,754
Of which: Common Tier 1	*72,362,432*	*20,678,254*
Tier 2 capital	23,545,709	1,792,167
Total capital	96,812,641	23,374,921

The capital adequacy ratio including net loss for the year as of 31 December is as follows:

	2024	2023
Capital adequacy – Common Tier 1	5.55%	8.44%
Capital adequacy – Tier 1	5.62%	8.80%
Capital adequacy – Total capital	7.43%	9.54%

The capital adequacy ratios as at 31 December 2024 and 31 December 2023 were calculated based on the recorded figures and do not take into consideration the adjustments that may result from the resolution of the uncertainties reflected in Note 1. Due to the high levels of uncertainties, the lack of observable reliable indicators, and the lack of visibility on the government's plans with respect to: (a) the high exposures of Lebanese banks with the Central Bank of Lebanon, (b) the Lebanese sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, Management is unable to estimate in a reasonable manner the impact of these matters on the Group's capital adequacy. Management has concerns about the effects that the above matters will have on the capital of the Group and the recapitalisation needs that may arise once the necessary adjustments are determined and recorded.

59.0. SUBSEQUENT EVENTS

ODEA BANK

In the opinion of the Group's management, apart for the sale agreement of its 76.42% interest in the share capital of Odea Bank A.Ş. as disclosed in Note 44, there have been no further subsequent events since the year ended 31 December 2024 which require adjustment of or disclosure in the consolidated financial statements or notes thereto.

04 Management

1.0. BANK AUDI SAL MANAGEMENT

Chairman

Mr. Samir N. HANNA	Chairman of the Board of Directors

Executive Committee

Mr. Khalil I. EL DEBS *(Chair)*	Chief Executive Officer

Mr. Hassan A. SALEH	Deputy Chief Executive Officer
Mr. Michel E. ARAMOUNI	Chief Capital Markets Officer
Mr. Mouayed C. MAKHLOUF	Chief Wholesale and Institutional Banking Officer

Mr. Elias L. ABOUSLEIMAN	Chief Financial Officer
Dr. Marwan S. BARAKAT	Chief Economist & Head of Research
Dr. Farid F. LAHOUD	Chief Compliance & Governance Officer
Mr. Antoine N. NAJM	Chief Risk and Credit Officer
Mr. Fady A. OBEID	Chief Information & Operations Officer

Central Departments & Business Functions

Mr. Robert G. ABED	Chief of Staff
Mrs. Marion E. ABOU-JAOUDE	Head of Marketing & Communications
Mrs. Marcelle R. ATTAR	Head of Information Technology
Mrs. Carol J. AYAT	Head of Large Corporates & Specialized Lending
Mr. Mohamad G. BAYDOUN	Head of Corporate & Commercial Banking
Mrs. Peggy S. BAZ	Chief Legal Officer
Mr. Gebran Y. GEBRAN	Deputy CEO of "neo by Bank Audi"
Mr. Shant A. KHANJIAN	Head of Organization
Mrs. Nayiri H. MANOUKIAN	Chief Human Resources Officer
Mr. Antoine G. MEOUCHY	Head of Risk
Mrs. Rana S. NASSIF	Chief Internal Audit Officer
Mrs. Riwa F. MAHFOUZ	Head of Credit
Mr. Bechara E. SERHAL	Chief Treasury Officer

Mrs. Ghina M. DANDAN	Chief Customer Officer
Mr. Rabih E. BERBERY	Deputy Chief Customer Officer – Business Banking
Mrs. Grace E. EID	Deputy Chief Customer Officer – Personal Banking

Financial Institutions & Correspondent Banking

Mr. Gabriel A. DROUBY	Head of Financial Institutions & Correspondent Banking
	Tel: (961-1) 952405. E-mail: gabriel.drouby@bankaudi.com.lb

Investor Relations

Ms. Sana M. SABRA	Head of Investors Relations and Strategic Projects Management
	Tel: (961-1) 977496. E-mail: sana.sabra@bankaudi.com.lb

2.0. ENTITIES’ MANAGEMENT

2.1. ODEA BANK A.Ş.

TURKEY

BOARD OF DIRECTORS

		Member of the Credit Committee	Member of the Audit Committee	Member of the Risk Committee	Member of the Remuneration Committee	Member of the Corporate Governance Committee
Mr. Khalil I. EL DEBS	Chair	Alternate			Chair•	
Mr. Mouayed C. MAKHLOUF	Vice-Chair	•		•	•	•
Mr. Elias L. ABOUSLEIMAN	Member		•	•		
Ms. Oya E. AYDINLIK	Member		Chair •			
Dr. Ayse Botan M. BERKER	Member	Alternate		Chair •		•
Mr. Hilmi S. GUVENAL	Member					•
Me. Chahdan E. JEBEYLI	Member					Chair •
Dr. Farid F. LAHOUD	Member		•			
Mr. Antoine N. NAJM	Member	•		•		
Dr. Mert R. ONCU	Member	Chair •				

Senior Management

Dr. Mert R. ONCU	General Manager – Board Member

In October 2024, Bank Audi entered into a definitive agreement with ADQ to sell, along with other shareholders, all the shares held by it in the capital of Türkiye-based Odeabank A.S.. The sale was successfully completed in March 2025.

2.2. BAPB HOLDING LIMITED

CYPRUS

BOARD OF DIRECTORS

Mr. Elias L. ABOUSLEIMAN	Member
Mr. Marc J. AUDI	Member
Mr. Khalil I. EL DEBS	Member
Mr. Alkis I. KAILOS	Member
Mr. Farid F. LAHOUD	Member
Mr. Mouayed C. MAKHLOUF	Member
Mrs. Evdokia A. Stavraki	Member
Alter Domus Services Limited	Company Secretary

2.2.1. BANQUE AUDI (SUISSE) SA
SWITZERLAND

BOARD OF DIRECTORS

		Member of the Audit Committee	Member of the Remuneration Committee
Mr. Marc J. AUDI	Chairman		•
Mrs. Simona G. TERRANOVA	Vice-Chairman	Chair•	
Mr. Khalil I. EL DEBS	Member		Chair•
Mr. Christoph J. DE WECK	Member	•	
Mr. Eric J. HESS	Member	•	
Mr. Jean-Pierre R. JACQUEMOUD	Member		•
Dr. Farid F. LAHOUD	Member		
Mr. François P. TOBLER	Member		

Management

Mr. Youssef H. NIZAM	General Manager
Mr. Gregory K. SATNARINE	Deputy General Manager – Chief Financial Officer – Chief Operating Officer
Mrs. Rania S. ABOU EL OULA	Head of Legal & Central Files – Corporate Secretary
Mr. Maher A. MENIF	Chief Risk & Compliance Officer
Mr. Walid E. MOUKARZEL	Head of Private Banking

2.2.2. AUDI CAPITAL (KSA) CJSC
KINGDOM OF SAUDI ARABIA

BOARD OF DIRECTORS

Until January 2025		Member of the Audit Committee	Member of the Nomination & Remuneration Committee
Mr. Abdullah I. AL HOBAYB	Chairman		Chair•
Mr. Mouayad C. MAKHLOUF	Vice-Chairman – Member		•
Mr. Chahdan E. JEBEYLI	Member	Chair•	
Mr. Youssef H. NIZAM	Member		•
Dr. Asem T. ARAB	Independent member	•	
Dr. Khalil A. KORDI	Independent member	•	

Since March 2025		Member of the Audit Committee	Member of the Nomination & Remuneration Committee
Mr. Walid A. ALMURSHED	Chairman		•
Mr. Khalil I. EL DEBS	Vice-Chairman – Member		
Mr. Chahdan E. JEBEYLI	Member	Chair•	
Mr. Mouayad C. MAKHLOUF	Member		Chair•
Mr. Abdulaziz M. ALDHOHEYAN	Member	•	
Mr. Tariq F. ZEDAN	Member	•	•

Management

Mr. Daniel R. ASMAR	Chief Executive Officer
Mr. Tony G. ABOU FAYSSAL	Head of Business Operations & Special Projects
Mr. Ohoud M. ALEIDDAN	Governance Manager and Board Secretary
Mr. Mohammad K. ASSAF	Head of Finance
Mr. Serge N. DAHER	Wealth Manager – Head of Support
Mr. Elyas J. FEGHALI	Acting Head of Dealing Services
Mr. Hamdi S. ALSHAMMARI	Head of Administration & HR Specialist
Mr. Albatool A. ALTURKI	Compliance & AML Officer

2.3. OTHER ENTITIES

2.3.1. BANK AUDI LLC
QATAR

BOARD OF DIRECTORS

		Member of the High Credit Committee	Member of the Audit & Risk Committee
Mr. Khalil I. EL DEBS	Chairman	Chair•	
Mr. Elias L. ABOUSLEIMAN	Member		Chair•
Mr. Rashed Nasser S. AL-KAABI	Member		•
Mrs. Ghina M. DANDAN	Member		•
Mr. Hassan A. SALEH	Member		
Mr. Hani R. ZAOUK *(Until April 2025)*	Member		
Philippe F. El KHOURY *(Since April 2025)*	Member		

Management

Mr. Chadi A. JABER	General Manager

2.3.2. BANK AUDI FRANCE SA
FRANCE

BOARD OF DIRECTORS

		Member of the Audit & Risk Committee	Member of the Remuneration Committee
Ms. Sherine R. AUDI	Chairman	•	
Mr. Elia S. SAMAHA	Member		
Mr. Michel E. ARAMOUNI	Member	•	•
Mr. Denis G. GILLET	Member	Chair•	•
Mr. Antoine N. NAJM	Member		
Bank Audi sal *(represented by Mr. Khalil I. EL DEBS)*	Member		Chair•
Mr. Pierre AD. MARIANI	Member		
Mr. Hassan A. SALEH	Member		

Management

Mr. Elia S. SAMAHA	General Manager – Chief Executive Officer
Mr. Wissam G. ABI SALEH	Deputy General Management *(Since October 2024)*

2.3.3. SOLIFAC SAL
LEBANON

BOARD OF DIRECTORS

		Member of the Risk & Audit Committee	Member of the ALCO Committee	Member of the Credit Committee	Member of the AML/CFT Committee
Mr. Robert G. ABED	Chairman	•	•	Alternate Member	
Mrs. Riwa F. SABBAH	Member	•	•	Chair	
Mr. Mohamad G. BEYDOUN	Member	•	Chair	•	•
Mr. Karl A. HADDAD	Member	•		•	•
Mr. Antoine G. MEOUCHY	Member	Chair	•		Chair

Management

Mrs. Lina F. SALEM	General Manager	•	•	•	

05 Addresses

1.0. LEBANON

BANK AUDI sal

Member of the Association of Banks in Lebanon
Capital: LBP 992,878,257,468 *(as at December 2024)*
Consolidated shareholders' equity:
LBP 85,449,800,589,976 *(as at December 2023)*
C.R. 11347 Beirut
List of Banks No. 56

Headquarters

Bank Audi Plaza, Bab Idriss.
P.O. Box 11-2560 Beirut - Lebanon
Tel: (961-1) 994000.
Customer helpline: (961-1) 212120.
Swift: AUDBLBBX.
contactus@bankaudi.com.lb
bankaudigroup.com

Branches

CORPORATE BRANCHES

ASHRAFIEH – MAIN BRANCH
SOFIL Center, Charles Malek Avenue.
Tel: (961-1) 200250.
Senior Manager: Mrs. Rita M. Freiha

BAB IDRISS
Bank Audi Plaza, Omar Daouk Street.
Tel: (961-1) 977588.
Senior Branch Manager: Mrs. Patricia G. Debs

VERDUN
Verdun 2000 Center, Rashid Karameh Avenue.
Tel: (961-1) 805805.
Senior Branch Manager: Mrs. Nisrine A. Ismail

BEIRUT & NORTH LEBANON

Regional Manager: Mrs. Carole S. Abou-Jaoudeh

BADARO
Ibrahim Ghattas Bldg., Badaro Street.
Tel: (961-1) 387395.
Branch Manager: Mrs. Nayla S. Hanna

BESHARA EL-KHOURY
Banna & Sayrawan Bldg., Beshara El-Khoury Street.
Tel: (961-1) 664093.
Branch Manager: Mrs. Roula F. Ramadan

BLISS
Kanater Bldg., Bliss Street.
Tel: (961-1) 361793.
Senior Branch Manager: Ms. Rima M. Hoss

HAMRA
Mroueh Bldg., Hamra Street.
Tel: (961-1) 341491.
Senior Branch Manager: Mrs. Dima R. Chahine

JNAH
Tahseen Khayat Bldg., Khalil Moutran Street.
Tel: (961-1) 844870.
Branch Manager: Walid K. Dimachkieh

MAZRAA
Wakf El-Roum Bldg., Saeb Salam Blvd.
Tel: (961-1) 305612.
Branch Manager: Mr. Moustafa M. Anouty

SODECO
Alieh Bldg., Istiklal Street.
Tel: (961-1) 612790.
Senior Branch Manager: Ms. Rita C. Haddad

TABARIS
Saifi Plaza, Fouad Shehab Avenue & Georges Haddad Street crossroad.
Tel: (961-1) 992335-9, 990416.
Senior Branch Manager: Mrs. Raghida N. Bacha

ZARIF
Salhab Center, Algeria Street.
Tel: (961-1) 747550.
Branch Manager: Mrs. Hiba M. Kayyal

DORA
Cité Dora 1, Dora Highway.
Tel: (961-1) 255686.
Senior Branch Manager: Mr. Charles A. Berberi

HAZMIEH
Dar Assayad Bldg., Saïd Freiha Street, Hazmieh Roundabout.
Tel: (961-5) 451850.
Branch Manager: Rachel J. Sarkis

HALBA
Main Road.
Tel: (961-6) 692020.
Branch Manager: Mr. Ali A. Hammad

TRIPOLI – EL-BOHSAS
Fattal Tower 1, El-Bohsas Blvd.
Tel: (961-6) 410200.
Branch Manager: Mr. Mohsen A. Dabliz

TRIPOLI – EL-MINA
Mandarine Bldg., Riad El-Solh Street, El-Mina Blvd.
Tel: (961-6) 205100.
Branch Manager: Mr. Ziad M. Kabbara

MOUNT LEBANON, KESROUAN, JBEIL & NORTH

Regional Manager: Mrs. Hilda G. Sadek

AJALTOUN
Bou Shaaya & Khoury Center, El-Midane.
Tel: (961-9) 234620.
Branch Manager: Mr. Jihad A. Sfeir

BROUMMANA
Lodge Center, Main Road.
Tel: (961-4) 860163.
Branch Manager: Mr. Hadi M. Chaoul

ELYSSAR
Elyssar Main Road, Mazraat Yashouh.
Tel: (961-4) 913928.
Branch Manager: Mrs. Nisrine N. Chidiac

HORSH TABET
Central Business Center, Saint Antoine de Padoue Street.
Tel: (961-1) 480483.
Branch Manager: Mrs. Hala N. Younes

JAL EL-DIB
Milad Sarkis Bldg., Main Road.
Tel: (961-4) 710393.
Senior Branch Manager: Mr. Pierre E. Harb

JBEIL
Byblos Sun Bldg., Jbeil Roundabout.
Tel: (961-9) 543890.
Senior Branch Manager: Mr. Georges A. Khodr

JOUNIEH
La Joconde Center, Fouad Shehab Blvd.
Tel: (961-9) 641660.
Branch Manager: Mrs. Rana A. Khoury

MANSOURIEH
Kikano Bldg., Main Road.
Tel: (961-4) 533610.
Branch Manager: Mr. Roger D. Chami

NACCASH – DBAYEH
Naccash – Dbayeh Highway, East Side.
Tel: (961-4) 521671.
Branch Manager: Mrs. Nancy S. Boustany

RABIEH
Rabieh First Entrance, Street No. 5.
Tel: (961-4) 405950.
Senior Branch Manager: Mrs. Georgina Y. Nakad

ZOUK
Val de Zouk Center, Zouk Mikhael.
Tel: (961-9) 211140.
Senior Branch Manager: Mr. Chady F. Kassis

AMYOUN
Main Road.
Tel: (961-6) 955600.
Branch Manager: Mrs. Theodora A. Bachawaty

BATROUN
Batroun Square Center, Main Road No. 7.
Tel: (961-6) 642371.
Branch Manager: Mr. Tannous N. Abi-Saab

SOUTH LEBANON, BEKAA & BEIRUT SUBURBS

Regional Manager: Mr. Nagib A. Cheaib

ALEY
Beshara El-Khoury Road (near Aley Club), Aley.
Tel: (961-5) 556902.
Branch Manager: Mr. Alaa Y. Azzam

GHOBEYRI
Hoteit Bldg., Shiyah Blvd., Mousharrafieh Square.
Tel: (961-1) 541125.
Branch Manager: Mrs. Lina A. Hayek

KHALDEH
Lebanese Commercial Mall, Saida Highway.
Tel: (961-5) 801988.
Branch Manager: Mrs. Rana N. Mecharrafieh

NABATIEH
Office 2000 Bldg., Hassan Kamel El-Sabbah Street.
Tel: (961-7) 767812.
Branch Manager: Mr. Mohamad H. Noureddine

SAIDA – EAST
Dandashli Bldg., Eastern Blvd.
Tel: (961-7) 751885.
Branch Manager: Mrs. Sherine M. Assaad

SAIDA – RIAD EL-SOLH
Wakf El-Roum Catholic Bldg., Riad El-Solh Blvd.
Tel: (961-7) 733750.
Branch Manager: Mrs. Diana A. Assaad

SAIDA – SOUTH
Moustapha Saad Street.
Tel: (961-7) 728601.
Senior Branch Manager: Mr. Mohamad M. Bizri

TYRE ABBASSIEH
Tyre North Entrance, Main Road, Abbassieh.
Tel: (961-7) 741830-1-2-3.
Branch Manager: Mrs. Mounira E. Khalife

SHTAURA
Daher Bldg., Main Road.
Tel: (961-8) 542960.
Branch Manager: Ms. Zeina H. Hajj

ZAHLEH
Beshwati Bldg., El-Boulevard.
Tel: (961-8) 813592.
Branch Manager: Mrs. Mona K. Doummar

DIGITAL BRANCHES NETWORK

BANK AUDI PLAZA
Bab Idriss.

ZGHARTA
North Palace Hotel, Kfarhata.

2.0. CYPRUS

BAPB HOLDING LIMITED

Artemisia Business Center, Flat/Office 104, 1st Floor, Charalampou Mouskou 14, 2015 Strovolos, Nicosia, Cyprus.
Tel: (357-22) 46 51 51.
adcy-cs-b@alterdomus.com

3.0. SWITZERLAND

BANQUE AUDI (SUISSE) SA

Cours des Bastions 18-1205 Geneva.
P.O. Box: 384. 1211 Geneva 12, Switzerland.
Tel: (41-22) 704 11 11.
contactus.gva@bankaudipb.com
bankaudipb.com

Beirut Representative Office
Bank Audi Plaza, Bab Idriss.
P.O. Box: 11-2666 Beirut - Lebanon.
Tel: (961-1) 977 544.

4.0. SAUDI ARABIA

AUDI CAPITAL (KSA) cjsc

Centria Bldg., 3rd Floor, 2908 Prince Mohammad Bin Abdul Aziz Road (Tahlia).
Postal Address: Unit No. 28, Ar Riyadh 12241-6055.
P.O. Box: 250744 Riyadh 11391 Kingdom of Saudi Arabia.
Tel: (966-11) 2199300.
contactus@audicapital.com
audicapital.com

5.0. QATAR

BANK AUDI LLC

Authorised by the QFC Regulatory Authority
License No. 00027

Qatar Financial Centre Tower, 18th Floor, Diplomatic Area, West Bay.
P.O. Box: 23270 Doha, Qatar.
Tel: (974) 44051000.
contactus@bankaudi.com.qa
bankaudigroup.com

6.0. FRANCE

BANK AUDI FRANCE sa

73, Avenue des Champs-Elysées. 75008 Paris, France.
Tel: (33-1) 53 83 50 00.
contactus@bankaudi.fr
bankaudi.fr

7.0. LEBANON

SOLIFAC sal

Zen Building, Charles Malek Avenue, Ashrafieh.
P.O. Box: 11-1121 Beirut - Lebanon.
Tel: (961-1) 209200.

8.0. UNITED ARAB EMIRATES

BANK AUDI sal – ABU DHABI REPRESENTATIVE OFFICE

Etihad Towers 3, Floor 36, Office 3637, Corniche Street.
P.O. Box 94409 Abu Dhabi, United Arab Emirates.
Tel: (971-2) 6331180.
contactus.abu-dhabi@bankaudi.com.lb
bankaudigroup.com