# Interim Report

End-June
**2025**

Bank Audi

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# 01 Management Discussion & Analysis

# 1.0. BASIS OF PRESENTATION

The following discussion and analysis (hereafter "MD&A") has been prepared by the Bank's Management based upon the Reviewed Interim Financial Statements which are included in the following section of this report. The selected financial and operating data set forth below has been subject to rounding, extracted without material adjustment from the Interim Financial Statements.

The interim condensed consolidated financial statements of Bank Audi sal for the six-month period ended 30 June 2025 are prepared in accordance with the International Accounting Standard 34, Interim Financial Reporting, the general accounting plan for banks in Lebanon, and the regulations of the Central Bank of Lebanon, the Banking Control Commission (BCC) and the Lebanese Capital Market Authority (CMA). Such Interim Financial Statements include the results of the Bank and its consolidated subsidiaries as listed in Note 2.3 to the enclosed Reviewed Interim Financial Statements as at end-June 2025.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements. It should be read in conjunction with, and is qualified in its entirety, by the 2024 Annual Report (audited) and the Interim Financial Statements in the first half of 2025 (reviewed by auditors), including the respective notes thereto. In addition, results for the six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

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.

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 favour of the plaintiffs and customers during years 2021 and onward, Management considers that they may affect negatively the liquidity of the Group (refer to Note 28.0). 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.

# 2.0. OPERATING ENVIRONMENT

The first half of 2025 witnessed a significant trend reversal in Lebanon, driven by the domestic political breakthrough on the back of promising presidential elections, qualified cabinet formation, key administrative appointments and few reforming initiatives. Such developments were welcomed by the economy and financial markets that reported a noticeable inflection in performance.

Foreign trade figures for the first half of 2025 suggest imports grew by 14.6% year-on-year to USD 9.6 billion, while exports surged by 22.8% to USD 1.7 billion. As a matter of fact, imports moved from USD 8.4 billion in the first half of 2024 to USD 9.6 billion in the first half of 2025, suggesting we might reach the record high USD 20 billion figure for full-year 2025, if we extrapolate full-year imports on the basis of half-year figures. On the basis of an imported inflation of 6.2%, real imports are estimated to have grown by 8.4% over the first half of this year, supporting our 5% real GDP growth forecast for 2025.

A real balance of payment surplus of USD 2.3 billion was recorded in the first six months of the year, denoting the excess of inflows over outflows. In fact, while the balance of payments reported a nominal surplus of USD 8.5 billion (rise in net foreign assets of BdL and banks), circa USD 6.2 billion of the surplus is tied to the rise in gold prices, leaving USD 2.3 billion of real BoP surplus.

The stability of the currency was also fundamentally supported by a quasi-equilibrium in fiscal balance and in the balance of payments. At the fiscal level, public revenues were close to expenses over the past two years, suggesting there was no deficit in public financing and thus no LL money creation. The absence of money creation in Lebanese Pounds was coupled with a reinforcement of the domestic foreign currency mass as revealed by the real surpluses in the balance of payments. Having said that, while it is true that the Lebanese Pound recently maintained a technically and fundamentally supported stability, the currency however did not regain any of its lost functions (Medium of Exchange, unit of account, store of value, standard of deferred payment), suggesting it has been an almost idle currency.

The Central Bank of Lebanon's liquid foreign reserve assets reached USD 11,326 million at end-June 2025, compared to USD 10,135 million at year-end 2024, which marks a year-to-date expansion of USD 1,191 million. Concurrently, BdL gold reserves stood at USD 30,277 million at end-June 2025 (9.2 million ounces at a price of USD 3,291 per ounce), against USD 24,102 million at end-December 2024, which marks a significant expansion of USD 6.2 billion. The rise in gold reserves is mainly explained by a strong rally in gold prices globally, as investors flew to safe haven assets amid mounting concerns about a global economic slowdown. Within this context, it is worth mentioning that Lebanon has today the highest ratio of gold reserves to GDP in the world at around 100%, compared to a global average of 4%.

An increase in Eurobond prices to above US 20 cents was actually reported (against below US 6 cents in September 2024), with institutional investors betting that the political breakthrough would engender long awaited economic reforms and debt restructuring.

Over the first six months of 2025, we actually notice a slight increase in total FX deposits by USD 26 million, despite the estimated significant increase in fresh FX deposits by circa USD 852 million over the period, suggesting the settlement of lollar deposits has been at circa USD 825 million since the beginning of the year. Total FX deposits are now estimated at USD 88 billion, of which USD 84 billion of lollar deposits and USD 4 billion of fresh deposits. A decrease in the loan portfolio by USD 180 million was also recorded over the first six months. The decrease in loans to the private sector, despite the launch of new waves of fresh USD loans by some banks in the sector, is tied to the settlement of lollar loans by some beneficiaries. A rise in shareholders equity was noted amid slight loss reversal in the sector. Shareholders' equity increased by USD 0.4 billion over the first six months, moving from USD 4.8 billion in December 2024 to USD 5.2 billion in June 2025, amid (1) provision release impacting earnings and (2) FX translation effects due to USD depreciation against major currencies. It is yet worth recalling that shareholders' equity had amounted to USD 20.6 billion at the onset of the crisis in October 2019.

Caution remains looking ahead, with some uncertainty in the pipeline. Most imminent challenges ahead revolve around three main issues:

1. The need to restore confidence imposes on political authorities the imperative challenge of safeguarding the cease fire, restoring the firm role of the State and the army with monopoly over weapons inside the country, and working towards the establishment of a just and long lasting peace. Such a direction looks to be a precondition for the much needed reconstruction financing in Lebanon. The Cabinet decision in the first week of august regarding weapon monopoly by year-end is an important challenging milestone in this regard

2. The banking restructuring challenge remains a major test, revolving around whether the State would be able to put in

force a gap law within the upcoming months, prior to the parliamentary elections in May 2026, after which the Cabinet will turn into Caretaker Cabinet until the formation of a new Cabinet. The Lebanese banking sector is today in a serious pressure mode, putting at stake the sustainability of the sector at large

3. Not less importantly rises the need to reach a final deal with the IMF. Lebanon is in dire need of international assistance that would be directly ensured by an IMF program. The IMF full-fledge agreement represents a necessary condition for donor countries and institutions to financially support Lebanon as a fulfillment of previous pledges that did yet not concretize in the absence of a credible watchdog for Lebanon's needed reforms which is the International Monetary Fund.

The above three critical issues represent necessary prerequisites for fostering confidence on behalf of both the domestic and foreign communities, securing the much needed investment aggregate that has been lagging behind for a long while, restoring sustainable economic recovery in the medium to long term, ultimately enabling the country to establish in the vicinity of half a decade the output and per capita income that was prevailing prior to the devastating 2019 economic crisis at large.

**Lebanon's Major Economic indicators**

| (USD Million) | H1-2024 | H1-2025 | Change H1-25/H1-24 |
|---|---|---|---|
| **Real Sector Indicators** | | | |
| Number of passengers at the Airport (000s) | 2,996 | 2,999 | 0.1% |
| Number of tourists (000s) | 630 | 636 | 0.9% |
| Merchandise at the Port (000 tons) | 2,684 | 3,066 | 14.2% |
| Total value of property sales | 1,102 | 2,855 | 159.1% |
| Consturction permits (000 square meters) | 2,435 | 2,838 | 16.6% |
| **External sector** | | | |
| Imports | 8,388 | 9,609 | 14.6% |
| Exports | 1,423 | 1,747 | 22.8% |
| Balance of payments | +363 | +2,320 | +1,957 |
| o.w. BdL | +605 | +1,181 | +576 |
| o.w. Banks and Financial Institutions | -242 | +1,140 | +1,382 |
| **Monetary sector** | | | |
| M3 (end-period) | 71,168 | 69,062 | -3.0% |
| Liquid FX reserves at BdL | 9,970 | 11,326 | 13.6% |
| Gold reserves at BdL | 21,477 | 30,277 | 41.0% |
| Annual CPI inflation (end-period, %) | 22.9% | 7.8% | -15.1% |
| **Public sector*** | | | |
| Government revenues | 3,891 | 4,974 | 27.8% |
| Government expenditures | 3,855 | 4,974 | 29.0% |
| Fiscal deficit/surplus | 36 | 0 | -100.0% |
| **Banking sector (end-period)** | | | |
| Total assets | 104,318 | 102,695 | -1.6% |
| Total shareholders' equity | 2,996 | 4,912 | 63.9% |
| Total deposits | 90,792 | 88,261 | -2.8% |
| o.w. FX deposits | 90,092 | 87,342 | -3.1% |
| o .w. Local dollars | 87,138 | 83,407 | -4.3% |
| o .w. Fresh dollars | 2,954 | 3,935 | 33.2% |
| o.w. LL deposits (LL billion) | 62,650 | 82,251 | 31.3% |
| Total credits | 9,303 | 5,380 | -42.2% |
| **Capital markets** | | | |
| Eurobond price (cent/USD) | 6.75 | 18.46 | 173.4% |

** budgeted figures for the whole year*

# 3.0. CONSOLIDATED FINANCIAL CONDITION

In the first half of 2025, the Bank's consolidated activities and results continue to be principally impacted by the operating environment in Lebanon, its principal market in addition 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 to the activity evolution as at end-June 2025 as compared to end-December 2024, while performance evolution is at an annual basis:

| | Dec-24 | | Jun-25 | | Change Jun-25/Dec-24 | |
|---|---|---|---|---|---|---|
| (USD Million) | Volume | Share in Total | Volume | Share in Total | in Volume | in % |
| **ASSETS** | | | | | | |
| Lebanese Entities | 12,654 | 75.9% | 12,704 | 86.1% | 50 | 0.4% |
| Turkey | 2,242 | 13.5% | 0 | 0.0% | -2,242 | -100.0% |
| Private Banking Entities | 1,380 | 8.3% | 1,427 | 9.7% | 47 | 3.4% |
| Bank Audi France | 1,308 | 7.8% | 1,461 | 9.9% | 153 | 11.7% |
| Other Entities | 146 | 0.9% | 203 | 1.4% | 57 | 39.4% |
| Consolidation Adjustments | -1,065 | -6.4% | -1,035 | -7.0% | 31 | -2.9% |
| **Total** | 16,665 | 100.0% | **14,760** | **100.0%** | **-1,905** | **-11.4%** |
| **DEPOSITS** | | | | | | |
| Lebanese Entities | 10,434 | 84.0% | 10,550 | 82.9% | 116 | 1.1% |
| Private Banking Entities | 837 | 6.7% | 906 | 7.1% | 69 | 8.2% |
| Bank Audi France | 1,132 | 9.1% | 1,258 | 9.9% | 126 | 11.1% |
| Other Entities | 53 | 0.5% | 81 | 0.6% | 28 | 52.7% |
| Consolidation Adjustments | -40 | -0.3% | -68 | -0.5% | -28 | 70.3% |
| **Total** | 12,416 | 100.0% | **12,727** | **100.0%** | **311** | **2.5%** |
| **LOANS** | | | | | | |
| Lebanese Entities | 110 | 11.4% | 108 | 11.1% | -2 | -2.0% |
| Private Banking Entities | 425 | 44.1% | 368 | 38.1% | -57 | -13.4% |
| Bank Audi France | 343 | 35.6% | 406 | 42.0% | 63 | 18.3% |
| Other Entities | 96 | 10.0% | 89 | 9.2% | -7 | -7.3% |
| Consolidation Adjustments | -11 | -1.1% | -5 | -0.5% | 6 | |
| **Total** | 963 | 100.0% | **966** | **99.9%** | **3** | **0.3%** |
| **Net earnings** | **HI-24** | | **HI-25** | | **Change HI-25/HI-24** | |
| (USD Million) | Volume | | Volume | | in Volume | |
| Lebanese Entities | -31 | | 40 | 62.5% | 71 | 229.0% |
| Private Banking Entities | 16 | | 9 | 14.1% | -7 | -43.8% |
| Bank Audi France | 8 | | 10 | 15.6% | 2 | 25.0% |
| Other Entities | 4 | | 5 | 7.8% | 1 | 25.0% |
| Entities held for sale | 3 | | 0 | 0.0% | -3 | |
| **Total** | **0** | | **64** | | **64** | |
| **Normalised net earnings** | **HI-24** | | **HI-25** | | **Change HI-25/HI-24** | |
| (USD Million) | Volume | Share in Total | Volume | Share in Total | in Volume | in % |
| Lebanese Entities | 73 | 73.0% | 54 | 72.0% | -19 | -26.0% |
| Private Banking Entities | 14 | 14.0% | 7 | 9.3% | -7 | -50.0% |
| Bank Audi France | 8 | 8.0% | 10 | 13.3% | 2 | 25.0% |
| Other Entities | 2 | 2.0% | 4 | 5.4% | 2 | 100.0% |
| Entities held for sale | 3 | 3.0% | 0 | 0.0% | -3 | -100.0% |
| **Total** | 100 | 100.0% | **75** | **100.0%** | **-25** | **-25.0%** |

## OPERATING BACKGROUND IN LEBANON

Since the outset of the year 2025, the 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. Subsequently, Lebanon's macro & political environment displayed signs of stabilization in the country's macro indicators, including a BoP surplus of USD 2.3 billion YTD to end-August 2025, a real import increase of 8% supporting an estimated 5% GDP growth for 2025 and most importantly, a rise in BdL FX reserves by USD 1.6 billion to USD 11.7 billion. In the backdrop, Eurobond prices recovered from 6¢ to over 22¢, while gold reserves stood at USD 33.6 billion (~100% of GDP).

On the financial front, a number of key legislative reforms paving the way for financial recovery have been so far adopted. These include the Banking Secrecy Law, amendments to the Code of Money and Credit, and a Banking Reform Law establishing a Bank Restructuring Authority. In addition, the Association of Banks in Lebanon (ABL) has appointed Ankura to represent banks in restructuring discussions with BdL and the Government. The process aims to define equitable loss-distribution scenarios, align with IMF and donor requirements, and finalize a credible solution. Moreover, as part of the broader stabilization support, the World Bank granted Lebanon's electricity sector a USD 250 million loan. Political consensus have been building around implementing a Gap Framework Plan over the coming year. However, till date, key discussion points remain unresolved. Bank Audi remains committed to support the restructuring reform and is working on ensuring operational readiness to implement any restructuring framework, without delay.

Indeed, since 2020, Bank Audi's management have steadily been working on consolidating the Bank's resilience in the face of the storm and ensuring its readiness. The Bank today is much smaller than pre-crisis but it evolved into a leaner organization focused on core banking activities. As at end-June 2025, the Bank maintained free liquidity in foreign currencies of USD 1.5 billion, the largest level among peers and has accumulated solid provisioning cushion through retained earnings and asset sales. Early on 2025, the Bank exerted efforts towards a cautious revival of lending activity, supported by improved client confidence. As at end-June 2025, the new lending portfolio of Bank Audi Lebanon reached USD 108 million, with year-end projections exceeding the set budget.

In parallel, the Bank made definite progress in redefining its business model, continuing the transitioning toward a digital-first platform for individuals while consolidating the branch footprint to better serve high-net-worth and corporate clients. Bank Audi acquired in 2025 a leadership position in digital banking in Lebanon, providing it a definite advantage allowing to rebuild trust and retain clients. Neo's client base is expected to reach 150,000 by end-September 2025, with an earlier breakeven projected in 2025. The above-mentioned progress has contributed to an increase in core fee income.

Performance wise, Bank Audi Lebanon reported net profits of USD 40 million in the first half of 2025, amid a sustained voluntary direction by Management to allocate part of its operating income to provisions for risk and charges. The stock of the provisions for risk and charges reached USD 407 million as at end-June 2025. Bank Audi's Lebanon performance is sustained through chiefly disciplined liquidity management and optimization and a strict containment of costs.

## PERFORMANCE OF OPERATIONS ABROAD

The main development at the level of foreign entities, is the completion of the sale of Odea Bank SA in the first quarter of 2025. 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 in November 2023 to divest of its investment in the Turkish subsidiary. Following lengthy due diligence and negotiation process, Bank Audi, in addition to other shareholders, have entered in 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 In 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.

Notwithstanding the above, 2025 witnessed also a number of development initiatives undertaken across the Group's foreign subsidiaries, and aiming at emphasizing their continued contribution to the Group's consolidated results and overall resilience.

Bank Audi France remains the Group's strongest performer. The entity is finalizing the launch of a new digital platform scheduled for the fourth quarter of 2025, aimed at better serving non-resident clients and enhancing operating efficiency. Additionally it has implemented structural adjustments including the appointment of a Chief Operating Officer and the creation of a dedicated middle-office function to streamline support processes. Bank Audi France achieved net profits of USD 10.5 million in the first half of 2025, compared to USD 8.3 million during the same period in 2024. Higher interest and non-interest income generation coupled with stable cost base stand behind the year-on-year improvement.

Bank Audi (Suisse) continues to make tangible progress toward exiting the FINMA enforcement framework before the end of 2025 allowing to restore customary dealings with the regulator. In parallel the Bank has been actively reinforcing its relationship-management and compliance teams with 7 new hires, in order to be ready to grow the activity immediately post exit. Banque Audi (Suisse) net profits reached USD 8.2 million in the first half of 2025 compared to USD 13.5 million in the first half of 2024, in the context of improved Assets Under Management level moving from USD 4.3 million as at end-December 2024 to USD 4.5 Million as at end-June 2025.

Audi Capital (KSA) posted a loss of USD 1.7 million in the first half of 2025 compared to a net profits of USD 0.9 million in the corresponding period of 2024. This loss is driven by a number of investments made by the company of which the rollout of new investment products—including private placements and specialized fund offerings—alongside advances in digital infrastructure and client-relationship tools.

Bank Audi Qatar maintains its position as a profitable booking centre for regional corporate transactions, reporting net profits of USD 3.7 million in the first half of 2025 compared to USD 2.3 million in the first half of 2024. A development plan is currently being implemented to expand lending capabilities to new markets and identify required resources for its implementation.

# ACTIVITY ANALYSIS

***Disclaimer:*** *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 89,500 per USD as at end-December 2024 and end-June 2025.*

*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.*

As at end-June 2025, the consolidated assets of Bank Audi reached USD 14.8 billion, contracting by USD 1.9 billion over the first six months of 2025, from USD 16.7 billion at end-December 2024. This decline reflects predominantly the sale of Odea Bank, the Group subsidiary in Turkey completed in March 2025.

Back 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 28 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 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 year 2024 and 2025 were booked under "results from discontinued operations".

Accordingly, the contraction in consolidated assets by USD 1.9 billion stems from a decrease in consolidated other assets by USD 2.2 billion, partially offset by increases in placements in portfolio securities by USD 167 million and in cash and Central Banks by USD 137 million.

By currency, the contraction of consolidated assets is attributed principally to assets denominated in foreign currencies, decreasing by USD 1.9 billion, amid a mere decrease in assets denominated in LBP by USD 10 million. The latter stability is explained by the constant official exchange rate of the LBP relative to the USD and standing at USD = 89,500 LBP across the period.

Consolidated net loans increased by a mere USD 3 million in the first six months of 2025 to USD 966 million as at end-June 2025. This increase was driven by:

- An increase of loans booked in Lebanese entities including consolidated adjustments by USD 4 million, denominated in USD amid a stable loan book in LBP. The increase of loans in foreign currencies by USD 4 million, reflects repayment of loans in restricted dollars in the amount of USD 34 million amid a net increase in loans in fresh dollars by USD 38 million. Loans in foreign currencies totaled USD 962 million as at end-June 2025, of which USD 918 million denominated in "fresh" unrestricted dollars,
- A seemingly stable loan book of entities outside Lebanon, reflecting notably a USD 57 million drop in Lombard loans at Banque Audi (Suisse) and a USD 6 million decrease at Bank Audi (Qatar), offset by an increase in loans of Bank Audi France by USD 63 million.

On the funding side, beyond the drop in other liabilities by USD 2 billion, reflecting the sale of Odea Bank completed on 28 March 2025, changes in funding sources include a decrease in dues to Banks and Central Banks by USD 129 million, a decrease in subordinated debt by USD 150 million following the agreement reached with IFC for the settlement of their subdebt, offset by an increase in consolidated equity by USD 92 million and an increase in consolidated deposits by USD 311 million.

Consolidated customers' deposits increased by USD 311 million in the first six months of 2025, moving from USD 12.4 billion at end-December 2024 to USD 12.7 billion as at end-June 2025. By segment:

- Lebanese entities accounted for USD 89 million of the increase in consolidated deposits, with deposits denominated in foreign currencies increasing by USD 80 million. Deposits in LBP of Lebanese entities increased by USD 9 million.
- Deposits from entities operating abroad increased by USD 222 million, distributed over USD 125 million increase in Bank Audi France, USD 49 million increase in Banque Audi (Suisse), USD 28 million in Bank Audi (Qatar) and USD 20 million in Audi Capital (KSA).

The table below summarizes the evolution of the Group's financial position as of June 30, 2025, compared to December 31, 2024, expressed in USD:

### Summarised Statement of Financial Position

| (USD Million) | Dec-24 | Jun-25 | Change in Vol. Jun-25 / Dec-24 | Change in % |
|---|---|---|---|---|
| Cash & placements with banks and central banks | 11,341 | 11,478 | 137 | 1.2% |
| Portfolio securities | 1,740 | 1,907 | 167 | 9.6% |
| Loans to customers and related parties | 963 | 966 | 3 | 0.3% |
| Other assets* | 2,365 | 149 | -2,216 | -93.7% |
| Fixed assets | 256 | 260 | 4 | 1.6% |
| Assets= Liabilities + Equity | 16,665 | 14,760 | -1,905 | -11.4% |
| Bank deposits | 295 | 166 | -129 | -43.9% |
| Customers' deposits and related parties | 12,416 | 12,727 | 311 | 2.5% |
| Subordinated debt | 268 | 118 | -150 | -56.0% |
| Other liabilities** | 2,731 | 702 | -2,029 | -74.3% |
| Shareholders' equity (profit included) | 955 | 1,047 | 92 | 9.7% |
| AUMs + fid. dep. + cust. acc. | 7,914 | 7,771 | -143 | -1.8% |
| Assets + AUMS | 24,579 | 22,531 | -2,048 | -8.3% |

* *In 2024, other assets includes assets held for sale amounting to USD 2,242 million*

** *In 2024, other liabilities include liabilities held for sale amounting to USD 2,033 million*

Consolidated assets under management (AUM), which include fiduciary deposits, security accounts, and assets under management, decreased from USD 7.9 billion at end-December 2024 to USD 7.8 billion at end-June 2025, reflecting a drop of USD 143 million. This evolution was primarily driven by a reduction in AuMs in Audi Capital KSA by USD 18 million and an increase of USD 135 million in AUM from Banque Audi (Suisse), the aggregate of which is totally offset by a drop of USD 316 million in AUM from Lebanese entities justified by market evolution. Consequently, total consolidated assets—including fiduciary deposits, security accounts, and AUM—amounted to USD 22.5 billion at end-June 2025, down from USD 24.6 billion at end-December 2024.

## BREAKDOWN BY GEOGRAPHY

The aforementioned shifting dynamics across the Group's entities resulted in a change in their contribution to consolidated assets, deposits and loans.

| | Assets | | | Deposits | | | Loans | | |
|---|---|---|---|---|---|---|---|---|---|
| | Dec-24 | Jun-25 | Change | Dec-24 | Jun-25 | Change | Dec-24 | Jun-25 | Change |
| By region | | | | | | | | | |
| Lebanon | 69.5% | 79.1% | 9.6% | 83.7% | 82.4% | -1.3% | 10.3% | 10.6% | 0.3% |
| Abroad | 30.5% | 20.9% | -9.6% | 16.3% | 17.6% | 1.3% | 89.7% | 89.4% | -0.3% |

As at end-June 2025, the relative share of Lebanese entities in the Bank's consolidated assets reached 79.1% (up from 69.5% at end-December 2024), while the share of Private Banking Entities reached 9.7% (down from 8.3%) and that of other Entities (primarily Bank Audi France and Bank Audi LLC (Qatar)) stood at respectively 9.9% and 1.3% (from 7.9% and 0.8% respectively as at end-December 2024).

In parallel, the relative share of Lebanese entities in consolidated deposits dropped by 1.3% in the first half of 2025, to stand at 82.4% with a 17.6% contribution of entities operating abroad.

The relative share of Lebanese entities in consolidated loans remained relatively stable at 10.6% as at end-June 2025 compared to 10.3% as at end-December 2024, with a 89.4% contribution of entities operating abroad.

## BREAKDOWN OF CONSOLIDATED FINANCIAL METRICS BY CURRENCY

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"

| | Jun-2025 | | | | |
|---|---|---|---|---|---|
| | | FCY | | | Total |
| (USD Million) | LBP | o.w. Lollars(*) | o.w. Fresh(**) | Total FCY | LBP & FCY |
| Loans and advances to customers and related parties | 4 | 44 | 918 | 962 | 966 |
| Total assets | 403 | 9,649 | 4,708 | 14,358 | 14,760 |
| Deposits from customers and related parties | 75 | 9,591 | 3,061 | 12,653 | 12,727 |

| | 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 |

| | Change Jun 25 - Dec 24 in % | | | | |
|---|---|---|---|---|---|
| | | FCY | | | Total |
| | LBP | o.w. Lollars(*) | o.w. Fresh(**) | Total FCY | LBP & FCY |
| Loans and advances to customers and related parties | 0.0% | -44.1% | 4.4% | 0.4% | 0.4% |
| Total assets | -2.6% | -2.6% | -25.8% | -11.6% | -11.4% |
| Deposits from customers and related parties | 14.5% | -1.0% | 15.1% | 2.5% | 2.5% |

(*) *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.*

As at end-June 2025, the Bank's consolidated assets totaled USD 14.8 billion. This comprises:

- USD 403 million in assets denominated in Lebanese Pounds (LBP), almost stable in the first six months of 2025
- USD 4.7 billion in unrestricted assets (fresh), including assets from foreign entities, decreasing from USD 6.3 billion as at end-December 2024 following the sale of Odea Bank
- USD 9.6 billion in restricted assets in foreign currencies, compared to USD 9.9 billion as at end-December 2024.

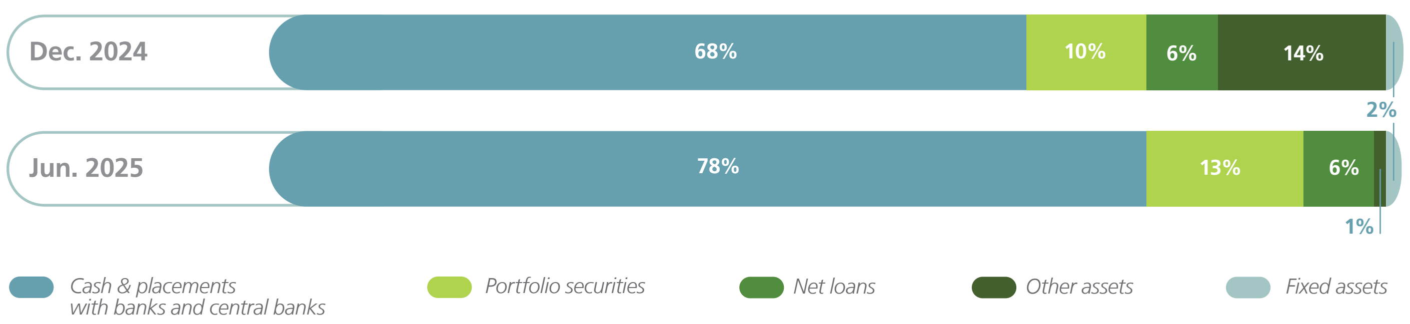
## ASSET ALLOCATION

In the first half of 2025, the allocation of consolidated assets was impacted by the sale of Odea Bank completed on 28 March 2025, contributing to a drop in the share of other assets in total assets from 14% as at end-December 2024 to 1% as at end-June 2025.

Notwithstanding the above, the assets allocation structure of Bank Audi as at end-June 2025, continued to be skewed in priority towards cash and placements with banks and central banks, which account for close to 78% of total uses , followed by a share of 13% for the consolidated portfolio securities in total assets, a mere 6% for net loans, 2% for fixed assets and 1% for other assets. This is compared to 68%, 10%, 6%, 2% and 14% respectively as at end-December 2024.

The charts below highlight the structure of the consolidated uses as at end-June 2025 compared to end-December 2024.

### Assets Breakdown




## 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 11.3 billion as at end-December 2024 to USD 11.5 billion as at end- June 2025.

The table below sets out a breakdown of placements with central banks and banks by type and currency as at end-June 2025:

### Placements with Central Bank and Banks (Excluding CDs)

| (USD Million) | LBP | USD | EUR | OTHERS | TOTAL |
|---|---|---|---|---|---|
| Cash and placements with Central Banks | 30 | 8,491 | 860 | 292 | 9,673 |
| o.w. Reserves requirements | 18 | 1,034 | 12 | | 1,064 |
| o.w. Cash deposits | 12 | 7,457 | 848 | 292 | 8,609 |
| Placements with banks | 1 | 1,428 | 120 | 256 | 1,805 |
| Total Placements | 31 | 9,919 | 980 | 548 | 11,478 |

The Bank's placements in Lebanese Pounds primarily consist of cash and deposits with the Central Bank of Lebanon. These placements fell from USD 49 million at end-December 2024 to a record low of USD 31 million by end-June 2025. This drop stems from a USD 20 million reduction in decrease in cash deposits at the Central Bank and a USD 3 million increase in reserve requirements. Consequently, the ratio of placements in Lebanese Pounds to deposits in the same currency dropped from 72.8% as at end-December 2024 to 41.5% by end-June 2025.

The Bank's foreign currency placements, 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 11.4 billion as at end-June 2025, up from USD 11.3 billion as at end-December 2024. These placements represented 90% of the consolidated customer deposits denominated in foreign currencies totaling of USD 11.0 billion at the same date. Of these, foreign currency placements in cash deposits with central banks amounted to USD 8.6 billion (up from USD 8.3 billion as at end-December 2024), with the remainder in reserve requirements.





Additionally, placements with correspondent banks (excluding Odea Bank) amounted to USD 1.8 billion as at end-June 2025, up from USD 1.7 billion as at end-December 2024, representing 14.3% of foreign currency-denominated deposits (compared to 13.6% as at end-December 2024), while 85.7% of those deposits were placed with central banks.

As at 30 June 2025, Bank Audi Lebanon held USD 1.532 billion in foreign currency liquidity placed offshore, of which USD 741 million was free after netting external account deposits of USD 791 million, increasing by 40.4% relative to end-December 2024. The Bank's foreign liquidity, free from obligations would hence cover 186% of external accounts denominated in unrestricted dollars (fresh). When including BdL BC 158 commitments and top-up amounts, external deposits would have reached USD 966 million as at end-June 2025, rising by 18.7% relative to end-December 2024.

## 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-denominated sovereign bonds (primarily US Dollar-denominated Eurobonds issued by the Lebanese Republic), non-Lebanese sovereign bonds, other fixed-income instruments, and equity securities, was relatively stable in the first half of 2025, standing at USD 135 million at end-June 2025 compared to USD 125 million by end-December 2024.

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-24 | Jun-25 | Change in Volume | Change in % |
|---|---|---|---|---|
| LL-denominated | 682 | 651 | -31 | -4.5% |
| 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, did not change in the first six months of 2025 standing at USD 651 million. When including free account placements at the Central Bank of Lebanon in foreign currencies net of borrowings from BdL, total net exposure to BdL in foreign currencies reached USD 9,534 million as of end-June 2025, down from USD 9,755 million at end-December 2024. 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-prov. 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 19 million in the first half of 2025, primarily reflecting changes in the exposure to Lebanese sovereign Eurobonds, net of ECLs, with the change reflecting changes in the market valuations and sale transactions. Indeed in February 2025, Bank Audi Lebanon proceeded to sell ROL Eurobonds in the amount of USD 300 million at an average price of 18% resulting in a USD 35 million gain during 2025, of which USD 18 million were realized due to price appreciation (from 6 cents to 18.5 cents at time of the sale). The Bank continues, since July 2021, to follow an opportunistic strategy for trading Eurobonds.

*Non-Lebanese Sovereign Securities*
The Bank's exposure to non-Lebanese sovereign risk increased by USD 153 million, rising from USD 392 million to USD 545 million between end-December 2024 and end-June 2025. The increase was influenced by a USD 163 million increase in USD-denominated securities offsetting a USD 10 million decrease in Euro-denominated securities. As at end-June 2025, the non-Lebanese sovereign bonds

constituted 28.6% of the total securities portfolio, compared to 22.5% at the end of December 2024. They represented 4.3% of foreign currency-denominated customer deposits, down from 3.2% at the end of 2024.

*Other International Fixed Income Securities*

The Bank's exposure to other international fixed-income securities decreased by USD 23 million, from USD 438 million as at end-December 2024 to USD 461 million as at end-June 2025, primarily due to a reduction in the bonds portfolio associated with banks and financial institutions by USD 44 million, within an increase in corporate issuers by USD 67 million. The portfolio remains heavily concentrated in banks and financial institutions sector representing 63.4% of the total, while corporate issuers accounted for 36.6%.

## CHANGES IN NET LOANS TO CUSTOMERS

In what follows we analyze the evolution of the loan portfolio of Lebanese entities in the first half of 2025 to be followed by a similar analysis for the loan portfolio of entities abroad.

## LEBANESE ENTITIES

The net loan portfolio of Lebanese entities contracted by USD 2 million in the first half of 2025 reaching USD 108 million, as a result of a USD 38 million decrease in net loans classified clients (stage 2 & 3) denominated in restricted dollars amid USD 36 million increase from new retail and corporate selective lending mainly in fresh foreign currency.

## ANALYSIS OF LOANS BY CURRENCY

The share of foreign currency loans in the total net loan portfolio remains unchanged, 96% as at end-June 2025 & end-December 2024.

## ANALYSIS OF LOAN QUALITY*

### Lebanese Entities

| (USD Million) | Dec-24 | Jun-25 | Change Jun-25/Dec-24 |
|---|---|---|---|
| **Credit-impaired loans** | **223** | **216** | **-7** |
| o.w. Corporate | 196 | 191 | -5 |
| o.w. Retail | 27 | 25 | -2 |
| **Net Loans** | **110** | **108** | **-2** |
| o.w. Corporate | 97 | 89 | -8 |
| o.w. Retail | 13 | 19 | 6 |
| **Allowance for ECL stage 3** | **176** | **196** | **20** |
| o.w. Corporate | 150 | 172 | 22 |
| o.w. Retail | 26 | 24 | -2 |
| **Allowance for ECL stage1 & 2** | **30** | **13** | **-17** |
| o.w. Corporate | 30 | 12 | -18 |
| o.w. Retail | 0.5 | 0.3 | 0 |
| **Credit impaired loans/ Gross loans** | **70.4%** | **68.3%** | **-2.1%** |
| o.w. Corporate | 70.6% | 70.3% | -0.3% |
| o.w. Retail | 68.9% | 55.7% | -13.2% |
| **Net credit impaired loans/ Gross loans** | **14.7%** | **6.3%** | **-8.4%** |
| o.w. Corporate | 16.4% | 7.3% | -9.1% |
| o.w. Retail | 2.5% | 0.2% | -2.3% |
| **Credit impaired loans coverage** | **79.1%** | **90.8%** | **11.7%** |
| o.w. Corporate | 76.7% | 89.6% | 12.9% |
| o.w. Retail | 96.4% | 99.6% | 3.2% |
| **Allowance for ECL stage 1 & 2 / Net loans** | **27.4%** | **11.7%** | **-15.7%** |
| o.w. Corporate | 30.4% | 13.7% | -16.7% |
| o.w. Retail | 4.0% | 1.7% | -2.3% |

*(*) As per IFRS 9.*





### CREDIT-IMPAIRED LOANS OF LEBANESE ENTITIES

Credit-impaired loans for Lebanese entities continued to decline, decreasing by another USD 7 million to USD 216 million as of end-June 2025 from USD 223 million as at end-December 2024. This decrease was attributed to sustained collection efforts, with breakdowns indicating a USD 5 million reduction in commercial loans and USD 2 million in retail loans. However, total allowances for Expected Credit Loss (ECL) under Stage 3 were increased by USD 20 million improving hence the coverage ratio to 90.8% as of end-June 2025, up from 79.1% as at end-December 2024.

The ratio of credit-impaired loans to gross loans decreased from 70.4% at end-December 2024 to 68.3% at end-June 2025. This decrease is primarily due to the decrease in credit impaired loans and no significant changes in the Gross Loans.

### ENTITIES OPERATING OUTSIDE LEBANON

The analysis that follows of the loan portfolio of entities operating outside Lebanon.

The net loan portfolio for entities operating outside Lebanon increased by USD 5 million in the first half of 2025 reaching USD 858 million at end-June 2025. This increase was driven by a USD 63 million increase at Bank Audi France and a USD 57 million drop in Lombard loans at Banque Audi Suisse.

This net loan portfolio of entities showed a geographical distribution highlighting as of end-June 2025: a share of 47% for Bank Audi France, followed by a share of 43% for Lombard loans at Banque Audi Suisse and 10% for Bank Audi Qatar. This distribution reflects a slight shift from 40%, 50%, and 10% respectively at end-December 2024.

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

(USD Million)


**Breakdown of Net Loans & Advances by Entities Operating Outside Lebanon as at end - June 2025**

(USD Million)


### ANALYSIS OF LOANS BY CURRENCY

As of end-June 2025, the composition of the Bank's consolidated net loan portfolio by currency remained heavily concentrated in USD and EUR, which together accounted for 82% of total net loans for entities operating outside Lebanon.

The distribution of loans by currency, compared to end-December 2024, 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) share increases by 4% (37% share as of June 2025 compared to 33% share as of December 2024), 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-June 2025 as compared to end-December 2024:

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

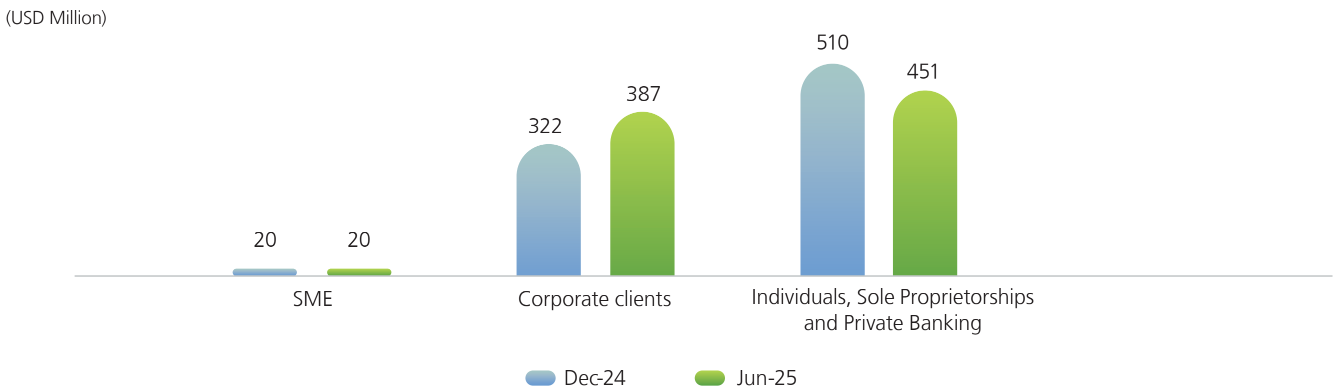

**Breakdown of Net Loans & Advances in Entities Operating Outside Lebanon by Currency Entities as at end - June 2025**


## ANALYSIS OF LOANS BY TYPE OF CUSTOMER

As of end-June 2025, the Bank's net loans for entities operating outside Lebanon exhibited the following distribution by borrower type: Personal and Private Banking accounts for 53% of the loan portfolio mainly due to Bank Audi Suisse (marking a 7% decrease from 60% at end-December 2024). Corporate Segment represents now 45% of the consolidated net loan book, up from 38% at the end of December 2024, while the share of SME loans remains stable at 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 & established presence in the Corporate Sector.

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




## ANALYSIS OF LOANS BY ECONOMIC SECTOR

As of end-June 2025, the distribution of the Bank's net loan portfolio for entities operating outside Lebanon by economic sector is led by a 44% share of Private Banking Customers in the loan portfolio of these entities, followed by a 17% share of Wholesale trade and an 10% share of Manufacturing industries.

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

| | Dec-24 | | Jun-25 | |
|---|---|---|---|---|
| (USD Million) | Volume | Share in % | Volume | Share in % |
| Private Banking | 438 | 51% | 379 | 44% |
| Developers & Real Estate Services | 84 | 10% | 78 | 9% |
| Non-Bank Holdings & Financial Entities | 51 | 6% | 43 | 5% |
| Wholesale Trade | 121 | 14% | 145 | 17% |
| Manufacturing Industries | 42 | 5% | 84 | 10% |
| Other loans | 117 | 14% | 129 | 15% |
| Total | 853 | 100% | 858 | 100% |

## ANALYSIS OF LOANS BY MATURITY

Loans with short term maturities accounted for 75% of total loans as at end-June 2025 compared to 76% as at end-December 2024; the share of loans with long-term maturity accounted for 18% as at end-June 2025 compared to 17% as at end-December 2024, the remaining 7% share refers to loans with medium term maturity.

This distribution is relatively unchanged between December 2024 & June 2025.

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

| | Dec-24 | | Jun-25 | |
|---|---|---|---|---|
| (USD Million) | Volume | Share in % | Volume | Share in % |
| Short-term facilities | 649 | 76% | 643 | 75% |
| Medium-term facilities | 58 | 7% | 59 | 7% |
| Long-term facilities | 146 | 17% | 156 | 18% |
| Total | 853 | 100% | 858 | 100% |

## ANALYSIS OF LOANS BY TYPE OF COLLATERAL

As of end-June 2025, the distribution of the consolidated net loan portfolio for entities operating outside Lebanon highlights the reliance on various forms of collateral. 55% of the net loan portfolio was secured, indicating a strong emphasis on collateralization, which enhances credit risk management, 21% of the net loan portfolio is secured by Corporate or personal guarantees while the remaining 24% share is unsecured.

The above shares were 63%, 18% and 19% respectively at the end-December 2024.

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

| | Dec-24 | | Jun-25 | |
|---|---|---|---|---|
| (USD Million) | Volume | Share in % | Volume | Share in % |
| Secured | 535 | 62.7% | 471 | 54.9% |
| *Cash Co. & Bank Guarantee* | *151* | *17.7%* | *150* | *17.5%* |
| *Real Estate Mortgage* | *109* | *12.8%* | *106* | *12.4%* |
| *Securities (Bonds & Shares)* | *275* | *32.3%* | *215* | *25.0%* |
| Corporate or Personal Guarantees | 152 | 17.8% | 179 | 20.9% |
| Unsecured | 166 | 19.5% | 208 | 24.2% |
| Total | 853 | 100% | 858 | 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-June 2025 as compared to end-December 2024 for entities operating outside Lebanon:

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

| (USD Million) | Dec-24 | Jun-25 | Change Jun-25Dec-24 |
|---|---|---|---|
| Credit impaired loans | 28 | 27 | -1 |
| Net Loans | 853 | 858 | 5 |
| Allowance for ECL stage 3 | 25 | 26 | 1 |
| Allowance for ECL stage 1 & 2 | 6 | 6 | 0 |
| Credit impaired loans / Gross loans | 3.2% | 3.1% | -0.1% |
| Net credit impaired loans / Gross loans | 0.4% | 0.2% | -0.2% |
| Credit impaired loans coverage | 88.9% | 94.9% | 6.0% |
| Allowance for ECL stage 1 & 2 / Net loans | 0.7% | 0.7% | 0.0% |

(*) As per IFRS 9.

## 3.1. FUNDING SOURCES

In the first half of 2025, the funding sources for Bank Audi have shifted, primarily influenced by the completion of the sale of Odea Bank on 28 March 2025. Excluding the latter USD 2 billion impact on other liabilities, other funding sources flows include the USD 150 million decrease in subordinated loans reflecting the settlement agreement entered with IFC parties in addition to a decrease of dues to banks by USD 126 million. In parallel, consolidated customers' deposits increased by USD 311 million to be added to an increase in shareholders' equity by USD 92 million over the same period.

As at end-June 2025, consolidated deposits represented 86.2% of total funding sources, compared with 74.5% as at end-December 2024. Likewise the share on consolidated equity increased from 5.7% as at end-December 2024 to 7.1% of total funding sources as at end-June 2025. These increases were compensated by a reduction in the share of other liabilities in total funding from 16.4% as at end-December 2024 to 4.8% as at end-June 2025, and the shares of subordinated debt and Banks' deposits from 1.6% each to 0.7% and 0.9% respectively across both dates.

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-24 | Jun-25 | Change in Volume | Change in % |
|---|---|---|---|---|
| Central Banks' deposits | 32 | 29 | -3 | -9.4% |
| *Time deposit* | *32* | *29* | *-3* | *-9.4%* |
| Banks' deposits | 263 | 137 | -126 | -48.0% |
| *Sight deposits* | *146* | *55* | *-91* | *-62.3%* |
| *Time deposits* | *117* | *82* | *-35* | *-29.9%* |
| Customers' and related parties' deposits | 12,416 | 12,727 | 311 | 2.5% |
| *Sight deposits* | *7,579* | *7,996* | *417* | *5.5%* |
| *Time deposits, saving accounts and certificates of deposit* | *4,689* | *4,625* | *-64* | *-1.4%* |
| *Collateral and margins* | *148* | *106* | *-42* | *-28.3%* |
| Subordinated loans | 268 | 118 | -150 | -56.0% |
| Other liabilities | 2,731 | 702 | -2,029 | -74.3% |
| Shareholders' equity | 955 | 1,047 | 92 | 9.6% |
| Total | 16,665 | 14,760 | -1,905 | -11.4% |

## CHANGES IN CUSTOMERS' DEPOSITS

Consolidated deposits rose from USD 12.4 billion at end-December 2024 to USD 12.7 billion as at end-June 2025, corresponding to an increase of USD 311 million. By currency this increase is mostly driven by deposits denominated in foreign currencies rising by USD 302 million. Deposits denominated in LBP increase over the same period by USD 8 million to amount to USD 75 million as at end-June 2025.

A breakdown of the change in consolidated customers' deposits denominated in foreign currencies by geography reveals that Lebanese entities accounted for USD 80 million of the increase, on the backdrop of a reduction of deposits denominated in restricted dollars ("lollars") by USD 99 million in the first half of 2025. The latter implies that deposits denominated in unrestricted dollars ("fresh") increased over the same period by USD 179 million. As at end-June 2025, external account deposits denominated in unrestricted dollars (fresh) reached USD 791 million, increasing by 40.8% relative to end-December 2024 and reaching USD 966 million when including BdL BC 158 commitments.

On the other hand, deposits from entities operating abroad increased by USD 222 million over the same period, distributed over an increase by USD 125 million in Bank Audi France, USD 49 million in Banque Audi (Suisse), USD 28 million in Bank Audi (Qatar) and USD 20 million in Audi Capital (KSA).

As at end-June 2025, the USD 12.7 billion of consolidated customers' deposits were distributed across the Group's entities as follows: Deposits of Lebanese entities totaled USD 10.5 billion, comprising USD 75 million in LBP and USD 10.4 billion in foreign currencies. Deposits of Banque Audi (Suisse) totaled USD 886 million to be added to USD 20 million of funding provided to Audi Capital KSA, while those of Bank Audi France and Bank Audi LLC (Qatar) reached USD 1.3 billion and USD 81 million respectively.

Conversely, as at end-December 2024, deposits of Lebanese entities totaled USD 10.4 billion, comprising USD 67 million in LBP and USD 10.3 billion in foreign currencies. Deposits of 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. The latter aggregates to consolidated customers deposits of USD 12.4 billion as at end-December 2024.

### ANALYSIS OF CUSTOMERS' DEPOSITS BY SEGMENT

The share of Retail and Personal Banking deposits in consolidated deposits rose to 90.7% as at end-June 2025, up from 90.2% as at end-December 2024, driven by neo bank's activity. Retail and Personal Banking deposits increased to USD 11.5 billion as at end-June 2025, from USD 11.2 billion as at end-December 2024, corresponding to an increase by USD 347 million over the period.

In parallel, the share of Corporate and SME deposits in consolidated deposits decreased from 9.8% as at end-December 2024 to 9.3% as at end-June 2025, as Corporate and SME deposits fell from USD 1.22 billion at end-December 2024 to USD 1.18 billion as at end-June 2025.

### ANALYSIS OF CUSTOMERS' DEPOSITS BY TYPE

In the first half of 2025, total sight and short-term deposits rose from USD 7.7 billion as at end-December 2024 to USD 8.1 billion as at end-June 2025, an increase of USD 375 million. These deposits represented 63.7% of total consolidated deposits as at end-June 2025, up from 62.2% as at end-December 2024.

In parallel, total time deposits decreased by USD 64.4 million in the first half of 2025, from USD 4.7 billion to USD 4.6 billion. They accounted for 36.3% of total deposits as of end-June 2025, compared to 37.8% at end-December 2024.

### ANALYSIS OF CUSTOMERS' DEPOSITS BY CURRENCY

The following table sets out the distribution of the Bank's consolidated customers' deposits by currency as at the dates indicated:

**Breakdown of Deposits by Currency**

| | Dec-24 | | Jun-25 | | Change Jun-25 / Dec-24 | |
|---|---|---|---|---|---|---|
| (USD Million) | Volume | Share in % | Volume | Share in % | Volume | Share in % |
| Lebanese Pound | 67 | 0.5% | 75 | 0.6% | 8 | 0.1% |
| US Dollars | 10,922 | 88.0% | 11,019 | 86.6% | 97 | -1.4% |
| Euro | 1,146 | 9.2% | 1,357 | 10.7% | 211 | 1.4% |
| Other currencies | 281 | 2.3% | 276 | 2.1% | -6 | -0.2% |
| Total | 12,416 | 100% | 12,727 | 100.0% | 311 | |

The share of customer deposits in Lebanese Pounds (LBP) increased from 0.5% as at-end of December 2024 to 0.6% as at-end of June 2025. During the same period, the percentage of customer deposits held in US Dollars decreased from 88% to 86.6%, solidifying its status as the dominant currency in consolidated deposits. The share of deposits in Euros saw an improvement, reaching 10.7% of total deposits, while the share of other currencies decreased from 2.3% to 2.2%.

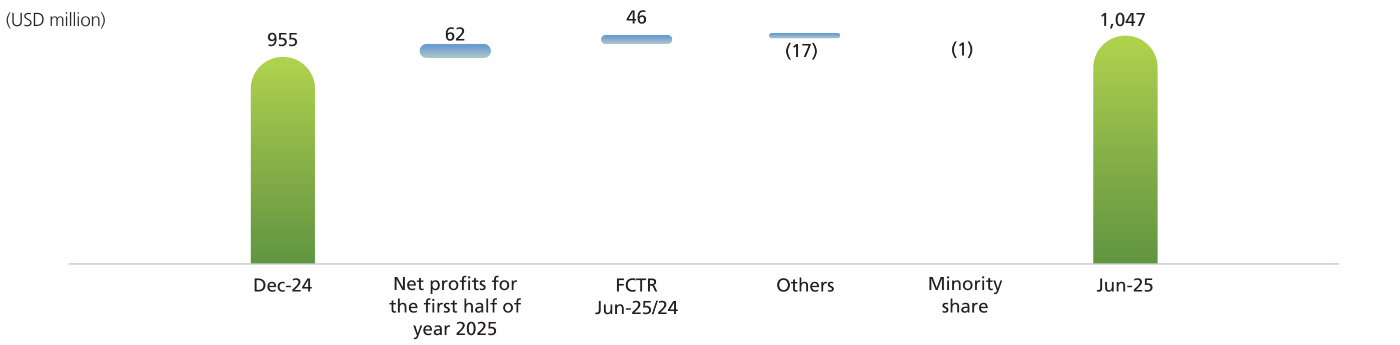
## CHANGES IN SHAREHOLDERS' EQUITY

In the first half of 2025, Bank Audi's consolidated shareholders' equity increased by USD 92 million, from USD 955 million as at end-December 2024 to USD 1,047 million as at end-June 2025. This increase is mainly attributed to booking of profits from unrestricted funds for USD 64 million, to be added to a positive effect of the appreciation of EUR and CHF (functional currencies of European entities of the Group), on the backdrop of the allocation of profits from restricted funds to provisions for risk and charges.

By currency, consolidated shareholders' equity denominated in LBP increased by USD 169 million from USD 205 million as at end-December 2024 to USD 374 million as at end-June 2025, thru the incorporation of net profits of the period. In parallel, shareholders' equity denominated in foreign currencies decreased by USD 77 million following continued allocation of profits from restricted funds to provisions for risk and charges.

The chart below highlights the evolution of consolidated in the first half of 2025, split over the most significant components:

### Evolution of Shareholders' Equity in 2024




In relative terms, consolidated equity accounted for 7.1% of consolidated assets as at end-June 2025, increasing from 5.7% as at end-December 2024.

## CAPITAL ADEQUACY

The following table sets out the calculation of the Bank's capital adequacy ratios over the different components as at end-June 2025 relative to end-December 2024:

### Capital Adequacy Ratio

| (USD Million) | Dec-24 | Jun-25 | Change Jun-25/Dec-24 |
|---|---|---|---|
| Risk-weighted assets | 14,568 | 12,233 | -2,335 |
| o.w. Credit risk | 12,893 | 11,062 | -1,831 |
| o.w. Market risk | 618 | 342 | -276 |
| o.w. Operational risk | 1,058 | 829 | -228 |
| | | | |
| Tier 1 capital | 819 | 919 | 100 |
| *o.w. Common Tier 1* | 809 | *908* | *100* |
| Tier 2 capital | 263 | 138 | -125 |
| Total regulatory capital | 1,082 | 1,057 | -25 |
| | | | |
| Common Tier 1 ratio | 5.55% | 7.43% | 1.88% |
| + Additional Tier 1 ratio | 0.07% | 0.08% | 0.01% |
| = Tier 1 ratio | 5.62% | 7.51% | 1.89% |
| Tier 2 ratio | 1.81% | 1.13% | -0.68% |
| Total ratio | 7.43% | 8.64% | 1.21% |
| 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.*

The completion of the sale of Odea Bank and its subsequent deconsolidation from the Group, have had a beneficial impact on the Bank's Capital Adequacy ratio, thru primarily the release of its risk-weighted assets, amounting to USD 1.9 billion. Subsequently, consolidated risk weighted assets decreased by USD 2.3 billion in the first half of 2025 from USD 14.6 billion as at end-December 2024 to USD 12.2 billion as at end-June 2025.

In parallel, regulatory Tier one capital increased by USD 100 million mainly because of the recognition of USD 64 million of profits in fresh dollars to be added to an improvement by USD 46 million of changes in foreign currency along other changes. The deconsolidation of Odea Bank translating in a wiping out of the minority share and the derecognition of the Odea Bank's subdebt thus impacting negatively the Bank's Tier 2 capital. The latter reduced by USD 125 million in the first half of 2025, leaving a net decrease in total regulatory capital by USD 25 million to USD 1,057 million.

Subsequently, the contraction of the consolidated risk weighted assets totally offset the decline in regulatory capital leading to a 121 basis points increase in the Bank's total capital adequacy ratio from 7.43% as at end-December 2024 to 8.64% as at end-June 2025. Common tier one and Tier one ratio increased by almost the same level by 1.88% to respectively 7.43% and 7.51%. Owing to a faster decline in Tier 2 capital than in consolidated risk weighted assets, Tier 2 ratio contracted in parallel by 68 basis points to 1.13%. Most importantly is that all CET1 exceeds the regulatory minimum of 7% including a capital conservation buffer of 2.5% as set out by the Lebanese Banking Control Commission.

## GROUP RESULTS OF OPERATIONS

In the first half of 2025, Bank Audi reported USD 64 million of consolidated net profits, compared to zero profits in the corresponding period of 2024 in line with the declared direction to earmark all pre-prov pretax profits to provisions for risk and charges. Management decision to depart slightly from the adopted direction thus far and recognize part of its operating profits in the second quarter of 2025 is essentially dictated by the necessity to strengthen equity and ensure capital adequacy levels meet and / or exceed the regulatory minima.

Notwithstanding, the outstanding balance of provisions for risk and charges increased in the first half of 2025 by USD 36 million from USD 371 million as at end-December 2024 to USD 407 million as at end-June 2025, of which USD 11 million in LBP and USD 396 million in foreign currencies. The Bank resolves to allocate these provisions where and when needed to any asset class until such time a resolution plan is implemented.

The allocation to provisions for risk and charges in the income statements in the first half of 2025 are to be added to other exceptional expenses incurred since the outset of the Lebanese Crisis in October 2019, which are closely tied to six going concern pillars, and together aggregate to the one-off flows.

The table below sets out the evolution of the Bank's net normalised consolidated results in the first half of 2025 compared to the corresponding period of 2024, while showcasing one-off flows 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) | HI-24 | HI-25 | Change YOY H1-2025/H1-2024 in Volume | in % |
|---|---|---|---|---|
| Interest income[1] | 118 | 111 | -7 | -5.2% |
| *Net of new taxes on financial investments* | *-3* | *-4* | *-1* | *21.3%* |
| Non-interest income | 66 | 62 | -4 | -6.4% |
| Total income | 183 | 174 | -9 | -5.1% |
| Operating expenses | 76 | 90 | 14 | 18.8% |
| Credit expense | 4 | 1 | -3 | -83.4% |
| Income tax | 7 | 11 | 4 | 52.5% |
| Total expenses | 87 | 102 | 15 | 17.0% |
| Net profits after tax (Normalised from continuing operations) | 96 | 72 | -24 | -25.1% |
| Results of discontinued operations | 4 | 3 | -1 | -33.9% |
| Net profits after discontinued operations | 100 | 75 | -25 | -25.4% |
| + Crisis-related one-offs | -100 | -11 | 89 | -89.3% |
| = Net profit after tax and one-offs | 0 | 64 | 64 | |

*(1) Includes interest revenues from financial assets at FVTPL.*

One-off flows in the first half of 2025 are principally driven by the gains on the sale of Eurobonds portfolio reaching USD 35 million on a consolidated basis compared to positive one-off flows of USD 10 million in the first half of 2024. These flows were completely offset by the allocation to provisions for risk and charges across both dates leaving aggregate negative flows of USD 10.7 million in the first half of 2025 compared to a negative USD 100 million in the first half of 2024.

The results of discontinued operation refer to the contribution of Odea Bank up until its sale on 28 March 2025. Those results amounted to USD 2.6 million in the first half of 2025 compared to USD 3.9 million in the first half of 2024.

Consolidated normalized net profits of Bank Audi before results of discontinued operations reached USD 72.1 million in the first half of 2025, down from USD 96.2 million in the first half of 2024. Breaking those profits down by entities reveals that Lebanese operations contributed USD 51.8 million, while entities operating abroad contributed USD 20.3 million. This is to be compared to contributions of USD 72.5 million from Lebanese entities and USD 23.8 million from entities operating abroad in the first half of 2024. The decrease in the contribution of foreign entities to consolidated profits is mostly attributed to Banque Audi (Suisse) reporting net profits of USD 8.2 million in the first half of 2025 compared to USD 13.1 million in the corresponding period of last year, to be followed by Audi Capital registering a loss by USD 1.7 million in 2025 due to losses on equity instrument booked at Fair value through PL compared to a profit of USD 0.9 million last year. In parallel, Bank Audi France, Bank Audi (Qatar) and other foreign entities registered year-on-year growth in the contribution to consolidated profits reaching USD 9.8 million, USD 3.7 million and USD 0.2 million respectively in 2025.

In what follows, we analyse the line-by-line flows of normalized net profits in the first half of 2025 relative to the corresponding period of last year.

## NET INTEREST INCOME

Consolidated net interest income, after taxes totaled USD 111.5 million in the first half of 2025, down from USD 117.6 million in the same period of 2024—a decline of USD -6.1 million or 5.2%, mostly justified by the effect of the decrease in the international reference rates on liquidity placements across entities. This decrease is primarily attributed to entities operating in Lebanon, which recorded a USD 5.7 million decline in net interest income to USD 72.3 million in the first half of 2025, from USD 78 million in the corresponding period of 2024. Entities operating outside Lebanon registered a slight decrease in their contribution to consolidated interest income from USD 39.6 million in the first half of 2024 to USD 39.2 million in the first half of 2025.

Consequently, the consolidated net spread increased year-on-year by 3 basis points, from 0.69% in the first half of 2024 to 0.72% in the first half of 2025. Specifically, the spread for Lebanese entities dropped from 0.58% to 0.57% during the same period.

## NON-INTEREST INCOME

Normalized consolidated non-interest income reached USD 62.3 million in the first half of 2025 compared to USD 65.5 million in the first half of 2024. Conversely, normalized non-interest income of Lebanese entities registered a decrease from USD 33.9 million in the first half of 2024 to USD 32.5 million in the first half of 2025, a decline of USD 1.4 million, primarily attributed to a drop in income from financial instruments and foreign exchange.

In parallel, the contribution from entities operating abroad to normalized non-interest income decreased from USD 31.6 million in the first half of 2024 to USD 29.8 million, a drop by USD 1.8 million attributed to a decrease in income from financial instruments.

Owing to the contraction in average assets, normalized non-interest income represented 0.4% of average assets as at end-June 2025, compared to 0.39% as at end-June 2024.

## TOTAL OPERATING EXPENSES

In the first half of 2025, the Bank's consolidated normalized total operating expenses reached USD 90 million, up from USD 75.8 million in the first half of 2024—an increase by USD 14.2 million, or 18.8%. Contributions from entities outside Lebanon increased by USD 5.2 million, from USD 37 million to USD 42.2 million, reflecting mainly cost of development initiatives undertaken mostly in Banque Audi (Suisse) and Audi Capital KSA in the backdrop of inflationary adjustments across the Group. Cost of Lebanese entities have hence increased from USD 38.8 million in the first half of 2024 to USD 47.8 million in the first half of 2025, corresponding to an increase of USD 9 million, driven by the run rate impact of the salary increases effected late 2024 in addition to the impact of the rampant inflation in Lebanon on other operating expenses.

Management at Bank Audi Lebanon will continue to implement a cost optimization policy through strategic right-sizing while preserving efficiency without compromising on growth opportunities. The launch of a neo-bank in 2024 is a clear initiative in this direction which involved replacing branches with digital outlets translating in an implicit reduction in staff. In parallel, Bank Audi is looking to implement initiative allowing for the stabilization of its workforce to support long-term operational continuity.

## COMPONENTS OF ROAA AND ROAE

The following is an analysis of the profitability ratios at the consolidated level based on normalized profits. As at end-June 2025, Bank Audi's normalized return on average assets (ROAA) reached 0.46%, compared to 0.57% in the same period last year.

The table below sets a breakdown of key performance indicators over the same period:

### Key Performance Metrics(*)

| | HI-24 | HI-25 | Change |
|---|---|---|---|
| Spread | 0.69% | 0.72% | 0.03% |
| + Non-interest income/AA | 0.39% | 0.40% | 0.01% |
| = Asset utilisation | 1.08% | 1.12% | 0.05% |
| X Net operating margin | 52.56% | 41.50% | -11.05% |
| *o.w. Cost to income* | *41.37%* | *51.78%* | *10.41%* |
| *o.w. Provisions* | *2.12%* | *0.37%* | *-1.75%* |
| *o.w. Tax cost* | *3.95%* | *6.34%* | *2.40%* |
| = ROAA | 0.57% | 0.47% | -0.10% |
| X Leverage | 16.05 | 16.11 | 0.06 |
| = ROAE | 9.08% | 7.50% | -1.58% |
| ROACE | 9.20% | 7.58% | -1.62% |

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

# 02 Financial Statements

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK AUDI SAL**

**Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of Bank Audi SAL (the "Bank") and its subsidiaries (the "Group") which comprise interim condensed consolidated statement of financial position as at 30 June 2025 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting" (IAS 34). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing. Consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Basis for Adverse Conclusion**

1- As disclosed in Note 2.1 to the interim condensed consolidated financial statements, the Group did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the 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 interim condensed consolidated financial statements for the six-month period ended 30 June 2025, nor did the Group consider its effects on forecasts and discount rates used in accounting estimates. In addition, during 2022, the Group determined the carrying amounts 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 required by the Central Bank of Lebanon Intermediate Circular 659. 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 interim condensed consolidated financial statements, including comparative financial information, would have been materially different. The effects on the interim condensed consolidated financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK AUDI SAL (continued)**

**Basis for Adverse Conclusion (continued)**

2- As disclosed in Note 1 to the interim condensed 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. As disclosed in Note 1 to the interim condensed consolidated financial statements, from January 2024, the official published exchange rate was set at LL 89,500 to the US Dollar. The Group recorded the impact of the change in exchange rates used, in the interim condensed consolidated statement of income statement for the six-month period ended 30 June 2024 under "Net trading gain" and in the interim condensed consolidated statement of comprehensive income for the six-month period ended 30 June 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"). This caused us to qualify our opinion because of the departures from IAS 21 and IAS 8 in prior years. Our opinion on the current period's interim condensed consolidated financial statements is also modified because of the effects of these matters on the comparability of the current period's figures and corresponding figures.

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. Had we been able to conclude on the appropriate exchange rate to be used on foreign currencies subject to de-facto capital controls, matters might have come to our attention indicating that adjustments might be necessary to the interim condensed consolidated financial statements, including comparative information. Our opinion for the year ended 31 December 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

3- As at 30 June 2025, the Group holds balances with the Central Bank of Lebanon amounting to LBP 798,428 billion (31 December 2024: LBP 818,979 billion), a portfolio of Lebanese government treasury securities and Certificate of deposits (under financial assets at amortized cost) totalling LBP 60,347 billion (31 December 2024: LBP 60,348 billion), a portfolio of loans amounting to LBP 9,641 billion (31 December 2024: LBP 9,840 billion) and other balances with banks and other assets amounting to LBP 4,299 billion (31 December 2024: LBP 4,238 billion), concentrated in Lebanon which represent 66% of the Group's total assets as at 30 June 2025 (31 December 2024: 60%).

As disclosed in Note 1, the interim condensed 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.

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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK AUDI SAL (continued)**

**Basis for Adverse Conclusion (continued)**

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 this departure 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 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

Also, as disclosed in Note 21, management did not produce information about the fair value of these assets and other financial instruments concentrated in Lebanon and these interim condensed 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 interim condensed consolidated financial statements for the six-month period ended 30 June 2025, as at 31 December 2024 and for the six-month period ended 30 June 2024 would have been materially different. The effects of the resolution of these uncertainties on the interim condensed financial statements and disclosures have not been determined. Our opinion for the year ended 31 December 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

4- As at 30 June 2025, the Group holds equity instruments in entities operating in Lebanon amounting to LBP 12,180 billion held at fair value through other comprehensive income (31 December 2024: LBP 11,241 billion). The fair value of these instruments is measured based on 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 to the interim condensed consolidated financial statements. As such, it is not possible to determine the future effects that the economic crisis described in Note 1 to the interim condensed consolidated financial statements 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 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

5- As at 30 June 2025, the Group carries provisions for risks and charges amounting to LBP 36,301 billion (31 December 2024: LBP 33,026 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 30 June 2025 and related income statement accounts for the six-month period ended 30 June 2025 were necessary. Our opinion for the year ended 31 December 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.



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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF BANK AUDI SAL (continued)**

**Basis for Adverse Conclusion (continued)**

6- The Group did not reclassify to the interim condensed consolidated statement of income during the six-months period ended 30 June 2025, cumulative foreign currency translation reserve amounting to LBP 9,230 billion relating to assets held for sale derecognized during the period. Instead, the Group transferred these cumulative reserves directly to retained earnings, which constitutes a departure from the requirements of IAS 1 and IFRS 5. Accordingly, profit from discontinued operations for the six-months period ended 30 June 2025 should be increased by LBP 9,230 billion and other comprehensive loss from discontinued operations should be decreased by the same amount.

7- As disclosed in Note 1 to the interim condensed 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 applications 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 interim condensed consolidated financial statements. Consequently, we were unable to determine whether any adjustments to the interim condensed consolidated financial statements as at 30 June 2024 and for the six-month period then ended were necessary. Our opinion for the year ended 31 December 2024 was modified for same reasons.

8- The events and conditions and practices that would not qualify as normal course of business in a non-crisis environment described in Note 1 to the interim condensed consolidated financial statements 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 27 to the interim condensed consolidated financial statements. These events and conditions may cast significant doubt on the Group's ability to continue as a going concern. We were unable to corroborate the Group's ability to continue as a going concern. Our opinion for the year ended 31 December 2024 and our conclusion for the six-month period ended 30 June 2024 were modified for same reasons.

**Adverse Conclusion**

Our review indicates that, because of the significance of matters referred to in the "Basis for Adverse Conclusion" section of our report, these interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Ernst & Young

BDO, Semaan, Gholam & Co

30 December 2025
Beirut, Lebanon

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2025 (Unaudited)

| | Notes | Unaudited for the period from 1 January to 30 June 2025 LBP Million | Unaudited for the period from 1 January to 30 June 2024 LBP Million |
|---|---|---|---|
| CONTINUING OPERATIONS | | | |
| Interest and similar income | | 10,298,347 | 11,813,231 |
| Interest and similar expense | | (1,003,839) | (1,778,259) |
| **Net interest income** | | 9,294,508 | 10,034,972 |
| Fee and commission income | | 5,895,737 | 5,352,979 |
| Fee and commission expense | 4 | (874,972) | (508,790) |
| **Net fee and commission** | | 5,020,765 | 4,844,189 |
| Net trading (loss) gain | 5 | (9,493,151) | 7,801,306 |
| Net gain on derecognition of financial instruments at amortised cost | 6 | 17,098,650 | 294 |
| Net gain (loss) on derecognition of financial assets at fair value through other comprehensive income | | 56,609 | (7,214) |
| Other operating income | | 142,779 | 276,515 |
| **Total operating income** | | 22,120,160 | 22,950,062 |
| Net recovery (impairment loss) on financial assets | 7 | 145,258 | (534,614) |
| **Net operating income** | | 22,265,418 | 22,415,448 |
| Personnel expenses | | (4,801,378) | (4,228,762) |
| Other operating expenses | | (10,572,310) | (17,492,876) |
| Depreciation of property and equipment and right-of-use assets | | (378,417) | (341,989) |
| Amortisation of intangible assets | | (86,902) | (44,991) |
| **Total operating expenses** | | (15,839,007) | (22,108,618) |
| **Operating profit** | | 6,426,411 | 306,830 |
| Net gain (loss) on disposal of fixed assets | | 58,468 | (52) |
| **Profit before tax from continuing operations** | | 6,484,879 | 306,778 |
| Income tax | | (986,770) | (651,231) |
| Profit (loss) for the period from continuing operations | | 5,498,109 | (344,453) |
| DISCONTINUED OPERATIONS | | | |
| Profit for the period from discontinued operations, net of tax | 20 | 202,603 | 345,549 |
| **Profit for the period** | | 5,700,712 | 1,096 |
| Attributable to: | | | |
| **Equity holders of the parent** | | 5,726,303 | (59,501) |
| *Profit (loss) for the period from continuing operations* | | *5,497,975* | *(344,481)* |
| *Profit for the period from discontinued operations* | | *228,328* | *284,980* |
| **Non-controlling interests** | | (25,591) | 60,597 |
| *Profit for the period from continuing operations* | | *134* | *28* |
| *(Loss) profit for the period from discontinued operations* | | *(25,725)* | 60,569 |
| | | 5,700,712 | 1,096 |
| Earnings (loss) per share: | | | |
| | | LBP | LBP |
| Basic and diluted earnings (loss) per share | | 9,730 | (101) |
| Basic and diluted earnings (loss) per share from continuing operations | | 9,342 | (586) |
| Basic and diluted earnings per share from discontinued operations | | 388 | 485 |





# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025 (Unaudited)

| | Notes | Unaudited for the period from 1 January to 30 June 2025 LBP Million | Unaudited for the period from 1 January to 30 June 2024 LBP Million |
|---|---|---|---|
| Profit (loss) for the period from continuing operations | | 5,498,109 | (344,453) |
| Profit for the period from discontinued operations | | 202,603 | 345,549 |
| 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 | | 4,695,145 | 40,086,008 |
| Net foreign currency translation | | 4,695,145 | 40,086,008 |
| *Debt instruments at fair value through other comprehensive income* | | | |
| Change in fair value during the period | | 191,913 | 15,885 |
| Tax effects | 14 | (32,692) | (3,015) |
| Net gain on debt instruments at fair value through other comprehensive income | | 159,221 | 12,870 |
| Total other comprehensive income that will be reclassified to the income statement in subsequent periods from continuing operations | | 4,854,366 | 40,098,878 |
| Other comprehensive income that will not be reclassified to the income statement in subsequent periods from continuing operations | | | |
| *Remeasurement losses on defined benefit plans* | | | |
| Actuarial loss on defined benefits plans | | - | (1,664,882) |
| Tax effects | | - | 256,213 |
| Net remeasurement losses on defined benefit plans | | - | (1,408,669) |
| *Equity instruments at fair value through other comprehensive income* | | | |
| Net unrealised gains | | 901,688 | 8,218,103 |
| Tax effects | | (153,985) | (1,397,077) |
| Net unrealised gains on equity instruments at fair value through other comprehensive income | | 747,703 | 6,821,026 |
| Total other comprehensive income that will not be reclassified to the income statement in subsequent periods from continuing operations | | 747,703 | 5,412,357 |
| Other comprehensive income for the period from continuing operations, net of tax | | 5,602,069 | 45,511,235 |
| Other comprehensive income for the period from discontinued operations, net of tax | 20 | 183,014 | 12,830,398 |
| Total comprehensive income for the period from continuing operations, net of tax | | 11,100,178 | 45,166,782 |
| Total comprehensive income for the period from discontinued operations, net of tax | 20 | 385,617 | 13,175,947 |
| Total comprehensive income for the period, net of tax | | 11,485,795 | 58,342,729 |
| Attributable to: | | | |
| Equity holders of the parent | | 11,579,052 | 55,256,610 |
| Non-controlling interests | | (93,257) | 3,086,119 |
| | | 11,485,795 | 58,342,729 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 (Unaudited)

| | Notes | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|---|
| ASSETS | | | |
| Cash and balances with central banks | | 865,750,970 | 865,064,542 |
| Due from banks and financial institutions | | 161,525,606 | 149,978,644 |
| Derivative financial instruments | 8 | 1,713,224 | 1,134,384 |
| Financial assets at fair value through profit or loss | 9 | 27,829,728 | 12,599,342 |
| Loans and advances to customers at amortised cost | 10 | 86,267,154 | 85,796,399 |
| Loans and advances to related parties at amortised cost | 25 | 205,645 | 361,848 |
| Debtors by acceptances | | 432,759 | 635,460 |
| Financial assets at amortised cost | 11 | 105,207,922 | 112,572,327 |
| Financial assets at fair value through other comprehensive income | 12 | 37,657,502 | 30,516,062 |
| Property and equipment and right-of-use assets | | 22,821,037 | 22,596,627 |
| Intangible assets | | 437,627 | 301,397 |
| Assets obtained in settlement of debt | | 98,468 | 98,468 |
| Other assets | 13 | 7,427,400 | 5,986,037 |
| Deferred tax assets | | 557,704 | 507,994 |
| Goodwill | | 3,110,238 | 2,748,350 |
| Assets held for sale | 20 | - | 200,628,451 |
| TOTAL ASSETS | | 1,321,042,984 | 1,491,526,332 |
| LIABILITIES | | | |
| Due to central banks | 14 | 2,552,365 | 2,823,868 |
| Due to banks and financial institutions | | 12,323,753 | 23,538,927 |
| Derivative financial instruments | 8 | 2,496,283 | 1,114,034 |
| Customers' deposits | 15 | 1,136,825,913 | 1,107,716,259 |
| Deposits from related parties | 25 | 2,241,468 | 3,537,330 |
| Debt issued and other borrowed funds | 16 | 10,528,216 | 23,953,218 |
| Engagements by acceptances | | 432,759 | 635,460 |
| Other liabilities | 17 | 13,047,605 | 18,307,380 |
| Current tax liabilities | | 2,135,293 | 1,525,180 |
| Deferred tax liabilities | | 2,131,161 | 1,940,806 |
| Provisions for risks and charges | 18 | 42,615,933 | 39,067,339 |
| Liabilities held for sale | 20 | - | 181,916,730 |
| TOTAL LIABILITIES | | 1,227,330,749 | 1,406,076,531 |
| SHAREHOLDERS' EQUITY – GROUP SHARE | | | |
| Share capital – common shares | | 982,859 | 982,859 |
| Share capital – preferred shares | | 10,020 | 10,020 |
| Issue premium – common shares | | 902,290 | 902,290 |
| Issue premium – preferred shares | | 894,480 | 894,480 |
| Cash contribution to capital | | 72,586 | 72,586 |
| Non-distributable reserves | | 2,659,672 | 2,588,375 |
| Distributable reserves | | 43,453 | 35,995 |
| Treasury shares | | (8,392) | (8,392) |
| Retained earnings - Accumulated losses | | 4,452,808 | (4,965,220) |
| Other components of equity | 19 | 77,970,367 | 72,368,301 |
| Reserves related to assets held for sale | 20 | - | 9,013,806 |
| Result of the period | | 5,726,303 | 212,471 |
| | | 93,706,446 | 82,107,571 |
| NON-CONTROLLING INTERESTS | | 5,789 | 3,342,230 |
| TOTAL SHAREHOLDERS' EQUITY | | 93,712,235 | 85,449,801 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | 1,321,042,984 | 1,491,526,332 |



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six-month period ended 30 June 2025 (Unaudited)

| | Notes | Unaudited for the period from 1 January to 30 June 2025 LBP Million | Unaudited for the period from 1 January to 30 June 2024 LBP Million |
|---|---|---|---|
| OPERATING ACTIVITIES | | | |
| Profit before tax from continuing operations | | 6,484,879 | 306,778 |
| Profit (loss) before tax from discontinued operations | | 202,603 | (1,016,753) |
| Profit (loss) before tax | | 6,687,482 | (709,975) |
| Adjustments for non-cash items | | | |
| Depreciation and amortisation | | 465,319 | 386,980 |
| Net gain on derecognition of financial instruments at amortised cost | | (17,098,650) | (294) |
| Net impairment loss on financial assets | | (145,258) | 534,614 |
| Net (gain) loss on sale or disposal of fixed assets | | (58,468) | 52 |
| Provision for risks and charges | | 7,731,801 | 15,003,075 |
| Interest expense on debt issued and other borrowed funds | 16 | 260,867 | 728,624 |
| Gain on financial assets at fair value through profit or loss | | (3,443,627) | - |
| Gain on sale of subsidiary | | (311,686) | - |
| Net foreign exchange difference | | 14,229,500 | (6,660,523) |
| | | 8,317,280 | 9,282,553 |
| Working capital adjustments | | | |
| Balances with the central banks, banks and financial institutions maturing in more than 3 months | | 4,360,244 | 452,801,363 |
| Change in derivatives and financial assets held for trading | | (10,983,350) | (12,069,912) |
| Change in loans and advances to customers and related parties | | (274,820) | (53,421,638) |
| Change in other assets | | (1,441,363) | (2,604,352) |
| Change in deposits from customers and related parties | | 27,813,792 | 124,746,971 |
| Change in other liabilities | | 210,767 | (4,863,690) |
| Cash from operations | | 28,002,550 | 513,871,295 |
| Provisions for risks and charges paid | | (447,518) | (416,817) |
| Net cash from operating activities | | 27,555,032 | 513,454,478 |
| INVESTING ACTIVITIES | | | |
| Change in financial assets – other than trading | | 1,034,114 | (87,406,449) |
| Purchase of property and equipment and intangibles | | (292,657) | 56,124 |
| Proceeds from sale of property and equipment | | (19) | - |
| Net proceeds from disposal of a subsidiary | | 11,290,549 | - |
| Change from assets held for sale | | - | (7,818,551) |
| Net cash from (used in) investing activities | | 12,031,987 | (95,168,876) |
| FINANCING ACTIVITIES | | | |
| Debt issued and other borrowed funds | | (6,078,369) | (1,022,806) |
| Lease liability payments | | (38,271) | (38,271) |
| Net cash used in financing activities | | (6,116,640) | (1,061,077) |
| CHANGE IN CASH AND CASH EQUIVALENTS | | 33,470,379 | 417,224,525 |
| Foreign exchange differences | | 8,795,684 | 62,058,901 |
| Cash and cash equivalents at 1 January | | 564,537,623 | 87,944,953 |
| CASH AND CASH EQUIVALENTS AT 30 JUNE | 21 | 606,803,686 | 567,228,379 |

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025 (Unaudited)

| | 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 | Retained earnings - Accumulated losses | Other Components of Equity | Reserves Related to Assets Held for Sale | Result of the Period | 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 2025** | **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** |
| Net profit for the period from continuing operations | - | - | - | - | - | - | - | - | - | - | - | 5,497,975 | 5,497,975 | 134 | 5,498,109 |
| Net profit for the period from discontinued operations | - | - | - | - | - | - | | | | - | - | 228,328 | 228,328 | (25,725) | 202,603 |
| Other comprehensive income from continuing operations | - | - | - | - | - | - | | | | 5,602,066 | - | - | 5,602,066 | 3 | 5,602,069 |
| Other comprehensive income from discontinued operations | - | - | - | - | - | - | - | - | - | - | 250,683 | - | 250,683 | (67,669) | 183,014 |
| **Total comprehensive income** | - | - | - | - | - | - | - | - | - | 5,602,066 | 250,683 | 5,726,303 | 11,579,052 | (93,257) | 11,485,795 |
| Appropriation of 2024 profits | - | - | - | - | - | 123,637 | - | - | 88,834 | | - | (212,471) | - | - | - |
| Entities deconsolidated | - | - | - | - | - | (52,340) | 7,458 | - | 9,309,371 | - | (9,264,489) | - | - | (3,243,184) | (3,243,184) |
| Other movements | - | - | - | - | - | - | - | - | 19,823 | - | - | - | 19,823 | - | 19,823 |
| **Balance at 30 June 2025** | **982,859** | **10,020** | **902,290** | **894,480** | **72,586** | **2,659,672** | **43,453** | **(8,392)** | **4,452,808** | **77,970,367** | **-** | **5,726,303** | **93,706,446** | **5,789** | **93,712,235** |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 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 profit for the period | - | - | - | - | - | - | - | - | - | - | - | (59,501) | (59,501) | 60,597 | 1,096 |
| Other comprehensive income | - | - | - | - | - | - | - | - | - | 45,511,121 | 9,804,990 | - | 55,316,111 | 3,025,522 | 58,341,633 |
| Total comprehensive income | - | - | - | - | - | - | - | - | - | 45,511,121 | 9,804,990 | (59,501) | 55,256,610 | 3,086,119 | 58,342,729 |
| Appropriation of 2023 profits | - | - | - | - | - | 51,012 | - | - | (284,207) | - | - | 233,195 | - | - | - |
| Sale of FVTOCI | - | - | - | - | - | - | - | - | 260,303 | (260,303) | - | - | - | - | - |
| Other movements | - | - | - | - | - | - | - | - | 765 | - | - | - | 765 | - | 765 |
| Balance at 30 June 2024 | 982,859 | 10,020 | 902,290 | 894,480 | 72,586 | 2,586,366 | 35,995 | (8,392) | (4,919,439) | 70,399,951 | 9,699,773 | (59,501) | 80,596,988 | 3,823,084 | 84,420,072 |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2025 (Unaudited)





# 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, the Middle East.

The interim condensed consolidated financial statements were authorised for issue in accordance with the Board of Directors' resolution on 18 November 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. being 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, hyperinflation, and the potential repercussions of government ineffective action on 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).

### 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. The Lebanese Government has renewed negotiations with the IMF post Cabinet formation this year to reach a new SLA with prior actions to be undertaken by Lebanon before a Board agreement could be reached. In a statement in September, the IMF said that the authorities have made progress in developing a strategy to address the severe banking sector challenges. The recent approval of the Bank Resolution Law reflects the dedicated efforts of all stakeholders, though the legislation needs further refinement. The IMF team has suggested amendments to fully align it with international standards and ensure the effectiveness of bank restructuring processes. The IMF believes the authorities should continue working to develop the strategy to recognize and allocate losses, and restore the viability of the banking sector consistent with international standards, protection of small depositors, and sustainability of public debt.

### BANKING SECRECY BILL

Lebanese MPs approved on 24 April 2025 a long-awaited bill lifting banking secrecy, a key reform on which financial assistance from the International Monetary Fund (IMF) is dependent. Parliament specified that the new banking secrecy law applies retroactively for 10 years, covering the start of the economic crisis. Lebanon has long-standing and strict rules on the confidentiality of bank accounts, which critics say leaves the country vulnerable to money laundering. The amendments authorize "banking supervisory and regulatory bodies to request access to all information" without providing any details and. These bodies will be able to access information such as customer names and deposit details, and investigate any suspicious activities.

#### AMENDMENTS TO THE CODE OF MONEY AND CREDIT

The Lebanese Parliament has recently passed amendments to Decree No.13513 named The Code of Money and Credit. The amendments targeted Section 2-7 of the law, which tackles money creation and the values of issued currency. Within the amendment, the Lebanese Parliament has afforded Banque du Liban (BdL) the right to issue two new banknotes with a value of LBP 500,000 and LBP 1,000,000 while also aiming to preserve the current value of currency in circulation. This move comes amid the devaluation of the Lebanese currency by more than 98% since the onset of the crisis in 2019.

### 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. It was ratified by Parliament on 31 July 2025.

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.

### FINANCIAL GAP LAW IN PREPARATION

The banking restructuring challenge revolves around whether the State would be able to implement a gap law within the upcoming months, prior to the parliamentary elections in May 2026, after which the Cabinet will turn into Caretaker Cabinet until the formation of a new Cabinet. The Gap Law will overview the treatment of Lollar and Dollar deposits in the banking sector. Such a gap law is the most important one to normalize banking activity and move out of troubled waters. On 27 December 2025, the Cabinet approved the draft Financial Regularisation and Deposit-Recovery law and transmitted it to Parliament.

# 1.2 REGULATORY ENVIRONMENT

During 2020 and up to the date of authorisation of issue of these interim condensed 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, 726 and 741 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%.

  - Intermediate Circular 741 issued on 10 September allows banks to annually revalue real estate assets owned directly or through real estate companies until 31 December 2026 under Article 153 of the Code of Money and Credit and allows inclusion of 75% of revaluation gains in Tier 1 capital subject to Central Bank verification and completion by 31 December 2026. Revaluation must be in fresh USD and recorded in LBP at specified rates (1,507.5 until 31 January 2023; 15,000 until 31 January 2024; 89,500 until 31 May 2025; and at the official platform rate from 1 June 2025 onward). Similar provisions apply to fixed assets acquired through debt settlement under Article 154 with the same conditions and deadlines.

  - 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.

  - Intermediate Circular 740 issued on 29 August 2025 temporarily allows banks to reduce the "Capital Conservation Buffer" below the required 2.5% for the years 2023–2025, with gradual restoration per future BdL instructions.

  - 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. Intermediate Circular 739 issued on 14 August 2025 amended the aforementioned denominator to become foreign currency deposits as at 30 June 2025 and extended compliance deadline to 30 June 2026 instead of 31 December 2025.

  - 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 monthly payment was further increased to $800 (Intermediate circular 736 issued on 18 June 2025). These 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 738 issued on 18 June 2025 extended the deadline to 31 December 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; cumulative amount was increased accordingly from USD 4,350 to USD 6,700. The monthly payment was further increased to $400 (Intermediate circular 737 issued on 18 June 2025) and the cumulative amount was increased accordingly from USD 6,700 to USD 8,500. These 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).

- Intermediate Circular 742 issued on 10 September 2025 requires banks, when issuing banker's checks or certified checks in Lebanese pounds, to ensure the purpose is legitimate (personal or commercial uses, tax payments, judicial deposits...) and does not lead to currency speculation. These checks must include the phrase "Payable only to the first beneficiary (non-endorsable)."

- Intermediate Circular 744 issued on 27 October 2025 excludes Lebanese Treasury Bonds in foreign currencies (Eurobonds) from the specified ratio and prohibits non-compliant banks from selling these bonds. Compliant banks may sell Eurobonds provided proceeds are used primarily to: (1) secure liquidity for one year, and (2) finance commercial and investment operations, without covering operating expenses.

- Basic Circular 169 issued on 1 July 2025 subjecting any offshore transfer of FCY restricted deposits to BdL approval in the name of equal treatment of depositors.

- Basic Circular 171 issued on 14 November 2025 requires all banks and institutions under the supervision of the Central Bank to comply with requests for lifting banking secrecy from the Central Bank and/or the Banking Control Commission without any excuse. Requests may include any records or information related to individuals or entities, retroactively up to ten years from the law's issuance date. Requests must be sent securely (encrypted electronically or confidentially in writing) and signed by authorized officials. Banks must establish internal procedures to handle requests, ensure secure transmission, and maintain confidentiality. Documents must be marked "Confidential," and receipt must be confirmed. Records of transmission and receipt must be kept for at least ten years. Banks must respond within 15 working days. Non-compliance subjects institutions to legal penalties. The Banking Control Commission monitors implementation and may update procedures.

## 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 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 interim condensed consolidated financial statements at the official published exchange rates as follows:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | Rate as at 30 June LBP | Average Rate for the six months period ended 30 June LBP | Rate as at 30 June LBP | Average Rate for the six months period ended 30 June LBP |
| US Dollar | 89,500.00 | 89,500.00 | 89,500.00 | 89,500.00 |
| Euro | 104,902.95 | 98,415.83 | 95,756.00 | 96,549.75 |
| Swiss Franc | 112,282.02 | 104,730.17 | 99,478.00 | 100,153.68 |
| Turkish Lira | 2,252.37 | 2,361.03 | 2,717.80 | 2,807.15 |
| Saudi Riyal | 23,863.48 | 23,861.25 | 23,857.00 | 23,862.31 |
| Qatari Riyal | 24,557.55 | 24,555.09 | 24,549.00 | 24,546.57 |

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 30 June 2024 LBP | Average Rate for the six months period ended 30 June 2024 LBP |
|---|---|---|
| US Dollar | 89,500 | 89,500 |

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.

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 interim condensed consolidated financial statements.

### EXCEPTED CREDIT LOSSES

As at 30 June 2025, loss allowances on assets held at the Central Bank of Lebanon are recorded in these interim condensed consolidated financial statements at the loss rates mentioned in the Central Bank of Lebanon's Basic Circular 44 in addition to an amount of LBP 956,398 million. 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 interim condensed consolidated financial statements do not include adjustments of the carrying amount of these assets to their recoverable amounts based on IFRS Accounting Standards and an expected credit loss model.

The impact is expected to be pervasive and will be reflected in the interim condensed 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 26 to these interim condensed 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. 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 26 to these interim condensed consolidated financial statements.

The interim condensed consolidated financial position of the Group, as reported in these interim condensed 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, Management is unable to estimate in a reasonable manner the impact of these matters on its interim condensed consolidated financial position. Management anticipates that the above matters will have a materially adverse impact on the Group's interim condensed 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 2025. Management considers that they may affect negatively the liquidity of the Group (refer to Note 28). 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 non-taxable 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.

On 1 August 2025, the Ministry of Finance issued decision 715/1 related to the application of law 330 by banks. 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 interim condensed consolidated financial statements for the six-month period ended 30 June 2025. The Group is currently working to identify all impacts the law will have on the interim condensed 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 30 June 2025, consolidated capital adequacy ratios stood at 7.4%, 7.5% and 8.6% 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 2024 and 2025).

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 interim condensed consolidated financial statements of Bank Audi sal for the six-month period ended 30 June 2025 are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025. In addition, results for the six months ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

The interim condensed 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 30 June 2025 and 31 December 2024, 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 263% and 5% as at 30 June 2025 (31 December 2024: 666% and 18%). 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 June 2025, and based on the inflation data published by Turkey Statistical Institute on 4 August 2025, the 3-year and 12-month cumulative increase in Consumer Price Index has been 220.39% and 35.05% (31 December 2024: 290.79% and 44.38%). 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 restatement 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 interim condensed 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 interim condensed 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 interim condensed consolidated financial statements including its interim condensed consolidated statement of financial position, interim condensed consolidated statement of profit or loss, interim condensed consolidated statement of comprehensive income and interim condensed 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. 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.

## 2.2. 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:

### 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 amendments had no impact on the Group's interim condensed consolidated financial statements.

## 2.3. BASIS OF CONSOLIDATION

The accompanying interim condensed consolidated financial statements comprise the financial statements of Bank Audi sal and the following key subsidiaries:

| | Percentage of Ownership | | | | |
|---|---|---|---|---|---|
| | **30 June 2025** | 31 December 2024 | Country of Incorporation | Principal Activity | Functional 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 | Turkey | Banking (Commercial) | TRY |
| Audi Investments Holding sal | 100.00 | 100.00 | Lebanon | Investment | USD |

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries where the Bank holds control over the subsidiaries. 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.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continued to be consolidated until the date when such control ceases.

The financial statements of subsidiaries are prepared for the same reporting period using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Non-controlling interests (the interest not owned by the Group in the equity of subsidiaries) are stated separately within shareholders' equity in the interim condensed consolidated statement of financial position.

## 2.4. MATERIAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the accounting policies, Management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and underlying assumptions made by the Group's Management for the preparation of the interim condensed consolidated financial information are consistent with those used in the preparation of the consolidated financial statements as at and for the year ended 31 December 2024.

## 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.

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**

| | 30 June 2025 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | 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** | **1,524,474** | **3,222,039** | **4,389,431** | **158,564** | 9,294,508 |
| **Non-interest income** | | | | | |
| Net fee and commission | 1,957,969 | 2,632,179 | 241,792 | 188,825 | 5,020,765 |
| Financial operations | - | 739,674 | 6,918,190 | 4,244 | 7,662,108 |
| Other operating income | - | 42 | 7 | 142,730 | 142,779 |
| **Total non-interest income** | **1,957,969** | **3,371,895** | **7,159,989** | **335,799** | 12,825,652 |
| **Total operating income** | **3,482,443** | **6,593,934** | **11,549,420** | **494,363** | 22,120,160 |
| Net recovery on financial assets | (109,433) | 210,143 | 44,548 | - | 145,258 |
| **Net operating income** | **3,373,010** | **6,804,077** | **11,593,968** | **494,363** | 22,265,418 |





| | 30 June 2024 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | 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 | 1,397,830 | 3,407,830 | 5,151,019 | 78,293 | 10,034,972 |
| Non-interest income | | | | | |
| Net fee and commission | 1,723,104 | 2,729,246 | 216,266 | 175,573 | 4,844,189 |
| Financial operations | - | 600,533 | 6,910,789 | 283,064 | 7,794,386 |
| Other operating income | 19,018 | 88,309 | 193 | 168,995 | 276,515 |
| Total non-interest income | 1,742,122 | 3,418,088 | 7,127,248 | 627,632 | 12,915,090 |
| Total operating income | 3,139,952 | 6,825,918 | 12,278,267 | 705,925 | 22,950,062 |
| Net impairment loss on financial assets | 687,416 | 714,243 | (1,936,273) | - | (534,614) |
| Net operating income | 3,827,368 | 7,540,161 | 10,341,994 | 705,925 | 22,415,448 |

**Financial Position Information**

| | 30 June 2025 (Unaudited) | | | | |
|---|---|---|---|---|---|
| | 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 | 38,025,032 | 148,566,731 | 1,069,831,069 | 64,620,152 | 1,321,042,984 |
| Total liabilities | 127,376,675 | 1,026,306,124 | 13,589,615 | 60,058,335 | 1,227,330,749 |

| | 31 December 2024 (Audited) | | | | |
|---|---|---|---|---|---|
| | 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 |

Capital expenditures amounting to LBP 292,656 million at 30 June 2025 (31 December 2024: LBP 296,729 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 3,434,641 million for the period ended 30 June 2025 (30 June 2024: LBP 4,602,578 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:

| | **Unaudited 30 June 2025 LBP Million** | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Interest and similar income | | |
| Central Bank of Lebanon | 3,365,246 | 4,532,695 |
| Lebanese sovereign | 69,395 | 69,883 |
| | 3,434,641 | 4,602,578 |

## GEOGRAPHICAL SEGMENTS

The Group operates in three geographical segments: Lebanon, Middle East and North Africa (MENA) 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

| | 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | Lebanon LBP Million | MENA LBP Million | Europe LBP Million | **Total LBP Million** |
| **Net interest income** | **6,174,232** | **368,456** | **2,751,820** | **9,294,508** |
| **Non-interest income** | | | | |
| Net fee and commission | 2,829,963 | 309,596 | 1,881,206 | 5,020,765 |
| Financial operations | 6,550,135 | (34,712) | 1,146,685 | 7,662,108 |
| Other operating income | 142,755 | 7 | 17 | 142,779 |
| **Total non-interest income** | **9,522,853** | **274,891** | **3,027,908** | **12,825,652** |
| **Total external operating income** | **15,697,085** | **643,347** | **5,779,728** | **22,120,160** |
| Net recovery on financial assets | 47,420 | (13,407) | 111,245 | 145,258 |
| **Net external operating income** | **15,744,505** | **629,940** | **5,890,973** | **22,265,418** |

| | 30 June 2024 (Unaudited) | | | |
|---|---|---|---|---|
| | Lebanon LBP Million | MENA LBP Million | Europe LBP Million | Total LBP Million |
| Net interest income | 6,614,311 | 208,806 | 3,211,855 | 10,034,972 |
| Non-interest income | | | | |
| Net fee and commission | 2,728,052 | 241,587 | 1,874,550 | 4,844,189 |
| Financial operations | 6,845,648 | 103,092 | 845,646 | 7,794,386 |
| Other operating income | 274,390 | 2,111 | 14 | 276,515 |
| Total non-interest income | 9,848,090 | 346,790 | 2,720,210 | 12,915,090 |
| Total external operating income | 16,462,401 | 555,596 | 5,932,065 | 22,950,062 |
| Net impairment loss on financial assets | (189,158) | - | (345,456) | (534,614) |
| Net external operating income | 16,273,243 | 555,596 | 5,586,609 | 22,415,448 |

### Financial Position Information

| | 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | Lebanon LBP Million | MENA LBP Million | Europe LBP Million | **Total LBP Million** |
| Capital expenditures | 117,371 | 9,063 | 166,222 | 292,656 |
| Total assets | 1,051,563,424 | 17,938,969 | 251,540,591 | 1,321,042,984 |
| Total liabilities | 1,020,709,426 | 6,774,754 | 199,846,569 | 1,227,330,749 |

| | 31 December 2024 (Audited) | | | |
|---|---|---|---|---|
| | Lebanon LBP Million | MENA 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 |

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 to LBP 181,916,730 million, respectively.





## 4.0. FEE AND COMMISSION EXPENSE

| | **Unaudited 30 June 2025 LBP Million** | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Brokerage and custody fees | 252,800 | 300,252 |
| Electronic Banking | 534,216 | 174,542 |
| Commercial Banking expenses | 78,785 | 25,867 |
| Other fees and commissions | 9,171 | 8,129 |
| | 874,972 | 508,790 |

## 5.0. NET TRADING (LOSS) GAIN

| | **Unaudited 30 June 2025 LBP Million** | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Gain on financial instruments at fair value through profit or loss | 3,443,627 | 538,370 |
| Foreign exchange | 779,451 | (97,295) |
| Derivatives | 513,271 | 316,262 |
| Loss resulting from exchange of foreign currencies (Note 16) | (14,229,500) | - |
| Gain from devaluation of official exchange rates (*) | - | 7,042,618 |
| Dividends | - | 1,351 |
| | (9,493,151) | 7,801,306 |

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 amounted to LBP 20,904 million during the six-month period ended 30 June 2025 (30 June 2024: LBP 2,706 million).

*(*) 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 interim condensed consolidated income statement for the six-month period ended 30 June 2024.*

## 6.0. NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS AT AMORTISED COST

| | **Unaudited 30 June 2025 LBP Million** | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Gain on settlement of debt issued and other borrowed funds (Note 16) | 17,094,500 | - |
| Others | 4,150 | 294 |
| | 17,098,650 | 294 |

## 7.0. NET (RECOVERY) IMPAIRMENT LOSS ON FINANCIAL ASSETS

| | **Unaudited 30 June 2025 LBP Million** | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| **Re-measurements:** | | |
| Loans and advances to customers at amortised cost | 1,148,545 | 2,241,025 |
| Financial assets at amortised cost | (799) | 1,934,081 |
| Financial guarantees and other commitments | (1,074) | 65,477 |
| Due from banks and financial institutions | (43,748) | - |
| Financial assets at fair value through comprehensive income | - | 2,192 |
| | **1,102,924** | 4,242,775 |
| **Recoveries:** | | |
| Loans and advances to customers at amortised cost | (1,174,595) | (3,562,616) |
| Financial guarantees and other commitments | (59,905) | - |
| | **(1,234,500)** | (3,562,616) |
| | | |
| Net direct losses | (13,682) | (145,545) |
| | **(145,258)** | 534,614 |

# 8.0. 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.). 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. 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:

| 30 June 2025 (Unaudited) | Positive Fair Value LBP Million | Negative Fair Value LBP Million | Notional Amount LBP Million |
|---|---|---|---|
| Derivatives held for trading | | | |
| Forward foreign exchange contracts | 43,296 | 55,330 | 6,200,698 |
| Forward precious metals contracts | 19,463 | - | 587,202 |
| Currency swaps | 138,742 | 936,403 | 51,010,855 |
| Precious metals swaps | 7,173 | - | 504,407 |
| Currency options | 675,431 | 675,431 | 24,185,532 |
| Credit derivatives | - | - | 914,973 |
| Equity options | 829,119 | 829,119 | 1,577,911 |
| Total | 1,713,224 | 2,496,283 | 84,981,578 |

| 31 December 2024 (Audited) | 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 |

## 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.

# 9.0. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Lebanese sovereign | | |
| Eurobonds | 5,807,417 | 7,435,603 |
| Other sovereign | | |
| Treasury bills | 20,440,441 | 3,481,835 |
| Eurobonds | 12,970 | 11,637 |
| | 20,453,411 | 3,493,472 |
| Private sector and other securities | | |
| Mutual funds | 1,401,343 | 1,414,939 |
| Equity instruments | 167,557 | 255,328 |
| | 1,568,900 | 1,670,267 |
| | 27,829,728 | 12,599,342 |

# 10.0. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Corporate and SME | 53,389,537 | 48,361,061 |
| Retail and Personal Banking | 53,258,875 | 57,357,172 |
| Public sector | 1,136,140 | 1,330,855 |
| | 107,784,552 | 107,049,088 |
| Less: allowance for expected credit losses (Note 26) | (21,517,398) | (21,252,689) |
| | 86,267,154 | 85,796,399 |

# 11.0. FINANCIAL ASSETS AT AMORTISED COST

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Lebanese sovereign and Central Bank of Lebanon | | |
| Certificates of deposit | 59,479,573 | 59,479,673 |
| Treasury bills | 2,040,865 | 2,041,628 |
| | 61,520,438 | 61,521,301 |
| Other sovereign | | |
| Treasury bills | 27,108,352 | 29,667,785 |
| Eurobonds | - | 1,370,684 |
| | 27,108,352 | 31,038,469 |
| Private sector and other securities | | |
| Banks and financial institutions debt instruments | 9,794,022 | 12,573,292 |
| Corporate debt instruments | 7,968,181 | 8,622,102 |
| | 17,762,203 | 21,195,394 |
| | 106,390,993 | 113,755,164 |
| Less: allowance for expected credit losses (Note 26) | (1,183,071) | (1,182,837) |
| | 105,207,922 | 112,572,327 |

During 2019, the Group 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. At 30 June 2025, Lebanese Treasury bills of LBP 1,979,141 million were pledged against term borrowings from the Central Bank of Lebanon (31 December 2024: the same) (Note 14). In addition, 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 Dollars having the same nominal amount as at 30 June 2025 (31 December 2024: the same) (Note 15).

# 12.0. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| **Debt instruments** | | |
| **Other sovereign** | | |
| Treasury bills | 67,180 | 67,335 |
| Eurobonds | 1,138,163 | 452,353 |
| | 1,205,343 | 519,688 |
| **Private sector and other securities** | | |
| Banks and financial institutions debt instruments | 16,337,959 | 17,474,990 |
| Corporate debt instruments | 7,149,174 | 527,366 |
| | 23,487,133 | 18,002,356 |
| **Equity instruments** | | |
| Quoted | 12,139,165 | 11,200,077 |
| Unquoted | 825,861 | 793,941 |
| | 12,965,026 | 11,994,018 |
| | 37,657,502 | 30,516,062 |

# 13.0. OTHER ASSETS

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Tax regularisation account | 725,595 | 273,581 |
| Prepaid charges | 633,084 | 474,662 |
| Electronic cards and regularisation accounts | 244,615 | 187,535 |
| Interest and commissions receivable | 163,291 | 44,376 |
| Advances to staff | 86,632 | 64,100 |
| Receivables related to non-banking operations | 23,829 | 259,859 |
| Management and advisory fees receivable | 22,982 | 25,337 |
| Advances on acquisition of intangible assets | 22,971 | 4,364 |
| Advances on acquisition of property and equipment | 19,545 | 28,880 |
| Fiscal stamps, bullions and commemorative coins | 11,002 | 9,403 |
| Funds' management fees | 3,824 | - |
| Hospitalisation and medical care under collection | 1,247 | 1,040 |
| Other debtor accounts (*) | 5,468,783 | 4,612,900 |
| | 7,427,400 | 5,986,037 |

### OTHER DEBTOR ACCOUNTS

Other debtor accounts as at 30 June 2025 include an amount of LBP 3,377,101 million related to check issued against lawsuits (31 December 2024: the same).

Other debtor accounts as at 30 June 2025 include an assignment of a right to an asset in recovery of a debt transferred from sold subsidiary amounting to LBP 895,000 million, fully provided for.

# 14.0. DUE TO CENTRAL BANKS

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| **Central Bank of Lebanon** | | |
| Term borrowings under leverage arrangements | 1,979,141 | 1,979,141 |
| Subsidised loans | 552,682 | 823,476 |
| Accrued interest | 11,925 | 10,441 |
| **Other central banks** | | |
| Other borrowings | 8,617 | 10,810 |
| | 2,552,365 | 2,823,868 |

## SUBSIDISED LOANS

As at 30 June 2025, 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 (31 December 2024: the same).

## TERM BORROWINGS UNDER LEVERAGE ARRANGEMENTS

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 rate of 7.46% per annum.

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 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:

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| **Leverage arrangements** | | |
| Gross amounts | 1,979,141 | 1,979,141 |
| **Financial collateral** | | |
| Lebanese Treasury bills (Note 11) | 1,979,141 | 1,979,141 |

As at 30 June 2025, financial assets and financial liabilities that were settled on a net basis amounted to LBP 11,892,889 million (31 December 2024: the same).

# 15.0. CUSTOMERS' DEPOSITS

| | 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | Corporate and SME LBP Million | Retail and Personal Banking LBP Million | Public Sector LBP Million | **Total LBP Million** |
| Sight deposits | 69,645,261 | 630,767,986 | 14,055,511 | 714,468,758 |
| Time deposits | 29,040,728 | 381,678,884 | 2,238,521 | 412,958,133 |
| Margins on LCs and LGs | 7,746,079 | 318,080 | - | 8,064,159 |
| Other margins | 69 | - | - | 69 |
| Other deposits | 24,877 | 1,309,917 | - | 1,334,794 |
| | 106,457,014 | 1,014,074,867 | 16,294,032 | 1,136,825,913 |
| Deposits pledged as collateral | | | | 95,680,235 |

| | 31 December 2024 (Audited) | | | |
|---|---|---|---|---|
| | 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 |

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 30 June 2025 (31 December 2024: the same) (Note 11). Remaining credit linked deposits amounted to USD 10 million as at 30 June 2025 (31 December 2024: the same).

# 16.0. DEBT ISSUED AND OTHER BORROWED FUNDS

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| USD 116,560,000 due 19 April 2027 – 5.00% | 10,428,472 | 10,428,472 |
| USD 112,500,000 due 11 April 2024 – 6.55% + Telerate 6m | - | 10,068,750 |
| USD 37,500,000 due 11 April 2024 – 6.55% + Telerate 6m | - | 3,356,250 |
| Accrued interests | 99,744 | 99,746 |
| | 10,528,216 | 23,953,218 |

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 116,560,000 Due 19 April 2027 – 5.00%* | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Nominal value | 10,432,120 | 10,432,120 |
| Upfront interest | (3,648) | (3,648) |
| | 10,428,472 | 10,428,472 |

Notes issued on 19 April 2022 in exchange of previous notes issued in September 2013. The terms and conditions for 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 the 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: 1) 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 the 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 resulting from these matters. This matter is under objection by the lender. However, the Group believes that 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" (Note 17).

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.

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 lawsuit 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 on 10 April 2025. The approval of the Central Bank of Lebanon on the settlement agreement was obtained on 14 March 2025. On 14 April 2025, the Group settled an amount of USD 65 million to the lender and accordingly the claims were dismissed and an amount of USD 191 million equivalent to LBP 17,094,500 million was written-back and recorded under "Net gain on derecognition of financial instruments at amortised cost" (Note 6) out of which an amount of LBP 4,058,879 million pertaining to unrecorded interest from 12 April 2024 to settlement date and provided for under "Provision for risks and charges". The Central Bank of Lebanon approved the simultaneous purchase of USD 191 million at an exchange rate of LBP/USD 15,000 resulting in a loss from exchange of foreign currencies amounting to LBP 14,229,500 million (Note 5).

*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:

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| **Balance at 1 January** | 23,953,218 | 4,063,130 |
| Interest expense | 260,867 | 996,445 |
| Interest paid during the period/year | (260,869) | (525,053) |
| Paid during the period/ year | (5,817,500) | - |
| Write off | (7,607,500) | - |
| Foreign exchange | - | 19,418,696 |
| **Balance at 30 June / 31 December** | 10,528,216 | 23,953,218 |

# 17.0. OTHER LIABILITIES

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Bankers' drafts | 5,477,603 | 6,265,233 |
| Accrued expenses | 1,873,600 | 2,058,416 |
| Electronic cards and regularisation accounts | 1,333,241 | 284,517 |
| Operational taxes | 543,052 | 563,971 |
| Lease liabilities | 474,896 | 454,495 |
| Employee accrued benefits | 285,464 | 108,367 |
| Social security dues | 82,169 | 109,805 |
| Miscellaneous suppliers and other payables | 46,112 | 43,384 |
| Deferred interest payable (Note 16) | - | 5,432,271 |
| Other credit balances | 2,931,468 | 2,986,921 |
| | 13,047,605 | 18,307,380 |

Bankers' drafts as at 30 June 2025 and 31 December 2024 consist of checks paid to depositors that have been not yet withdrawn from the Central Bank of Lebanon or other Lebanese banks.

## 18.0. PROVISIONS FOR RISKS AND CHARGES

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Provisions for risks and charges | 38,566,543 | 35,073,921 |
| Provisions for ECL on financial guarantees and commitments | 224,534 | 283,457 |
| End-of-service benefits | 3,824,856 | 3,709,961 |
| | 42,615,933 | 39,067,339 |

## 19.0. OTHER COMPONENTS OF EQUITY

| | 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 | Total LBP Million |
|---|---|---|---|---|---|
| Balance at 1 January 2025 | 18,995,086 | 8,807,225 | 47,281,624 | (2,715,634) | 72,368,301 |
| Other comprehensive income from continuing operations | - | 906,924 | 4,695,142 | - | 5,602,066 |
| Foreign currency translation of other components of equity | 111,067 | (100,724) | 61,127 | (71,470) | - |
| Balance at 30 June 2025 | 19,106,153 | 9,613,425 | 52,037,893 | (2,787,104) | 77,970,367 |

| | 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 | 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 |

## 20.0. 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 transfer of shares agreement 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. The parties agreed on a purchase price for the shares less reductions (if any) made pursuant to the contract. 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. | |
|---|---|---|
| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
| Cash and balances with central banks | - | 33,504,059 |
| Due from banks and financial institutions | - | 13,225,753 |
| Loans to banks and financial institutions and reverse repurchase agreements | - | 7,179,637 |
| Derivative financial instruments | - | 1,047,604 |
| Financial assets at fair value through profit or loss | - | 5,846,092 |
| Loans and advances to customers at amortised cost | - | 68,274,353 |
| Financial assets at amortised cost | - | 35,527,493 |
| Financial assets at fair value through other comprehensive income | - | 23,024,470 |
| Property and equipment and right-of-use assets | - | 1,535,729 |
| Intangible assets | - | 2,448,277 |
| Assets obtained in settlement of debt | - | 589,277 |
| Deferred tax assets | - | 5,613,486 |
| Other assets | - | 2,812,221 |
| **Total assets classified as held for sale** | - | 200,628,451 |
| | | |
| Due to central banks | - | 12,882 |
| Due to banks and financial institutions | - | 10,700,774 |
| Due to banks under repurchase agreement | - | 17,499,049 |
| Derivative financial instruments | - | 1,789,173 |
| Customers' deposits | - | 121,919,956 |
| Debt issued and other borrowed funds | - | 25,512,561 |
| Other liabilities | - | 3,255,273 |
| Provisions for risks and charges | - | 1,227,062 |
| **Total liabilities classified held for sale** | - | 181,916,730 |
| **Net assets classified as held for sale** | - | 18,711,721 |
| | | |
| **Attributable to:** | | |
| **Equity holders of the parent** | - | 15,375,316 |
| **Non-controlling interests** | - | 3,336,405 |
| | - | 18,711,721 |
| | | |
| **Reserves related to assets held for sale** | | |
| Real estate revaluation reserve | - | 198,385 |
| Cumulative changes in fair value | - | (590,741) |
| Foreign currency translation reserve | - | 9,572,018 |
| Actuarial loss on defined benefit obligation | - | (165,856) |
| | - | 9,013,806 |

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 4,537,192 million at 31 December 2024. 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 group above meets 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. The income statement and the statement of comprehensive income below represent two-months of results as discontinued operations to 28 February 2025 (cut-off date) compared to the six-months period ended 30 June 2024.

| | Odea Bank A.Ş. Unaudited 30 June 2025 LBP Million | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Interest and similar income | 5,744,247 | 22,851,972 |
| Interest and similar expense | (5,792,926) | (24,117,632) |
| **Net interest expense** | **(48,679)** | (1,265,660) |
| Fee and commission income | 363,231 | 1,249,884 |
| Fee and commission expense | (44,577) | (117,251) |
| **Net fee and commission income** | **318,654** | 1,132,633 |
| Net trading income | 309,782 | 2,859,318 |
| Other operating income | 680,187 | 1,179,146 |
| **Total operating income** | **1,259,944** | 3,905,437 |
| Net recovery on financial assets | 267,161 | 553,638 |
| **Net operating income** | **1,527,105** | 4,459,075 |
| Personnel expenses | (1,164,301) | (3,047,808) |
| Other operating expenses | (636,425) | (1,854,652) |
| Depreciation of property and equipment and right-of-use assets | (132,100) | (344,361) |
| Amortisation of intangible assets | (106,680) | (229,007) |
| **Total operating expenses** | **(2,039,506)** | (5,475,828) |
| **Operating loss** | **(512,401)** | (1,016,753) |
| **Loss before tax** | **(512,401)** | (1,016,753) |
| Income tax | 403,308 | 1,362,302 |
| **(Loss) profit for the period** | **(109,093)** | 345,549 |
| **Transfer from other comprehensive income** | **(469,977)** | - |
| **Gain on sale for the period from discontinued operations** | **781,673** | - |
| **Profit for the period** | **202,603** | 345,549 |
| **Attributable to:** | | |
| **Equity holder of the parent** | **228,328** | 284,980 |
| **Non-controlling interests** | **(25,725)** | 60,569 |
| | **202,603** | 345,549 |

Other comprehensive income relating to discontinued operations is as follows:

| | Odea Bank A.Ş Unaudited 30 June 2025 LBP Million | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| **Profit for the period** | **202,603** | 345,549 |
| **Other comprehensive income that will be reclassified to the income statement in subsequent periods** | | |
| *Foreign currency translation* | | |
| Exchange differences on translation of foreign operations | (447,874) | 13,511,249 |
| **Net foreign currency translation** | **(447,874)** | 13,511,249 |
| *Cash flow hedge* | | |
| Net hedging gain arising during the year | - | 82,207 |
| Gain reclassified to income statement | - | (52,388) |
| Tax effects | - | (7,731) |
| **Net change in cash flow hedge** | **-** | 22,088 |
| *Debt instruments at fair value through other comprehensive income* | | |
| Change in fair value during the period | 208,975 | (997,769) |
| Tax effects | (48,064) | 294,830 |
| **Net gain (loss) on debt instruments at fair value through other comprehensive income** | **160,911** | (702,939) |
| **Total other comprehensive (loss) income that will be reclassified to the income statement in subsequent periods** | **(286,963)** | 12,830,398 |
| **Other comprehensive loss reclassified to income statement** | **183,014** | 12,830,398 |
| **Other comprehensive income for the period, net of tax** | | |
| **Total comprehensive income for the period, net of tax** | **385,617** | 13,175,947 |
| **Attributable to:** | | |
| **Equity holder of the parent** | **479,011** | 10,069,059 |
| **Non-controlling interests** | **(93,394)** | 3,106,888 |
| | **385,617** | 13,175,947 |

## 21.0. CASH AND CASH EQUIVALENTS

| | **Unaudited 30 June 2025 LBP Million** | Audited 31 December 2024 LBP Million | Unaudited 30 June 2024 LBP Million |
|---|---|---|---|
| Cash and balances with central banks | 521,112,752 | 478,696,657 | 477,251,221 |
| Due from banks and financial institutions | 91,830,728 | 102,653,433 | 95,645,955 |
| Due to central banks | (8,616) | (10,810) | (8,382) |
| Due to banks and financial institutions | (6,131,178) | (16,801,657) | (5,660,415) |
| | **606,803,686** | 564,537,623 | 567,228,379 |

Cash and balances with central banks include amounts of LBP 95,190,945 million at 30 June 2025 (31 December 2024: LBP 120,838,999 million) representing mandatory reserve deposits and balances.

Cash and cash equivalents include balances in foreign currencies that are subject to defacto 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 30 June 2025 and 31 December 2024:

| | **Unaudited 30 June 2025 LBP Million** | Audited 31 December 2024 LBP Million |
|---|---|---|
| Cash and balances with central banks | 451,934,230 | 428,952,650 |
| Due from banks and financial institutions | 4,517 | 308,342 |
| | **451,938,747** | 429,260,992 |

## 22.0. 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.

## 22.1. FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE

### FAIR VALUE MEASUREMENT HIERARCHY OF THE FINANCIAL ASSETS AND LIABILITIES CARRIED AT FAIR VALUE:

| | 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | 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 | 43,296 | - | - | 43,296 |
| Forward precious metals contracts | 19,463 | - | - | 19,463 |
| Currency swaps | 138,742 | - | - | 138,742 |
| Precious metals swaps | 7,173 | - | - | 7,173 |
| Currency options | 675,431 | - | - | 675,431 |
| Equity options | 829,119 | - | - | 829,119 |
| | **1,713,224** | - | - | 1,713,224 |
| Financial assets at fair value through profit or loss | | | | |
| *Lebanese sovereign and Central Bank of Lebanon* | | | | |
| Eurobonds | 5,807,417 | - | - | 5,807,417 |
| *Other sovereign* | | | | |
| Treasury bills | 20,440,441 | - | - | 20,440,441 |
| Eurobonds | 12,970 | - | - | 12,970 |
| Private sector and other securities | | | | |
| Mutual funds | - | 101,828 | 1,299,515 | 1,401,343 |
| Equity instruments | 167,557 | - | - | 167,557 |
| | **26,428,385** | **101,828** | **1,299,515** | 27,829,728 |
| Financial assets at fair value through other comprehensive income | | | | |
| *Debt instruments* | | | | |
| *Other sovereign* | | | | |
| Treasury bills | 67,180 | - | - | 67,180 |
| Eurobonds | 1,138,163 | - | - | 1,138,163 |
| *Private sector and other securities* | | | | |
| Banks and financial institutions | 16,337,959 | - | - | 16,337,959 |
| Corporate | 7,149,174 | - | - | 7,149,174 |
| *Equity instruments* | | | | |
| Quoted | 12,139,165 | - | - | 12,139,165 |
| Unquoted | - | 266 | 825,595 | 825,861 |
| | **36,831,641** | **266** | **825,595** | **37,657,502** |
| FINANCIAL LIABILITIES | | | | |
| Derivative financial instruments | | | | |
| *Derivatives held for trading* | | | | |
| Forward foreign exchange contracts | 55,330 | - | - | 55,330 |
| Currency swaps | 936,403 | - | - | 936,403 |
| Currency options | 675,431 | - | - | 675,431 |
| Equity options | 829,119 | - | - | 829,119 |
| | **2,496,283** | - | - | **2,496,283** |

| | 31 December 2024 (Audited) | | | |
|---|---|---|---|---|
| | Level 1<br>LBP Million | Level 2<br>LBP Million | Level 3<br>LBP Million | Total<br>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* | | | | |
| Banks and financial institutions | - | - | - | - |
| 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 |
| FINANCIAL LIABILITIES | | | | |
| Derivative financial instruments | | | | |
| *Derivatives held for trading* | | | | |
| Forward foreign exchange contracts | 44,291 | - | - | 44,291 |
| Forward precious metals contracts | | - | - | |
| 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 |

## 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 period  is as follows:

| | 30 June 2025 (Unaudited) | | 31 December 2024 (Audited) | |
|---|---|---|---|---|
| | Financial Instruments at Fair Value through Profit or Loss<br>LBP Million | Financial Instruments at Fair Value through Other Comprehensive Income<br>LBP Million | Financial Instruments at Fair Value through Profit or Loss<br>LBP Million | Financial Instruments at Fair Value through Other Comprehensive Income<br>LBP Million |
| FINANCIAL ASSETS | | | | |
| Balance at 1 January | 1,299,515 | 793,675 | 319,320 | 163,153 |
| Re-measurement recognised in other comprehensive income | - | (4,614) | - | (52,266) |
| Re-measurement recognised in income statement | - | - | (313,634) | - |
| Sales | - | - | (176,446) | (2,822) |
| Foreign exchange difference | - | 36,534 | 1,470,275 | 685,610 |
| Balance at 30 June/31 December | 1,299,515 | 825,595 | 1,299,515 | 793,675 |

## COMPARISON OF CARRYING AND FAIR VALUES FOR FINANCIAL ASSETS AND LIABILITIES NOT HELD AT FAIR VALUE

### 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.

# 23.0. 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.

| | 30 June 2025 (Unaudited) | | |
|---|---|---|---|
| | Banks LBP Million | Customers LBP Million | **Total LBP Million** |
| **Guarantees and contingent liabilities** | | | |
| Financial guarantees | 153,837 | 12,919,526 | 13,073,363 |
| Other guarantees | 606,052 | 5,480,908 | 6,086,960 |
| | **759,889** | **18,400,434** | 19,160,323 |
| **Commitments** | | | |
| Documentary credits | - | 12,444,028 | 12,444,028 |
| Loan commitments | - | 27,144,836 | 27,144,836 |
| *Of which: revocable* | - | *24,940,851* | *24,940,851* |
| *Of which: irrevocable* | - | *2,203,985* | *2,203,985* |
| | - | **39,588,864** | 39,588,864 |

| | 31 December 2024 (Audited) | | |
|---|---|---|---|
| | 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 |

### 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 30 June 2025 (31 December 2024: the same).

## LEGAL CLAIMS

Litigation is a common occurrence in the banking industry due to the nature of the business. At period-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, however they may have an impact on the liquidity of the Group (Note 28).

## CAPITAL EXPENDITURE COMMITMENTS

| | **Unaudited 30 June 2025 LBP Million** | Audited 31 December 2024 LBP Million |
|---|---|---|
| Capital expenditure commitments | 27,279 | 24,305 |

## 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 does 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 2019 to 2024 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.

The Bank's books in Lebanon remain subject to the review of the tax authorities for the years 2018 to 30 June 2025 and the review of the National Social Security Fund (NSSF) for the period from 30 September 2011 to 30 June 2025. 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.

# 24.0. 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.

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Assets under management | 602,570,284 | 620,235,477 |
| Fiduciary assets | 92,957,817 | 88,097,152 |
| | 695,528,101 | 708,332,629 |



# 25.0. 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.



Amounts included in the Group's financial statements are as follows:

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Loans and advances | 205,645 | 361,848 |
| *Of which: granted to Key Management Personnel* | *196,844* | *353,010* |
| *Of which: cash collateral received against loans* | *573* | *157,117* |
| Indirect facilities | 86,861 | 89,853 |
| Deposits | 2,241,468 | 3,537,330 |
| Interest income on loans | 1,277 | 12,528 |
| Interest expense on deposits | 1,908 | 4,310 |

## 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.

| | Unaudited 30 June 2025 LBP Million | Unaudited 30 June 2024 LBP Million |
|---|---|---|
| Short-term benefits | 224,671 | 314,923 |
| Post-employment benefits – income statement | 3,243 | 1,548 |

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 96,568 million as of 30 June 2025 (31 December 2024: LBP 93,315 million).

# 26.0. CREDIT RISK

## 26.1. EXPECTED CREDIT LOSSES

### 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 30 June 2025 and 31 December 2024. The Group does not hold any purchased or originated credit-impaired assets as at period-end.

| | Gross Exposure | | | | Impairment Allowance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **30 June 2025 (Unaudited)** | 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 | 58,900,197 | 814,748,480 | - | 873,648,677 | - | 16,320,067 | - | 16,320,067 | 857,328,610 |
| Due from banks and financial institutions | 161,410,022 | 114,025 | 32,943 | 161,556,990 | 5,374 | 13,188 | 12,822 | 31,384 | 161,525,606 |
| Loans and advances to customers at amortised cost | 81,957,321 | 4,078,110 | 21,749,121 | 107,784,552 | 1,192,211 | 483,536 | 19,841,651 | 21,517,398 | 86,267,154 |
| *Corporate and SME* | *33,562,737* | *4,042,533* | *15,784,267* | *53,389,537* | *977,464* | *481,157* | *15,319,233* | *16,777,854* | *36,611,683* |
| *Retail and Personal Banking* | *48,394,584* | *35,377* | *4,828,914* | *53,258,875* | *214,747* | *2,378* | *3,386,477* | *3,603,602* | *49,655,273* |
| *Public sector* | - | *200* | *1,135,940* | *1,136,140* | - | *1* | *1,135,941* | *1,135,942* | *198* |
| Loans and advances to related parties at amortised cost | 205,645 | - | - | 205,645 | - | - | - | - | 205,645 |
| Financial assets at amortised cost | 44,870,555 | 59,479,573 | 2,040,865 | 106,390,993 | 9,765 | 1,173,306 | - | 1,183,071 | 105,207,922 |
| Financial guarantees and other commitments | 33,158,497 | 665,527 | 417,070 | 34,241,094 | 57,456 | 12,258 | 154,820 | 224,534 | 34,016,560 |
| Total | 380,502,237 | 879,085,715 | 24,239,999 | 1,283,827,951 | 1,264,806 | 18,002,355 | 20,009,293 | 39,276,454 | 1,244,551,497 |

| | Gross Exposure | | | | Impairment Allowance | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 31 December 2024 (Audited) | 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 |

## 26.2. 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 30 June 2025 and 31 December 2024 is as follows:

| | 30 June 2025 (Unaudited) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 798,428,413 | - | - | 58,900,197 | - | | - | - | - | 857,328,610 |
| Due from banks and financial institutions | 114,453 | 8,225 | 28,267,528 | 112,020,667 | 18,350,969 | 2,738,858 | 16,466 | 8,440 | - | 161,525,606 |
| Derivative financial instruments | 60,952 | - | 11,980 | 1,637,469 | - | - | 634 | 2,189 | - | 1,713,224 |
| Financial assets at fair value through profit or loss | 5,807,417 | - | - | - | 20,440,441 | - | | 12,970 | - | 26,260,828 |
| Loans and advances to customers at amortised cost | 31,637,381 | 444,490 | 23,437,182 | 16,802,068 | 2,601,473 | 1,025 | 9,406,796 | 1,348,735 | 588,004 | 86,267,154 |
| Loans and advances to related parties at amortised cost | 200,441 | - | 104 | 5,100 | - | - | - | - | - | 205,645 |
| Debtors by acceptances | 360,843 | - | 28,478 | 43,438 | - | - | - | - | - | 432,759 |
| Financial assets at amortised cost | 60,347,132 | - | 1,253,770 | 23,848,827 | 16,576,016 | 2,289,200 | - | - | 892,977 | 105,207,922 |
| Financial assets at fair value through other comprehensive income | - | - | 4,495,120 | 7,092,751 | 10,942,621 | 2,161,984 | - | - | - | 24,692,476 |
| Other assets | 5,322,626 | - | 106,833 | 596,748 | - | - | - | - | - | 6,026,207 |
| | **902,279,658** | **452,715** | **57,600,995** | **220,947,265** | **68,911,520** | **7,191,067** | **9,423,896** | **1,372,334** | **1,480,981** | **1,269,660,431** |

| | 31 December 2024 (Audited) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 |

# 27.0. MARKET RISK

## 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 and Euros. 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 realization of such assets and the payment of such liabilities.

The following tables present the breakdown of assets and liabilities of the Group by currency.

| | 30 June 2025 (Unaudited) | | | | | |
|---|---|---|---|---|---|---|
| | LBP<br>LBP Million | USD<br>LBP Million | EUR<br>LBP Million | TRY<br>LBP Million | Other<br>LBP Million | Total<br>LBP Million |
| **Assets** | | | | | | |
| Cash and balances with central banks | 2,664,140 | 759,981,567 | 76,927,914 | - | 26,177,349 | 865,750,970 |
| Due from banks and financial institutions | 105,699 | 127,834,777 | 10,723,790 | 8,222 | 22,853,118 | 161,525,606 |
| Derivative financial instruments | - | 337,992 | 353,055 | - | 1,022,177 | 1,713,224 |
| Financial assets at fair value through profit or loss | 6,013 | 27,626,174 | - | - | 197,541 | 27,829,728 |
| Loans and advances to customers at amortised cost | 354,805 | 43,690,229 | 28,367,397 | 86 | 13,854,637 | 86,267,154 |
| Loans and advances to related parties at amortised cost | 2,347 | 194,680 | 8,364 | - | 254 | 205,645 |
| Debtors by acceptances | - | 149,652 | 283,107 | - | - | 432,759 |
| Financial assets at amortised cost | 2,042,960 | 74,555,502 | 28,609,460 | - | - | 105,207,922 |
| Financial assets at fair value through other comprehensive income | 12,118,780 | 25,200,374 | 68,804 | - | 269,544 | 37,657,502 |
| Property and equipment and right-of-use assets | 18,464,992 | 3,995 | 428,103 | - | 3,923,947 | 22,821,037 |
| Intangible assets | 162,072 | - | 75,209 | - | 200,346 | 437,627 |
| Assets obtained in settlement of debt | 2,685 | 95,783 | - | - | - | 98,468 |
| Other assets | 188,273 | 5,645,805 | 909,313 | - | 684,009 | 7,427,400 |
| Deferred tax assets | 107 | - | 520,083 | - | 37,514 | 557,704 |
| Goodwill | - | - | - | - | 3,110,238 | 3,110,238 |
| **Total assets** | **36,112,873** | **1,065,316,530** | **147,274,599** | **8,308** | **72,330,674** | **1,321,042,984** |
| **Liabilities and shareholders' equity** | | | | | | |
| Due to central banks | 2,250,927 | 298,798 | 2,640 | - | - | 2,552,365 |
| Due to banks and financial institutions | 9,191 | 11,278,715 | 600,157 | - | 435,690 | 12,323,753 |
| Derivative financial instruments | - | 167,318 | 600,582 | 122 | 1,728,261 | 2,496,283 |
| Customers' deposits | 6,720,951 | 984,300,348 | 121,172,281 | 4,083 | 24,628,250 | 1,136,825,913 |
| Deposits from related parties | 9,094 | 1,882,372 | 315,875 | 3,834 | 30,293 | 2,241,468 |
| Debt issued and other borrowed funds | - | 10,528,216 | - | - | - | 10,528,216 |
| Engagements by acceptances | - | 149,652 | 283,107 | - | - | 432,759 |
| Other liabilities | 2,256,342 | 7,729,864 | 1,732,904 | - | 1,328,495 | 13,047,605 |
| Deferred tax liabilities | 2,095,718 | - | - | - | 35,443 | 2,131,161 |
| Current tax liability | 1,753,660 | (2,555) | 345,197 | - | 38,991 | 2,135,293 |
| Provisions for risks and charges | 1,617,792 | 37,851,639 | 1,358,065 | - | 1,788,437 | 42,615,933 |
| Shareholders' equity | 33,474,191 | 20,267,300 | 12,212,706 | 1,090 | 27,756,948 | 93,712,235 |
| **Total liabilities and shareholders' equity** | **50,187,866** | **1,074,451,667** | **138,623,514** | **9,129** | **57,770,808** | **1,321,042,984** |

| | 31 December 2024 (Audited) | | | | | |
|---|---|---|---|---|---|---|
| | LBP<br>LBP Million | USD<br>LBP Million | EUR<br>LBP Million | TRY<br>LBP Million | Other<br>LBP Million | Total<br>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 |
| Investments in associates | | | | | | |
| 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 | - | 72,479 | - | 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 | - | 43,728,038 | 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 |

Assets and liabilities in foreign currencies presented in the tables above include onshore assets and liabilities in foreign currencies that are subject to defacto 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:

| | 30 June 2025 (Unaudited) | | | |
|---|---|---|---|---|
| | USD LBP Million | EUR LBP Million | Other LBP Million | Total LBP Million |
| Assets | | | | |
| Cash and balances with central banks | 752,233,104 | 42,748,275 | 623,442 | 795,604,821 |
| Due from banks and financial institutions | 4,090 | - | - | 4,090 |
| Financial assets at fair value through profit or loss | 1,204,948 | - | - | 1,204,948 |
| Loans and advances to customers at amortised cost | 3,604,155 | 166,073 | - | 3,770,228 |
| Loans and advances to related parties at amortised cost | 188,225 | - | - | 188,225 |
| Financial assets at amortised cost | 58,304,171 | - | - | 58,304,171 |
| Financial assets at fair value through other comprehensive income | 101,253 | 13,839 | - | 115,092 |
| Property and equipment and right-of-use assets | 3,995 | - | 3,066 | 7,061 |
| Assets obtained in settlement of debt | 95,782 | - | - | 95,782 |
| Other assets | 4,242,240 | - | 388 | 4,242,628 |
| Total assets | 819,981,963 | 42,928,187 | 626,896 | 863,537,046 |
| Liabilities and shareholders' equity | | | | |
| Due to central banks | 292,822 | - | - | 292,822 |
| Due to banks and financial institutions | 713,056 | 997 | 41 | 714,094 |
| Customers' deposits | 810,757,916 | 40,621,843 | 5,614,988 | 856,994,747 |
| Deposits from related parties | 1,324,578 | 9,713 | 12,851 | 1,347,142 |
| Other liabilities | 6,874,196 | 470,684 | 112,484 | 7,457,364 |
| Provisions for risks and charges | 35,302,811 | - | - | 35,302,811 |
| Total liabilities | 855,265,379 | 41,103,237 | 5,740,364 | 902,108,980 |

| | 31 December 2024 (Audited) | | | |
|---|---|---|---|---|
| | 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 and shareholders' equity | | | | |
| 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 |





## 28.0. LITIGATION RISK

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 23). 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,

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 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. On 10 July 2025, the First Investigative Judge issued a decision by virtue of which he considered that the defense submitted by the defendants is valid and lawful and therefore issued a nolle prosequi. The claimant filed an appeal before the Indictment Chamber in Mount Lebanon. The case is still pending before this chamber.

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". The case was dismissed on 3 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 notified officially of this lawsuit during 2025 and is currently preparing its defense with its lawyers.

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 23).

## 29.0. 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.

# 30.0. 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, Intermediate Circular 740 issued on 29 August 2025 and Intermediate Circular 741 issued on 10 September 2025 and 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. The levels remained applicable in 2025.

| Type of financial instrument | 30 June 2025 | 31 December 2024 |
|---|---|---|
| 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 % |

- 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 to complete 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 75% of revaluations gain of owned real estate properties under articles 153 and 154 of the Code of Money and Credit in Common Equity Tier 1 subject to Central Bank verification and completion by 31 December 2026. Revaluation must be in fresh USD and recorded in LBP at specified rates (1,507.5 until 31 January 2023; 15,000 until 31 January 2024; 89,500 until 31 May 2025; and at the official platform rate from 1 June 2025 onward).

- 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 and 740, Banks were once again allowed to draw down completely the 2.5% capital conservation buffer in 2023, 2024 and 2025.

- 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 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 30 June 2025, the amount of General Provisions included in Tier 2 amounted to 11,251,065 million (31 December 2024: LBP 12,489,668 million).





The following table shows the applicable regulatory capital ratios:

| | Common Tier 1 Capital Ratio | Tier 1 Capital Ratio | Total Capital Ratio |
|---|---|---|---|
| 30 June 2025 | | | |
| 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 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% |

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Risk-weighted assets: | | |
| Credit risk | 990,060,994 | 1,153,899,775 |
| Market risk | 30,581,832 | 55,276,600 |
| Operational risk | 74,224,772 | 94,650,010 |
| Total risk-weighted assets | 1,094,867,598 | 1,303,826,385 |

The regulatory capital as of 30 June 2025 and 31 December 2024 is as follows:

| | Unaudited 30 June 2025 LBP Million | Audited 31 December 2024 LBP Million |
|---|---|---|
| Tier 1 capital | 82,206,074 | 73,266,932 |
| *Of which: Common Tier 1* | *81,301,574* | *72,362,432* |
| Tier 2 capital | 12,375,762 | 23,545,709 |
| Total capital | 94,581,836 | 96,812,641 |

The capital adequacy ratio including net profit for the period as of 30 June 2025 and 31 December 2024 is as follows:

| | Unaudited 30 June 2025 | Audited 31 December 2024 |
|---|---|---|
| Capital adequacy – Common Tier 1 | 7.43% | 5.55% |
| Capital adequacy – Tier 1 | 7.51% | 5.62% |
| Capital adequacy – Total capital | 8.64% | 7.43% |

The capital adequacy ratios as at 30 June 2025 and 31 December 2024 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.

# 03 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-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:** Mr. Fady A. Khoury

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:** Mrs. Nancy S. Boustany

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. Nisrine N. Chidiac

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:** Mrs. Hoda A. Azar

#### 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 – 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

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# 3.0. SWITZERLAND

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P.O. Box: 11-2666 Beirut - Lebanon.
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# 4.0. SAUDI ARABIA

## AUDI CAPITAL (KSA) cjsc

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P.O. Box: 250744 Riyadh 11391 Kingdom of Saudi Arabia.
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# 5.0. QATAR

## BANK AUDI LLC

*Authorised by the QFC Regulatory Authority*
*License No. 00027*

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# 6.0. FRANCE

## BANK AUDI FRANCE sa

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# 7.0. LEBANON

## SOLIFAC sal

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# 8.0. UNITED ARAB EMIRATES

## BANK AUDI sal – ABU DHABI REPRESENTATIVE OFFICE

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