BLC BANK S.A.L

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2024

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Independent Auditors' Report
To the Shareholders of
BLC Bank S.A.L
Beirut – Lebanon

Adverse Opinion

We have audited the consolidated financial statements of BLC Bank S.A.L. (the "Bank") and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2024 and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, because of the significance of the matters described in the Basis for Adverse Opinion section of our report, the accompanying consolidated financial statements do not present fairly the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs Accounting Standards) (IFRSs).

Basis for Adverse Opinion

1. As disclosed in note 1.3.2 to the consolidated financial statements, the Group's functional currency is the Lebanese Pound which is the currency of a hyperinflationary economy and the Group was not able to apply the requirements of IAS 29 "Financial Reporting in Hyperinflationary Economies" in the preparation of the financial statements for the year ended December 31, 2024. IAS 29 requires that the consolidated financial statements, and corresponding figures for previous periods, of an entity with a functional currency that is hyperinflationary, to be stated in the terms of the measuring unit current at the end of the reporting period. Had the Group been able to apply the requirements of IAS 29, many elements and disclosures in the accompanying financial statements, including the comparative financial statements for the year ended December 31, 2023, would have been significantly impacted. The effects on the consolidated financial statements arising from this departure have not been determined. Our opinion in the prior year was also modified in respect of this matter.

2. As disclosed in note 1.3.1 to the consolidated financial statements, and in light of the ongoing economic and financial crisis in Lebanon, the Group used in 2024 and 2023, in accordance with the instructions of the Central Bank of Lebanon, the exchange rates published by the Central Bank of Lebanon for the translation of its transactions and monetary assets and liabilities denominated in foreign currencies to the Group's functional currency (i.e. Lebanese Pound).

Starting January 2024, the exchange rate published by the Central Bank of Lebanon was set at LBP 89,500 to the US Dollar, aligning the rate with the prevailing market rate. The Group used this rate to translate the transactions and monetary items denominated in foreign currency, including foreign currency accounts subject to de-facto capital controls, into the functional currency.

Basis for Adverse Opinion (continued)

Applying this rate to the foreign currency accounts subject to de-facto capital controls, constituted a departure from IAS 21 "The effects of Changes in Foreign Exchange rates", as this exchange rate deviates significantly from the rate by which, the future cash flows from these accounts, could have been settled or collected had these cash flows occurred at the measurement date.

Had the Group been able to apply the requirements of IAS 21 many accounts and disclosures in the financial statements, including comparative financial information, would have been materially different. The effects on the financial statements from this departure have not been determined.

3. Cash and balances with the Central Bank of Lebanon and investment securities at amortized cost, which are carried in the consolidated statement of financial position, net of expected credit loss, at LBP 118,758 billion and LBP 27,164 billion respectively (2023: LBP 19,970 billion and LBP 6,303 billion respectively), include gross balances held with the Central Bank of Lebanon and Lebanese government debt securities at amortized cost of LBP 159,240 billion (2023: LBP 29,840 billion). Additionally, loans and advances to customers, deposits with banks and financial institutions and other assets, which are carried in the consolidated statement of financial position at LBP 5,637 billion, LBP 2,938 billion and LBP 361 billion respectively (2023: LBP 1,834 billion, LBP 323 billion and LBP 96 billion respectively), include balances of LBP 5,233 billion, LBP 212 billion and LBP 35 billion respectively (2023: LBP 1,761 billion, LBP 37 billion and LBP 20 billion respectively) which are concentrated in Lebanon.

The stated allowance for expected credit losses on these balances does not take into account the significant deterioration in credit quality which has occurred subsequent to initial recognition as a result of the continuing economic crisis in Lebanon and the government default on Eurobonds, which constitutes a departure from IFRS 9. We were unable to determine the adjustments necessary to these amounts. Our opinion in the prior year was also modified in respect of this matter.

4. Provisions are carried in the consolidated statement of financial position at LBP 807 billion (2023: LBP 312 billion). The assumptions used in calculating and estimating these provisions are subject to high uncertainties due to the prevailing financial and economic situation in Lebanon as mentioned in note 1 to the financial statements, that expose the Group to increased litigation, regulatory risks and contingent liabilities in respect with tax legislations. Consequently, we were unable to determine whether any adjustments to the calculation of these estimates were necessary.

Moreover, it includes a provision for expected credit losses on financial guarantees and other commitments of LBP 4.1 billion (2023: LBP 3.8 billion).

Management has not stated the allowance for expected credit losses on financial guarantees and other commitments which takes into account the full impact of the economic crisis and political turmoil in Lebanon, which constitutes a departure from IFRSs. We were unable to determine the adjustments necessary to this amount. Our opinion in the prior year was also modified in respect of this matter.

5. Investment securities at fair value through profit or loss and investment securities at fair value through other comprehensive income which are carried in the consolidated statement of financial position at LBP 6,464 billion and LBP 189 billion respectively (2023: LBP 687 billion and LBP 36 billion respectively), include investment securities which are issued by the private entities domiciled in Lebanon of LBP 4,119 billion and LBP 69 billion respectively (2023: LBP 547 billion and LBP 19 billion respectively).

Management has stated the aforementioned financial assets at fair value by using inputs into the determination of fair value which are not indicative of economic reality and market conditions existing in Lebanon at the reporting date, which constitutes a departure from IFRSs. We were unable to determine the adjustments necessary to these amounts. Our opinion in the prior year was also modified in respect of this matter.

Basis for Adverse Opinion (continued)

6. Management has not disclosed the fair value of the Group's financial assets and financial liabilities at amortized cost, which constitutes a departure from IFRSs. We were unable to determine the fair value of the Group's financial assets and financial liabilities at amortized cost which should be disclosed. Our opinion in the prior year was also modified in respect of this matter.

7. We did not receive up to this report's date sufficient direct confirmation of balances related to customers' accounts. In addition, we were unable to verify by alternative means the balances of unconfirmed accounts included in the statement of financial position as at December 31, 2024, and accordingly, we were unable to satisfy ourselves as to the accuracy of the reported balances as at that date. Our opinion in prior years was also modified in respect of this matter.

8. As disclosed in note 1.3.4 to the consolidated financial statements, the Group is defendant in several lawsuits and is also exposed to increased litigations and claims. We were unable to obtain sufficient appropriate audit evidence as to the absence of any additional claims and their potential impact on the financial statements since we did not receive, up to the date of this report, some of the requested bank lawyers' letters. Our opinion in the prior year was also modified in respect of this matter.

9. As disclosed in notes 11 and 13 to the consolidated financial statements and in accordance with Law No. 330, the Group restated during 2024 the carrying amounts of its property and equipment and assets acquired in satisfaction of loans. This restatement was applied with retrospective effect from 2023 opening balances, which constitutes a departure from IFRS Accounting Standards. Had the Group not adjusted the carrying value of those assets, the opening balances as of 1 January 2023 and certain elements of the accompanying financial statements for the year ended 31 December 2023 would have been reduced by the restated amounts.

10. As disclosed in note 11 to the consolidated financial statements and in accordance with Law No. 330, the Group restated during 2024 the carrying amounts of assets acquired in satisfaction of loans based on a valuation with retrospective effect from 2023 opening balances.
These assets, stated at LBP 6,934 billion as at December 31, 2024 (2023: LBP 6,934 billion) in the consolidated statement of financial position, are carried at revalued amounts, reflecting a revaluation surplus of LBP 6,873 billion (2023: LBP 6,873 billion). Up to the date of this report, this revaluation remains subject to the approval of the regulatory authorities. We were unable to obtain sufficient appropriate audit evidence to support the fair value of these assets, as we could not verify the key inputs and assumptions used in the valuation due to the prevailing economic conditions in Lebanon as at the reporting date. In addition, the absence of regulatory approval further limits our ability to assess the appropriateness of the revalued amounts. Accordingly, we were unable to determine whether any adjustments to the carrying amount of these assets were necessary.

11. The events, conditions and practices that would not qualify as normal course of business in a non-crisis environment described in note 1 and the matters described in the paragraphs above affect the financial position, liquidity, solvency and profitability of the Group, expose the Group to increased litigation and regulatory risks. Significant uncertainty exists in relation to the outcome of the litigations and claims raised against the Group and the negative impact that they might have on the Group's offshore liquidity, foreign assets and foreign currency exposure as disclosed in note 38. These events and conditions cast significant doubts on the Group's ability to continue as a going concern. We were unable to obtain sufficient appropriate audit evidence about the group's ability to continue as a going concern. Our opinion in the prior year was also modified in respect of this matter.

Basis for Adverse Opinion (continued)

12. Other liabilities which are carried in the consolidated statement of financial position at LBP 2,511 billion as at December 31, 2024 (2023: LBP 168 billion), include accounts payable to insurers for LBP 2.7 billion (2023: LBP 1.2 billion). We were unable to obtain sufficient appropriate audit evidence about the balances payable to insurers as we were unable to confirm these amounts directly with the insurers. Consequently, we were unable to determine whether any adjustments were necessary to this amount.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the Code of Ethics of the Lebanese Association of Certified Public Accountants that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse opinion.

Emphasis of Matter

We draw attention to note 1.3.1 to the accompanying consolidated financial statements, which describes the exchange rates used by the Group for the translation of monetary assets, liabilities and transactions denominated in foreign currencies.

As a result of the change in the exchange rate LBP/USD published by the Central Bank of Lebanon from 15,000 to 89,500 effective February 1, 2024, the comparability of accounts and transactions denominated in foreign currencies and converted into LBP is not possible.

Our adverse opinion is not further modified in respect of this matter.

Key Audit Matters

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

Other Information

Management is responsible for the other information. Other information consists of the information included in the Group's Annual Report other than the consolidated financial statements and our auditor's report thereon. The Group's Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors and those charged with governance (referred to thereafter as "Management") are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Beirut, Lebanon
May 22, 2025

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BLC BANK S.A.L
Consolidated Statement of Financial Position

	Notes	December 31, 2024	December 31, 2023 As adjusted	January 1, 2023 As adjusted
Assets		LBP'000	LBP'000	LBP'000
Cash and balances with the Central Bank of Lebanon	5	118,757,895,381	19,969,514,566	2,998,685,432
Deposits with banks and financial institutions	6	2,937,962,532	322,867,723	31,648,985
Loans and advances to customers	7	5,636,900,130	1,834,011,970	564,687,329
Investment securities at fair value through profit or loss	9	6,464,087,309	687,155,754	68,061,104
Investment securities	8	27,352,587,129	6,339,202,195	1,353,056,865
Assets acquired in satisfaction of loans	11	6,933,718,664	6,934,086,941	3,250,643,628
Right-of-use assets	12	990,127	2,059,520	6,057,203
Property and equipment	13	4,952,113,898	5,042,084,444	2,397,937,760
Intangible assets	14	297,562	783,067	1,719,184
Other assets	15	361,381,256	96,041,945	51,050,165
Total Assets		**173,397,933,988**	**41,227,808,125**	**10,723,547,655**
Liabilities				
Deposits from banks and financial institutions	16	717,877,551	41,105,956	102,325,165
Customers' accounts	17	156,568,880,623	28,027,622,155	4,253,465,754
Borrowings from Central Bank of Lebanon	18	396,719,911	269,630,087	182,977,458
Lease liabilities	12	73,657,934	24,332,630	7,127,008
Other liabilities	19	2,510,604,760	168,140,447	65,189,674
Provisions	20	806,806,221	311,742,578	57,523,567
Total Liabilities		**161,074,547,000**	**28,842,573,853**	**4,668,608,626**
Equity				
Capital	21	214,000,000	214,000,000	214,000,000
Shareholders' cash contribution to capital	21	141,492,443	141,492,443	141,492,443
Preferred shares	22	152,786,633	152,786,633	152,786,633
Treasury shares	23	(75,882,381)	(75,882,381)	(75,882,381)
Non-distributable reserves	24	262,369,519	262,369,519	262,973,595
Accumulated losses		(218,846,942)	(139,808,406)	(41,783,186)
Assets revaluation surplus	11,13	11,916,973,389	11,916,973,389	5,508,465,097
Cumulative change in fair value of investment securities at fair value through other comprehensive income	8	42,738,955	(8,036,316)	(10,056,994)
Loss for the year		(113,680,698)	(79,038,536)	(97,498,065)
Equity attributable to Equity holders of the Bank		**12,321,950,918**	**12,384,856,345**	**6,054,497,142**
Non-controlling interests		1,436,070	377,927	441,887
Total Equity		**12,323,386,988**	**12,385,234,272**	**6,054,939,029**
Total Liabilities and Equity		**173,397,933,988**	**41,227,808,125**	**10,723,547,655**
Financial instruments with off-balance sheet risks:	34			
Letters of guarantee and standby letters of credit		1,986,522,861	368,507,947	58,782,342
Forward exchange contracts		-	-	17,477,998
Fiduciary accounts	35	272,205,847	45,309,375	4,553,592

The accompanying notes 1 to 43 form an integral part of the consolidated financial statements

BLC BANK S.A.L
Consolidated Statement of Profit or Loss

	Notes	Year ended December 31, 2024 LBP'000	2023 LBP'000
Interest income		1,165,952,201	443,314,046
Less: Tax on interest		(44,717,090)	(22,687,860)
Interest income, net of tax	26	1,121,235,111	420,626,186
Interest expense	27	(369,020,101)	(102,371,530)
Net interest income		752,215,010	318,254,656
Fee and commission income	28	900,388,502	374,740,269
Fee and commission expense	29	(75,889,119)	(16,678,054)
Net fee and commission income		824,499,383	358,062,215
Net interest and other gain on investment securities at fair value through profit or loss	30	1,791,070,324	223,058,276
Net loss from derecognised investment securities at amortized cost		(498,341,191)	-
Gain on disposal of investment in a subsidiary		-	4,487,405
Other operating income, net	31	3,208,435,060	748,236,984
Net financial revenues		6,077,878,586	1,652,099,536
Allowance for expected credit losses, net	38	(4,358,641,453)	(943,747,528)
Recovery of loans and advances, net		2,125,879	1,956,347
Net financial revenues after net expected credit losses		1,721,363,012	710,308,355
Net gain on disposal of property and equipment and assets acquired in satisfaction of loans	11,13	110,439,073	50,722
Provision for risks and charges	20	(207,514,750)	(162,971,524)
Staff costs	32	(955,520,776)	(362,971,014)
General and administrative expenses	33	(686,504,015)	(175,443,777)
Depreciation and amortization	13,14	(91,696,481)	(86,752,829)
Depreciation of right-of-use assets	12	(388,744)	(1,110,405)
Loss before income tax		(109,822,681)	(78,890,472)
Income tax expense	19	(2,799,874)	(151,755)
Loss for the year		**(112,622,555)**	**(79,042,227)**
Attibutable to equity:			
Equity holders of the Bank		(113,680,698)	(79,038,536)
Non-controlling interests		1,058,143	(3,691)
		(112,622,555)	(79,042,227)

The accompanying notes 1 to 43 form an integral part of the consolidated financial statements

BLC BANK S.A.L
Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended December 31, 2024 LBP'000	2023 LBP'000
Loss for the year		(112,622,555)	(79,042,227)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Net change in fair value of equity securities at fair value through other comprehensive income		50,056,050	2,023,118
Gain on revaluation of property and equipment	13	-	2,725,064,979
Gain on revaluation of assets acquired in satisfaction of loans	11	-	3,683,443,313
		50,056,050	6,410,531,410
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of debt securities at fair value through other comprehensive income (net of tax)		719,221	(2,440)
		719,221	(2,440)
Total other comprehensive income for the year		50,775,271	6,410,528,970
Total comprehensive (loss) / income for the year		**(61,847,284)**	**6,331,486,743**
Attributable to:			
Equity holders of the Bank		(62,905,427)	6,331,490,434
Non-controlling interests		1,058,143	(3,691)
		(61,847,284)	6,331,486,743

The accompanying notes 1 to 43 form an integral part of the consolidated financial statements

BLC BANK S.A.L
Consolidated Statement of Changes In Equity

	Capital	Preferred shares	Treasury shares	Shareholders cash contribution to capital	Non-distributable reserves	Cumulative change in fair value of investment Securities	Assets revaluation surplus	Accumulated losses	Loss for the year	Total	Non-controlling interests	Total Equity
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Balance January 1, 2023	214,000,000	152,786,633	(75,882,381)	141,492,443	262,973,595	(10,056,994)	-	(41,783,186)	(97,498,065)	546,032,045	441,887	546,473,932
Effect of revaluation of property and equipment (note 13)	-	-	-	-	-	-	2,319,356,450	-	-	2,319,356,450	-	2,319,356,450
Effect of revaluation of assets acquired in satisfaction of loans (note 12)	-	-	-	-	-	-	3,189,108,647	-	-	3,189,108,647	-	3,189,108,647
Adjusted balance January 1, 2023	214,000,000	152,786,633	(75,882,381)	141,492,443	262,973,595	(10,056,994)	5,508,465,097	(41,783,186)	(97,498,065)	6,054,497,142	441,887	6,054,939,029
Appropriation of 2022 loss	-	-	-	-	-	-	-	(97,498,065)	97,498,065	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(60,269)	(60,269)
Other movement	-	-	-	-	(604,076)	-	-	(527,155)	-	(1,131,231)	-	(1,131,231)
Total comprehensive income for the year 2023	-	-	-	-		2,020,678	6,408,508,292	-	(79,038,536)	6,331,490,434	(3,691)	6,331,486,743
Balance December 31, 2023	214,000,000	152,786,633	(75,882,381)	141,492,443	262,369,519	(8,036,316)	11,916,973,389	(139,808,406)	(79,038,536)	12,384,856,345	377,927	12,385,234,272
Appropriation of 2023 loss	-	-	-	-	-	-	-	(79,038,536)	79,038,536	-	-	-
Total comprehensive loss for the year 2024	-	-	-	-	-	50,775,271	-	-	(113,680,698)	(62,905,427)	1,058,143	(61,847,284)
Balance December 31, 2024	214,000,000	152,786,633	(75,882,381)	141,492,443	262,369,519	42,738,955	11,916,973,389	(218,846,942)	(113,680,698)	12,321,950,918	1,436,070	12,323,386,988

The accompanying notes 1 to 43 form an integral part of the consolidated financial statements.

BLC BANK S.A.L
Consolidated Statement of Cash Flows

	Notes	Year ended December 31, 2024 LBP'000	2023 LBP'000
Cash flows from operating activities:			
Loss for the year		(112,622,555)	(79,042,227)
Adjustments for:			
Allowance for expected credit losses (net)	38	4,358,641,453	943,747,528
Depreciation and amortization	13,14	91,696,481	86,752,829
Depreciation of right-of-use assets	12	388,744	1,110,405
Provision for risk and charges	20	207,514,750	162,971,524
Provision for end-of-service indemnities (net)	20	137,251,446	78,560,285
Unrealized gain on investment securities at fair value through profit or loss	30	(8,898,291,168)	(100,564,765)
Net loss from derecognised investment securities at amortized cost	8B	498,341,191	-
Income tax expense	19	2,799,874	151,755
Gain on disposal of property and equipment	13	(72,590,849)	(50,722)
Gain on disposal of assets acquired in satisfaction of loans	11	(37,848,224)	-
Dividend income	30	(176,400)	(52,920)
Difference of exchange		176,259,531	49,915,608
Interest expense	27	369,020,101	102,371,530
Interest income	26	(1,121,235,111)	(420,626,186)
		(4,400,850,736)	825,244,644
Net increase in loans and advances to customers		(4,842,482,883)	(1,219,684,822)
Net decrease / (increase) in investments at fair value through other comprehensive income		547,647,951	(19,633,570)
Net decrease / (increase) in investments at fair value through profit or loss		3,121,359,613	(518,529,885)
Net increase in investments at amortized cost		(25,223,192,084)	(5,858,612,029)
Net increase in customers' deposits		128,550,047,184	23,778,981,918
Net increase in compulsory deposits with the Central Bank		(75,562,449)	(40,809,263)
Net increase in deposits with banks and financial institutions		(13,412,657)	(16,131,646)
Net increase in term deposits with the Central Bank		(10,641,122,946)	(3,214,743,586)
Net increase / (decrease) in deposits from banks and financial instituitions		677,590,456	(61,200,537)
Net increase in other assets		(265,339,311)	(44,991,780)
Net increase in other liabilities		2,440,112,758	102,950,773
Proceeds from disposal of assets acquired in satisfaction of loans	11	38,216,500	-
Settlements made from provisions	20	(31,179,661)	(8,367,208)
		89,881,831,735	13,704,473,009
Income tax paid		(151,755)	(41,443)
Dividends received from investments at fair value through profit or loss	30	176,400	52,920
Other movement		-	(527,154)
Interest paid		(373,256,268)	(103,075,502)
Interest received		1,215,130,201	471,713,528
Net cash generated from operating activities		90,723,730,313	14,072,595,358
Cash flows from investing activities:			
Proceeds from disposal of property and equipment		74,030,202	285,233
Acquisition of property and equipment		(2,679,782)	(5,183,650)
Net change in non-controlling interest		-	(60,269)
Net cash generated from / (used in) investing activities		71,350,420	(4,958,686)
Cash flows from financing activities:			
Settlement of lease liabilities	12	(33,475,787)	(8,823,080)
Net increase in borrowings from the Central Bank of Lebanon	18	127,089,824	11,599,649
Net cash generated from financing activities		93,614,037	2,776,569
Net increase in cash and cash equivalents		90,888,694,770	14,070,413,241
Cash and cash equivalents - Beginning of year	36	15,797,449,178	1,727,035,937
Cash and cash equivalents - End of year	36	106,686,143,948	15,797,449,178

The accompanying notes 1 to 43 form an integral part of the consolidated financial statements

1. General information

BLC S.A.L., (the "Group"), is a Lebanese joint stock company registered at the Commercial Register under No. 1952 and on the Central Bank of Lebanon list of banks under No. 11. The Group is primarily involved in investment, corporate and retail banking.

The Bank's headquarters are located at BLC Bank building, Adlieh Square, Beirut, Lebanon.

Fransabank S.A.L. is the direct parent of the Bank.

The consolidated financial statements of the Group comprise the financial statements of the Bank and those of its subsidiary (the "Group"):

	Ownership interest		Country of Incorporation	Business Activity
	2024	2023		
	%	%		
BLC Services S.A.L.	91.33	91.33	Lebanon	Insurance Brokerage

1.1 The Macro Economic Environment

Lebanon has been witnessing since the last quarter of 2019 severe events which had and continue to have a significant impact on the fiscal, monetary and economic outlook, as well as deep recession that have reached unprecedented levels.

Since 2020, the Lebanese economy has been recognized as a hyperinflationary economy, the currency depreciation has accelerated and dollarization increased.

Lebanon's sovereign credit ratings have witnessed a series of downgrades by all major rating agencies, reaching the level of default in March 2020 following the Lebanese Government decision to discontinue payments on all of its outstanding USD 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 affected. As a result of the ensuing shortage in US Dollars, local banks have imposed de-facto capital controls, restricted transfers of foreign currencies outside Lebanon, allowed limited cash withdrawals, ceased financing activities and can no longer attract new deposits easily. The difficulty of accessing foreign currencies led to the emergence of parallel exchange rates to the official peg deviating significantly from the official rate LBP/USD.

In February 2023, the Ministry of Finance and the Central Bank of Lebanon (BDL) increased the official published exchange rate LBP/USD from 1,507.5 to 15,000. In January 2024, the BDL sets the LBP/USD exchange rate at 89,500 to align with the prevailing market rate, which remains unchanged as of the date of issuance of these financial statements.

As a result, the Lebanese market saw the need to differentiate between foreign currency bank accounts that are subject to de-facto capital controls (funds which existed within the Lebanese banking sector prior to October 2019) and those that are not subject to capital controls (as they are sourced from foreign currency cash and/or from incoming transfers from abroad). Companies have been transacting on the basis of multiple exchange rates depending on the nature of transactions and stakeholders (clients, suppliers, other stakeholders).

International Monetary Fund (IMF)

On 7 April 2022, the Lebanese authorities and the IMF team have reached a staff-level agreement on a comprehensive economic reform program for a US$ 3 billion that could be supported by a 46-month Extended Fund Arrangement (EFF). This agreement is subject to the approval of IMF management and the Executive Board, after the timely implementation of all prior actions and confirmation of international partners' financial support. Lebanon has not met the basic conditions required by this agreement.

A delegation from the IMF conducted a "fact-finding" mission in Lebanon during March 2025 and it welcomed the Lebanese authorities' request for a new IMF-supported program to support their efforts to address Lebanon's significant economic challenges.

Lebanese Government's Financial Recovery Plan

On 20 May 2022, the Lebanese Government endorsed a financial recovery plan which includes several measures to secure international aid and unlock funds from the IMF. As a result of the political paralysis, up until January 2025, laws for the reinstatement of financial stability, for the restructuring of the banking sector and for capital controls are yet to be issued. Despite the urgency for action, progress in implementing the recovery plan has been slow, with internal interests and disputes stalling the program.

The IMF delegation has conditioned further cooperation on the presence of a comprehensive financial and economic recovery plan agreed upon by all stakeholders, including the government, parliament, central bank, commercial banks, and depositors. The recent political developments in Lebanon have led to cautious optimism for an improvement in the country's economic situation.

Regional conflict

Amid the Middle Eastern conflict's spillover, October 2023 saw an escalation in military confrontation on Lebanon's southern border. In September 2024, the impact of the ongoing conflict has intensified, marked by escalating military confrontation, widespread destruction to local establishments and infrastructure across Lebanon, particularly in the south, the Bekaa valley, and Beirut's southern suburbs. A temporary ceasefire for 60 days was announced on 27 November 2024 and has been extended multiple times, but violations continue to occur.

Reconstruction and recovery needs following the conflict that affected Lebanon are estimated at USD 11 billion, according to a "Lebanon Rapid Damage and Needs Assessment (RDNA) 2025 report" released by the World Bank.

Lebanon's Post-Ceasefire Economic Outlook

As a result of the recent political developments (ceasefire agreement, presidential elections, new cabinet announcement, etc), Lebanon's economy and money market with the rebound in Lebanon's Eurobonds, have shown signs of cautious optimism driven by renewed political stability and international support. However, the economy remains fragile, with significant damage to infrastructure and ongoing challenges in sectors such as tourism and agriculture.

Banking secrecy law

During April 2025, the Lebanese Parliament approved the amendments of the Lebanese banking secrecy law, marking a crucial step towards financial transparency and alignment with international standards. The recent amendment aims to grant authorized entities - including independent auditors, regulatory bodies, and the central bank - access to banking records dating back ten years, a key demand by the IMF to advance Lebanon's economic reform agenda.

Restructuring the banking sector

During April 2025, Lebanon's Cabinet has approved the draft banking restructuring law which is yet to be approved by the Parliament. The bank restructuring law aims at reinstating stability in the financial sector, protecting deposits during the restructuring and recovery process, limiting the use of public funds in the bank restructuring process and ensuring that basic functions of banks are not interrupted.

The draft law also lists a set of criteria that will determine if a bank is failing or likely to fail namely its ability to meet minimum capital adequacy requirements, minimum liquidity requirements, achieve and maintain profitability, honor its due liabilities, among others.

The Higher Banking Commission can utilize several tools to address the situation of concerned banks, such as bail-in, recapitalization by existing or new shareholders, transferring part or all of the balance sheet to another institution, and mergers with other banks.

1.2 Central Bank of Lebanon (BDL) policy initiatives

Since the beginning of the crisis in October 2019, the Central Bank of Lebanon has issued a series of circulars reflecting on policy initiatives and crisis management. Below is brief of the key circulars:

Regulatory framework:

- *Intermediate Circular 567 :*
  - BDL licensees should apply the following minimum regulatory expected credit loss ("ECL") ratios, while permitting banks to constitute progressively those ECLs over a period of five years (starting from 2020). The BDL Central Council may consider the extension of the period to 10 years, for banks that manage to complete the 20% cash contribution to capital requirement. Intermediate circular 649 issued on 24 November 2022 replaced the aforementioned five years and ten years deadline by the fixed dates of 31 December 2026 and 31 December 2029 respectively:
    - Foreign currency placements with BDL, including certificates of deposits: 1.89%
    - Local currency deposits with BDL: 0%
    - Lebanese government bonds in foreign currencies: 75%
    - Lebanese treasury bills in local currency: 0%
  - BDL licensees are allowed not to downgrade loans exposures showing past dues (principal and interest) between February 2020 and December 2020 as a result of COVID-19, unless borrower ceases to operate as a going concern, in which case exposure should be automatically downgraded to Stage 3.
  - Prohibition of dividends distribution on banks' common shares for the years 2019 and 2020, then extended to the years 2021, 2022, 2023 and 2024 as per Intermediate Circulars 616, 659, 676 and 726.
  - By 28 February 2021 (extended), banks should complete a 20% increase of the common equity tier I capital as at 31 December 2018. The BDL Central Council may consider for banks to complete 50% of this capital increase through transfer of real estate by the shareholders, provided these are liquidated within 5 years.
  - Banks can include the revaluation surplus of property and equipment in Tier I capital, subject to BDL approval on the revaluation. However, on 20 January 2023, Intermediate Circular 659 capped the inclusion of revaluation of property and equipment at 50% in Common Equity Tier 1 under certain conditions while allowing the use of the prevailing Sayrafa rate at the end of each reporting period over 5 years.

Besides, it widened the scope of revaluation to include participations and long-term loans to affiliated banks and financial institutions. Intermediate Circular 685 issued on 28 December 2023 increased the contribution of this revaluation to Common Equity Tier 1 from 50% to 75%.

- Banks must comply with the minimum capital adequacy ratios. Bank should refrain from dividend distribution, should these ratios fall below 7% for Common Equity Tier I ratio; 10% for Tier I ratio; and 12% for total capital ratio.
  Furthermore, if the capital conservation buffer on Common Equity falls below 2.5% of risk weighted assets during 2020 and 2021, banks should rebuild the gap by end of 2024, by a minimum of 0.75% per year, starting 2022. Intermediate Circular 689 issued on 2 February 2024 allowed a full draw down of the 2.5% buffer during years 2023 and 2024.

  Central Bank of Lebanon will issue future instructions for reconstitution of capital.

- Banks are required to submit a comprehensive plan to BDL, reflecting own strategies to comply with the regulatory minimum capital requirements, including the timeline to achieve compliance. The plan should incorporate allowances required by the Banking Control Commission of Lebanon against different risks banks are exposed to.

- As exceptional measures for the years 2020 and 2021, 100% of ECL on Stage 1 and Stage 2 exposures (except those against sovereign and BDL exposures in local and foreign currency), may be added to common equity Tier I capital. These will be gradually amortized to 75% in 2022, 50% in 2023 and 25% in 2024.

• *Basic Circular 154 :*
  - Banks should perform a fair value assessment of their assets and liabilities and set a plan to comply with all applicable regulatory requirements, namely those related to liquidity and capital adequacy, and restore their levels of service which were in place before the economic crisis. Banks should also submit a request to the BDL Central Council to reconstitute/raise their capital to the required levels by the end of the first quarter of the year 2021, where applicable. In this respect, banks shall consider soliciting their depositors to convert their deposits into shares or bonds, provided listing the bank's shares on the Beirut Stock Exchange.

  - In order to enhance their offshore liquidity, banks are required to instigate those depositors to repatriate 30% (in the case of banks' key executives and politically exposed persons) and 15% (for other depositors) of their overseas transfers made since 1 July 2017 and exceeding the equivalent of USD 500,000. Funds received will be deposited in special saving accounts for 5 years (extended to 8 year-term following Intermediate Circular 707 dated 20 September 2024) and will not be subject to compulsory reserve requirements.

  - Banks should secure by 28 February 2021, offshore foreign currency deposits equivalent to a minimum of 3% of their total foreign currency deposits as at 31 July 2020. The requirement was later subject to several amendments; the latest (Intermediate Circular 707) considered foreign currencies deposits as at 31 July 2024 as the basis for the computation instead of 31 July 2020, thus lowering liquidity required levels as customers' deposits decreased over the period. Banks are granted a time limit ending 31 December 2025 to adjust their situation accordingly. Also it added to the numerator Lebanese sovereign Eurobonds as well as US Treasury and Investment grade foreign debt instruments on the condition they are held at fair value. Intermediate Circular 716 issued on 21 November 2024 expanded again the scope to include sovereign debts instruments issued by G10 countries and debt instruments rated "BBB" and above held at fair value.

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

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

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

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

- *Intermediate Circular 692* issued on 15 February 2024 amending the provisions of BDL Basic Circular 83 which defines the framework of the system for fighting Money Laundering and Terrorist Financing. The circular requested banks & financial institutions to establish within the AML/CFT Unit, an Anti-bribery & Corruption Unit.

Monetary policies and socio-economic support:

- *Intermediate Circulars 547 and 552* issued on 23 March 2020 and 22 April 2020 respectively requesting banks to rollover loans to customers in local and foreign currencies maturing between March 2020 to June 2020 up to 5 years at zero interest rate and fees, subject to the bank assessment of the customers' inability to settle their dues because of the economic situation. BDL also allowed the extension of loans to businesses to fund salaries and operating expenses, at the same terms mentioned above. In return, BDL would extend loans to banks in USD at zero interest rates against those loans to banks' customers.

- *Basic Circular 150* issued on 9 April 2020 exempting banks from placing mandatory reserves with the Central Bank of Lebanon in relation to funds transferred from abroad or cash deposits in foreign currency received after 9 April 2020 subject to preserving and guaranteeing the liberty of the depositors in determining the use of these funds and benefiting from all kinds of banking services (transfers abroad, international credit card limits, foreign currency cash withdrawals, ...).
  Banks are requested to maintain at all times an amount equivalent to those funds in the form of (i) cash held in vaults at the Bank's premises, (ii) offshore accounts held with correspondents and (iii) "cash money" accounts held with BDL as per Basic Circular 165 definition. Intermediate Circular 715 issued on 21 November 2024 expanded the scope to include sovereign debts instruments issued by G10 countries and debt instruments rated "BBB" and above on the condition they are held at fair value.

- *Basic Circular 152 and Intermediate Circular 569* issued on 6 August 2020 and 26 August 2020 respectively allowing banks extension of loans up to 5 years at zero interest rate, to help those affected by the Beirut Seaport explosion. In return, BDL would extend loans to banks in USD at zero interest rates against those loans to banks' customers.

- *Intermediate Circular 568* issued on 26 August 2020 requesting banks to accept repayment by resident customers of their USD denominated retail loans (up to USD 800,000 for housing loans and USD 100,000 for retail loans) in local currency at the official exchange rate (LBP 1,507.5 to the USD). On 20 January 2023, Intermediate Circular 656 revoked the aforementioned decision and banded the non-resident customers to settle their payments in offshore USD.

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

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

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

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

- *Intermediate Circular 712* issued on 10 October 2024 (amending Basic Circular 147) stipulates that the bank that issued a banker's check to one of its client, has to return the check to the client's account upon the client's request and under his responsibility, provided the check has not been endorsed and there are no legal restrictions or ongoing litigations between the client and the bank regarding this check or the client's account. If the client's account has been closed, the bank is required to reopen it in order to deposit the check. If eligible, the client may benefit from the provisions of BDL Basic Circulars 158 and 166 or any future related circulars.

Foreign exchange policies:

- *Basic Circular 151* issued on 21 April 2020 and concerning depositors who wish to withdraw amounts of cash from their foreign currencies accounts as per a specific rate up to limits set by the Bank. The exchange rate specified by the Central Bank of Lebanon in its transactions with banks will remain applicable to all other operations in US Dollar. At maturity as at 31 December 2023, the circular was not renewed.

- *Basic Circular 157 "Exceptional Procedures on Foreign currency Operations"* issued on 10 May 2021 enacting the legal and regulatory framework of the 'Sayrafa' foreign exchange trading platform developed by the Central Bank of Lebanon. Transactions that can be conducted on the 'Sayrafa' platform consist of purchasing LBP in exchange of fresh foreign currency and purchasing fresh foreign currency in exchange of 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 "Exceptional Measures for the Gradual Withdrawal of Deposits in Foreign currencies"* issued on 8 June 2021 setting out an exceptional framework for the settlement of onshore 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.
  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 USD/LBP 12,000 (before amendment USD/LBP at 15,000 on 20 January 2023), noting that 50% of the amount will be paid in cash and 50% will be credited to a payment card. On 5 July 2023, the Intermediate Circular 674 introduced several amendments to the Basic Circular 158. First, it cancelled the amount in LBP that clients were able to withdraw on a monthly basis from their foreign currencies' accounts opened before 31 October 2019.

  Second, for the US Dollars portion, the monthly withdrawal remains unchanged at USD 400 per month from the outstanding balance of subaccount opened prior to 1 July 2023 when the client signed the agreement with the Bank based on the aforementioned circular. Third, for all subaccounts created after 30 June 2023, the monthly withdrawal limit is set at USD 300 per month.

  On 17 November 2023, BDL issued Intermediate Circular 682 adding an eligibility criteria to benefit from Basic Circular 158; Customers who have transferred their funds after the crisis to another local Bank can benefit from the provisions of said circular if (i) transferred funds are returned to the originating bank, and if (ii) the customer hadn't benefited from the circular neither from the originating Bank, nor the destination Bank. The financing of the aforementioned process will be secured equally through (i) BDL reduction of compulsory reserves requirements from 15% to 14% as per BDL 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 that it reconstitutes it by 31 December 2024 as amended by the Intermediate Circular 674 issued on 5 July 2023.

  On 8 June 2024, BDL issued Intermediate Circular 697 expanding the scope of beneficiaries to include minors. Besides, beneficiaries of BDL Basic Circular 158 can now benefit from BDL Basic Circular 166 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 717 issued on 26 November 2024.

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

- *Basic Circular 159* issued on 17 August 2021 preventing banks from processing foreign currency funds received from customers whether in the form of cash or through offshore transfers at a value other than its face value, with the exception of transactions pertaining to the settlement of loans (which was subsequently removed by Intermediate Circular 671 issued on 20 June 2023).

  It also prevented banks from purchasing foreign currencies at parallel rate with the exception of the purchase foreign currencies duly recorded on the electronic platform and resulting from offshore incoming transfers with the purpose of (i) enhancing liquidity, (ii) engaging in medium or long-term investments, (iii) settling international commitments. Finally, the circular prevented banks from purchasing bankers' checks and other bank's accounts in foreign currencies whether directly or indirectly.

- *Intermediate Circular 667* issued on 13 April 2023 (amending Basic Circular 69) enhancing the framework of "Electronic Banking and Financial Operations" by introducing mainly new detailed rules applicable to E-signature, E-KYC and data protection, along with the related authorization processes from regulatory bodies.

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

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

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

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

- *Basic Circular 166* issued on 2 February 2024 defining a new mechanism for the repayment of restricted funds in FCY and de-facto replacing Basic Circular 151, which authorized limited withdrawals in LBP from FCY accounts at pre-defined exchange rates and has not been renewed. Beneficiaries from said circular – who cannot be old or current beneficiaries from Basic Circular 158 - would be able to withdraw on a monthly basis USD 150 in cash up to a cumulative amount of USD 4,350 until June 2026. 50% of said amount will be financed from the Bank's own liquidity and 50% from the Bank's restricted funds with BDL.

  Certain exclusions parameters apply to potential customers wishing to benefit from the circular (Customers who did not return offshore transfers as per Basic Circular 154, traders of checks, customers who settled their FCY loans for an amount equivalent to USD 300,000 from LBP proceeds, beneficiaries of Sayrafa transactions above or equal to USD 75,000, corporate clients, etc…). On 27 June 2024, Intermediate Circular 698 expanded the scope of beneficiaries to include minors. Besides, beneficiaries of BDL Basic Circular 166 can now benefit from BDL Basic Circular 158 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 718 issued on 26 November 2024. On 20 February 2025, Intermediate Circular 728 increased the monthly amount that can be withdrawn to USD 250. The additional amounts were financed from the Bank's compulsory reserves with BDL in foreign currency.

- *Basic Circular 167* issued on 2 February 2024 defining the published rate on BDL's electronic platform as the FX translation rate for the Bank's FCY monetary items as well for the non-monetary assets measured at fair value and assets measured as per equity method in line with IAS 21. This measure applies starting 31 January 2024 reported financials.

1.3 The Group's Financial particulars

1.3.1 Foreign exchange

Several exchange rates had emerged since the last quarter of 2019 that varied significantly among each other and from the official published exchange rate. in February 2023, the official exchange rate LBP/USD was changed from LBP 1,507.5 to LBP 15,000 to the US Dollar. In January 2024, the BDL sets the LBP/USD exchange rate at 89,500 to align with the prevailing market rate, which remains unchanged as of the date of issuance of these financial statements.

In 2023 and 2024, transactions and monetary assets and liabilities in foreign currency, regardless of whether they are onshore or offshore, were reflected in these consolidated financial statements at the exchange rates published by the Central Bank of Lebanon, as follows:

	2024		*2023*	
	Year-end Rate LBP	***Average Rate LBP***	*Year-end Rate LBP*	*Average Rate LBP*
US Dollar	**89,500**	**89,500**	15,000	13,876
Euro	**93,465**	**96,752**	16,695	15,049

31 December 2024

During February 2024, the Central Bank of Lebanon issued Basic Circular No. 167 requesting banks and financial institutions to translate their monetary assets and liabilities denominated in foreign currency using the exchange rate published on BDL electronic platform (which stood at LBP 89,500 to the US Dollars) effective January 31, 2024, aligning the rate with the prevailing market rate.

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

31 December 2023

In February 2023, the Central Bank of Lebanon changed the official published exchange rate from LBP 1,507.5 to LBP 15,000 to the US Dollars, which significantly varies from the exchange rates in the parallel markets. The Group has applied the new rate to translate all monetary balances and transactions in foreign currencies, regardless of their source or nature, which did not represent a reasonable estimate of expected cash flows in Lebanese Pounds that would have to be generated/used from the realisation of such assets or the payment of such liabilities at the date of the consolidated financial statements.

1.3.2 Hyperinflation in Lebanon

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

The Lebanese Central Administration of Statistics reported 3-year and 12-month cumulative rates of inflation of 666% and 18%, respectively, as at December 31, 2024 (2023: 2,005% and 192%,). Qualitative indicators, following the deteriorating economic condition and currency controls, also support the conclusion that Lebanon is a hyperinflationary economy for accounting purposes for periods ending on or after December 31, 2020.

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

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

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

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

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

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

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

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

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

As of the date of the accompanying consolidated financial statements, Management is temporarily unable to apply the above-mentioned standard nor is it able to quantify the effect that the application of IAS 29 would have on the presented consolidated financial statements due to the following considerations: the significant divergence in exchange rates, the lack of consensus on the general price index and the lack of views of relevant regulators, including tax authorities. However, management estimates such effects to be significant.

This situation must be taken into account when interpreting the information reported by the Bank in the accompanying financial statements including its statement of financial position, statement of profit or loss, statement of comprehensive income and cash flow statement.

The Group is assessing the date at which it will apply IAS 29. The application of IAS 29 is very complex and requires the Bank to develop new accounting software and processes, internal controls and governance framework. Accordingly, the Bank has postponed the application of IAS 29 and incurring costs for developing accounting processes and a governance framework until The Group is comfortable that such application would provide the users with more relevant information.

1.3.3 Exposure to financial instruments

As at December 31, 2024, the Group's net credit exposure to Lebanese sovereign debt, including BDL, represented approximately 85% of total assets (2023: 64%).

As at 31 December 2024, loss allowances on assets held at the Central Bank of Lebanon and the portfolio of Lebanese government securities held at amortized cost are recorded in these consolidated financial statements at the loss rates mentioned in the Central Bank of Lebanon's Intermediate 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 the Group's exposures to the Central Bank of Lebanon and Lebanese sovereign, management is unable to estimate in a reasonable manner expected credit losses on these exposures. Accordingly, these consolidated financial statements do not include adjustments of the carrying amount of these assets to their recoverable amounts based on International Financial Reporting Standards and an expected credit loss model.

The impact is expected to be pervasive and will be reflected in the consolidated financial statements once the debt restructuring has been defined conclusively by the government and all uncertainties and constraints are resolved and the mechanism for allocating losses by asset class and currency is clear and conclusive. Maximum exposures to the credit risk of the Central Bank of Lebanon and the Lebanese government and the recognized loss allowances, as well as their staging are detailed in note 38 to these consolidated financial statements.

The financial position of the Group, as reported in these consolidated financial statements, does not reflect the adjustments that would be required by IFRS as a result of the future government reform program, the deep recession, the currency crisis and the hyperinflation. Due to the high levels of uncertainties, the lack of observable indicators, the high gap between the parallel market rates, the Sayrafa rate, the Platform Rate and the official published exchange rate and the lack of visibility on the government's plans with respect to: (a) the high exposures of banks with the Central Bank of Lebanon, (b) the Lebanese Sovereign securities, and (c) the currency exchange mechanisms and currency exchange rates that will be applied, management is unable to estimate in a reasonable manner, the impact of these matters on its consolidated financial position.

Management considers that the adverse impact of the above is expected to be pervasive and will have a significant negative impact on the equity of the Group and the recapitalization needs that will arise once the necessary adjustments are determined and recorded.

1.3.4 Litigations and claims

Until the above uncertainties are resolved, the Group is continuing its operations as performed since 17 October 2019 and in accordance with the laws and regulations. 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. The Group has been subject to increased litigations as a result of these restrictive measures adopted by Lebanese banks in relation to withdrawal of funds and transfers abroad, as well as in relation to the repayment by customers of local foreign currency loans in Lebanese pound. Management is carefully considering the impact of these existing litigations and claims. There are still uncertainties related to the consequences of these restrictive measures based on the current available information and the prevailing laws and local banking practices.

However, due to recent development and the increasing trend in judgments ruled in favor of the plaintiffs and customers during 2021, 2022, 2023 and 2024, management considers that they may affect negatively the offshore liquidity of the Group, its foreign assets and its foreign currency mismatch. as disclosed in Note 40. The amount cannot be determined at present.

1.3.5 Taxes, Social Security Contributions and Related Provisions

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

1.3.6 Law No. 330

On December 4, 2024, Law No. 330 was enacted, amending Article 45 of the Income Tax Law No. 144 and its amendments. The Law authorized taxpayers to conduct a non-taxable exceptional revaluation of fixed assets and inventory and to apply an exceptional tax treatment of positive and negative foreign exchange differences arising from the devaluation of the Lebanese Pound on receivables, payables, and financial accounts denominated in foreign currency. These provisions apply to financial periods starting from the year 2022 till the 31st of December 2026. On March 12, 2025, the Ministry of Finance issued decisions No. 338, 339 and 340 related to the application of Law No. 330. As of the date of issuance of the financial statements, management is unable to quantify or recognize any potential tax effects that may arise from the application of this Law, pending the final approval of the relevant regulatory authorities.

2. Application of new and revised IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards)

a- New and amended Accounting Standards and Interpretations that are effective for the current year

In the current year, the Group has applied the below amendments to IFRS Accounting Standards and Interpretations that are effective for an annual period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

1. *Amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments: Supplier Finance Arrangements*

   The amendment addresses the presentation requirements for liabilities and associated cash flows arising from supply chain financing arrangements.

   The amendments introduce two new disclosure objectives:
   One in IAS 7: To provide information enabling users (investors) to assess the effects of supplier finance arrangements on an entity's liabilities and cash flows.
   Another in IFRS 7: To help users understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if these arrangements were no longer available.

   The amendments aim to enhance transparency and provide investors with better insights into how supplier finance arrangements affect an entity's financial position and risk exposure.

2. *Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*

   The amendments require that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement for at least twelve months after the reporting period.
   The amendments also provide clarification on the meaning of 'settlement' for the purpose of classifying a liability as current or non-current.

3. *Amendments to IFRS 16 - Leases: Lease Liability in a Sale and Leaseback*

   The amendments specifically address the treatment of lease liability in a sale and leaseback scenario and clarify how a seller-lessee subsequently measures sale and leaseback transactions that meet the requirements in IFRS 15 to be accounted for as a sale.

b - New and amended Accounting Standards and Interpretations that are not yet effective

The following amendments to IFRS accounting standards have been issued but are not yet effective and have not been early adopted by the Group.

1. *Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability*

   The amendments specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability.
   Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

   These amendments are effective for reporting periods beginning on or after 1 January 2025 with early application permitted.

2. *Amendments to IFRS 9 - Financial Instruments and IFRS 7 - Financial Instruments: Disclosures: Classification and Measurement of Financial Instruments*

   The Amendments modify the following requirements in IFRS 9 and IFRS 7:

   Derecognition of financial liabilities

   - Derecognition of financial liabilities settled through electronic transfers.

   Classification of financial assets

   - Elements of interest in a basic lending arrangement (the solely payments of principal and interest assessment – 'SPPI test').
   - Contractual terms that change the timing or amount of contractual cash flows.
   - Financial assets with non-recourse features.
   - Investments in contractually linked instruments.

   Disclosures

   - Investments in equity instruments designated at fair value through other comprehensive income.
   - Contractual terms that could change the timing or amount of contractual cash flows.

   The Amendments may significantly affect how entities account for the derecognition of financial liabilities and how financial assets are classified.
   The Amendments permit an entity to early adopt only the amendments related to the classification of financial assets and the related disclosures and apply the remaining amendments later.

This would be particularly useful to entities that wish to apply the Amendments early for financial instruments with ESG (Environmental, Social and Governance)-linked or similar features.
These amendments are effective for reporting periods beginning on or after 1 January 2026 with early application permitted.

3. *IFRS 18 - Presentation and Disclosures in Financial Statements*

IFRS 18 Presentation and Disclosure in Financial Statements replaces IAS 1 Presentation of Financial Statements and sets out significant new requirements for how financial statements are presented, with particular focus on:

- The statement of profit or loss, including requirements for mandatory sub-totals to be presented. IFRS 18 introduces requirements for items of income and expense to be classified into one of five categories in the statement of profit or loss. This classification results in certain sub-totals being presented, such as the sum of all items of income and expense in the operating category comprising the new mandatory 'operating profit or loss' sub-total.
- Aggregation and disaggregation of information, including the introduction of overall principles for how information should be aggregated and disaggregated in financial statements.
- Disclosures related to management-defined performance measures (MPMs), which are measures of financial performance based on a total or sub-total required by IFRS Accounting Standards with adjustments made (e.g. 'adjusted profit or loss'). Entities will be required to disclose MPMs in the financial statements with disclosures, including reconciliations of MPMs to the nearest total or sub-total calculated in accordance with IFRS Accounting Standards.

The aim of the IASB in publishing IFRS 18 is to improve comparability and transparency of companies' performance reporting. IFRS 18 has also resulted in narrow changes to the statement of cash flows and is effective for reporting periods beginning on or after 1 January 2027 with early application permitted.

The directors of the Group anticipate that the application of these amendments may have an impact on the Group's financial statements in future periods.

4. *IFRS 19 - Subsidiaries without Public Accountability: Disclosures*

IFRS 19 permits eligible subsidiaries to apply reduced disclosure requirements while applying the recognition, measurement and presentation requirements in IFRS Accounting Standards.

The eligibility criteria for an entity to apply IFRS 19 are:

- The entity is a subsidiary (as defined in Appendix A of IFRS 10 Consolidated Financial Statements);
- The entity does not have public accountability; and
- The entity has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

IFRS 19 is effective for reporting periods beginning on or after 1 January 2027 with early application permitted.

Management anticipates that these new standards and amendments will be adopted in the Group's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the Group's financial statements in the period of initial application, except as indicated above.

3. Material accounting policies

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board (IASB).

The consolidated financial statements are presented in Lebanese Pound (LBP) which is the Group 's reporting currency. The primary currency of the economic environment in which the Group operates (functional currency) is the Lebanese Pound. All values are rounded to the nearest thousands, except when indicated otherwise.

The consolidated financial statements have been prepared on the historical cost basis except for the following that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below:

- Owned properties and assets acquired in satisfaction of loans are measured at their revalued amounts based on market prices as permitted by local regulations, to compensate for the inflationary effects prevailing in earlier years.
- Financial assets and liabilities are at fair value through profit or loss and other comprehensive income.

Summary of material accounting policies

Following is a summary of the Group's material accounting policies:

A. Basis of Consolidation:

The Consolidated Financial statements of BLC Bank S.A.L. incorporated the financial statements of the Bank and entities controlled by the Bank (its subsidiaries) at the reporting date. Control is achieved when the Bank 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, and
- The ability to use its power over the investee to affect its returns.

The Bank re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Bank has less than a majority of the voting or similar right of an investee, the Bank considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Bank's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Bank obtains control over the subsidiary and ceases when the Bank loses control of the subsidiary.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Bank gains control until the date the Bank ceases to control the subsidiary.

Total Comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank.

All intra-group transactions, balances, income and expenses (except for foreign currency transaction gains or loss) are eliminated on consolidated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Bank.

Upon the loss of control, The Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

B. Business combination

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred in profit and loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit and loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit and loss. where applicable, adjustments are made to provisional value of recognized assets and liabilities related to facts and circumstances that existed at the acquisition date. These are adjusted to the provisional goodwill amount. All other adjustments including above adjustments made after one year are recognized in profit and loss except to correct an error in accordance with IAS 8.

Non-controlling interests that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of the measurement basis is made on a transaction-by-transaction basis. Non-controlling interests in business acquisitions transacted so far by the Group were initially measured at the non-controlling interests' proportionate share of net assets acquired. Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified at equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit and loss.

C. Foreign currencies

Transactions in currencies other than the Group's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions (note 1.3.1). At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date (note 1.3.1).

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks, and except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are recognized in other comprehensive income, and presented in the translation reserve in equity. These are recognized in profit or loss on disposal of the net investment.

D. Financial instruments

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Recognized financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.
Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.
If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- If fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognized in profit or loss on initial recognition (i.e. day 1 profit or loss);
- In all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day one profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

Exchange of debt securities:
Debt securities exchanged against securities with longer maturities with similar risks, and issued by the same issuer, are not derecognized because they do not meet the conditions for derecognition. Premiums and discounts derived from the exchange of said securities are deferred to be amortized as a yield enhancement on a time proportionate basis, over the period of the extended maturities.

Repurchase and Reverse Repurchase Agreements:
Securities sold under agreements to repurchase at a specified future date ("repos") are not derecognized from the statement of financial position.

The corresponding consideration received, including accrued interest, is recognized on the statement of financial position reflecting its economic substances as a loan to the Group.

The difference between the sale and repurchase prices is treated as interest expense and is accrued over the life of the agreement using the effective interest rate method.

Conversely, securities purchased under agreements to resell at a specified date are not recognized in the statement of financial position. The consideration paid, including accrued interest is recorded in the statement of financial position reflecting the transaction's economic substance as a loan by the Group. The difference between the purchase and resale prices is treated as interest income in the statement of profit or loss and is accrued over the life of the agreement using the effective interest rate method.

If securities purchased under agreement to resell are subsequently sold to third parties, the obligation to return the securities is recorded as a short sale within "Financial liabilities at fair value through profit or loss" and measured at fair value with any gains or losses included in "Net trading (loss) gain" in the consolidated income statement.

E. Financial assets

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and initially measured at fair value, plus transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as at FVTPL are recognized immediately in profit or loss.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;

- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- All other debt instruments (e.g. debt instruments managed on a fair value basis or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- The Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, in OCI; and
- The Group may irrevocably designate a debt instrument that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

Debt instruments at amortized cost or at FVTOCI

For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI). An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The Group's business model does not depend on management's intentions for an individual instrument; therefore, the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

When a debt instrument measured at FVTOCI is derecognized, the cumulative gain/loss previously recognized in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss but transferred within equity.

The Group reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Debt instruments that are subsequently measured at amortized cost or at FVTOCI are subject to impairment.

Financial assets at FVTPL

Financial assets at FVTPL are:

- assets with contractual cash flows that are not SPPI; or/and
- assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- assets designated at FVTPL using the fair value option.

These assets are measured at fair value, with any gains/losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described below.

Reclassifications

If the business model under which the Group holds financial assets- changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Group's financial assets.

Impairment

The Group recognizes loss allowances for ECL on the following financial instruments that are not measured at FVTPL:

- deposits at banks
- loans and advances to banks
- loans and advances to customers
- customers' liability under acceptances
- debt investment securities
- loan commitments issued; and
- financial guarantee contracts issued.

No impairment loss is recognized on equity investments.

With the exception of Purchased or Originated Credit Impaired (POCI) financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.
ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the sent value of the difference between the cash flows due to the Group under the contract and the cash flows at the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted the asset's EIR.

- for undrawn loan commitments, the ECL is the difference between the present value of the difference between the contractual cash flows that are due to the Group if the holder of the commitment draws down the loan and the cash flows that the Group expects to receive if the loan is drawn down; and
- for financial guarantees contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group expects to receive from the holder, the debtor or any other party.

The Group measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the set's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual sis or a collective basis.

Credit-impaired financial assets

A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage assets. Evidence of credit-impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or past due event
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event instead, the combined effect of several events may we caused financial assets to become credit impaired. The Group assesses whether debt instruments that are financial assets measured at amortized cost or FVTOCI are credit-impaired at each reporting date. To assess if sovereign and corporate debt instruments are credit impaired, the Group considers factors such as bond yields, edit ratings and the ability of the borrower to raise funding.

Purchased or originated credit impaired (POCI) financial assets

POCI financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognizes all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognized in profit or loss. A favorable change for such assets creates an impairment gain.

Definition of default

Critical to the determination of ECL is the definition of default. The definition of default is used in measuring the amount of ECL and in the determination of whether the loss allowance is based on 12-month or lifetime ECL, as default is a component of the probability of default (PD) which affects both the measurement of ECLs rid the identification of a significant increase in credit risk.

The Group considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

The definition of default is appropriately tailored to reflect different characteristics of different types of assets. Overdrafts are considered as being past due once the customer has breached an advised limit or has been advised of a limit smaller than the current amount outstanding.

When assessing if the borrower is unlikely to pay its credit obligation, the Group takes into account both qualitative and quantitative indicators.

The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not relevant for retail lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess default which are either developed internally or obtained from external sources.

Significant increase in credit risk

The Group monitors all financial assets, issued loan commitments and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Group's historical experience and expert credit assessment including forward-looking information.

Modification and derecognition of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset.

A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy a modification results in derecognition when it gives rise to substantially different terms.

The Group derecognizes a financial asset only when the contractual rights to the asset's cash flows expire (including expiry arising from a modification with substantially different terms), or when the financial asset and substantially all the risks and rewards of ownership of the asset are transferred to another entity.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain/loss that had been recognized in OCI and accumulated in equity is recognized in profit or loss, with the exception of equity investment designated as measured at FVTOCI, where the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain/loss allocated to it that had been recognized in OCI is recognized in profit or loss. A cumulative gain/loss that had been recognized in OCI is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

This does not apply for equity investments designated as measured at FVTOCI, as the cumulative gain/loss previously recognized in OCI is not subsequently reclassified to profit or loss.

Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event.

The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- for financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
- for debt instruments measured at FVTOCI: no loss allowance is recognized in the consolidated statement of financial position as the carrying amount is at fair value. However, the loss allowance is included as part of the revaluation amount in the investments' revaluation reserve;
- for loan commitments and financial guarantee contracts: as a provision; and
- where a financial instrument includes both a drawn and an undrawn component, and the Group cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group presents a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision.

F. Equity and Financial Liabilities

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue, or cancellation of the Group's own equity instruments.

Financial liabilities:

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.
Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) held for trading, or (ii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the entire hybrid (combined) contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains/losses arising on remeasurement recognized in profit or loss to the extent that they are not part of a designated hedging relationship.

The net gain/loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in the profit or loss account.

However, for non-derivative financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss.

Changes in fair value attributable to a financial liability's credit risk that are recognized in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

For issued loan commitments and financial guarantee contracts that are designated as at FVTPL all gains and losses are recognized in profit or loss.

In making the determination of whether recognizing changes in the liability's credit risk in OCI will create or enlarge an accounting mismatch in profit or loss, the Group assesses whether it expects that the effects of changes in the liability's credit risk will be offset in profit or loss by a change in the fair value of another financial instrument measured at FVTPL. This determination is made at initial recognition.

Other financial liabilities

Other financial liabilities, including deposits and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For details on EIR see the "net interest income section" above.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.
It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

G. Offsetting

Financial assets and liabilities are set-off and the net amount is presented in the consolidated statement of financial position when, and only when, the Group has a currently enforceable legal right to set-off the recognized amounts or intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

H. Derivative financial instruments

Derivatives, such as foreign exchange forward contracts, interest rate swaps, cross currency interest rate swaps and credit default swaps, are initially recognized at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each statement of financial position date.

The resulting gain/loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability.

Embedded Derivatives

Derivatives embedded in financial liabilities or other non-financial asset host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

I. Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL and not arising from a transfer of a financial asset, are subsequently measured at the higher of:

- The amount of the loss allowance determined in accordance with IFRS 9; and
- The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the Group's revenue recognition policies.

Financial guarantee contracts not designated at FVTPL are presented as provisions on the statement of financial position and the remeasurement is presented in other revenue.

The Group has not designated any financial guarantee contracts as at FVTPL.

J. Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. The Group does not apply fair value hedge accounting of portfolio hedges of interest rate risk. In addition, the Group does not use the exemption to continue using IAS 39 hedge accounting rules, i.e. the Group applies IFRS 9 hedge accounting rules in full.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

The Group rebalances a hedging relationship in order to comply with the hedge ratio requirements when necessary. In such cases discontinuation may apply to only part of the hedging relationship.

For example, the hedge ratio might be adjusted in such a way that some of the volume of the hedged item is no longer part of a hedging relationship, hence hedge accounting is discontinued only for the volume of the hedged item that is no longer part of the hedging relationship.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In some hedge relationships the Group designates only the intrinsic value of options. In this case the fair value change of the time value component of the option contract is deferred in OCI, over the term of the hedge, to the extent that it relates to the hedged item and is reclassified from equity to profit or loss when the hedged item does not result in the recognition of a non-financial item.

The Group's risk management policy does not include hedges of items that result in the recognition of non-financial items, because the Group's risk exposures relate to financial items only.

The hedged items designated by the Group are time-period related hedged items, which means that-the amount of the original time value of the option that relates to the hedged item is amortized from equity to profit or loss on a rational basis (e.g. straight-line) over the term of the hedging relationship.

In some hedge relationships the Group excludes from the designation the forward element of forward contracts, or the currency basis spread of cross currency hedging instruments.

In this case a similar treatment is applied to the one applied for the time value of options. The treatment for the forward element of a forward and the currency basis element is optional, and the option is applied on a hedge-by-hedge basis, unlike the treatment for the time value of the options which is mandatory.

For hedge relationships with forwards or foreign currency derivatives such as cross currency interest rate swaps, where the forward element or the currency basis spread is excluded from the designation the Group generally recognizes the excluded element in OCI.

Fair value hedges

The fair value change on qualifying hedging instruments is recognized in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognized in OCI.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss.

For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the part of the fair value gain or loss on the hedged item associated with the hedged risk is recognized in profit or loss instead of OCI. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain/loss remains in OCI to match that of the hedging instrument.

Where hedging gains/losses are recognized in profit or loss, they are recognized in the same line as the hedged item.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of hedged items for which the EIR method is used (i.e. debt instruments measured at amortized cost or at FVTOCI) arising from the hedged risk is amortized to profit or loss commencing no later than the date when hedge accounting is discontinued.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in the cash flow hedging reserve, a consolidated component of OCI, limited to the cumulative change in fair value of the hedged item from inception of the hedge less any amounts recycled to profit or loss.

Amounts previously recognized in OCI and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. If the Group no longer expects the transaction to occur that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised, or where the occurrence of the designated hedged forecast transaction is no longer considered to be highly probable. The discontinuation is accounted for prospectively.

Any gain/loss recognized in OCI and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss.

When a forecast transaction is no longer expected to occur, the gain/loss accumulated in equity is reclassified and recognized immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain/loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI and accumulated in the foreign currency translation reserve.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

K. Property and equipment

Property and equipment except for owned properties are stated at cost, less accumulated depreciation and impairment loss, if any. Owned properties are stated at their revalued amounts, based on market prices prevailing during 2023 and 2024 less accumulated depreciation and impairment loss, if any.

Depreciation is recognized so as to write off the cost or valuation of property and equipment, other than land and advance payments on capital expenditures less their residual values, if any, using the straight-line method over the estimated useful lives using the following rates:

	%
Buildings	2-4
Office improvements and installations	20
Furniture, equipment and machines	8-20
Computer equipment	20-33
Vehicles	10-20

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

L. Intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets other than goodwill are amortized on a straight line over their estimated useful lives as follows:

Computer software	5 years
Key money	15 years

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

M. Leases

The Group as lessee

The Group assesses whether contract is or contains a lease, at inception of the contract. The Group recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line item in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset.

If a lease transfers ownership of the underlying asset or the cost of the right-of-use of asset reflects that the

Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.
Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'General and administrative expenses' in the consolidated statement of profit or loss.

N. Assets acquired in satisfaction of loans

Real estate properties acquired through the enforcement of collateral over loans and advances, in accordance with the Central Bank of Lebanon main circular 78, are measured at the lower of their carrying amount at fair value less cost to sell.

The acquisition of such assets is regulated by the local banking authorities that require the liquidation of these assets within 2 years from Banking Control Commission approval date. In case of default of liquidation, the regulatory authorities require an appropriation of a special reserve from the yearly profits reflected in equity.

Upon sale of repossessed assets, any gain or loss realized is recognized as a separate line item in the consolidated statement of profit or loss. Gains resulting from the sale of repossessed assets are transferred to reserves to be used for capital increase starting in the following financial year.

O. Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, other than investment properties and deferred taxes, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).
Goodwill is tested annually for impairment. Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.
An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

P. Provision for employees' end-of-service indemnity

The provision for staff termination indemnities is based on the liability that would arise if the employment of all the staff were voluntary terminated at the reporting date.

This provision is calculated in accordance with the directives of the Lebanese Social Security Fund (the 'Fund') and Labor laws based on the number of years of service multiplied by the monthly average of the last 12 months' remunerations and less contributions paid to the Lebanese Social Security National Fund and interest accrued by the Fund.

Q. Provisions

Provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are discounted where the impact is material.

S. Deferred restricted contributions

Restricted contributions derived from special and non-conventional deals arrangement concluded with the regulator are deferred until designated conditions for recognition are met.
At the time income is received it is deferred under "regulatory deferred liability" and applied to the designated purpose according to the regulator's requirements.

T. Net Interest income

Interest income and expense for all financial instruments except for those classified as held for trading or those measured or designated as at FVTPL are recognized in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method. Interest on financial instruments measured as at FVTPL is included within the fair value movement during the period, see 'Net interest and other gain on investment securities at fair value through profit or loss.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets at FVTPL transaction costs are recognized in profit or loss at initial recognition.
The interest income/ interest expense is calculated by applying the EIR to the gross carrying amount of noncredit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities.

U. Net fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or liability (e.g. commissions and fees earned on loans) are included under interest income and expense.

Other fee and commission income are recognized as the related services are performed.

V. Dividend income

Dividend income is recognized when the right to receive payment is established. Dividends on equity instruments designated as at fair value through other comprehensive income are recognized in profit or loss, unless the dividend clearly represents a recovery of part of the investment, in which case it is presented in other comprehensive income.

W. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because of the items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the statement of financial position and the corresponding tax base used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

X. Fiduciary accounts

Fiduciary assets held or invested on behalf of the Group's customers on a non-discretionary basis and related risks and rewards belong to the account holders. Accordingly, these deposits are reflected as off-balance sheet accounts.

Y. Cash and cash equivalents

Cash and cash equivalents comprise balances with original contractual maturities of three months or less.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

A. Critical accounting judgments in applying the Group's accounting policies:

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Going Concern:

Notwithstanding the uncertainties resulting from the events and conditions disclosed under Note 1, these financial statements have been prepared based on the going concern assumption which assumes that the Group will have adequate resources to continue in operational existence for the foreseeable future.

The Board of Directors are monitoring the situation and believe that they are taking all possible attainable measures under these circumstances to maintain the viability of the Group and continue operations in the current business environment.

Deferred tax assets:

Deferred tax assets are recognized in respect of tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized within the regulatory expiration period. Judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. When assessing if it is probable that future taxable profits will be available, management considers all available evidence, both negative and positive.

Business model assessment:

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (Refer to the financial assets sections of note 3). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held.

Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase of credit risk:

As explained in note 3, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information. Refer to note 3 and note 38 for more details.

Establishing groups of assets with similar credit risk characteristics:

When ECLs are measured on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics. Refer to note 3 for details of the characteristics considered in this judgement. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar.

This may result in new portfolios being created or assets moving to an existing portfolio that better reflects the similar credit risk characteristics of that group of assets.

Re- segmentation of portfolios and movement between portfolios is more common when there is a significant increase in credit risk (or when that significant increase reverses) and so assets move from 12-month to lifetime ECLs, or vice versa, but it can also occur within portfolios that continue to be measured on the same basis of 12-month or lifetime ECLs but the amount of ECL changes because the credit risk of the portfolios differ.

Models and assumptions used:

The Group uses various models and assumptions in estimating ECL. Judgement is applied in identifying the most appropriate model for each type of asset, as well as for determining the assumptions used in these models, including assumptions that relate to key drivers of credit risk. See note 3 and note 38 for more details on ECL.

B. Key Sources of Estimation Uncertainty:

The following are key estimations that the directors have used in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in financial statements:

Macroeconomic Factors and Forward-Looking Information:

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk must consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information will require significant judgment.

Probability of default (PD):

PD constitutes a key input in measuring ECL. PD is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Loss Given default (LGD):

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Revaluation of owned properties and assets acquired in satisfaction of loans:

The Bank carries its owned properties and assets acquired in satisfaction of loans at fair value, with changes in fair value being recognized in other comprehensive income. These are valued by reference to market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The Bank engaged an independent valuation specialist to assess fair values for these assets.

5. Cash and balances with the Central Bank of Lebanon

	December 31,			
	2024		2023	
	Balance	of which compulsory/ Regulatory Deposits	Balance	of which compulsory/ Regulatory Deposits
	LBP'000	LBP'000	LBP'000	LBP'000
Cash on hand	1,690,823,540	-	143,414,722	-
Central Bank of Lebanon :				
Current accounts	75,168,350,366	291,208,591	11,662,606,589	215,646,142
Term placements	42,888,491,410	22,293,952,380	8,278,506,058	3,735,908,400
Accrued interest receivable	128,678,402	-	51,297,638	-
	119,876,343,718	22,585,160,971	20,135,825,007	3,951,554,542
Allowance for expected credit losses (Note 38)	(1,118,448,337)	-	(166,310,441)	-
	118,757,895,381	22,585,160,971	19,969,514,566	3,951,554,542

i) Compulsory deposits under current accounts with the Central Bank of Lebanon are in Lebanese Pounds and non-interest earning. These deposits are computed on the basis of 25% and 15% of the average weekly sight and term customers' deposits in Lebanese Pounds subject to certain exemptions, in accordance with local banking regulations. These deposits are not available for use in the Bank's day-to-day operations.

Regulatory deposits under term placements with the Central Bank of Lebanon are placed in accordance with local banking regulations which require banks to maintain interest earning placements in foreign currency to the extent of 14% of total customers' deposits in foreign currencies regardless of nature.

ii) During 2019, the Group and the Central Bank of Lebanon signed a netting agreement for specified financial assets and liabilities that qualify for netting under the requirements of IAS 32. Accordingly, as at 31 December 2023, time deposits with the Central Bank of Lebanon amounting to LBP 128 billion and term borrowings from the Central Bank of Lebanon (notes 10, 18) are reported on a net basis in the consolidated statement of financial position.

6. Deposits with banks and financial institutions

	December 31,	
	2024	2023
	LBP'000	LBP'000
Current accounts with banks and financial institutions	2,709,792,219	267,849,888
Current accounts with the Parent Bank (Note 42)	176,455,293	35,067,939
Current accounts with related bank (Note 42)	23,931,121	4,156,182
Term placements with banks and financial institutions	25,000,000	16,885,135
Purchased checks	10,937,288	46,085
Accrued interest receivable	102,041	21,013
	2,946,217,962	324,026,242
Allowance for expected credit losses (Note 38)	(8,255,430)	(1,158,519)
	2,937,962,532	322,867,723

Above balances are allocated between onshore and offshore accounts as follows:

	December 31,	
	2024	2023
	LBP'000	LBP'000
Onshore	172,175,433	37,079,811
Offshore	2,774,042,529	286,946,431
	2,946,217,962	324,026,242

7. Loans and advances to customers

Loans and advances to customers at amortized cost consist of the following:

	December 31, 2024		
	Gross Amount (Net of Unrealized Interest)	Allowance for Expected Credit Losses	Carrying Amount
	LBP'000	LBP'000	LBP'000
Credit risk stage 1 & 2:			
Retail loans:			
Housing loans	215,240,429	(6,123,590)	209,116,839
Personal loans	54,079,414	(340,995)	53,738,419
Car loans	41,756	(35,800)	5,956
Credit cards	13,522,031	(395,590)	13,126,441
Education loans	612,246	(45,645)	566,601
Staff loans	2,511	-	2,511
Private Banking	609,652	-	609,652
Small and medium enterprises	422,598,981	(7,414,180)	415,184,801
Corporates	1,276,874,241	(101,411,892)	1,175,462,349
	1,983,581,261	(115,767,692)	1,867,813,569
Credit risk stage 3:			
Substandard	630,163,976	(38,633,570)	591,530,406
Doubtful	5,156,496,258	(2,008,012,726)	3,148,483,532
Bad	4,807,728,017	(4,807,728,017)	-
	10,594,388,251	(6,854,374,313)	3,740,013,938
	12,577,969,512	(6,970,142,005)	5,607,827,507
Accrued interest receivable	29,072,623	-	29,072,623
	12,607,042,135	(6,970,142,005)	5,636,900,130

	December 31 ,2023		
	Gross Amount (Net of Unrealized Interest)	Allowance for Expected Credit Losses	Carrying Amount
	LBP'000	LBP'000	LBP'000
Credit risk stage 1 & 2:			
Retail loans:			
Housing loans	170,296,014	(2,681,398)	167,614,616
Personal loans	12,669,951	(818,250)	11,851,701
Car loans	1,908,003	(481,500)	1,426,503
Credit cards	7,146,095	(395,400)	6,750,695
Education loans	1,132,553	(56,700)	1,075,853
Staff loans	1,582,283	-	1,582,283
Private Banking	1,540,483	-	1,540,483
Small and meduim enterprises	180,238,710	(9,239,850)	170,998,860
Corporates	612,293,273	(25,741,650)	586,551,623
	988,807,365	(39,414,748)	949,392,617
Credit risk stage 3:			
Substandard	346,498,233	(1,278,498)	345,219,735
Doubtful	1,056,749,162	(538,890,450)	517,858,712
Bad	441,229,520	(441,208,950)	20,570
	1,844,476,915	(981,377,898)	863,099,017
	2,833,284,280	(1,020,792,646)	1,812,491,634
Accrued interest receivable	21,520,336	-	21,520,336
	2,854,804,616	(1,020,792,646)	1,834,011,970

The above balances include loans to related parties of LBP 647 million (2023: LBP 499 million) (Note 42).

8. Investment securities

	December 31,					
	2024			2023		
	Local Currency	Foreign Currencies	Total	Local Currency	Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
At fair value through other comprehensive income	19,309,169	169,272,929	188,582,098	11,393,990	24,605,766	35,999,756
Accrued interest receivable	-	-	-	21,268	-	21,268
	19,309,169	169,272,929	188,582,098	11,415,258	24,605,766	36,021,024
At amortized cost	716,340,428	26,412,589,790	27,128,930,218	733,806,448	5,543,240,681	6,277,047,129
Accrued interest receivable	23,637,780	11,437,033	35,074,813	22,077,651	4,056,391	26,134,042
	739,978,208	26,424,026,823	27,164,005,031	755,884,099	5,547,297,072	6,303,181,171
	759,287,377	26,593,299,752	27,352,587,129	767,299,357	5,571,902,838	6,339,202,195

A. Investment securities at fair value through other comprehensive income:

	December 31,					
	2024			2023		
	Local Currency	Foreign Currencies	Total	Local Currency	Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Unquoted equities	19,309,169	49,231,949	68,541,118	10,319,169	8,281,641	18,600,810
Lebanese government bonds	-	895,000,000	895,000,000	-	249,759,225	249,759,225
Lebanese treasury bills	-	-	-	1,074,821	-	1,074,821
	19,309,169	944,231,949	963,541,118	11,393,990	258,040,866	269,434,856
Accrued interest receivable	-	-	-	21,268	-	21,268
Allowance for expected credit losses (Note 38)	-	(774,959,020)	(774,959,020)	-	(233,435,100)	(233,435,100)
	19,309,169	169,272,929	188,582,098	11,415,258	24,605,766	36,021,024

B. Investment securities at amortized cost:

	December 31, 2024							
	Local currency				Foreign currencies			
	Amortized Cost	Allowance for Expected Credit Losses	Net Carrying Value	Accrued Interest Receivable	Amortized Cost	Allowance for Expected Credit Losses	Net Carrying Value	Accrued Interest Receivable
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Lebanese treasury bills	98,409,068	-	98,409,068	1,894,099	-	-	-	-
Lebanese government bonds	-	-	-	-	31,523,421,500	(13,811,364,020)	17,712,057,480	-
Certificates of deposit issued by Central Bank of Lebanon	617,931,360	-	617,931,360	21,743,681	8,779,950,000	(79,417,690)	8,700,532,310	11,437,033
	716,340,428	-	716,340,428	23,637,780	40,303,371,500	(13,890,781,710)	26,412,589,790	11,437,033

	December 31, 2023							
	Local currency				Foreign currencies			
	Amortized Cost	Allowance for expected credit losses	Net Carrying Value	Accrued Interest Receivable	Amortized Cost	Allowance for Expected Credit Losses	Net Carrying Value	Accrued Interest Receivable
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Lebanese treasury bills	115,807,058	-	115,807,058	700,790	-	-	-	-
Lebanese government bonds	-	-	-	-	7,391,175,588	(3,531,044,391)	3,860,131,197	-
Certificates of deposit issued by Central Bank of Lebanon	617,999,390	-	617,999,390	21,376,861	1,696,500,000	(13,390,516)	1,683,109,484	4,056,391
	733,806,448	-	733,806,448	22,077,651	9,087,675,588	(3,544,434,907)	5,543,240,681	4,056,391

Certificates of deposit issued by Central Bank of Lebanon amounting to LBP 472 billion (2023: LBP 79 billion) are pledged against borrowings from the Central Bank of Lebanon (Note 37).

As at December 31 2024, Lebanese treasury bills amounting to LBP 61 billion were pledged against term borrowings under leverage arrangements granted by the Central Bank of Lebanon (2023: LBP 75 billion) (Note 18).

During 2024, the Bank sold Eurobonds totaling LBP 1,164 billion and this sale generated a loss of LBP 498 billion.

Debt securities at amortized cost are segregated over the remaining period to maturity as follows:

	December 31, 2024					
	Local Currency			Foreign Currencies		
Remaining Period to Maturity	Nominal Value	Amortized Cost	Average Coupon rate	Nominal Value	Amortized Cost	Average Coupon rate
	LBP'000	LBP'000	%	LBP'000	LBP'000	%
Lebanese treasury bills:						
Up to one year	28,585,610	28,810,247	8.2			
1 year to 3 years	26,791,590	26,791,590	7.5	-	-	-
3 years to 5 years	27,405,390	27,405,390	7.5	-	-	-
5 years to 10 years	15,124,490	15,401,841	10.5	-	-	-
	97,907,080	98,409,068		-	-	
Lebanese government bonds:						
Past due (defaulted)	-	-	-	2,416,500,000	2,416,500,000	-
Up to one year (defaulted)				5,972,782,500	5,972,782,500	-
1year to 3 years (defaulted)	-	-	-	7,011,698,500	7,011,698,500	-
3 years to 5 years (defaulted)	-	-	-	1,599,723,000	1,599,723,000	-
5 years to 10 years (defaulted)	-	-	-	4,556,892,500	4,556,892,500	-
Above 10 years (defaulted)	-	-	-	9,965,825,000	9,965,825,000	-
	-	-		31,523,421,500	31,523,421,500	
Certificates of deposit issued by Central Bank of Lebanon:						
1 year to 3 years				2,685,000,000	2,685,000,000	2.0
3 years to 5 years	-	-		6,094,950,000	6,094,950,000	2.0
5 years to 10 years	3,000,000	3,000,000	10.0	-	-	-
Above 10 years	607,000,000	614,931,360	11.0	-	-	-
	610,000,000	617,931,360		8,779,950,000	8,779,950,000	

	December 31, 2023					
	Local Currency			Foreign Currencies		
Remaining Period to Maturity	Nominal Value	Amortized Cost	Average Coupon rate	Nominal Value	Amortized Cost	Average Coupon rate
	LBP'000	LBP'000	%	LBP'000	LBP'000	%
Lebanese treasury bills:						
Up to one year	17,073,410	17,073,410	7.1			
1 year to 3 years	20,819,020	21,350,274	8.69	-	-	-
3 years to 5 years	61,963,570	61,963,570	7.46	-	-	-
5 years to 10 years	15,124,490	15,419,804	10.5	-	-	-
	114,980,490	115,807,058		-	-	
Lebanese government bonds:						
Past due (defaulted)	-	-	-	1,128,885,000	1,128,885,000	-
Up to one year (defaulted)				105,000,000	105,907,192	-
1 year to 3 years (defaulted)	-	-	-	2,148,045,000	2,149,146,798	-
3 years to 5 years (defaulted)	-	-	-	566,235,000	567,008,370	-
5 years to 10 years (defaulted)	-	-	-	1,243,725,000	1,243,692,354	-
Above 10 years (defaulted	-	-	-	2,195,250,000	2,196,535,874	-
	-	-		7,387,140,000	7,391,175,588	
Certificates of deposit issued by Central Bank of Lebanon:						
Up to one year	-	-	-	225,000,000	225,000,000	3.0
3 years to 5 years	-	-	-	1,050,000,000	1,050,000,000	3.37
5 years to 10 years	3,000,000	3,000,000	10.0	421,500,000	421,500,000	3.43
Above 10 years	607,000,000	614,999,390	11.0	-	-	-
	610,000,000	617,999,390		1,696,500,000	1,696,500,000	

No interest income on defaulted Lebanese government bonds is being recognized by the Group for both years 2024 and 2023.

9. Investment securities at fair value through profit or loss:

	December 31,					
	2024			2023		
	Local Currency	Foreign Currencies	Total	Local Currency	Foreign Currencies	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Quoted equities	3,510,000	3,956,663,972	3,960,173,972	2,100,000	511,172,195	513,272,195
Unquoted equities	3,602,656	134,743,212	138,345,868	3,659,965	26,521,967	30,181,932
Lebanese government bonds	-	2,345,429,969	2,345,429,969	-	140,326,627	140,326,627
Mutual Funds	-	20,137,500	20,137,500	-	3,375,000	3,375,000
	7,112,656	6,456,974,653	6,464,087,309	5,759,965	681,395,789	687,155,754

Unquoted equities mainly represent the Group's share in startups established based on co-sharing agreement with the regulator providing the funding.

10. Assets under leverage arrangement with the Central Bank of Lebanon

Assets under leverage arrangement consist of term placements with the Central Bank of Lebanon subject to interest rates between 1.26% and 10.66% originated from and are pledged against the corresponding leverage arrangements with the Central Bank of Lebanon for the same amounts in LBP (bearing a 2% interest rate), with the purpose of providing yield adjustment on certain transactions related to either fresh deposits in foreign currency or sale of foreign currency against LBP placed in term deposits at the Central Bank of Lebanon and/or Government securities.

During 2019, the Group 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.

	2024	2023
	LBP'000	LBP'000
Gross amount	61,461,266	203,119,980
Offset against placements with the Central Bank* (Note 5)	-	(128,067,000)
Net amounts reported on the consolidated statement of financial position (Note 18)	61,461,266	75,052,980

*Represents amounts that can be offset under IAS 32. Placements with the Central Bank of Lebanon have also been reported in the consolidated statement of financial position net of the above amounts.

The leverage and related pledged assets mechanism resulted in a yield enhancement on the following financial assets:

	December 31,	
	2024	2023
	LBP'000	LBP'000
Term placements with the Central Bank of Lebanon in U.S.Dollar	2,599,975,000	615,750,000
Term placements with the Central Bank of Lebanon in Euro	1,216,991,730	217,382,731
Term placements with the Central Bank of Lebanon in LBP originated from the sale of foreign currency	3,272,865,042	55,756,952
	7,089,831,772	888,889,683

The Group signed with the Central Bank of Lebanon a netting agreement allowing to offset the "assets under leverage arrangement" versus the borrowing from the Central Bank. The agreement covered financial assets and liabilities resulting from transactions that took place before the netting agreement date that have not yet matured. As such the Bank has presented "time deposits with the Central Bank of Lebanon" and term borrowing from the Central Bank of Lebanon" on a net basis.

11. Assets acquired in satisfaction of loans

The acquisition of assets in settlement of loans is regulated by the banking regulatory authorities and these should be liquidated within 2 years from the date of approval of the Banking Control Commission. In case of default of liquidation, a regulatory reserve should be appropriated from the yearly net profits (Note 24).

Following the enactment of Law No. 330 dated December 4, 2024, the Bank has revalued its assets acquired in satisfaction of loans during 2024. The Bank has adjusted the carrying value of those assets by applying currency adjustment factors to the resulting revalued amount with a retrospective effect from 2023 opening balances and therefore has adjusted the corresponding comparative figures. This revaluation remains subject to the approval of the regulatory authorities.

The resulting revaluation surplus is exempt from taxation subject to certain conditions.
The revaluation surplus as at January 1, 2023, converted at the rate of LBP 42,000/USD, was recognized as an adjustment to 2023 opening balances (LBP 3,189 billion). The remaining amount resulting from the conversion of this surplus at the rate of LBP 89,500/USD was recognized in the statement of other comprehensive income for the year 2023 under "gain on revaluation of assets acquired in satisfaction of loans" (LBP 3,683 billion).

The movement of assets acquired in satisfaction of loans during 2024 and 2023 in addition to the effect of restating its carrying value is summarized as follows:

	Carrying Value LBP'000
Balance December 31, 2022 before adjustment	61,534,981
Effect of revaluation	3,189,108,647
Balance December 31, 2022 after adjustment	**3,250,643,628**
Effect of revaluation	3,683,443,313
Balance December 31, 2023	**6,934,086,941**
Disposals	(368,277)
Balance December 31, 2024	**6,933,718,664**

Gain on disposal of assets acquired in satisfaction of loans during 2024 amounted to LBP 37.8 billion recorded in the statement of profit or loss.

12. Leases

The Group only operates as a lessee for the Group's branches. The average lease term is 7 years.

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and their related movement during 2024 and 2023:

	Right-of-use assets	Lease liabilities
	LBP'000	LBP'000
Balance January 1, 2023	6,057,203	7,127,008
Effect of difference of exchange	-	33,170,721
Termination of lease contracts	(2,887,278)	(11,282,236)
Depreciation of right-of-use assets	(1,110,405)	-
Accretion of interest expense (Note 27)	-	4,140,217
Payments	-	(8,823,080)
Balance December 31, 2023	2,059,520	24,332,630
Effect of difference of exchange	-	126,913,760
Termination of lease contracts	(680,649)	(49,484,079)
Depreciation of right-of-use assets	(388,744)	-
Accretion of interest expense (Note 27)	-	5,371,410
Payments	-	(33,475,787)
Balance December 31, 2024	990,127	73,657,934

The following are the amounts recognized in profit or loss during the year:

	2024	2023
	LBP'000	LBP'000
Amortization of right-of-use assets	388,744	1,110,405
Interest portion of lease liabilities (Note 27)	5,371,410	4,140,217
	5,760,154	5,250,622

13. Property and equipment

Revaluation of owned properties

The Bank received the approval of the Central Bank of Lebanon on the revaluation of its real estate properties on 13/02/2025. The fair value of those properties was determined by an external independent appraiser using the market comparable method based on prices of transactions for properties of similar nature, location and condition.

In accordance with Law No. 330 dated December 4, 2024, the Bank has adjusted the carrying value of those real estate properties by applying currency adjustment factors to the resulting revalued amount with a retrospective effect from 2023 opening balances and therefore has adjusted the corresponding comparative figures. This revaluation remains subject to the approval of the regulatory authorities. The resulting revaluation surplus is exempt from taxation subject to certain conditions.

Equipment

In accordance with law No. 330 dated December 4, 2024, the Bank has adjusted the carrying value of the remaining items under property and equipment by applying currency adjustment factors to the net book value with a retrospective effect from 2023 opening balances and therefore has adjusted the corresponding comparative figures. The resulting revaluation surplus is still subject to the regulatory authority's approval.

The revaluation surplus as at January 1, 2023, converted at the rate of LBP 42,000/USD, was recognised as an adjustment to 2023 opening balances (LBP 2,319 billion). The remaining amount resulting from the conversion of this surplus at the rate of LBP 89,500/USD was recognised in the statement of other comprehensive income for the year 2023 under "gain on revaluation of property and equipment (LBP 2,725 billion).

The movement of property and equipment during 2024 and 2023 in addition to the effect of the revaluation is summarized as follows:

	Balance January 1, 2024	Additions	Disposals and Adjustments	Transfers	Balance December 31, 2024
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Cost/Revaluation:					
Owned properties	6,800,317,435	-	(20,251,629)	44,473	6,780,110,279
Computer hardware	223,480,852	2,512,055	-	-	225,992,907
Machine and equipment	259,603,958	68,150	(1,242)	-	259,670,866
Furniture and fixture	214,892,018	144,050	(50,753)	-	214,985,315
Vehicles	30,417,855	-	-	-	30,417,855
	7,528,712,118	**2,724,255**	**(20,303,624)**	**44,473**	**7,511,177,222**
Accumulated depreciation	(2,486,606,839)	(91,210,976)	18,819,799	-	(2,558,998,016)
Allowance for impairment	(65,308)	-	-	-	(65,308)
	(2,486,672,147)	**(91,210,976)**	**18,819,799**	**-**	**(2,559,063,324)**
Capital work-in-progress	44,473	-	-	(44,473)	-
Carrying values	5,042,084,444				4,952,113,898

	Balance January 1, 2023 before adjustment	Effect of revaluation	Balance January 1, 2023 after adjustment	Effect of revaluation	Additions	Disposals and Adjustments	Transfers	Balance December 31, 2023
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Cost/Revaluation:								
Owned properties	124,355,301	3,085,049,775	3,209,405,076	3,590,008,899	903,460	-	-	6,800,317,435
Computer hardware	16,274,359	86,925,489	103,199,848	117,212,206	3,069,196	-	(398)	223,480,852
Machine and equipment	6,539,301	113,410,187	119,949,488	138,559,979	1,112,093	(18,000)	398	259,603,958
Furniture and fixture	6,066,255	96,098,140	102,164,395	112,728,570	-	(947)	-	214,892,018
Vehicles	722,149	13,433,739	14,155,888	16,249,747	98,901	(86,681)	-	30,417,855
Advance payments	234,017	-	234,017	-	-	-	(234,017)	-
	154,191,382	**3,394,917,330**	**3,549,108,712**	**3,974,759,401**	**5,183,650**	**(105,628)**	**(234,017)**	**7,528,712,118**
Accumulated depreciation	(75,589,237)	(1,075,560,880)	(1,151,150,117)	(1,249,694,422)	(85,816,712)	54,412	-	(2,486,606,839)
Allowance for impairment	(65,308)	-	(65,308)	-	-	-	-	(65,308)
	(75,654,545)	**(1,075,560,880)**	**(1,151,215,425)**	**(1,249,694,422)**	**(85,816,712)**	**54,412**	**-**	**(2,486,672,147)**
Capital work-in-progress	44,473	-	44,473	-	-	-	-	44,473
Carrying values	**78,581,310**		**2,397,937,760**					**5,042,084,444**

Gain on disposal of property and equipment during 2024 amounted to LBP 72.6 billion recorded in the statement of profit or loss (2023: gain of LBP 50.7 million).

14. Intangible assets

	Balance January 1, 2024	Additions	Amortization for the year	Balance December 31, 2024
	LBP'000	LBP'000	LBP'000	LBP'000
Computer software	783,067	-	(485,505)	297,562
	783,067	**-**	**(485,505)**	**297,562**

	Balance January 1, 2023	Additions	Amortization for the year	Balance December 31, 2023
	LBP'000	LBP'000	LBP'000	LBP'000
Computer software	1,719,184	-	(936,117)	783,067
	1,719,184	**-**	**(936,117)**	**783,067**

15. Other assets

	December 31, 2024	December 31, 2023
	LBP'000	LBP'000
Prepayments	76,025,696	25,802,605
Commission receivable	19,292,345	4,008,428
Sundry debtors (a)	261,563,215	61,730,912
Regulatory blocked deposit (b)	4,500,000	4,500,000
	361,381,256	96,041,945

(a) Sundry debtors include medical costs receivable from the Lebanese National Social Security Fund (NSSF) for the amount of LBP 35 billion (2023: LBP 20.2 billion). It represents medical expenses settled by the Bank on behalf of its employees subject to recuperation from the NSSF.

(b) Regulatory blocked deposit represents a non-interest earning compulsory deposit placed with the Lebanese Treasury upon the establishment of a subsidiary that is in the process of liquidation. This deposit will be refunded upon finalizing the liquidation of the subsidiary, according to article 132 of the Lebanese Code of Money and Credit.

16. Deposits from banks and financial institutions

	December 31,	
	2024	2023
	LBP'000	LBP'000
Short term deposits from Parent Bank (Note 42)	7,596,251	12,750,000
Currents deposits	145,222,775	17,637,102
Short term deposits	564,097,704	10,576,894
Accrued interest payable (Note 42)	960,821	141,960
	717,877,551	41,105,956

17. Customers' accounts

Customers' accounts at amortized cost are detailed as follows:

	December 31,	
	2024	2023
	LBP'000	LBP'000
Deposits:		
Current/demand deposits	58,177,173,929	10,530,393,903
Term deposits	96,070,424,075	17,093,595,570
Collateral against loans and advances	811,413,280	149,607,905
Margins and other accounts:		
Margins against import letters of credit	9,279	9,302
Margins against letters of guarantee issued	1,163,131,075	206,182,035
Other margins	294,421,213	25,797,032
Blocked accounts	37,426,286	15,943,638
Accrued interest payable	14,881,486	6,092,770
	156,568,880,623	28,027,622,155

Customers' deposits include related party deposits detailed as follows:

	December 31, 2024 LBP'000	December 31, 2023 LBP'000
Demand deposits	70,317,855	70,929,236
Term deposits	1,864,003,840	404,177,958
Collateral against loans and advances	29,893,000	5,035,256
Accrued interest payable	2,969,359	1,452
	1,967,184,054	480,143,902

Deposits from customers include coded deposit accounts in the aggregate amount of LBP 1,334 billion as at December 31, 2024 (2023: LBP 294 billion). These accounts are subject to the provisions of Article 3 of the Banking Secrecy Law dated September 3, 1956 which stipulates that the Bank's management, in the normal course of business, cannot reveal the identities of these depositors to third parties, including its independent public accountants.

18. Borrowings from the Central Bank of Lebanon

	December 31, 2024 LBP'000	December 31, 2023 LBP'000
Soft loans from Central Bank of Lebanon (a)	1,903,754	4,305,974
Borrowings from Central Bank of Lebanon (b)	333,317,154	190,260,467
Borrowings from Central Bank of Lebanon under leverage (Note 10)	61,461,266	75,052,980
Accrued interest payable	37,737	10,666
	396,719,911	269,630,087

(a) Outstanding facilities granted from the Central Bank of Lebanon in the amount of LBP 1.9 billion (LBP 4.3 billion as at December 31, 2023) are in accordance with Central Bank of Lebanon Basic Decision No. 6116 of March 7, 1996 and its amendments by which the Bank benefited from credit facilities granted against loans the Bank has granted, on its own responsibility, to its customers, pursuant to certain conditions, rules and mechanism.

(b) Outstanding facilities granted from the Central Bank of Lebanon in the amount of LBP 333 billion (2023: LBP 190 billion) are in accordance with Central Bank of Lebanon Basic Decision No. 6116 of March 7, 1996 and its amendments by which the Bank benefited from credit facilities granted against loans the Bank has granted, on its own responsibility, to its customers, pursuant to certain conditions, rules and mechanism. Part of these facilities are collateralized by Lebanese treasury bills which were matured during 2022 and certificates of deposit issued by Central Bank of Lebanon (Note 8).

The remaining contractual maturities of above borrowings are as follows:

	December 31,	
	2024	2023
	LBP'000	LBP'000
Up to 3 months	6,247,733	53,402,955
3 months to 1 year	337,923,198	17,608,063
1 year to 3 years	25,143,590	67,670,750
3 years to 5 years	27,405,390	21,107,161
Over 5 years	-	109,841,158
	396,719,911	269,630,087

The movement of borrowings from the Central Bank of Lebanon during 2024 and 2023 was as follows:

	2024	2023
	LBP'000	LBP'000
Balance January 1	269,630,087	258,030,438
Additions	18,190,257	7,061,040
Settlements	(155,359,201)	(58,391,473)
Effect of difference of exchange	264,258,768	62,930,082
Balance December 31	396,719,911	269,630,087

19. Other liabilities

	December 31, 2024 LBP'000	December 31, 2023 LBP'000
Sundry accounts payable	2,215,230,369	50,331,280
Accrued expenses	115,995,985	67,877,532
Provision for tax- Article 20 of Law No. 6/2020	-	7,409
Provision for income tax (a)	10,197,132	7,554,123
Withheld taxes payable	24,646,846	10,628,044
Deferred tax liability on accrued interest receivable	18,143,406	6,667,186
Deferred tax liability on future dividend distribution of subsidiaries	821,864	821,864
Deferred tax liability	-	1,639,606
Payable to personnel and directors	35,911,904	10,613,808
Checks and incoming payment orders in course of settlement	28,103,484	2,189,135
Deferred income	56,022,206	7,320,236
Due to the National Social Security Fund	5,531,564	2,490,224
	2,510,604,760	168,140,447

(a) Below is the reconciliation of income tax expense:

	2024 LBP'000	2023 adjusted LBP'000
Loss before income tax	(113,680,698)	(79,038,536)
Less: Non-taxable revenues	(8,637,399,805)	(1,919,589,201)
Add: Non-deductible expenses	6,019,472,178	1,433,004,647
Taxable result	(2,731,608,325)	(565,623,090)
Income tax (17%)	2,799,874	151,755
Tax payable brought forward balance	7,397,258	7,402,368
Income tax payable as at December 31	10,197,132	7,554,123

The movement of current tax liability was as follows:

	2024 LBP'000	2023 LBP'000
Balance January 1,	7,554,123	7,604,470
Charge for the year	2,799,874	151,755
Settlements	(156,865)	(202,102)
Balance December 31	10,197,132	7,554,123

Provision for income tax includes provision for tax contingencies in the amount of LBP 6.4 billion that was recorded during the year 2020.

20. Provisions

	December 31, 2024	December 31, 2023
	LBP'000	LBP'000
Provision for staff end-of-service indemnity (a)	209,822,852	100,338,734
Provision for risks and charges (b)	592,539,777	207,316,468
Expected credit losses on commitments and financial guarantees	4,149,550	3,793,334
Provision for loss on foreign currency position	294,042	294,042
	806,806,221	311,742,578

a) The movement of the provision for staff end-of-service indemnity was as follows:

	2024	2023
	LBP'000	LBP'000
Balance January 1	100,338,734	20,278,484
Additions- net (Note 32)	138,592,693	80,558,024
Write-back	(1,341,247)	(1,997,739)
Settlements	(36,419,780)	(2,264,184)
Difference of exchange	8,652,452	3,764,149
Balance December 31	209,822,852	100,338,734

b) The movement of the provision for risks and charges was as follows:

	2024	2023
	LBP'000	LBP'000
Balance January 1	207,316,468	36,126,382
Additions	207,514,750	162,971,524
Settlements	(1,249,890)	(6,103,024)
Other movement	6,490,009	-
Transfer from accruals	100,296,564	-
Difference of exchange	72,171,876	14,321,586
Balance December 31	592,539,777	207,316,468

21. Capital

As at December 31, 2024 and 2023, the Group's ordinary share capital consists of 214,000,000 shares of a par value of LBP 1,000 each fully paid.

The Group followed the requirements of the Central Bank of Lebanon regarding the increase in common equity Tier I as at December 31, 2018 by 20% in foreign currencies that was later extended to February 28, 2021. The Group's Extraordinary General Assembly of shareholders held on January 30, 2020 called additional cash contribution from shareholders in the amount of USD 93.86 million (LBP 141.49 billion).

Up to December 31, 2020, the Group's shareholders settled USD 45.96 million (LBP 69.29 billion) in the form of cash contribution and the remaining balance of USD 47.9 million (LBP 72.2 billion) was settled in 2021.

22. Preferred shares

	Year of Issue	Number of Shares	Annual Return	December 31, 2024	December 31, 2023
			%	LBP'000	LBP'000
Series "D"	2016	750,000	6.75	113,062,501	113,062,501
Series "E"	2018	263,510	7.00	39,724,132	39,724,132
				152,786,633	152,786,633

The above are Tier I non-cumulative preferred shares with an issue price of USD 100 per share and a nominal value of LBP1,000 each.

The preferred shares may be redeemed during the 60 days period following the annual general meeting held to approve the Group's financial statements after 5 years for issue date and each subsequent year thereafter.

In the event of liquidation of the Group, holders of preferred shares series "D" and "E" rank senior to the holders of common shares.

23. Treasury shares

	No. of shares	Cost
		LBP'000
Balance January 1, 2023	21,365,000	75,882,381
Balance December 31, 2023	21,365,000	75,882,381
Balance December 31, 2024	21,365,000	75,882,381

24. Non-distributable reserves

	Legal Reserve	Reserve For General Banking Risks	Special Reserve for Loans and Advances	Reserve for Assets acquired in Satisfaction of Loans	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Balance - January 1, 2023	26,852,521	179,286,152	7,303,478	49,531,444	262,973,595
Other movement	-	(604,076)	-	-	(604,076)
Balance - December 31, 2023	26,852,521	178,682,076	7,303,478	49,531,444	262,369,519
Balance - December 31, 2024	26,852,521	178,682,076	7,303,478	49,531,444	262,369,519

(a) The legal reserve is constituted in conformity with the requirements of the Lebanese Money and Credit Law and the Bank's articles of incorporation on the basis of 10% of the yearly net profits. Subsidiaries are also subject to legal reserve requirements. This reserve is not available for distribution.

(b) Based on the Central Bank of Lebanon Circular no. 73 and the Banking Control Commission memo No. 12/2010 relating to reserve allocation for doubtful debts, the Bank has allocated an amount of LBP 7.3 billion for the year 2020 to special reserve for the uncovered portion of its doubtful debts outstanding as at June 30, 2003 and not yet resolved. This reserve is not available for distribution.

(c) The reserve for assets acquired in satisfaction of loans represents appropriation against assets acquired in settlement of debt in accordance with the circulars of the Lebanese Banking Control Commission. Appropriations against assets acquired in settlement of loans shall be transferred to unrestricted reserves upon the disposal of the related assets.

25. Dividends paid

No dividends were distributed during 2024 and 2023 to ordinary and preferred shares owners.

26. Interest income

	2024		
	Interest Income	Withheld Tax	Total
	LBP'000	LBP'000	LBP'000
Interest income from:			
Loans and advances to customers	555,285,916	-	555,285,916
Deposits with the Central Bank	329,067,033	(28,383,245)	300,683,788
Investment securities (excluding FVTPL)	216,195,384	(16,333,845)	199,861,539
Deposits with banks and financial institutions	64,988,145	-	64,988,145
Loans and advances to related parties (Note 42)	415,723	-	415,723
	1,165,952,201	(44,717,090)	1,121,235,111

	2023		
	Interest Income	Withheld Tax	Total
	LBP'000	LBP'000	LBP'000
Interest income from:			
Loans and advances to customers	148,949,917	-	148,949,917
Deposits with the Central Bank	157,134,008	(13,639,283)	143,494,725
Investment securities (excluding FVTPL)	128,775,458	(9,048,577)	119,726,881
Deposits with banks and financial institutions	8,450,412	-	8,450,412
Loans and advances to related parties (Note 42)	4,251	-	4,251
	443,314,046	(22,687,860)	420,626,186

Interest income on investment securities:

	2024	2023
	LBP'000	LBP'000
Lebanese treasury bills	8,635,961	9,226,557
Certificates of deposit issued by Central Bank of Lebanon	207,559,423	119,548,901
	216,195,384	128,775,458

27. Interest expense

	2024	2023
	LBP'000	LBP'000
Interest expense on:		
Customers' accounts at amortized cost	71,640,807	14,626,151
Deposits and borrowings from banks	237,059,409	49,104,683
Deposits and borrowings from Parent Bank and financial instituitions(Note 42)	796,811	2,215,290
Special loan from the Central Bank of Lebanon	13,781,857	3,697,403
Customers' accounts - related parties (Note 42)	40,369,807	28,587,786
Lease liability (Note 12)	5,371,410	4,140,217
	369,020,101	102,371,530

28. Fee and commission income

	2024	2023
	LBP'000	LBP'000
Commission income from:		
Fee income on customers' transactions	552,992,711	248,953,677
Fee income on loans and advances	211,844,332	90,002,588
Commission earned on insurance policies	34,937,081	4,104,359
Fee income on letters of guarantee and on documentary credits	30,026,556	7,732,884
Commission on transactions with banks	1,646,211	163,188
Commission on capital markets customers' transactions	63,289,988	11,719,148
Other	5,651,623	12,064,425
	900,388,502	374,740,269

29. Fee and commission expense

	2024	2023
	LBP'000	LBP'000
Commission expense on:		
Brokerage fees	306,538	323,176
Commission on transactions with banks and financial institutions	38,069,681	3,229,132
Commission paid to cars dealers	1,100	10,345
Other	37,511,800	13,115,401
	75,889,119	16,678,054

30. Net interest and other gain on investment securities at fair value through profit or loss

	2024	2023
	LBP'000	LBP'000
Dividends received	176,400	52,920
Net unrealized gain	8,898,291,168	100,564,765
Net realized (loss) / gain (a)	(7,107,397,244)	122,440,591
	1,791,070,324	223,058,276

(a) The sales of 8,000 Solidere A shares and 5,000 Solidere B shares during 2024 and the purchase of 1,000 Solidere A shares and 1,000 Solidere B shares resulted in a gain of LBP 47 billion.

The sales of Eurobonds totaling LBP 7,989 billion resulted in a loss of LBP 7,155 billion.

31. Other operating income, net

	2024	2023
	LBP'000	LBP'000
Multiplier factor costs (a)	(53,700)	(332,298)
Foreign exchange gain, net (b)	3,009,964,465	716,222,295
Rent income	19,361,650	5,097,263
Other income	178,368,332	27,143,224
Dividend income from securities measured at fair value through other comprehensive income	794,313	106,500
	3,208,435,060	748,236,984

(a) Multiplier factor costs represent amounts paid to depositors on fresh funds benefitting from the multiplier factor.

(b) The foreign exchange gain - net of LBP 3,010 billion (2023: LBP 716 billion) resulted from the revaluation of the foreign exchange long position held by the Group, using the new rate published by the Central Bank of Lebanon.

32. Staff costs

	2024	2023
	LBP'000	LBP'000
Salaries	330,318,700	100,165,461
Board of Directors remunerations (Note 42)	23,854,935	5,104,120
Social security contributions*	44,526,238	15,914,576
Provision for staff end-of-service indemnities (Note 20)	138,592,693	80,558,024
Bonus and other staff benefits	418,228,210	161,228,833
	955,520,776	362,971,014

* Social security contributions are detailed as follows:

	2024	2023
	LBP'000	LBP'000
End of service contributions	29,362,748	10,616,245
Family contributions	3,409,464	1,132,154
Medical contributions	11,754,026	4,166,177
	44,526,238	15,914,576

33. General and administrative expenses

	2024 LBP'000	2023 LBP'000
Maintenance and repairs	274,784,750	52,990,176
Heat, light and power	50,261,622	19,961,321
Legal and professional fees	69,919,600	9,705,746
Credit card expenses	53,742,382	11,898,323
Fees and taxes	16,480,860	11,323,464
Electricity and water	35,727,429	4,899,661
Rent and building services	10,019,081	6,501,704
Subscriptions	46,432,759	12,664,252
Insurance	35,599,890	6,382,563
Public relations and entertainment	7,763,911	2,876,477
Cleaning	12,850,569	2,097,815
Telephone and postage	6,363,652	4,223,277
Security	13,563,332	2,224,826
Printing and stationary	4,645,332	1,397,714
Penalty fees	-	1,650,000
Advertising and publicity	11,105,018	1,983,880
Money transport	15,441,102	2,472,464
Travel	296,139	652,442
Software implementation fees	4,672,195	317,179
Miscellaneous expenses	16,834,392	19,220,493
	686,504,015	175,443,777

34. Financial instruments with off-balance sheet risks

The guarantees and standby letters of credit and the documentary and commercial letters of credit represent financial instruments with contractual amounts representing credit risk. The guarantees and standby letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties and are not different from loans and advances in the statement of financial position. However, documentary and commercial letters of credit which represent written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipment documents of goods to which they relate and, therefore, have significantly less risks.

35. Fiduciary accounts

Fiduciary deposits include deposits invested in back-to-back lending and are related to resident lenders and borrowers in addition to fiduciary deposits held or invested on behalf of the Group's customers on a non-discretionary basis. The risks and rewards of the related operations belong to the account holders.

36. Cash and cash equivalents

	December 31,	
	2024	2023
	LBP'000	LBP'000
Cash on hand (Note 5)	1,690,823,540	143,414,722
Current accounts with Central Bank of Lebanon (excluding compulsory deposits) (Note 5)	74,877,141,775	11,446,960,447
Term placements with Central Bank of Lebanon (with original maturity of less than 3 month)	27,208,000,000	3,900,000,000
Current accounts with banks and financial institutions (Note 6)	2,709,792,219	267,849,888
Current accounts with related banks (Note 6)	23,931,121	4,156,182
Current accounts with the Parent Bank (Note 6)	176,455,293	35,067,939
	106,686,143,948	15,797,449,178

Major non-cash transactions excluded from the statement of cash flows for the years ended December 31, 2024 and 2023 are summarized as follows:

Negative change in fair value of investments at fair value through other comprehensive income of LBP 51 billion (Negative change in fair value of LBP 2 billion as at December 31, 2023).

37. Collateral given

The carrying values of financial assets given as collateral are as follows:

	December 31,				
	2024				2023
		Corresponding Facilites			
	Amount of Pledged Assets	Maturity Date	Amount of Facility	Nature of Facility	Amount of Pledged Assets
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Certificates of deposit issued by the Central Bank of Lebanon	471,621,324	June 9, 2029	223,536,892	Facilities from the Central Bank of Lebanon	79,042,680

38. Risk management

The Group is exposed to various types of risks. some of which are:

- Credit risk: the risk of default or deterioration in the ability of a borrower to repay a loan.
- Liquidity risk: the risk that the Group cannot meet its financial obligations when they come due in a timely manner and at reasonable cost.
- Market risk: the risk of loss in balance sheet and off-balance sheet positions arising from movements in market prices. Movements in market prices include changes in interest rates (including credit spreads), exchange rates and equity prices.

- Operational risk: the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.
- Other risks faced by the Group include concentration risk, reputation risk, legal risk, political risk and business/strategic risk.

The Board of Directors (the Board) is ultimately responsible for setting the level of acceptable risks to which the Group is exposed, and as such, approves the risk appetite and policies of the Group. The Board monitors the risk profile in comparison to the risk appetite on a regular basis and follow-up on existing and emerging risks. A number of Management committees and departments are also responsible for various levels of risk management.

A. Credit Risk

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk mainly arises from loans and advances to customers and other banks (including related commitments to lend such as loan or credit card facilities), investments in government debt securities, certificates of deposit issued by the Central Bank of Lebanon and term deposits with the Central Bank of Lebanon. The Group considers all elements of credit risk exposure such as counterparty default risk, geographical risk and sector risk for risk management purposes.

Credit risk management

The Group's Risk Management committee is responsible for managing the Group's credit risk by:

- Overseeing the risk management function as a whole.
- Ensuring that adequate policies and procedures governing the work of the risk management function exist at all levels, are up to date at all times, and ensure the proper and timely identification of risks that may put the capital of the Group at risk.
- Ensuring full compliance with laws and regulations related to risk management.
- Following up on corrective measures proposed by the risk management function and approved by the risk management committee.
- Overseeing the work of sub-committees especially when it comes to policies and procedures.
- Relaying to the Board of Directors its assessment on the adequacy of the risk management frame work as a whole.
- Reviewing the risk reports making sure to relay to the Board of Directors in due time identified risks that may require a prompt attention/action.
- Validating all Risk related Policies, Business Continuity Policies, the Internal Capital Adequacy.
- Ensuring that the Group risk appetite and limits are properly understood and duly approved by BOD.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.
- Developing and maintaining the Group's risk grading to categories exposures according to the degree of risk of default. Risk grades are subject to regular reviews.

Significant increase in credit risk

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty.

All exposures are monitored, and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.
The following data are typically used to monitor the Group's exposures:

- Payment record, including payment ratios and ageing analysis
- Extent of utilization of granted limit
- Forbearances (both requested and granted)
- Changes in business, financial and economic conditions
- Credit rating information supplied by external rating agencies.

The Group uses credit risk grades as a primary input into the determination of the term structure of the PD for exposures. The Group collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product and borrower as well as by credit risk grading. The information used is both internal and external depending on the portfolio assessed. The table below provides a mapping of the Group's internal credit risk grades to external ratings.

Central Bank of Lebanon Risk Rating	Central Bank of Lebanon Description	Moody's Grading	Moody's Description
1	Normal	1 - 4	Excellent - Satisfactory
2	Follow up	5 - 6	Adequate - Marginal
3	Follow up and regularization	7	Vulnerable
4	Substandard	8	Substandard
5	Doubtful	9	Doubtful
6	Loss	10	Loss

The Group analyses all data collected using statistical models and estimates the remaining lifetime PD of exposures and how these are expected to change over time. The factors taken into account in this process include macro-economic, mainly Real GDP growth. The Group generates a 'base case' scenario of the future direction of relevant economic variables as well as a representative range of other possible forecast scenarios. The Group then uses these forecasts, which are probability-weighted, to adjust its estimates of PDs.

The Group presumes for retail loans that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due unless the Group has reasonable and supportable information that demonstrates otherwise.

Incorporation of forward-looking information

The ECL model contains a three-stage approach which is based on the change in credit quality of financial assets since initial recognition. The ECL model is forward-looking and requires the use of reasonable and supportable forecasts of future economic conditions in the determination of significant increases in credit risk and measurement of ECL.

Measurement of ECL

The key inputs used for measuring ECL are:

- probability of default (PD);
- loss given default (LGD); and
- exposure at default (EAD).

As explained above these figures are generally derived from internally developed statistical models and other historical data and they are adjusted to reflect probability-weighted forward-looking information.

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. The calculation is based on statistical rating models and assessed using rating tools tailored to the various categories of counterparties and exposures. These statistical models are based on market data (where available), as well as internal data comprising both quantitative and qualitative factors. PDs are estimated considering the contractual maturities of exposures. The estimation is based on current conditions, adjusted to take into account estimates of future conditions that will impact PD.

LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from any collateral. The LGD models for secured assets consider forecasts of future collateral valuation taking into account sale discounts, time to realization of collateral, cross-collateralization and seniority of claim, cost of realization of collateral and cure rates (i.e. exit from non-performing status). LGD models for unsecured assets consider time of recovery, recovery rates and seniority of claims. The calculation is on a discounted cash flow basis, where the cash flows are discounted by the original EIR of the loan.

EAD is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, and expected drawdowns on committed facilities. The Group's modelling approach for EAD reflects expected changes in the balance outstanding over the lifetime of the loan exposure that are permitted by the current contractual terms, such as amortization profiles, early repayment or overpayment, changes in utilization of undrawn commitments and credit mitigation actions taken before default. The Group uses EAD models that reflect the characteristics of the portfolios.

The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which the entity is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for exposures such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such exposures the Group measures ECL over the period that it is exposed to credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period.
These exposures do not have a fixed term or repayment structure and have a short contractual cancellation period.
However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these exposures. This is because these exposures are managed on a collective basis and are canceled only when the Group becomes aware of an increase in credit risk at the facility level.

This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL, e.g. reduction in limits or cancellation of the loan commitment.

Groupings based on shared risks characteristics
When ECL are measured on a collective basis, the financial instruments are grouped on the basis of product type.
The groupings are reviewed on a regular basis to ensure that each group is comprised of homogenous exposures.

Credit Risk monitoring and review
Since the last quarter of 2019, the severe and unprecedented economic situation in Lebanon exerted significant pressure on the asset quality of the domestic loan portfolio. As a result, credit quality of the Lebanese loan portfolio has declined driven by a weakening in the borrowers' creditworthiness across various segment types.

I. Maximum exposure to credit risk

The following corresponds to the maximum credit risk exposure net of the expected credit loss allowances:

	December 31, 2024		
	Gross amounts	Allowance for expected credit losses	Net carrying amounts
	LBP'000	LBP'000	LBP'000
Deposits with the Central Bank of Lebanon (Note 5)	118,185,520,178	(1,118,448,337)	117,067,071,841
Deposits with banks and financial institutions (Note 6)	2,946,217,962	(8,255,430)	2,937,962,532
Loans and advances to customers (Note 7)	12,607,042,135	(6,970,142,005)	5,636,900,130
Investment securities at amortized cost (Note 8)	41,054,786,741	(13,890,781,710)	27,164,005,031
Investment securities at fair value through other comprehensive income (Note 8)	963,541,118	(774,959,020)	188,582,098
Investment securities at fair value through profit or loss (Note 9)	6,464,087,309	-	6,464,087,309
Other assets (Note 15)	280,855,560	-	280,855,560
	182,502,051,003	(22,762,586,502)	159,739,464,501
Commitments and financial guarantees	1,986,522,861	(4,149,550)	1,982,373,311

	December 31, 2023		
	Gross amounts	Allowance for expected credit losses	Net carrying amounts
	LBP'000	LBP'000	LBP'000
Deposits with the Central Bank of Lebanon (Note 5)	19,992,410,285	(166,310,441)	19,826,099,844
Deposits with banks and financial institutions (Note 6)	324,026,242	(1,158,519)	322,867,723
Loans and advances to customers (Note 7)	2,854,804,616	(1,020,792,646)	1,834,011,970
Investment securities at amortized cost (Note 8)	9,847,616,078	(3,544,434,907)	6,303,181,171
Investment securities at fair value through other comprehensive income (Note 8)	269,456,124	(233,435,100)	36,021,024
Investment securities at fair value through profit or loss (Note 9)	687,155,754	-	687,155,754
Other assets (Note 15)	65,739,340	-	65,739,340
	34,041,208,439	(4,966,131,613)	29,075,076,826
Commitments and financial guarantees	368,507,947	(3,793,334)	364,714,613

II. Exposures subject to ECL

	December 31, 2024			
	Stage 1	Stage 2	Stage 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Gross Exposures				
Deposits with the Central Bank of Lebanon	118,185,520,178	-	-	118,185,520,178
Deposits with banks and financial institutions	2,946,217,962	-	-	2,946,217,962
Loans and advances to customers	1,479,750,454	532,903,430	10,594,388,251	12,607,042,135
Investment securities at amortized cost	-	739,978,208	40,314,808,533	41,054,786,741
Investment securities at fair value through other comprehensive income	68,541,118	-	895,000,000	963,541,118
Commitments and financial guarantees	1,837,502,824	144,123,100	4,896,937	1,986,522,861
	124,517,532,536	1,417,004,738	51,809,093,721	177,743,630,995

	Stage 1	Stage 2	Stage 3	Total
Expected Credit Losses				
Deposits with the Central Bank of Lebanon	(1,118,448,337)	-	-	(1,118,448,337)
Deposits with banks and financial institutions	(8,255,430)	-	-	(8,255,430)
Loans and advances to customers	(66,222,886)	(49,544,806)	(6,854,374,313)	(6,970,142,005)
Investment securities at amortized cost	-	-	(13,890,781,710)	(13,890,781,710)
Investment securities at fair value through other comprehensive income	-	-	(774,959,020)	(774,959,020)
Commitments and financial guarantees	(451,910)	(3,452,793)	(244,847)	(4,149,550)
	(1,193,378,563)	(52,997,599)	(21,520,359,890)	(22,766,736,052)

	Stage 1	Stage 2	Stage 3	Total
Net Exposures				
Deposits with the Central Bank of Lebanon	117,067,071,841	-	-	117,067,071,841
Deposits with banks and financial institutions	2,937,962,532	-	-	2,937,962,532
Loans and advances to customers	1,413,881,128	483,005,064	3,740,013,938	5,636,900,130
Investment securities at amortized cost	-	739,978,208	26,424,026,823	27,164,005,031
Investment securities at fair value through other comprehensive income	68,541,118	-	120,040,980	188,582,098
Commitments and financial guarantees	1,837,067,506	140,653,715	4,652,090	1,982,373,311
	123,324,524,125	1,363,636,987	30,288,733,831	154,976,894,943

	December 31, 2023			
	Stage 1	Stage 2	Stage 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
Gross Exposures				
Deposits with the Central Bank of Lebanon	19,992,410,286	-	-	19,992,410,286
Deposits with banks and financial institutions	324,026,242	-	-	324,026,242
Loans and advances to customers	660,364,779	349,962,922	1,844,476,915	2,854,804,616
Investment securities at amortized cost	-	755,884,099	9,091,731,979	9,847,616,078
Investment securities at fair value through other comprehensive income	19,696,899	-	249,759,225	269,456,124
Commitments and financial guarantees	333,228,449	35,278,498	1,000	368,507,947
	21,329,726,655	1,141,125,519	11,185,969,119	33,656,821,293
Expected Credit Losses				
Deposits with the Central Bank of Lebanon	(166,310,441)	-	-	(166,310,441)
Deposits with banks and financial institutions	(1,158,519)	-	-	(1,158,519)
Loans and advances to customers	(12,242,330)	(27,172,418)	(981,377,898)	(1,020,792,646)
Investment securities at amortized cost	-	-	(3,544,434,907)	(3,544,434,907)
Investment securities at fair value through other comprehensive income	-	-	(233,435,100)	(233,435,100)
Commitments and financial guarantees	(432,171)	(3,360,163)	(1,000)	(3,793,334)
	(180,143,461)	(30,532,581)	(4,759,248,905)	(4,969,924,947)
Net Exposures				
Deposits with the Central Bank of Lebanon	19,826,099,845	-	-	19,826,099,845
Deposits with banks and financial institutions	322,867,723	-	-	322,867,723
Loans and advances to customers	648,122,449	322,790,504	863,099,017	1,834,011,970
Investment securities at amortized cost	-	755,884,099	5,547,297,072	6,303,181,171
Investment securities at fair value through other comprehensive income	19,696,899	-	16,324,125	36,021,024
Commitments and financial guarantees	332,796,278	31,918,335	-	364,714,613
	21,149,583,194	1,110,592,938	6,426,720,214	28,686,896,346

III. Movement of ECL

	2024			
	Stage 1	Stage 2	Stage 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
At January 1, 2024				
Deposits with the Central Bank of Lebanon	166,310,441	-	-	166,310,441
Deposits with banks and financial institutions	1,158,519	-	-	1,158,519
Loans and advances to customers	12,242,330	27,172,418	981,377,898	1,020,792,646
Investment securities at amortized cost	-	-	3,544,434,907	3,544,434,907
Investment securities at fair value through other comprehensive income	-	-	233,435,100	233,435,100
Commitments and financial guarantees	432,171	3,360,163	1,000	3,793,334
	180,143,461	30,532,581	4,759,248,905	4,969,924,947
Net charge for the year				
Deposits with the Central Bank of Lebanon	136,513,963	-	-	136,513,963
Deposits with banks and financial institutions	1,422,472	-	-	1,422,472
Loans and advances to customers	2,160,811	(27,020,806)	1,056,902,432	1,032,042,437
Investment securities at amortized cost	-	-	3,855,086,262	3,855,086,262
Investment securities at fair value through other comprehensive income	-	-	(649,455,023)	(649,455,023)
Commitments and financial guarantees	(353,560)	(16,411,298)	(203,800)	(16,968,658)
	139,743,686	(43,432,104)	4,262,329,871	4,358,641,453
Write-offs				
Loans and advances to customers	-	-	(842,684)	(842,684)
	-	-	(842,684)	(842,684)
Net transfers between stages				
Loans and advances to customers	(5,127,558)	(55,067,531)	60,195,089	-
Commitments and financial guarantees	(16,592)	16,592	-	-
	(5,144,150)	(55,050,939)	60,195,089	-
Effect of exchange rates changes				
Deposits with the Central Bank of Lebanon	815,623,933	-	-	815,623,933
Deposits with banks and financial institutions	5,674,439	-	-	5,674,439
Loans and advances to customers	56,947,303	104,460,725	4,756,741,578	4,918,149,606
Investment securities at amortized cost	-	-	6,491,260,541	6,491,260,541
Investment securities at fair value through other comprehensive income	-	-	1,190,978,943	1,190,978,943
Commitments and financial guarantees	373,299	16,503,928	447,647	17,324,874
	878,618,974	120,964,653	12,439,428,709	13,439,012,336
At December 31, 2024				
Deposits with the Central Bank of Lebanon	1,118,448,337	-	-	1,118,448,337
Deposits with banks and financial institutions	8,255,430	-	-	8,255,430
Loans and advances to customers	66,222,886	49,544,806	6,854,374,313	6,970,142,005
Investment securities at amortized cost	-	-	13,890,781,710	13,890,781,710
Investment securities at fair value through other	-	-	774,959,020	774,959,020
Commitments and financial guarantees	451,910	3,452,793	244,847	4,149,550
	1,193,378,563	52,997,599	21,520,359,890	22,766,736,052

	2023			
	Stage 1	Stage 2	Stage 3	Total
	LBP'000	LBP'000	LBP'000	LBP'000
At January 1, 2023				
Deposits with the Central Bank of Lebanon	11,522,428	-	-	11,522,428
Deposits with banks and financial institutions	158,493	-	-	158,493
Loans and advances to customers	1,292,645	6,556,714	135,233,701	143,083,060
Investment securities at amortized cost	-	-	256,287,862	256,287,862
Investment securities at fair value through other comprehensive income	-	-	23,604,231	23,604,231
Commitments and financial guarantees	47,681	775,978	1,000	824,659
	13,021,247	7,332,692	415,126,794	435,480,733
Net charge for the year				
Deposits with the Central Bank of Lebanon	44,665,178	-	-	44,665,178
Deposits with banks and financial institutions	179,439	-	-	179,439
Loans and advances to customers	3,848,139	6,814,420	(75,422,237)	(64,759,678)
Investment securities at amortized cost	-	-	965,212,028	965,212,028
Investment securities at fair value through other comprehensive income	-	-	74,439	74,439
Commitments and financial guarantees	216,268	(1,840,146)	-	(1,623,878)
	48,909,024	4,974,274	889,864,230	943,747,528
Write-offs				
Loans and advances to customers	-	-	(64,216,653)	(64,216,653)
	-	-	(64,216,653)	(64,216,653)
Net transfers between stages				
Loans and advances to customers	1,620,924	(12,977,467)	11,356,543	-
	1,620,924	(12,977,467)	11,356,543	-
Effect of exchange rates changes				
Deposits with the Central Bank of Lebanon	110,122,835	-	-	110,122,835
Deposits with banks and financial institutions	820,587	-	-	820,587
Loans and advances to customers	5,480,622	26,778,751	974,426,544	1,006,685,917
Investment securities at amortized cost	-	-	2,322,935,017	2,322,935,017
Investment securities at fair value through other comprehensive income	-	-	209,756,430	209,756,430
Commitments and financial guarantees	168,222	4,424,331	-	4,592,553
	116,592,266	31,203,082	3,507,117,991	3,654,913,339
At December 31, 2023				
Deposits with the Central Bank of Lebanon	166,310,441	-	-	166,310,441
Deposits with banks and financial institutions	1,158,519	-	-	1,158,519
Loans and advances to customers	12,242,330	27,172,418	981,377,898	1,020,792,646
Investment securities at amortized cost	-	-	3,544,434,907	3,544,434,907
Investment securities at fair value through other comprehensive income	-	-	233,435,100	233,435,100
Commitments and financial guarantees	432,171	3,360,163	1,000	3,793,334
	180,143,461	30,532,581	4,759,248,905	4,969,924,947

Allocation of gross amount of loans and advances to customers by economic sector:

	December 31, 2024	December 31, 2023
	LBP'000	LBP'000
Corporate:		
Agriculture	250,841,606	62,347,501
Commerce	4,145,045,762	912,279,471
Construction and real estate	2,548,398,179	784,032,398
Individual	322,030,405	50,953,847
Industrial	1,223,461,838	216,358,650
Services	1,126,473,840	158,101,650
	9,616,251,630	2,184,073,517
Retail loans	2,961,717,881	649,210,763
Accrued interest receivable	29,072,624	21,520,336
	12,607,042,135	2,854,804,616

Netting arrangements:

The Group sometimes further restricts its exposure to credit losses by entering into netting arrangements with counterparties. Netting arrangements reduce credit risk associated with favorable contracts to the extent that if a default occurs, all amounts with the counterparty are terminated and settled on a net basis.

The Group makes use of master netting agreements and other arrangements not eligible for netting under IAS 32 Financial Instruments: Presentation with its counterparties. Such arrangements provide for single net settlement of all financial instruments covered by the agreements in the event of default on any one contract. Although, these master netting arrangements do not normally result in an offset of balance sheet assets and liabilities (as the conditions for offsetting under IAS 32 may not apply), they, nevertheless, reduce the Group's exposure to credit risk, as shown in the tables on the following pages. Although master netting arrangements may significantly reduce credit risk, it should be noted that the credit risk is eliminated only to the extent of amounts due to the same counterparty.

IV. Risk Mitigation Policies

The Group mainly employs collateral to mitigate credit risk. The principal collateral types for loans and advances are:

- Pledged deposits
- Mortgages over real estate properties (land, commercial and residential properties)
- Bank guarantees

Collateral generally is not held over loans and advances to banks, except when securities are held as part of a reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities.

V. Financial assets with credit risk exposure and related concentrations

(a) Exposure to credit risk and concentration by counterparty:

(a.1) Details of the Group's exposure to credit risk with respect to loans and advances to customers:

	December 31, 2024			Carrying Values of Collaterals Received						
	Carrying Amount	Expected Credit Losses	Net Amount	Pledged Funds	Bank Guarantee	First and second degree Mortgage on Properties	Debt Securities	Others	Total Guarantees	Lesser of individual Exposure or Total Guarantees
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Performing - Stages 1 and 2	2,012,653,884	(115,767,692)	1,896,886,192	666,032,047	7,218,381	810,287,682	8,950,000	1,131,284,016	2,623,772,126	1,646,787,437
Substandard - Stage 3	630,163,976	(38,633,570)	591,530,406	1,247,446	7,067,135	675,502,531	-	72,606,150	756,423,262	708,373,582
Doubtful - Stage 3	5,156,496,258	(2,008,012,726)	3,148,483,532	866,601	43,397,204	5,372,213,009	-	560,141,327	5,976,618,141	5,668,402,095
Bad - Stage 3	4,807,728,017	(4,807,728,017)	-	105,017	158,854	914,480,048	-	582,015,784	1,496,759,703	1,356,095,828
	12,607,042,135	(6,970,142,005)	5,636,900,130	668,251,111	57,841,574	7,772,483,270	8,950,000	2,346,047,277	10,853,573,232	9,379,658,942

	December 31, 2023			Carrying Values of Collaterals Received						
	Carrying Amount	Expected Credit Losses	Net Amount	Pledged Funds	Bank Guarantee	First and second degree Mortgage on Properties	Debt Securities	Others	Total Guarantees	Lesser of individual Exposure or Total Guarantees
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Performing - Stages 1 and 2	1,010,327,701	(39,414,748)	970,912,953	136,818,182	15,821,262	876,887,409	1,500,000	150,921,192	1,181,948,045	922,861,376
Substandard - Stage 3	346,498,233	(1,278,498)	345,219,735	157,025	1,265,756	362,874,487	-	12,604,356	376,901,624	70,234,181
Doubtful - Stage 3	1,056,749,162	(538,890,450)	517,858,712	726,013	8,965,712	795,031,562	-	165,451,483	970,174,770	104,467,249
Bad - Stage 3	441,229,520	(441,208,950)	20,570	58,192	53,061	3,429,673	-	53,061	3,593,987	9,364,697
	2,854,804,616	(1,020,792,646)	1,834,011,970	137,759,412	26,105,791	2,038,223,131	1,500,000	329,030,092	2,532,618,426	1,106,927,503

(a.2) Concentration of major financial assets and liabilities by geographical location:

	December 31, 2024					
	Lebanon	Middle East and Africa	North America	Europe	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
FINANCIAL ASSETS						
Cash and balances with the Central Bank of Lebanon	118,757,895,381	-	-	-	-	118,757,895,381
Deposits with banks and financial institutions	211,588,291	43,137,450	1,955,331,518	727,905,273	-	2,937,962,532
Investment securities at fair value through profit or loss	6,464,087,309	-	-	-	-	6,464,087,309
Loans and advances to customers	5,232,885,800	362,872,939	9,261,196	22,140,480	9,739,715	5,636,900,130
Investment securities	27,352,587,129	-	-	-	-	27,352,587,129
	158,019,043,910	406,010,389	1,964,592,714	750,045,753	9,739,715	161,149,432,481
FINANCIAL LIABILITIES						
Deposits from banks and financial institutions	598,132,320	7,897	100,540,602	19,196,732	-	717,877,551
Customers' accounts	121,450,225,509	22,838,655,097	4,078,370,673	6,041,595,566	2,160,033,778	156,568,880,623
Borrowings from Central Bank of Lebanon	396,719,911	-	-	-	-	396,719,911
Lease liabilities	73,657,934	-	-	-	-	73,657,934
	122,518,735,674	22,838,662,994	4,178,911,275	6,060,792,298	2,160,033,778	157,757,136,019

	December 31, 2023					
	Lebanon	Middle East and Africa	North America	Europe	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
FINANCIAL ASSETS						
Cash and balances with the Central Bank of Lebanon	19,969,514,566	-	-	-	-	19,969,514,566
Deposits with banks and financial institutions	36,056,329	6,755,775	92,843,533	187,212,086	-	322,867,723
Investment securities at fair value through profit or loss	687,155,754	-	-	-	-	687,155,754
Loans and advances to customers	1,761,337,110	64,043,799	2,023,427	4,389,863	2,217,771	1,834,011,970
Investment securities	6,339,202,195	-	-	-	-	6,339,202,195
	28,793,265,954	70,799,574	94,866,960	191,601,949	2,217,771	29,152,752,208
FINANCIAL LIABILITIES						
Deposits from banks and financial institutions	39,258,920	1,324	-	1,845,712	-	41,105,956
Customers' accounts	22,048,351,554	3,895,866,883	668,614,385	1,031,269,533	383,519,800	28,027,622,155
Borrowings from the Central Bank of Lebanon	269,630,087	-	-	-	-	269,630,087
Lease liabilities	24,332,630	-	-	-	-	24,332,630
	22,381,573,191	3,895,868,207	668,614,385	1,033,115,245	383,519,800	28,362,690,828

B. Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. Lebanon is facing adverse conditions and high level of uncertainty since October 2019, as a result of deterioration of the economic environment which lead to a severe disruption of normal business operations and the de-facto capital control, leading to incremental credit risks and restricted access to foreign currency among other adverse factors.

1. Management of liquidity risk

Liquidity management involves maintaining ample and diverse funding capacity, liquid assets and other sources of cash to accommodate fluctuations in asset and liability levels due to changes in their business operations or unanticipated events. Through Assets and Liabilities Committee, the Board of Directors is responsible for establishing the liquidity policy as well as approving operating and contingency procedures and monitoring liquidity on an ongoing basis. The treasury department is responsible for planning and executing their funding activities and strategy.

2. Exposure to liquidity risk

Regulatory requirements

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general, and specifically to the Group. In Lebanon and since October 2019 events, the Group monitors on a daily basis the ratio of available international foreign currency liquidity to international commitments over various time horizons. The Central Bank of Lebanon, through its Basic circular 154 dated 27 August 2020, issued various requirements aiming at restoring the normal banking operations in Lebanon to their pre-October 2019 levels. Among these requirements, Lebanese banks were requested to maintain total current account balance with foreign correspondent banks (international liquidity that is free of any obligation) in excess of 3% of the Group's total foreign currency deposits as at July 31, 2020 by February 28, 2021. On December 24, 2020, the Banking Control Commission of Lebanon issued memo 18/2020 that contains guidance for the calculation of this ratio. The requirement was later amended through Intermediate Circular 645 to consider foreign currency deposits as at September 30, 2022 as the basis for the computation instead of July 31, 2020, thus lowering liquidity required levels as customers' deposits decreased over the period. The requirement was later amended through Intermediate Circular 707, dated September 20, 2024, to consider foreign currencies deposits as at July 31, 2024 instead of September 30, 2022. Banks are granted a time limit ending December 31, 2025 to adjust their situation accordingly.

The table below shows the allocation of major monetary liabilities based on the earliest possible contractual maturity (undiscounted values). The expected maturities vary significantly from the contractual maturities namely with regard to customers' deposits.

Residual contractual maturities of financial liabilities

	December 31, 2024					
	Up to 3 months	3 months to 1 Year	1 Year to 3 Years	3 Years to 5 Years	Over 5 years	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Deposits from banks and financial institutions	717,847,441	30,110	-	-	-	717,877,551
Customers' accounts	129,391,037,420	26,879,450,203	298,393,000	-	-	156,568,880,623
Lease liabilities	20,250,984	6,207,926	19,493,059	18,817,116	8,888,849	73,657,934
Borrowings from the Central Bank of Lebanon	6,247,732	337,923,199	25,143,590	27,405,390	-	396,719,911
	130,135,383,577	27,223,611,438	343,029,649	46,222,506	8,888,849	157,757,136,019

	December 31, 2023					
	Up to 3 months	3 months to 1 Year	1 year to 3 Years	3 Years to 5 Years	Over 5 Years	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
Deposits from banks and financial institutions	38,532,956	2,573,000	-	-	-	41,105,956
Customers' accounts	23,006,328,155	4,926,737,000	94,557,000	-	-	28,027,622,155
Lease liabilities	3,169,767	1,535,962	7,459,201	5,123,604	7,044,096	24,332,630
Borrowings from the Central Bank of Lebanon	53,402,955	17,608,063	67,670,750	21,107,161	109,841,158	269,630,087
	23,101,433,833	4,948,454,025	169,686,951	26,230,765	116,885,254	28,362,690,828

C. Market Risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will be affected because of changes in market prices such as interest rate, equity prices, foreign exchange and credit spreads.

Exposure to foreign exchange risk:

The Group is subject to currency risk on financial assets and liabilities that are denominated in currencies other than the Lebanese Pound. Most of these financial assets and liabilities are in US Dollars and Euros.

As disclosed in Note 1.3.1, the Group's assets and liabilities in foreign currencies are valued at the exchange rates published by the Central Bank of Lebanon which does not always represent a reasonable estimate of cash flows in Lebanese Pounds that would have to be generated/used from the realisation of such assets and the payment of such liabilities.

Below is the carrying value of assets and liabilities segregated by major currencies to reflect the Group's exposure to foreign currency exchange risk at year end:

	December 31, 2024					
	LBP	USD	Euro	GBP	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS						
Cash and balances with the Central Bank of Lebanon	822,986,114	108,421,339,256	9,372,355,564	141,214,447	-	118,757,895,381
Deposits with banks and financial institutions	25,100,762	2,665,891,234	19,234,665	7,896,621	219,839,250	2,937,962,532
Investment securities at fair value through profit or loss	7,112,656	6,456,974,653	-	-	-	6,464,087,309
Loans and advances to customers	76,757,137	5,532,220,340	27,738,418	97,227	87,008	5,636,900,130
Investment securities	759,287,378	26,590,535,524	2,764,227	-	-	27,352,587,129
Assets acquired in satisfaction of loans	10,680,618	6,923,038,046	-	-	-	6,933,718,664
Right-of-use assets	990,127	-	-	-	-	990,127
Property and equipment	4,952,113,898	-	-	-	-	4,952,113,898
Intangible assets	297,562	-	-	-	-	297,562
Other assets	71,711,787	289,418,844	79,713	170,912	-	361,381,256
Total Assets	6,727,038,039	156,879,417,897	9,422,172,587	149,379,207	219,926,258	173,397,933,988
LIABILITIES						
Deposits from banks and financial institutions	502,576,918	206,814,383	8,486,250	-	-	717,877,551
Customers' accounts	1,444,717,845	145,498,549,694	9,296,649,122	180,978,582	147,985,380	156,568,880,623
Borrowings from the Central Bank of Lebanon	171,245,116	225,474,795	-	-	-	396,719,911
Lease liabilities	109,559	73,548,375	-	-	-	73,657,934
Other liabilities	223,657,231	2,207,086,038	79,824,627	32,745	4,119	2,510,604,760
Provisions	439,405,236	367,242,585	158,400	-	-	806,806,221
Total Liabilities	2,781,711,905	148,578,715,870	9,385,118,399	181,011,327	147,989,499	161,074,547,000
Net Assets	3,945,326,134	8,300,702,027	37,054,188	(31,632,120)	71,936,759	12,323,386,988

	December 31, 2023					
	LBP	USD	Euro	GBP	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS						
Cash and balances with the Central Bank of Lebanon	690,009,738	17,715,957,942	1,545,702,848	17,844,038	-	19,969,514,566
Deposits with banks and financial institutions	3,671,759	229,925,542	51,553,587	5,650,807	32,066,028	322,867,723
Investment securities at fair value through profit or loss	5,759,965	681,395,789	-	-	-	687,155,754
Loans and advances to customers	117,939,010	1,708,721,339	7,332,701	6,384	12,536	1,834,011,970
Investment securities	767,299,357	5,571,409,083	493,755	-	-	6,339,202,195
Assets acquired in satisfaction of loans	10,924,978	6,923,161,963	-	-	-	6,934,086,941
Right-of-use assets	2,059,520	-	-	-	-	2,059,520
Property and equipment	5,042,084,444	-	-	-	-	5,042,084,444
Intangible assets	783,067	-	-	-	-	783,067
Other assets	35,301,106	60,691,630	19,003	30,206	-	96,041,945
Total Assets	6,675,832,944	32,891,263,288	1,605,101,894	23,531,435	32,078,564	41,227,808,125
LIABILITIES						
Deposits from banks and financial institutions	22,091,995	18,997,181	16,780	-	-	41,105,956
Customers' accounts	1,171,905,649	25,122,877,355	1,678,119,534	30,963,233	23,756,384	28,027,622,155
Borrowings from the Central Bank of Lebanon	216,417,512	53,212,575	-	-	-	269,630,087
Lease liabilities	121,817	24,210,813	-	-	-	24,332,630
Other liabilities	82,565,530	84,682,687	855,945	35,288	997	168,140,447
Provisions	291,710,738	20,030,692	1,148	-	-	311,742,578
Total Liabilities	1,784,813,241	25,324,011,303	1,678,993,407	30,998,521	23,757,381	28,842,573,853
Net Assets	4,891,019,703	7,567,251,985	(73,891,513)	(7,467,086)	8,321,183	12,385,234,272

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 realized/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 include segregation of onshore and offshore assets and liabilities in foreign currencies:

	December 31, 2024			
	LBP	Onshore Foreign currency	Offshore foreign Currency	Total
	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS				
Cash and balances with the Central Bank of Lebanon	822,986,114	116,152,427,267	1,782,482,000	118,757,895,381
Deposits with banks and financial institutions	25,100,762	138,819,241	2,774,042,529	2,937,962,532
Investment securities at fair value through profit or loss	7,112,656	6,456,974,653	-	6,464,087,309
Loans and advances to customers	76,757,137	4,997,550,682	562,592,311	5,636,900,130
Investment securities	759,287,378	26,593,299,751	-	27,352,587,129
Assets acquired in satisfaction of loans	10,680,618	-	6,923,038,046	6,933,718,664
Right-of-use assets	990,127	-	-	990,127
Property and equipment	4,952,113,898	-	-	4,952,113,898
Intangible assets	297,562	-	-	297,562
Other assets	71,711,787	286,082,399	3,587,070	361,381,256
Total Assets	6,727,038,039	154,625,153,993	12,045,741,956	173,397,933,988
LIABILITIES				
Deposits from banks and financial institutions	502,620,589	86,042,879	129,214,083	717,877,551
Customers' accounts	1,444,717,845	150,783,123,004	4,341,039,774	156,568,880,623
Borrowings from the Central Bank of Lebanon	171,245,116	225,474,795	-	396,719,911
Lease liabilities	109,559	73,548,375	-	73,657,934
Other liabilities	223,657,231	2,207,736,458	79,211,071	2,510,604,760
Provisions	439,405,236	367,400,985	-	806,806,221
Total Liabilities	2,781,755,576	153,743,326,496	4,549,464,928	161,074,547,000
Net Assets	3,945,282,463	881,827,497	7,496,277,028	12,323,386,988

	December 31, 2023			
	LBP	Onshore Foreign currency	Offshore foreign Currency	Total
	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS:				
Cash and balances with the Central Bank of Lebanon	690,009,738	19,188,739,352	90,765,476	19,969,514,566
Deposits with banks and financial institutions	3,671,759	32,249,533	286,946,431	322,867,723
Investments securities at fair value through profit or loss	5,759,965	681,395,789	-	687,155,754
Loans and advances to customers	117,939,010	1,668,158,302	47,914,658	1,834,011,970
Investment securities	767,299,357	5,571,902,838	-	6,339,202,195
Assets acquired in satisfaction of loans	10,924,978	-	6,923,161,963	6,934,086,941
Right-of-use assets	2,059,520	-	-	2,059,520
Property and equipment	5,042,084,444	-	-	5,042,084,444
Intangible assets	783,067	-	-	783,067
Other assets	35,301,106	60,222,607	518,232	96,041,945
Total Assets	6,675,832,944	27,202,668,421	7,349,306,760	41,227,808,125
LIABILITIES				
Deposits from banks and financial institutions	22,091,995	17,363,582	1,650,379	41,105,956
Customers' accounts	1,171,905,649	26,540,635,013	315,081,493	28,027,622,155
Borrowing from the Central Bank of Lebanon	216,417,512	53,212,575	-	269,630,087
Lease liabilities	121,817	24,210,813	-	24,332,630
Other liabilities	82,565,530	83,947,752	1,627,165	168,140,447
Provisions	291,710,738	20,031,840	-	311,742,578
Total Liabilities	1,784,813,241	26,739,401,575	318,359,037	28,842,573,853
Net Assets	4,891,019,703	463,266,846	7,030,947,723	12,385,234,272

Interest rate risk

Interest rate risk represents exposures to instruments whose values vary with the level of volatility of interest rates. These instruments include, but are not limited to, loans, debt securities, certain trading-related assets and liabilities, deposits, borrowings and derivative instruments. Interest rate repricing gap is used to estimate the impact on earnings of an adverse movement in interest rates.

Exposure to Interest rate risk

Below is a summary of the Bank's interest rate gap position on major financial assets and liabilities reflected at carrying amounts at year end by repricing time bands:

	December 31, 2024						
	Not subject to Interest LBP'000	Less than 3 Months LBP'000	3 Months to 1 Year LBP'000	1 to 3 Years LBP'000	3 to 5 Years LBP'000	Over 5 Years LBP'000	Total LBP'000
FINANCIAL ASSETS							
Cash and balances with the Central Bank of Lebanon	99,669,786,146	3,938,000,000	6,808,235	5,560,061,000	3,556,993,000	6,026,247,000	118,757,895,381
Deposits with banks and financial institutions	2,361,494,679	576,467,853	-	-	-	-	2,937,962,532
Investment securities at fair value through profit or loss	4,524,337,206	125,729,153	120,046,350	479,335,150	134,190,975	1,080,448,475	6,464,087,309
Loans and advances to customers	1,890,180,056	1,892,605,236	705,946,686	270,540,871	101,118,756	776,508,525	5,636,900,130
Investment securities	223,258,770	1,616,839,038	1,767,898,513	6,627,289,626	6,966,337,202	10,150,963,980	27,352,587,129
	108,669,056,857	8,149,641,280	2,600,699,784	12,937,226,647	10,758,639,933	18,034,167,980	161,149,432,481
FINANCIAL LIABILITIES							
Deposits from banks and financial institutions	216,875,304	501,002,247	-	-	-	-	717,877,551
Customers' accounts	153,493,251,594	2,594,896,510	182,339,519	298,393,000	-	-	156,568,880,623
Borrowings from the Central Bank of Lebanon	2,268,187	5,883,300	336,019,444	25,143,590	27,405,390	-	396,719,911
Lease liabilities	-	20,250,984	6,207,926	19,493,059	18,817,116	8,888,849	73,657,934
	153,712,395,085	3,122,033,041	524,566,889	343,029,649	46,222,506	8,888,849	157,757,136,019

	December 31, 2023						
	Not subject to Interest	Less than 3 Months	3 Months to 1 Year	1 to 3 Years	3 to 5 Years	Over 5 Years	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
FINANCIAL ASSETS							
Cash and balances with the Central Bank of Lebanon	15,676,359,566	-	655,557,000	678,648,000	932,972,000	2,025,978,000	19,969,514,566
Deposits with banks and financial institutions	305,928,649	16,939,074	-	-	-	-	322,867,723
Investment securities at fair value through profit or loss	368,423,762	-	290	-	243,628,000	75,103,702	687,155,754
Loans and advances to customers	863,097,727	171,154,000	274,512,000	106,351,000	80,959,000	337,938,243	1,834,011,970
Investment securities	3,896,474,780	-	268,996,668	84,135,570	1,092,856,000	996,739,177	6,339,202,195
	21,110,284,484	188,093,074	1,199,065,958	869,134,570	2,350,415,000	3,435,759,122	29,152,752,208
FINANCIAL LIABILITIES							
Deposits from banks and financial institutions	22,896,725	15,636,231	2,573,000	-	-	-	41,105,956
Customers' accounts	21,863,976,185	1,142,351,970	4,926,737,000	94,557,000	-	-	28,027,622,155
Borrowings from the Central Bank of Lebanon	51,874,830	1,528,125	17,608,063	67,670,750	21,107,161	109,841,158	269,630,087
Lease liabilities	-	3,169,767	1,535,962	7,459,201	5,123,604	7,044,096	24,332,630
	21,938,747,740	1,162,686,093	4,948,454,025	169,686,951	26,230,765	116,885,254	28,362,690,828

D. Operational Risk

Operational risk is defined as the risk of loss or damage resulting from inadequate or failed internal processes, people, systems or external events. The Basel definition of operational risk includes legal risk, and excludes reputational and strategic risks. Still, the failure of operational risk controls may result in reputational damage, business disruptions, business loss, or non-compliance with laws and regulations that can lead to significant financial losses. Therefore, reputational and strategic risks are indirectly mitigated once the operational risks acting as their key drivers are well managed.

The operational risk management framework is implemented by an independent Operational Risk Management department that operates in coordination with other support functions such as: Corporate Information Security and Compliance. The Internal Audit provides an independent assurance on the adequacy and effectiveness of this framework through periodic reviews.

Operational risks are managed across the bank based on a set of principles and standards detailed in the Board-approved operational risk management framework. These principles and standards include at a minimum: segregation of duties, four-eye principle, and independency of employees performing controls, reconciliations, and awareness. Controls are also embedded within systems and formalized in policies and procedures.

Incidents are captured and analyzed to identify their root causes. Corrective and preventive measures are recommended to prevent future reoccurrences. Risk and Control Assessments (RCA's) are conducted on an ongoing basis to identify risks and control vulnerabilities associated to existing or new operations, products, processes, activities and systems. Key Risk Indicators are also developed continuously to detect alarming trends. Recommendations to improve the control environment are communicated to concerned parties and escalated to Management as deemed necessary.

Major incidents, RCA findings and operational losses are reported to the Board of Directors and Board Risk Committees periodically as per the governance framework set in the bank Operational Risk policy.

Insurance coverage is used as an additional layer of mitigation and is commensurate with the Group business activities, in terms of volume and nature.

E. Other Risks

Litigation Risk

Litigation risk arises from pending or potential legal proceedings against the Group and in the event that legal issues are not properly dealt with by the Group. Litigation that may arise, whether from lawsuits or from arbitration proceedings, may affect the operations of the Group as well as its results.

Since October 17, 2019, and as a result of the de-facto capital control and other measures adopted by Lebanese banks imposing various restrictions of free flow of customers' funds deposited with the banking sector, the Group has been subject to an increased litigation risk. Management is monitoring and assessing the impact of potential litigation and claims against the Group in relation to these restrictive measures taking into consideration prevailing laws, regulations and local banking practices.

Political Risk

External factors which are beyond the control of the Group, such as political developments and government actions in Lebanon (Note 1) and other countries may adversely affect the operations of the Group, its strategy and prospects. Other important political risk factors include government intervention on the Group's activities and social developments in the countries in which the Group operates, political developments in Lebanon, and the political and social unrest and political instability or military conflict in neighboring countries and/or other overseas areas.

Given the above, the Group recognizes that unforeseen political events can have negative effects on the fulfilment of contractual relationships and obligations of its customers and other counterparties which will result in significant impact on Group's activities, operating results and position.

39. Contingencies

Provisions for risk and charges includes provisions against tax contingencies, litigations and claims whereby the Group is defendant in several lawsuits.

The Group 's tax returns for the years 2018 till 2024 inclusive are still subject to review by the relevant tax authorities. Any additional tax liability depends on the outcome of such reviews.

The Group 's social security declarations since October 2017 remain subject to review by the Social Security authorities. Any additional liabilities depend on the outcome of such reviews.

On June 7, 2021 a decision was taken by the Execution court in Metn to apply a conservative seizure on the Group's movable assets in some of its branches as one of the customers has filed a lawsuit against the Bank for an amount of USD 1.4 million and EUR 259. The Group has filed an opposition against the decision on November 1, 2021 which is still pending before the court and also requested to move the conservatory seizure in counterpart of depositing a bankers check in LBP amounting to LBP 2.4 billion on December 6, 2021 but has been rejected by the court on April 11, 2022. The advance payment was recorded under "sundry debtors" (Note 15).

On May 17, 2022 a decision was issued to expand the conservatory seizure to include property No. 4740 from Ashrafieh real estate area.

On June 6, 2022 the Group deposited a bankers check in USD amounting to USD 1.5 million in order to request to move the conservatory seizure which is still pending before the court and it has been accepted by the judge on the 13th of March 2023. The Plaintiff had objected the said decision on March 21, 2023, but the objection was also rejected by virtue of a judgment issued on November 27, 2023.

40. 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 Bank.

Central Bank of Lebanon introduced several key changes in the calculation of regulatory capital adequacy ratios. These changes include:

- Increasing the regulatory expected credit loss level for Lebanese Government bonds in foreign currency and Lebanese government-related exposures in same currency from 9.45% to 45% and then later to 75% (as per intermediate circulars No.649 dated November 24, 2022 and No.659 dated January 20, 2023 updating the changes introduced by intermediate circular No.567 dated August 26, 2020). Regulatory ECL for other exposures remain unchanged.

Type of financial instrument	***2024***	*2023*
Exposures to Central Bank of Lebanon in foreign currency	**1.89 %**	1.89 %
Exposures to Central Bank of Lebanon in Lebanese Pound	**0 %**	0 %
Lebanese government securities in foreign currency	**75 %**	75 %
Lebanese government securities in Lebanese Pound	**0 %**	0 %

- Requesting banks to increase their own funds (capital) by an amount equivalent to 20% of their common equity tier one capital as of December 31, 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 December 31, 2020 but was later extended for the banking sector to February 28, 2021.

  As discussed in note 21, the Bank's extraordinary General Assembly of shareholders held on January 30, 2020 called additional cash contribution from shareholders in the amount of USD 93.86 million. Up to December 31, 2020 the Bank's shareholders settled USD 45.96 million (LBP 69.29 billion) in the form of cash contribution and the remaining balance of USD 47.9 million (LBP 72.2 billion) was settled in 2021.

- Exceptionally during 2020 and 2021, allowing banks to drawn 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.

- Prohibiting Lebanese banks from distributing dividends on common shares for the financial years 2019, 2020, 2021, 2022, 2023 and 2024 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 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 gradually amortized to 75% in 2022, 50% in 2023 and 25% in 2024.

- Exceptionally for 2022 and 2023, allowing banks to include under CET 1 part of the losses resulting from the purchase of local dollars from the Central Bank of Lebanon against Lebanese Pound for the purpose of reducing open net FX short positions prior to November 17, 2022. In 2022, 66% of these losses can be included under CET 1, while in 2023, a maximum of 33% level applies.
- Allowing banks to include the revaluation surplus of property and equipment in Tier I capital, subject to BDL approval on the revaluation. On January 20, 2023, Intermediate Circular 659 capped the inclusion of revaluation of fixed assets at 50% under certain conditions while allowing the use of the prevailing Sayrafa rate at the end of each reporting period over 5 years. On December 28, 2023, Intermediate Circular 685 permitted the inclusion of 75% of the revaluation surplus of fixed assets in the calculation of Tier I capital, while allowing the use of the BDL platform rate as at 30.06.2023 and at the end of each reporting period over 5 years.
- In October 2020, the BCC issued memo No. 15/2020 requesting from banks to develop a roadmap to ensure adherence to capital ratios and liquidity requirements, covering the years from 2020 to 2024. As per the memo, the below minimum capital adequacy ratios are applied:

Ratio (%)	2020	2021	2022	2023	2024
Minimum Capital Ratio (including the Capital Conservation Buffer)					
Common Equity Tier 1 / risk-weighted assets	4.50%	4.50%	5.25%	6.00%	7.00%
Net Tier 1 / risk-weighted assets	6.00%	6.00%	6.75%	7.50%	8.50%
Total capital / risk-weighted assets	8.00%	8.00%	8.75%	9.50%	10.50%
Provisions added to Capital Equity Tier 1					
Provisions taken on Stage 1 and 2 assets and commitments except provisions taken against Lebanese Sovereign & Central Bank exposures, to be added to Common Equity Tier 1	100.00%	100.00%	75.00%	50.00%	25.00%

In 2022, BCC issued an intermediate circular number 595 whereby it has lowered the risk-weight to be applied on the Lebanese Corporate Resident Portfolio from 150% to 100%.

The Group 's capital adequacy ratio was as follows:

	December, 31	
	2024	2023
	LBP Million	LBP Million
Common Equity Tier I	480,177	418,234
Additional Tier I capital	152,787	152,787
	632,964	571,021
Tier II capital	1,263,951	186,627
Total regulatory capital	1,896,915	757,648
Credit risk	122,695	23,667
Market risk	28,501	3,719
Operational risk	7,829	1,681
Risk-weighted assets and risk-weighted off-balance sheet items	159,025	29,067
Equity Tier I ratio	0.30%	1.44%
Tier I capital ratio	0.40%	1.96%
Risk based capital ratio - Tier I and Tier II capital	1.19%	2.61%

The Group's capital adequacy ratio as at December 31, 2024 and 2023, similarly to other applicable regulatory ratios, was calculated based on the disclosed figures, and did not take into consideration the adjustments that will result from the uncertainties discussed under Note 1.3 once these uncertainties become reasonably quantifiable. Due to the high levels of these uncertainties, management is unable to estimate in a reasonable manner, the impact of these matters on the Group's capital adequacy and the recapitalization needs that may arise once the necessary adjustments are determined and recorded.

41. Fair value of financial assets and liabilities

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

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

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

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

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

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

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

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

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

As a result of the unprecedented levels of uncertainty surrounding the economic crisis that Lebanon, and particularly the banking sector in Lebanon, is experiencing, as described in Note 1, management is unable to produce reasonable estimation of the fair value of financial assets and liabilities concentrated in Lebanon as the measurement of their fair value is either (i) dependent on prices quoted in a market that is severely inactive and illiquid; or (ii) determined using cash flow valuation models using observable market inputs, comprising of interest rates and yield curves, implied volatilities, and credit spreads that are not reflective of the economic reality and market conditions.

In the absence of reliable data, the Group did not disclose the fair value of financial assets and liabilities originated in Lebanon as required by IFRS 13 *Fair Value Measurements*.

42. Related party transactions / balances

Related parties represent the Parent Bank, key management personnel and their close family members, and entities controlled or jointly controlled by them. In the normal course of business, the Group has dealings at market rates, or on terms agreed by the management of the Group with related parties.

Below are balances and transactions with related parties included in these consolidated financial statements:

	December 31,	
	2024	2023
	LBP'000	LBP'000
Deposits with related banks		
Current accounts with the Parent Bank (note 6) :		
Fransabank S.A.L.	176,455,293	35,067,939
Current accounts with related banks (note 6) :		
Fransabank France S.A.	23,931,121	4,156,182
Interest income from deposits with related bank	-	4,353
Loans and advances to related parties – Board members and key management (Note 7)		
Loans and advances	646,753	499,073
Interest income from loans and advances to related parties (Note 26)	415,723	4,251
Deposits from related banks (Note 16)		
Short term deposits from Parent Bank - Fransabank S.A.L	7,596,251	12,750,000
Accrued interest payable	960,821	141,960
Interest expense on deposits from Parent Bank (Note 27)	796,811	2,215,290
Related parties' customers' deposits – Board members, key management and related company (Note 17)		
Demand deposits	70,317,855	70,929,236
Term deposits	1,864,003,840	404,177,958
Collateral against loans and advances	29,893,000	5,035,256
Accrued interest payable	2,969,359	1,452
Interest expense on customers' deposits from related parties (Note 27)	40,369,807	28,587,786
Board members remunerations (Note 32)		
Board of Directors remuneration fees	23,854,935	5,104,120

43. Approval of the financial statements

The consolidated financial statements for the year ended December 31, 2024 were approved by the Board of Directors in its meeting held on May 16, 2025.