FRANSABANK SAL

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Shareholders
Fransabank S.A.L.
Beirut, Lebanon

Adverse Opinion

We have audited the consolidated financial statements of Fransabank S.A.L. (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2025, 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 a summary of material accounting policies.

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, 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ('IFRS Accounting Standards').

Basis for Adverse Opinion

1- As disclosed in Notes 1.3.2 and 3 to the accompanying consolidated financial statements, the Group did not apply the requirements of IAS 29 – Financial Reporting in Hyperinflationary Economies ("IAS 29") in the accompanying consolidated financial statements for the years ended 31 December 2025, nor did the Group consider its effects on forecasts and discount rates used in accounting estimates.

Had the Group applied the requirements of IAS 29, and considered its effects on accounting estimates, many elements and disclosures in the accompanying consolidated financial statements for the year ended 31 December 2025, including the comparative financial information for the year ended 31 December 2024, would have been materially different. The effects on the consolidated financial statements from this departure have not been determined. Our opinion for the year ended 31 December 2024 was also modified for the same reasons.

2- As disclosed in note 1.3.1 to the accompanying consolidated financial statements, the Group used in 2025 and 2024 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).

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 applied the requirements of IAS 21 many of the elements of the accompanying consolidated financial statements, including disclosures, would have been significantly impacted. The effects on the financial statements of this departure have not been determined. Our opinion in the prior year was also modified in respect of this matter.

3- As disclosed in Note 1.3.6 to the consolidated financial statements, Law No. 330 was enacted on December 4, 2024, and its implementing decisions were issued by the Ministry of Finance in Lebanon on March 12, 2025 and August 1, 2025. The Group applied the effects of this law for the year 2025 and 2024. The tax implications arising from the application of Law No. 330 remain subject to review and assessment by the Ministry of Finance. Consequently, we were unable to determine whether any adjustments to the consolidated financial statements as at December 31, 2024 and 2025 were necessary.

4- As disclosed in Note 13 to the financial statements, the Group has revalued its assets acquired in satisfaction of loans during the year 2025 and 2024 and recognized the resulting revaluation surplus directly in equity in application of law 330 issued on December 4, 2024, which constitutes a departure from IFRS Accounting Standards.

Under IFRS Accounting Standards, such assets do not meet the criteria for application of the revaluation model under IAS 16 or IAS 40 and should instead be classified and measured in accordance with IFRS 5, which requires that non-current assets held for sale, be measured at the lower of their carrying amount and fair value less costs to sell. Recognition of a revaluation surplus in equity is not permitted under IFRS 5, nor is any upward adjustment beyond the asset’s original carrying amount. Accordingly, the Group’s recognition of a revaluation surplus of LBP11,737billion (2024: LBP9,916billion) in equity is inconsistent with IFRS 5 and results in an overstatement of equity by the same amount. Our opinion for the year ended 31 December 2024 was also modified for the same reasons.

5- Cash and deposits with central banks and investment securities, which are carried in the consolidated statement of financial position, net of expected credit loss, at LBP579,634billion and LBP60,233billion respectively (2024: LBP577,540billion and LBP69,249billion respectively), include gross balances held with the Central Bank of Lebanon and Lebanese government debt securities at amortized cost of LBP594,637billion (2024: LBP648,457billion). Additionally, loans and advances to customers, loans to banks and other assets, which are carried in the consolidated statement of financial position at LBP163,574billion, LBP45thousand and LBP7,902billion respectively (2024:LBP146,181billion, LBP201billion and LBP2,245billion respectively), include balances of LBP15,981billion, and LBP1,289billion respectively (2024: LBP20,204billion, and LBP955billion 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 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.

6- Provisions which are carried in the consolidated statement of financial position at LBP6,040billion (2024: LBP3,699billion), include a provision for contingencies of LBP1,979billion (2024: LBP2,099billion) and a provision for staff end of service indemnities indemnity of LBP2,584billion (2024: LBP641billion), and a provision for expected credit losses on financial guarantees and other commitments of LBP766billion (2024: LBP438billion). 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 which constitute a departure from IFRSs.

Consequently, we were unable to determine whether any adjustments to these amounts were necessary. Our opinion for the year ended December 31, 2024 was also modified for the same reasons.

7- Investment securities, which are carried in the consolidated statement of financial position, net of expected credit loss, at LBP60,233billion (2024: LBP69,249billion), include investment securities measured at fair value of LBP33,033billion (2024: LBP20,711billion) which are issued by entities mainly domiciled in the Republic of Lebanon and term placements with the Central Bank of Lebanon. Management has stated the aforementioned investment securities at fair value by using inputs into the determination of fair value which do not accurately reflect the economic situation 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 this amount. Our opinion in the prior year was also modified in respect of this matter.

8- Investments in associates are carried in the consolidated statement of financial position at LBP548billion (2024: LBP420billion). These investments exhibited indicators of impairment at the reporting date. Management did not determine if the recoverable amounts of these investments in associates exceeded their carrying amount, 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.

9- 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.

10- We did not receive, up to the date of this report, sufficient direct confirmation of balances related to loans and advances to customers and deposits from customers as at December 31, 2025. In addition, we were unable to verify by alternative means the unconfirmed account balances included in the consolidated statement of financial position at year end and accordingly, we were unable to satisfy ourselves as to their accuracy and completeness as of the reporting date.

11- As disclosed under notes 1.3.4 and 44 to the accompanying 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, most of the requested bank lawyers' letters.

12- 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 44. 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 for the year ended December 31, 2024 was also modified for the same reasons explained above.

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 Matters

We draw attention to note 47 of the financial statements, which describes the ongoing armed conflict in the wider Middle East region. The escalation of hostilities creates significant uncertainty regarding future economic conditions, supply chain stability, and security risks that may materially affect the Group's operations and financial performance. The ultimate outcome of these events cannot presently be determined.

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, 2025. 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.

Responsibilities of the Board of Directors 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 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 the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 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.

- 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 responsible for our audit opinion.

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

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

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

Beirut, Lebanon
May 22, 2026

FRANSABANK S.A.L.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

		December 31,	
		2025	2024
ASSETS	**Notes**	**LBP'000**	**LBP'000**
Cash and deposits with central banks	5	579,634,063,141	577,540,394,689
Deposits with banks and financial institutions	6	41,730,637,157	33,844,704,212
Loans to banks	7	45	200,605,223
Loans and advances to customers	8	163,574,437,099	146,180,629,388
Investment securities	9	60,232,897,738	69,249,929,634
Customers' liability under acceptances	11	1,617,104,728	1,851,581,312
Investments in associates	12	547,950,048	419,783,252
Assets acquired in satisfaction of loans	13	11,989,859,575	10,212,979,879
Property and equipment	14	24,053,970,849	28,639,488,955
Intangible assets	14	482,289,203	375,103,162
Right of use assets	15	1,402,907,588	836,184,908
Goodwill	16	-	48,182,949
Other assets	17	7,902,219,223	2,345,356,970
Total Assets		**893,168,336,394**	**871,744,924,533**
LIABILITIES			
Deposits and borrowings from banks	18	6,626,289,400	6,757,798,476
Deposits from customers and related parties	19	787,132,919,294	768,457,486,662
Customers' liability under acceptances	11	1,617,104,728	1,851,581,312
Other borrowings	20	756,790,206	9,851,125,623
Lease liabilities	15	1,480,122,767	1,177,309,859
Other liabilities	21	16,270,672,598	13,922,422,820
Provisions	22	6,039,934,075	3,699,302,931
Total Liabilities		**819,923,833,068**	**805,717,027,683**
EQUITY			
Issued capital - Ordinary shares	23	438,500,000	438,500,000
Issued capital - Preferred shares	24	34,000,000	34,000,000
Share premium - Preferred shares	24	478,550,000	478,550,000
Shareholders' cash contribution to capital	25	498,139,448	498,139,448
Non-distributable reserves	26	1,252,598,753	1,119,892,039
Investments fair value reserve	27	8,940,998,205	8,319,551,009
Revaluation surplus	27	31,721,689,279	29,938,592,432
Foreign currency translation reserve		17,130,970,308	16,624,979,447
Retained earnings		(244,350,944)	(885,726,850)
Treasury shares	28	(1,437,281)	(8,380,776)
Profit for the year	30	2,689,220,621	206,538,747
Equity attributed to the owners of the Bank		**62,938,878,389**	**56,764,635,496**
Non-controlling interests	29	10,305,624,937	9,263,261,354
Total equity		**73,244,503,326**	**66,027,896,850**
Total Liabilities and Equity		**893,168,336,394**	**871,744,924,533**
FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK			
Documentary and commercial letters of credit	38	12,960,455,531	12,116,636,301
Guarantees and standby letters of credit	38	19,963,001,789	18,200,299,658
Forward contracts	38	2,118,904,045	1,941,890,039
Fiduciary accounts		361,158,891	358,297,099

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

FRANSABANK S.A.L.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS AT DECEMBER 31, 2025

	Notes	Year Ended December 31, 2025 LBP'000	2024 LBP'000
Interest income	31	18,066,779,249	18,455,664,550
Less: Tax on interest	31	(282,246,629)	(396,975,149)
Interest income, net of tax		**17,784,532,620**	**18,058,689,401**
Interest expense	32	(6,280,844,184)	(6,182,021,192)
Net interest income		**11,503,688,436**	**11,876,668,209**
Fee and commission income	33	5,379,094,434	4,159,551,979
Fee and commission expense	34	(768,498,850)	(586,156,916)
Net fee and commission income		**4,610,595,584**	**3,573,395,063**
Net (loss) / gain on financial assets at fair value through profit or loss	35	(2,156,341,457)	1,969,985,772
Net (loss) / gain on financial assets measured at amortized cost		(469,182,142)	119,840,500
Net gain on financial assets at fair value through other comprehensive income		-	318,012,344
Other operating income - net	36	8,089,440,708	4,806,181,032
Net financial revenues		**21,578,201,129**	**22,664,082,920**
Allowance for credit losses (net)	43	(5,089,572,764)	(10,265,220,172)
Discounts on loans and advances to customers	8	(8,240,595)	(272,256,431)
Net financial revenues after allowances for expected credit losses and discounts		**16,480,387,770**	**12,126,606,317**
Staff costs		(6,161,801,014)	(3,870,739,497)
Administrative expenses		(3,177,110,853)	(2,856,835,933)
Depreciation and amortization	37	(1,449,183,727)	(1,468,101,883)
Provision for contingencies (net)	22	100,135,863	(1,129,683,757)
Impairment of goodwill	16	(48,182,949)	-
Revenue before income tax		**5,744,245,090**	**2,801,245,247**
Income tax expense	21	(1,236,913,243)	(1,149,917,128)
Deferred tax on investees undistributed profits	30	(612,195,595)	(469,145,191)
Net Profit for the year		**3,895,136,252**	**1,182,182,928**
Attributable to:			
Owners of the Bank	30	2,689,220,621	206,538,747
Non-controlling interests	30	1,205,915,631	975,644,181
		3,895,136,252	**1,182,182,928**

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

FRANSABANK S.A.L.
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AS AT DECEMBER 31, 2025

		Year Ended December 31,	
		2025	**2024**
	Note	**LBP'000**	**LBP'000**
Net profit for the year		3,895,136,252	1,182,182,928
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of equity securities at FVTOCI		547,087,066	9,166,296,613
Revaluation surplus transferred to retained earnings		(283,798,107)	-
Revaluation surplus during the year	13	1,916,397,651	711,288,485
Adjustment related to revaluation		150,497,303	-
Deferred tax	9	74,360,130	(779,148,230)
		2,404,544,043	**9,098,436,868**
Items that may be reclassified subsequently to profit or loss:			
Change in fair value of debt securities at FVTOCI		-	730,843
Currency translation adjustment		505,990,861	14,389,964,748
		505,990,861	**14,390,695,591**
Total other comprehensive income		**2,910,534,904**	**23,489,132,459**
Total comprehensive income for the year		**6,805,671,156**	**24,671,315,387**
Attributable to:			
Equity holders of the Bank		5,069,396,434	23,695,671,206
Non-controlling interests		1,736,274,722	975,644,181
		6,805,671,156	**24,671,315,387**

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

FRANSABANK S.A.L.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2025

	Attributable to equity holders of the Bank												
	Capital	**Preferred Shares and Share Premium**	**Treasury Shares**	**Shareholders' Cash Contribution to Capital**	**Non-Distributable Reserves**	**Investments Fair Value Reserves**	**Foreign Currency Translation Reserve**	**Revaluation surplus**	**Brought Forward Retained Earnings**	**(Loss) / Profit for the Year**	**Total**	**Non-controlling interests**	**Total**
	LBP'000	**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 as at January 1, 2024	**438,500,000**	**512,550,000**	**(8,380,776)**	**307,639,448**	**1,012,568,886**	**(68,328,217)**	**2,235,014,699**	**29,227,303,947**	**(117,153,717)**	**(224,048,943)**	**33,315,665,327**	**1,856,191,333**	**35,171,856,660**
Total comprehensive profit for the year 2024	-	-	-	-	-	8,387,879,226	14,389,964,748		-	206,538,747	22,984,382,721	975,644,181	23,960,026,902
Allocation of 2023 losses	-	-	-	-	-	-	-	-	(224,048,943)	224,048,943	-	(110,871,282)	(110,871,282)
Transfer to non-distributable reserves	-	-	-	-	107,323,153	-	-	-	(107,323,153)	-	-	-	-
Revaluation surplus	-	-	-	-	-	-	-	711,288,485	-	-	711,288,485	-	711,288,485
Shareholder's cash contribution to capital (Note 25)	-	-	-	190,500,000	-	-	-	-	-	-	190,500,000	-	190,500,000
Prior year adjustment	-	-	-	-	-	-	-	-	(616,246,196)	-	(616,246,196)	-	(616,246,196)
Effect of exchange rates changes	-	-	-	-	-	-	-	-	179,045,159	-	179,045,159	6,596,225,069	6,775,270,228
Other movement	-	-	-	-	-	-	-	-	-	-	-	(53,927,947)	(53,927,947)
Balance as at December 31, 2024	**438,500,000**	**512,550,000**	**(8,380,776)**	**498,139,448**	**1,119,892,039**	**8,319,551,009**	**16,624,979,447**	**29,938,592,432**	**(885,726,850)**	**206,538,747**	**56,764,635,496**	**9,263,261,354**	**66,027,896,850**
Total comprehensive income for the year 2025	-	-	-	-	-	621,447,196	505,990,861	-	-	2,689,220,621	3,816,658,678	1,736,274,722	5,552,933,400
Allocation of 2024 profit	-	-	-	-	-	-	-	-	206,538,747	(206,538,747)	-	(975,644,181)	(975,644,181)
Transfer to non-distributable reserves	-	-	-	-	132,706,714	-	-	-	(132,706,714)	-	-	-	-
Adjustment related to revaluation	-	-	-	-	-	-	-	150,497,303	-	-	150,497,303	-	150,497,303
Transfer to retained earnings	-	-	-	-	-	-	-	(283,798,107)	267,121,556	-	(16,676,551)	-	(16,676,551)
Revaluation surplus for the year 2025	-	-	-	-	-	-	-	1,916,397,651	-	-	1,916,397,651		1,916,397,651
Effect of disposal of treasury shares	-	-	6,943,495	-	-	-	-	-	-	-	6,943,495	-	6,943,495
Effect of exchange rates changes	-	-	-	-	-	-	-	-	323,151,360	-	323,151,360		323,151,360
Other movement	-	-	-	-	-	-	-	-	(22,729,043)	-	(22,729,043)	281,733,042	259,003,999
Balance as at December 31, 2025	**438,500,000**	**512,550,000**	**(1,437,281)**	**498,139,448**	**1,252,598,753**	**8,940,998,205**	**17,130,970,308**	**31,721,689,279**	**(244,350,944)**	**2,689,220,621**	**62,938,878,389**	**10,305,624,937**	**73,244,503,326**

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

FRANSABANK S.A.L.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

		Year Ended December 31,	
		2025	**2024**
	Notes	**LBP'000**	**LBP'000**
Cash flows from operating activities:			
Profit for the year before tax		5,744,245,090	2,801,245,247
Adjustments for:			
Unrealized loss / (profit) on investments at fair value through profit or loss	35	2,251,172,903	(8,972,976,296)
Share in (income) / loss in associates	36	(203,426,058)	229,432,162
Depreciation and amortization	37	1,449,183,727	1,468,101,883
Allowance for expected credit losses	43	5,089,572,764	10,265,220,172
Discounting loans and advances to customers		8,240,595	272,256,431
Net loss / (gain) on financial assets measured at amortized cost		469,182,142	(119,840,500)
Net gain on financial assets at fair value through other comprehensive income		-	(318,012,344)
Gain on disposal of property and equipment	36	(148,019,338)	(124,796,372)
Gain on disposal of intangible assets	36	(39,260)	-
Gain on disposal of assets acquired in satisfaction of loans	36	(58,799,043)	(58,500,700)
Provisions	22	2,080,842,804	1,960,361,331
Impairment of goodwill		48,182,949	-
Difference of exchange / Unrealized currency translation adjustments		(22,871,530)	85,485,086,481
Dividend income	35,36	32,001,055	11,175,554
		16,739,468,800	**92,898,753,049**
Net decrease / (increase) in placements with banks		155,604,108,861	(203,435,909,206)
Net increase in loans to banks	7	(5,720,546)	(2,016,104,132)
Net increase in loans and advances to customers	8	(19,185,531,682)	(146,428,922,235)
Net decrease / (increase) in investment securities	9	1,509,915,739	(81,938,588,615)
Net increase in other assets	17	(5,557,517,334)	(1,379,601,957)
Net (decrease) / increase in deposits and borrowings from banks	18	(131,649,519)	5,575,145,158
Net increase in customers' deposits and related parties	19	18,792,774,849	631,982,625,710
Net increase in other liabilities	21	2,447,034,905	11,583,401,796
Proceeds from disposal of assets acquired in satisfaction of loans		255,919,073	179,307,341
Settlements of provisions	22	(73,641,214)	(69,807,529)
		170,395,161,932	306,950,299,380
Income tax paid		(59,950,203)	79,945,925
Net cash generated by operating activities		**170,335,211,729**	**307,030,245,305**
Cash flows from investing activities:			
Proceeds from derecognition of financial assets at amortised cost		1,316,231,750	-
Proceeds from disposal of tangible and intangible assets		4,494,124,071	181,884,571
Acquisition of tangible and intangible assets	14	(364,627,293)	(2,916,685,589)
Net cash generated by / (used in) investing activities		**5,445,728,528**	**(2,734,801,018)**
Cash flows from financing activities:			
Cash contribution to capital	25	-	190,500,000
Net (decrease) / increase in other borrowings	20	(8,871,605,882)	7,421,811,300
Settlement of lease liabilities	15	(247,641,248)	(59,003,617)
Net cash (used in) / generated by financing activities		**(9,119,247,130)**	**7,553,307,683**
Net increase in cash and cash equivalents		166,661,693,127	311,848,751,970
Cash and cash equivalents beginning of year		374,706,309,024	62,857,557,054
Cash and cash equivalents end of year	40	**541,368,002,151**	**374,706,309,024**

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

1. GENERAL INFORMATION

Fransabank S.A.L., (the "Bank"), is a Lebanese joint stock company incorporated in 1921 registered in the Trade Register under No. 25699 and in the Central Bank of Lebanon list of banks under No. 1. The consolidated financial statements of the Bank comprise the financial statements of the Bank and those of its subsidiaries (collectively the "Group"). The Group is primarily involved in investment, corporate and retail banking.

The Bank's headquarters are located at Fransabank Center, Hamra, P.O. Box 11-0393 Beirut, Lebanon.

The Group is controlled by Cedars I SAL and Cedars II SAL.

The consolidated subsidiaries consist of the following as at December 31:

Investee	Country of Incorporation	Ownership Interest 2025 %	Ownership Interest 2024 %	Business Activity
Fransabank France S.A.	France	79.21	79.21	Banking
Lebanese Leasing Company S.A.L.	Lebanon	99.99	99.99	Financial Institution
Switch and Electronics Services S.A.L.	Lebanon	99.70	99.70	Financial Services
Sogefon S.A.L.	Lebanon	99.88	99.88	Real Estate Company
Fransabank Insurance Services Co. S.A.L.	Lebanon	99.70	99.70	Insurance
Fransabank El-Djazair SPA	Algeria	52.75	52.75	Banking
BLC Bank S.A.L. and its subsidiaries (BLC Services S.A.L. and BLC Finance S.A.L.)	Lebanon	98.09	97.92	Banking
F&B Holding S.A.L.	Lebanon	100.00	100.00	Holding
Al Maktab real estate	Lebanon	100.00	100.00	Real Estate

The Group has an ownership interest in the following associates:

Investee	Country of Incorporation	Interests Held 2025 %	Interests Held 2024 %	Business Activity
Bancassurance S.A.L.	Lebanon	60.00	60.00	Life Insurance
United Capital Bank PLC	Republic of Sudan	20.00	20.00	Islamic Banking
International Payment Network S.A.L	Lebanon	20.30	20.30	Payment Network

Information on the Group's associates is provided under Note 12.

Information on other related party relationships is provided under Note 39.

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 financial, 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).

Since the outset of the year 2025, the political developments opened the country to new horizons that were expected to be promising. During 2025, Lebanon’s economic and political environment showed signs of relative stabilization in the country’s macroeconomic indicators. However, the banking sector remains subject to significant uncertainty pending the implementation of a comprehensive restructuring framework and the enactment of legislation addressing the financial sector losses (commonly referred to as the “financial gap law”).

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.

During February 2026, an International Monetary Fund (IMF) mission visited Lebanon and held constructive discussions with the Lebanese authorities to strengthen the recently formulated bank restructuring strategy and ensure it is fully aligned with international principles; it is financially viable; and it is consistent with public debt and external sustainability. At the same time, the mission highlighted the importance of developing a comprehensive fiscal framework to restore macroeconomic and debt sustainability that is consistent with Lebanon’s social and development needs and is accompanied by well-defined revenue mobilization efforts.

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 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 continued to occur.

Since the beginning of March 2026, following the escalation of regional tensions, Lebanon experienced a significant escalation in hostilities, with renewed military operations affecting multiple regions, including the South, the Bekaa, and parts of Beirut, resulting in widespread population displacement and damage to infrastructure.

As of the date of issuance of these financial statements, the conflict remains ongoing, with a high degree of uncertainty regarding its duration, development and potential impact on the economic environment.

Banking secrecy law

During April 2025 the Lebanese parliament endorsed the amendment of the Lebanese banking secrecy law which form one of the key financial reforms required by the International Monetary Fund. The amendments authorize “banking supervisory and regulatory bodies to request access to all information” without providing any details. These bodies will be able to access information such as customer names and deposit details and investigate any suspicious activities.

Restructuring the banking sector
In April 2025, the Cabinet approved the “Law on the Reform and Reorganization of Banks in Lebanon” and submitted it to Parliament, which ratified the law in July 2025. The implementation of this law remains contingent upon the enactment of the financial gap law, submitted by the Cabinet to Parliament in December 2025 under the title “Financial Regularization and Deposit Recovery.

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

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 a brief of the key circulars:

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

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

- Intermediate Circular 567 issued on 26 August 2020 (amending Basic Circular 23, 44 and 78), which partly altered the directives for the determination of expected credit losses and regulatory capital calculation and ratios, previously set in its Intermediate Circular 543 issued on 3 February 2020. Loss rate applied for the calculation of regulatory expected credit losses on exposures to Lebanese sovereign bonds in foreign currencies was increased from 9.45% to 45%, (later on increased again to 75% by Intermediate Circular 649), while loss rates applied for the calculation of regulatory expected credit losses on exposures to Lebanese sovereign bonds in local currency, exposures to the Central Bank of Lebanon in foreign currencies and exposures to the Central Bank of Lebanon in local currency remained the same (0%, 1.89% and 0% respectively).
  - Allowing banks to constitute the expected credit losses on exposures to Lebanese sovereign and the Central Bank of Lebanon, progressively over a period of five years, noting that the Central Bank of Lebanon’s Central Council may accept to extend the term to 10 years for banks that manage to complete the 20% cash contribution to capital requirement. Intermediate circular 649 issued on 24 November 2022 replaced the aforementioned five years and ten years deadline by the fixed dates of 31 December 2026 and 31 December 2029 respectively.
  - Allowing banks not to automatically downgrade loan classification or staging for borrowers that were negatively affected by the COVID-19 pandemic, showing past due and unpaid for the period from 1 February 2020 to 31 December 2020. These borrowers must be identified as either still operating on a going concern basis or not. In case the borrower is still operating as a going concern, the Bank may reschedule the loan. In exceptional cases when the borrower ceases to

operate as a going concern following the impact of the COVID-19 pandemic, the Bank must immediately downgrade the loan classification and staging to Stage 3 (default).

- Requesting from banks to finalise the assessment of the future financial position of their customers by 31 December 2020, and to estimate expected credit losses based on this assessment and recognise the financial impact in the statement of income for the year ended 31 December 2020.
- Prohibiting banks from distributing dividends on common shares for the years 2019 and 2020 (years 2021, 2022, 2023, 2024 and 2025 were subsequently added by way of Intermediate Circulars 616, 659, 676, 726 and 741 respectively).
- Requesting from banks to increase their own funds (equity) by an amount equal to 20% of their common equity Tier 1 capital as of 31 December 2018, through issuing new foreign currency capital instruments that meet the criteria for inclusion as regulatory capital, except retained earnings and gain from revaluation of fixed assets. The Central Bank of Lebanon's Central Council may exceptionally approve for a bank to complete 50% of the 20% required capital increase through the transfer of real estate properties from the shareholders to the concerned bank. However, these real estate properties must be liquidated in a period of 5 years following the operation.
- Changing the treatment of revaluation of fixed assets reserve for regulatory capital calculation, to become allowed for inclusion as Common Equity Tier 1 (previously 50% of this reserve was allowed for inclusion as Tier 2), subject to approval of the Central Bank of Lebanon on the revaluation gain. On 20 January 2023, Intermediate Circular 659 capped the inclusion of revaluation of fixed assets at 50% under certain conditions while allowing the use of the prevailing Sayrafa rate at the end of each reporting period over 5 years. Besides, it widened the scope of revaluation to include participations and long-term loans to affiliated banks and financial institutions. Intermediate Circular 685 issued on 28 December 2023 increased the contribution of this revaluation to Common Equity Tier 1 from 50% to 75%.
- Intermediate Circular 741 issued on 10 September 2025 allows banks to annually revalue real estate assets owned directly or through real estate companies until 31 December 2026 under Article 153 of the Code of Money and Credit and allows inclusion of 75% of revaluation gains in Tier 1 capital subject to Central Bank verification and approval and completion by 31 December 2026. Revaluation must be in fresh USD and recorded in LBP at specified rates (1,507.5 until 31 January 2023; 15,000 until 31 January 2024; 89,500 until 31 May 2025; and at the official platform rate from 1 June 2025 onward). Similar provisions apply to fixed assets acquired through debt settlement under Article 154 with the same conditions and deadlines.
- Banks must comply with the minimum capital adequacy ratios and are forbidden from distributing profits if these ratios drop below 7% for common equity Tier 1, 10% for Tier 1 and 12% for total capital. Banks must maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1. After allowing banks to draw down the buffer fully during 2020 and 2021, a partial drawn up to 1.75% in 2022, latest regulatory changes introduced on 2 February 2024 via Intermediate Circular 689 allowed a full draw down of the 2.5% buffer during years 2023 and 2024. Central Bank of Lebanon will issue future instructions for reconstitution of capital.
- Intermediate Circular 740 issued on 29 August 2025 temporarily allows banks to reduce the "Capital Conservation Buffer" below the required 2.5% for the years 2023–2025, with gradual restoration per future BDL instructions.
- Preparing and presenting to the Central Bank of Lebanon a comprehensive plan for rectifying non-compliances with regulatory capital requirements and other regulations imposed by the Central Bank of Lebanon, taking into consideration all required provisions by the Banking Control Commission of Lebanon (BCCL), as well as other losses or provisions that the Bank expects to incur from all kinds of exposures to risks, and specifying the period of time needed to address the non-compliances.
- Exceptionally for the years 2020 and 2021, Allowances for Expected Credit Losses on Stage 1 and 2 exposures, excluding those relating to Lebanese sovereign and the Central Bank of Lebanon, may be included under regulatory Common Equity Tier 1. This treatment will be amortized over a period of 3 years (2022-2024 by 25% yearly).

- Basic Circular 154 issued on 27 August 2020 and aiming mainly at restoring the operations of banks in Lebanon to their normal levels as at before October 2019, and rectifying any non-compliance with regulatory ratios and banking regulations. The circular mainly introduced the following measures:
  - Requesting banks to present a fair assessment of the value of their assets and liabilities for the purpose of putting in place the comprehensive plan referred to in Intermediate Circular 567 (refer to above), in order to be able, within a period limited in time, to comply with the regulatory and banking requirements, mainly those related to liquidity and solvency, and in order to restore the operations of the Bank to their normal levels as at before October 2019.
  - Requesting banks to incite each customer who has transferred abroad, between 1 July 2017 and the date of the circular, more than USD 500,000 or their equivalent in other foreign currencies, to deposit in a 5-year term (extended to 8-year term following Intermediate Circular 707 date 20 September 2024) “special account” an amount equal to 15% to 30% (depending on the type of customer) of the transferred amount. Banks shall use this type of deposits to facilitate foreign operations that stimulate the national economy. This is also applicable for the banks’ importing customers, based on opened letters of credits during any of the years 2017, 2018 and 2019, and without a minimum threshold.
  - Requesting from banks to maintain a current account with a foreign correspondent bank offshore, free of any obligations (cash on premises and liquidity abroad). Such accounts shall be at no time less than 3% of the Bank’s total foreign currency deposits as at 31 July 2020, by 28 February 2021. This requirement was subject to several amendments; the latest (Intermediate Circular 707) considered foreign currency deposits as at 31 July 2024 as the basis for the computation instead of 31 July 2020, thus lowering liquidity required levels as customers’ deposits decreased over the period. Besides, it extended the date to comply to be 31 December 2025 instead of 28 February 2021. Also it added to the numerator Lebanese sovereign Eurobonds as well as US Treasury and Investment grade foreign debt instruments on the condition they are held at fair value. Intermediate Circular 716 issued on 21 November 2024 expanded again the scope to include sovereign debts instruments issued by G10 countries and debt instruments rated “BBB” and above held at fair value. Intermediate Circular 739 issued on 14 August 2025 amended the aforementioned denominator to become foreign currency deposits as at 30 June 2025 and extended compliance deadline to 30 June 2026 instead of 31 December 2025.
  - Requesting from banks, after taking into consideration the fair assessment of their financial position, to present a plan during the first quarter of 2021, to address recapitalisation needs, if any, to the Central Bank of Lebanon’s Central Council, for its approval. Banks shall take the necessary legal and regulatory measures in order to facilitate the consensual possibility for their depositors to transfer their deposits to shares or bonds. Bank shares will be exclusively listed in Beirut. Banks can pay interest on the bonds that exceed current levels.

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

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

  Eligible funds will be transferred to a subaccount over which banking secrecy will be lifted vis-à-vis BDL and BCC before being gradually withdrawn and remitted to the customer on a monthly basis. Customers’ monthly entitlements are (i) an amount of USD 400 in cash or equivalent (transfer abroad, credited to a payment card with international usage, etc.) (amended later on to USD 300 for all BDL 158-based contracts signed with the customers after 1 July 2023 following the issuance of BDL intermediate circular 674 on 5 July 2023) and (ii) an amount in LBP equivalent to USD 400 and converted at a rate USD/LBP 12,000 (before amendment USD/LBP at 15,000 on 20 January 2023), noting that 50% of the amount will be paid in cash and 50% will be credited to a payment card. The portion in LBP was later on removed with the issuance of BDL Intermediate Circular 674. On 17 November 2023, BDL issued Intermediate Circular 682 adding an eligibility criteria to benefit from Basic Circular 158.

On 8 June 2024, Intermediate Circular 697 expanded the scope of beneficiaries to include minors. Besides, beneficiaries of BDL Basic Circular 158 can now benefit from BDL Basic Circular 166 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 717 issued on 26 November 2024.
During 2024 several intermediate circulars were issued granting additional payments to beneficiaries of Basic Circular 158 (2 in October 2024, 1 for each month from November 2024 to January 2025). All additional payments were financed from the Bank's compulsory reserves with BDL in foreign currency.
Intermediate circular 729 issued on 20 February 2025 increased the monthly payment to be $500 for all beneficiaries of Basic Circular 158. The monthly payment was further increased to $800 (Intermediate circular 736 issued on 18 June 2025). These additional amounts were financed from the Bank's compulsory reserves with BDL in foreign currency.

Intermediate circular 746 issued on 28 November 2025 increased the monthly payment to be USD 1,000 yet restricted the utilization of the additional USD 200 via debit cards on Points of Sale (POS). Customers who have transferred their funds after the crisis to another local Bank can benefit from the provisions of said circular if (i) transferred funds are returned to the originating bank, and if (ii) the customer hadn't benefited from the circular neither from the originating Bank, nor the destination Bank. The financing of the aforementioned process will be secured equally through (i) BDL reduction of compulsory reserves requirements from 15% to 14% as per BDL Intermediate Circular 586 and then to 11% as per BDL Intermediate Circular 731 issued on 27 March 2025, and (ii) the Bank's offshore liquidity. To that end, the Bank can use its foreign liquidity subject computed as per BDL Basic Circular 154 requirements on the condition that it reconstitutes it by 31 December 2022, extended to 31 December 2023 by Intermediate Circular 626 issued on 21 June 2022.

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

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

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

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

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

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

- Intermediate Circular 648 issued on 1 November 2022 (amending Basic Circulars 14 and 67) reduced by 50% the interest rates served on foreign currencies placements with BDL and on Certificates of 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 deposits in US Dollars owned by banks will be placed in the non - "cash money" current account opened at BDL for the concerned bank. Those provisions are applicable until 31 December 2024. Intermediate Circular 738 issued on 18 June 2025 extended the deadline to 31 December 2025. Intermediate Circular 749 issued on 30 December 2025 increased the interest rate reduction on foreign currencies placements with BDL and on Certificates of Deposit issued by BDL from 75% to 90% effective 01 January 2026.

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

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

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

- Intermediate Circular 683 issued on 17 November 2023 amending the provisions 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 740 issued on 29 August 2025 temporarily allowed banks to reduce the buffer below the required 2.5% for 2023–2025; and Intermediate Circular 760 issued on 4 May 2026 further extended this waiver through 2026, requiring banks to replenish the shortfall gradually under BDL guidance.

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

- Basic Circular 166 issued on 2 February 2024 defining a new mechanism for the repayment of restricted funds in FCY and de-facto replacing Basic Circular 151, which authorized limited withdrawals in LBP from foreign currencies accounts at pre-defined exchange rates and has not been renewed. Beneficiaries from said circular – who cannot be old or current beneficiaries from Basic Circular 158 - would be able to withdraw on a monthly basis USD150 in cash up to a cumulative amount of USD 4,350 until June 2026. 50% of said amount will be financed from the Bank's own liquidity and 50% from the Bank's restricted funds with BDL. Certain exclusions parameters apply to potential customers wishing to benefit from the circular (Customers who did not return offshore transfers as per basic circular 154, traders of checks, customers who converted LBP deposits into foreign currencies for at least USD 300,000 post-crisis with the exception of those who converted their end of service indemnity, customers who settled their FCY loans for an amount equivalent to USD 300,000 from LBP proceeds, beneficiaries of Sayrafa transactions above or equal to USD 75,000, corporate clients, etc.). On 27 June 2024, Intermediate Circular 698 expanded the scope of beneficiaries to include minors. Besides, beneficiaries of BDL Basic Circular 166 can now benefit from BDL Basic Circular 158 as long they don't benefit from both circulars concurrently in the same "yearly cycle" (1st of July in any given year -30th of June in the following year). The yearly cycle requirement was later on removed by Intermediate Circular 718 issued on 26 November 2024.
  During 2024 several intermediate circulars were issued granting additional payments to beneficiaries of Basic Circular 166 (2 in October 2024, 1 for each month from November 2024 to January 2025). All additional payments were financed from the Bank's compulsory reserves with BDL in foreign currency.

  Intermediate circular 728 issued on 20 February 2025 increased the monthly payment to be $250 for all beneficiaries of Basic Circular 166; cumulative amount was increased accordingly from USD 4,350 to USD 6,700. The monthly payment was further increased to USD 400 (Intermediate Circular 737 issued on 18 June 2025) and the cumulative amount was increased accordingly from USD 6,700 to USD 8,500. These additional amounts were financed from the Bank's compulsory reserves with BDL in foreign currency.

- Intermediate circular 747 issued on 28 November 2025 increased the monthly payment to be USD 500 yet restricted the utilization of the additional USD 100 via debit cards on Points of Sale (POS).

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

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

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

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

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

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

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

- Basic Circular 169 issued on 1 July 2025 requires all banks operating in Lebanon to refrain from repaying, without the BDL’s prior written approval, any amounts exceeding the ceilings specified in the BDL regulatory texts, from the foreign-currency accounts constituted prior to 17 October 2019, whether held at the concerned Group or transferred thereto after that date.

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

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 LBP 89,500 to align with the prevailing market rate, which remains unchanged as of the date of issuance of these financial statements.

In 2025 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:

	2025		*2024*	
	Year-end Rate LBP	***Average Rate LBP***	*Year-end Rate LBP*	*Average Rate LBP*
US Dollar	**89,500**	**89,500**	89,500	89,500
Euro	**105,386.25**	**101,250.67**	93,465	96,752.54
Iraqi Dinar	**68.32**	**68.32**	68.32	63.73
Algerian Dinar	**690.99**	**680.48**	660.1	666.94
Sudanese Pound	**34.21**	**34.21**	44.81	44.81

31 December 2025 and 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

1.3.2. Hyperinflation in Lebanon

As at December 31, 2025 and 2024, 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 287% and 12%, respectively, as at December 31, 2025 (2024: 666% and 18%,). Qualitative indicators, following the deteriorating economic condition and currency controls, also support the conclusion that Lebanon is a hyperinflationary economy for accounting purposes for periods ending on or after 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 separate 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 lack of consensus on the general price index and the lack of views of relevant regulators, including tax authorities. However, management estimates such effects to be significant.

This situation must be taken into account when interpreting the information reported by the Group in the accompanying 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 Group has postponed the application of IAS 29 and incurring costs for developing accounting processes and a governance framework until the Group is comfortable that such application would provide the users with more relevant information.

1.3.3. Exposure to financial instruments

As at December 31, 2025, the Group's net credit exposure to Lebanese sovereign debt, including BDL, represented approximately 66% of total assets (2024: 67%).

Loss allowances on assets held at the Central Bank of Lebanon 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.

The prolonged negative economic conditions and deepening recession have significantly deteriorated the credit quality of the private loan portfolio concentrated in Lebanon since the last quarter of 2019. Loss allowances have been estimated using the best available information at the reporting date including past events, current conditions, forecasts of economic developments, and expert judgment.

Due to the high level of uncertainties discussed under Note 1.1 and the lack of observable indicators, 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.

Maximum exposures to the credit risk of assets held at the Central Bank of Lebanon, the loan portfolio, their recognized loss allowances, as well as their staging, are detailed in note 43 to these consolidated financial statements.

Given the uncertainties surrounding government reform programs, sovereign exposures, exchange mechanisms, and currency rates, 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.

As disclosed in Note 45 to these consolidated financial statements, the Group's capital adequacy ratio as at December 31, 2025 and 2024, 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 reflected above once these uncertainties become reasonably quantifiable.

1.3.4. Litigations and claims

Until the above uncertainties are resolved, the Group is continuing its operations as performed since October 17, 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, 2024 and 2025, 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 43. 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 330 dated 4 December 2024

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 INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS ACCOUNTING STANDARDS)

2.1. New and amended Standards and Interpretations that are effective for the current year

In the current year, the Group has not applied the below amendments to IFRS Standards and Interpretations that are effective for an annual period that begins on or after January 1, 2025.

- ***Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates titled Lack of Exchangeability***
  In August 2023, the IASB issued Lack of Exchangeability (Amendments to IAS 21), effective for annual reporting periods beginning on or after 1 January 2025. The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

  In line with the requirements of the Central Bank of Lebanon, the Group has continued to use the official exchange rate of LBP 89,500 per US Dollar to translate all monetary assets and liabilities denominated in foreign currencies, including accounts subject to de facto capital controls; Consequently, the Group has not adopted these amendments.

2.2. Standards issued but not yet effective

The following IFRS have been issued but are not yet effective and have not been early adopted by the Group. The Group intends to adopt them when they become effective.

- ***Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures –Amendments to the 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.

- ***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 application of these amendments might have an impact on the Group's financial statements in future periods.

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

  IFRS 19 permits an eligible subsidiary 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.

- ***Annual Improvements to IFRS Accounting Standards - Volume 11***

  The proposed improvements are packaged together in one document. This cycle of annual improvements addresses the following:
  - Hedge Accounting by a First-time Adopter (Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*)
  - Disclosure of Deferred Difference between Fair Value and Transaction Price (Amendments to Guidance on implementing IFRS 7)
  - Gain or Loss on Derecognition (Amendments to IFRS 7)
  - Introduction and Credit Risk Disclosures (Amendments to Guidance on implementing IFRS 7)
  - Derecognition of Lease Liabilities (Amendments to IFRS 9)
  - Transaction Price (Amendments to IFRS 9)
  - Determination of a 'De Facto Agent' (Amendments to IFRS 10 *Consolidated Financial Statements*)
  - Cost Method (Amendments to IAS 7 *Statement of Cash Flows*).

  The amendments are effective for annual reporting periods beginning on or after 1 January 2026 with early application permitted.

3. MATERIAL ACCOUNTING POLICIES

Basis of Preparation

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

The consolidated financial statements have been prepared on the historical cost basis except for except for: a) the revaluation of land and buildings pursuant to the adoption of the revaluation model of IAS 16 for this asset class, b) the measurement at fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and c) the investments in associates which are accounted for using the equity method.

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

Assets and liabilities are accumulated according to their nature and are presented in an approximate order that reflects their relative liquidity.
The material accounting policies applied are set out below:

A. Basis of Consolidation

The consolidated financial statements of Fransabank S.A.L. incorporate the financial statements of the Bank and enterprises controlled by the Bank (its subsidiaries) as 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);
- Has exposure, or rights, to variable returns from its involvement with the investee, and
- Has 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.
When the Bank has less than a majority of the voting or similar rights 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 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 the 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 consolidation. 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 Bank's ownership interests in subsidiaries that do not result in the Bank losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Bank'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 or 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

Acquisitions 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 or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or 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 or loss. Where applicable, adjustments are made to provisional values 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 interests 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 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 as 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 or loss.

C. Foreign Currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the official rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the official rates prevailing at that date.

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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Lebanese Pound using official exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period when this is a reasonable approximation. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

Such exchange differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

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 issue 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 1 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.

In the current and prior reporting period the Group has applied the fair value option and so has designated debt instruments that meet the amortized cost or FVTOCI criteria as measured at FVTPL.

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 re-measurement recognized in profit or loss. Fair value is determined in the manner described under note 46.

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 ECLs 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.

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 present value of the difference between the cash flows due to the Group under the contract and the cash flows that the Group expects to receive arising from the weighting of multiple future economic scenarios, discounted at 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 guarantee 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 asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis 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 3 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 have 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, credit 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 and 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 defaults 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 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/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 or contingent consideration that may be paid by an acquirer as part of a business combination 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 IFRS 9 permits 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.
Fair value is determined as described under note 46.

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 amortized cost using the effective interest method.
The effective interest method is a method of calculating the amortized 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 statement of financial position when, and only when, the Group has a legal right to set-off the 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 separate 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. Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates, except where the Group has control over the associates' financial and operating policies, are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill. Goodwill is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition.

The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.
The financial statements of the associates are prepared for the same reporting period of the Group.

L. Property and Equipment

Land and buildings are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties' revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognized in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties' revaluation reserve is transferred directly to retained earnings.

Depreciation of property and equipment, other than land and advance payments on capital expenditures is calculated using the straight-line method over the estimated useful lives of the related assets using the following annual rates:

Buildings	2% - 5%
Office improvements and installations	6% - 20%
Furniture, equipment and machines	8% - 20%
Computer equipment	15% - 33%
Vehicles	10% - 20%

The estimated useful lives and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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.

M. Intangible Assets (Other than Goodwill)

Intangible assets other than goodwill, are amortized on a straight-line basis at the rate of 20%. Intangible assets are subject to impairment testing. Subsequent expenditure on intangible 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 when incurred.

N. Assets Acquired in Satisfaction of Loans

Real estate properties acquired through the enforcement of collateral over loans and advances are stated at cost less any accumulated impairment losses. The acquisition of such assets is regulated by the local banking authorities who require the liquidation of these assets within 2 years from the Banking Control Commission approval on the acquisition. 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 foreclosed assets, any gain or loss realized is recognized in the statement of profit or loss under "Other operating income" or "Other operating expenses". Gains resulting from the sale of foreclosed assets are transferred to reserves to be used for capital increase starting in the following financial year.

For assets which were not disposed of within the specified period of two years, an amount computed as percentage of their gross carrying value is transferred to "Reverses for assets acquired in satisfaction of loans" in the following financial year.

O. Impairment of Tangible and Intangible Assets (Other than Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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).
Recoverable amount is defined as the higher of:

- Fair value that reflects market conditions at the statement of financial position date, less cost to sell, if any. To determine fair value the Group adopts the market comparability approach using as indicators the current prices for similar assets in the same location and condition.
- Value in use: the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life, only applicable to assets with cash generation units.

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 / Staff Retirement Benefits

Employees' End-of-service Indemnities: (Under the Lebanese Jurisdiction)
The provision for employees' termination indemnities is based on the liability that would arise if the employment of all the employees were voluntary terminated at the reporting date. This provision is calculated in accordance with the directives of the Lebanese Social Security 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.

Defined Benefit Plans: (Under other jurisdictions)
Obligations in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognized past service costs and the fair value of any plan assets are deducted.

Q. Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provision is measured at the best estimate of the consideration required to settle the obligation at the statement of financial position date.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

R. 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 (loss)/income from financial assets 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 non-credit 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. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)). For financial assets purchased or originated credit impaired (POCI) the EIR reflects the ECLs in determining the future cash flows expected to be received from the financial asset.

S. 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 fees and commission income are recognized as the related services are performed.

T. Income from Financial Assets at Fair Value Through Profit or Loss

Net income from financial instruments financial instruments at FVTPL includes all gains and losses from changes in the fair value of financial assets and financial liabilities at FVTPL and related interest income, expense and dividends.

U. 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.

V. 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.

W. Fiduciary Accounts

Fiduciary assets held or invested on behalf of individuals and others are held 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.

X. Leases

The Group assesses whether a 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 (such as tablets and personal computers, small items of office furniture and telephones). 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 receivable;
- 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 Group re-measures 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 significant event or change in circumstances resulting in 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 re-measured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised 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 re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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 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.

The right-of-use assets are presented as a separate line in the statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment of tangible and intangible assets" policy.

Y. Cash and Cash Equivalents

Cash and cash equivalents comprise balances with Central Banks and deposits with banks and financial institutions with contractual maturities of three months or less and which are subject to insignificant risk of changes in fair values.

Z. Dividends on Ordinary Shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the General Assembly of the Group's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Group.
Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

AA. Deferred restricted contributions

Restricted contributions derived from special and non-conventional deals arrangement 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.

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 carrying 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.

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

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect in the amounts recognized in the 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 recognized, 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 43 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. The Group monitors the appropriateness of the credit risk characteristics on an ongoing basis to assess whether they continue to be similar. This is required in order to ensure that should credit risk characteristics change there is appropriate re-segmentation of the assets. 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 43 for more details on ECL.

4.2. Key Sources of Estimation Uncertainty:

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.
The Group based their assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and determining the forward-looking information relevant to each scenario:
When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Probability of default:
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 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.

Determining Fair Values:
The determination of fair value for financial assets for which there is no observable market price requires the use of valuation techniques as described in Note 46. For financial instruments that are traded infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective should remain the same; that is, an exit price from the perspective of market participants. Unobservable inputs are developed based on the best information available in the circumstances, which may include the reporting entity’s own data.

Impairment losses on financial assets
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Group’s ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Group’s internal credit grading model;
- The Group’s criteria for assessing if there has been a significant increase in credit risk;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and their impact on ECL calculation; and
- Selection of forward-looking macroeconomic scenarios and their probability of occurrence, to derive the ECL models.

It has been the Group’s policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5. CASH AND DEPOSITS WITH CENTRAL BANKS

	December 31, 2025		December 31, 2024	
	Balance LBP'000	of which Compulsory/ Regulatory Deposits LBP'000	Balance LBP'000	of which Compulsory/ Regulatory Deposits LBP'000
Cash on hand	10,560,162,172	-	8,806,540,516	-
Central Bank of Lebanon:				
Current accounts	316,444,539,805	2,856,425,065	267,221,439,923	1,457,536,094
Term placements	241,008,141,443	63,017,088,725	280,765,895,410	84,006,797,880
Other Central Banks:				
Current accounts	21,366,840,689	-	29,506,305,730	-
Accrued interest receivable	684,926,054	-	828,960,222	-
	590,064,610,163	65,873,513,790	587,129,141,801	85,464,333,974
Allowance for expected credit losses (Note 43)	(10,430,547,022)	-	(9,588,747,112)	-
	579,634,063,141	**65,873,513,790**	**577,540,394,689**	**85,464,333,974**

Compulsory deposits under current accounts with 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 Group’s day-to-day operations.

Regulatory deposits under term placements with Central Bank of Lebanon are made in accordance with local banking regulations which require banks to maintain interest earning placements in foreign currency to the extent of 11% (2024:14%) of customers deposits in foreign currencies, certificates of deposit and borrowings acquired from non-resident financial institutions.

6. DEPOSITS WITH BANKS AND FINANCIAL INSTITUTIONS

	December 31,	
	2025 LBP’000	2024 LBP’000
Items for collection	16,717,775	16,770,262
Current accounts with banks and financial institutions	34,477,079,028	24,994,057,038
Term placements with banks and financial institutions	7,354,549,856	8,859,437,623
Accrued interest receivable	103,614,755	176,469,046
	41,951,961,414	34,046,733,969
Allowance for expected credit losses (Note 43)	(221,324,257)	(202,029,757)
	41,730,637,157	**33,844,704,212**

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

	December 31, 2025 LBP'000	December 31, 2024 LBP'000
Onshore	36,842,775	84,111,629
Offshore	41,915,118,639	33,962,622,340
	41,951,961,414	**34,046,733,969**

7. LOANS TO BANKS

Loans to banks are reflected at amortized cost and consist of the following:

	December 31, 2025 LBP'000	December 31, 2024 LBP'000
Credit Impaired:		
Loan to a bank	2,428,470,730	2,422,750,184
Allowance for expected credit losses (Note 43)	(2,428,470,685)	(2,222,144,961)
	45	**200,605,223**

8. LOANS AND ADVANCES TO CUSTOMERS

	December 31, 2025		
	Gross Amount Net of Interest in Suspense LBP'000	Allowance for Expected Credit Losses LBP'000	Carrying Amount LBP'000
Stage 1 and 2			
Retail customers	6,595,485,465	(124,816,453)	6,470,669,012
Corporates	141,090,727,498	(434,711,443)	140,656,016,055
Small and medium enterprises	826,166,813	(455,247,951)	370,918,862
Accrued interest receivable	921,578,626	-	921,578,626
	149,433,958,402	(1,014,775,847)	148,419,182,555
Stage 3			
Substandard	3,612,259,097	(1,250,763,158)	2,361,495,939
Doubtful	23,502,508,972	(12,225,190,612)	11,277,318,360
Bad	19,578,212,108	(18,061,771,863)	1,516,440,245
	46,692,980,177	(31,537,725,633)	15,155,254,544
	196,126,938,579	**(32,552,501,480)**	**163,574,437,099**

	December 31, 2024		
	Gross Amount Net of Interest in Suspense LBP'000	Allowance for Expected Credit Losses LBP'000	Carrying Amount LBP'000
Stage 1 and 2			
Retail customers	4,864,557,704	(116,102,154)	4,748,455,550
Corporates	123,757,331,228	(587,145,174)	123,170,186,054
Small and medium enterprises	856,627,041	(433,686,870)	422,940,171
Accrued interest receivable	740,495,841	-	740,495,841
	130,219,011,814	(1,136,934,198)	129,082,077,616
Stage 3			
Substandard	4,773,479,838	(976,944,914)	3,796,534,924
Doubtful	24,709,813,447	(12,944,742,731)	11,765,070,716
Bad	17,587,901,296	(16,050,955,164)	1,536,946,132
	47,071,194,581	(29,972,642,809)	17,098,551,772
	177,290,206,395	**(31,109,577,007)**	**146,180,629,388**

The carrying value of loans and advances to customers include performing loans and advances to related parties in the aggregate of LBP 7.41 billion (2024: LBP 7.74 billion) (Note 39).

Discounts on settlement of loans and advances to customers during the year amounted to LBP 8.2 billion (2024: LBP 272.3 billion) recognized in the statement of profit or loss.

9. INVESTMENT SECURITIES

The investment securities outstanding as at December 31, 2025 and 2024 are detailed as follows:

	December 31, 2025			
	Fair Value Through Profit or Loss LBP'000	Amortized Cost LBP'000	Fair Value through OCI LBP'000	Total LBP'000
Equity and preferred shares	2,893,757,066	-	9,025,025,489	11,918,782,555
Lebanese treasury bills	-	481,487,232	-	481,487,232
Lebanese government bonds	5,338,250,233	25,133,121,500	10,579,957,440	41,051,329,173
Certificates of deposit issued by BDL	-	10,800,805,659	4,000,000	10,804,805,659
Corporate bonds	-	5,064,029,328	-	5,064,029,328
Bonds issued by banks	21,440,263	2,731,538,749	-	2,752,979,012
Term placements with BDL	5,163,926,250	-	-	5,163,926,250
	13,417,373,812	**44,210,982,468**	**19,608,982,929**	**77,237,339,209**
Allowance for expected credit losses (Note 43)	-	(17,094,205,454)	-	(17,094,205,454)
Accrued interest receivable	5,971,888	83,589,471	202,624	89,763,983
	13,423,345,700	**27,200,366,485**	**19,609,185,553**	**60,232,897,738**

	December 31, 2024			
	Fair Value Through Profit or Loss LBP'000	Amortized Cost LBP'000	Fair Value through OCI LBP'000	Total LBP'000
Equity and preferred shares	4,197,635,683	-	9,371,221,933	13,568,857,616
Lebanese treasury bills	49,906	851,364,857	-	851,414,763
Lebanese government bonds	2,345,429,969	83,375,783,500	1,638,059,430	87,359,272,899
Certificates of deposit issued by BDL	-	15,275,881,360	4,000,000	15,279,881,360
Corporate bonds	-	4,728,441,337	-	4,728,441,337
Bonds issued by banks	21,440,263	2,007,245,482	-	2,028,685,745
Term placements with BDL	4,579,785,000	-	-	4,579,785,000
	11,144,340,821	**106,238,716,536**	**11,013,281,363**	**128,396,338,720**
Allowance for expected credit losses (Note 43)	-	(57,837,854,549)	(1,452,038,603)	(59,289,893,152)
Accrued interest receivable	5,297,572	137,985,148	201,346	143,484,066
	11,149,638,393	**48,538,847,135**	**9,561,444,106**	**69,249,929,634**

The Group has Lebanese Treasury Bills and Certificates of Deposit issued by Central Bank of Lebanon with carrying value of LBP 599 billion as of December 31, 2025 that were pledged against soft loans and credit facilities granted by the Central Bank of Lebanon – (Notes 20 & 41) (2024: LBP 928 billion).

In 2025, the Group disposed of Lebanese Government Bonds measured at amortized cost, with a net book value of LBP 1.79 trillion, for total proceeds of LBP 1.32 trillion. This disposal resulted in a realized loss of LBP 469 billion, which was recognized under "Net (loss) / gain on financial assets measured at amortized cost" in the consolidated statement of profit or loss.

Also, the Group reclassified Lebanese government bonds as follows:
- LBP 5,493 billion from amortized cost to fair value through profit or loss and
- LBP 9.5 trillion (nominal value of LBP 44.24 trillion) from amortized cost to fair value through other comprehensive income (FVOCI). At year-end, these instruments recorded an unrealized fair value gain of LBP 900 billion, which was recognized in other comprehensive income.

9.1. Investments at fair value through other comprehensive income:

	December 31, 2025		
	Cost LBP'000	Fair Value LBP'000	Cumulative Change in Fair Value LBP'000
Equity and preferred shares	4,937,725,974	9,025,025,489	4,087,299,515
Lebanese government bonds	9,679,535,532	10,579,957,440	900,421,908
Certificates of deposit issued by the Central Bank of Lebanon	4,000,000	4,000,000	-
	14,621,261,506	**19,608,982,929**	**4,987,721,423**
Deferred tax adjustment (note 21.b)			(690,568,790)
			4,297,152,633

	December 31, 2024		
	Cost LBP'000	Fair Value LBP'000	Cumulative Change in Fair Value LBP'000
Equity and preferred shares	4,872,133,632	9,371,221,933	4,499,088,301
Lebanese government bonds	1,671,233,500	1,638,059,430	(33,174,070)
Certificates of deposit issued by the Central Bank of Lebanon	4,000,000	4,000,000	-
	6,547,367,132	**11,013,281,363**	**4,465,914,231**
Deferred tax adjustment (note 21.b)			(764,928,920)
			3,700,985,311

10. ASSETS UNDER LEVERAGE ARRANGEMENT WITH THE CENTRAL BANK OF LEBANON

	December 31,	
	2025 LBP’000	2024 LBP’000
Borrowings from the Central Bank of Lebanon under Leverage	**362,913,657**	**383,804,151**

Assets under leverage arrangement consist of Lebanese Treasury bills in LBP subject to average interest rate of 8.5% (2024: 9.9%) 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 as Government securities.

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

	December 31,	
	2025 LBP’000	2024 LBP’000
Lebanese treasury bills	316,113,360	328,479,050
	316,113,360	**328,479,050**

11. CUSTOMERS LIABILITY UNDER ACCEPTANCES

Acceptances represent documentary credits which the Group has committed to settle on behalf of its customers against commitments by those customers (acceptances). These acceptances are presented without expected loss allowance in 2025 and 2024 (Note 43). The commitments resulting from these acceptances are stated as a liability in the statement of financial position for the same amount.

12. INVESTMENTS IN ASSOCIATES

Investments in associates are not listed and are detailed as follows:

		Interest Held		December 31,	
	Country of Incorporation	2025 %	2024 %	2025 LBP'000	2024 LBP'000
Bancassurance S.A.L	Lebanon	60	60	185,999,993	94,893,513
United Capital Bank	Republic of Sudan	20	20	355,032,075	318,123,583
International Payment Network	Lebanon	20.30	20.30	6,917,980	6,766,156
				547,950,048	**419,783,252**

Even though the Group's interest in Bancassurance S.A.L. is 60%, the management determined that it does not control this entity on the basis that according to the shareholders' agreement, the relevant activities of Bancassurance are directed on the basis of 75% votes of the Board of Directors which does not give the Group power over the investee.

The following table summarizes the financial information of Bancassurance and United Capital Bank before intercompany eliminations:

	Bancassurance		United Capital Bank	
	2025 LBP'000	2024 LBP'000	2025 LBP'000	2024 LBP'000
Cash and banks	629,601,860	781,087,981	3,408,224,423	2,110,543,324
Loans and advances	-	-	2,642,975,107	3,152,308,037
Investment securities	1,271,894,905	1,282,419,623	-	-
Property and equipment, net	787,970,894	801,315,285	49,475,336	40,984,731
Other assets	75,053,815	81,331,510	212,338,222	78,458,225
Deposits from banks	-	-	(50,622,109)	(46,485,120)
Deposits from customers	-	-	(1,982,942,688)	(1,548,716,475)
Equity of unrestricted investment account holders	-	-	(1,589,036,174)	(1,218,463,509)
Insurance contracts liabilities	(2,310,740,369)	(2,668,347,381)	-	-
Other liabilities and provisions	(143,781,116)	(119,651,163)	(915,251,742)	(978,011,298)
Net assets	**309,999,989**	**158,155,855**	**1,775,160,375**	**1,590,617,915**
Group's share in net assets (excluding Goodwill)	**185,999,993**	**94,893,513**	**355,032,075**	**318,123,583**
Net revenues	271,666,245	96,902,883	282,265,794	234,622,144
Net income from financial assets at FVTPL	48,748,500	57,822,486	-	-
Claims paid and change in insurance liabilities	8,560,139	4,150,743	-	-
Other income (net)	124,335,598	(215,254)	390,222,871	1,662,263,106
Operating expenses	(332,537,907)	(281,867,265)	(379,119,982)	(332,957,110)
Income tax expense	(8,203,174)	(3,699,823)	(55,003,166)	(66,802,759)
Provision for expected credit losses	39,274,733	(574,588,281)	322,473,246	(570,367,300)
Net result for the year	**151,844,134**	**(701,494,511)**	**560,838,763**	**926,758,081**
Prior year currency translation adjustment	(107,734,298)	(107,734,298)	-	-
Group's share in net result	**91,106,480**	**(420,896,707)**	**112,167,753**	**185,351,616**

Below is the reconciliation of the carrying amount of investments in associates:

	2025 LBP’000	2024 LBP’000
Balance January 1	419,783,253	75,952,040
Share in net income / (loss)	203,426,058	(229,432,162)
Share in revaluation surplus	-	498,009,726
Impact of change in equity components	158,652,879	(15,025,850)
Net impairment / change in investment at FVOCI	-	8,990,000
Currency translation adjustment	(233,912,142)	81,289,498
Balance December 31	**547,950,048**	**419,783,252**

13. ASSETS ACQUIRED IN SATISFACTION OF LOANS

This caption represents foreclosed real estate properties acquired through enforcement of security over loans and advances to customers.
The market values of those assets exceed their carrying value as at December 31, 2025 and 2024.

The movement of the assets acquired in satisfaction of loans as follows:

	Cost LBP’000	Impairment LBP’000	Carrying Value LBP’000
Balance as at January 1, 2024	**10,921,445,217**	**(588,777,447)**	**10,332,667,770**
Acquisitions	1,118,750	-	1,118,750
Disposals	(120,806,641)	-	(120,806,641)
Balance as at December 31, 2024	**10,801,757,326**	**(588,777,447)**	**10,212,979,879**
Adjustments	86,137,300	(80,741,888)	5,395,412
Revaluation surplus	1,916,397,651	-	1,916,397,651
Acquisitions	176,913,054	-	176,913,054
Write Back provision	-	7,658,362	7,658,362
Disposals	(197,120,030)	(132,364,753)	(329,484,783)
Balance as at December 31, 2025	**12,784,085,301**	**(794,225,726)**	**11,989,859,575**

According to the Lebanese banking regulations, the acquisition of assets in settlement of loans is subject to the approval of the banking regulatory authorities and these should be liquidated within 2 years from acquisition date. In case of default of liquidation, a regulatory reserve should be appropriated from the yearly net profits.

In accordance with Law No 330 dated December 4, 2024 and decision No. 715 dated August 1, 2025, issued by the Ministry of Finance, the Group revalued its real estate properties acquired in satisfaction of loans based on appraisals performed by independent external valuers in US Dollars and then translated it into Lebanese Pounds at the rate of LL 89,500 per US Dollar. The resulting amount from the conversion of this surplus at the rate of LBP 89,500/US$ was recognized in the statement of other comprehensive income within equity under “Revaluation surplus” amounting to LBP 11,737 billion as at December 31, 2025 (LBP 9,916 billion as at December 31, 2024) (Note 27.2). This surplus remains subject to the approval of the Central Bank of Lebanon and the tax authorities.

14. TANGIBLE AND INTANGIBLE ASSETS

14.1. Property and equipment

	Balance January 1, 2025 LBP'000	Additions and transfers LBP'000	Disposals and adjustments LBP'000	Revaluation surplus and adjustments LBP'000	Currency Translation Adjustment LBP'000	Balance December 31, 2025 LBP'000
Cost:						
Buildings	34,885,627,779	9,064,683	(4,140,311,406)	(540,274,523)	286,809,838	30,500,916,371
Furnitures, equipment and computers	6,466,325,820	75,685,786	(676,967,154)	314,674,420	60,355,498	6,240,074,370
Vehicles	322,790,784	36,805,939	(19,065,925)	(1,671,903)	3,716,123	342,575,018
Office improvements and installations	4,821,178,017	89,547,354	(3,957,193)	-	227,778,614	5,134,546,792
Advance payments	325,554,776	94,343,650	(220,595,323)	223,701,832	-	423,004,935
	46,821,477,176	305,447,412	(5,060,897,001)	(3,570,174)	578,660,073	42,641,117,486
Accumulated depreciation	(18,181,540,386)	(1,120,118,092)	714,792,268	103,928,513	(101,483,216)	(18,584,420,913)
Provision for impairment	(447,835)	-	-	(2,277,889)	-	(2,725,724)
Net carrying value	**28,639,488,955**					**24,053,970,849**

	Balance January 1, 2024 LBP'000	Additions and transfers LBP'000	Disposals and adjustments LBP'000	Revaluation surplus and adjustments LBP'000	Currency Translation Adjustment LBP'000	Balance December 31, 2024 LBP'000
Cost:						
Buildings	28,916,148,093	2,582,783,843	(72,990,628)	780,722,088	2,678,964,383	34,885,627,779
Furnitures, equipment and computers	6,255,250,329	(3,362,500,513)	(439,742,614)	-	4,013,318,618	6,466,325,820
Vehicles	256,575,344	237,811	-	-	65,977,629	322,790,784
Office improvements and installations	276,913,959	3,189,913,509	-	-	1,354,350,549	4,821,178,017
Advance payments	325,599,249	-	(44,473)	-	-	325,554,776
	36,030,486,974	2,410,434,650	(512,777,715)	780,722,088	8,112,611,179	46,821,477,176
Accumulated depreciation	(15,769,758,614)	(1,180,874,804)	455,689,516	(359,142,855)	(1,327,453,629)	(18,181,540,386)
Provision for impairment	(447,835)	-	-	-	-	(447,835)
Net carrying value	**20,260,280,525**					**28,639,488,955**

Revaluation of Land and Buildings

In accordance with Law No 330 dated December 4, 2024 and decision No 715, dated August 1, 2025, issued by the Ministry of Finance, the Group revalued its real estate properties based on appraisals performed by independent external valuers and adjusted the carrying amounts of its remaining tangible fixed assets to reflect the effects of changes in foreign currency exchange rates and recognized a revaluation surplus in equity.

The revaluation surplus, amounting to LBP 18,570 billion as at December 31, 2025 (LBP 18,729 billion as at December 31, 2024), was recognized in the statement of other comprehensive income within equity (Note 27.2). This surplus remains subject to the approval of the tax authorities.

Fixtures and equipment

In accordance with law No. 330 dated December 4, 2024, the Group 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 revaluation surplus, amounting to LBP 1,122 billion as at December 31, 2025 (LBP 1,024 billion as at December 31, 2024), was recognized in the statement of other comprehensive income within equity (Note 27.2). This surplus remains subject to the approval of the tax authorities.

14.2. Intangible assets

	Balance January 1, 2025 LBP'000	Additions and transfers LBP'000	Disposals LBP'000	Currency Translation Adjustment LBP'000	Adjustment related to Revaluation LBP'000	Balance December 31, 2025 LBP'000
Cost:						
Purchase Software	2,284,802,609	200,498,411	(151,481)	59,179,881	(27,106,401)	2,517,223,019
	2,284,802,609	200,498,411	(151,481)	59,179,881	(27,106,401)	2,517,223,019
Accumulated Amortization:						
Purchase Software	(1,929,708,859)	(150,988,082)	151,481	(42,124,132)	51,190,333	(2,071,479,259)
	(1,929,708,859)	(150,988,082)	151,481	(42,124,132)	51,190,333	(2,071,479,259)
Advance Payments	20,009,412	16,536,031	-	-	-	36,545,443
Carrying Value	**375,103,162**					**482,289,203**

	Balance January 1, 2024 LBP'000	Additions and transfers LBP'000	Disposals LBP'000	Currency Translation Adjustment LBP'000	Balance at December 31, 2024 LBP'000
Cost:					
Purchase Software	1,691,352,050	113,985,006	(26,785,386)	506,250,939	2,284,802,609
	1,691,352,050	113,985,006	(26,785,386)	506,250,939	2,284,802,609
Accumulated Amortization:					
Purchase Software	(1,431,367,446)	(157,297,787)	26,785,386	(367,829,012)	(1,929,708,859)
	(1,431,367,446)	(157,297,787)	26,785,386	(367,829,012)	(1,929,708,859)
Advance Payments	5,236,164	14,773,248	-	-	20,009,412
Carrying Value	**265,220,768**				**375,103,162**

In accordance with Law No 330 dated December 4, 2024 and decision No. 715, dated August 1, 2025, issued by the Ministry of Finance, the Bank adjusted the carrying amounts of its remaining intangible fixed assets to reflect the effects of changes in foreign currency exchange rates and recognized a revaluation surplus in equity.

The revaluation surplus, amounting to LBP 277 billion as at December 31, 2025 (LBP 253 billion as at December 31, 2024) was recognized in the statement of other comprehensive income within equity (Note 27.2). This surplus remains subject to the approval of the tax authorities.

15. LEASES

The Group is a lessee in a number of leases consisting of retail branches. Leases have lease terms between 2 and 12 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension and termination options.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

The movement of the Group's right-of-use assets and lease liabilities is summarized as follows:

	Right-of-use Assets LBP'000	Lease Liabilities LBP'000
Balance at January 1, 2024	171,635,995	269,656,845
Amortization of right of use assets (Note 37)	(129,929,292)	-
Interest expense (Note 32)	-	100,150,325
Payments	-	(59,003,617)
Adjustments/cancelation on lease contracts	4,101,984	(78,552,138)
Difference of exchange	790,376,221	945,058,444
Balance at December 31, 2024	**836,184,908**	**1,177,309,859**
Additions	1,546,656,531	1,544,786,895
Amortization of right of use assets (Note 37)	(178,077,553)	-
Interest expense (Note 32)	-	117,982,452
Payments	-	(247,641,248)
Adjustments/cancelation on lease contracts	(801,856,298)	(1,112,503,027)
Difference of exchange	-	187,836
Balance at December 31, 2025	**1,402,907,588**	**1,480,122,767**

The amortization of right-of-use assets is presented under "depreciation and amortization" in the consolidated statement of profit or loss. The interest expense on lease liabilities is presented under "interest expense".

16. GOODWILL

Goodwill is derived from acquisition of control of subsidiaries as follows:

	December 31,	
	2025 LBP'000	2024 LBP'000
BLC Bank S.A.L.	44,095,440	44,095,440
Ahli International Bank S.A.L. (merger)	4,087,509	4,087,509
	48,182,949	**48,182,949**
Impairment of goodwill	(48,182,949)	-
	-	**48,182,949**

17. OTHER ASSETS

This caption consists of the following:

	December 31, 2025 LBP'000	December 31, 2024 LBP'000
Deferred tax asset	511,128,773	444,737,809
Regulatory blocked deposit	22,441,118	20,819,384
Assets in process of acquisition in settlement of loans (a)	1,011,272	1,011,272
Deferred charges on long term placements with BDL (b)	1,207,887	3,305,611
Other deferred charges	-	632,500
Prepayments	452,385,456	362,329,763
Accrued income	20,768,961	22,946,397
Sundry accounts receivable	6,918,875,334	1,514,518,731
Allowance for expected credit losses (Note 43)	(25,599,578)	(24,944,497)
	7,902,219,223	**2,345,356,970**

a) Foreclosed assets not yet registered represent the value of loans written-off against enforcement of real estate security held and will be reallocated to "Assets Acquired in satisfaction of loans" when the registration in the name of the Group is finalized.

b) Deferred charges on long term placements with BDL represent commissions paid by the Group on long term placements with Central Bank of Lebanon. These commissions are amortized over the life of the corresponding placements as a yield adjustment to the interest income of these placements.

18. DEPOSITS AND BORROWINGS FROM BANKS

	December 31, 2025 LBP'000	December 31, 2024 LBP'000
Current deposits of banks and financial institutions	987,331,113	1,118,056,385
Current deposits - Related parties	370,895	358,585,872
Money market deposits	4,793,720,688	4,715,429,967
Other short-term deposits	843,097,713	564,097,704
Accrued interest payable	1,768,991	1,628,548
	6,626,289,400	**6,757,798,476**

19. DEPOSITS FROM CUSTOMERS AND RELATED PARTIES

Customers' accounts at amortized cost are detailed as follows:

	December 31,	
	2025	2024
	LBP'000	LBP'000
Deposits:		
Current/demand deposits	315,816,110,391	282,473,900,295
Term deposits	444,887,181,163	458,302,387,972
Collateral against loans and advances	3,667,860,077	4,015,639,679
Margins and other accounts:		
Margins against import letters of credit	3,992,614,923	4,879,399,111
Margins against letters of guarantee issued	4,894,074,154	4,298,176,884
Other margin	11,950,533,047	12,630,585,865
Blocked accounts	1,125,203,577	940,712,677
Accrued interest payable	799,341,962	916,684,179
Total	**787,132,919,294**	**768,457,486,662**

Customers' deposits include related parties detailed as follows:

	December 31,	
	2025	2024
	LBP'000	LBP'000
Current assets	3,029,474,896	4,152,838,704
Term deposits	3,835,412,644	18,021,808,702
Collateral against loans and advances	5,035,256	5,035,351
Margins	6,366	6,366
Blocked accounts	3,114,059	3,111,876
Accrued interest payable	5,845,484	1,216,071
	6,878,888,705	**22,184,017,070**

Deposits from customers at amortized cost include coded deposit accounts amounting to LBP 1,194.5 billion (2024: LBP 1,373.2 billion). These accounts are subject to the provisions of Article 3 of the Lebanese Banking Secrecy Law dated September 3, 1956 which provides that the Group's management, in the normal course of business, cannot reveal the identities of these depositors to third parties, including its independent public accountants.

Deposits from customers include fiduciary deposits received from resident related party banks for a total amount of LBP85.16billion (2024: LBP 86.22 billion from resident banks respectively).

20. OTHER BORROWINGS

	December 31,	
	2025	**2024**
	LBP'000	**LBP'000**
Borrowings from International Finance Corporation (a)	-	2,442,938,158
Borrowings from Central Bank of Lebanon (b)	317,724,033	785,875,950
Borrowings from Central Bank of Lebanon under leverage (Note 10)	362,913,657	383,804,151
Green bonds (c)	-	4,486,232,512
Borrowings from SANAD (d)	-	1,454,137,812
Reconstruction and Development International Bank	75,119,425	74,374,414
	755,757,115	**9,627,362,997**
Accrued interest payable	1,033,091	223,762,626
	756,790,206	**9,851,125,623**

(a) Borrowing from International Finance Corporation:
During 2014, a borrowing in the amount of USD10million was granted to the Group to be used to finance eligible sustainable energy finance projects (SEF). This borrowing is to be settled semiannually starting June 2016. This borrowing was fully matured in 2024.

During 2016, a new borrowing in the amount of USD20million was granted to the Group. This borrowing is to be settled semiannually by an amount of LBP1.78billion. This borrowing will be fully matured in 2026.

During 2025, the Group settled an amount of USD 3,608,128 (LBP 323 billion), representing the full value of its payable to the International Finance Corporation. As at the settlement date, overdue principal and interest balances of USD 29,451,883 (LBP 2.6 trillion) remained unsettled, resulting in a realized gain of USD 25,843,755 (LBP 2.3 trillion). This gain was recognized under "Other operating income" in the consolidated statement of profit or loss.

(b) Borrowings from Central Bank of Lebanon:
Borrowings from Central Bank of Lebanon represent facilities in connection with Central Bank of Lebanon Basic Decision No. 6116 dated March 7, 1996 and its amendments by which the Group benefited from credit facilities granted against certain loans that the Group has granted, to its customers, pursuant to certain conditions, rules and mechanism. These facilities are collateralized against Lebanese treasury bills and Certificates of deposits (Note 41) amounting to LBP599billion (2024: LBP928billion).

(c) Green Bonds:
During 2018, the Group issued bonds in the amount of USD60million for a period of 7 years. These bonds are subject to a fixed annual interest rate of 6.788% and mature in 2025.

During 2025, the Group settled an amount of USD 6,545,455 (LBP 585.8 billion), representing the full value of its payable related to Green Bonds. At the settlement date, overdue principal and interest balances of USD 52,755,124 (LBP 4.7 trillion) remained unsettled, resulting in a realized gain of USD 46,209,669 (LBP 4.1 trillion). This gain was recognized under "Other operating income" in the consolidated statement of profit or loss.

(d) Borrowing from SANAD Fund for MSME:
In 2017, a 7-year credit line in the amount of USD20million was granted to the Group by SANAD Fund for MSME to finance SMEs operating in all productive sectors of the economy. This borrowing is to be settled semi-annually starting January 2020 and will mature in January 2025.

During 2025, The Group settled an amount of USD 2,206,894 (LBP 197.5 billion), representing the full value of its payable related to SANAD Fund. At the settlement date, overdue principal and interest balances of USD 16,942,495 (LBP 1.5 trillion) remained unsettled, resulting in a realized gain of USD 14,735,601 (LBP 1.3 trillion). This gain was recognized under “Other operating income” in the consolidated statement of profit or loss.

The movement of borrowings was as follows:

	2025 LBP’000	2024 LBP’000
Balance January 1	9,627,362,997	2,205,551,697
Net settlements	(8,871,605,882)	(350,496,013)
Difference of exchange	-	7,772,307,313
Balance December 31	**755,757,115**	**9,627,362,997**

21. OTHER LIABILITIES

	December 31,	
	2025 LBP’000	2024 LBP’000
Current tax liability (a)	35,525,206	59,950,203
Deferred tax liability (b)	1,348,320,622	1,219,983,728
Other deferred income tax liability	56,065,416	105,943,731
Withholding and other taxes payable	332,710,656	960,112,253
Due to the Social Security National Fund	60,515,864	65,886,085
Checks and incoming payment orders in course of settlement	235,528,798	86,636,367
Accrued expenses	3,786,076,205	1,261,976,124
Sundry accounts payable	10,415,929,831	10,161,934,329
	16,270,672,598	**13,922,422,820**

(a) Current tax liability is detailed as follows:

	2025 LBP’000	2024 LBP’000
Profit before tax from continuing operations	5,744,245,110	2,801,245,247
Income tax on enacted applicable rates	1,455,718,874	1,203,652,999
Effect of non-deductible expense and non-taxable income	(218,805,631)	(53,735,871)
Income tax expense	**1,236,913,243**	**1,149,917,128**
Less tax paid in advance and deferred tax	(1,201,388,037)	(1,089,966,925)
	35,525,206	**59,950,203**

(b) Deferred tax liability is detailed as follows:

	December 31,	
	2025	2024
	LBP'000	LBP'000
Deferred tax liability on items recognized in other comprehensive income (note 9)	690,568,790	764,928,920
Deferred tax liability on undistributed profits of subsidiaries and associates of the bank	657,751,832	455,054,808
	1,348,320,622	**1,219,983,728**

22. PROVISIONS

	December 31,	
	2025	2024
	LBP'000	LBP'000
Provision for staff end-of-service indemnities (a)	2,583,839,008	640,723,813
Provision for contingencies (b)	1,978,618,142	2,099,825,121
Allowance for expected credit losses on financial guarantees and off-balance sheet commitments (Note 38)	766,136,764	437,806,879
Provision for loss on foreign currency position	1,199,878	1,199,878
Provision for off-balance sheet risk	240,000	240,000
Others	709,900,283	519,507,240
	6,039,934,075	**3,699,302,931**

(a) The movement of provision for staff end-of-service indemnity is as follows:

	2025	2024
	LBP'000	LBP'000
Balance January 1	640,723,813	308,973,328
Additions	1,990,584,699	370,744,145
Settlements	(48,926,012)	(46,304,864)
Write Back	1,456,508	(1,341,247)
Effect of exchange rates changes	-	8,652,451
Balance December 31	**2,583,839,008**	**640,723,813**

(b) The movement of provision for contingencies is as follows:

	2025	2024
	LBP'000	LBP'000
Balance January 1	2,099,825,121	767,334,505
Additions	(100,135,863)	1,129,683,757
Settlements	(24,715,202)	(23,502,665)
Transfer	3,275,978	(62,384,195)
Effect of exchange rates changes	368,108	188,944,555
Reclassification from other liabilities	-	99,749,164
Balance December 31	**1,978,618,142**	**2,099,825,121**

The provision for contingency is mainly against tax and levies contingencies.

23. SHARE CAPITAL

The authorized ordinary share capital of the Group is LBP438.5billion consisting of 21,925,000 paid shares of LBP20,000 each, fully paid.

24. PREFERRED SHARES

			Nominal Value		Share Premium	
	Year of Issue	Number of shares	2025 LBP'000	2024 LBP'000	2025 LBP'000	2024 LBP'000
Series "C"	2012	375,000	7,500,000	7,500,000	105,562,500	105,562,500
Series "D"	2014	425,000	8,500,000	8,500,000	119,637,500	119,637,500
Series "E"	2015	525,000	10,500,000	10,500,000	147,787,500	147,787,500
Series "F"	2017	375,000	7,500,000	7,500,000	105,562,500	105,562,500
			34,000,000	**34,000,000**	**478,550,000**	**478,550,000**

25. SHAREHOLDERS' CASH CONTRIBUTION TO CAPITAL

The shareholders' cash contribution to capital for an amount of LBP17.1billion (USD11,352,494) is subject to a yearly interest of 7.5% payable from unrestricted profits after securing the approval of the Central Bank of Lebanon. Related interest expense for 2025 amounted to LBP76billion (2024: LBP71billion) (Note 32).

Also, in order to comply with Central Bank of Lebanon requirement to increase common equity Tier I as at December 31, 2018 by 20% in foreign currencies, the Group's extraordinary general assembly of shareholders held on January 21, 2020 resolved for an additional cash contribution from shareholders in the amount of USD205.4million subject initially to a yearly interest of 8% payable from unrestricted profits after securing the approval of the Central Bank of Lebanon. The Group's shareholders settled respectively USD82.11million (LBP123.78billion), USD107.5million (LBP162.10billion), USD3.081million (LBP4.64billion). and USD 12.7million (LBP 190.5billion).

The general assembly of shareholders held on July 14, 2023 resolved the forfeiture of interest on shareholders' cash contributions issued in 2020, related to the year 2022. This decision was rejected by the Central Bank of Lebanon who has requested to amend all the contracts as not to pay any return on the cash contributions, not limiting them to a specific period of time, and including a waiver by the subscribing shareholders of their right to receive the previously determined unpaid returns.

26. NON-DISTRIBUTABLE RESERVES

Non distributable reserves consist of the following:

	December 31,	
	2025 LBP'000	2024 LBP'000
Legal reserve (a)	392,576,815	254,898,662
Non-distributable general reserve (b)	760,602,315	763,796,307
Reserve for assets acquired in satisfaction of loans	99,419,623	101,197,070
	1,252,598,753	**1,119,892,039**

(a) The legal reserve is constituted in conformity with the requirements of the Lebanese Money and Credit Code 165 on the basis of 10% of net profit. This reserve is not available for distribution.
(b) Non-distributable general reserve is constituted in accordance with banking regulations.

27.1 INVESTMENTS FAIR VALUE RESERVE

This caption represents the cumulative change in fair value of investment securities at fair value through other comprehensive income. It consists of the following:

	December 31,	
	2025	2024
	LBP'000	LBP'000
Cumulative unrealized gain on investment securities at fair value through other comprehensive income (Net)	4,987,721,423	4,465,914,231
Foreign currency translation adjustment on investment securities at fair value through other comprehensive income	4,646,375,733	4,619,539,881
Deferred tax, net (Notes 9 & 21.b)	(690,568,790)	(764,928,920)
	8,943,528,366	**8,320,525,192**
Less: Share of non-controlling interests (Note 29)	**2,530,161**	**974,183**
Share of Equity holders of the Bank	**8,940,998,205**	**8,319,551,009**

27.2 REVALUATION SURPLUS

Revaluation surplus consists of the following:

	December 31,	
	2025	2024
	LBP'000	LBP'000
Owned buildings	18,585,870,120	18,745,341,001
Assets acquired in satisfaction of loans	11,736,584,178	9,915,787,350
Fixtures and equipment	1,121,988,836	1,024,301,867
Intangible assets	277,246,145	253,162,214
	31,721,689,279	**29,938,592,432**

28. TREASURY SHARES

On May 17, 2022, the BLC Bank's directors approved the sale of its entire participation in the share capital of USB Holdings PLC for a total consideration of EUR18,318,263 after the payment to the minority shareholders.

In conjunction with the sale, BLC Bank S.A.L. bought-back 10% of its own shares that were owned by Sehnaoui Holding for a total consideration of LBP74.4billion.

During 2025, the Group acquired 17,100,000 treasury shares of BLC Bank SAL with a nominal value of LBP 61 billion for a total consideration amounting to LBP 1,423 billion, pursuant to the approval of the Central Bank of Lebanon dated November 28, 2025.

The effect of BLC's treasury shares on the Group consolidated financial statements is LBP1.44billion reflected under Equity and calculated as follows:

	LBP'000
Total equity at acquisition date (January 1, 2019)	659,232,505
Percentage of acquired shares	**10%**
Book value of acquired shares	65,923,250
Total consideration paid	(74,403,762)
Effect of BLC's treasury shares	(8,480,512)
Effect of exchange rate changes	(853,010)
Balance as at December 31, 2020	(9,333,522)
Effect of exchange rate changes	952,746
Balance as at December 31, 2021	**(8,380,776)**
Effect of exchange rate changes	1,578,354
Balance as at December 31, 2022	**(6,802,422)**
Effect of exchange rate changes	(1,578,354)
Balance as at December 31, 2023	**(8,380,776)**
Balance as at December 31, 2024	**(8,380,776)**
Treasury shares disposal	6,943,495
Balance as at December 31, 2025	**(1,437,281)**

29. NON-CONTROLLING INTERESTS

	December 31,	
	2025	**2024**
	LBP'000	**LBP'000**
Capital	124,942,131	124,942,131
Change in fair value of investment securities through other comprehensive income (Note 27.1)	2,530,161	974,183
Preferred shares	152,786,633	152,786,633
Shareholders' cash contribution to capital	32,212	32,212
Foreign currency translation reserve	8,368,408,629	7,816,629,642
Reserves and retained earnings	226,112,366	(55,620,676)
Revaluation surplus	224,897,174	247,873,048
Profit for the year	1,205,915,631	975,644,181
	10,305,624,937	**9,263,261,354**

The following table summarizes financial information of subsidiaries that have material non-controlling interests (NCI) before intra-group eliminations:

	December 31, 2025	
	Fransabank France SA LBP'000	**Fransabank El-Djazair SPA LBP'000**
NCI percentage	20.79%	47.25%
Cash and banks	30,125,467,098	17,599,481,863
Loans and advances	57,897,063,243	90,049,809,064
Investment securities	25,302,808	2,761,838,897
Other assets	983,855,141	11,963,166,181
Deposits from banks	(1,257,486,259)	(1,565,128,721)
Deposits from customers	(77,093,921,991)	(97,932,172,718)
Other liabilities and provisions	(716,998,223)	(5,731,725,718)
Net assets	**9,963,281,817**	**17,145,268,848**
NCI share	**2,071,366,290**	**8,101,139,531**
Net financial revenues	2,234,710,381	6,838,310,102
Net allowance for expected credit losses	-	(982,736,525)
Operating expenses	(1,042,600,157)	(2,123,970,314)
Income tax expense	(215,004,785)	(999,990,905)
Profit for the year	**977,105,439**	**2,731,612,358**
Other comprehensive income (OCI)	-	-
Total comprehensive income for the year	**977,105,439**	**2,731,612,358**
Profit allocated to NCI	**203,140,221**	**1,290,686,839**
OCI allocated to NCI	**-**	**-**

	December 31, 2024	
	Fransabank France SA LBP'000	**Fransabank El-Djazair SPA LBP'000**
NCI percentage	20.79%	47.25%
Cash and banks	31,559,435,385	20,576,575,936
Loans and advances	46,273,706,303	80,056,308,842
Investment securities	22,687,403	2,078,352,733
Other assets	865,135,433	10,231,555,524
Deposits from banks	(5,597,049,415)	(653,276,957)
Deposits from customers	(63,429,171,642)	(92,005,447,956)
Other liabilities and provisions	(875,121,179)	(4,742,639,659)
Net assets	**8,819,622,288**	**15,541,428,463**
NCI share	**1,833,599,474**	**7,343,324,949**
Net financial revenues	2,620,811,182	5,884,713,693
Net allowance for expected credit losses	-	(998,652,971)
Operating expenses	(891,208,838)	(2,255,659,761)
Income tax expense	(439,021,036)	(702,799,979)
Profit for the year	**1,290,581,308**	**1,927,600,982**
Other comprehensive loss (OCI)	-	-
Total comprehensive income for the year	**1,290,581,308**	**1,927,600,982**
Profit allocated to NCI	**268,311,854**	**910,791,464**
OCI allocated to NCI	**-**	**-**

30. RESULTS OF THE YEAR

The consolidated profit is allocated as follows between the bank and its subsidiaries (after intra-group eliminations):

	2025		
	Owners of the Bank LBP'000	**Non-Controlling Interests LBP'000**	**Total LBP'000**
Profit of the Bank	75,569,979	-	75,569,979
Income of subsidiaries:			
Fransabank France S. A	462,800,928	98,380,688	561,181,616
Lebanese Leasing Company S.A.L	175,381,384	-	175,381,384
Switch and Electronics Services S.A.L	1,545,089	-	1,545,089
Sogefon S.A.L	(71,170,974)	-	(71,170,974)
Fransabank El-Djazair S.P. A	1,440,925,518	1,091,918,073	2,532,843,591
Fransabank Insurance Services S.A. L	327,750,989	-	327,750,989
BLC Bank S.A.L and Subsidiaries	888,544,969	15,616,870	904,161,839
F&B Invest Holding	(569,936)	-	(569,936)
Al Maktab	638,270	-	638,270
Deferred tax on profit from associates and subsidiaries	(612,195,595)	-	(612,195,595)
	2,689,220,621	**1,205,915,631**	**3,895,136,252**

	2024		
	Owners of the Bank LBP'000	Non-Controlling Interests LBP'000	Total LBP'000
Loss of the Bank	(1,600,226,451)	-	(1,600,226,451)
Income of subsidiaries:			
Fransabank France S. A	902,347,975	216,390,756	1,118,738,731
Lebanese Leasing Company S.A.L	35,621	-	35,621
Switch and Electronics Services S.A.L	51,580,105	-	51,580,105
Sogefon S.A.L	131,126	-	131,126
Fransabank El-Djazair S.P. A	1,016,809,518	760,665,655	1,777,475,173
Fransabank Insurance Services S.A. L	415,542,494	-	415,542,494
BLC Bank S.A.L and Subsidiaries	(111,316,139)	(1,412,230)	(112,728,369)
F&B Invest Holding	(306,090)	-	(306,090)
Al Maktab	1,085,779	-	1,085,779
Deferred tax on profit from associates and subsidiaries	(469,145,191)	-	(469,145,191)
	206,538,747	**975,644,181**	**1,182,182,928**

31. INTEREST INCOME

	2025		
	Interest Income LBP'000	Tax on Interest LBP'000	Net Interest Income LBP'000
Interest income from:			
Deposits with central banks	3,746,246,836	(253,212,009)	3,493,034,827
Deposits with banks and financial institutions	1,146,764,708	(1,111,254)	1,145,653,454
Investment securities	421,738,713	(27,923,366)	393,815,347
Loans to banks	146,765,687	-	146,765,687
Loans and advances to customers	11,245,833,948	-	11,245,833,948
Loans and advances to related parties	120,168	-	120,168
Impaired loans and advances to customers	1,359,309,189	-	1,359,309,189
	18,066,779,249	**(282,246,629)**	**17,784,532,620**

	2024		
	Interest Income LBP'000	Tax on Interest LBP'000	Net Interest Income LBP'000
Interest income from:			
Deposits with central banks	4,613,271,617	(347,880,871)	4,265,390,746
Deposits with banks and financial institutions	1,152,029,585	(3,582,647)	1,148,446,938
Investment securities	756,274,142	(45,511,631)	710,762,511
Loans to banks	240,446,334	-	240,446,334
Loans and advances to customers	10,585,872,563	-	10,585,872,563
Loans and advances to related parties	406,395	-	406,395
Impaired loans and advances to customers	1,107,363,914	-	1,107,363,914
	18,455,664,550	**(396,975,149)**	**18,058,689,401**

Interest income on investments at fair value through profit or loss is reflected under “net (loss)/gain on financial assets at fair value through profit or loss” (Note 35).

32. INTEREST EXPENSE

	2025 LBP'000	2024 LBP'000
Interest expense on:		
Deposits and borrowings from banks and financial institutions	192,209,078	377,100,137
Customers' deposits at amortized cost	5,242,416,588	4,557,096,494
Related parties' deposits at amortized cost	329,719,007	464,027,603
Other borrowings	322,314,015	612,642,270
Finance cost (Note 15)	117,982,452	100,150,325
Shareholders' cash contribution to capital (Note 25)	76,203,044	71,004,363
	6,280,844,184	**6,182,021,192**

33. FEE AND COMMISSION INCOME

	2025 LBP'000	2024 LBP'000
Commission on documentary credits	195,292,706	135,614,109
Commission on letters of guarantee	464,768,509	388,770,450
Service fees on customers' transactions	4,480,057,058	3,453,390,048
Commission on transactions with banks	63,364,986	61,176,453
Asset management fees	61,363,449	63,289,988
Other commission	114,247,726	57,310,931
	5,379,094,434	**4,159,551,979**

Fee and commission income include fee and commissions from related parties with insignificant amounts.

34. FEE AND COMMISSION EXPENSE

	2025 LBP'000	2024 LBP'000
Commission on transactions with banks and financial institutions	254,665,604	234,093,828
Sundry	513,833,246	352,063,088
	768,498,850	**586,156,916**

Fee and commission expenses include fee and commission to related parties with insignificant amounts.

35. NET (LOSS) / GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025		
	Income LBP'000	Withholding Tax LBP'000	Net loss LBP'000
Interest income	61,540,746	(4,365,760)	57,174,986
Dividends income	1,957,188	-	1,957,188
Net unrealized loss	(2,251,172,903)	-	(2,251,172,903)
Net realized gain	35,699,272	-	35,699,272
	(2,151,975,697)	**(4,365,760)**	**(2,156,341,457)**

	2024		
	Income LBP'000	Withholding Tax LBP'000	Net gain LBP'000
Interest income	65,950,135	(5,306,237)	60,643,898
Dividends income	2,209,197	-	2,209,197
Net unrealized gain	8,972,976,296	-	8,972,976,296
Net realized loss	(7,065,843,619)	-	(7,065,843,619)
	1,975,292,009	**(5,306,237)**	**1,969,985,772**

36. OTHER OPERATING INCOME - NET

	2025 LBP'000	2024 LBP'000
Dividend income on investments at FVTOCI	30,043,867	8,966,357
Share of income / (loss) in associates	203,426,058	(229,432,162)
Foreign exchange (loss) / gain	(350,638,789)	5,443,360,653
Gain on disposal of assets acquired in satisfaction of loans	58,799,043	58,500,700
Gain on disposal of property and equipment	148,019,338	124,796,372
Gain on disposal of intangible assets	39,260	-
Other operating gain / (loss) – Net	7,999,751,931	(600,010,888)
	8,089,440,708	**4,806,181,032**

37. DEPRECIATION AND AMORTIZATION

	2025 LBP'000	2024 LBP'000
Depreciation of fixed assets (Note 14.1)	1,120,118,092	1,180,874,804
Amortization of intangible assets (Note 14.2)	150,988,082	157,297,787
Depreciation of right-of-use assets (Note 15)	178,077,553	129,929,292
	1,449,183,727	**1,468,101,883**

38. 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 on 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 shipments documents of goods to which they relate and, therefore, have significantly less risks.

Forward exchange contracts represent positions held for customers' accounts. The Group entered into such instrument to serve the needs of customers, and these contracts are fully hedged by the Group.

39. BALANCES / TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of its activities, the Group conducts transactions with related parties including shareholders, directors, subsidiaries and associates. Also, the Group conducts sale and purchase transactions of investment securities with subsidiary banks. Balances and transactions with related parties disclosed in Notes 6 to 35.

Some loans and advances are covered by real estate mortgage and by pledged deposits of the respective borrowers.

The remunerations, attendance fees and salaries to executive management amounted to LBP192.02billion (2024: LBP101.56billion).

40. CASH AND CASH EQUIVALENTS

	December 31, 2025 LBP'000	December 31, 2024 LBP'000
Cash on hand	10,560,162,172	7,259,131,698
Current accounts with central banks (Less compulsory reserve)	313,588,114,740	265,763,903,829
Term placements with central banks	182,725,928,436	76,672,446,197
Checks in course of collection	16,717,775	16,770,262
Current accounts with banks and financial institutions	34,477,079,028	24,994,057,038
	541,368,002,151	**374,706,309,024**

Above term placements with central banks and with banks consist of placements with original maturities of 90 days or less.

41. COLLATERAL GIVEN

Financial assets given as collateral are as follows at December 31:

December 31, 2025

	Redemption value of Pledged Assets LBP'000	Corresponding Facilities: Nature of Facility	Amount of Facility LBP'000	Residual Maturity Date
Certificates of deposits issued by the Central bank of Lebanon at amortized cost	471,621,324	Facilities from BDL	222,257,019	June 9, 2029
Certificates of deposit at amortized cost	127,608,026	Borrowings	95,467,014	1 year
	599,229,350		**317,724,033**	

December 31, 2024

	Redemption value of Pledged Assets LBP'000	Corresponding Facilities: Nature of Facility	Amount of Facility LBP'000	Residual Maturity Date
Certificates of deposits issued by the Central bank of Lebanon at amortized cost	471,621,324	Facilities from BDL	223,536,892	June 9, 2029
Lebanese Treasury Bills at amortized cost	329,015,730	Borrowings	445,077,501	1 year
Lebanese Treasury Bills at fair value through profit or loss	41,000	Borrowings		
Certificates of deposit at amortized cost	127,608,026	Borrowings	5,904,237	2 years
	928,286,080		**674,518,630**	

42. DISTRIBUTION BY GEOGRAPHICAL LOCATION

Below is the distribution of assets and liabilities and statement of profit or loss by geographical location of various Group entities:

42.1. Distribution of assets and liabilities by geographical location

	December 31, 2025			
	Lebanon LBP'000	France LBP'000	Algeria LBP'000	Total LBP'000
ASSETS				
Cash and Banks	576,177,757,188	29,075,809,255	16,111,133,855	621,364,700,298
Loans to banks	45	-	-	45
Loans and advances to customers	15,981,003,065	57,897,063,243	89,696,370,791	163,574,437,099
Investment securities	57,445,756,033	25,302,808	2,761,838,897	60,232,897,738
Customers' liability under acceptances	-	1,093,814,610	523,290,118	1,617,104,728
Investments in associates	547,950,048	-	-	547,950,048
Tangible and intangible assets	30,154,947,853	1,265,571,183	6,508,508,179	37,929,027,215
Other assets	1,289,069,467	557,793,290	6,055,356,466	7,902,219,223
Total Assets	**681,596,483,699**	**89,915,354,389**	**121,656,498,306**	**893,168,336,394**
LIABILITIES				
Deposits and borrowings from banks	6,570,821,753	(54,098,443)	109,566,090	6,626,289,400
Customers' accounts at amortized cost	612,106,824,585	77,093,921,991	97,932,172,718	787,132,919,294
Customers' acceptance liability	-	1,093,814,610	523,290,118	1,617,104,728
Other borrowings	756,790,206	-	-	756,790,206
Other liabilities and provisions	15,146,146,280	2,276,488,307	6,368,094,853	23,790,729,440
Total Liabilities	**634,580,582,824**	**80,410,126,465**	**104,933,123,779**	**819,923,833,068**

	December 31, 2024			
	Lebanon LBP'000	France LBP'000	Algeria LBP'000	Total LBP'000
ASSETS				
Cash and Banks	564,923,818,264	26,568,194,783	19,893,085,854	611,385,098,901
Loans to banks	171,517,723	-	29,087,500	200,605,223
Loans and advances to customers	20,204,054,217	46,273,706,303	79,702,868,868	146,180,629,388
Investment securities	67,148,889,498	22,687,403	2,078,352,733	69,249,929,634
Customers' liability under acceptances	-	1,107,757,849	743,823,463	1,851,581,312
Investments in associates	419,783,252	-	-	419,783,252
Goodwill	48,182,949	-	-	48,182,949
Tangible and intangible assets	29,113,695,195	585,536,595	10,364,525,114	40,063,756,904
Other assets	955,356,962	318,556,892	1,071,443,116	2,345,356,970
Total Assets	**682,985,298,060**	**74,876,439,825**	**113,883,186,648**	**871,744,924,533**
LIABILITIES				
Deposits and borrowings from banks	6,272,801,663	409,510,094	75,486,719	6,757,798,476
Customers' accounts at amortized cost	613,022,867,064	63,429,171,642	92,005,447,956	768,457,486,662
Customers' acceptance liability	-	1,107,757,849	743,823,463	1,851,581,312
Other borrowings	9,851,125,623	-	-	9,851,125,623
Other liabilities and provisions	11,847,573,575	1,520,721,905	5,430,740,130	18,799,035,610
Total Liabilities	**640,994,367,925**	**66,467,161,490**	**98,255,498,268**	**805,717,027,683**

42.2. Distribution of statement of profit or loss by geographical location

	Year Ended December 31, 2025			
	Lebanon LBP'000	**France LBP'000**	**Algeria LBP'000**	**Total LBP'000**
Net interest income	3,986,097,681	1,835,825,532	5,681,765,223	11,503,688,436
Net fee and commission income	3,201,739,367	279,779,522	1,129,076,695	4,610,595,584
Investments at fair value through profit or loss	(2,156,341,457)	-	-	(2,156,341,457)
Net loss on financial assets measured at amortized cost	(469,182,142)	-	-	(469,182,142)
Other operating income	9,708,772,322	(383,102,712)	(1,236,228,902)	8,089,440,708
Impairment of financial assets	(3,722,242,229)	(392,834,605)	(982,736,525)	(5,097,813,359)
Other expense	(7,657,021,244)	(983,128,733)	(2,095,992,703)	(10,736,142,680)
Income tax expense	(21,917,553)	(215,004,785)	(999,990,905)	(1,236,913,243)
Deferred tax on investees undistributed profits	(144,026,658)	(58,427,083)	(409,741,854)	(612,195,595)
	2,725,878,087	**83,107,136**	**1,086,151,029**	**3,895,136,252**

	Year Ended December 31, 2024			
	Lebanon LBP'000	**France LBP'000**	**Algeria LBP'000**	**Total LBP'000**
Net interest income	4,794,259,497	2,327,416,229	4,754,992,483	11,876,668,209
Net fee and commission income	2,273,618,763	232,091,790	1,067,684,510	3,573,395,063
Investments at fair value through profit or loss	1,969,985,772	-	-	1,969,985,772
Net gain on financial assets measured at amortized cost	119,840,500	-	-	119,840,500
Gain on derecognition of financial assets measured at fair value through other comprehensive income	318,012,344	-	-	318,012,344
Other operating income	5,402,019,123	(789,605,220)	193,767,129	4,806,181,032
Impairment of financial assets	(9,387,426,738)	(151,396,894)	(998,652,971)	(10,537,476,603)
Other expense	(6,294,498,271)	(809,244,354)	(2,221,618,445)	(9,325,361,070)
Income tax expense	(8,096,113)	(439,021,036)	(702,799,979)	(1,149,917,128)
Deferred tax on investees undistributed profits	(66,086,602)	(113,918,441)	(289,140,148)	(469,145,191)
	(878,371,725)	**256,322,074**	**1,804,232,579**	**1,182,182,928**

43. RISK MANAGEMENT OF FINANCIAL INSTRUMENTS

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 has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established various Committees to develop and monitor the Group's risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its management standards and procedures, aims to develop a disciplined control environment, in which employees understand their roles and obligations.

43.1. 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. The Group's main income generating activity is lending to customers and therefore credit risk is a principal risk. 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) and 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 credit risk management revolves around the following:

- Identifying, assessing and measuring credit risk from an individual instrument to a portfolio level.
- Creating credit policies to protect the Group against the identified risks including the requirements to obtain collateral from borrowers, to perform robust ongoing credit assessment of borrowers and to continually monitor exposures against internal risk limits.
- Ensuring that the Group has appropriate credit risk practices, including an effective system of internal control, to consistently determine adequate allowances in accordance with the Group's stated policies and procedures, IFRS and relevant supervisory guidance.
- Establishing a robust control framework regarding the authorization structure for the approval and renewal of credit facilities.
- Limiting concentrations of exposure by type of asset, counterparties, industry, credit rating, geographic location etc.
- Developing and maintaining the Group's risk grading to categorize exposures according to the degree of risk of default. Risk grades are subject to regular reviews.
- Developing and maintaining the Group's processes for measuring ECL including monitoring of credit risk, incorporation of forward-looking information and the method used to measure ECL.
- Ensuring that the Group has policies and procedures in place to appropriately maintain and validate models used to assess and measure ECL.

- Establishing a sound credit risk accounting assessment and measurement process that provides it with a strong basis for common systems, tools and data to assess credit risk and to account for ECL. Providing advice, guidance and specialist skills to business units to promote best practice in the management of credit risk.

Internal Rating and Regulatory Classification

In order to better manage credit risk, the Group has tasked its credit management committees to maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is based on a range of data that is thought to be predictive of the risk of default and applies experienced credit judgment. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

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

The Group's credit risk grading framework comprises nine categories, 6 performing categories each comprising 3 notches, in total 18 grades, in addition to 3 non-performing categories 8, 9, 10. A "low credit risk" would essentially imply that the borrower has a strong capacity to meet its contractual cash flow obligations in the near term. The Group has defined its Commercial Low Credit Risk Portfolio to include Commercial Borrowers that carry, within the investment grade category, the ratings 2 (strong) and 3 (good) mapped to the regulatory classification of "1"; loans fully cash covered are also categorized as "low credit risk" at inception regardless of rating or classification.

Internal ratings are mapped to the regulatory classifications and the IFRS9 Stages 1, 2 and 3 as shown in the table below.

IFRS 9 Stages	Regulatory Classification	Internal Rating	
Stage 1	1	2+, 2, 2- 3+, 3, 3-	Low Credit Risk – Normal
	2	4+, 4, 4- 5+, 5, 5-	Follow-up
Stage 2	3	6+, 6, 6- 7+, 7, 7-	Follow-up and Settlement
Stage 3	4,5,6	8, 9, 10	Objective evidence of impairment at the Reporting Date

The regulatory classification comprises six main categories detailed as follows:

a. "Regular" includes borrowers demonstrating good to excellent financial condition, risk factors, and capacity to repay. These loans demonstrate regular and timely payment of dues, adequacy of cash flows, timely presentation of financial statements, and sufficient collateral/guarantee when required.

b. "Follow-up" represents a lack of documentation related to a borrower's activity, an inconsistency between facilities' type and related conditions.

c. "Follow-up and Regularization" includes credit worthy borrowers requiring close monitoring without being impaired. These loans might be showing weaknesses; insufficient or inadequate cash flows; highly leveraged; deterioration in economic sector or country where the facility is used; loan rescheduling more than once since initiation; or excess utilization above limit.

d. "Substandard loans" include borrowers with incapacity to repay from identified cash flows. Also included under this category are those with recurrent late payments and financial difficulties.

e. “Doubtful loans” where full repayment is questioned even after liquidation of collateral. It also includes loans stagnating for over 6 months and debtors who are unable to repay restructured loans. Finally,

f. “Bad loans” with no or little expected inflows from business or assets. This category also includes borrowers with significant delays and deemed insolvent.

The Retail and Housing Loan Portfolio’s regulatory classification and IFRS9 stages are applied based on the days past due brackets.

The Group’s internal rating scale for the Financial Sector and Sovereigns is established based on the external rating agencies’ scales.

Monitoring of Credit Risk

The Group monitors all financial assets that are subject to 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 measures the loss allowance based on lifetime rather than 12-month ECL.

All exposures are monitored, and the credit risk grade is updated to reflect current information. The monitoring procedures followed are general and tailored to the type of exposure The Group collects performance and default information about its credit risk exposures analyzed by jurisdiction or region and by type of product, economic sector, borrower and by credit risk grading the information used is both internal and external depending on the portfolio assessed.

The following data are typically used to monitor the Group’s exposures:
- Payment record, including payment ratios and ageing;
- 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

Irrespective of the outcome of the above assessment, the Group presumes 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.

Measurement of ECL

The key inputs used for measuring ECL are:
- Probability of default (PD);
- Loss given default (LGD); And
- Exposure at default (EAD).

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 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 Group 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 approach takes into account the maximum expected balance after applying credit conversion factors on indirect facilities (off balance sheet items).

The Group measures ECL considering the risk of default over the maximum contractual period over which the Group is exposed to credit risk. However, for financial instruments 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. These financial instruments do not have a fixed term or repayment structure and have a short contractual cancellation period. The Group does not enforce in the normal day-to-day management the contractual right to cancel these financial instruments. This is because these financial instruments 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. For such financial instruments, 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.

Incorporation of Forward-Looking Information

The Group uses forward-looking information that is available without undue cost or effort in its assessment of significant increase in credit risk as well as in its measurement of ECL.

The factors taken into account in this process include macro-economic data such as GDP growth, unemployment, benchmark interest rates and house prices published by governmental bodies and monetary authorities. The Group employs experts who use external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios.

The Group applies probabilities to the forecast scenarios identified. The base case scenario is the single most- likely outcome. The Group uses a statistical analysis of historical data to estimate relationships between macro- economic variables and credit risk/default rates.

Credit Quality

Loans' classifications are assessed and updated regularly. The distribution of loans and advances to customers by classification is disclosed under note 8.

Most of customers' exposures represent credit facilities granted to corporations which do not have external credit rating.

During 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.

The above deterioration in the credit quality of the loans portfolio in Lebanon has been intensified as a result of the massive and devastating explosion that occurred on August 4, 2020 and which resulted in the destruction of thousands of residential units and businesses in downtown Beirut as well as the eastern side of the capital leaving thousands of citizens homeless and/or jobless.

a) Maximum exposure to credit risk

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

	December 31, 2025		
	Carrying Amount LBP'000	ECL LBP'000	Net Carrying Amount LBP'000
Deposits with central banks	579,504,447,991	(10,430,547,022)	569,073,900,969
Deposits with banks and financial institutions	41,951,961,414	(221,324,257)	41,730,637,157
Loans to banks	2,428,470,730	(2,428,470,685)	45
Loans and advances to customers	196,126,938,579	(32,552,501,480)	163,574,437,099
Investment securities	54,878,732,004	(17,094,205,454)	37,784,526,550
Customers' liability under acceptances	1,617,104,728	-	1,617,104,728
Other assets	26,610,850	(25,599,578)	1,011,272
	876,534,266,296	**(62,752,648,476)**	**813,781,617,820**
Off balance sheet commitments	**11,567,973,893**	**(766,136,764)**	**10,801,837,129**

	December 31, 2024		
	Carrying Amount LBP'000	ECL LBP'000	Net Carrying Amount LBP'000
Deposits with central banks	578,322,601,285	(9,588,747,112)	568,733,854,173
Deposits with banks and financial institutions	34,046,733,969	(202,029,757)	33,844,704,212
Loans to banks	2,422,750,184	(2,222,144,961)	200,605,223
Loans and advances to customers	177,290,206,395	(31,109,577,007)	146,180,629,388
Investment securities	108,018,962,460	(59,289,893,152)	48,729,069,308
Customers' liability under acceptances	1,851,581,312	-	1,851,581,312
Other assets	25,955,769	(24,944,497)	1,011,272
	901,978,791,374	**(102,437,336,486)**	**799,541,454,888**
Off balance sheet commitments	**11,573,826,573**	**(437,806,879)**	**11,136,019,694**

The movement of allowance for expected credit losses during 2025 and 2024 is summarized as follows:

	Opening Balance January 1, 2025 LBP'000	Net Allowance for the year LBP'000	Write-off and other Movement LBP'000	Effect of exchange rate changes LBP'000	Transfer between Categories LBP'000	Closing Balance December 31, 2025 LBP'000
Cash and Central Banks	9,588,747,112	480,737,377	304,300,000	56,762,533	-	10,430,547,022
Deposits with banks and financial institutions and loans to banks	2,424,174,718	221,280,210	-	6,149,743	(1,809,729)	2,649,794,942
Loans and advances to customers	31,109,577,007	2,311,479,812	(164,866,481)	93,471,931	(797,160,789)	32,552,501,480
Investment securities	59,289,893,152	1,753,840,742	(42,325,706,345)	-	(1,623,822,095)	17,094,205,454
Financial Guarantees	437,806,879	321,582,704	-	6,747,181	-	766,136,764
Other assets	24,944,497	651,919	-	3,162	-	25,599,578
	102,875,143,365	**5,089,572,764**	**(42,186,272,826)**	**163,134,550**	**(2,422,792,613)**	**63,518,785,240**

	Opening Balance January 1, 2024 LBP'000	Net Allowance for the year LBP'000	Write-off and other Movement LBP'000	Effect of exchange rate changes LBP'000	Transfer between Categories LBP'000	Closing Balance December 31, 2024 LBP'000
Cash and Central Banks	1,618,574,094	(40,129,054)	-	7,979,756,251	30,545,821	9,588,747,112
Deposits with banks and financial institutions and loans to banks	411,392,994	(23,889,238)	-	2,023,205,413	13,465,549	2,424,174,718
Loans and advances to customers	4,506,708,589	4,915,752,019	(2,674,878)	21,336,351,303	353,439,974	31,109,577,007
Investment securities	12,391,785,310	5,501,134,634	(8,843,131,958)	50,240,105,166	-	59,289,893,152
Financial Guarantees	155,399,661	(87,648,189)	-	370,055,407	-	437,806,879
Other assets	4,840,466	-	-	20,104,031	-	24,944,497
	19,088,701,114	**10,265,220,172**	**(8,845,806,836)**	**81,969,577,571**	**397,451,344**	**102,875,143,365**

b) Exposures subject to ECL

	December 31, 2025			
	Stage 1 LBP'000	Stage 2 LBP'000	Stage 3 LBP'000	Total LBP'000
Gross exposures				
Deposits with central banks	579,504,447,991	-	-	579,504,447,991
Deposits with banks and financial institutions	41,951,961,414	-	-	41,951,961,414
Loans to banks	-	-	2,428,470,730	2,428,470,730
Loans and advances to customers	90,480,823,919	58,953,134,483	46,692,980,177	196,126,938,579
Investment securities	5,410,338,989	-	49,468,393,015	54,878,732,004
Customers' liability under acceptances	1,617,104,728	-	-	1,617,104,728
Other Assets	26,610,850	-	-	26,610,850
	718,991,287,891	58,953,134,483	98,589,843,922	876,534,266,296
Off balance sheet commitments	10,475,554,925	1,018,457,292	73,961,676	11,567,973,893
Expected credit losses				
Deposits with central banks	(10,430,547,022)	-	-	(10,430,547,022)
Deposits with banks and financial institutions	(221,324,257)	-	-	(221,324,257)
Loans to banks	-	-	(2,428,470,685)	(2,428,470,685)
Loans and advances to customers	(666,040,636)	(348,735,211)	(31,537,725,633)	(32,552,501,480)
Investment securities	(125,162,196)	-	(16,969,043,258)	(17,094,205,454)
Other Assets	(25,599,578)	-	-	(25,599,578)
	(11,468,673,689)	(348,735,211)	(50,935,239,576)	(62,752,648,476)
Off balance sheet commitments	(355,418,461)	(410,473,456)	(244,847)	(766,136,764)
Net exposures				
Deposits with central banks	569,073,900,969	-	-	569,073,900,969
Deposits with banks and financial institutions	41,730,637,157	-	-	41,730,637,157
Loans to banks	-	-	45	45
Loans and advances to customers	89,814,783,283	58,604,399,272	15,155,254,544	163,574,437,099
Investment securities	5,285,176,793	-	32,499,349,757	37,784,526,550
Customers' liability under acceptances	1,617,104,728	-	-	1,617,104,728
Other Assets	1,011,272	-	-	1,011,272
	707,522,614,202	**58,604,399,272**	**47,654,604,346**	**813,781,617,820**
Off balance sheet commitments	**10,120,136,464**	**607,983,836**	**73,716,829**	**10,801,837,129**

	December 31, 2024			
	Stage 1 LBP'000	Stage 2 LBP'000	Stage 3 LBP'000	Total LBP'000
Gross exposures				
Deposits with central banks	578,322,601,285	-	-	578,322,601,285
Deposits with banks and financial institutions	34,046,733,969	-	-	34,046,733,969
Loans to banks	-	-	2,422,750,184	2,422,750,184
Loans and advances to customers	76,188,893,868	54,030,117,946	47,071,194,581	177,290,206,395
Investment securities	18,276,678,190	-	89,742,284,270	108,018,962,460
Customers' liability under acceptances	1,851,581,312	-	-	1,851,581,312
Other Assets	25,955,769	-	-	25,955,769
	708,712,444,393	54,030,117,946	139,236,229,035	901,978,791,374
Off balance sheet commitments	11,233,600,286	335,329,350	4,896,937	11,573,826,573
Expected credit losses				
Deposits with central banks	(9,588,747,112)	-	-	(9,588,747,112)
Deposits with banks and financial institutions	(202,029,757)	-	-	(202,029,757)
Loans to banks	-	-	(2,222,144,961)	(2,222,144,961)
Loans and advances to customers	(723,285,315)	(413,648,883)	(29,972,642,809)	(31,109,577,007)
Investment securities	(408,777,690)	-	(58,881,115,462)	(59,289,893,152)
Other Assets	(24,944,497)	-	-	(24,944,497)
	(10,947,784,371)	(413,648,883)	(91,075,903,232)	(102,437,336,486)
Off balance sheet commitments	(361,549,308)	(76,012,724)	(244,847)	(437,806,879)
Net exposures				
Deposits with central banks	568,733,854,173	-	-	568,733,854,173
Deposits with banks and financial institutions	33,844,704,212	-	-	33,844,704,212
Loans to banks	-	-	200,605,223	200,605,223
Loans and advances to customers	75,465,608,553	53,616,469,063	17,098,551,772	146,180,629,388
Investment securities	17,867,900,500	-	30,861,168,808	48,729,069,308
Customers' liability under acceptances	1,851,581,312	-	-	1,851,581,312
Other Assets	1,011,272	-	-	1,011,272
	697,764,660,022	**53,616,469,063**	**48,160,325,803**	**799,541,454,888**
Off balance sheet commitments	**10,872,050,978**	**259,316,626**	**4,652,090**	**11,136,019,694**

Limiting of Credit Risk

The Group manages the levels of credit risk undertaken on loans and advances by placing limits on the amount of risk accepted in relation to one borrower, and/or groups of related borrowers. Such risk is monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary.
Exposures to any one borrower including banks are further restricted by sub-limits covering on and off-financial position exposures. Country limit is also set by the bank. Actual exposures against limits are monitored on a regular basis.

c) Financial assets with credit risk exposure and related concentrations

Exposure to credit risk and concentration by counterparty:

(c.1) - Concentration of major financial assets by geographical location:

	December 31, 2025						
	Lebanon LBP'000	Middle East and Africa LBP'000	North America LBP'000	Europe LBP'000	Gulf LBP'000	Other LBP'000	Total LBP'000
Financial Assets							
Cash and central Banks	554,282,576,903	603,580,375	-	7,615,978,675	-	17,131,927,188	579,634,063,141
Deposits with banks and financial institutions	43,264,479	2,427,331,684	13,403,635,262	23,656,452,145	1,784,733,361	415,220,226	41,730,637,157
Loans to banks and financial institutions	-	45	-	-	-	-	45
Loans and advances to customers	13,445,863,547	1,573,022,034	336,909,362	57,993,919,742	515,444,254	89,709,278,160	163,574,437,099
Investment securities	57,445,756,033	444,545,937	1,822,135,173	27,152,347	94,737,053	398,571,195	60,232,897,738
	625,217,460,962	**5,048,480,075**	**15,562,679,797**	**89,293,502,909**	**2,394,914,668**	**107,654,996,769**	**845,172,035,180**
Financial Liabilities							
Deposits and borrowings from banks	4,335,713,686	867,179,671	43,442,484	1,260,887,489	9,499,980	109,566,090	6,626,289,400
Customers' accounts at amortized cost	576,758,646,045	22,056,062,822	4,540,318,732	83,691,454,965	-	100,086,436,730	787,132,919,294
Other borrowings	196,959,103	-	323,244,080	236,587,023	-	-	756,790,206
	581,291,318,834	**22,923,242,493**	**4,907,005,296**	**85,188,929,477**	**9,499,980**	**100,196,002,820**	**794,515,998,900**

	December 31, 2024						
	Lebanon LBP'000	Middle East and Africa LBP'000	North America LBP'000	Europe LBP'000	Gulf LBP'000	Other LBP'000	Total LBP'000
Financial Assets							
Cash and central Banks	545,643,048,972	565,907,521	-	16,692,821,890	-	14,638,616,306	577,540,394,689
Deposits with banks and financial institutions	(39,033,856)	5,562,088,446	9,227,905,452	12,849,528,639	1,045,068,878	5,199,146,653	33,844,704,212
Loans to banks and financial institutions	-	200,605,223	-	-	-	-	200,605,223
Loans and advances to customers	17,549,640,187	1,611,509,375	312,454,569	46,357,711,217	629,248,476	79,720,065,564	146,180,629,388
Investment securities	67,148,889,498	444,545,937	1,368,073,072	24,327,723	90,252,815	173,840,589	69,249,929,634
	630,302,544,801	**8,384,656,502**	**10,908,433,093**	**75,924,389,469**	**1,764,570,169**	**99,731,669,112**	**827,016,263,146**
Financial Liabilities							
Deposits and borrowings from banks	5,230,325,946	867,179,671	143,983,086	431,323,074	9,499,980	75,486,719	6,757,798,476
Customers' accounts at amortized cost	577,904,211,950	22,838,655,097	4,078,370,673	69,470,767,208	-	94,165,481,734	768,457,486,662
Other borrowings	9,291,294,520	-	323,244,080	236,587,023	-	-	9,851,125,623
	592,425,832,416	**23,705,834,768**	**4,545,597,839**	**70,138,677,305**	**9,499,980**	**94,240,968,453**	**785,066,410,761**

Other specific control and mitigation measures are outlined below:

i) Collateral:

The principal collateral types for loans and advances consist of mortgages over real estate properties and bank guarantees.
The Group will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

ii) 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.

43.2. 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. That being said, 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 a de-facto capital control, leading to incremental credit risks and restricted access to foreign currency among other adverse factors.

Management of liquidity risk

Liquidity is the Group's ability to ensure the availability of funds to meet commitments (including off-balance sheet commitments) at a reasonable price at all times. In 'business as usual' circumstances the day-to-day cash management should not lead to any threats to its solvency.

Liquidity risk is defined as the risk of the Group's ability to meet its current and future payment obligations in full or on time.

Liquidity risk arises when, in the case of a liquidity crisis, refinancing may only be raised at higher market rates (funding risk) or assets may only be liquidated at a discount to the market rates (market liquidity risk). It also results from mismatches in the maturity pattern of assets and liabilities.

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 were granted a time limit ending December 31, 2025, to adjust their situation accordingly. Intermediate Circular 739 issued on August 14, 2025 amended the aforementioned denominator to become foreign currency deposits as at June 30, 2025 and extended compliance deadline to June 30, 2026 instead of December 31, 2025.

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.

	December 31, 2025				
	Up to 3 Months LBP'000	3 Months to 1 year LBP'000	1 to 5 years LBP'000	Over 5 years LBP'000	Total LBP'000
FINANCIAL LIABILITIES					
Deposits from banks and financial institutions	6,626,289,400	-	-	-	6,626,289,400
Customers' deposits at amortized cost	234,952,155,000	132,760,795,000	208,150,976,000	211,268,993,294	787,132,919,294
Other borrowings	365,613,000	28,652,000	168,787,000	193,738,206	756,790,206
	241,944,057,400	**132,789,447,000**	**208,319,763,000**	**211,462,731,500**	**794,515,998,900**

	December 31, 2024				
	Up to 3 Months LBP'000	3 Months to 1 year LBP'000	1 to 5 years LBP'000	Over 5 years LBP'000	Total LBP'000
FINANCIAL LIABILITIES					
Deposits from banks and financial institutions	6,757,798,476	-	-	-	6,757,798,476
Customers' deposits at amortized cost	683,838,729,000	80,395,884,000	4,222,873,662	-	768,457,486,662
Other borrowings	4,282,365,623	5,180,951,000	194,070,000	193,739,000	9,851,125,623
	694,878,893,099	**85,576,835,000**	**4,416,943,662**	**193,739,000**	**785,066,410,761**

43.3. 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:

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, 2025				
	LBP	USD	EUR	Other	Total
	LBP'000	LBP'000	LBP'000	LBP'000	LBP'000
ASSETS					
Cash and Central Banks	6,657,900,122	521,052,504,664	34,004,473,203	17,919,185,152	579,634,063,141
Deposits with banks and financial institutions	6,219,937	25,152,508,772	13,734,223,538	2,837,684,910	41,730,637,157
Loans to banks	-	45	-	-	45
Investment securities at fair value through profit or loss	5,372,656	8,222,772,097	5,195,200,945	-	13,423,345,698
Investment securities at amortized cost	1,755,964,968	22,842,443,311	3,116,797	2,751,007,629	27,352,532,705
Investment securities at fair value through OCI	5,427,455,851	14,016,882,677	1,849,539	10,831,268	19,457,019,335
Loans and advances to customers	319,773,142	42,246,985,502	30,635,511,240	90,372,167,215	163,574,437,099
Customers' liability under acceptances	-	-	1,093,814,610	523,290,118	1,617,104,728
Investments in associates	192,917,993	355,032,055	-	-	547,950,048
Assets acquired in satisfaction of loans	7,056,333,006	4,933,526,569	-	-	11,989,859,575
Property and equipment	17,901,546,575	190,847,771	57,437,076	5,904,139,427	24,053,970,849
Intangible assets	178,466,892	-	177,777,003	126,045,308	482,289,203
Right in use assets	85,074,813	1,317,832,775	-	-	1,402,907,588
Other assets	344,551,758	938,403,132	568,335,451	6,050,928,882	7,902,219,223
Total Assets	39,931,577,713	641,269,739,370	85,471,739,402	126,495,279,909	893,168,336,394
LIABILITIES					
Deposits from banks and financial institutions	796,822,240	5,535,694,163	168,270,532	125,502,465	6,626,289,400
Customers' deposits at amortized cost	13,307,252,275	596,799,989,209	75,070,734,553	101,954,943,257	787,132,919,294
Liability under acceptances	-	-	1,093,814,610	523,290,118	1,617,104,728
Borrowings	536,931,592	219,858,614	-	-	756,790,206
Lease liabilities	33,457	1,480,089,310	-	-	1,480,122,767
Other liabilities	2,750,585,384	6,242,505,614	2,007,307,574	5,270,274,026	16,270,672,598
Provisions	4,240,031,248	481,489,151	516,261,032	802,152,644	6,039,934,075
Total Liabilities	21,631,656,196	610,759,626,061	78,856,388,301	108,676,162,510	819,923,833,068
Net exchange position	**18,299,921,517**	**30,510,113,309**	**6,615,351,101**	**17,819,117,399**	**73,244,503,326**

	December 31, 2024				
	LBP	**USD**	**EUR**	**Other**	**Total**
	LBP'000	**LBP'000**	**LBP'000**	**LBP'000**	**LBP'000**
ASSETS					
Cash and Central Banks	3,811,102,155	519,013,472,621	39,903,141,261	14,812,678,652	577,540,394,689
Deposits with banks and financial institutions	27,096,808	11,435,332,156	12,933,414,225	9,448,861,023	33,844,704,212
Loans to banks	-	200,605,223	-	-	200,605,223
Investment securities at fair value through profit or loss	7,163,783	6,524,358,789	4,607,768,753	10,347,068	11,149,638,393
Investment securities at amortized cost	2,037,399,626	44,433,441,843	-	2,068,005,666	48,538,847,135
Investment securities at fair value through OCI	4,272,258,921	5,284,780,639	4,404,546	-	9,561,444,106
Loans and advances to customers	263,523,722	44,851,503,296	20,690,169,338	80,375,433,032	146,180,629,388
Customers' liability under acceptances	-	-	1,107,757,849	743,823,463	1,851,581,312
Investments in associates	101,659,669	318,123,583	-	-	419,783,252
Assets acquired in satisfaction of loans	7,115,713,464	3,097,266,415	-	-	10,212,979,879
Property and equipment	18,528,562,814	150,542,501	218,892,550	9,741,491,090	28,639,488,955
Intangible assets	182,816,275	-	131,387,271	60,899,616	375,103,162
Right in use assets	8,444,700	827,740,208	-	-	836,184,908
Good will	48,182,949	-	-	-	48,182,949
Other assets	428,893,294	912,132,479	544,637,430	459,693,767	2,345,356,970
Total Assets	36,832,818,180	637,049,299,753	80,141,573,223	117,721,233,377	871,744,924,533
LIABILITIES					
Deposits from banks and financial institutions	517,637,230	5,465,216,449	106,063,283	668,881,514	6,757,798,476
Customers' deposits at amortized cost	6,602,683,114	605,647,181,005	60,317,887,567	95,889,734,976	768,457,486,662
Liability under acceptances	-	-	1,107,757,849	743,823,463	1,851,581,312
Borrowings	933,987,001	8,917,138,622	-	-	9,851,125,623
Lease liabilities	109,559	1,177,200,300	-	-	1,177,309,859
Other liabilities	1,651,775,364	10,616,274,391	1,243,668,003	410,705,062	13,922,422,820
Provisions	1,999,002,359	934,736,529	170,833,691	594,730,352	3,699,302,931
Total Liabilities	11,705,194,627	632,757,747,296	62,946,210,393	98,307,875,367	805,717,027,683
Net exchange position	**25,127,623,553**	**4,291,552,457**	**17,195,362,830**	**19,413,358,010**	**66,027,896,850**

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, 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.

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, 2025			
	LBP LBP'000	Onshore Foreign Currencies LBP'000	Offshore Foreign Currencies LBP'000	Total LBP'000
Cash and deposits with central banks	6,657,900,122	542,043,054,527	30,933,108,492	579,634,063,141
Deposits with banks and financial institutions	6,219,937	29,719,972	41,694,697,248	41,730,637,157
Loans to banks	-	-	45	45
Investment securities	7,188,793,475	47,893,694,855	5,150,409,408	60,232,897,738
Loans and advances to customers	319,773,142	14,740,203,953	148,514,460,004	163,574,437,099
Customers' liability under acceptances	-	-	1,617,104,728	1,617,104,728
Investments in associates	192,917,993	-	355,032,055	547,950,048
Assets acquired in satisfaction of loans	7,056,333,006	4,933,526,569	-	11,989,859,575
Property and equipment	17,901,546,575	-	6,152,424,274	24,053,970,849
Intangible assets	178,466,892	-	303,822,311	482,289,203
Right in use assets	85,074,813	-	1,317,832,775	1,402,907,588
Other assets	344,551,758	900,123,941	6,657,543,524	7,902,219,223
	39,931,577,713	**610,540,323,817**	**242,696,434,864**	**893,168,336,394**
Deposits from banks and financial institutions	796,822,240	106,593,966	5,722,873,194	6,626,289,400
Customers' deposits at amortized cost	13,307,252,275	477,027,224,653	296,798,442,366	787,132,919,294
Liability under acceptances	-	-	1,617,104,728	1,617,104,728
Borrowings	536,931,592	144,659,393	75,199,221	756,790,206
Lease liabilities	33,457	107,429,134	1,372,660,176	1,480,122,767
Other liabilities	2,750,585,384	6,995,657,911	6,524,429,303	16,270,672,598
Provisions	4,240,031,248	883,927,851	915,974,976	6,039,934,075
	21,631,656,196	**485,265,492,908**	**313,026,683,964**	**819,923,833,068**

	December 31, 2024			
	LBP LBP'000	Onshore Foreign Currencies LBP'000	Offshore Foreign Currencies LBP'000	Total LBP'000
Cash and deposits with central banks	3,811,102,155	536,268,703,828	37,460,588,706	577,540,394,689
Deposits with banks and financial institutions	27,096,808	55,602,176	33,762,005,228	33,844,704,212
Loans to banks	-	-	200,605,223	200,605,223
Investment securities	6,316,822,330	57,042,639,520	5,890,467,784	69,249,929,634
Loans and advances to customers	263,523,722	18,634,578,351	127,282,527,315	146,180,629,388
Customers' liability under acceptances	-	-	1,851,581,312	1,851,581,312
Investments in associates	101,659,669	-	318,123,583	419,783,252
Assets acquired in satisfaction of loans	7,115,713,464	3,097,266,415	-	10,212,979,879
Property and equipment	18,528,562,814	-	10,110,926,141	28,639,488,955
Intangible assets	182,816,275	-	192,286,887	375,103,162
Right in use assets	8,444,700	-	827,740,208	836,184,908
Good will	48,182,949	-	-	48,182,949
Other assets	428,893,294	485,149,852	1,431,313,824	2,345,356,970
	36,832,818,180	**615,583,940,142**	**219,328,166,211**	**871,744,924,533**
Deposits from banks and financial institutions	517,637,230	112,438,608	6,127,722,638	6,757,798,476
Customers' deposits at amortized cost	6,602,683,114	492,546,628,061	269,308,175,487	768,457,486,662
Liability under acceptances	-	-	1,851,581,312	1,851,581,312
Borrowings	933,987,001	4,796,645,096	4,120,493,526	9,851,125,623
Lease liabilities	109,559	120,845,605	1,056,354,695	1,177,309,859
Other liabilities	1,651,775,364	6,871,456,418	5,399,191,038	13,922,422,820
Provisions	1,999,002,359	999,896,534	700,404,038	3,699,302,931
	11,705,194,627	**505,447,910,322**	**288,563,922,734**	**805,717,027,683**

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.

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

	December 31, 2025				
	Not subject to Interest LBP'000	Less than 1 Year LBP'000	1 to 5 years LBP'000	Over 5 years LBP'000	Total LBP'000
FINANCIAL ASSETS					
Cash and central banks	382,978,358,000	26,460,073,000	153,992,518,000	16,203,114,141	579,634,063,141
Deposits with banks and financial institutions	36,541,058,000	4,989,911,000	199,668,157	-	41,730,637,157
Loans to banks	45	-	-	-	45
Investment securities	38,426,287,223	7,838,961,000	10,302,928,000	3,664,721,515	60,232,897,738
Loans and advances to customers	14,929,580,000	115,061,935,000	29,862,873,000	3,720,049,099	163,574,437,099
	472,875,283,268	**154,350,880,000**	**194,357,987,157**	**23,587,884,755**	**845,172,035,180**
FINANCIAL LIABILITIES					
Deposits and borrowings from banks	56,572,000	6,569,717,400	-	-	6,626,289,400
Customers' accounts at amortized cost	403,850,565,000	377,160,176,000	6,122,178,294	-	787,132,919,294
Other borrowings	69,916,000	-	686,874,206	-	756,790,206
	403,977,053,000	**383,729,893,400**	**6,809,052,500**	**-**	**794,515,998,900**

	December 31, 2024				
	Not subject to Interest LBP'000	Less than 1 Year LBP'000	1 to 5 years LBP'000	Over 5 years LBP'000	Total LBP'000
FINANCIAL ASSETS					
Cash and central banks	367,507,423,000	40,268,618,689	153,555,654,000	16,208,699,000	577,540,394,689
Deposits with banks and financial institutions	29,220,279,000	4,218,239,212	406,186,000	-	33,844,704,212
Loans to banks	(5,109,282,000)	5,309,887,223	-	-	200,605,223
Investment securities	31,772,408,000	10,240,236,000	15,266,141,000	11,971,144,634	69,249,929,634
Loans and advances to customers	15,222,511,000	103,973,689,000	23,148,914,000	3,835,515,388	146,180,629,388
	438,613,339,000	**164,010,670,124**	**192,376,895,000**	**32,015,359,022**	**827,016,263,146**
FINANCIAL LIABILITIES					
Deposits and borrowings from banks	96,528,000	6,661,270,476	-	-	6,757,798,476
Customers' accounts at amortized cost	394,124,309,000	370,196,759,662	4,136,418,000	-	768,457,486,662
Other borrowings	258,040,000	7,404,445,623	2,188,640,000	-	9,851,125,623
	394,478,877,000	**384,262,475,761**	**6,325,058,000**	**-**	**785,066,410,761**

43.4. Operational Risks

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 Group 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 (RCAs) 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 Group 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.

43.5. 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 the Group's activities, operating results and position.

44. CONTINGENCIES

The Bank, amongst 10 other banks in the country, is defendant in a civil action brought on January 1, 2019 under the Anti-Terrorism Act ("ATA"), at United States District Court, Eastern District of New York, by a group of plaintiffs claiming to have suffered losses by reason of acts of international terrorism occurring between 2004 and 2011. The Group's management states that the Bank has not been involved in any wrong doing and has appointed lawyers to defend its case. Management is of the opinion that the risk derived from the outcome of the lawsuit is relatively low and will not result in an adverse impact on the Group's financial statements.

During 2023, the Group's records and tax returns for the years 2016 and 2017 were subject to review by the relevant tax authorities. No final assessment was issued up till the date of issuance of these financial statements. Any additional tax liability depends on the outcome of such reviews.

The Group's tax returns for the years 2018 till 2025 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.

45. CAPITAL MANAGEMENT

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

Central Bank of Lebanon's Intermediate circular 567, issued on August 26, 2020, introduced several key changes in the calculation of regulatory capital adequacy ratios. These changes include:

- Raising the regulatory expected credit loss level for Lebanese Government securities in foreign currency and Lebanese government-related exposures in same currency from 9.45% to 45% and later on to 75% in 2022. Regulatory ECL for other exposures remain unchanged.

Type of financial instrument	***2025***	*2024*
Exposures to Central Bank of Lebanon in foreign currency	**1.89%**	1.89 %
Exposures to Central Bank of Lebanon in Lebanese Lira	**0%**	0 %
Lebanese government securities in foreign currency	**75%**	75 %
Lebanese government securities in Lebanese Lira	**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.

- Prohibiting Lebanese banks from distributing dividends on common shares for the financial years 2019, 2020, 2021 and 2022 (year 2023 was subsequently added by way of Intermediate Circular 693). Banks must maintain a capital conservation buffer of 2.5%, comprised of Common Equity Tier 1. However, exceptionally, as per the Intermediate Circular 693, the buffer may be drawn down during 2023 and 2024, but must be rebuilt progressively at a later stage and as per BDL' instruction.

- 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 amortized over a period of 3 years (2022-2024 by 25% yearly).

- Exceptionally for 2022 and 2023, allowing banks to include under CET 1 part of the losses resulting from the purchase of local dollars from the Central Bank of Lebanon against Lebanese Pound for the purpose of reducing open net FX short positions prior to 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, the 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 June 30, 2023 and at the end of each reporting period over 5 years.

- In October 2020, BCC issued a memo 15/2020 requesting 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 (%)	2021	2022	2023	2024	2025
Minimum Capital Ratio **(excluding the Capital Conservation Buffer)**					
Common Equity Tier 1 / risk-weighted assets	4.50%	5.25%	4.50%	4.50%	4.50%
Net Tier 1 / risk-weighted assets	6.00%	6.75%	6.00%	6.00%	6.00%
Total capital / risk-weighted assets	8.00%	8.75%	8.00%	8.00%	8.00%
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%	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 impact is minor on the Group’s capital adequacy ratio.

The Group’s capital adequacy ratio was as follows:

	December 31,	
	2025	2024
	LBP Million	LBP Million
Common Equity Tier I	55,610,412	28,613,406
Additional Tier I capital	1,486,646	1,544,471
Tier II capital	10,099,686	10,368,693
Total regulatory capital	**67,196,744**	**40,526,570**
Credit risk	708,486,846	737,546,567
Market risk	29,142,880	45,641,636
Operational risk	40,941,428	45,452,747
Risk-weighted assets and risk-weighted off-balance sheet items	**778,571,154**	**828,640,950**
Common Equity Tier I ratio	7.14%	3.45%
Tier I capital ratio	7.33%	3.64%
Risk based capital ratio - Tier I and Tier II capital	8.63%	4.89%

The Group’s capital adequacy ratio as at December 31, 2025 and 2024, 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.

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

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*.

47. SUBSEQUENT EVENTS

After the statement of financial position date, hostilities emerged in the Middle East region and along the southern Lebanese border and escalated, resulting in widespread disruption of shipping routes through the Strait of Hormuz and damage to civilian and commercial infrastructure in the Gulf region. These events do not affect conditions existing at the reporting date but are expected to have a material impact on the Group's operations and financial performance in the forthcoming year. Management continues to monitor developments and financial risks.

48. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the Group's Board of Directors in its meeting held on May 15, 2026.