Bank Audi

INTERIM FINANCIAL **REPORT**

END-JUNE 2021
(Unaudited)

TABLE OF CONTENTS

01

MANAGEMENT DISCUSSION & ANALYSIS

1.0. BASIS OF PRESENTATION

The following discussion and analysis has been prepared by the Bank's Management based upon the 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. It should be read in conjunction with, and is qualified in its entirety, by the 2020 Annual Report and the Interim Financial Statements in the first half of 2021, including the respective notes thereto.

The Bank's Annual and Interim Financial Statements have been prepared in accordance with standards issued or adopted by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee, the general accounting plan for banks in Lebanon, and the regulations of the Central Bank of Lebanon and the BCC. Such Interim Financial Statements include the results of the Bank and its consolidated subsidiaries as listed in Note 2 to the enclosed Interim Financial Statements as at end-June 2021.

The Lebanese political, financial and monetary crisis and its massive uncertainties continue to weigh heavily on the operating conditions of banks in Lebanon, translating into a negative economic environment, deepening recession, hyperinflation and a multitude of exchange rates. As per the World Bank, the financial crisis has reached a point where it could be ranked among the world's three worst crises since the mid-1800s. The Crisis is further exacerbated by the woes of the global economies at large and relating to the volatility in the COVID-19 pandemic, evolving from consecutive lockdowns to relaxing bans, only to face now a resurgence in the number of cases amid the emergence of new COVID-19 strains worldwide, while vaccination levels remain suboptimal. Within this environment, the persisting deafening absence of a clear resolution roadmap for the Lebanese Crisis continues to prevent Management from estimating in a true and fair manner, and as per IFRS, the adverse impact of those matters on the Bank's financial position and equity, which it anticipates to be material. In particular, Management wishes to draw attention to the following key points that carry significant uncertainties with potential material impact on the future financial position of the Bank:

- The impact of the valuation of assets and liabilities in foreign currencies is expected to be significant once the revamping of the peg is implemented by the Lebanese government, as seems highly likely.

- Loss allowances on assets held at the Central Bank of Lebanon and the portfolio of Lebanese government securities are set at very low levels and considered insufficient given the underlying risks of those assets. Should an adjustment become necessary, the impact is expected to be pervasive.

- A further deterioration of the credit quality of the loan portfolio as a result of the persisting negative economic conditions and the deepening recession, may reveal additional future embedded losses.

- Potential restatement of published financial statements resulting from the use of a functional currency (LBP) related to a hyperinflationary economy as per IAS 29.

- Management has concerns about the effects that the above matters will have on the equity of the Group and the recapitalisation needs that will arise once the necessary adjustments are determined and recorded (please refer to the Bank's 2020 Annual Report for further details).

Based on the above, the external auditors expressed an adverse opinion on the 2020 financial statements.

As per regulatory requirements, the Bank maintains its accounts in Lebanese Pounds (LBP). Nonetheless, all figures presented in the following MD&A are expressed in US Dollars ("USD"), unless specifically otherwise stated. The difficulty in accessing foreign currencies has led to the emergence of a parallel market to the official rate of 1,507.5 USD/LBP which deviates significantly from the latter. Also, since April 2020, the Central Bank of Lebanon introduced several rates to be used only in specific circumstances , namely (i) 3,900 USD/LBP as per BdL BC 151, (ii) 12,000 USD/LBP as per BdL BC 158, and (iii) the "Sayrafa" platform rate. For the purpose of this discussion, US Dollar amounts are translated from Lebanese Pounds at the closing of the official rate of exchange published by the Central Bank of Lebanon (1,507.5 as of each of 30 June 2020, 31 December 2020, and 30 June 2021), in line with IAS 21 due to the lack of an alternative legal exchange mechanism. Consequently, the financial statements do not reflect the change of disclosures required by IAS 29 which applies for hyperinflationary economies since the existence of a wide range of FX rates prevailing on the market and the absence of forthcoming revamping of the official peg make it difficult to proceed with such adjustments, especially when it comes to the valuation of monetary assets and liabilities. References to foreign currency translation differences reflect the movement of functional currencies in the countries in which the Bank has a presence against the US Dollar.

2.0. OPERATING ENVIRONMENT

The Bank operates principally in Lebanon. Turkey, home of Odea Bank, represents the other significant market of presence of the Group. Accordingly, its financial condition, results of operations and business prospects are closely related to the overall political, social and economic situation in Lebanon and to lesser extend in Turkey. What follows is a short analysis of the operating environment in Lebanon in the first half of 2021.

The first half of 2021 was marked by a volatility in the pandemic, with the first quarter reporting a rise in COVID cases in Lebanon generating consecutive lockdowns, while the second quarter reported a sharp decline in cases and deaths, leading to a number of countries removing their travel bans with Lebanon. Yet the third quarter started with a resurgence in the number of cases amid the emergence of new Corona strains worldwide, while vaccination has exceeded 22% of Lebanon's population so far.

The analysis of major macroeconomic aggregates this year suggests that private consumption has been adversely impacted by overall economic concerns, in addition to the adverse impact of the Coronavirus pandemic on the consumption behaviour. Private investment got a significant hit amid lack of economic appetite and growing concerns on the politico-economic outlook of the country at large.

Almost all sectors have witnessed a further contraction in the first half of 2021 relative to the 2020 period, amid domestic political bickering, rising macroeconomic uncertainties and ascending monetary fears. The tourism and real estate sectors seem to be the only sectors regaining some strength this year amid cheap domestic prices and global travel opening up, with property sales and passengers at the airport up by double-digits this year.

The evolution of real sector indicators this year is actually a mirror image of a sluggish economy. The BdL average coincident indicator, a weighted average of a number of real sector indicators, reported a contraction of 44.1% in the first two months of 2021 relative to the same period of 2020. Among indicators with negative growth over the first half of this year, we mention the merchandise at the Port with a contraction of 70.8%, new car sales with a decline of 49.0%, cement deliveries with a decline of 33.3%, and the value of cleared checks with a drop of 22.1%. Indicators with positive growth were construction permits with a surge of 326.6%, the value of property sales with an increase of 59.0% year-on-year, and the number of passengers at the airport with a rise of 19.0% year-on-year.

At the monetary level, the year 2021 has witnessed erratic fluctuations of the Lebanese Pound exchange rate on the black market. The behaviour of the exchange rate of the Lebanese Pound is the result of a combination of psychological factors related to domestic confidence and fundamental factors related to the demand and supply of Lebanese Pounds and US Dollars on the market. Subsequently, the year-on-year Consumer Price Index surged by 149% in May 2021 compared to results of May 2020 as per the Consultation and Research Institute. BdL FX reserves contracted by USD 3.5 billion in the first half of 2021 amid FX market intervention, and import financing for basic products. In parallel, Parliament approved a law to distribute prepaid cards valued at a yearly total of USD 556 million, an average of USD 93 per household per month for 500 thousand eligible households, parallel to potential subsidy rationalisation.

At the capital markets level, equity markets did not mirror the economic sluggishness of the first half year. The BSE price index reported an expansion of 30% in the first half of the year, driven mainly by the improvement in Solidere prices which rose by 35% over the period, amid the investor tendency to avoid haircuts on their financial placements. This occurred within the context of a 57.4% annual increase in trading volume year-on-year, moving from USD 119 million in the first half of 2020 to USD 188 million in the first half of 2021.

Finally, banking sector statistics for the first five months of 2021 suggest a continuing contraction in activity this year, though much less significant than that of the corresponding period of last year. In fact, measured by the aggregated assets of operating banks in Lebanon, banking activity contracted by USD 4.7 billion in the 2021 year-to-May period (the equivalent of -2.5%), against a contraction of USD 12.9 billion over the same period of 2020 (the equivalent of -6.0%). Banks' shareholders' equity amounted to USD 17.0 billion at end-May 2021, against USD 19.9 billion at end-2020 and USD 20.7 billion at end-2019. The contraction in shareholders' equity is tied to the accumulation of bank losses, despite cost control efforts, amid significant provisioning requirements facing Lebanese banks, covering both sovereign and private sector risks at large.

3.0. CONSOLIDATED FINANCIAL CONDITION

The uncertainties stemming from the unprecedented challenges of the Lebanese Crisis marked the Group's operating conditions in the first half of 2021, in addition to the adverse political and economic developments affecting more specifically Turkey, exacerbated by the outbreak of the COVID-19 pandemic worldwide. On this backdrop, Management has been actively pursuing the implementation of a number of measures aiming at reinforcing the Bank's financial standing while de-risking foreign entities from Lebanon spillover effects.

Those measures are inherent to an adopted broader direction focusing on six "going-concern" pillars as follows :

1. Strengthening the foreign currency liquidity (liquidity & ALM) – in line with the Central Bank of Lebanon's Basic Circular 154 requiring Lebanese banks to ensure a ratio of offshore liquidity free from any obligation (liquidity abroad), exceeding 3% of their total deposits in foreign currencies on 31 July 2020. As a result of a number of initiatives implemented by the Bank, of which the largest contributor being the proceeds from the sale of foreign operations, Bank Audi's offshore liquidity ratio stood at 6% as at end-June 2021 compared to 0.93% as at 16 January 2021. Currently, the Bank is working on managing the impact of the BdL Basic Circular 158 (please refer to Note 1 of the attached financial statements) and streamline the related processes to be ready when the said circular enters into effect. So far, the impact of the said circular on the Bank's liquidity in foreign currencies amounts to USD 107 million in the first year if all eligible customers express their intention to benefit from this circular, reaching USD 342 million over the 5-year period. The Bank's direction consists of multiplying initiatives aiming at accumulating liquidity buffers. In doing so, the Bank will be taking into account regulatory updates as issued by the Central Bank of Lebanon. On 17 August 2021 and effective that date, BdL issued Basic Circular 159 which prevented 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. It also prevented banks from purchasing foreign currencies at parallel rates 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, and (iii) settling international commitments. Finally, the circular prevented banks from purchasing bankers' checks and other banks' accounts in foreign currencies, whether directly or indirectly.

Restructuring of senior loans – Optimising further the management of foreign currency liquidity.

The outset of the Lebanese Crisis has materially impacted the international liquidity of Lebanese banks at large, which has led a number of those banks having lines with senior lenders to request a deferral on the repayment of the principal. Bank Audi was no different, initiating discussions with senior lenders in October 2020 revolving around a 1 year + 1 year principal deferral while continuing to serve interest payment. In May 2021, in light of the continuing uncertainties of outcome, Management preferred to direct discussions towards a restructuring rather than a deferral, a shift much appreciated by the counterparties. The main objective of this restructuring was to: (i) reduce interest charges significantly; and (ii) extend the maturity of these facilities to reduce the yearly repayment burden and allow Management to optimise the available free liquidity in foreign currencies. On 13 August 2021, restructuring agreements were signed with Development Financial Institutions (DFIs) representing 89% of the Bank's outstanding loan amounts, covering principally an extension of the maturity of each facility by 6 years with zero interest charge and zero restructuring fees. This resulted in a reduction of annual repayments by almost two-thirds with significant interest savings while annihilating any potential legal risk and allowing for sustaining healthy and proactive relationships with major DFIs.

2. Reinforcing the capital base (solvency) – to maintain sufficient capital buffers over the minimum regulatory capital adequacy levels and in line with Central Bank of Lebanon's Intermediary Circular 567 requesting all banks operating in Lebanon to (i) increase the regulatory capital through contributions in foreign currencies, in an amount equivalent to 20% of the Common Equity Tier 1 as at 31 December 2018; and (ii) to cover the capital shortfall, if any, to meet the minimum required regulatory capital ratios as determined by the circulars of the Central Bank of Lebanon. Again, through a number of initiatives covering an issuance of common share in the first quarter of 2020, the receipt of dividends from foreign entities and the sale of the Bank's operations in Egypt, Jordan and Iraq, and of its investment in Bank Audi Syria, Bank Audi was able to exceed the requirement of the Central Bank of Lebanon of USD 622 million (representing the required 20% of capital) and raise USD 635 million of which 331 million in fresh dollars. On 7 May 2021, Bank Audi obtained the approval of BdL's Central Council on the 20% capital increase (please refer to Note 1 of the Financial Statements as at end-June 2021 and the 2020 Annual Report for details).

The above translated in a consolidated CET1 ratio of 10.0% with a Tier 1 ratio of 12.6% and a total capital adequacy ratio of 14.3% as at end-June 2021, compared to 9.4%, 11.5% and 13.1% respectively as at end-December 2020, within regulatory minima of 4.5%, 6.0% and 8.0% respectively.

3. Asset quality by firming up the de-risking policy with an active loan deleveraging supported by a centralised and specialised remedial function to tightly follow up on loan quality – In view of the negative economic outlook and the deepening of the recession in Lebanon, Management has toughened, in the first half of 2021, same as in 2020, its loan deleveraging policy initiated in 2017 with a special focus on Stage 2 loans in order to mitigate the risk of their transfer to Stage 3, increasing collection and proactively allocating provisions. The loan credit function was hence mostly concentrated around the activity of a decentralised and specialszed remedial function amid a direction to fully allocate all operating surplus to provisions until the dissipation of the prevailing uncertainties in Lebanon. Consolidated gross loans contracted by USD 636 million in the first half of 2021 (8.9%), driven principally by a contraction of gross loans of Lebanese entities by USD 444 million (-13.1%) and a decrease in Odea Bank by USD 130 million (-4.7%), stemming mostly from an FX effect following the devaluation of the Turkish Lira versus the US Dollar. In parallel, Stage 2 and Stage 3 loans improved by -14.1% and -14.9% respectively over the same period, representing a decrease by USD 198 million and USD 164 million respectively. As a result, the share of Stage 1 loans in gross loans improved by 2.1%, from 65.1% at end-December 2020 to 67.2% as at end-June 2021, mirroring a decrease in the share of Stage 2 loans in gross loans by 1.1% and of Stage 3 loans by 1% over the same period. Meanwhile, coverage of Stage 3 loans improved from 55.3% as at end-December 2020 to 62.5% as at end-June 2021, while the Bank relies on real guarantees representing 65% of Stage 3 loans to provide a comfortable buffer in case of further deterioration. In addition, the Bank has excess provisions earmarked for loans of USD 108 million (USD 105 million as at end-December 2020) that it could use as well.

4. Quality of earning: further rationalising of operating expenses while reinforcing the performance of foreign subsidiaries. Indeed, and in common with entities operating in severe crisis mode under hyperinflationary pressures, Management adopted a cost optimisation policy in Lebanon focusing on: 1) reducing the size of the branch network with the temporary closure of 21 branches since September 2019 till end-June 2021, 2) relocating employees internally to other branches/ services, and 3) facilitating the voluntary departure of staff reducing head count by 38% over the same period, albeit while incurring a one-off cost USD 67 million.

5. Operational and other non-financial risks: the Bank has been running on crisis management mode to counter the risk arising from the deteriorating economic, political and social environment, the Beirut Port blast and the COVID-19 pandemic.

6.Governance: a number of measure were implemented during the course of the first half of 2021 aiming at enhancing its governance structure. On the backdrop of the operations consolidation and organisation structure optimisation measures undertaken in 2020, these cover the strict ring fencing of its remaining foreign entities from Lebanon risk (fully margining of IRS of Odea Bank and buy-back by Bank Audi Lebanon of loans participation of Ban Audi LLC (Qatar) and Bank Audi France), whilst improving transparency and independence of local decision. Within that scope, Management formulated an internal policy on related entity transactions encompassing strict rules for entities to remain ring-fenced from potential future crisis spillovers.

Based on the above, consolidated assets of Bank Audi contracted by 21% in the first half of 2021, from USD 35.4 billion as at end-December 2020 to USD 28.0 billion as at end-June 2021. This contraction principally mirrors the deconsolidation of Bank Audi's entities in Jordan, Iraq and Egypt following the completion of their sale. As at end-December 2020, and in waiting for the completion of the transactions agreed on in 2020, those operations were then treated as discontinued operations and their financials were not reflected in the line-by-line structure of the Statement of Financial Position. Rather, their 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 Summarised Statement of Financial Position below). In the Income Statement, the net profits generated by those discontinued operations in the first half of 2021 were booked under "results from discontinued operations".

Adjusting to the USD 6.4 billion of assets related to discontinued operations, consolidated assets would have moved from USD 29 million as at end-December 2020 to USD 28.0 billion as at end-June 2021, implying a decrease by USD 1.0 billion, of which USD 0.4 billion in Lebanese entities including consolidated adjustments, USD 0.5 billion in Odea Bank with the remainder decrease accounted for by other European subsidiaries.

The table below sets out the evolution of the Group's financial position as at end-June 2021 as compared to end-December 2020:

SUMMARISED STATEMENT OF FINANCIAL POSITION

(USD Million)	Dec-20	Jun-21	Vol. Jun-21/Dec-20	%
Cash & placements with banks and central banks	14,540	14,238	-301	-2.1%
Portfolio securities	6,433	6,264	-169	-2.6%
Loans to customers	6,136	5,570	-567	-9.2%
Other assets	7,846	1,482	-6,365	-81.1%
Fixed assets	476	451	-25	-5.2%
Assets= Liabilities + Equity	35,431	28,005	-7,426	-21.0%
Bank deposits	3,677	3,018	-659	-17.9%
Customers' deposits	21,528	20,702	-826	-3.8%
Subordinated debt	797	805	8	0.9%
Other liabilities	6,477	729	-5,748	-88.7%
Shareholders' equity (profit included)	2,951	2,751	-200	-6.8%
AUMs + fid. dep. + cust. acc.	8,752	8,991	239	2.7%
Assets + AUMS	44,183	36,996	-7,187	-16.3%

An activity breakdown by geography as at end-June 2021 reveals a predominance of Lebanese entities and Turkish operations. 69.8% of consolidated assets were generated by entities operating in Lebanon versus 30.2% from entities abroad, of which 17.8% from Odea Bank and 11.7% from entities operating in Europe. At the same date, the contribution of entities abroad to consolidated customers' deposits represented 29.3%, compared to 28.4% as at end-December 2020, while those entities account for 61.1% of consolidated net loans, of which 43.1% contributed by Odea Bank in Turkey and 15.9% by operations in Europe. The following table sets out a breakdown of the Bank's assets, customers' deposits and loans, by geography, as at the dates indicated:

BREAKDOWN BY GEOGRAPHY

	Assets			Deposits			Loans		
	Dec-20	Jun-21	Change	Dec-20	Jun-21	Change	Dec-20	Jun-21	Change
By region									
Lebanon	56.2%	69.8%	13.6%	71.6%	70.7%	-0.8%	41.5%	38.9%	-2.7%
Abroad	43.8%	30.2%	-13.6%	28.4%	29.3%	0.8%	58.5%	61.1%	2.7%

In parallel, consolidated assets under management increased by USD 239 million over the first half of the year, translating in consolidated assets, including fiduciary deposits, security accounts and AuMs of USD 36.9 billion at end-June 2021, compared to USD 44.2 billion as at end-December 2020.

3.1. ASSET ALLOCATION

A comparative analysis of the consolidated assets allocation as at end-June 2021 compared to end-December 2020 is shown in the table below:

ASSETS BREAKDOWN

	Dec-20		Jun-21	
(USD Million)	Vol.	%	Vol.	%
Cash & placements with banks and central banks	14,540	41.0%	**14,238**	**50.8%**
Portfolio securities	6,433	18.2%	**6,264**	**22.4%**
Net loans	6,136	17.3%	**5,570**	**19.9%**
Other assets	7,846	22.1%	**1,482**	**5.3%**
Fixed assets	476	1.3%	**451**	**1.6%**
Total assets	35,431	100%	**28,005**	**100%**

A comparative analysis of asset classes relative to consolidated customers' deposits as at end-June 2021 compared to end-December 2020 shows a further decrease in the loans to deposits ratio at the advantage of placements with central banks and banks. The Bank's consolidated loans to deposits ratio contracted from 28.5% as at end-December 2020 to 26.9% as at end-June 2021, with the decrease justified by a faster decrease in net loans (-9.2%) than of in consolidated customers' deposits (-3.8%) over the period. In parallel, the Bank's consolidated placements with central banks and banks (excluding certificates of deposit issued by the Central Bank) represented 68.8% of consolidated customers' deposits as at end-June 2021, as compared to 67.5% as at end-December 2020, while portfolio securities represented 30.3% of customers' deposits as at end-June 2021, as compared to 29.9% as at end-December 2020.

CHANGES IN PLACEMENTS WITH CENTRAL BANKS AND BANKS

The Bank's placements with central banks and banks (comprised principally of cash, as well as amounts held at central banks (including free accounts and compulsory reserves and excluding certificates of deposits issued by the Central Bank of Lebanon), placements with banks and loans to banks and reverse repurchase facilities with central banks and financial institutions) decreased by USD 301 million or a contraction by -2.1% in the first half of 2021, reaching USD 14.2 as at end-June 2021, representing 68.8% of customers' deposits, as compared to 67.5% of customers' deposits as at end-December 2020.

The table below sets out a breakdown of placements with central banks and banks by type and currency as at end-June 2021:

PLACEMENTS WITH CENTRAL BANK AND BANKS (EXCLUDING CDs)

(USD Million)	LBP	USD	EUR	TRY	Others	TOTAL
Central banks	2,271	7,856	938	58	1,040	12,164
o.w. Reserves requirements	344	1,930	9	1	-1	2,283
o.w. Cash deposits	1,927	5,927	929	57	1,041	9,881
Placement with banks	2	1,526	247	164	136	2,075
o.w. Deposits with banks	0	1,526	230	40	136	1,932
o.w. Loans to banks and financial institutions and reverse repurchase agreements	2		16	124		143
Total placements	**2,273**	**9,382**	**1,185**	**222**	**1,176**	**14,238**

The Bank's placements with central banks and banks in Lebanese Pounds are essentially composed of cash and deposits with the Central Bank of Lebanon. Placements in Lebanese Pounds decreased from USD 2.8 billion as at end-December 2020 to stand at USD 2.3 billion as at end-June 2021. The 18.8% decrease reflects predominantly efforts made to manage the Bank's FX position in light of the multitude of exchange rates applied in Lebanon.

The Bank's placements with central banks and banks in foreign currency consist of cash and short-term deposits placed at the Central Bank of Lebanon and other central banks, excluding certificates of deposit issued by BdL, and placements in prime banks in OECD countries. The Bank's placements with central banks and banks in foreign currencies increased by USD 224 million over the period, moving from USD 11.7 billion as at end-December 2020 to USD 12 billion as at end-June 2021, representing 62.7% and 66.4%, respectively, of consolidated customers' deposits in foreign currency. The increase in placements with central banks and banks in foreign currency in the first half of 2021 reflects an increase in placements with banks by USD 497 million partially offset by a USD 242 million decrease in reserve requirements in foreign currency following a decrease in customers' deposits in foreign currencies over the same period by USD 712 million, and a change in the reserve requirement in Lebanon from 15% of deposits in foreign currencies to 14%.

Notwithstanding, the Central Bank of Lebanon issued Basic Circular 154, requiring Lebanese banks to permanently maintain levels of offshore liquidity in foreign currency in excess of 3% of foreign currency deposits as at end-July 2020. The requested offshore liquidity level for Bank Audi Lebanon amounts to USD 364 million. Since the beginning of the year, the Bank implemented a number of initiatives and adjustments including the sale of 4 of its foreign entities and investments , which brought up the level of offshore liquidity to USD 720 million as at end-June 2021, representing 6.01% of foreign currency deposits as at end-July 2020, compared to 0.93% date of the first reporting in January 2021. Management is committed to improve this level further so as to allow it to cover all its offshore commitments as they become due and restore the activities of the Bank to normal levels.

In parallel, the Bank was actively working on managing the impact of BdL Basic Circular 158 (please refer to Note 1 of the attached financial statements) and streamlined the related process as the said circular came into effect. The said circular defines the mechanism for the gradual settlement of foreign currency deposits up to an amount equivalent to USD 50,000, provided certain eligibility criteria are met. When the latter are met, eligible funds would be transferred to a subaccount over which the Banking Secrecy will be lifted vis-à-vis BdL and BCC before funds are gradually withdrawn and remitted to the customer on a monthly basis. Customers' entitlements under the circular cover (i) USD 400 in cash or equivalent (transfer abroad, credited to payment card with international usage etc.) and (ii) an amount in LBP equivalent to USD 400, converted at a USD/LBP FX rate of 12,000 .The LBP amount will be paid 50% in cash and 50% credit to a payment card. The financing of this process will be secured equally through (i) BdL's reduction of compulsory reserve requirements from 15% to 14% as per BdL Intermediary Circular 586, and (ii) the Bank's offshore liquidity. Circa 60% of the Bank's customers meet the eligibility requirements, representing eligible deposits of USD 1.4 billion. So far, the impact of the said circular on the Bank's offshore liquidity in foreign currencies amounts to USD 107 million in the first year if all eligible customers express their intention to benefit from this circular, reaching USD 342 million over the 5-year period. The Bank's direction consists in multiplying initiatives aiming at accumulating sufficient liquidity buffers proved to be appropriate to cover this impact. In doing so, the Bank will be taking into account regulatory updates as issued by the Central Bank of Lebanon. On 17 August 2021 and effective that date, the BdL issued Basic Circular 159 which prevented 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. It also prevented banks from purchasing foreign currencies at parallel rates 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, and (iii) settling international commitments. Finally, the circular prevented banks from purchasing bankers' checks and other banks' accounts in foreign currencies, whether directly or indirectly.

CHANGES IN SECURITIES PORTFOLIO

The Bank's portfolio of securities is comprised principally of certificates of deposit issued by the Central Bank of Lebanon, Lebanese Pound-denominated Treasury bills, foreign currency-denominated sovereign bonds (principally US Dollar-denominated Eurobonds issued by the Lebanese Republic), non-Lebanese sovereign bonds, other fixed income instruments and equity securities. In the first half of 2021, the Bank's portfolio's securities contracted slightly by USD 169 million, reaching USD 6.3 billion as at end-June 2021, compared to USD 6.4 billion as at end-December 2020.

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-20	Jun-21	Vol.	%
Central Bank of Lebanon certificates of deposit	2,640	2,590	-50	-1.9%
LBP-denominated	76	46	-31	-39.9%
Foreign currency-denominated	2,563	2,544	-19	-0.7%
Net Lebanese Treasury bills and Eurobonds	2,066	2,088	22	1.1%
LBP-denominated	2,210	2,210	0	0.0%
Foreign currency-denominated	-144	-122	22	-15.1%
Risk-ceded government Eurobonds	153	131	-22	-14.2%
LBP-denominated				
Foreign currency-denominated	153	131	-22	-14.2%
Other non-Lebanese sovereign securities	962	891	-71	-7.4%
TRY	456	447	-9	-2.0%
USD	409	354	-55	-13.5%
EUR	97	90	-6	-6.6%
Other fixed income securities	533	484	-49	-9.2%
LBP-denominated				
Foreign currency-denominated	533	484	-49	-9.2%
Equity securities	80	80	0	0.3%
LBP-denominated	13	13	-1	-4.8%
Foreign currency-denominated	66	67	1	1.3%
Total portfolio securities	6,433	6,264	-169	-2.6%

Lebanese Bond and Central Bank Certificates of Deposit Portfolio

Certificates of deposit in Lebanese Pounds issued by the Central Bank of Lebanon accounted for a mere USD 31 million of the decrease in total securities, moving from USD 76 million as at end-December 2020 to USD 46 million as at end-June 2021. In parallel, Treasury bills denominated in Lebanese Pounds remained stable across dates at USD 2.2 billion.

In foreign currencies, certificates of deposit issued by the Central Bank of Lebanon decreased by a mere USD 19 million, to stand at USD 2.5 billion, while the Group's exposure to Lebanese sovereign Eurobonds net of ECLs including the risk-ceded government bonds continues to stand at a mere USD 9 million across both dates. Starting the month of July, the Bank decided to purchase RoL Eurobonds based on an opportunistic approach, predominantly to meet the requirements of the CLD holders wishing to receive Eurobonds and for the repayment of fiduciary deposits. Subsequently, the risk of those purchased Eurobonds is majorly ceded to customers. Management undertakes to maintain ECL on this asset class above the minimum requirement at all times.

Adding the free deposits placed with the Central Bank of Lebanon, the Bank's total exposure to Banque du Liban and the Lebanese sovereign would stand at USD 14.9 billion as at end-June 2021 compared to USD 16 billion as at end-December 2020, of which USD 10.6 billion in foreign currencies (compared to USD 10.9 billion as at end-December 2020). Adjusting to the Bank's borrowings from the Central Bank of Lebanon and corresponding ECL, the said exposure would stand at USD 12.6 billion as at end-June 2021, of which USD 10.1 billion in foreign currencies.

Non-Lebanese Sovereign Securities

The Bank's non-Lebanese sovereign risk accounts for USD 71 million of the decrease in the total portfolio securities. Non-Lebanese sovereign securities represent mostly exposure to the Turkish sovereign, amounting to USD 447 million and justified by the Group's sizeable operation in this market. The Bank's non-Lebanese sovereign bonds portfolio decreased from USD 962 million as at end-December 2020 to USD 891 billion as at end-June 2021. The Bank's exposure to Turkish sovereign risk, denominated in Turkish Lira, decreased by USD 9 million over the same period, from USD 456 million as at end-December 2020 to USD 447 million as at end-June 2021.

In relative terms, the Bank's portfolio of non-Lebanese sovereign bonds represented 14.2% of the total securities portfolio and 4.9% of foreign currency-denominated customers' deposits as at end-June 2021, as compared to 14.9% and 5.1%, respectively as at end-December 2020.

Other International Fixed Income Securities

The Bank's exposure to other international fixed income securities decreased in the first half of the year by USD 48.6 million, from USD 533 million as at end-December 2020 to USD 484 million as at end-June 2021, of which banks and financial institution issuers accounted for 58.8% of the total portfolio, while corporate issuers accounted for 7.3% and remainder 33.9% represented loans to customers at fair value through P&L. The portfolio is characterised by a good level of diversification, with the highest single issuer position representing 10.2% of the total portfolio as at end-June 2021 compared to 10% as at end-December 2020.

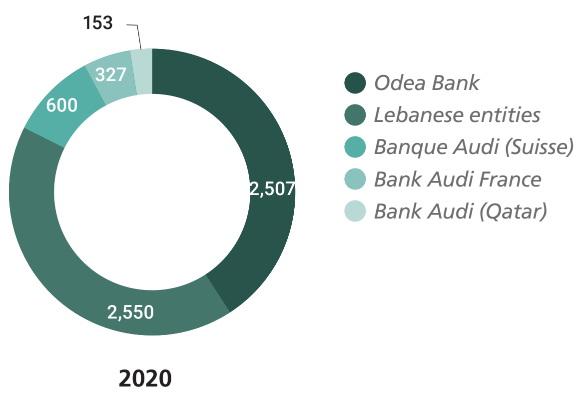
CHANGES IN NET LOANS TO CUSTOMERS

Due to both the Lebanese financial crisis and to the COVID-19 outbreak, the Bank continues to be faced with challenging credit conditions and an unprecedented economic downturn in its principal markets of presence. Within this context, the consolidated net loan portfolio continued its downward trend decreasing by 9.2% or USD 566 million in the first half of 2021. This decrease stemmed mainly from a drop in net loans of Lebanese entities by USD 384 million (-15.1%) and a decrease in Odea Bank by USD 106 million (-4.2%), coming mostly as a result of an FX effect following the devaluation of the Turkish Lira versus the US Dollar.

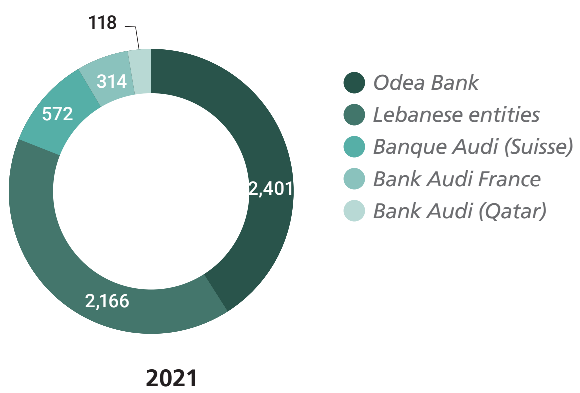
A breakdown of the net loan portfolio by geography as at end-June 2021 reveals that 39% of consolidated loans were booked in entities operating in Lebanon, 43% in Odea Bank – Turkey, 10% in Banque Audi (Suisse) (Switzerland) and 8% in other entities.

BREAKDOWN OF NET LOANS & ADVANCES BY ENTITY AS AT END-DECEMBER 2020

(USD Million)



BREAKDOWN OF NET LOANS & ADVANCES BY ENTITY AS AT END-JUNE 2021

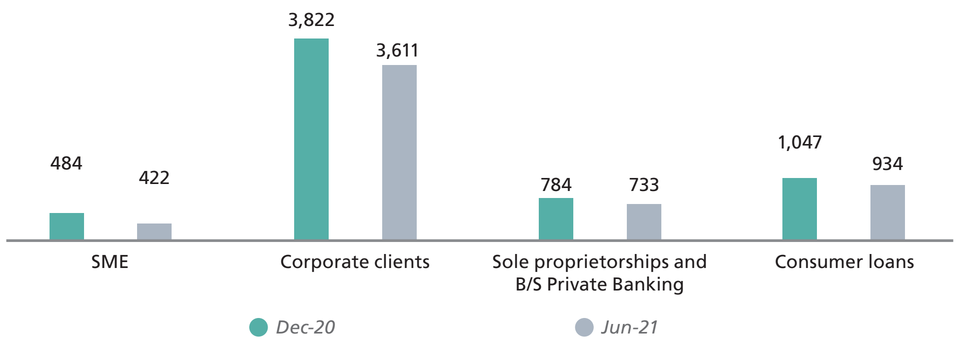


Analysis of Loans by Class of Borrower

The distribution of the Bank's consolidated loan portfolio by type of borrower continues to show a concentration in the corporate segment, which constituted 65% of the loan book as at end-June 2021 compared to 62% as at end-December 2020, with consumer loans as the next largest segment – 16% of the portfolio (compared to 17% as at end-December 2020).

BREAKDOWN OF NET LOANS & ADVANCES BY TYPE OF CUSTOMER

(USD Million)



Analysis of Loans by Economic Sector

By economic sector, the USD 566 million decrease in consolidated net loans is mostly accounted for by consumer loans with a decrease of USD 174 million followed by loans to financial intermediaries decreasing by USD 140 million. At 17% of the Bank's consolidated loan portfolio, the real estate sector encompassing real estate services and developers continues to represent the largest industry concentration, even though the said exposure was decreased by USD 35 million in the first half of 2021 after a contraction by USD 566 million achieved in 2020. On the backdrop of the high level of loans denominated in foreign currencies amid the unprecedented high economic volatility witnessed in both Lebanon and Turkey, Management continues to prioritise the contraction of the exposure in risky sectors.

BREAKDOWN OF NET LOANS & ADVANCES BY ECONOMIC SECTOR

(USD Million)	Dec-20		Jun-21	
		%		%
Manufacturing	778	13%	752	14%
Transportation & communication	210	3%	136	2%
Consumer loans	1,047	17%	873	16%
Contractors	156	3%	160	3%
Trade	590	10%	587	11%
Real estate services & developers	981	16%	946	17%
Financial intermediaries	1,103	18%	963	17%
Other loans	1,272	21%	1,153	21%
Total portfolio	6,136	100%	5,570	100%

Analysis of Loans by Maturity

The following table shows the breakdown of the loan portfolio by maturity as at end-June 2021 compared to end-December 2020. An analysis of the evolution of the loan book across those dates shows that the USD 566 million decrease in net loans is split almost evenly between short term facilities (declining by USD 297 million) and long-term facilities (decreasing by 304 million) amid a slight increase in medium term facilities. Subsequently, the structure of the net loan portfolio across maturities remained almost stable as at end-June 2021 compared to end-December 2020.

BREAKDOWN OF NET LOANS & ADVANCES BY MATURITY SINCE INCEPTION

(USD Million)	Dec-20		Jun-21	
	Funded O/S	%	Funded O/S	%
Short-term facilities	2,094	34%	1,797	32%
Medium-term facilities	837	14%	872	16%
Long-term facilities	3,205	52%	2,901	52%
Total	6,136	100%	5,570	100%

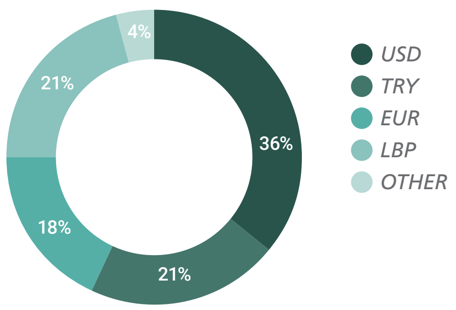
Analysis of Loans by Currency

The share of loans denominated in US Dollars stood at 34% as at end-June 2021, slightly decreasing relative to end-December 2020 (36%). At the same date, 46% of loans booked in Lebanese entities are denominated in foreign currencies, compared to 50% as at end-December 2020, an evolution reflecting the implemented collection efforts on the backdrop of growing concerns of devaluation of Lebanese Pounds, leading to substantial prepayments of FX exposures while Management extended loans in LBP to highly rated Corporates secured with good collaterals to finance their domestic business.

In Odea Bank, 53% of the loan book is denominated in Turkish Lira, with the remainder denominated in foreign currency, thus highlighting the efforts made in terms of local currency lending.

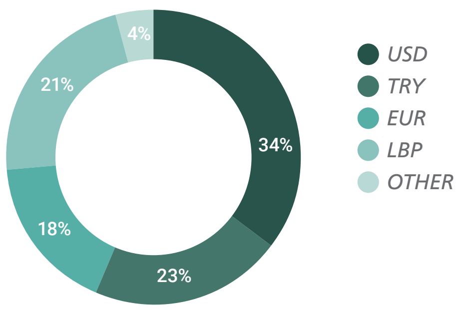
The following charts show the distribution of the Bank's loan portfolio by currency as at end-June 2021 as compared to end-December 2020:

BREAKDOWN OF NET LOANS & ADVANCES BY CURRENCY AS AT END-DECEMBER 2020



2020

BREAKDOWN OF NET LOANS & ADVANCES BY CURRENCY AS AT END-JUNE 2021



2021

Analysis of Loans by Type of Collateral

At end-June 2021, 58% of the consolidated net loan portfolio was secured, predominantly by real estate mortgages (37%) and securities (12%).

The following table shows the distribution of the Bank's loan portfolio by type of collateral as at end-June 2021 as compared to end-December 2020:

BREAKDOWN OF NET LOANS & ADVANCES BY COLLATERALS

(USD Million)	Dec-20		Jun-21	
	Funded O/S	%	Funded O/S	%
Secured	3,822	62%	3,238	58%
Cash collateral & bank guarantees	460	7%	440	8%
Real estate mortgage	2,482	40%	2,079	37%
Securities (bonds & shares)	784	13%	657	12%
Vehicles	96	2%	62	1%
Corporate or personal guarantee	1,564	25%	1,541	28%
Unsecured	750	12%	791	14%
Total	6,136	100%	5,570	100%

LOAN QUALITY

The Bank applies the IFRS9 standard in estimating collective and specific provisions for the loan portfolio. The following table shows the Bank's main loan quality indicators as at end-June 2021 as compared to end-December 2020:

Loan QUALITY(*)

(USD Million)	Dec-20	Jun-21	Change Jun-21/ Dec-20
Credit-impaired loans	1,098	935	-164
o.w. Corporate	874	726	-148
o.w. Retail	224	209	-16
Net loans	6,136	5,570	-567
o.w. Corporate	5,087	4,715	-372
o.w. Retail	1,049	855	-194
Allowance for ECL Stage 3	607	584	-23
o.w. Corporate	447	416	-31
o.w. Retail	160	168	8
Allowance for ECL Stages 1 & 2	431	383	-47
o.w. Corporate	348	306	-42
o.w. Retail	82	77	-5
Credit-impaired loans/Gross loans	15.31%	14.30%	-1.01%
o.w. Corporate	14.86%	13.35%	-1.50%
o.w. Retail	17.37%	18.95%	1.59%
Net credit-impaired loans/Gross loans	6.85%	5.36%	-1.49%
o.w. Corporate	7.26%	5.71%	-1.55%
o.w. Retail	4.97%	3.66%	-1.31%
Credit-impaired loans coverage	55.25%	62.49%	7.23%
o.w. Corporate	51.12%	57.26%	6.14%
o.w. Retail	71.36%	80.68%	9.32%
Allowance for ECL Stages 1 & 2/Net loans	7.02%	6.88%	-0.13%
o.w. Corporate	6.85%	6.50%	-0.35%
o.w. Retail	7.82%	8.99%	1.17%

(*) *As per IFRS 9.*

As at end-June 2021, credit-impaired loans represented 14.30% of gross loans, compared to 15.31% as at end-December 2020, which highlights the efforts of recovery despite the contraction of loan portfolio. In absolute terms, credit-impaired loans decreased by USD 164 million or -14.9% across the period to stand at USD 935 million as at end-June 2021.

Allowances for ECL Stage 3 decreased by a mere USD 23 million over the period justified by the reduction of the Stage 3 portfolio amid new collection efforts. As a result, coverage ratio of the Stage 3 credit-impaired increased to 62.5% as at end-June 2021 from 55.3% as at end-December 2020. The Bank also relies on real guarantees representing 65% of Stage 3 loans increasing coverage to 127% to provide a comfortable buffer in case of further deterioration.
In parallel, Stage 2 loans improved by -14.1%, contracting in absolute terms by USD 198 million over the same period, and their credit allowances ratio slightly decreased to represent 15.4% as at end-June 2021 compared to 15.7% as at end-December 2020.

As a result, the share of Stage 1 loans in gross loans improved by 2.1%, from 65.1% at end-December 2020 to 67.2% as at end-June 2021, mirroring a decrease in the share of Stage 2 loans in gross loans by 1.1% and of Stage 3 by 1% over the same period.

Notwithstanding, given the many uncertainties in the absence of clear strategies around the future operating environment in Lebanon and borrowers' ability to meet, in particular, their foreign-currency denominated obligations in the plausible events of regulatory restrictions on FX conversions or an LBP devaluation on the official exchange market, Management believes that the quality of the loan portfolio will remain subject to additional losses in the future.

3.2. FUNDING SOURCES

Funding sources of Bank Audi sal continue to be principally driven by private customers' deposits, representing 73.9% of total funding sources as at end-June 2021, compared to 60.8% as at end-December 2020. Please note that figures as at end-December 2020 represent consolidated figures including the contribution of deemed discontinued operations (Bank Audi Egypt, Bank Audi sal – Jordan Branches and Bank Audi sal – Iraq Branches in light of their then prospective sale) which were aggregated in the line-by-line structure under "other liabilities". As at end-June 2021, and following the completion of the sale of discontinued entities, the below figures represent the consolidated figures without any contribution of discontinued operations. The significant differential in the share of consolidated customers' deposits in total funding is justified by the above. 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-20	Jun-21	Vol.	%
Central banks' deposits	**2,765**	**2,535**	**-230**	**-8%**
Time deposit	2,282	2,165	-117	-5%
Repurchase agreements	483	371	-112	
Banks' deposits	**912**	**483**	**-430**	**-47%**
Sight deposits	160	82	-78	-49%
Time deposits	753	401	-352	-47%
Customers' and related parties' deposits	**21,528**	**20,702**	**-826**	**-4%**
Sight deposits	8,734	9,965	1,231	14%
Time deposits, saving accounts and certificates of deposit	12,549	10,598	-1,951	-16%
Collateral and margins	245	139	-107	-44%
Subordinated loans	**797**	**805**	**8**	**1%**
Other liabilities	**6,477**	**729**	**-5,748**	**-89%**
Shareholders' equity	**2,951**	**2,751**	**-200**	**-7%**
Total	35,431	28,005	-7,426	-21%

Other than customers' deposits, the Bank relies as well on banks' deposits (representing 10.8% of total liabilities and shareholders' equity), subordinated debt (2.9% of total liabilities and shareholders' equity), and shareholders' equity (9.8% of total liabilities and shareholders' equity). In parallel, other liabilities represented 2.6% of total liabilities and shareholders' equity.

CHANGES IN CUSTOMERS' DEPOSITS

Consolidated customers' deposits (including related-party deposits) moved from USD 21.5 billion as at end-December 2020 to USD 20.7 billion as at end-June 2021, underscoring a decrease by USD 826 million or 4%. By geography, the decrease is principally accounted for by entities operating in Lebanon (including consolidation adjustments) whose customers' deposits contracted by USD 767 million over the period, amid a contraction of deposits of Odea Bank by USD 116 million and of USD 10 million for Bank Audi Qatar partially offset by an increase in deposits of Banque Audi (Suisse) by USD 67 million. By currency, the decrease in deposits of Lebanese entities by USD 767 million is justified by a drop in deposits denominated in Lebanese Pounds by USD 115 million and a decrease in deposits denominated in foreign currencies by USD 652 million. The decrease in deposits in Odea Bank by USD 116 million reflects a USD 166 million negative FX effect attributed to the depreciation of the TRY versus the USD over the same period, completing offsetting a real increase in deposits by USD 50 million.

As a result of the above flows, the structure of deposits across geography has slightly changed in the first half of 2021. As at end-June 2021, 70.7% of consolidated customers' deposits were sourced from Lebanese entities (including consolidation adjustments), 15.8% from Odea Bank, 12.8% from entities operating in Europe, and 0.6% from entities operating in the GCC, as compared to 71.6%, 15.8%, 12.1% and 0.6%, respectively, as at end-December 2020.

Analysis of Customers' Deposits by Segment

Consolidated customers' deposits are principally composed of Retail and Personal Banking deposits, representing 86.2% of the total as at end-June 2021 compared to 79.6% as at end-December 2020. The rise in the share of Retail and Personal banking deposits is attributed to an increase in those deposits by USD 728 million in the first half of 2021, aided by a decrease in Corporate and SME deposits by USD 1.5 billion over the same period.

Corporate and SME deposits moved from USD 4.4 billion at end-December 2020, to stand at USD 2.9 billion as at end-June 2021, representing 13.8% of total deposits (versus 20.3% as at end-December 2020), with the decrease justified by the repayment of Corporate of their outstanding loans with the Bank.

Analysis of Customers' Deposits by Type

Consolidated customers' deposits are predominantly composed of time deposits that include saving deposits and certificates of deposits. In the first half of 2021, time deposits decreased by USD 2 billion from USD 12.5 billion as at end-December 2020 to USD 10.6 billion as at end-June 2021, representing 51.2% of total deposits as at end-June 2021 compared to 58.3% as at end-December 2020.

Part and parcel of time deposits are credit-linked deposits which represent a product offered by the Bank to qualified investors comprising of a higher

return on their deposits denominated in USD than the regular time deposit against an option for the Bank to redeem those qualified investors at maturity their deposit either in cash or with Lebanese Eurobond sat face value. As at end-December 2019, on the onset of the Lebanese Crisis, credit-linked deposits amounted to USD 494 million. The Bank had the option, at each subsequent maturity, to repay those deposits with Lebanese Eurobonds at a value of 17% of their par value following the default of the Lebanese sovereign and book close to USD 400 million in gains. However, it elected to offer CLD holders the opportunity to take 25% of the outstanding amount in local deposits and 75% in 4 years' and 9 years' certificates of deposit issued by the Central Bank. So far, holders having 75.3% of the outstanding CLD amount chose to subscribe to this offer, while 17% elected to be repaid in Lebanese Eurobonds, with the Bank continuing to reach out to the remaining. In July 2021, the Bank proceed to buy RoL Eurobonds to resell to the CLD holders wishing to receive Eurobonds.

In parallel, sight and short-term deposits increased from USD 9 billion as at end-December 2020 to USD 10.1 billion as at end-June 2021, representing 48.8% as at end-June 2021 compared to 41.7% as at end-December 2020. This evolution, which also circles back to the increase in retail and personal deposits mentioned above, underscores predominantly the low confidence level of depositors in Lebanon amid persisting high uncertainties and the extremely low cost of deposits that has compelled some of those depositors to keep their savings in sight deposits awaiting a resolution of the current financial crisis.

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

(USD Million)	Dec-20		Jun-21		Change Jun-21/Dec-20	
	Volume	Share in Total	Volume	Share in Total	Volume	Share in Total
Lebanese Pound	2,799	13.0%	2,685	13.0%	-114	0.0%
US Dollars	14,954	69.5%	14,303	69.1%	-651	-0.4%
Turkish Lira	1,067	5.0%	1,267	6.1%	199	1.2%
Euro	2,068	9.6%	1,790	8.6%	-278	-1.0%
Other currencies	640	3.0%	657	3.2%	17	0.2%
Total	21,528	100.0%	20,702	100.0%	-826	

Customers' deposits denominated in US Dollars continued to comprise the bulk of consolidated deposits as at end-December 2020 and end-June 2021, although with a share decreasing slightly from 69.5% to 69.1% respectively. The share of deposits denominated in Turkish Lira increased by 1.2% to 6.1% of consolidated deposits as at end-June 2021. Deposits denominated in Lebanese Pounds accounted for 13% of consolidated customers' deposits across both dates, their lowest level thus far, while the share of deposits in Euros decreased from 9.6% as at end-December 2020 to 8.6% as at end-June 2021.

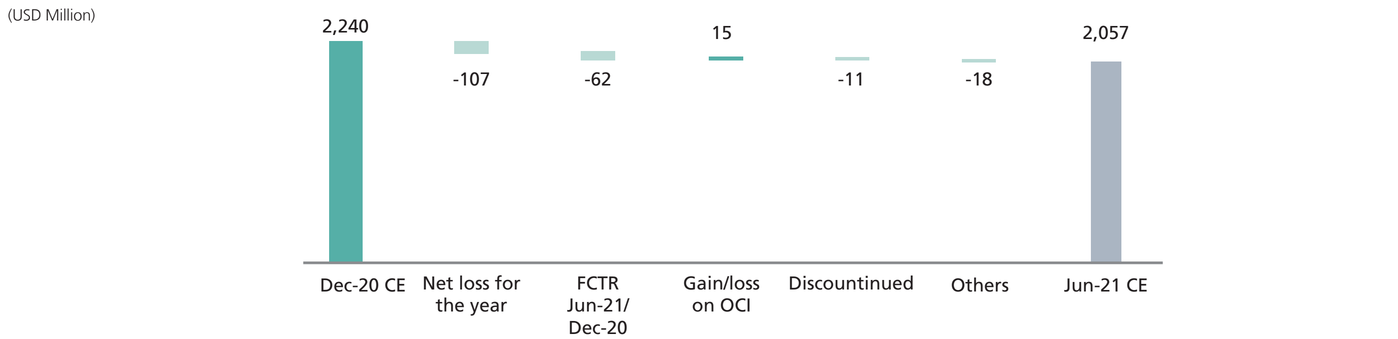
CHANGES IN SHAREHOLDERS' EQUITY

In the first half of 2021, the Bank's shareholders' equity decreased by USD 200 million or 6.8%, reaching USD 2,751 million compared to USD 2,951 million as at end-December 2020,with the decrease reflecting mostly the net loss realised across the period and discussed later in this report, and a negative evolution of foreign currency translation reserves by USD 62 million following the additional depreciation of the TRY versus the USD.

As at end- June 2021, total shareholders' equity comprised USD 2,057 million of common equity group share, in addition to USD 600 million of preferred equity and USD 94 million of minority shares. This is compared to USD 2,240 million, USD 600 million and USD 111 million as at end-December 2020.

The chart below breaks down the USD 183 million decrease of consolidated common equity group share in the first half of 2021:

EVOLUTION OF COMMON EQUITY GROUP SHARE IN THE FIRST HALF OF 2021



The USD 600 million of preferred equity represents 3 series as follows: Series "H" comprising of 750,000, Series "I" of 2,500,000 shares and Series "J" of 2,750,000, all having a par value of USD 100 per share. The terms of Series "I" and "J" preferred shares include a loss absorption clause whereby a trigger event (capital adequacy or non-viability event) could result in the mandatory conversion of those preferred shares to common shares at a ratio of 15 common shares for each preferred shares. Such conversion would increase common shares by 78,750,000 shares.

The Bank's shareholders' equity is supported by a supplemental capital in the form of subordinated debt. As at end-June 2021, the Bank's subordinated debt stood at USD 805 million, of which USD 500 million issued by Bank Audi Lebanon (USD 150 million subscribed by IFC and USD 350 million subscribed by qualified investors). Accounted for as regulatory Tier 2 capital, the subordinated debt issued by Bank Audi Lebanon carries a loss absorption clause similar to the one of the preferred shares previously mentioned. In its meeting held on 12 February 2021, the Ordinary General Assembly, pursuant to a recommendation of the Board of Directors, resolved to proceed with the issuance of new unsecured subordinated notes, the 2021 Subordinated Notes, to be subscribed to exclusively through the exchange of the 2013 Subordinated Notes (USD 350 million). The terms of the new unsecured subordinated notes have received the approval of the Central Bank of Lebanon while the Capital Market Authority approval is still pending although Management expects to receive it shortly.

CAPITAL ADEQUACY

In the first half of 2021, consolidated risk-weighted assets of Bank Audi decreased by USD 4.5 billion or 15.6%, moving from USD 28.6 billion as at end-December 2020 to USD 24.1 billion as at end-June 2021. The drop is principally justified by the sale of the operation in Jordan, Iraq and Egypt, in addition to an asset-liability decision to move some placements at the Central Bank of Lebanon from long maturities to shorter maturities resulting in a corollary decrease of the risk weight from 150% to 50%. The decrease also reflects the active de-risking of the loan portfolio particularly in Lebanon and the devaluation impact on Turkish Lira-denominated risk-weighted assets. Density wise, consolidated risk-weighted assets represented 86.4% of consolidated assets as at end-June 2021, compared to 80.8% as at end-December 2020, underscoring the lighter structure of divested entities in terms of capital charge.

The regulatory capital of the Bank decreased by USD 303 million over the same period, from USD 3,756 million as at end-December 2020 to USD 3,452 million as at end-June 2021, with CET1 capital accounting for 83.5% of the decrease (as a result mostly of the loss registered during the period) while Tier 2 capital accounted for the remainder 16.2%.

Based on the above, the Bank's capital adequacy ratio was 14.3% as at end-June 2021, as compared to 13.1% as at end-December 2020, in each case above the regulatory minimum ratio imposed by the Central Bank of Lebanon, as set forth above.

The following table sets out the calculation of the Bank's capital adequacy ratios over the different components as at end-June 2021 relative to end-December 2020:

CAPITAL ADEQUACY RATIO

(USD Million)	Dec-20	Jun-21	Change Jun-21/ Dec-20
Risk-weighted assets	28,619	24,146	-4,472
o.w. Credit risk	24,927	21,140	-3,787
o.w. Market risk	1,572	1,352	-220
o.w. Operational risk	2,120	1,655	-465
Tier 1 capital	3,296	3,042	-254
o.w. Common Tier 1	*2,679*	*2,426*	*-253*
Tier 2 capital	460	411	-49
Total regulatory capital	3,756	3,452	-303
Common Tier 1 ratio	9.4%	10.0%	0.7%
+ Additional Tier 1 ratio	2.2%	2.6%	0.4%
= Tier 1 ratio	11.5%	12.6%	1.1%
Tier 2 ratio	1.6%	1.7%	0.1%
Total ratio	13.1%	14.3%	1.2%

	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 IC 567 changed the computation of regulatory ratios in 2020-onwards. Waiver on capital conservation buffer of 2.5% for 20 and 21 before progressively reinstating it.

3.3. GROUP RESULTS OF OPERATIONS

Since late 2019, the effects of the Lebanese financial, economic and political crisis in terms of a deepening recession, hyperinflation, and a multitude of exchange rates continue to weigh heavily on the operating conditions of the Lebanese banking sector. The persisting deafening absence of a clear resolution roadmap continues to prevent Management from estimating in a true and fair manner, and as per IFRS, the adverse impact of those matters on the Bank's financial position and equity, which it anticipates to be material. Operating conditions of the Group are further exacerbated by the woes of the regional and global economies, and in particular the countries of presence of the Group, impacted by the volatility in the COVID-19 pandemic, evolving from consecutive lockdowns resulting in a sharp decline in cases and deaths, leading to a number of countries relaxing bans, only to face now a resurgence in the number of cases amid the emergence of new COVID-19 strains worldwide, while vaccination levels remain suboptimal.

In this context, Management had, early on in the Crisis, decided to continue to allocate all the operating profits before tax and provisions until the situation is stabilised.

On this backdrop, Bank Audi Group posted net losses of USD 107 million in the first half of 2021 compared to no profits in the corresponding period of last year. The line-by-line profit and loss statements includes one-off allowances and flows related to the Lebanese Crisis which encompass mostly one-off commissions paid on operations, with customers benefitting from the multiplier factor (please refer to the section entitled "Changes in Primary Liquidity" in the 2020 Annual Report) and one-off FX losses stemming from foreign currencies purchased at preferential rates or at LPB 3,900 for each USD within the scope of BdL Intermediary Circular 151 and not resold to the BdL while being revalued at a the official rate of LBP 1507.5 for each USD. In addition, for even comparison, the Income Statement in the first half of 2020 was restated to lump up the net profits generated by the discontinued operations (following the completion of the sale of the operations in Jordan, Iraq and Egypt) within that period under "results from discontinued operations". In the first half of 2021, net profits from discontinued operations includes the net profits from those operations realised until the completion of the sale of those operations, i.e. until early March 2021 from operations in Jordan and Iraq and until late April 2021 for Bank Audi sae (Egypt).

The following table sets out an overview of the Bank' consolidated financial results in the first half of 2021, relative to the corresponding period of 2020:

SUMMARISED NORMALISED CONSOLIDATED INCOME STATEMENT

(USD Million)	HI-20(*)	HI-21	YOY Change	
Interest income(1)	390.1	516.2	126.1	32.3%
Net of new taxes on financial investments	*97.0*	*75.5*	*-21.5*	*-22.2%*
Non-interest income	56.9	68.0	11.1	19.6%
Total income	447.1	584.2	137.2	30.7%
Operating expenses	230.0	199.0	-31.0	-13.5%
Credit expense	10.2	6.7	-3.4	-33.7%
Income tax	12.0	4.2	-7.8	-65.3%
Total expenses	252.2	209.9	-42.3	-16.8%
Net profits after tax (normalised from operations)	194.9	374.4	179.5	92.1%
Results of discontinued operations	51.0	52.3	1.3	2.5%
Net profits after discontinued operations	245.9	426.7	180.8	73.5%
+ Crisis related one-offs	-245.9	-533.4	-287.5	116.9%
= Net profit after tax and one-offs	0.0	-106.7		

(*) Restated (excluding Egypt, Jordan, Iraq).

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

Adjusting the results from the crisis related one-off allowances and flows, as well as the results of the discontinued operations for an analysis on equal basis, Bank Audi would have achieved operating profits (normalised) of USD 374 million in the first half of 2021, compared to USD 195 million in the corresponding period of 2020. This represented an increase by USD 179.5 million driven predominantly from net interest income within a contracting cost base and allocation of operating surpluses to loan loss allowances.

By geography, the USD 374 millon of net profits achieved in the first half of 2021 are generated mostly from the entities operating in Lebanon with USD 361 million (96% of the total), amid limited contribution of Odea Bank after the allocation of all operating profits to loan loss allowance. Private Banking entities generated USD 12.2 million of net normalised profits in the first half of 2021, while normalised profits of Bank Audi France and Bank Audi Qatar reached each USD 1.5 million. In the first half of 2020, aggregating the net profits of Audi Private Bank in Lebanon with those of Bank Audi sal following its merger with the mother company at end-December 2020, entities operating in Lebanon generated 84.0% of consolidated normalised net profits with USD 164 million, while Private Banking entities realised USD 26.6 million, followed by Bank Audi France with USD 3.8 million and Bank Audi Qatar with USD 1.1 million.

In what follows, we analyse the line-by-line flows of normalised profits in the first half of 2021 relative to the corresponding period of last year.

NET INTEREST INCOME

In the first half of 2021, consolidated net interest income net of taxes rose by 32.3% relative to the corresponding period of last year, moving from USD 390 million in the first half of 2020 to USD 516 million in the first half of 2021. The USD 126 million increase stems from significant changes in the cost of deposit grid, particularly in Lebanon where cost of deposits is at an all times low of 1.0% in the month of June 2021 amid a de-facto capital control. By geography, the USD 516 million of interest income was mostly accounted for by entities operating in Lebanon with USD 478 million, followed by Odea Bank with USD 24 million.

Consolidated net spread improved year-on-year by 1.09%, from 2.05% in the first half of 2020 to 3.14% in the first half of 2021. This improvement is driven by an improvement in spread in Bank Audi Lebanon from 2.2% to 4.5% over the same period, totally offsetting a spread contraction at Odea Bank by 1.1% to reach 1.29%. Cost of deposits is the main driver behind the spread enhancement in Lebanon, moving from 4.4% in the first half of 2020 to 1.24% in the first half of 2021 following strict abidance by the flat customers paid interest rate grid within lower interest paid and received from Banque du Liban. In parallel, Odea Bank's spread has shrinked by 1.1% over the same period, driven by a surge in cost of deposits in sector in the fourth quarter of 2020 justified by increased market competition. With the yield on assets of Odea Bank gradually catching up with the changes in cost of deposits, Odea Bank's net spread including swaps improved from 1.10% in the fourth quarter of 2020 to 1.25% in the first quarter of 2021 and 1.32% in the second quarter of the year to aggregate to a spread of 1.29% in the first half of 2021, which nonetheless continues to be below the 2.4% spread achieved in the corresponding period of last year.

Based on the above, the USD 126 million increase in net interest income was due to a price effect of USD 179 million offsetting a negative quantity effect of USD 53 million attributed to consolidated average assets contracting by 13.3%, from USD 38.3 billion in the first half of 2020 to USD 33.2 billion in the first half of 2021 resulting mostly from the completion of the sale of the entities in Jordan, Iraq and Egypt.

NON-INTEREST INCOME

Normalised consolidated non-interest income rose by 19.6% over the period, from USD 56.9 million in the first half of 2020 to USD 68.0 million in the first half of 2021, representing an increase by USD 11.1 million.

Normalised consolidated fees and commissions accounted for USD 59.1 million of this increase, which is generated mostly in Banque Audi (Suisse) and Bank Audi Lebanon amid a slight decrease of net commissions at Odea Bank.

Net profits on marketable securities generated in Lebanon made up for an additional USD 3.5 million of this change while net profits on financial investments predominantly generated in Odea Bank accounted for USD 2.1 million. General provision reversal in entities outside Lebanon accounts for the remaining amounts.

Non-interest income accounted for 0.41% of average assets as at end-June 2021 compared to 0.30% as at end-June 2020.

TOTAL OPERATING EXPENSES

In the first half of 2021, the Bank's total operating expenses continued to contract, registering a decrease by USD 31.0 million, or 13.5% relative to the corresponding period of last year. Total operating expenses reached USD 199 million in the first half of 2021, broken down over USD 111 million of staff expenses, USD 63.5 million of other operating expenses and USD 24.5 million of amortisation and depreciation expenses. By geography, entities operating in Lebanon account for 63.4% of the consolidated general operating expenses, followed by 21.1% for Odea Bank, 11.5% for Private Banking entities, and 4% for other entities.

The improvement in revenues and cost savings translated in a significant improvement in the Bank's cost to income ratio from 51.4% in the first half of 2020 to 34.0% in the first half of 2021.

COMPONENTS OF ROAA AND ROAE

What follows is an analysis of the profitability ratio at consolidated level based on normalised profits. As at end-June 2021, Bank Audi's normalised return on average assets stood at 2.28% compared to 1.02% as at end-June 2020.

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

KEY PERFORMANCE METRICS

	HI-20(*)	HI-21	Change
Spread	2.05%	3.14%	1.09%
+ Non-interest income/AA	0.30%	0.41%	0.11%
= Asset utilisation	2.35%	3.55%	1.20%
X Net operating margin	43.59%	64.08%	20.49%
o.w. Cost to income	51.45%	34.05%	-17.40%
o.w. Provisons	2.27%	1.15%	-1.12%
o.w. Tax cost	2.69%	0.71%	-1.97%
= ROAA	1.02%	2.28%	1.25%
X Leverage	12.86	11.48	-1.38
= ROAE	13.17%	26.12%	12.94%
ROACE	16.50%	32.96%	16.46%

(*) Based on normalised & restated HI-20 results (excluding Egypt, Jordan, Iraq).

02

FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

	Notes	Unaudited for the Period from 1 January to 30 June 2021 LBP Million	Unaudited for the Period from 1 January to 30 June 2020(*) Restated LBP Million
CONTINUING OPERATIONS			
Interest and similar income		1,283,025	1,666,606
Interest and similar expense		(484,697)	(1,069,804)
Net interest income		798,328	596,802
Fee and commission income		110,518	115,106
Fee and commission expense		(135,903)	(287,111)
Net fee and commission (expense)		(25,385)	(172,005)
Net (loss) gain on financial assets at fair value through profit or loss		(662,875)	203,330
Net loss on sale of financial assets at amortised cost		(457)	(14,209)
Non-interest revenues from financial assets at fair value through other comprehensive income		2,913	-
Share of profit (loss) of associates under equity method		327	(711)
Other operating income		15,960	5,688
Total operating income		128,811	618,895
Net impairment loss on financial assets	4	(10,151)	(289,063)
Net operating income		118,660	329,832
Personnel expenses		(208,884)	(205,968)
Other operating expenses		(105,264)	(127,708)
Depreciation of property and equipment and right-of-use assets		(26,928)	(33,234)
Amortisation of intangible assets		(9,984)	(11,013)
Total operating expenses		(351,060)	(377,923)
Operating loss		(232,400)	(48,091)
Net (loss) gain on revaluation and disposal of fixed assets		(990)	103
Loss before tax from continuing operations		(233,390)	(47,988)
Income tax		(6,278)	(28,963)
Loss for the period from continuing operations		(239,668)	(76,951)
DISCONTINUED OPERATIONS			
Profit for the period from discontinued operations, net of tax	16	78,856	76,951
Loss for the period		(160,812)	-
Attributable to:			
Equity holders of the parent		(164,612)	(3,548)
Loss for the period from continuing operations		(243,468)	(80,499)
Profit for the period from discontinued operations	16	78,856	76,951
Non-controlling interests		3,800	3,548
Profit for the period from continuing operations		3,800	3,548
Profit for the period from discontinued operations		-	-
		(160,812)	-
(Loss) earnings per share:			
		LBP	LBP
Basic and diluted loss per share		(280)	-
Basic and diluted loss per share from continuing operations		(415)	(145)
Basic and diluted earnings per share from discontinued operations		135	145

(*) Restated for the effect of separate presentation of profit from discontinued operations and share information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

	Notes	Unaudited for the Period from 1 January to 30 June 2021 LBP Million	Unaudited for the Period from 1 January to 30 June 2020(*) Restated LBP Million
Loss for the period from continuing operations		(239,668)	(76,951)
Profit for the period from discontinued operations	16	78,856	76,951
Other comprehensive loss that will be reclassified to the income statement in subsequent periods from continuing operations			
Foreign currency translation			
Exchange differences on translation of foreign operations		(135,352)	(112,968)
Net foreign currency translation		(135,352)	(112,968)
Cash flow hedge			
Net hedging gain (loss) arising during the period		3,494	(8,629)
(Loss) gain reclassified to income statement		(7,270)	457
Tax effects		1,599	(100)
Net change in cash flow hedge		(2,177)	(8,272)
Debt instruments at fair value through other comprehensive income			
Net unrealised (loss) gain		(12,805)	2,249
Tax effects		2,817	(495)
Net loss (gain) on debt instruments at fair value through other comprehensive income		(9,988)	1,754
Total other comprehensive loss that will be reclassified to the income statement in subsequent periods from continuing operations		(147,517)	(119,486)
Other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods from continuing operations			
Revaluation of lands and buildings			
Revaluation gain		894	-
Tax effects		(197)	-
Net gain on revaluation of lands and buildings		697	-
Remeasurement losses on defined benefit plans			
Actuarial loss on defined benefits plans		(1,166)	(96)
Net remeasurement losses on defined benefit plans		(1,166)	(96)
Equity instruments at fair value through other comprehensive income			
Net unrealised gain		2,706	71
Net unrealised gain on equity instruments at fair value through other comprehensive income		2,706	71
Total other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods from continuing operations		2,237	(25)
Other comprehensive loss for the period from continuing operations, net of tax		(145,280)	(119,511)
Other comprehensive income (loss) for the period from discontinued operations, net of tax		-	(4,271)
Total comprehensive loss for the period from continuing operations, net of tax		(384,948)	(196,462)
Total comprehensive income for the period from discontinued operations, net of tax	16	78,856	72,680
Total comprehensive loss for the period, net of tax		(306,092)	(123,782)
Equity holders of the parent		(280,248)	(101,596)
Non-controlling interests		(25,844)	(22,186)
		(306,092)	(123,782)

(*) Restated for the effect of separate presentation of profit from discontinued operations and share information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021 (UNAUDITED)

	Notes	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
ASSETS			
Cash and balances with central banks		18,336,905	19,486,210
Due from banks and financial institutions		2,912,438	2,167,959
Loans to banks and financial institutions and reverse repurchase agreements		215,164	264,246
Derivative financial instruments	5	182,847	218,820
Financial assets at fair value through profit or loss	6	303,941	392,067
Loans and advances to customers at amortised cost	7	8,316,194	9,142,352
Loans and advances to related parties at amortised cost		80,296	108,200
Debtors by acceptances		20,925	17,892
Financial assets at amortised cost	8	7,651,587	7,787,493
Financial assets at fair value through other comprehensive income	9	1,487,818	1,518,373
Investments in associates		83,075	113,923
Property and equipment and right-of-use assets		607,865	635,928
Intangible assets		71,629	81,081
Assets obtained in settlement of debt		128,197	203,160
Other assets	10	1,727,363	1,685,441
Deferred tax assets		48,972	53,656
Goodwill		42,398	42,384
Assets held for sale	16	-	9,493,147
TOTAL ASSETS		**42,217,614**	53,412,332
LIABILITIES			
Due to central banks	11	3,708,058	4,024,308
Due to banks and financial institutions		727,705	1,375,285
Due to banks under repurchase agreements		114,154	143,888
Derivative financial instruments	5	290,822	446,793
Customers' deposits	12	31,018,570	32,290,695
Deposits from related parties		189,320	163,019
Debt issued and other borrowed funds		1,306,280	1,317,813
Engagements by acceptances		20,925	17,892
Other liabilities	13	466,353	446,253
Current tax liabilities		28,387	78,748
Deferred tax liabilities		5,918	6,018
Provisions for risks and charges	14	193,697	150,599
Liabilities held for sale	16	-	8,502,601
TOTAL LIABILITIES		**38,070,189**	48,963,912
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		1,869,043	2,209,661
Distributable reserves		493,355	17,270
Treasury shares		(9,190)	(9,190)
Retained earnings		(101,039)	767,489
Other components of equity	15	(943,958)	(753,456)
Reserves related to assets held for sale	16	-	(587,877)
Result of the period		(164,612)	(225,147)
		4,005,834	4,280,985
NON-CONTROLLING INTERESTS		**141,591**	167,435
TOTAL SHAREHOLDERS' EQUITY		**4,147,425**	4,448,420
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**42,217,614**	53,412,332

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

	Notes	Unaudited for the Period from 1 January to 30 June 2021 LBP Million	Unaudited for the Period from 1 January to 30 June 2020 LBP Million
OPERATING ACTIVITIES			
Profit before tax from continuing operations		(233,390)	(47,988)
Profit before tax from discontinuing operations		100,431	111,667
Adjustments for non-cash items:			
Depreciation and amortisation		41,988	55,660
Net gain (loss) on financial instruments at amortised cost		457	(14,298)
Net impairment loss on financial assets		27,208	292,368
Share of net profit of associates		(327)	711
Net (gain) loss on sale or disposal of fixed assets		1,113	580
Provision for risks and charges		4,592	1,788
Write-back of provision fir risk and charges		(2,505)	-
Net gain on sale of subsidiaries		(54,542)	-
		(114,975)	400,488
Working capital adjustments			
Balances with central banks, banks and financial institutions maturing in more than 3 months		2,146,729	1,032,491
Change in derivatives and financial assets held for trading		(158,530)	221,980
Change in loans and advances to customers and related parties		4,283,082	2,582,505
Change in other assets		(3,198)	(278,938)
Change in deposits from customers and related parties		(8,774,161)	(4,732,242)
Change in other liabilities		(72,117)	60,135
Change in provision for risk and charges		3,554	(14,703)
Cash from operations		**(2,689,616)**	(728,284)
Provisions for risks and charges paid		(10,143)	(7,138)
Taxation paid		(76,895)	(63,523)
Net cash flows from operating activities		**(2,776,654)**	(798,945)
INVESTING ACTIVITIES			
Change in financial assets – other than trading		3,658,776	(244,162)
Purchase of property and equipment and intangibles		(8,745)	(142,762)
Proceeds from sale of associate		-	11,238
Proceeds from sale of property and equipment and intangibles		7,919	18,562
Proceeds from sale of assets obtained in settlement of debts		120,241	-
Net cash flows used in investing activities		**3,778,191**	(357,124)
FINANCING ACTIVITIES			
Debt issued and other borrowed funds		(11,533)	192,333
Lease liability payments		(3,675)	(15,168)
Net cash flows used in financing activities		**(15,208)**	177,165
CHANGE IN CASH AND CASH EQUIVALENTS		**986,329**	(978,904)
Net foreign exchange difference		(35,845)	(34,074)
Cash and cash equivalents at 1 January		6,379,003	6,513,047
CASH AND CASH EQUIVALENTS AT 30 JUNE	17	**7,329,487**	5,500,069

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2021 (UNAUDITED)

	Attributable to the Equity Holders of the Parent														
	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	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 2021	982,859	10,020	902,290	894,480	72,586	2,209,661	17,270	(9,190)	767,489	(753,456)	(587,877)	(225,147)	4,280,985	167,435	4,448,420
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-	(164,612)	(164,612)	3,800	(160,812)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(115,636)	-	-	(115,636)	(29,644)	(145,280)
Total comprehensive loss	-	-	-	-	-	-	-	-	-	(115,636)	-	(164,612)	(280,248)	(25,844)	(306,092)
Appropriation of 2020 profits	-	-	-	-	-	(14,467)	-	-	(210,680)	-	-	225,147	-	-	-
Entities deconsolidated	-	-	-	-	-	(326,151)	-	-	(202,445)	(75,534)	587,877	-	(16,253)	-	(16,253)
Sale of FVTOCI	-	-	-	-	-	-	-	-	22,896	-	-	-	22,896	-	22,896
Transfer between reserves	-	-	-	-	-	-	476,085	-	(476,753)	668	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	(1,546)	-	-	-	(1,546)	-	(1,546)
Balance at 30 June 2021	982,859	10,020	902,290	894,480	72,586	1,869,043	493,355	(9,190)	(101,039)	(943,958)	-	(164,612)	4,005,834	141,591	4,147,425
Balance at 1 January 2020	667,581	10,020	883,582	894,480	72,586	2,025,201	433,057	(9,190)	1,466,788	(1,252,582)	-	(912,177)	4,279,346	197,280	4,476,626
Net loss for the period	-	-	-	-	-	-	-	-	-	-	-	(3,548)	(3,548)	3,548	-
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(98,048)	-	-	(98,048)	(25,734)	(123,782)
Total comprehensive loss	-	-	-	-	-	-	-	-	-	(98,048)		(3,548)	(101,596)	(22,186)	(123,782)
Appropriation of 2019 profits	-	-	-	-	-	24,562	-	-	(936,739)	-	-	912,177	-	-	-
Discontinued operations (Note 16)	-	-	-	-	-	-	-	-	-	596,899	(596,899)	-	-	-	-
Capital increase	315,278	-	-	-	-	315,278	(315,278)	-	-	-	-	-	315,278	-	315,278
Cost of capital	-	-	-	-	-	-	(3,638)	-	-	-	-	-	(3,638)	-	(3,638)
Transfer between reserves	-	-	-	-	-	-		-	2,609	(2,609)	-	-	-	-	-
Other movements	-	-	-	-	-	631	(31)	-	(8,095)	-	-	-	(7,495)	-	(7,495)
Balance at 30 June 2020	982,859	10,020	883,582	894,480	72,586	2,365,672	114,110	(9,190)	524,563	(756,340)	(596,899)	(3,548)	4,481,895	175,094	4,656,989

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT 30 JUNE 2021

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 from 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 and North Africa.

The consolidated financial statements were authorised for issue in accordance with the Board of Directors' resolution on 14 September 2021.

1.1. MACROECONOMIC ENVIRONMENT

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

Throughout this sequence of events, the ability of the Lebanese government and the banking sector in Lebanon to borrow funds from international markets was significantly affected. Banks have imposed unofficial 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 are downsizing, closing or going bankrupt, and unemployment and poverty are rising 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 has been increasing constantly, deviating significantly from the peg of 1,507.5 USD/LBP. 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.

During 2020, in an attempt to control the high rise in prices and to compensate for the loss in the Lebanese people's purchasing power, the Central Bank of Lebanon, through several circulars, introduced the following measures:
(a) Subsidised imports of essential goods (fuel oil, medicine and wheat) by providing foreign currencies for these imports at the rate of 1,507.5 USD/LBP (the official exchange rate).
(b) Introduced the Platform Rate, currently at 3,900 USD/LBP, to be used only in specific circumstances.
(c) Subsidised imports of Tier 2 food basket products (e.g. coffee, tea, canned food, imported meat) by providing foreign currencies for these imports at the Platform Rate.
(d) Introduced exceptional measures for bank depositors to withdraw small amounts of cash in LBP from their "local" foreign currency bank accounts at the Platform Rate, but up to limits set by the Bank.

Over the past couple of months, Lebanon has been heading towards a partial removal of the different subsidies as a first step towards full subsidy removal before year-end. Subsidies on the food basket were totally removed in July, followed by the removal of subsidies on pharmaceuticals except for drugs related to chronic diseases.

On the 21st of August 2021, a Cabinet decision in coordination with the Central Bank opted for a partial removal of oil subsidies, with a rise in the oil platform exchange rate from LL 3,900 to LL 8,000. The decision comes two months after a similar measure had increased the exchange rate of the platform from LL 1,507.5 to LL 3,900.

The new decision remains in vigour until end-September, after which a full subsidy removal is anticipated. This means that the exchange rate of the platform would be equivalent to the black market rate (standing at the date of this report at LL/USD 19,000) or to the Sayrafa platform (currently at LL/USD 16,000).

The cumulative effect of subsidy removal is expected to have significant inflationary effects expected at close to 185 percent, driven by the direct effects the increase in oil prices on transport cost and housing energy, but also on the indirect effects caused by this supply push inflation on all other sectors in the economy.

It is yet worth mentioning that the subsidy lifting has become a necessary evil following the significant drop in BDL liquid FX reserves to USD 14 billion, which is equivalent to the required FX deposits of banks at the Central Bank. In other words, the continuation of the subsidy would mean drawing on the banks required deposits at the Central Bank and ultimately putting at stake the quality of banks customer deposits.

Last year, the cost of subsidy has hovered around circa USD 5 billion, fully financed by the Central Bank of Lebanon.

The full subsidy lifting is coupled with the implementation of a prepaid rationing card for Lebanese nationals. Lebanese Parliament has ratified a law last month for the distribution of prepaid cards for USD 556 million for Lebanese households, with the equivalent of USD 93 dollars per household for a total of 500 thousand households, in addition to those benefitting from World Bank and EU support facilities.

Despite all efforts, inflation increased at an accelerating pace, eroding the real value of the local currency and "local" foreign currency bank accounts, and tossing Lebanon in hyperinflation and major economic collapse.

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

Lebanese Government's Financial Recovery Plan
On 30 April 2020, the Council of Ministers approved the Lebanese government's Financial Recovery Plan (the Plan). The Plan relies on nine central and interrelated pillars, namely reviewing the peg policy; a comprehensive government debt restructuring; a comprehensive restructuring of the financial system addressing accumulated FX mismatches, embedded losses and resizing the banking sector (see below); a strong phased fiscal adjustment focused on improving tax compliance, streamlining expenditure and reforming the public sector; growth-enhancing reforms promoting a productive economy and enhancing the competitiveness of the Lebanese economy; a social sector reform; an ambitious anti-corruption strategy; an environmental reform; and international financial assistance to close the large external financing gap and finance the development of the infrastructures that are necessary to support the growth of the economy. On 10 August 2020, the Lebanese government resigned following the massive explosion at the Beirut Port. As of today, the Plan has not been implemented.

Restructuring of the Banking Sector
As per the Plan, the preliminary global estimation of losses will result from the restructuring of the Central Bank of Lebanon and impairment of assets held at the Central Bank of Lebanon; the impact of the economic crisis and the impairment of banks' loans portfolio; and the government debt restructuring and impairment of the government securities portfolio.

An Asset Quality Review will be conducted to assess the impairment losses on the private loans portfolio of the banking sector. The impact of losses and the recapitalisation needs will be determined on a bank by bank basis when a more granular plan is drawn, and further measures related to bank deposits will be determined. On a bank by bank basis, the Plan stipulates that large depositors could be offered voluntarily (for part of their deposits):
• Conversion into their bank's capital. New legal provisions will be needed.
• Conversion into tradable equity stakes in a newly established special Recovery Fund that will receive the proceeds of the ill-gotten assets tracking and recovery program.
• Conversion into long dated, subordinated bank obligations with no or limited interest.

Banks will be asked to propose to authorities and relevant supervisory bodies business plans and restructuring/recapitalisation plans including mergers with or acquisitions by other domestic and foreign banks to address their structural funding issues and generate synergies. The new capital base will be rebuilt via capital raising in the market and a conversion of some deposits into shares. Fresh liquidity will be provided to the reorganised banking sector.

Conducting a full restructuring of the banking sector will require new legal powers for the government and the relevant supervisory bodies.

Alternative Plan Submitted by the Association of Banks in Lebanon
The Association of Banks in Lebanon (ABL) has released its alternative plan for economic and financial recovery in Lebanon.

ABL's Contribution to the Government's Financial Recovery Plan rests on an IMF-supported two-pillar approach with a clearly phased and timely implementation: (i) an immediate balanced and effective immediate response addressing the external financing needs and putting the medium-term fiscal and debt path on a sustainable footing, while avoiding an internal debt default that would have damaging consequences on the Lebanese people and on confidence; (ii) the launch of long-overdue structural reforms in the coming months, to promote sustainable and inclusive growth as the result of economic diversification.

The ABL plan envisages a settlement mechanism that would include several features for capitalisation and settlement of government debt to BdL.
The ABL approach deploys five strategic priorities allowing a prompt and sustainable economic and financial recovery in the wake of expected IMF (or "the Fund") Balance of Payments ("BoP") support requested by the government on May 1:
I. A debt restructuring process that minimises the damaging consequences to the nearly 3 million domestic bank depositors and to the economy as a whole, while priming the economy for a faster recovery and higher medium-term potential growth.
II. A sustainable medium-term fiscal strategy leaving a significant fiscal space to finance much-needed social measures, including an Expanded Social Safety Net to fight poverty and concrete steps against social exclusion.
III. A monetary and exchange rate unification policy that addresses the massive external imbalances while containing considerable inflationary pressures and avoiding hyperinflation.
IV. A financial sector restructuring based on an orderly banking sector approach on a case-by-case basis when needed, upgrading regulatory matters to international standards.
V. A strong diversification strategy of the economy, as well as much-needed structural reforms including anticorruption measures, a lower cost of doing business in the country as well as reforms that reduce the size of the informal sector.

More than one year after the issuance of the two plans, there is still no unification of vision among the different concerned authorities. This is leading to a chaotic official approach to economic policy matters, especially after the resignation of Cabinet in May 2020 and in the absence of a newly appointed Cabinet which formation is still subject to intense domestic political bickering. The most important challenge facing the new Cabinet is the agreement with all concerned parties on an exit strategy that would lead to a ratification of a program with the IMF as a watchdog for the implementation of long awaited fiscal and structural reforms. So far, such agreement continues to be elusive.

Beirut Port Explosion
On 4 August 2020, a large explosion occurred at the port of the city of Beirut, causing casualties and material damages across the capital of Lebanon. The Beirut Port explosion affected several individuals and businesses, and contributed to further deterioration of the economic environment and disruption of businesses, leading to further expected credit losses charges. The World Bank estimated the direct and indirect damages to the Lebanese economy as a result of the Beirut Port explosion at circa USD 8 billion.

COVID-19

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. It has caused disruption to businesses and economic activities and increased the level of uncertainty in domestic and international markets. Regulators and governments across the globe have introduced schemes to provide financial support to parts of the economy most impacted by the COVID-19 pandemic.

In the case of the Bank, similar to many entities for which the operating environment is mostly in Lebanon, the impact of COVID-19 cannot be isolated and assessed independently from the economic crisis that the country is witnessing. COVID-19 is adding up to the severity of the economic downturn from a commercial, regulatory and risk perspective.

Future impairment charges, already subject to high uncertainty and volatility due to the severe crisis in Lebanon, may be subject to further uncertainty and volatility as a result of the COVID-19 pandemic and related containment and lock down measures. In the first half of 2021, the volatility in the pandemic continues worldwide, despite an increase in the vaccination rate globally to reach 40% in developed countries and 27.6% worldwide at the date of this report, amid the emergence new Corona strains. Within this context, number of Covid-19 cases are resurging in Lebanon within a vaccination rate still below the global average at 22.5% of the population. Consequently, more adverse economic scenarios and macro-economic variables with higher probabilities are considered for expected credit losses financial impact.

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

1.2. REGULATORY ENVIRONMENT

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

• Basic Circular 149 issued on 3 April 2020 and announcing the creation of a special unit at the Central Bank of Lebanon to conduct FOREX operations as per the Platform Rate. An electronic platform will be created encompassing the Central Bank of Lebanon, banks and money dealers for FOREX operations.

• 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…).

• 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 the Platform Rate up to limits set by the Bank. The resulting foreign currencies should be sold to the Central Bank of Lebanon. The exchange rate specified by the Central Bank of Lebanon in its transactions with banks will remain applicable to all other operations in US Dollars.

• Intermediary Circular 552 issued on 22 April 2020 and requesting banks to grant loans against the settlement of facilities and instalments due during the months of March, April, May and June for clients who are not able to pay their dues due to the current economic situation, as assessed by the Bank. The new loans are to be granted up to 5 years starting 30 June 2020 and on condition, among others, that these are granted to repay the above months settlements or, if the client is an establishment or corporation, to pay the staff or the production and operational fees, with no commissions or fees and zero interest rate. The Central Bank of Lebanon will grant the banks loans with zero interest rate against the said loans.

• Intermediary Circular 567 issued on 26 August 2020, which partly altered the directives for the determination of expected credit losses and regulatory capital calculation and ratios, previously set in its Intermediary 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%, 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). The circular however changed the requirement for the recognition of expected credit losses in banks' financial statements from applying at a "maximum" the loss rate adopted for regulatory expected credit losses calculations, to applying it at a "minimum". In addition, the circular introduced the following measures:

- 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.

- 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.

- 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.

- 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.

When the buffer is drawn down, banks are required to rebuild it. However, under exceptional circumstances, the buffer may be drawn down during 2020 and 2021, but must be rebuilt progressively starting 2022, by at least 0.75% each year, to reach the minimum required of 2.5% by end of 2024.

- 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 Intermediary 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 "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 (liquidity abroad). Such account 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.

- 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.

• Intermediary Circular 568 issued on 26 August 2020 and allowing the payments of retail loans denominated in US Dollars in Lebanese Pounds based on the official exchange rate of LBP 1,507.5 per US Dollar subject to the following conditions:
- The client should be a Lebanese resident.
- The client should not have a bank account denominated in US Dollars.
- The housing loans granted to the client should not exceed USD 800,000 while the aggregate amount of retail loans should not exceed USD 100,000 per client.

• Intermediary Circular 575 issued on 5 November 2020 states that banks should book one third of the capital gains arising from the revaluation of fixed assets held in settlement of debt under Tier 2 capital based on the following binding conditions:
- The Central Bank of Lebanon's Central Council investigating and approving at the expense of the concerned bank the validity of the revaluation process.
- Raising the capital before 31 December 2021, as follows:
  • Add a maximum of one third of the revaluation gains under Tier 2 capital.
  • Increase Common Equity Tier 1 capital in cash by an amount at least equivalent to the amount of the revaluation gains booked under Tier 2 capital.

• 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 such as:
- The obligation for the customer to be a physical person.
- The need to perform the computation on the outstanding balance at 31 March 2021 in foreign currency on the condition that (i) funds in foreign currency existed prior to 31 October 2019, (ii) balances do not exceed balances as at 31 October 2019, and (iii) funds are still maintained on the date of issuance of the circular.

The prior obligation to conform to provisions of BdL Basic Circular 154 with regards to repatriation of funds which have exited from the Lebanese banking sector subject to certain criteria.
- Waiver from customer to benefit from his rights as per BdL 151 (withdrawing USD from his foreign currencies accounts at a rate of USD/LBP of 3,900) as long as he benefits from the provision of BdL Basic Circular 158.

Once the customer fulfils the aforementioned conditions, his creditor accounts are aggregated with his share in joint accounts after deducting (i) amounts converted from LBP to USD after 31 October 2019, (ii) cash collaterals against facilities granted, and (iii) portion of his loans in foreign currencies which have been repaid in LBP under provisions of BdL Intermediary Circular 568.

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.) and (ii) an amount in LBP equivalent to USD 400 and converted at a rate of USD/LBP of 12,000, noting that 50% of the amount will be paid in cash and 50% will be credited to a payment card.

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 Intermediary 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 it reconstitutes it by 31 December 2022.

Basic Circular 159 issued on 17 August 2021 prevents 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. It also prevents banks from purchasing foreign currencies at parallel rates 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, and (iii) settling international commitments. Finally, the circular prevents banks from purchasing bankers' checks and other banks' accounts in foreign currencies, whether directly or indirectly.

1.3. PARTICULAR SITUATION OF THE GROUP

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 financial statements at the official exchange rate of 1,507.5 USD/LBP, in line with IAS 21 due to the lack of an alternative legal exchange mechanism. However, several exchange rates have emerged since the last quarter of 2019 that vary significantly among each other and from the official one: parallel exchange markets that are high volatile, the Platform Rate, estimated exchange rates detailed in the government's Financial Recovery Plan, in addition to different exchange rates adopted for commercial transactions purposes in Lebanon. Accordingly, translation of all assets and liabilities and foreign currency transactions at the official exchange rate does not represent a reasonable estimate of expected cash flows in Lebanese Pounds that would have to be generated/used from the realisation of such assets or the payment of such liabilities at the date of the transaction or at the date of the financial statements. In the absence of an alternative legal exchange mechanism, we are unable to estimate the effects on these financial statements and these financial statements do not include adjustments from any future change in the official exchange rate and/or alternative legal exchange mechanism. The impact of the valuation of the assets and liabilities in foreign currencies at a different rate is expected to be significant and will be recognised in these financial statements once the revamping of the peg and/or a new legal exchange mechanism is implemented by the Lebanese government.

As at 30 June 2021, loss allowances on assets held at the Central Bank of Lebanon and the portfolio of Lebanese government securities held at amortised cost, excluding loss allowances on lebanese Eurobonds denominated in foreign currencies, are recorded in these financial statements at the loss rates mentioned in the Central Bank of Lebanon's Intermediary Circular 567. Due to the high levels of uncertainties, the lack of observable indicators, and the lack 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 financial statements do not include adjustments of the carrying amount of these assets to their recoverable amounts based on International Financial Reporting Standards and an expected credit loss model. The impact is expected to be pervasive and will be reflected in the financial statements once the debt restructuring has been defined conclusively by the government and all uncertainties and constraints are resolved and the mechanism for allocating losses by asset class and currency is clear and conclusive. With respect to Lebanese government Eurobonds held by the Group at 31 December 2019, Management recorded in the consolidated income statement for 2019 the expected credit losses on these financial assets based on the cash flows that the Group expects to receive. During 2020, most of these assets were disposed of with no significant impact on the Group's income statement. 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 22 to these 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 COVID-19 pandemic and 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 Bank has recorded significant amounts of expected credit losses during the last quarter of 2019 and during 2020. Loss allowances on the Group's portfolio of these private loans 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 22 to these financial statements.

The financial position of the Group, as reported in these 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 high gap between the parallel market rates, the Platform Rate and the official exchange rate, and the lack of visibility on the government's plans with respect to: (a) the high exposures of banks with the Central Bank of Lebanon, (b) the Lebanese sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, Management is unable to estimate in a reasonable manner the impact of these matters on its financial position.

Management anticipates that the above matters will have a materially adverse impact on the Group's financial position and its 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. Unofficial 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. Meanwhile, the Group 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.

Once the above uncertainties are resolved, a pro-forma balance sheet of the Bank will be prepared which will include the effects of the revaluation of the assets and liabilities in foreign currencies, 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.

On October 1 2020, the Bank received a letter from the Central Bank of Lebanon, referring to Basic Circular 154 and Intermediary 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.

Within the prevalence of the above uncertainties, a tentative 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. It is hence implicit that, a definitive 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.

Within the new set of aforementioned unprecedented challenges stemming from the new operating environment in Lebanon, 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 spill-over effects. In practise, Management adopted a new vision and direction revolving around six "going-concern" pillars, at both Group and Domestic levels pillars, with detailed actions for each of those pillars included in the submitted tentative roadmap. These pillars are as follows:

1. Asset Quality: to structurally enhance the quality of the Group's balance sheet. To that end, the Bank plans to sustain the loan deleveraging policy and strengthen loss allowances allocation for both the performing and NPL exposures while closely monitoring the lending portfolios, taking early remedial actions on problematic files. In parallel, the Bank aims to significantly reducing sovereign debt exposure, especially in foreign currency;

2. Quality of Earnings; involving extending efforts across entities to attract low cost and stable funding, while maintaining relationships with good profile obligors with consistent and recurring returns and ancillary revenues and increase diversification of income sources. A special focus is set on further rationalisation of operating expenses targeting a lean organisational structure by improving operational efficiency and optimising cost structure ;

3. Liquidity and ALM; to create an important buffer allowing absorbing turbulences.

4.Solvency: in order to maintain sufficient capital buffers over the minimum regulatory capital adequacy levels allowing the Group to support the management of potential non-performing exposures caused by the prevailing crisis

5. Operational and other Non-financial Risks: Enhancing the management of Operational, Compliance, Legal, Conduct, Cyber, Strategic and third-party risks while constantly updating business continuity plans to counteract any disruption in business activities due to new and emerging risks., and

6. Governance, involving sustaining 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 accompany the particular requirements of the current challenging environment while mobilize the Bank's executive, control, and oversight committees to ensure the continued effectiveness of the control framework. Maintaining abidance by the CSR principles to ensure sustainable development taking into account the economic, social and environmental parameters of our operations in Lebanon and abroad.

The Bank has so far implemented a series of measures in relation to these key strategic objectives and pillars, including:
- Sale of the Bank's Egyptian subsidiary, as well as the Jordanian and Iraqi operations.
- In accordance with Central Bank of Lebanon Intermediary Circular 567, banks are required 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. The amount of increase required for the Bank is USD 622 million. On 18 February 2021,

the Bank submitted to the regulators the measures taken in this respect, which entail:
- Issuance of common shares for USD 209 million.
- Dividends distributed by foreign entities of USD 110 million of which USD 30 million in fresh dollars.
- Proceeds from the sale of the Bank's Egyptian subsidiary, investment in Bank Audi Syria and Jordanian and Iraqi operations up to USD 316 million of which USD 301 million in fresh dollars.

The Bank obtained the formal approval of the regulators on 7 May 2021 on the aforementioned measures.

• Disposing of, during Q1-2020, the majority of its Republic of Lebanon (RoL) Eurobonds portfolio. As at 30 June 2021, Bank Audi sal's net exposure to RoL Eurobonds is only USD 1 million (USD 7 million on a consolidated basis).

• The Bank submitted to the regulators an adjusted calculation for meeting the regulatory requirement of 3% liquidity ratio with foreign banks in accordance with Central Bank of Lebanon Basic Circular 154. The approval of the regulators for meeting this ratio is pending as of the date of these financial statements.

• Deleveraging the loan portfolio and increasing provisioning coverage during 2020: consolidated gross loans dropped by USD 4.6 billion (including the deconsolidation impact resulting from the sale of Bank Audi Egypt, Jordan and Iraq). Gross loans booked at Bank Audi sal alone dropped by USD 1.8 billion during the same period, representing a decrease of 39% from December 2019 level.

• Re-establishing normal banking services with the active promotion of the "External Account" platform.

• Improving operational efficiency and strengthening governance by:
  - Building up on the synergies achieved from the merger of both Audi Private Bank sal and Audi Investments Bank sal under Bank Audi sal.
  - Implementing a cost optimisation plan.

All of these measures have helped strengthen the Bank's financial position, including international liquidity and solvency metrics. As at June 2021, consolidated capital adequacy ratios stood at 10.05%, 12.60% and 14.30% for CET1, Tier 1 and Total CAR respectively, above the minimum required levels of 4.5%, 6% and 8% for 2020-2021 and 7%, 8.5% and 10.5% (including 2.5% capital conservation buffer) required by 2024. Part of the ratios' improvement between December 2020 and June 2021 is attributable to the deconsolidation of the Jordan and Iraq branches which took place in Q1-2021 and is expected to further improve with the deconsolidation of Bank Audi Egypt which was recently completed in April 2021.

The Bank has also prepared financial projections covering future years until 2024, taking into account various additional planned actions, including:
• Strengthening its financial condition by using all of its future consolidated profits for that purpose.
• Continuing to deleverage its loan portfolio booked in Lebanon during 2021.
• Increasing significantly its international foreign currency liquidity position.

The Bank is unable to predict the response of the Central Bank of Lebanon on its submitted roadmap, as well as the level of its adherence with the banking regulations and its planned actions, nor it is able to predict the measures that might be taken by the regulator in that regard. Once the Bank receives an official feedback from the Central Bank of Lebanon, Management will therefore be able to assess its impact on the financial statements of the Group.

The Bank is also uncertain whether the measures set out in its roadmap 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, the multitude of exchange rates, hyperinflation, the COVID-19 pandemic, the explosion of the Beirut port, as well as the implementation of a clear national fiscal and economic recovery plan are resolved.

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 in 2020 and in the first half of 2021. Market embedded factors, such as unofficial capital controls, inability to secure foreign liquidity and the existence of several values for the US Dollar, during the current fiscal year, 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. | BASIS OF PREPARATION AND SIGNIFICANT 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 2021 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 2020. In addition, results for the six months ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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.

2.2. 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		Country of Incorporation	Principal Activity	Functional Currency
	30 June 2021	31 December 2020			
Bank Audi (France) sa	100.00	100.00	France	Banking (Commercial)	EUR
Banque Audi (Suisse) SA	100.00	100.00	Switzerland	Banking (Private)	CHF
Bank Audi sae	-	100.00	Egypt	Banking (Commercial)	EGP
Audi Capital (KSA)	99.99	99.99	Saudi Arabia	Financial Services	SAR
Bank Audi LLC (Qatar)	100.00	100.00	Qatar	Banking Services	QAR
Societe Libanaise de Factoring sal	100.00	100.00	Lebanon	Factoring	LBP
Odea Bank A.Ş.	76.42	76.42	Turkey	Banking (Commercial)	TRY
Audi Investments Holding sal	100.00	100.00	Lebanon	Investment	USD

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.

3.0. | SEGMENT REPORTING

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segments are evaluated based on information relating to net operating income and financial position. Income taxes and operating expenses are managed on a group basis and are not allocated to operating segments.

Interest income is reported net, since Management monitors net interest income as a performance measure and not the gross income and expense amounts. Net interest income is allocated to the business segment based on the assumption that all positions are funded or invested via a central funding unit. An internal Funds Transfer Pricing (FTP) mechanism was implemented between operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The assets and liabilities that are reported in the segments are net from inter-segments' assets and liabilities since they constitute the basis of Management's measures of the segments' assets and liabilities and the basis of the allocation of resources between segments.

BUSINESS SEGMENTS

The Group operates in four main business segments which are Corporate and Commercial Banking, Retail and Personal Banking, Treasury and Capital Markets, and Group Functions and Head Office.

Corporate and Commercial Banking
Provides diverse products and services to the corporate and commercial customers including loans, deposits, trade finance, exchange of foreign currencies, 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 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 below tables present net operating income information and financial position information.

NET OPERATING INCOME INFORMATION

	Unaudited 30 June 2021				
	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	142,235	270,442	376,009	9,642	798,328
Non-interest income					
Net fee and commission (expense)	(36,966)	7,812	1,997	1,772	(25,385)
Financial operations	(233,711)	(205,928)	(217,779)	(3,001)	(660,419)
Share of profit of associates	-	-	-	327	327
Other operating income	2,482	2,608	3	10,867	15,960
Total non-interest expense	**(268,195)**	**(195,508)**	**(215,779)**	**9,965**	**(669,517)**
Total operating income	**(125,960)**	**74,934**	**160,230**	**19,607**	**128,811**
Net impairment loss on financial assets	(27,485)	21,166	(3,832)	-	(10,151)
Net operating income	**(153,445)**	**96,100**	**156,398**	**19,607**	**118,660**

	Unaudited 30 June 2020 Restated				
	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	124,164	183,398	262,027	27,213	596,802
Non-interest income					
Net fee and commission expense	(114,750)	(47,163)	(2,102)	(7,990)	(172,005)
Financial operations	3,578	(20,697)	207,154	(914)	189,121
Share of loss of associates	-	-	-	(711)	(711)
Other operating income	237	2,033	2	3,416	5,688
Total non-interest income	(110,935)	(65,827)	205,054	(6,199)	22,093
Total operating income	13,229	117,571	467,081	21,014	618,895
Net impairment loss on financial assets	(146,153)	(104,023)	(38,887)	-	(289,063)
Net operating income	(132,924)	13,548	428,194	21,014	329,832

FINANCIAL POSITION INFORMATION

	Unaudited 30 June 2021				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	**Total LBP Million**
Investments in associates	-	-	-	83,075	**83,075**
Total assets	6,360,388	4,732,524	29,933,283	1,191,419	**42,217,614**
Total liabilities	6,366,222	24,990,385	5,702,030	1,011,552	**38,070,189**

	Audited 31 December 2020				
	Corporate and Commercial Banking LBP Million	Retail and Personal Banking LBP Million	Treasury and Capital Markets LBP Million	Group Functions and Head Office LBP Million	Total LBP Million
Investments in associates	-	-	-	113,923	113,923
Total assets	6,730,128	5,008,444	31,373,086	807,527	43,919,185
Total liabilities	6,628,318	25,811,718	7,065,197	956,078	40,461,311

Capital expenditures amounting to LBP 8,745 million at end of June 2021 (31 December 2020: LBP 31,839 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 847,823 million at end of June 2021 (30 June 2020: LBP 1,175,254 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 2021 LBP Million	Unaudited 30 June 2020 Restated LBP Million
Interest and similar income		
Central Bank of Lebanon	752,297	1,071,740
Lebanese sovereign	95,526	103,514
	847,823	1,175,254

GEOGRAPHICAL SEGMENTS

The Group operates in three geographical segments: Lebanon, Middle East and North Africa, and Turkey (MENAT) and Europe. As such, it is subject to different risks and returns. The following tables show the distribution of the Group's net external operating income, assets and liabilities allocated based on the location of the subsidiaries reporting the results or advancing the funds. Transactions between segments are carried at market prices and within pure trading conditions.

NET OPERATING INCOME INFORMATION

	Unaudited 30 June 2021			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Net interest income	720,042	65,025	13,261	798,328
Non-interest income				
Net fee and commission (expense)	(80,629)	17,895	37,349	(25,385)
Financial operations	(665,770)	(8,900)	14,251	(660,419)
Share of profit of associates	327	-	-	327
Other operating income	4,411	8,979	2,570	15,960
Total non-interest expense	**(741,661)**	**17,974**	**54,170**	**(669,517)**
Total external operating income	**(21,619)**	**82,999**	**67,431**	**128,811**
Net impairment loss on financial assets	299	(1,129)	(9,321)	(10,151)
Net external operating income	**(21,320)**	**81,870**	**58,110**	**118,660**

	Unaudited 30 June 2020 Restated			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Net interest income	457,616	112,477	26,709	596,802
Non-interest income				
Net fee and commission expense	(220,305)	18,894	29,406	(172,005)
Financial operations	185,030	(13,553)	17,644	189,121
Share of loss of associates	(711)	-	-	(711)
Other operating income	3,008	2,311	369	5,688
Total non-interest income	(32,978)	7,652	47,419	22,093
Total external operating income	424,638	120,129	74,128	618,895
Net impairment loss on financial assets	(434,238)	137,407	7,768	(289,063)
Net external operating income	(9,600)	257,536	81,896	329,832

FINANCIAL POSITION INFORMATION

	Unaudited 30 June 2021			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	**Total LBP Million**
Capital expenditures	3,597	4,847	301	**8,745**
Investments in associates	83,075	-	-	**83,075**
Total assets	29,687,911	7,786,170	4,743,533	**42,217,614**
Total liabilities	27,024,170	6,910,416	4,135,603	**38,070,189**

	Audited 31 December 2020			
	Lebanon LBP Million	MENAT LBP Million	Europe LBP Million	Total LBP Million
Capital expenditures	11,224	19,365	1,250	31,839
Investments in associates	113,923	-	-	113,923
Total assets	30,815,595	8,220,621	4,882,969	43,919,185
Total liabilities	28,983,403	7,289,644	4,188,264	40,461,311

Segment reporting assets and liabilities as at 31 December 2020 do not include those held for sale and amounting to LBP 9,493,147 million and LBP 8,502,601 million respectively.

4. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	Unaudited 30 June 2021 LBP Million	Unaudited 30 June 2020 Restated LBP Million
Re-measurements:		
Cash and balances with central banks	51	45,587
Due from banks and financial institutions	-	63
Loans and advances to customers at amortised cost	90,636	357,367
Financial assets at amortised cost	3,748	640
Financial guarantees and other commitments	50	6,531
	94,485	410,188
Recoveries:		
Loans and advances to customers at amortised cost	(80,411)	(119,722)
Financial guarantees and other commitments	(2,449)	(29)
	(82,860)	(119,751)
Net direct recoveries	(1,474)	(1,374)
	10,151	289,063

5. DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into derivatives for trading and for risk management purposes. The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument (being an equity instrument, commodity product, reference rate or index, etc.). The notional amounts indicate the volume of transactions outstanding at year-end and are not indicative of either the market risk or credit risk.

FORWARDS AND FUTURES

Forwards and future contracts are contractual agreements to buy and sell a specified financial instrument at a specific price and date in the future. Forwards are customised contracts transacted in the over-the-counter market. Future contracts are transacted in standardised amounts on regulated exchanges and are subject to daily cash margin requirements.

OPTIONS

Options are contractual agreements that convey the right, but not the obligation, for the purchaser either to buy or to sell a specific amount of financial instrument at a fixed price, either at a fixed future date or at any time within a specified period.

SWAPS

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in specified underlying index such as an interest rate, foreign currency rate, commodity index or equity index.

Interest rate swaps relate to contracts taken out by the Group with other counterparties (customers and financial institutions) in which the Group either receives or pay a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with difference being paid by one party to the other.

In a currency swap, the Group pays a specified amount in one currency and receives a specified amount in another currency. Currency swaps are mostly gross-settled.

The Group has positions in the following type of derivatives:

30 June 2021 (Unaudited)	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million
Derivatives held for trading			
Forward foreign exchange contracts	4,511	9,204	1,009,143
Forward precious metals contracts	46	-	3,648
Currency swaps	121,584	75,842	4,342,403
Precious metals swaps	1,704	341	62,600
Currency options	18,907	15,212	1,592,591
Interest rate swaps	1,044	-	639,982
Interest rate options	25,725	-	1,507,500
Credit derivatives	-	-	197,853
Equity options	1,108	1,108	1,295
	174,629	101,707	9,357,015
Derivatives held as fair value hedge			
Interest rate swaps	-	189,115	1,582,875
	-	189,115	1,582,875
Derivatives held as cash flow hedge			
Interest rate swaps	8,218	-	320,605
	8,218	-	320,605
Total	182,847	290,822	11,260,495

31 December 2020 (Audited)	Positive Fair Value LBP Million	Negative Fair Value LBP Million	Notional Amount LBP Million
Derivatives held for trading			
Forward foreign exchange contracts	14,364	7,406	824,919
Forward precious metals contracts	-	79	2,276
Currency swaps	134,698	138,870	4,197,319
Precious metals swaps	8	3,022	87,628
Currency options	15,395	18,280	1,035,522
Interest rate swaps	12,674	-	1,813,566
Interest rate options	38,682	-	1,585,032
Credit derivatives	-	-	230,443
Equity options	2,999	2,999	1,352
	218,820	170,656	9,778,057
Derivatives held as fair value hedge			
Interest rate swaps	-	276,137	1,582,875
	-	276,137	1,582,875
Total	218,820	446,793	11,360,932

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Treasury bills	686	691
Eurobonds	2,824	143
	3,510	834
Other sovereign		
Treasury bills and bonds	733	4,295
Private sector and other securities		
Banks and financial institutions	247,301	325,426
Loans and advances to customers	-	7,124
Mutual funds	50,098	52,156
Equity instruments	2,299	2,232
	299,698	386,938
	303,941	392,067

7. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Corporate and SME	6,881,280	7,441,872
Retail and Personal Banking	2,831,789	3,195,612
Public sector	61,418	68,464
	9,774,487	10,705,948
Less: allowance for expected credit losses (Note 22)	(1,458,293)	(1,563,596)
	8,316,194	9,142,352

8. FINANCIAL ASSETS AT AMORTISED COST

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Lebanese sovereign and Central Bank of Lebanon		
Certificates of deposit	3,977,577	4,052,447
Treasury bills	3,331,048	3,330,377
Eurobonds	88,544	87,744
	7,397,169	7,470,568
Other sovereign		
Treasury bills	34,162	40,305
Eurobonds	208,698	247,345
	242,860	287,650
Private sector and other securities		
Banks and financial institutions debt instruments	94,073	100,928
Corporate debt instruments	69,027	76,686
	163,100	177,614
	7,803,129	7,935,832
Less: allowance for expected credit losses (Note 22)	(151,542)	(148,339)
	7,651,587	7,787,493

During 2019, the Bank and the Central Bank of Lebanon signed a netting agreement for specified financial assets and liabilities that qualifies for netting under the requirements of IAS 32. Accordingly, as at 30 June 2021, certificates of deposit amounting to LBP 2,638,000 million (31 December 2020: the same) and term borrowings from the Central Bank of Lebanon are reported on a net basis on the statement of financial position. At 30 June 2021, Lebanese Treasury bills of LBP 1,979,141 million were pledged against term borrowings from the Central Bank of Lebanon (2020: the same) (Note 11). In addition, the Group, in agreement with credit-linked depositors, settled deposits amounting to LBP 398,361 million in certificates of deposit with the Central Bank of Lebanon denominated in US Dollars having the same nominal amount (31 December 2020: LBP 371,261 million) (Notes 10 and 12).

The Lebanese government Eurobonds were acquired during 2018 against a leverage arrangement with the Central Bank of Lebanon. During 2019, the amortised cost was adjusted by an amount equivalent to the present value of expected future cash flows from leverage arrangements. These financial instruments were mostly liquidated during 2020 at a price approximating their adjusted carrying amount net of the allowances for expected credit losses at 31 December 2019.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Debt instruments		
Other sovereign		
Treasury bills and bonds	1,099,988	1,158,840
Private sector and other securities		
Banks and financial institutions debt instruments	319,809	293,819
	1,419,797	1,452,659
Equity instruments		
Quoted	176	176
Unquoted	67,845	65,538
	68,021	65,714
	1,487,818	1,518,373

10. OTHER ASSETS

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Advances on acquisition of property and equipment	23,097	4,558
Advances on acquisition of intangible assets	2,797	2,878
Prepaid charges	38,578	36,945
Electronic cards and regularisation accounts	22,834	25,342
Receivables related to non-banking operations	17,386	19,534
Advances to staff	30,228	37,461
Hospitalisation and medical care under collection	43,586	43,764
Interest and commissions receivable	1,315	1,115
Funds management fees	43	51
Fiscal stamps, bullions and commemorative coins	1,105	1,119
Management and advisory fees receivable	405	353
Tax regularisation account	19,278	14,394
Other debtor accounts	245,318	163,324
Receivables from Central Bank of Lebanon under leverage arrangements	1,281,393	1,334,603
	1,727,363	1,685,441

As at 30 June 2021, other debtors' accounts include an amount of LBP 89,493 million representing collateral under process of being repossessed against settlement of loans (31 December 2020: LBP 76,362 million).

Receivables from the Central Bank of Lebanon under Leverage Arrangements

During 2018, the Group entered into leverage arrangements with the Central Bank of Lebanon against a simultaneous purchase of Lebanese government Eurobonds that were recorded at amortised cost. During 2019, the amortised cost was adjusted by an amount equivalent to the present value of expected future cash flows from leverage arrangements and recorded as "receivables from the Central Bank of Lebanon under leverage arrangements". These financial instruments were mostly liquidated during 2020 at a price approximating their adjusted carrying amount net of the allowances for expected credit losses at 31 December 2019. Remaining balance related to this transaction amounted to LBP 994,904 million as at 30 June 2021 (31 December 2020: LBP 1,036,598 million).

During 2018, the Group entered into leverage arrangements with the Central Bank of Lebanon against simultaneous time deposits with the latter denominated in US Dollars. During 2020, time deposits were derecognised for the acquisition of certificates of deposit. In agreement with credit-linked depositors, the Group settled deposits as at 30 June 2021 amounting to LBP 398,361 million in such certificates of deposit having the same nominal amount (31 December 2020: LBP 371,261 million) (Notes 8 and 12). As a result, the Group recognised the present value of future cash flows from the corresponding leverage arrangements as "receivables from the Central Bank of Lebanon under leverage arrangements" against net gain (loss) on financial assets at fair value through profit or loss. Remaining balance related to this transaction amounted to LBP 286,489 million as at 30 June 2021 (31 December 2020: LBP 298,005 million).

11. DUE TO CENTRAL BANKS

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Central Bank of Lebanon		
Subsidised loans	637,874	691,990
Term borrowings under leverage arrangements	1,979,141	1,979,141
Other borrowings	636,544	720,731
Accrued interest	9,893	13,760
Other central banks		
Other borrowings	147	34,668
Repurchase agreements	444,459	584,018
	3,708,058	4,024,308

SUBSIDISED LOANS

As at 30 June 2021, 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 2020: the same).

TERM BORROWINGS UNDER LEVERAGE ARRANGEMENTS

Leverage arrangements with the Central Bank of Lebanon represent term borrowings denominated in LBP, bearing an interest rate 2% per annum and having maturities ranging between 2027 and 2028, fully invested in Lebanese Treasury bills, certificates of deposit with the Central Bank of Lebanon in LBP, and blocked term placements with the Central Bank of Lebanon in LBP earning coupon rates ranging between 6.5% per annum and 10.5%. Simultaneously, the Bank has either deposited term placements with the Central Bank of Lebanon in foreign currencies at 6.5% per annum and in LBP at 10.5% per annum (originated from the sale of foreign currencies to the Central Bank of Lebanon) carrying the same maturities; or purchased Lebanese government Eurobonds from the Central Bank of Lebanon. During 2019, the Bank and the Central Bank of Lebanon signed a netting agreement covering only leverage arrangements that were invested in blocked term placement and pledged certificates of deposit with the Central Bank of Lebanon in LBP. This agreement qualifies for netting under the requirements of IAS 32.

The below table summarises the leverage arrangements and related financial assets subject to offsetting, and enforceable similar agreements, and whether offset is achieved in the statement of financial position. The table identifies the amounts that have been offset in the statement of financial position and 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 2021 LBP Million	Audited 31 December 2020 LBP Million
Leverage arrangements		
Gross amounts	10,790,245	11,104,631
Amounts offset against[1]		
Placement with the Central Bank of Lebanon	6,173,104	6,487,490
Certificates of deposit with the Central Bank of Lebanon (Note 9)	2,638,000	2,638,000
Net amounts reported on the balance sheet	**1,979,141**	1,979,141
Financial collateral		
Lebanese Treasury bills (Note 8)	1,979,141	1,979,141
	1,979,141	1,979,141

[1] *Represents amounts that can be offset under IAS 32. Placements with the Central Bank of Lebanon and certificates of deposit with the Central Bank of Lebanon have also been reported on the statement of financial position net of the amounts above.*

Financial assets and financial liabilities that were settled on a net basis amounted to LBP 3,081,785 million (31 December 2020: LBP 2,767,399 million).

REPURCHASE AGREEMENTS

The Group sells government bonds subject to a commitment to repurchase them (repurchase agreement). The consideration received (or cash collateral provided) is accounted for as a financial liability reflecting the transaction's economic substance as a borrowing to the Group. As the Group retains substantially all the risks and rewards of ownership, the securities transferred are retained on statement of financial position under:

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Financial assets at amortised cost - Non-Lebanese government bonds	**17,448**	31,409
Financial assets at fair value through comprehensive income - Non-Lebanese government bonds	**427,011**	552,641

12. CUSTOMERS' DEPOSITS

	Unaudited 30 June 2021			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	**Total LBP Million**
Sight deposits	2,520,871	12,378,579	33,012	14,932,462
Time deposits	1,528,440	12,941,588	5,479	14,475,507
Saving accounts	61,700	1,342,568	-	1,404,268
Margins on LC's and LG's	85,251	18,574	85	103,910
Other margins	587	-	-	587
Other deposits	11,431	61,090	-	72,521
Bankers' drafts	-	29,315	-	29,315
	4,208,280	**26,771,714**	**38,576**	**31,018,570**
Deposits pledged as collateral				**2,691,714**

	Audited 31 December 2020			
	Corporate and SME LBP Million	Retail and Personal Banking LBP Million	Public Sector LBP Million	Total LBP Million
Sight deposits	3,480,570	9,589,550	37,549	13,107,669
Time deposits	2,749,656	12,398,039	5,644	15,153,339
Saving accounts	234,362	3,428,073	-	3,662,435
Margins on LC's and LG's	95,397	11,683	85	107,165
Other margins	587	146	-	733
Other deposits	3,524	90,080	-	93,604
Bankers' drafts	-	165,750	-	165,750
	6,564,096	25,683,321	43,278	32,290,695
Deposits pledged as collateral				3,462,811

Sight deposits include balances of bullion amounting to LBP 192,962 million (31 December 2020: LBP 302,707 million) which were carried at fair value through profit or loss.

Time deposits include balances amounting to LBP 197,853 million as at 30 June 2021 (31 December 2020: LBP 230,443 million), 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 LBP 398,361 million in certificates of deposit with the Central Bank of Lebanon denominated in US Dollars and having the same nominal amount (31 December 2020: LBP 371,261 million) (Notes 8 and 10).

Bankers' drafts as at 30 June 2021 and 31 December 2020 consist of checks paid to depositors that have not yet been withdrawn from the Central Bank of Lebanon or other Lebanese banks.

13. OTHER LIABILITIES

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Lease liabilities	43,707	42,416
Accrued expenses	67,252	58,953
Miscellaneous suppliers and other payables	26,223	31,928
Operational taxes	126,182	134,345
Employee accrued benefits	9,932	4,037
Electronic cards and regularisation accounts	33,785	31,360
Social security dues	3,363	3,898
Deferred interest payable	26,518	18,739
Other credit balances	129,391	120,577
	466,353	446,253

14. PROVISIONS FOR RISKS AND CHARGES

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Provisions for risks and charges	96,705	46,618
Provisions for ECL on financial guarantees and commitments	19,459	23,853
End of service benefits	77,533	80,128
	193,697	150,599

15. OTHER COMPONENTS OF EQUITY

	Unaudited 30 June 2021					
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreign Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Cash Flow Hedge Reserve LBP Million	**Total LBP Million**
Balance at 1 January 2021	**337,059**	**20,534**	**(1,078,654)**	**(12,451)**	**(19,944)**	**(753,456)**
Other comprehensive income from continuing operations	376	(4,927)	(109,098)	(1,147)	(840)	(115,636)
Entities deconsolidated	(75,568)	(11,516)	11,550	-	-	(75,534)
Transfer between reserves	668	-	-	-	-	668
Balance at 30 June 2021	**262,535**	**4,091**	**(1,176,202)**	**(13,598)**	**(20,784)**	**(943,958)**

	Unaudited 30 June 2020					
	Real Estate Revaluation Reserve LBP Million	Cumulative Changes in Fair Value LBP Million	Foreign Currency Translation Reserve LBP Million	Actuarial Loss on Defined Benefit Obligation LBP Million	Cash Flow Hedge Reserve LBP Million	Total LBP Million
Balance at 1 January 2020	338,024	25,317	(1,588,710)	(8,368)	(18,845)	(1,252,582)
Other comprehensive income from continuing operations	-	1,356	(92,910)	(96)	(2,127)	(93,777)
Other comprehensive income from discontinued operations	-	(898)	(3,373)	-	-	(4,271)
Transfer between reserves	(965)	(1,644)	-	-	-	(2,609)
Transfer related to assets held for sale	-	(6,528)	603,427	-	-	596,899
Balance at 30 June 2020	337,059	17,603	(1,081,566)	(8,464)	(20,972)	(756,340)

REAL ESTATE REVALUATION RESERVE

Effective 31 December 2014, the Group made a voluntary change in its accounting policy for subsequent measurement of two classes of property and equipment being i) Land and ii) Building and Building Improvements from cost to revaluation model.

CUMULATIVE CHANGES IN FAIR VALUE

The cumulative changes as at 30 June represent the fair value differences from the revaluation of financial assets measured at fair value through other comprehensive income.

16. ASSETS AND LIABILITIES HELD FOR SALE

BANK AUDI sae

On 20 January 2021, the Bank signed a shares purchase agreement for the sale of 34,700,000 shares in Bank Audi sae, comprising the entire issued share capital of the latter. On 15 April 2021, the conditions precedent to completion were satisfied with the execution of the transfer of shares completed on 28 April 2021. The parties agreed on a purchase price for the shares less reductions (if any) made pursuant to the contract. No impairment for Bank Audi sae has been recognised under IFRS 5 as at 31 December 2020. 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 cash collateral and 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 2020.

BANKING OPERATIONS IN JORDAN AND IRAQ

On 29 December 2020, the Bank signed business transfer agreements to sell and transfer the assets of its banking business and operations carried on in Jordan and Iraq (together with the assumed liabilities), excluding certain matters, to a third party and to assume obligations imposed on the Bank under the agreements. The sale and transfer confirmation deed was executed on 11 March 2021. Impairment for the Group's banking operations in Jordan and Iraq was recognised under IFRS 5 as at 31 December 2020. 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 cash collateral and reductions made pursuant to the contract.

ASSETS AND LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE:

	Audited 31 December 2020		
	Bank Audi sae LBP Million	Jordan and Iraq Operations LBP Million	Total LBP Million
Cash and balances with central banks	1,511,215	201,192	1,712,407
Due from banks and financial institutions	298,138	57,262	355,400
Loans to banks and financial institutions and reverse repurchase agreements	35,367	-	35,367
Derivative financial instruments	105	-	105
Financial assets at fair value through profit or loss	3,083	-	3,083
Loans and advances to customers at amortised cost	2,883,386	517,021	3,400,407
Loans and advances to related parties at amortised cost	-	325	325
Debtors by acceptances	18,180	6,388	24,568
Financial assets at amortised cost	636,837	366,771	1,003,608
Financial assets at fair value through other comprehensive income	2,645,689	3,613	2,649,302
Property and equipment and right-of-use assets	219,015	47,169	266,184
Intangible assets	23,818	1,357	25,175
Assets obtained in settlement of debt	780	-	780
Other assets	29,441	9,283	38,724
Deferred tax assets	-	12,560	12,560
Total	8,305,054	1,222,941	9,527,995
Balance of impairment unallocated under IFRS 5	-	(34,848)	(34,848)
Total assets classified as held for sale	8,305,054	1,188,093	9,493,147
Due to central banks	1,935	51,602	53,537
Due to banks and financial institutions	296,355	17,330	313,685
Derivative financial instruments	75	17	92
Customers' deposits	6,955,912	969,157	7,925,069
Deposits from related parties	-	1,629	1,629
Engagements by acceptances	18,180	6,388	24,568
Other liabilities	54,713	33,829	88,542
Current tax liabilities	28,893	6,853	35,746
Deferred tax liabilities	29,925	957	30,882
Provisions for risks and charges	17,416	11,435	28,851
Total liabilities classified held for sale	7,403,404	1,099,197	8,502,601
Net assets classified as held for sale	901,650	88,896	990,546
Reserves related to assets held for sale:			
Cumulative changes in fair value	11,395	-	11,395
Foreign currency translation reserve	(583,222)	(16,050)	(599,272)
	(571,827)	(16,050)	(587,877)

The carrying value of the disposal group is stated after the elimination of internal balances between Bank Audi Egypt sae, Bank Audi Jordan and Bank Audi Iraq branches, and the remaining entities within the Group. Internal balances were considered in determining the carrying value of the disposal groups held for sale for the purposes of measuring the disposal group at the lower of carrying amount and fair value less costs to sell.

The disposal groups above meet the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax and non-controlling interest in respect of the discontinued operation on the face of the Group income statement, are analysed in the income statement below.

ASSETS AND LIABILITIES INCLUDED IN DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE:

	Unaudited 30 June 2021		
	Bank Audi sae LBP Million	Jordan and Iraq Operations LBP Million	Total LBP Million
Interest and similar income	213,999	9,786	223,785
Interest and similar expense	(132,785)	(5,007)	(137,792)
Net interest income	81,214	4,779	85,993
Fee and commission income	14,438	2,558	16,996
Fee and commission expense	(1,450)	(356)	(1,806)
Net fee and commission income	12,988	2,202	15,190
Net gain on financial assets at fair value through profit or loss	1,322	426	1,748
Non-interest revenues from financial assets at fair value through other comprehensive income	332	-	332
Other operating income	59	1	60
Total operating income	95,915	7,408	103,323
Net impairment loss on financial assets	(16,577)	(480)	(17,057)
Net operating income	79,338	6,928	86,266
Personnel expenses	(16,561)	(2,631)	(19,192)
Other operating expenses	(14,021)	(1,965)	(15,986)
Depreciation of property and equipment and right-of-use assets	(2,886)	(682)	(3,568)
Amortisation of intangible assets	(1,224)	(284)	(1,508)
Total operating expenses	(34,692)	(5,562)	(40,254)
Operating profit	44,646	1,366	46,012
Net gain on revaluation and disposal of fixed assets	(123)	-	(123)
Profit before tax	44,523	1,366	45,889
Income tax	(21,052)	(523)	(21,575)
Profit for the period	23,471	843	24,314
Gain for the period from discontinued operations	55,351	(809)	54,542
Profit for the period from discontinued operations	78,822	34	78,856

	Unaudited 30 June 2020		
	Bank Audi sae LBP Million	Jordan and Iraq Operations LBP Million	Total LBP Million
Interest and similar income	382,872	44,382	427,254
Interest and similar expense	(250,138)	(19,560)	(269,698)
Net interest income	132,734	24,822	157,556
Fee and commission income	23,813	10,209	34,022
Fee and commission expense	(1,934)	(870)	(2,804)
Net fee and commission income	21,879	9,339	31,218
Net gain on financial assets at fair value through profit or loss	3,202	2,204	5,406
Net loss on sale on financial assets at amortised cost	-	(89)	(89)
Non-interest revenues from financial assets at fair value through other comprehensive income	3,367	-	3,367
Other operating income	87	11	98
Total operating income	161,269	36,287	197,556
Net impairment loss on financial assets	(4,433)	1,128	(3,305)
Net operating income	156,836	37,415	194,251
Personnel expenses	(30,264)	(9,103)	(39,367)
Other operating expenses	(24,018)	(7,786)	(31,804)
Depreciation of property and equipment and right-of-use assets	(5,381)	(2,439)	(7,820)
Amortisation of intangible assets	(2,478)	(1,115)	(3,593)
Total operating expenses	(62,141)	(20,443)	(82,584)
Operating profit	94,695	16,972	111,667
Profit before tax	94,695	16,972	111,667
Income tax	(30,751)	(3,965)	(34,716)
Profit for the period from discontinued operations	63,944	13,007	76,951

Other comprehensive income relating to discontinued operations is as follows:

	Unaudited 30 June 2020		
	Bank Audi sae LBP Million	Jordan Operations LBP Million	Total LBP Million
Profit for the period	63,944	13,007	76,951
Other comprehensive income (loss) that will be reclassified to the income statement in subsequent periods			
Foreign currency translation			
Exchange differences on translation of foreign operations	(3,524)	151	(3,373)
Net foreign currency translation	(3,524)	151	(3,373)
Debt instruments at fair value through other comprehensive income			
Net Unrealised gain	2,046	-	2,046
Gain reclassified to income statement	(3,367)	-	(3,367)
Tax effects	297	-	297
Net loss on debt instruments at fair value through other comprehensive income	(1,024)	-	(1,024)
Total other comprehensive income (loss) that will be reclassified to the income statement in subsequent periods	(4,548)	151	(4,397)
Other comprehensive income (loss) that will not be reclassified to the income statement in subsequent periods			
Equity instruments at fair value through other comprehensive income			
Net unrealised gains	-	126	126
Net unrealised gain on equity instruments at fair value through other comprehensive income	-	126	126
Total other comprehensive income that will not be reclassified to the income statement in subsequent periods	-	126	126
Other comprehensive (loss) income for the period, net of tax	(4,548)	277	(4,271)
Total comprehensive income for the period, net of tax	59,396	13,284	72,680

17. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million	Unaudited 30 June 2020 LBP Million
Cash and balances with central banks	5,245,308	5,905,963	4,713,622
Due from banks and financial institutions	2,892,766	2,190,265	2,104,587
Loans to banks and financial institutions and reverse repurchase agreements	31,771	95,791	98,745
Due to central banks	(558,760)	(618,643)	(28,975)
Due to banks and financial institutions	(281,598)	(1,050,485)	(660,515)
Due to banks under repurchase agreement	-	(143,888)	(727,395)
	7,329,487	6,379,003	5,500,069

Cash and balances with central banks include amounts of LBP 1,229,058 million at 30 June 2021 (31 December 2020: LBP 2,051,126 million) representing mandatory reserve deposits and balances.

Cash and cash equivalents include balances in foreign currencies that are subject to unofficial 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 2021 and 31 December 2020:

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Cash and balances with central banks	902,439	1,146,190
Due from banks and financial institutions	14,115	97,091
	916,554	1,243,281

18. 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 THE 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 exchange rate of 1,507.5 USD/LBP in accordance with IAS 21, due to the lack of an alternative legal exchange mechanism. However, in light of the high deviation between the parallel market rate and the official exchange rates, Management estimates that the amounts reported in this note in LBP do not reflect a reasonable estimate of expected cash flows in Lebanese Pounds that would have to be generated from the realisation of such assets or the payment of such liabilities at the date of the financial statements. In the absence of an alternative legal exchange mechanism, Management is unable to estimate the effects on the fair value measurement. This matter should be taken into consideration when interpreting the fair value disclosures in this note, especially those under Level 1 and Level 2. Classification within Levels 1 and 2 do not take into consideration the "lack of observability" of the exchange rate.

FAIR VALUE OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

Fair value measurement hierarchy of the financial assets and liabilities carried at fair value:

	Unaudited 30 June 2021			
	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	42	4,469	-	4,511
Forward precious metals contracts	46	-	-	46
Currency swaps	27,071	94,513	-	121,584
Precious metals swaps	1,704	-	-	1,704
Currency options	8,196	10,711	-	18,907
Interest rate swaps	-	1,044	-	1,044
Interest rate options	-	25,725	-	25,725
Equity options	1,108	-	-	1,108
Derivatives held for cash flow hedge				
Interest rate swaps	-	8,218	-	8,218
	38,167	144,680	-	182,847
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of lebanon				
Treasury bills	-	686	-	686
Eurobonds	2,824	-	-	2,824
Other sovereign:				
Treasury bills and bonds	698	35	-	733
Private sector and other securities				
Banks and financial institutions	247,301	-	-	247,301
Mutual funds	-	13,319	36,779	50,098
Equity instruments	19	2,280	-	2,299
	250,842	16,320	36,779	303,941
Financial assets designated at fair value through other comprehensive income				
Debt instruments				
Other sovereign				
Treasury bills and bonds	1,099,988	-	-	1,099,988
Private sector and other securities				
Banks and financial institutions	319,809	-	-	319,809
Equity instruments				
Quoted	176	-	-	176
Unquoted	-	1,236	66,609	67,845
	1,419,973	1,236	66,609	1,487,818
	1,708,982	162,236	103,388	1,974,606

	Unaudited 30 June 2021			
	Level 1 LBP Million	Level 2 LBP Million	Level 3 LBP Million	Total LBP Million
FINANCIAL LIABILITIES				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	147	9,057	-	9,204
Currency swaps	1,419	74,423	-	75,842
Precious metals swaps	341	-	-	341
Currency options	8,196	7,016	-	15,212
Equity options	1,108	-	-	1,108
Derivatives held for fair value hedge				
Interest rate swaps	-	189,115	-	189,115
	11,211	279,611	-	290,822
Customers' deposits - sight	192,962	-	-	192,962
	204,173	279,611	-	483,784

	Audited 31 December 2020			
	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	485	13,879	-	14,364
Currency swaps	4,779	129,919	-	134,698
Precious metals swaps	8	-	-	8
Currency options	10,825	4,570	-	15,395
Interest rate swaps	378	12,296	-	12,674
Credit derivatives	-	38,682	-	38,682
Equity options	2,999	-	-	2,999
	19,474	199,346	-	218,820
Financial assets at fair value through profit or loss				
Lebanese sovereign and Central Bank of Lebanon				
Treasury bills	-	691	-	691
Eurobonds	143	-	-	143
Other sovereign				
Treasury bills and bonds	4,253	42	-	4,295
Private sector and other securities				
Banks and financial institutions	325,426	-	-	325,426
Loans and advances to customers	-	7,124	-	7,124
Mutual funds	-	6,051	46,105	52,156
Equity Instruments	14	2,218	-	2,232
	329,836	16,126	46,105	392,067
Financial assets designated at fair value through other comprehensive income				
Debt instruments				
Other sovereign				
Treasury bills	1,158,840	-	-	1,158,840
Private sector and other securities				
Banks and financial institutions	293,819	-	-	293,819
Equity instruments				
Quoted	176	-	-	176
Unquoted	-	266	65,272	65,538
	1,452,835	266	65,272	1,518,373
	1,802,145	215,738	111,377	2,129,260
FINANCIAL LIABILITIES				
Derivative financial instruments				
Derivative financial instruments				
Derivatives held for trading				
Forward foreign exchange contracts	324	7,082	-	7,406
Forward precious metals contracts	79	-	-	79
Currency swaps	8,091	130,779	-	138,870
Precious metals swaps	3,022	-	-	3,022
Currency options	10,825	7,455	-	18,280
Equity options	2,999	-	-	2,999
Derivatives held for fair value hedge				
Interest rate swaps	-	276,137	-	276,137
	25,340	421,453	-	446,793
Customers' deposits - sight	302,707	-	-	302,707
	328,047	421,453	-	749,500

VALUATION TECHNIQUES USED FOR MATERIAL CLASSES OF FINANCIAL ASSETS AND LIABILITIES CATEGORISED WITHIN LEVEL 2 AND LEVEL 3:

Interest Rate Derivatives
Interest rate derivatives include interest rate swaps and interest rate options. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case they are Level 3. The Group does not have interest rate derivatives classified as Level 3.

Foreign Exchange Derivatives
Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Group classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole). The Group does not have foreign exchange derivatives classified as Level 3.

Government Bonds, Certificates of Deposit and Other Debt Instruments
The Group values these unquoted debt securities using discounted cash flow valuation models using observable market inputs, comprising of interest rates and yield curves, implied volatilities, and credit spreads. The Group does not have Level 3 government bonds, certificates of deposit and other debt instruments.

Loans and Advances to Customers at Fair Value through Profit or Loss
The fair value of loans and advances to customers that fall in this category is estimated using discounted cash flows by applying current market rates for new loans with similar remaining maturities and to counterparties with similar credit risk. The Group does not have Level 3 loans and advances to customers at fair value through profit or loss.

Funds and Equity Shares of Non-listed Entities
Units held in funds are measured based on their net asset value (NAV), taking into account redemption and/or other restrictions. Classification between Level 2 and Level 3 is dependent on whether the NAV is observable or unobservable (i.e. recent and published by the fund administrator or not).

Equity shares of non-listed entities comprise mainly the Group's strategic investments, are generally classified at fair value through other comprehensive income and are not traded in active markets. These are investments in private companies, for which there is no or only limited sufficient recent information to determine fair value. The Group determined that cost adjusted to reflect the investee's financial position and results since initial recognition represents the best estimate of fair value. Classification between Level 2 and Level 3 is based on whether the financial statements of the investee are recent and published or not. These instruments are fair valued using third-party information (NAV or financial statements of non-listed entities), without adjustment. Accordingly, quantitative information about significant unobservable inputs and sensitivity analysis cannot be developed by the Group in accordance with IFRS 13.93 (d).

The movement of items recurrently measured at fair value categorised within Level 3 during the year is as follows:

	Unaudited 30 June 2021		Audited 31 December 2020	
	Financial Instruments at Fair Value through Profit or Loss	Financial Instruments at Fair Value through Other Comprehensive Income	Financial Instruments at Fair Value through Profit or Loss	Financial Instruments at Fair Value through Other Comprehensive Income
FINANCIAL ASSETS	LBP Million	LBP Million	LBP Million	LBP Million
Balance at 1 January	46,105	65,272	54,177	66,452
Re-measurement recognised in other comprehensive income	-	(316)	-	(1,994)
Purchases	-	1,853	-	1,103
Sales	(9,326)	-	(8,072)	-
Foreign exchange difference	-	(200)	-	(289)
Balance at 30 June/31 December	36,779	66,609	46,105	65,272

FAIR VALUE OF FINANCIAL INSTRUMENTS NOT HELD AT FAIR VALUE

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

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' deposits. 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 financial instruments not measured at fair value is reasonable approximation of their fair value.

19. 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.

	Unaudited 30 June 2021		
	Banks LBP Million	Customers LBP Million	**Total LBP Million**
Guarantees and contingent liabilities			
Financial guarantees	12,470	397,209	409,679
Other guarantees	135,736	654,699	790,435
	148,206	**1,051,908**	**1,200,114**
Commitments			
Documentary credits	-	293,843	293,843
Loan commitments	-	2,048,792	2,048,792
Of which revocable	-	*1,190,808*	*1,190,808*
Of which irrevocable	-	*857,984*	*857,984*
	-	**2,342,635**	**2,342,635**

	Audited 31 December 2020		
	Banks LBP Million	Customers LBP Million	Total LBP Million
Guarantees and contingent liabilities			
Financial guarantees	12,905	320,821	333,726
Other guarantees	11,846	747,109	758,955
	24,751	1,067,930	1,092,681
Commitments			
Documentary credits	-	201,855	201,855
Loan commitments	-	2,126,797	2,126,797
Of which revocable	-	*1,270,945*	*1,270,945*
Of which irrevocable	-	*855,852*	*855,852*
	-	2,328,652	2,328,652

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 11,590 million as of 30 June 2021 (31 December 2020: LBP 9,865 million).

LEGAL CLAIMS

Litigation is a common occurrence in the banking industry due to the nature of the business. The Group has an established protocol for dealing with such claims, many of which are beyond its control. At year-end, the Group had several unresolved legal claims in Lebanon and abroad, mainly those relating to the restrictive measures in place with respect to the withdrawal of funds and transfers abroad and a civil action filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) against eleven Lebanese banks including Bank Audi sal asserting primary and secondary liability claims under the Anti-Terrorism Act ("ATA").
The extent of the impact of these matters cannot always be predicted but may materially impact the Group's operations, financial results, condition and prospects. However, once professional advice has been obtained and the amount of damages reasonably estimated, the Group makes adjustments to account for any adverse effects which the claims may have on its financial standing. Based on advice from legal counsel, and despite the novelty of certain claims and the uncertainties inherent in their unique situation, Management believes that legal claims will not result in any material financial loss to the Group, except as provided for in the financial statements.

CAPITAL EXPENDITURE COMMITMENTS

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Capital expenditure commitments	2,204	3,541

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 2015 to 2017 (inclusive) are currently under review by the tax authorities. The outcome of this review cannot be determined yet. The Bank's books in Lebanon remain subject to the review of the tax authorities for the years 2018 to 2020 and the review of the National Social Security Fund (NSSF) for the period from 30 September 2011 to 30 June 2021. 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.

20. 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 2021 LBP Million	Audited 31 December 2020 LBP Million
Assets under management	12,022,095	11,464,773
Fiduciary assets	1,531,780	1,728,409
	13,553,875	13,193,182

21. 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 2021 LBP Million	Audited 31 December 2020 LBP Million
Loans and advances	80,296	108,200
Of which: granted to Key Management Personnel	*7,840*	*21,234*
Of which: cash collateral received against loans	*64,076*	*74,969*
Indirect facilities	1,735	1,720
Deposits	189,320	163,019
Interest income on loans	910	1,747
Interest expense on deposits	498	1,242

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 2021 LBP Million	Unaudited 30 June 2020 LBP Million
Short-term benefits	6,338	3,226
Post-employment benefits	118	50

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 1,590 million as of 30 June 2021 (31 December 2020: LBP 1,531 million).

During 2020, foreign currency international liquidity provided by related parties of USD 37 million was converted into local foreign currency deposits after the application of the "multiplier factor" and resulted in commission expenses of LBP 28,720 million.

22. CREDIT RISK

EXPECTED CREDIT LOSSES

FINANCIAL ASSETS AND EXPECTED CREDIT LOSSES 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 2021 and 31 December 2020. The Group does not hold any purchased or originated credit-impaired assets as at year-end.

	Gross Exposure				Impairment Allowance				
30 June 2021 (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	2,614,294	15,152,170	-	17,766,464	320	218,991	-	219,311	**17,547,153**
Due from banks and financial institutions	2,887,873	24,725	526	2,913,124	499	-	187	686	**2,912,438**
Loans to banks and financial institutions and reverse repurchase agreements	189,312	29,452	-	218,764	-	3,600	-	3,600	**215,164**
Loans and advances to customers at amortised cost	6,489,512	1,875,999	1,408,976	9,774,487	291,410	286,473	880,410	1,458,293	**8,316,194**
Corporate and SME	*4,124,787*	*1,745,060*	*1,011,433*	*6,881,280*	*233,785*	*265,411*	*581,186*	*1,070,382*	***5,810,898***
Retail and Personal Banking	*2,364,725*	*127,434*	*339,630*	*2,831,789*	*67,625*	*21,025*	*271,303*	*359,953*	***2,471,836***
Public sector	-	*3,505*	*57,913*	*61,418*	-	*37*	*27,921*	*27,958*	***33,460***
Loans and advances to related parties at amortised cost	80,393	-	-	80,393	97	-	-	97	**80,296**
Financial assets at amortised cost	405,960	3,977,577	3,419,592	7,803,129	916	73,121	77,505	151,542	**7,651,587**
Financial guarantees and other commitments	2,293,342	76,756	2,768	2,372,866	12,724	3,967	2,768	19,459	**2,353,407**
Total	14,960,686	21,136,679	4,831,862	40,929,227	305,966	586,152	960,870	1,852,988	39,076,239

	Gross Exposure				Impairment Allowance				
31 December 2020 (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	2,538,350	16,694,925	-	19,233,275	324	218,991	-	219,315	19,013,960
Due from banks and financial institutions	2,131,050	36,825	522	2,168,397	255	-	183	438	2,167,959
Loans to banks and financial institutions and reverse repurchase agreements	259,790	8,056	-	267,846	-	3,600	-	3,600	264,246
Loans and advances to customers at amortised cost	6,927,112	2,123,341	1,655,495	10,705,948	314,840	334,034	914,722	1,563,596	9,142,352
Corporate and SME	*4,282,288*	*1,925,970*	*1,233,614*	7,441,872	*224,128*	*295,522*	*628,590*	*1,148,240*	*6,293,632*
Retail and Personal Banking	*2,644,824*	*191,804*	*358,984*	3,195,612	*90,712*	*38,450*	*257,527*	*386,689*	*2,808,923*
Public sector	-	*5,567*	*62,897*	68,464	-	*62*	*28,605*	*28,667*	*39,797*
Loans and advances to related parties at amortised cost	108,363	-	-	108,363	163	-	-	163	108,200
Financial assets at amortised cost	465,264	4,052,447	3,418,121	7,935,832	1,121	73,121	74,097	148,339	7,787,493
Financial guarantees and other commitments	2,072,076	82,758	13,446	2,168,280	13,464	7,204	3,185	23,853	2,144,427
Total	14,502,005	22,998,352	5,087,584	42,587,941	330,167	636,950	992,187	1,959,304	40,628,637

GEOGRAPHIC 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 2021 and 31 December 2020 is as follows:

	Unaudited 30 June 2021									
	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	14,955,082	902,619	-	1,689,452	-	-	-	-	-	17,547,153
Due from banks and financial institutions	24,725	60,134	88,463	2,146,768	514,106	1,829	153	-	76,260	2,912,438
Loans to banks and financial institutions and reverse repurchase agreements	2,951	212,213	-	-	-	-	-	-	-	215,164
Derivative financial instruments	925	28,630	447	152,146	-	229	470	-	-	182,847
Financial assets at fair value through profit or loss	3,510	610	-	247,301	-	-	-	123	-	251,544
Loans and advances to customers at amortised cost	3,148,581	3,603,230	672,281	254,553	147,739	101,535	321,831	29,416	37,028	8,316,194
Loans and advances to related parties at amortised cost	18,132	-	61,964	200	-	-	-	-	-	80,296
Debtors by acceptances	14,890	917	1,742	2,020	-	-	1,356	-	-	20,925
Financial assets at amortised cost	7,246,543	197,510	68,030	53,776	49,717	28,268	-	-	7,743	7,651,587
Financial assets at fair value through other comprehensive income	-	989,331	13,396	73,646	189,204	144,353	9,867	-	-	1,419,797
Other assets	1,513,942	116,392	2,375	10,904						1,643,613
	26,929,281	6,111,586	908,698	4,630,766	900,766	276,214	333,677	29,539	121,031	40,241,558

	Audited 31 December 2020									
	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	16,475,934	942,343	9,092	1,586,591	-	-	-	-	-	19,013,960
Due from banks and financial institutions	36,825	72,651	104,921	1,483,781	469,578	170	33	-	-	2,167,959
Loans to banks and financial institutions and reverse repurchase agreements	4,456	258,518	-	1,272	-	-	-	-	-	264,246
Derivative financial instruments	3,493	32,374	343	182,453	-	-	151	6	-	218,820
Financial assets at fair value through profit or loss	834	4,295	-	318,873	-	12,268	1,409	-	-	337,679
Loans and advances to customers at amortised cost	3,857,665	3,751,432	725,173	298,159	8,220	111,269	295,897	45,590	48,947	9,142,352
Loans and advances to related parties at amortised cost	40,348	-	67,144	708	-	-	-	-	-	108,200
Debtors by acceptances	6,681	2,003	6,486	643	-	-	2,079	-	-	17,892
Financial assets at amortised cost	7,323,350	216,252	85,750	61,589	65,150	27,636	-	-	7,766	7,787,493
Financial assets at fair value through other comprehensive income	-	1,060,504	-	23,699	165,751	154,855	47,850	-	-	1,452,659
Other assets	1,477,965	125,521	2,382	20,798	-	-	-	-	-	1,626,666
	29,227,551	6,465,893	1,001,291	3,978,566	708,699	306,198	347,419	45,596	56,713	42,137,926

23. 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, Euros, Egyptian Pounds and Turkish Liras.

As disclosed in Note 1, the Group's assets and liabilities in foreign currencies are valued at the official exchange rate. Due to the high volatility and the significant variance in exchange rates between the multiple currency market, 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 transaction or at the date of the financial statements. Management is unable to determine what would be a reasonable possible movement in order to provide useful quantitative sensitivity analysis. The impact of the valuation of these assets and liabilities at a different rate will be recognised in the financial statements once the change in the official exchange rate and /or a legal exchange mechanism is implemented by the Lebanese government.

The following tables present the breakdown of assets and liabilities of the Group by currency. Impairment allowances are reflected in the tables below in the currency in which they were recorded, which might differ from the original currency of the impaired asset.

	Unaudited 30 June 2021						
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	EGP LBP Million	Other LBP Million	**Total LBP Million**
Assets							
Cash and balances with central banks	3,423,526	11,843,293	1,414,422	87,489	-	1,568,175	18,336,905
Due from banks and financial institutions	620	2,300,694	346,891	59,704	3	204,526	2,912,438
Loans to banks and financial institutions and reverse repurchase agreements	2,951	-	24,758	187,455	-	-	215,164
Derivative financial instruments	-	41,299	4,482	99,592	-	37,474	182,847
Financial assets at fair value through profit or loss	686	51,010	4,582	102	-	247,561	303,941
Loans and advances to customers at amortised cost	1,829,463	2,731,044	1,486,783	1,915,528	3	353,373	8,316,194
Loans and advances to related parties at amortised cost	7,484	72,120	691	-	-	1	80,296
Debtors by acceptances	-	18,988	1,314	-	-	623	20,925
Financial assets at amortised cost	3,400,306	4,147,416	70,618	33,247	-	-	7,651,587
Financial assets at fair value through other comprehensive income	19,274	435,824	72,575	960,145	-	-	1,487,818
Investments in associates	-	83,075	-	-	-	-	83,075
Property and equipment and right-of-use assets	505,641	659	3,120	32,917	-	65,528	607,865
Intangible assets	53,277	-	535	16,889	-	928	71,629
Assets obtained in settlement of debt	(4,655)	67,433	-	65,419	-	-	128,197
Other assets	1,548,767	33,803	14,051	101,508	1	29,233	1,727,363
Deferred tax assets	373	-	14	38,507	-	10,078	48,972
Goodwill	-	42,398	-	-	-	-	42,398
Total assets	**10,787,713**	**21,869,056**	**3,444,836**	**3,598,502**	**7**	**2,517,500**	**42,217,614**
Liabilities and shareholders' equity							
Due to central banks	2,485,004	778,181	413	444,460	-	-	3,708,058
Due to banks and financial institutions	10,962	531,788	161,688	7,609	-	15,658	727,705
Due to banks under repurchase agreements	-	114,154	-	-	-	-	114,154
Derivative financial instruments	-	193,282	6,381	81,775	156	9,228	290,822
Customers' deposits	4,037,556	21,412,951	2,670,314	1,909,456	63	988,230	31,018,570
Deposits from related parties	9,472	149,350	28,387	-	-	2,111	189,320
Debt issued and other borrowed funds	-	1,213,585	-	92,695	-	-	1,306,280
Engagements by acceptances	-	18,988	1,314	-	-	623	20,925
Other liabilities	149,850	187,089	20,360	87,830	-	21,224	466,353
Current tax liability	27,460	-	818	-	-	109	28,387
Deferred tax liabilities	1,265	(99)	-	-	-	4,752	5,918
Provisions for risks and charges	132,545	12,751	4,923	17,270	-	26,208	193,697
Shareholders' equity	2,067,491	2,786,754	37,260	(1,000,922)	-	256,842	4,147,425
Total liabilities and shareholders' equity	**8,921,605**	**27,398,774**	**2,931,858**	**1,640,173**	**219**	**1,324,985**	**42,217,614**

	Audited 31 December 2020						
	LBP LBP Million	USD LBP Million	EUR LBP Million	TRY LBP Million	EGP LBP Million	Other LBP Million	Total LBP Million
Assets							
Cash and balances with central banks	4,208,001	12,238,017	1,528,497	57,209	-	1,454,486	19,486,210
Due from banks and financial institutions	5,758	1,136,307	412,160	69,638	-	544,096	2,167,959
Loans to banks and financial institutions and reverse repurchase agreements	4,456	-	19,970	239,820	-	-	264,246
Derivative financial instruments	-	17,893	14,977	170,557	-	15,393	218,820
Financial assets at fair value through profit or loss	691	52,639	13,028	34,318	-	291,391	392,067
Loans and advances to customers at amortised cost	1,873,459	3,244,320	1,691,777	1,963,256	10	369,530	9,142,352
Loans and advances to related parties at amortised cost	18,152	89,243	805	-	-	-	108,200
Debtors by acceptances	-	11,447	2,331	-	-	4,114	17,892
Financial assets at amortised cost	3,445,673	4,228,158	74,477	39,185	-	-	7,787,493
Financial assets at fair value through other comprehensive income	20,245	477,366	78,551	942,211	-	-	1,518,373
Investments in associates	-	113,923	-	-	-	-	113,923
Property and equipment and right-of-use assets	522,417	667	4,141	38,807	-	69,896	635,928
Intangible assets	59,324	-	585	19,989	-	1,183	81,081
Assets obtained in settlement of debt	(4,590)	69,691	-	138,059	-	-	203,160
Other assets	1,451,806	82,212	17,280	117,471	1	16,671	1,685,441
Deferred tax assets	545	(30)	12	46,675	-	6,454	53,656
Goodwill	-	42,384	-	-	-	-	42,384
Assets held for sale	(34,791)	1,145,162	90,073	-	7,296,077	996,626	9,493,147
Total Assets	**11,571,146**	**22,949,399**	**3,948,664**	**3,877,195**	**7,296,088**	**3,769,840**	**53,412,332**
Liabilities and shareholders' equity							
Due to central banks	2,619,260	786,312	-	618,736	-	-	4,024,308
Due to banks and financial institutions	6,434	948,703	294,287	3,221	-	122,640	1,375,285
Due to banks under repurchase agreements	-	139,171	-	4,717	-	-	143,888
Derivative financial instruments	-	248,391	20,001	157,271	117	21,013	446,793
Customers' deposits	4,214,208	22,413,402	3,091,728	1,609,183	44	962,130	32,290,695
Deposits from related parties	4,762	130,382	25,609	-	-	2,266	163,019
Debt issued and other borrowed funds	-	1,202,225	-	115,588	-	-	1,317,813
Engagements by acceptances	-	11,447	2,331	-	-	4,114	17,892
Other liabilities	147,420	156,563	13,829	93,027	-	35,414	446,253
Current tax liability	76,901	(379)	-	3,664	-	(1,438)	78,748
Deferred tax liabilities	1,279	(100)	-	-	-	4,839	6,018
Provisions for risks and charges	76,708	16,423	3,526	26,911	-	27,031	150,599
Liabilities held for sale	-	1,108,198	87,818	-	6,555,393	751,192	8,502,601
Shareholders' equity	2,345,558	2,210,624	34,871	(863,676)	336,243	384,800	4,448,420
Total liabilities and shareholders' equity	9,492,530	29,371,362	3,574,000	1,768,642	6,891,797	2,314,001	53,412,332

Assets and liabilities in foreign currencies presented in the tables above include onshore assets and liabilities in foreign currencies that are subject to unofficial capital controls in Lebanon, which is further explained in Note 1. These are held by entities operating in Lebanon and 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:

	Unaudited 30 June 2021					
	USD LBP Million	EUR LBP Million	TRY LBP Million	EGP LBP Million	Other LBP Million	**Total LBP Million**
Assets						
Cash and balances with central banks	11,270,384	850,176	-	-	1,911	12,122,471
Due from banks and financial institutions	24,098	5	-	-	-	24,103
Derivative financial instruments	17,265	-	-	-	-	17,265
Financial assets at fair value through profit or loss	44,345	1,486	-	-	-	45,831
Loans and advances to customers at amortised cost	1,324,255	88,458	-	-	3,934	1,416,647
Loans and advances to related parties at amortised cost	10,112	74	-	-	-	10,186
Debtor by acceptances	796	-	-	-	-	796
Financial assets at amortised cost	3,835,198	-	-	-	-	3,835,198
Financial assets at fair value through other comprehensive income	20,199	182	-	-	-	20,381
Investment in associates	83,075	-	-	-	-	83,075
Property and equipment and right-of-use assets	659	-	-	-	52	711
Assets obtained in settlement of debt	67,433	-	-	-	-	67,433
Other assets	9,257	4,219	-	-	2,221	15,697
Total assets	**16,707,076**	**944,600**	**-**	**-**	**8,118**	**17,659,794**
Liabilities						
Due to central banks	778,080	-	-	-	-	778,080
Due to banks and financial institutions	33,433	8,517	3	-	1,350	43,303
Customers' deposits	16,605,442	886,863	-	43	132,551	17,624,899
Deposits from related parties	29,209	13,419	-	-	647	43,275
Engagements by acceptances	796	-	-	-	-	796
Other liabilities	115,475	1,594	-	-	105	117,174
Deferred tax liabilities	(99)	-	-	-	-	(99)
Provisions for risks and charges	7,280	-	-	-	-	7,280
Total liabilities	**17,569,616**	**910,393**	**3**	**43**	**134,653**	**18,614,708**

	Audited 31 December 2020					
	USD LBP Million	EUR LBP Million	TRY LBP Million	EGP LBP Million	Other LBP Million	Total LBP Million
Assets						
Cash and balances with central banks	11,652,691	933,915	-	-	2,695	12,589,301
Due from banks and financial institutions	31,063	70,351	-	-	8	101,422
Derivative financial instruments	17,265	-	-	-	-	17,265
Financial assets at fair value through profit or loss	36,927	1,534	-	-	-	38,461
Loans and advances to customers at amortised cost	1,837,105	125,623	-	-	3,299	1,966,027
Loans and advances to related parties at amortised cost	22,118	292	-	-	-	22,410
Financial assets at amortised cost	3,868,291	-	-	-	-	3,868,291
Financial assets at fair value through other comprehensive income	17,020	188	-	-	-	17,208
Investment in associates	113,923	-	-	-	-	113,923
Property and equipment and right-of-use assets	667	-	-	-	84	751
Assets obtained in settlement of debt	69,691	-	-	-	-	69,691
Other assets	50,961	4,350	-	1	2,122	57,434
Deferred tax assets	(30)	(2)	-	-	-	(32)
Total assets	17,717,692	1,136,251	-	1	8,208	18,862,152
Liabilities						
Due to central banks	786,312	-	-	-	-	786,312
Due to banks and financial institutions	522,544	79,414	1	-	526	602,485
Customers' deposits	17,463,181	973,882	-	43	144,906	18,582,012
Deposits from related parties	48,407	12,159	-	-	735	61,301
Other liabilities	99,464	3,856	-	-	109	103,429
Deferred tax liabilities	(100)	-	-	-	-	(100)
Provisions for risks and charges	9,633	2	-	-	-	9,635
Total liabilities	18,929,441	1,069,313	1	43	146,276	20,145,074

24.0. | CAPITAL MANAGEMENT

The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) as adopted by the Central Bank of Lebanon, which is the lead supervisor of the Group.

Central Bank of Lebanon Intermediary Circular 567, issued on 26 August 2020, introduced several key changes in 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%. Regulatory ECL for other exposures remain unchanged.

	30 June 2021	31 December 2020
Type of financial instrument		
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	45 %	9.45 %
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. 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.
As disclosed in Note 1, the Bank issued new capital instruments for USD 209 million and submitted measures to the regulators for strengthening its standalone equity by 20%. The Bank obtained the formal approval of the regulators on 7 May 2021.

- Inclusion of 100% of revaluations gain of owned real estate properties (excluding ones acquired in settlement of bad debt as per Article 154 of Code Money & Credit) in Common Equity Tier 1, instead of 50% of this gain in Tier 2, as was the case previously. The regulatory deadline for completing the reappraisal process for such properties was set on 31 December 2021.
As a result, the levels of Common Equity Tier 1 and Tier 2 capital reported below increased by LBP 262 billion and decreased by LBP 131 billion respectively at 30 June 2021 (31 December 2020: Increased by LBP 337 billion and decreased by LBP 169 billion respectively).

- 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 0.75% each year, to reach the minimum required level of 2.5% by the end of 2024.
The Group did not draw down its capital conservation buffer as at 30 June 2021.

- Prohibiting Lebanese banks from distributing dividends on common shares for the financial years 2019 and 2020, as well as 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. *As a result, the levels of Common Equity Tier 1 and Tier 2 capital reported below increased by LBP 703 billion and decreased by LBP 393 billion respectively at 30 June 2021 (31 December 2020: Increased by LBP 748 billion and decreased by LBP 140 billion respectively).*

The following table shows the applicable regulatory capital ratios:

	Common Tier 1 Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio
30 June 2021 (unaudited)			
Minimum required capital ratios	**4.50%**	**6.00%**	**8.00%**
With the full capital conservation buffer of 2.5%	**7.00%**	**8.50%**	**10.50%**
31 December 2020 (audited)			
Minimum required capital ratios	4.50%	6.00%	8.00%
With capital conservation buffer	7.00%	8.50%	10.50%

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Risk-weighted assets:		
Credit risk	31,868,322	37,577,900
Market risk	2,038,026	2,369,382
Operational risk	2,494,448	3,195,438
Total risk-weighted assets	**36,400,796**	43,142,720

The regulatory capital including net profit for the period as of 30 June is as follows:

	Unaudited 30 June 2021 LBP Million	Audited 31 December 2020 LBP Million
Tier 1 capital	4,585,129	4,968,202
Of which: Common Tier 1	*3,656,561*	*4,038,672*
Tier 2 capital	619,160	693,484
Total capital	**5,204,289**	5,661,686

The capital adequacy ratio including net profit for the period as of 30 June is as follows:

	Unaudited 30 June 2021	Audited 31 December 2020
Capital adequacy – Common Tier 1	**10.05%**	9.36%
Capital adequacy – Tier 1	**12.60%**	11.52%
Capital adequacy – Total capital	**14.30%**	13.12%

The capital adequacy ratios as at 30 June 2021 and 31 December 2020 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, the high gap between the currency parallel market rates, the Platform Rate and the official exchange rate 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 992,879,819,050 *(as at December 2020)*
Consolidated shareholders' equity:
LBP 4,147,425,070,975 *(as at June 2021)*
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. Fax: (961-1) 990555.
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. Fax: (961-1) 200724, 339092.
Senior Manager: Mrs. Rita M. Freiha

BAB IDRISS
Bank Audi Plaza, Omar Daouk Street.
Tel: (961-1) 977588. Fax: (961-1) 999410, 971502.
Network Manager – Corporate Banking:
Mrs. Ghina M. Dandan
Branch Manager: Mrs. Patricia G. Debs

VERDUN
Verdun 2000 Center, Rashid Karameh Avenue.
Tel: (961-1) 805805. Fax: (961-1) 865635, 861885.
Network Manager – Corporate Banking:
Mrs. Wafaa S. Younes
Branch Manager: Mr. Haytham M. Ramadan

BEIRUT

ASHRAFIEH – SASSINE
Le Gabriel Hotel, Elias Sarkis Avenue, Sassine.
Tel: (961-1) 200640. Fax: (961-1) 216685.
Branch Manager: Ms. Rita C. Haddad

BADARO
Ibrahim Ghattas Bldg., Badaro Street.
Tel: (961-1) 387395. Fax: (961-1) 387398.
Branch Manager: Mrs. Nayla S. Hanna

BESHARA EL-KHOURY
Banna & Sayrawan Bldg., Beshara El-Khoury Street.
Tel: (961-1) 664093. Fax: (961-1) 664096.
Branch Manager: Mrs. Roula F. Ramadan

BLISS
Kanater Bldg., Bliss Street.
Tel: (961-1) 361793. Fax: (961-1) 361796.
Branch Manager: Ms. Nisrine A. Ismail

GEFINOR
Gefinor Center, Clemenceau Street.
Tel: (961-1) 743400. Fax: (961-1) 743412.
Branch Manager: Ms. Rima M. Hoss

HAMRA
Mroueh Bldg., Hamra Street.
Tel: (961-1) 341491. Fax: (961-1) 344680.
Branch Manager: Mrs. Dima R. Chahine

JNAH
Tahseen Khayat Bldg., Khalil Moutran Street.
Tel: (961-1) 844870. Fax: (961-1) 844875.
Branch Manager: Mrs. Mariam H. Nizam

MAZRAA
Wakf El-Roum Bldg., Saeb Salam Blvd.
Tel: (961-1) 305612. Fax: (961-1) 316873, 300451.
Branch Manager: Mr. Moustafa M. Anouty

MOUSSEITBEH
Makassed Commercial Center, Mar Elias Street.
Tel: (961-1) 818277. Fax: (961-1) 303084.
Branch Manager: Mrs. Ghada S. Al-Ameen

SELIM SALAM
Sharkawi Bldg., Selim Salam Avenue.
Tel: (961-1) 318824. Fax: (961-1) 318657.
Branch Manager: Mrs. Iman M. Hankir

SERAIL
Bank Audi Plaza, Omar Daouk Street.
Tel: (961-1) 952515. Fax: (961-1) 991287.
Senior Branch Manager: Mrs. Nada N. Rizk

SODECO
Alieh Bldg., Istiklal Street.
Tel: (961-1) 612790. Fax: (961-1) 612793.
Branch Manager: Mrs. Josette F. Aramouni

TABARIS
Saifi Plaza, Fouad Shehab Avenue
& Georges Haddad crossroad.
Tel: (961-1) 992335-9. Fax: (961-1) 990416, 990516.
Branch Manager: Mrs. Raghida N. Bacha

ZARIF
Salhab Center, Algeria Street.
Tel: (961-1) 747550. Fax: (961-1) 747553.
Branch Manager: Mr. Taha N. Keshly

MOUNT LEBANON

AIN EL-REMMANEH
Etoile Center, El-Areed Street.
Tel: (961-1) 292870. Fax: (961-1) 292869.
Branch Manager: Mrs. Roula E. Fayad

AJALTOUN
Bou Shaaya & Khoury Center, El-Midane.
Tel: (961-9) 234620. Fax: (961-9) 234439.
Branch Manager: Mr. Jihad A. Sfeir

ALEY
Beshara El-Khoury Road (near Aley Club), Aley.
Tel: (961-5) 556902. Fax: (961-5) 558903.
Branch Manager: Mrs. Olfat A. Hamza

BAABDA
Boulos Brothers Bldg., Damascus International Road.
Tel: (961-5) 451452. Fax: (961-5) 953236.
Branch Manager: Mrs. Hala N. Younes

BOURJ HAMMOUD
Mekheterian Bldg., Municipality Square.
Tel: (961-1) 263325. Fax: (961-1) 265679.
Branch Manager: Mr. Christapor A. Libarian

BROUMMANA
Lodge Center, Main Road.
Tel: (961-4) 860163. Fax: (961-4) 860167.
Branch Manager: Mr. Hadi M. Chaoul

DEKWANEH
El-Nefaa, Main Road.
Tel: (961-1) 693790. Fax: (961-1) 693795.
Acting Branch Manager: Mr. Fady A. Khoury

DORA
Cité Dora 1, Dora Highway.
Tel: (961-1) 255686. Fax: (961-1) 255695.
Senior Branch Manager: Mrs. Hilda G. Sadek

ELYSSAR
Elyssar Main Road, Mazraat Yashouh.
Tel: (961-4) 913928. Fax: (961-4) 913932.
Branch Manager: Mrs. Nisrine N. Chidiac

FANAR
La Rose Center, Main Road.
Tel: (961-1) 879637. Fax: (961-1) 879641.
Branch Manager: Mrs. Grace E. Moussa

GHAZIR
Main Road, Ghazir, Kfarhebab.
Tel: (961-9) 851720. Fax: (961-9) 856376.
Branch Manager: Ms. Roula F. Kmeid

GHOBEYRI
Hoteit Bldg., Shiyah Blvd., Mousharrafieh Square.
Tel: (961-1) 541125. Fax: (961-1) 272342.
Branch Manager: Mrs. Lina A. Hayek

HADATH
El-Ain Square, Main Road.
Tel: (961-5) 464050. Fax: (961-5) 471854.
Branch Manager: Mrs. Rachel J. Sarkis

HARET HREIK
Ahmad Abbas Bldg., Baajour Street, Main Road.
Tel: (961-1) 277270. Fax: (961-1) 547265.
Branch Manager: Mr. Yasser A. Zein

HAZMIEH
Dar Assayad Bldg., Saïd Freiha Street, Hazmieh Roundabout.
Tel: (961-5) 451850. Fax: (961-5) 457963.
Branch Manager: Mr. Charles A. Berberi

HORSH TABET
Central Business Center, Saint Antoine de Padoue Street.
Tel: (961-1) 480483. Fax: (961-1) 480423.
Branch Manager: Mrs. Karla M. Ghaoui

JAL EL-DIB
Milad Sarkis Bldg., Main Road.
Tel: (961-4) 710393. Fax: (961-4) 710395.
Branch Manager: Mr. Salam N. Dagher

JBEIL
Byblos Sun Bldg., Jbeil Roundabout.
Tel: (961-9) 543890. Fax: (961-9) 543895.
Branch Manager: Mr. Chady F. Kassis

JEITA – ANTOURA
Antoura Square.
Tel: (961-9) 235257. Fax: (961-9) 235260.

JOUNIEH
La Joconde Center, Fouad Shehab Blvd.
Tel: (961-9) 641660. Fax: (961-9) 644224.
Branch Manager: Mrs. Rana A. Khoury

KHALDEH
Lebanese Commercial Mall, Saida Highway.
Tel: (961-5) 801988. Fax: (961-5) 806405.
Branch Manager: Mrs. Rana N. Mecharrafieh

MANSOURIEH
Kikano Bldg., Main Road.
Tel: (961-4) 533610. Fax: (961-4) 533614.
Branch Manager: Mr. Roger D. Chami

MREIJEH
Mreijeh Plaza Center, Abdallah Yaffi Avenue.
Tel: (961-1) 477980. Fax: (961-1) 477200.
Branch Manager: Mr. Hassan Z. Jaafar

NACCASH – DBAYEH
Naccash – Dbayeh Highway, East Side.
Tel: (961-4) 521671. Fax: (961-4) 521677.
Branch Manager: Mrs. Georgina Y. Nakad

RABIEH
Rabieh First Entrance, Street No. 5.
Tel: (961-4) 405950. Fax: (961-4) 416105.
Branch Manager: Mrs. Marthe A. Nawar

ROUEISS
Hoteit Bldg., Hady Nasrallah Blvd.
Tel: (961-1) 541146. Fax: (961-1) 541149.
Branch Manager: Mr. Majed A. Hajj

ZOUK
Val de Zouk Center, Zouk Mikhael.
Tel: (961-9) 211140. Fax: (961-9) 223603, 225505.
Branch Manager: Mr. Pierre E. Harb

NORTH

AMYOUN
Main Road.
Tel: (961-6) 955600. Fax: (961-6) 955604.
Branch Manager: Mrs. Theodora A. Bachawaty

BATROUN
Batroun Square Center, Main Road No. 7.
Tel: (961-6) 642371. Fax: (961-6) 642347.
Branch Manager: Mr. Tannous N. Abi-Saab

HALBA
Main Road.
Tel: (961-6) 692020. Fax: (961-6) 692024.
Branch Manager: Mr. Ali A. Hammad

SHEKKA
Main Road.
Tel: (961-6) 545379. Fax: (961-6) 541526.
Branch Manager: Mrs. Houda A. Azar

TRIPOLI – AZMI
Fayad Bldg., Azmi Street.
Tel: (961-6) 445590. Fax: (961-6) 435348.
Branch Manager: Mr. Georges A. Khodr

TRIPOLI – EL-BOHSAS
Fattal Tower 1, El-Bohsas Blvd.
Tel: (961-6) 410200. Fax: (961-6) 410799.
Branch Manager: Mr. Mohsen A. Dabliz

TRIPOLI – EL-MINA
Mandarine Bldg., Riad El-Solh Street, El-Mina Blvd.
Tel: (961-6) 205100. Fax: (961-6) 205103.
Branch Manager: Mr. Ziad M. Kabbara

SOUTH

BENT JBEIL
Ahmad Beydoun Bldg., Serail Square.
Tel: (961-7) 450900. Fax: (961-7) 450904.
Branch Manager: Mr. Ayoub I. Khreich

MARJEYOUN
Boulevard Hay El-Serail, Jdeidet Marjeyoun.
Tel: (961-7) 831790. Fax: (961-7) 831794.
Branch Manager: Mr. Marwan F. Massaad

NABATIEH
Office 2000 Bldg., Hassan Kamel El-Sabbah Street.
Tel: (961-7) 767812. Fax: (961-7) 767816.
Branch Manager: Mrs. Zeina H. Kehil

SAIDA – EAST
Dandashli Bldg., Eastern Blvd.
Tel: (961-7) 751885. Fax: (961-7) 751889.
Branch Manager: Mrs. Sherine M. Assaad

SAIDA – RIAD EL-SOLH
Wakf El-Roum Catholic Bldg., Riad El-Solh Blvd.
Tel: (961-7) 733750. Fax: (961-7) 724561.
Branch Manager: Mr. Mohamad M. Bizri

SAIDA – SOUTH
Moustapha Saad Street.
Tel: (961-7) 728601. Fax: (961-7) 752704.
Branch Manager: Mr. Mohamad M. Kalo

TYRE
Abou Saleh & Moughnieh Bldg., Main Road.
Tel: (961-7) 345196. Fax: (961-7) 345201.
Branch Manager: Mrs. Lara Z. Yazbeck

TYRE ABBASSIEH
Tyre North Entrance, Main Road, Abbassieh.
Tel: (961-7) 741830-1-2-3. Fax: (961-7) 741835.
Branch Manager: Mrs. Mounira E. Khalife

AL-ZAIDANIEH
Al-Zaidanieh village, Main Road, Majdelyoun.
Tel: (961-7) 724905. Fax: (961-7) 723639.
Branch Manager: Ms. Diana A. Assaad

BEKAA

JEB JANNINE
Majzoub Bldg., Main Road.
Tel: (961-8) 661488. Fax: (961-8) 661481.
Branch Manager: Mr. Wael A. Sobh

SHTAURA
Daher Bldg., Main Road.
Tel: (961-8) 542960. Fax: (961-8) 544853.

ZAHLEH
Beshwati Bldg., El-Boulevard.
Tel: (961-8) 813592. Fax: (961-8) 801921.
Branch Manager: Mrs. Mona K. Doummar

NOVO NETWORK

PALLADIUM DOWNTOWN
Bank Audi Palladium Bldg., Bab Idriss.

ZGHARTA
North Palace Hotel, Kfarhata.

ABC VERDUN MALL
Verdun.

SOLIFAC sal

Zen Building, Charles Malek Avenue, Ashrafieh.
P.O. Box: 11-1121 Beirut - Lebanon.
Tel: (961-1) 209200. Fax: (961-1) 209205.

2.0. | TURKEY

ODEA BANK A.Ş.

HEADQUARTERS

Levent 199 Bldg., No.199/119, Buyukdere Street,
Esentepe District, Sisli, Istanbul.
Tel: (90-212) 3048444. Fax: (90-212) 3048445.
info@odeabank.com.tr – odeabank.com.tr

BRANCHES

ISTANBUL
MASLAK
No. 255 (Nurol Plaza), Door No. Z10, Buyukdere Street,
Maslak District, Sariyer, Istanbul.
Tel: (90-212) 3048100. Fax: (90-212) 3481835.
Branch Manager: Ms. Ciler A. Durmaz (Retail)

GUNESLI
No. 65, Osmanpasa Street, 34209, Baglar District,
Bagcilar, Istanbul.
Tel: (90-212) 4646000. Fax: (90-212) 3481840.
Branch Managers: Mr. Irfan M. Sahinkaya (Commercial)

SUADIYE ANATOLIAN CENTRAL BRANCH
No. 406, Bagdat Street, Suadiye District,
Kadikoy, Istanbul.
Tel: (90-216) 4685400. Fax: (90-212) 3481908.
Branch Manager: Ms. Asli O. Yasar (Retail)

KOZYATAGI
No. 12/35, Ataturk Avenue, Sahrayicedid District,
Kadikoy, Istanbul.
Tel: (90-216) 6657000. Fax: (90-212) 3481839.
Branch Manager: Ms. Cagla T. Cavusoglu Yilmaz (Retail)

CADDEBOSTAN
No. 270, Bagdat Avenue, Caddebostan District,
Goztepe, Istanbul.
Tel: (90-216) 4686800. Fax: (90-212) 3481850.
Branch Manager: Ms. Naciye Ebru F. Topdemir (Retail)

NISANTASI
No. 17/2-3, Mim Kemal Oke Street, Harbiye District,
Sisli, Istanbul.
Tel: (90-212) 3738100. Fax: (90-212) 3481853.
Branch Manager: Ms. Umut H. Altayli Yilmaz (Retail)

BEBEK
No. 36, Cevdetpasa Street, 34342, Bebek District,
Besiktas, Istanbul.
Tel: (90-212) 3624700. Fax: (90-212) 3481851.
Branch Manager: Mr. Volkan Z. Korkmaz (Retail)

BESIKTAS
No. 99/3, Barbaros Avenue, Cihannuma District,
Besiktas, Istanbul.
Tel: (90-212) 3961500. Fax: (90-212) 3481879.
Branch Manager: Ms. Aysun C. Ozkan (Retail)

ETILER EUROPE CENTRAL BRANCH
No. 60/A-B, Nispetiye Street, Etiler, Besiktas, Istanbul.
Tel: (90-212) 3591600. Fax: (90-212) 3481872.
Branch Managers: Ms. Mehrzad H. Senefe (Retail)
Mr. Kudret M. Uslu (Commercial)

SISLI
No. 169, Halaskargazi Street, Sisli, Istanbul.
Tel: (90-212) 3734300. Fax: (90-212) 3481874.
Branch Manager: Ms. Hulya H. Kuçuk (Retail)

YESILYURT
Eba Apartmani, No. 17A/1, Sipahioglu Street, Yesilyurt
District, Merkez, Bakirkoy, Istanbul.
Tel: (90-212) 4631100. Fax: (90-212) 3481875.
Branch Manager: Mr. Umut S. Kilic (Retail)

ALTUNIZADE
No. 35/1, Kisikli Avenue, Altunizade District,
Uskudar, Istanbul.
Tel: (90-216) 4001600. Fax: (90-212) 3481886.
Branch Manager: Mrs. Seren M. Sag (Retail)

HADIMKOY
No. 154-156, Hadimkoy Street, Akcaburgaz District,
Esenyurt, Istanbul.
Tel: (90-212) 8667800. Fax: (90-212) 3481885.
Branch Manager: Mr. Hikmet S. Guncan
(Commercial & Retail)

BATI ATASEHIR
No. 59, D:1, Halk Street, Barbaros District,
Atasehir, Istanbul.
Tel: (90-216) 5471200. Fax: (90-212) 3481890.
Branch Managers: Ms. Serap H. Coşkun (Retail);
Ms. Zeynep Y. Erdogan (Commercial); Mr. Kadir A. Kutlu
(Commercial); Mrs. Serap F. Turhan (Commercial);
Mr. Vahap A. Meseoglu (Commercial)

BOSTANCI
No. 97/A, Semsettin Gunaltay Street, Suadiye District,
Kadikoy, Istanbul.
Tel: (90-216) 5791400. Fax: (90-212) 3481894.
Branch Manager: Ms. Gamze A. Vural (Retail)

KADIKOY
No. 46-48, Sogutlu Cesme Street, Kadikoy, Istanbul.
Tel: (90-216) 5421300. Fax: (90-212) 3481898.
Branch Manager: Ms. Tansel M. Coklar (Retail)

KARTAL
No. 2, Sehzade Street, Kordonboyu District,
Kartal, Istanbul.
Tel: (90-216) 5865300. Fax: (90-212) 3481895.
Branch Manager: Mr. Mehmet P. Sakalli (Retail)

TAKSIM
No. 10/1, Tarlabasi Street, Sehitmuhtar District,
Taksim, Beyoglu, Istanbul.
Tel: (90-212) 3134100. Fax: (90-212) 3481899.
Branch Manager: Ms. Hayal M. Yuksel (Retail)

LEVENT CARSI
No. 2/1, Yasemin Street, Levent District, Besiktas, Istanbul.
Tel: (90-212) 3395100. Fax: (90-212) 3481903.
Branch Manager: Ms. Digdem M. Yavasoglu (Retail)

UMRANIYE
No. 50/52 A, Alemdag Avenue, Ataturk District,
Umraniye, Istanbul.
Tel: (90-216) 6491200. Fax: (90-212) 3481901.
Branch Manager: Ms. Alev Y. Dogan (Retail)

EMINONU
No. 18, Asirefendi Avenue, Hobyar District,
Fatih, Istanbul.
Tel: (90-212) 4027000. Fax: (90-212) 3481905.
Branch Manager: Mr. Mehmet Cihat H. Erdogan (Retail)

ALTINTEPE
No. 93/A, Bagdat Street, Altintepe District,
Maltepe, Istanbul.
Tel: (90-216) 5872800. Fax: (90-212) 3481915.
Branch Manager: Mrs. Esin B. Unlu (Retail)

BAKIRKOY
No: 45/A, Istanbul Street, Cevizlik District,
Bakirkoy, Istanbul.
Tel: (90-212) 4093100. Fax: (90-212) 3481917.
Branch Manager: Ms. Sibel V. D. Donmez (Retail)

CIFTEHAVUZLAR
No. 173/A, Bagdat Street, Goztepe District,
Kadikoy, Istanbul.
Tel: (90-216) 4682900. Fax: (90-212) 3481916.
Branch Manager: Mrs. Seda H. Yanar (Retail)

BANK'O BRANCH
Olive Plaza, No. 11/8, Ahi Evran Street, Maslak District,
Sariyer, Istanbul.
Tel: (90-212) 2608444. Fax: (90-212) 3481919.
Branch Manager: Mr. Aykut S. Mangaloglu (Retail)

ANKARA
ANKARA
Tepe Prime Shopping Mall, Block B, No. 266,
Eskisehir Devlet Street, 9 Km, Dumlupinar District,
Cankaya, Ankara.
Tel: (90-312) 2489800. Fax: (90-312) 2489801.
Branch Manager: Ms. Gulhan H. Pervan (Commercial)

GOP
No. 16, Ugur Mumcu Street, Kazim Ozalp District,
Çankaya, Ankara.
Tel: (90-312) 4553800. Fax: (90-212) 3481858.
Branch Managers: Mr. Hakki Murat S. Onlem
(Commercial); Ms. Deniz F. Omay (Retail)

BALGAT
No: 106 A, Ehlibeyt Mah. Ceyhun Atuf Kansu Cad.
Balgat, Çankaya, Ankara.
Tel: (90-312) 5927500. Fax: (90-212) 3481877.
Branch Manager: Mr. Keykubat K. Sancaktaroglu
(Commercial & Retail)

UMITKOY
No. 12, Osmanaga Konaklari, Cayyolu 1 District,
Cankaya, Ankara.
Tel: (90-312) 2917300. Fax: (90-212) 3481912.
Branch Manager: Ms. Irem E. Celtemen (Retail)

IZMIR
IZMIR CORPORATE AND COMMERCIAL CENTER
Megapol Tower Business Center, No. 41, Anadolu Street,
Bayrakli, Izmir.
Tel: (90-232) 4951500. Fax: (90-212) 3481837.
Branch Managers: Mrs. Nur C. Polat Rusculku
(Commercial); Ms. Nursel A. Esen (Retail)

ALSANCAK
Cumhuriyet Bldg., No. 176-A, Konak District,
Konak, Izmir.
Tel: (90-232) 4981800. Fax: (90-212) 3481868.
Branch Manager: Ms. Ebru O. Cindoglu (Retail)

BORNOVA
No. 152, Mustafa Kemal Street,
Manavkuyu District, Bayrakli, Izmir.
Tel: (90-232) 3909300. Fax: (90-212) 3481911.
Branch Manager: Mr. Celal E. Oner (Retail)

HATAY
No. 285-293-A, Inonu Street, Arab Hasan District,
Karabaglar, Izmir.
Tel: (90-232) 2921200. Fax: (90-212) 3481887.
Branch Manager: Ms. Nalan H. Pala (Retail)

BOSTANLI
No. 532/A-B, Cemal Gursel Street,
Bostanli District, Karsiyaka, Izmir.
Tel: (90-232) 4911000. Fax: (90-212) 3481892.
Branch Manager: Ms. Gulum O. Gurle (Retail)

KOCAELI
GEBZE
No. 34, Ismetpasa Avenue, Hacihalil District,
Gebze, Kocaeli.
Tel: (90-262) 6742400. Fax: (90-212) 3481873.
Branch Manager: Ms. Gaye S. Akçoru
(Commercial & Retail)

IZMIT CARSI
No. 104, Cumhuriyet Street, Izmit, Kocaeli.
Tel: (90-262) 2812500. Fax: (90-212) 3481889.
Branch Manager: Ms. Nur Esin A. Keles (Retail)

BURSA
BURSA
No. 116, No. 13-14, Izmir Street, Nilufer, Bursa.
Tel: (90-224) 2753400. Fax: (90-224) 2753401.
Branch Managers: Mr. Hasan T. Gorgun (Commercial);
Ms. Aysegul H. Ozata (Retail)

GAZIANTEP
GAZIANTEP
Cazibe Business Center, No. 15/D, Prof. Muammer Aksoy
Avenue, Sehit Kamil, Gaziantep.
Tel: (90-342) 2117400. Fax: (90-212) 3481859.
Branch Managers: Ms. Gamze M. Acar (Retail);
Mr. Erdal H. Karakusoglu (Commercial)

ADANA
ADANA
No. 18, Ataturk Street, Resatbey District,
Seyhan, Adana.
Tel: (90-322) 4551600. Fax: (90-212) 3481866.
Branch Managers: Mr. Eray Sevki M. Karabay
(Commercial); Ms. Banu U. Gurer (Retail)

KAYSERI
KAYSERI CARSI
No. 21, Serdar Street, Cumhuriyet District,
Melikgazi, Kayseri.
Tel: (90-352) 2071400. Fax: (90-212) 3481870.
Branch Manager: Mr. Ismail I. Murat (Retail);

DENIZLI
DENIZLI
No. 2, M. Korkut Street, Saltak Avenue, Merkez Denizli.
Tel: (90-258) 2952000. Fax: (90-212) 3481883.
Branch Manager: Mrs. Aliye Ozlem M. Ozkok (Retail)

KONYA
KONYA BUSAN
No. 7/B, Kule Avenue, Feritpasa District, Selcuklu, Konya.
Tel: (90-332) 2216800. Fax: (90-212) 3481880.
Branch Manager: Mr. Kursat M. Dayioglu
(Commercial & Retail)

ANTALYA
ANTALYA
No. 49/A, Metin Kasapoglu Street, Yesilbahce District,
Muratpasa Antalya.
Tel: (90-242) 3204300. Fax: (90-212) 3481902.
Branch Managers: Mr. Ali Zafer A. Kaçar (Commercial);
Ms. Ebru E. Savas (Retail)

MUGLA
BODRUM
No. 12, Hasan Resat Oncu Street, Bodrum, Mugla.
Tel: (90-252) 3115000. Fax: (90-212) 3481881.
Branch Manager: Ms. Asli O. Yilmaz (Retail)

ESKISEHIR
ESKISEHIR
No. 13/E, Hosnudiye Mah. Ismet Inonu Avenue,
Tepebasi, Eskisehir.
Tel: (90-222) 2131000. Fax: (90-212) 3481891.
Branch Manager: Mr. Mehmet Can A. Aykol (Retail)

MERSIN
MERSIN
No. 20/A, Kuvai Milliye Avenue, Camiserif District,
Akdeniz, Mersin.
Tel: (90-324) 2418300. Fax: (90-212) 3481882.
Branch Manager: Ms. Pinar E. Asal (Retail)

HATAY
ISKENDERUN
No. 33B, Ataturk Avenue, Cay District,
Iskenderun, Hatay.
Tel: (90-326) 6291300. Fax: (90-212) 3481900.
Branch Managers: Ms. Canan N. Yerli (Retail);
Ms. Derya M. Basin (Commercial)

SAMSUN
SAMSUN
No. 21, Kazimpasa Avenue, Kale District,
Ilkadim, Samsun.
Tel: (90-362) 3118800. Fax: (90-212) 3481907.
Branch Manager: Mr. Ismail M. Aytek (Retail)

3.0. | CYPRUS

BAPB HOLDING LIMITED

Artemisia Business Center, Flat/Office 104,
Charalampou Mouskou 14, 2014 Nicosia, Cyprus.
Tel: (357-22) 46 51 51. Fax: (357-22) 37 93 79.
p.sednaoui@bankaudipb.com

4.0. | SWITZERLAND

BANQUE AUDI (SUISSE) SA

Cours des Bastions 18.
P.O. Box: 384. 1205 Geneva, Switzerland.
Tel: (41-22) 704 11 11. Fax: (41-22) 704 11 00.
contactus.gva@bankaudipb.com
bankaudipb.com

Beirut Representative Office
Bank Audi Plaza, Bab Idriss.
P.O. Box: 11-2666 Beirut - Lebanon.
Tel: (961-1) 977 544. Fax: (961-1) 980 535.

5.0. | SAUDI ARABIA

AUDI CAPITAL (KSA) cjsc

Centria Bldg., 3rd Floor, 2908 Prince Mohammad Bin
Abdul Aziz Road (Tahlia).
Postal Address: Unit No. 28, Ar Riyadh 12241-6055.
P.O. Box: 250744 Riyadh 11391 Kingdom of Saudi Arabia.
Tel: (966-11) 2199300. Fax: (966-11) 4627942.
contactus@audicapital.com - audicapital.com

6.0. | QATAR

BANK AUDI LLC

Authorised by the QFC Regulatory Authority
License No. 00027

Qatar Financial Centre Tower, 18th Floor,
Diplomatic Area, West Bay.
P.O. Box: 23270 Doha, Qatar.
Tel: (974) 44051000. Fax: (974) 44051023.
contactus@bankaudi.com.qa

7.0. | FRANCE

BANK AUDI FRANCE sa

73, Avenue des Champs-Elysées. 75008 Paris, France.
Tel: (33-1) 53 83 50 00. Fax: (33-1) 42 56 09 74.
contactus@bankaudi.fr - bankaudi.fr

8.0. | UNITED ARAB EMIRATES

BANK AUDI sal – ABU DHABI REPRESENTATIVE OFFICE

Etihad Towers, Tower 3, Floor 36, Office 3637,
Corniche Street.
P.O. Box 94409 Abu Dhabi, United Arab Emirates.
Tel: (971-2) 6331180. Fax: (971-2) 6336044.
contactus.abu-dhabi@bankaudipb.com - bankaudipb.com