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Economic Research & Analysis Department

LEBANON THIS WEEK

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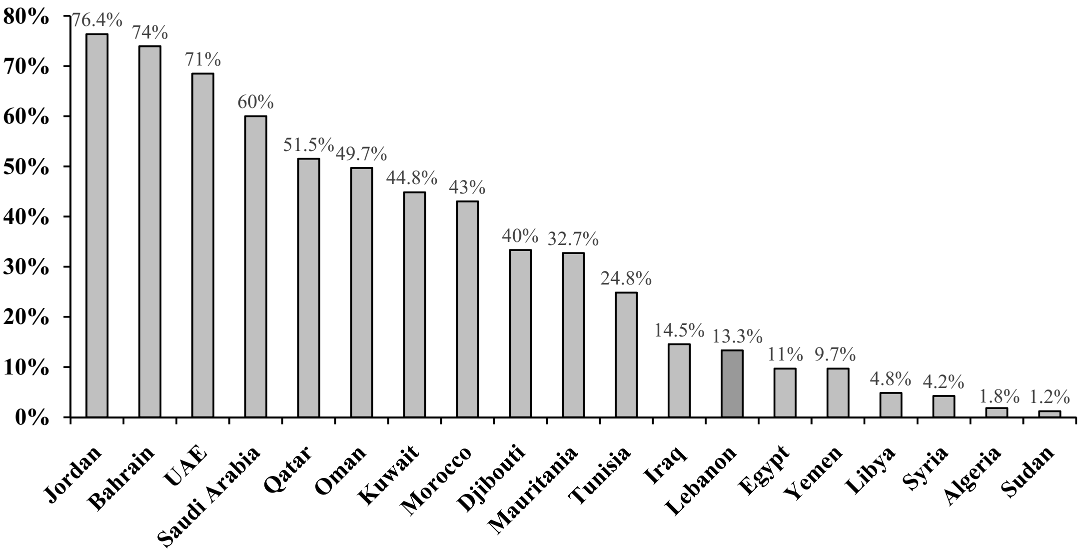
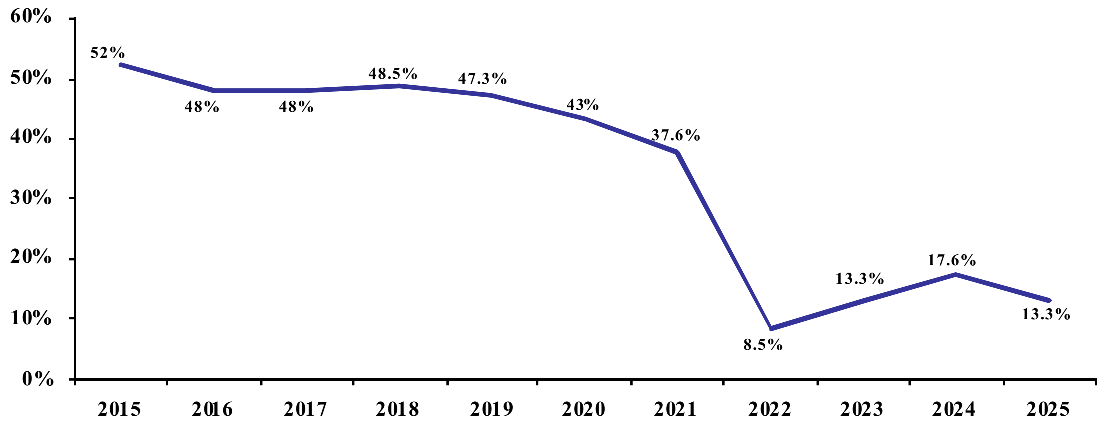
Charts of the Week

Percentile Rankings of Arab Countries on the Economic Freedom of the World Index for 2025



Percentile Rankings of Lebanon on the Economic Freedom of the World Index



Source: Fraser Institute, Byblos Bank

Quote to Note

"Lebanon's rating is unlikely to move from its current position before the debt restructuring is completed."

Moody's Ratings, on the pre-condition to upgrade the country's sovereign ratings

Number of the Week

30%: Percentage of Lebanese who believe that the government will likely implement the reforms required by the International Monetary Fund, according to an opinion poll that polling firm InfoPro sal conducted in November 2025

Lebanon in the News

$m (unless otherwise mentioned)	2023*	2024*	2025*	% Change**	Aug-24	Jul-25	Aug-25
Exports	1,894	1,910	2,366	23.9%	232	370	252
Imports	11,776	11,543	12,937	12.1%	1,554	1,845	1,482
Trade Balance	(9,882)	(9,633)	(10,570)	9.7%	(1,323)	(1,475)	(1,230)
Balance of Payments	1,071	5,107	10,070	97.2%	1,271.1	424.8	1,149.5
Checks Cleared in LBP***	6,820	1,008	509	-49.5%	80	74	56
Checks Cleared in FC***	2,590	950	484	-49.1%	82	45	56
Total Checks Cleared	9,410	1,958	993	-49.3%	162	119	112
Fiscal Deficit/Surplus	-	36.1	-	-	66.6	-	-
Primary Balance	-	428.2	-	-	114.3	-	-
Airport Passengers	5,005,141	4,418,652	4,722,830	6.9%	669,423	793,367	930,037
Consumer Price Index	233.0	63.6	14.6	-77.0%	35.0	14.3	14.2

$bn (unless otherwise mentioned)	Aug-24	Apr-25	May-25	Jun-25	Jul-25	Aug-25	% Change*
BdL FX Reserves	10.51	11.01	10.96	11.18	10.84	10.96	4.3%
In months of Imports	-	-	-	-	-	-	-
Public Debt	-	-	-	-	-	-	-
Bank Assets	104.56	102.67	102.17	103.51	102.66	102.36	-2.1%
Bank Deposits (Private Sector)	90.41	88.99	88.62	88.79	88.47	88.35	-2.3%
Bank Loans to Private Sector	6.59	5.53	5.50	5.47	5.43	5.41	-17.9%
Money Supply M2	1.25	1.73	1.63	1.65	1.66	1.63	30.7%
Money Supply M3	70.69	69.42	69.00	68.99	68.70	68.48	-3.1%
LBP Lending Rate (%)	5.11	7.35	9.26	9.11	9.23	9.39	83.8%
LBP Deposit Rate (%)	0.86	1.93	2.08	1.58	3.95	3.21	273.3%
USD Lending Rate (%)	2.59	3.69	5.53	4.83	3.68	5.19	100.4%
USD Deposit Rate (%)	0.04	0.04	0.10	0.04	0.06	0.05	25.0%

**in first eight months of each; **year-on-year*
****checks figures do not include compensated checks in fresh currencies*
Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE*	Last Price ($)	% Change*	Total Volume	Weight in Market Capitalization
Byblos Common	0.59	0.0	150,000	1.7%
Solidere "A"	81.85	5.9	81,248	41.5%
Solidere "B"	79.00	(4.8)	14,450	26.0%
BLOM GDR	6.00	4.3	9,000	2.2%
BLOM Listed	6.25	(13.2)	2,000	6.8%
Audi Listed	1.91	0.0	-	5.7%
HOLCIM	72.00	0.0	-	7.1%
Audi GDR	2.90	0.0	-	1.8%
Byblos Pref. 08	25.00	0.0	-	0.3%
Byblos Pref. 09	29.99	0.0	-	0.3%

*Source: Beirut Stock Exchange (BSE); *week-on-week*

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Nov 2026	6.60	23.4	251.86
Mar 2027	6.85	23.4	163.95
Nov 2028	6.65	23.4	58.68
Feb 2030	6.65	23.4	38.39
Apr 2031	7.00	23.4	29.43
May 2033	8.20	23.4	20.75
May 2034	8.25	23.4	18.16
Jul 2035	12.00	23.4	15.80
Nov 2035	7.05	23.4	15.36
Mar 2037	7.25	23.4	13.39

Source: Refinitiv

	Dec 29 - Jan 2	Dec 22-26	% Change	December 2025	December 2024	% Change
Total shares traded	256,698	426,362	(39.8)	18,721,012	1,636,678	1,043.8
Total value traded	$7,747,122	$29,308,064	(73.6)	$74,844,101	$71,132,606	5.2
Market capitalization	$19.71bn	$19.70bn	0.0	$20.15bn	$26.95bn	(25.2)

Source: Beirut Stock Exchange (BSE)

Council of Ministers approves deposits repayment draft law

The Council of Ministers approved by a slim majority on December 26, 2025 the draft law of the Financial Stabilization and Deposits Repayment Act (FSDR) and forwarded it to Parliament, following its signature by President Joseph Aoun on December 29. Article 1 states that the Act aims to put a general framework for financial stabilization and the repayment of deposits, to restore the balance and solvency of the banking system, including of Banque du Liban (BdL), to remove irregular claims from the balance sheets of banks, and to determine the State's obligations towards BdL and restructuring them.

Article 4 states that, first, within one month of the law's enactment, and in order to determine the deficit on BdL's balance sheet, BdL will take the necessary measures to revalue its financial assets by an independent international auditing firm. Second, it said that each bank will undergo an asset quality review (AQR) by an independent international auditing firm based on international norms, in order to determine the decline or realized losses in the assets of each bank and the corresponding decline in the bank's capital and of its placements at BdL. It added that, after the AQR, the hierarchy of claims and the distribution of losses will be applied starting with common shareholders. Also, it said that, regardless of the results of the AQR, each bank will have to recapitalize through Tier One instruments according to Basel III rules. It noted that banks whose capital has not been depleted as a result of the AQR will have to incorporate this part into their Tier Two capital. Third, after completing the AQR, banks have to start the removal of irregular claims from their balance sheet. Fourth, it said that if a bank's balance sheet shows a surplus in its assets that covers all of its deposits, it can request its exclusion from the terms of this law and will repay deposits directly to depositors. Fifth, it noted that if a bank cannot implement any of the required steps in this article, the Second Chamber of the Higher Banking Authority will take the necessary measures against the bank.

Article 5 defines the irregular claims as, first, cash withdrawals and bank transfers that exceed $100,000 and that took place after April 17, 2019 by ministers during this timeframe, BdL's Governor and his Vice Governors, the head and members of the Banking Control Commission of Lebanon, the members of BdL's Central Council, and senior managers at BdL, as well as by the banks' large shareholders, chairmen of the board and board members, general managers, deputy general managers, executive directors, and their spouses, children, representatives and lawyers, or any moral authority that they control directly or indirectly. Second, all bank foreign transfers, including from politically-exposed persons (PEPs), that exceed $100,000 and that took place after October 17, 2019 and that do not have commercial, industrial, educational, or medical justifications. Third, deposit accounts whose owners received pre-paid interest rates on BdL's financial engineering operations and/or any interest that was paid after 2016 on deposits that exceed $100,000 from the remaining amount in the account. Fourth, the accounts that exceed $100,000 and that saw an increase between October 17, 2019 and the date that the law goes into effect through the conversion of deposits from Lebanese pounds to US dollars at an exchange rate that is lower than the market rate or through buying bankers' checks with local dollars. Fifth, loans and advances that exceed $750,000 and that were reimbursed in Lebanese pounds at an exchange rate of LBP1,507 to LBP1,515 per US dollar between October 17, 2019 and the date that the law goes into effect. It excluded the loans that were repaid from local dollar deposits at banks. Sixth, "excessive" bonuses and dividends that banks distributed to senior employees and to shareholders, as defined by independent evaluators, and that were transferred abroad or withdrawn in cash. Seventh, accounts whose beneficial owner is unclear and/or accounts with suspicious sources, in case these accounts exist, including accounts with illegal funds according to Article 1 of Law 44 for anti-money laundering and combating the financing of terrorism (AML/CFT).

Article 6 details the mechanism to cleanse irregular claims. First, it said that, in case depositors do not repatriate the funds they transferred abroad within three months of the law going into effect, the authorities will impose a penalty equivalent to 30% of the amount transferred that exceeds $100,000, and the fine will be placed in the Deposits Repayment Account (DRA) at BdL. It added that paying the penalty does not preclude judicial authorities from requesting the repatriation of the balance of the funds in full or in part. It noted that, in case the account holder does not pay the penalty, the Ministry of Finance will issue instructions to collect the fine according to the procedures of tax and fee collections of Law 44 for Tax Procedures. It excluded from this measure those who complied with BdL Basic Circular 154 and all "fresh" funds that the client deposited in an account and transferred abroad. Second, it asked banks to discount the interest paid as specified in Article 5 and reverse the difference in the account against reducing this amount from the banks' placements at BdL. Third, it mandated the reconversion of the amounts that were converted from Lebanese pounds to US dollars since October 2019 at an exchange rate of LBP50,000 per dollar for the deposits converted between October 17, 2019 and the end of 2020, at a rate of LBP35,000 for deposits converted in 2021, at a rate of LBP30,000 for amounts converted in 2022, and at a rate of LBP15,000 for deposits converted since the start of 2023. Fourth, the law imposes a penalty equivalent to 30% of the loans in US dollars that were repaid in Lebanese pounds, to be paid within five years and placed in the DRA. It added that, in case the borrower does not pay the penalty, the Ministry of Finance will issue instructions to collect the fine according to the procedures of tax and fee collections of Law 44 for Tax Procedures. Fifth, the law imposes a fine equivalent to 30% on the "excessive" bonuses and dividends that banks distributed to senior managers and shareholders, to be paid within five years and to be placed in the DRA. It added that paying the penalty does not preclude judicial authorities from requesting the repatriation of the balance of the funds in full or in part. It noted that, in case the recipient does not pay the penalty, the Ministry of Finance will issue instructions to collect the fine according to the procedures of tax and fee collections of Law 44 for Tax Procedures. Sixth, it stipulates the referral of suspicious accounts to the Special Investigation Commission for AML/CFT in order to freeze them and to proceed according to Article 3 of Law 44 for AML/CFT, while the accounts will be transferred to an off-balance sheet account. Article 7 says that BdL will reflect the banks' operations and measures on its balance sheet, in order to mirror the balance sheets of banks.

Article 8 stipulates that, first, banks and BdL will start, within one month from the law going into effect, to repay deposits of less than $100,000 in cash on a monthly or quarterly basis over a four-year period, with a minimum of $1,500 per month. It noted that the funds will be placed in free accounts that the depositor can use by checks, or bank transfers, or payment cards, or any mean for electronic payment, as well as through automated teller machines (ATMs). Second, they will start repaying deposits between $100,000 to $1m by disbursing $100,000 in cash on a monthly or quarterly basis over a four-year period, while the balance will be repaid through 10-year asset-backed securities (ABS) that BdL will issue. Third, they will start repaying deposits that exceed $1m until $5m by disbursing $100,000 in cash on a monthly or quarterly basis over a four-year period, with a minimum of $1,500 per month, while the balance will be repaid through 15-year ABS that BdL will issue. Fourth, they will start repaying deposits that exceed $5m by disbursing $100,000 in cash on a monthly or quarterly basis over a four-year period, with a minimum of $1,500 per month, while the balance will be repaid through 20-year ABS that BdL will issue. Further, it considered as one deposit the aggregate amount in all of the individual accounts of the depositor, as well as his/her share in joint accounts at all banks operating in Lebanon.

Article 9 states that banks and BdL will jointly reimburse the cash component of the deposits, based on criteria that BdL will determine, after taking into consideration the liquidity conditions of banks. It added that BdL's share should not exceed 60% of the funds to reimburse.

Article 10 indicates that the Minister of Finance and the Governor of BdL will determine the debt that the State owes to BdL, in light of the revaluation of BdL's financial assets and after taking into consideration the sustainability of the public debt, with the final decision about the debt amount resting with the Council of Ministers. It added that the Council of Ministers has to provide an additional contribution to BdL's capital, in case of need, in order to support its solvency, based on Article 113 of the Code of Money and Credit. It noted that the Council of Ministers will determine, through a decree, the mechanism to repay the State's debt to BdL as well as the former's contribution to BdL's capital.

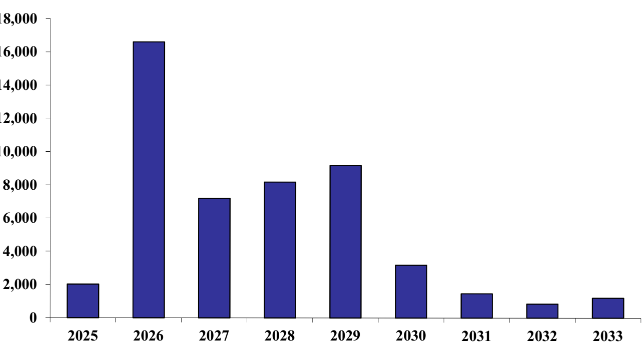
Article 12 says that BdL will issue ABS that represent the medium, large, and very large deposits, with commercial banks assuming the repayment of 20% of the ABS amounts. Further, it stated that the ABS will be backed by revenues that BdL's assets will generate and from the proceeds from liquidating these assets, in case of need, and that include, for instance, revenues from goods and precious metals, BdL's real estate portfolio, its shares in companies, revenues from sovereign and private debt that are due to BdL, as well as liquid assets and available reserves. It added that at least 75% of the assets' revenues or the proceeds from their liquidation, in case of need, will be allocated to the DRA.

Article 13 states that, starting in the fifth year after the law goes into effect, banks and BdL will reimburse at least 2% annually of the nominal amount of the ABS, and will repay the balance of the amount at the maturity of each ABS category. It added that the ABS can be traded on the Beirut Stock Exchange and on the secondary market. It noted that BdL's Central Council, and after the approval of the Minister of Finance, can reduce the ABS maturities in light of the economic and financial conditions in the country. Article 14 says that BdL can repurchase the ABS from the secondary market through the DRA. Article 15 indicates that the National Deposit Guarantee Institution will guarantee up to $100,000 in deposits and interest in Lebanese pounds and in US dollars per depositor across the banking sector.

More than 80% of Treasury securities have seven-year maturities or longer at end-November 2025

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP49,877bn at the end of November 2025, compared to LBP50,245bn at end-October 2025 and to LBP68,045bn at end-November 2024. The securities were equivalent to $557.3m at the end of November 2025 based on the exchange rate of LBP89,500 per US dollar, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.68% in November 2025 compared to 6.53% in November 2024.

Projected Maturities of Treasury Securities in LBP* (LBP billions)



**as at end-November 2025*
Source: Association of Banks in Lebanon, Byblos Research

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP28,122bn and accounted for 56.4% of aggregate securities denominated in Lebanese pounds at the end of November 2025, followed by seven-year Treasury securities with LBP10,569bn (21.2%), five-year Treasury bonds with LBP6,340bn (12.7%), three-year Treasury securities with LBP3,303bn (6.6%), 15-year Treasury bonds with LBP1,417bn (2.8%), and two-year Treasury securities with LBP125bn (0.3%). As such, 80.4% of outstanding Treasury securities have seven-year maturities or longer and 93.1% have five-year maturities or more. In parallel, LBP368bn in outstanding Treasury securities denominated in Lebanese pounds matured in November 2025. The distribution of maturing securities shows that 54.3% consisted of two-year Treasury bonds, 34% consisted of five-year Treasury bonds, and 11.7% were seven-year Treasury securities. According to the ABL, LBP2,032bn in outstanding Treasury securities in Lebanese pounds will mature in December 2025.

Banque du Liban calls for careful review of deposit recovery draft law

Banque du Liban's (BdL) Governor Karim Souaid indicated that, pursuant to Articles 71 and 72 of the Code of Money and Credit, the Council of Ministers formally consulted him and that he has actively participated in the deliberations of the committee mandated to prepare the draft Financial Stabilization and Deposits Repayment Act (FSDR).

The Governor declared that he supports the overall architecture of the draft and endorses its core principles, such as the reduction of BdL's financial deficit through the elimination of irregular claims; the segmentation of deposits into clearly defined categories of small, large, and very large deposits; the repayment of deposits through a combination of cash and asset-backed securities (ABS) over time and within the limits of available liquidity; and the allocation of financial responsibilities among the State, BdL, and commercial banks.

Further, he stressed that the soundness and sustainability of the FSDR Act must be assessed against the fairness and equitable allocation of financial burdens, as well as its realistic and enforceable implementation.

First, the Governor considered that the FSDR has respected the principle of fairness, and that each stakeholder must bear its appropriate share of responsibility. As such, he said that the draft FSDR Act requires further clarification and strengthening of the State's commitments. He added that, given that the State has been the ultimate user of the funds over many years, the State's contribution must be expressly defined, quantifiable, legally binding, and anchored within a clear and credible timetable.

Second, he stated that the repayment of deposits is a legal right, not a discretionary policy choice, and that this right must be supported by a credible repayment program. He added that the financial credibility of the FDSR Act is based on available assets, effective liquidity, and a repayment schedule that can be honored in practice. He considered that the proposed timetable for the cash component of deposit repayments is somewhat ambitious, and that it may be adjusted to ensure the regular, uninterrupted, and complete payments of deposits over time, without impairing the rights of depositors.

Further, regarding financial stability and the protection of the banking sector, the Governor expressed serious concerns, based on established legal principles, applicable accounting standards and international precedent, about any approach that would result in the systematic depletion or elimination of the banks' equity capital prior to the removal of irregular claims from their balance sheets and the subsequent application of the hierarchy of claims. He noted that, under the FSDR Act, commercial banks are partners in the deposit-repayment framework and constitute the core engine of credit intermediation that is essential for the economy's recovery. As such, he estimated that any solution that systematically eradicates the banks' equity capital would be detrimental to depositors, would undermine the prospects for the economic recovery, and would further encourage the expansion of the cash-based and informal economy.

As a result, and given the critical importance of the FSDR Act, he recommended that the Council of Ministers conducts a careful, thorough, and constructive review of the draft that aims to introduce the necessary enhancements and clarifications to ensure its fairness, credibility, and practical enforceability.

Ministry of Finance extends deadlines for tax declarations and payments

The Ministry of Finance (MoF) issued Decision 1063/1 dated December 30, 2025 that extends from December 30, 2025 until January 15, 2026 inclusive the deadline for companies to submit the annual tax declarations and pay the corporate income tax, as well as to submit the related Ultimate Beneficiary Owner, for 2023 and 2024, including for firms that hold petroleum-operating rights and for companies that hold petroleum rights under articles 41 and 42 of the Income Tax Law 144.

Further, the MoF issued Decision 1064/1 dated December 30, 2025 that extends until January 15, 2026 inclusive the deadline for taxpayers to submit electronically and in hard copies the tax declaration and pay the tax for 2024 on the income tax calculated on a real profit basis for natural persons, for partnerships, and for organizations that are exempt from the income tax that rely on the accrual accounting system, as well as the taxable amounts under articles 41 and 42 of the Income Tax Law 144.

Previously, the MoF issued Decision 898/1 dated October 29, 2025 that extends from October 31, 2024 until December 30, 2025 inclusive the deadline for companies to submit the annual tax declarations and pay the corporate income tax, as well as to submit the related Ultimate Beneficiary Owner, for 2023 and 2024, including for firms that hold petroleum-operating rights and for companies that hold petroleum rights under articles 41 and 42 of the Income Tax Law 144.

Also, the MoF issued Decision 899/1 dated October 29, 2025 that extends until December 30, 2025 inclusive the deadline for taxpayers to submit electronically and in hard copies the tax declaration and pay the tax for 2024 on the income tax calculated on a real profit basis for natural persons, for partnerships, and for organizations that are exempt from the income tax that rely on the accrual accounting system, as well as the taxable amounts under articles 41 and 42 of the Income Tax Law 144.

Economic Associations express strong reservations about deposit recovery draft law

Following its approval by the Council of Ministers on December 29, 2025, the Economic Associations expressed their objection to a significant number of provisions contained in the draft law on Financial Regulation and Deposit Recovery (FRDR). They considered that the draft law entails serious risks that threaten the rights of most depositors and what remains of the banking sector, and cements the Lebanese State's evasion of its ethical, legal, and financial responsibilities. They added that, if enacted in its current format, the legislation would not leave any prospect for the revival of the Lebanese economy.

The Economic Associations, which is the body representing the main components of the private sector in Lebanon, affirmed that the core flaw in the draft lies in the State's insistence on evading its responsibilities, as evidenced by the absence of any text that explicitly acknowledges the debt it owes under the pretext of "the public debt's sustainability", which constitutes a dangerous precedent aimed at shielding the State from its obligations and at placing the entire burden on depositors and on the banking sector. Further, they noted that the State also fails to clearly comply with its legal obligations, particularly those stipulated in Article 113 of the Code of Money and Credit, which requires it to cover the deficit on Banque du Liban's (BdL) balance sheet without ambiguity or interpretation. Moreover, they stated that the draft law cannot give priority to the public debt's sustainability at the expense of the sustainability of the economy and of society, given that the Lebanese State exists to serve its citizens, not foreign creditors or Eurobond holders, and that its primary duty is to protect depositors whose funds have been frozen due to past misguided policies.

As such, the Economic Associations stressed that the draft law's priority has to be the protection of depositors' rights through bold decisions and practical measures that include conducting a credible audit of the Lebanese State's finances, of BdL, and of the banks, which will clarify and determine the responsibilities of each side. It added that the State must then assume the debt that it owes to BdL and cover the deficit on the latter's balance sheet, followed by monetizing a limited portion of the State's and BdL's assets, and combining them with BdL's liquid foreign currency reserves, which would facilitate the realistic repayment of deposits of up to $100,000 and, subsequently, the remaining deposits. In addition, they condemned the campaigns that portray the State's contribution as a waste of funds, given that the State and BdL's contributions do not consist of donations, as they represent their fixed legal and contractual obligations towards the banks, which, in turn, have to return the funds to their rightful owners.

In parallel, the Economic Associations warned that harming or destroying the banking sector will lead to a complete paralysis of the national economy, which would eliminate any hope of restoring growth, and will open the door wide to an illicit cash economy that will expose Lebanon to the risk of financial isolation and of blacklisting. As such, it considered that any serious reform plan must be based on rehabilitating the banking sector instead of liquidating it. They also objected to the approach of placing on banks the entire burden of BdL's financial deficit, in addition to repaying part of the deposits, knowing that the banks cannot bear this burden. Further, they warned against writing off the banks' equity in part or in full prior to completing the audit and before cleansing irregular claims from the banks' balance sheets. They also warned against writing off shareholders' deposits, which would strip them of any ability to inject new funds in the banks' recapitalization process. They added that it is impossible to ask banks to recapitalize while simultaneously confiscating shareholders' money and eliminating any incentive for them to invest, given that such policies would permanently eliminate any possibility of financing the economy or ensuring the continuity of the banking sector.

As a result, the Economic Associations called on Parliament to fully assume its responsibilities by thoroughly reviewing the draft and rewriting it on fair and realistic grounds that are based on the equitable distribution of losses, the clear recognition of the State's responsibility, the effective protection of depositors' rights, and the preservation of the banking sector as a cornerstone of the national economy.

Surveyed economists estimate Lebanon's real GDP growth rate at 3.5% in 2025 and project it at 4.6% in 2026

Bloomberg's quarterly survey of economists and analysts about the outlook on the Lebanese economy projected economic activity to grow by 3.5% in 2025 relative to an earlier forecast of a real GDP growth rate of 3.2% in the September 2025 poll. The individual forecasts for 2025 ranged from a growth rate of 1.3% to a pickup rate of 5.5% for the current year, with a median real GDP growth rate of 3.4% for 2025. Also, the poll indicates that the consensus forecast among 62.5% of participants is that real GDP will improve by more than 3% in 2025. Bloomberg conducted the poll in December 2025, and the survey's results are based on the opinions of eight economists and analysts based in Lebanon and abroad.

Further, participants forecast the average inflation rate in Lebanon at 13.6% in 2025 compared to a projection of 14.1% in the September 2025 survey. The opinions of surveyed analysts differed on the magnitude of the increase in consumer prices in 2025, with expectations ranging from 6.2% to 17.4% and a median inflation rate of 14.9% for 2025. Also, 75% of participants predicted that the inflation rate would range between 14.5% and 17.4% in 2025.

In addition, surveyed analysts projected Lebanon's fiscal deficit at 0.4% of GDP in 2025 compared to a forecast of 0.2% of GDP in the September survey. The projections of polled economists for the fiscal balance ranged from a deficit of 2.5% of GDP to a surplus of 2% of GDP in 2025, with a median deficit of 0.5% of GDP.

Further, the survey's participants forecast the current account deficit at 14.4% of GDP in 2025 compared to a projected deficit of 15.1% of GDP in the September 2025 survey. The polled analysts expected the current account deficit to range from 14% of GDP to 15% of GDP in 2025, with a median deficit of 14.2% of GDP for the year.

In parallel, the surveyed analysts projected the economy to post a real GDP growth rate of 4.6% in 2026 relative to an earlier forecast of 5.7% in the September 2025 survey. The individual forecasts for 2026 ranged from a growth rate of 1.4% to a growth figure of 7%, with a median real GDP growth rate of 4.7% for 2026.

Further, participants forecast the average inflation rate in Lebanon at 11.5% in 2026 compared to a projection of 11.4% in the September 2025 poll. The opinions of surveyed analysts differed on the magnitude of the increase in consumer prices in 2026, with expectations ranging from 4.8% to 19.7% and a median inflation rate of 11.4% for the year.

Also, surveyed analysts projected Lebanon's fiscal deficit at 0.2% of GDP in 2026 relative to a September forecast of a fiscal surplus of 0.1% of GDP. The projections of polled economists for the fiscal balance ranged from a deficit of 1.8% of GDP to a surplus of 1% of GDP in 2026, with a median surplus of 0.1% of GDP for 2026.

In addition, the survey's participants projected the current account deficit at 12.2% of GDP in 2026 compared to a previous forecast of a deficit of 13.8% of GDP in the September poll. The polled analysts expected the current account deficit to range from 11% of GDP to 14% of GDP in 2026, with a median deficit of 11.9% of GDP for the year.

Egypt to supply natural gas for electricity generation

Lebanon signed on December 29, 2025 a Memorandum of Understanding with Egypt to import natural gas, in order to supply Lebanon’s power plants with gas for electricity generation. The Ministry of Energy and Water said that the government has decided to gradually shift the dependence of the energy sector from fuel oil to natural gas, given that natural gas is less costly, less harmful to the environment, and avoids the complexities of fuel oil tenders. It indicated that a foreign technical committee assessed in late 2025 the condition of the pipeline that extends from Aqaba in Jordan through Syria to the Deir Ammar power plant, as the Lebanese part of the pipeline has been inactive for years. It indicated that the assessment detailed the cost and the timeframe required to rehabilitate the Lebanese section of the pipeline, which the committee estimated at about three to four months and at a relatively limited cost. Further, it noted that similar assessments are under way on the Syrian side of the pipeline, and that Lebanon will contact donor agencies to explore funding options for rehabilitating the pipeline from Deir Ammar to the Syrian border.

Further, the ministry stressed Lebanon’s objective to diversify its sources of natural gas, whether through cooperation with Gulf Cooperation Council countries, via the International Finance Corporation, to establish new gas-fired power plants, or through the creation of a regasification terminal. Also, it indicated that the cooperation with Egypt could result in contracts to purchase natural gas to supply the Deir Ammar plant in a first phase, but it noted that this will take time due to the need to rehabilitate pipelines and coordinate with the Syrian side, as well as to conduct negotiations with Egypt, Jordan, and Syria.

Figures issued by the Lebanese Customs Administration show that Lebanon imported six million tons of oil and mineral fuel in the first eight months of 2025 compared to 4.7 million tons in the same period of 2024. Also, the import bill of oil and mineral fuels reached $3.28bn in the first eight months of 2025, constituting an increase of 8.4% from $3bn in the same period of 2024, and accounted for 25.4% of the total import bill in the covered period compared to 26.2% in the same period last year. The distribution of the imports of oil & mineral fuels shows that Lebanon imported $3.14bn of mineral fuels, mineral oils and their products, which represented 95.7% of imported oil & mineral fuels in the first eight months of 2025, followed by $140m of salt, Sulphur, earths and stone, and plastering material (4.3%), and $5,000 of ores, slag and ash (0.2%).

IMF suggests key modifications to deposit recovery draft law

The International Monetary Fund (IMF) considered that the draft law on Financial Regulation and Deposit Recovery (FRDR) needs important modifications to make sure that it meets the international principles of banking sector restructuring and to explicitly incorporate key implementation requirements. It indicated that these principles include respecting the hierarchy of claims, ensuring a comprehensive and final restructuring of the banking system, maximizing the protection depositors, and maintaining the sustainability of the sovereign debt. It said that the requirements include using international accounting standards for the audits and for the asset quality review (AQR) of the banks and of Banque du Liban (BdL), conducting a transparent bank resolution process explicitly linked to the bank resolution law (BRL), and minimizing legal risks. It noted that depositors are the first party to assume losses in the current draft, the legal risks that could disrupt the restructuring of the banking sector are very high, and all contingent liabilities rest with BdL and, ultimately, with the government. As such, it issued several recommendations.

First, under Article 4 about the Procedures to Restore the Balance and Solvency of the Banking System, it estimated that there is a need for an explicit requirement to conduct the audits and AQRs of banks and of BdL according to international standards, in order to determine the capital shortfall in a consistent way. It advocated including a provision that suspends the automatic application of Article 113 of the Code of Money and Credit in case an audit of BdL triggers the application of the article. It claimed that this would address the concern that determining the capital shortfall at BdL could trigger its recapitalization at a time when the government is not in a position to do so. It added that the diagnostic of irregular transactions should be conducted by independent international auditing firms to provide more credibility and stronger independent evaluations that are more likely to resist legal challenges.

Second, regarding Burden Sharing and the Sequencing of Loss Absorption, it estimated that BdL is assuming a large responsibility for the repayment of commercial banks' deposits. As such, it called for an explicit specification of the sequence of actions in Article 4 to understand if the hierarchy of claims is respected, and how the BRL framework is applied under the FRDR. It considered that banks should recognize their losses on their exposure to BdL "as realized", prior to the cleansing of the irregular accounts, and that shareholders should be the first stakeholders to bear the cost with their existing shares or capital if a bank's capital is eroded, in line with the hierarchy of claims. It added that the proposed cleansing of irregularities would leave the banks' capital unchanged and would reduce the size of BdL's gap, while BdL's capital shortfall will be "transferred" to banks, which would positively impact their equity. It noted that this prevents the respect of the hierarchy of claims by de facto having banks allocating losses to customer deposits before allocating them to their shareholders.

As such, it recommended to explicitly mentioning in the legislation that banks would be assessed based on the BdL audit report and the AQR results only, that banks would have to recognize their losses consistent with a BdL capital shortfall until it is reduced to zero, and that insolvent but viable banks would enter into resolution; while a special administrator would monitor the process of dealing with subordinated irregularities independently, instead of bank managers and shareholders. Further, it stressed that the amount of irregularities that will absorb losses would be capped to the capital shortfall of the bank, in order to avoid the creation of a positive Common Equity Tier 1 ratio (CET1) that will benefit shareholders at the expense of depositors.

Third, regarding Article 7 about the Deposit Payment Mechanism, it said that the proposed system-wide definition of depositor, instead of the bank-by-bank approach, breaches the no-creditor-worse-off principle and leads to a larger percentage loss for mid-size depositors compared to larger ones. The proposed repayment scheme is not contingent on the ability of BdL to pay, thereby introducing potentially other very significant fiscal contingent liabilities. It added that, even if the repayment is more substantial in the first years, a bank-by-bank definition of depositor would avoid breaching the non-creditor worse off principle and, in most cases, allow for a significantly higher share of deposit repayment for medium size depositors. It noted that having the legal flexibility to adjust the pace of deposit re-imbursements in line with BdL capacity would avoid the risk of re-entering into a second default by BdL.

Fourth, regarding Article 11 about Asset-Backed Securities (ABS), it expressed concerns about the lack of a mechanism to ensure that banks bear 20% of the responsibility to redeem the certificates, and about the mechanism to ensure that BdL remains liquid over time. It asked if the law should propose using some of BdL's gold reserves to ensure the liquidity for the ABS.

Fifth, regarding Article 14 about the National Deposit Guarantee Institution, it said that the draft law does not specify that the new level of deposit guarantee will apply only to new deposits and on a bank-by-bank basis. It said that the law needs to be explicit about the level of protection of legacy depositors at banks undergoing liquidation, and about who would be responsible for these costs. In addition, these fiscal contingencies should be estimated given the debt sustainability issues and BdL position.

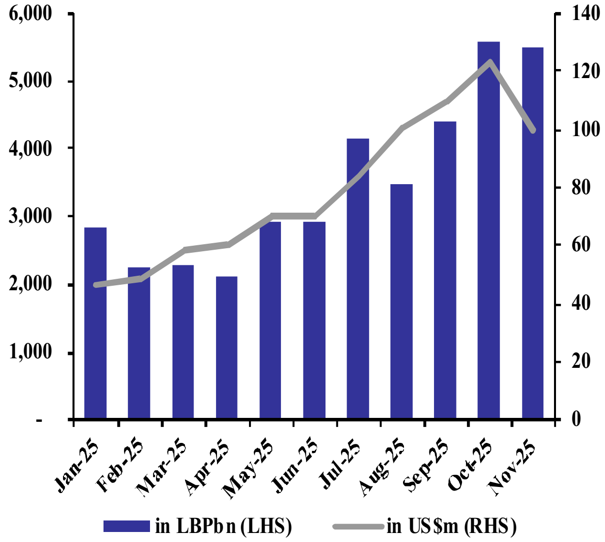
Finally, it expressed concern that the proposed mechanism does not ensure that BdL will be recapitalized at least to zero, that BdL does not have enough liquidity to ensure the repayments of the ABS, and that BdL may not have enough revenues to pay for its own expenses and maintain its reserves at a level that allows it to carry out its mandate.

Amount of cleared checks in "fresh" foreign currency up 232% to $871.2m in first 11 months of 2025

The amount of cleared checks in Lebanese pounds reached LBP56,761bn in the first 11 months of 2025, constituting a decrease of 21.5% from LBP72,329bn in the same period of the preceding year, while the amount of cleared checks in foreign currency was $615m and dropped by 49.5% from $1.22bn in the first 11 months of 2024. Also, there were 99,704 cleared checks in the first 11 months of 2025, down by 42.6% from 173,750 checks in the same period of 2024, and consisted of 94,920 cleared checks in Lebanese pounds and 4,784 cleared checks in foreign currency. As such, the number of cleared checks in Lebanese pounds decreased by 40.3%, while their counterparts in foreign currency dropped by 67.4% from the same period of 2024.

In addition, the amount of cleared checks in Lebanese pounds stood at LBP4,325bn in November 2025, constituting a decrease of 37.3% from LBP6,899bn in October 2025 and an increase of 13.7% from LBP3,805bn in November 2024. Further, the amount of cleared checks in foreign currency was $44m in November 2025, as it decreased by 12% from $50m in the previous month and by 52.7% from $93m in November 2024. Also, there were 7,311 cleared checks in November 2025 relative to 9,503 cleared checks in October 2025 and to 9,780 cleared checks in November 2024.

Cleared Checks in Fresh Currencies



Source: Association of Banks in Lebanon

Also, the amount of cleared checks in "fresh" Lebanese pounds stood at LBP38,458bn, while the amount of cleared checks in "fresh" foreign currency was $871.2m in the first 11 months of 2025, relative to cleared checks of LBP15,723bn in "fresh" Lebanese pounds and of $262.1m in "fresh" foreign currency in the same period of 2024. Further, there were 22,950 cleared checks in "fresh" Lebanese pounds and 65,010 cleared checks in "fresh" foreign currency in the covered period, compared to 8,567 cleared checks in "fresh" Lebanese pounds and 19,955 cleared checks in "fresh" foreign currency in the same period of the previous year.

In parallel, the amount of returned checks in Lebanese pounds totaled LBP498bn in the first 11 months of 2025, down by 17% from LBP600bn in the same period of 2024, while the amount of returned checks in foreign currency was $95.5m and surged by 40.5% from $68m in the first 11 months of 2024. Also, the amount of returned checks in Lebanese pounds stood at LBP7bn in November 2025, as it dropped by 96% from LBP180bn in October 2025 and increased by 16.7% from LBP6bn in November 2024. Moreover, the amount of returned checks in foreign currency was $2m in November 2025, representing a decrease of 50% from $4m in the previous month and a drop of 66.7% from $6m in November 2024.

In addition, the amount of returned checks in "fresh" foreign currency stood at $3.2m, while the amount of returned checks in "fresh" Lebanese pounds was LBP382.6bn in the first 11 months of the year. In comparison, the amount of returned checks in "fresh" foreign currency totaled $1.41m, while the amount of returned checks in "fresh" Lebanese pounds was LBP38.7bn in the same period of 2024.

Further, there were 516 returned checks in the first 11 months of 2025, representing a drop of 47.3 % from 979 returned checks in the same period of the previous year. Also, the number of returned checks in foreign currency reached 187 in the covered period and declined by 46% from 347 checks in the first 11 months of 2024, while the number of returned checks in Lebanese pounds totaled 329 and decreased by 48% from 632 checks from the same period of the preceding year.

In addition, there were 37 returned checks in November 2025, relative to 44 returned checks in the preceding month and to 58 checks in November 2024. There were 24 returned checks in Lebanese pounds in November 2025 compared to 34 checks in the previous month and to 39 in November 2024, while there were 13 returned checks in foreign currency in November 2025 relative to 10 checks in the preceding month and 19 returned checks in November 2024.

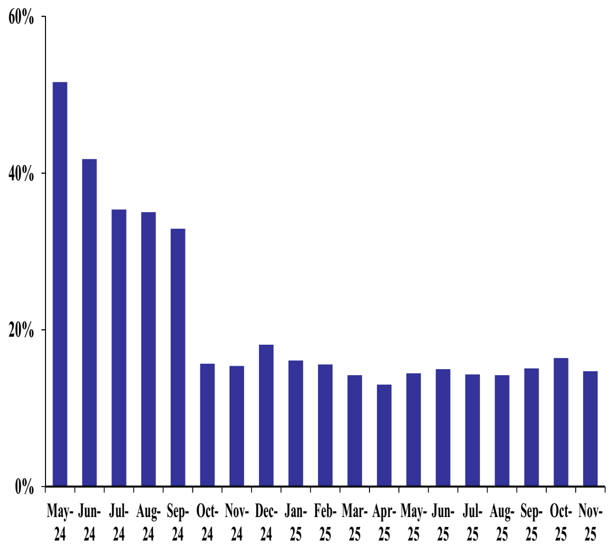
Also, there were 268 returned checks in "fresh" foreign currency and 79 returned checks in "fresh" Lebanese pounds in the first 11 months of 2025. In comparison, there were 140 returned checks in "fresh" foreign currency and 37 returned checks in "fresh" Lebanese pounds in the same period last year.

Consumer Price Index up 14.7% year-on-year in November 2025

The Central Administration of Statistics' Consumer Price Index increased by 14.8% in the first 11 months of 2025 from the same period of 2024. In comparison, it rose by 48.6% and by 225.4% in the first 11 months of 2024 and 2023, respectively, from the corresponding periods of the preceding years.

The CPI grew by 14.7% in November 2025 from the same month of 2024 and registered its 21st double-digit increase since the last triple-digit rise in February 2024 when it stood at 123.2%. The slowdown of the inflation rate from triple-digit rates in previous years is due in part to the widespread dollarization of consumer goods and services in the economy and to the stabilization of the exchange rate of the Lebanese pound against the US dollar since July 2023. However, the cumulative increase in the inflation rate is due in part to the rise of the cost of education, rent, recreation and entertainment, and food prices, to the surge of fees in the public administration, to the weakening of the exchange rate of the US dollar against major currencies, and to the inability of the authorities to monitor and contain retail prices.

Annual Change in Consumer Price Index* (%)



**from the same month of the previous year*
Source: Central Administration of Statistics, Byblos Research

The cost of education surged by 76.8% in November 2025 from the same month in 2024, followed the prices of recreation & entertainment (+39.8%), imputed rent (+26.8%), actual rent (+18.8%), the prices of food & non-alcoholic beverages (+17%), and rates at restaurants and hotels (+9.7%), while the cost of miscellaneous goods & services rose by 26.7% in the covered month. Also, the prices of alcoholic beverages & tobacco grew by 8.8% year-on-year in November 2025, followed by the prices of clothing & footwear (+7.1%), transportation costs (+5.4%), healthcare costs (+2.2%), and the prices of water, electricity, gas & other fuels (+0.8%). In contrast, the prices of furnishings & household equipment regressed by 1.1% in November 2025 from the same month last year, followed by the cost of communication (-0.5%). Also, the distribution of actual rent shows that new rent surged by 26.3% and old rent increased by 9% in November 2025 from the same month of 2024.

In parallel, the CPI increased by 0.82% in November 2025 from the previous month relative to an increase of 3.23% in October, a growth of 0.6% in September, an increase of 0.56% in August, a rise of 1.32% in July, an uptick of 0.76% in June, a jump of 1.31% in May, a rise of 0.67% in April, a growth of 0.44% in March, an uptick of 0.66% in February, an expansion of 1.1% in January 2025, a rise of 2.4% in December 2024, an increase of 2.3% in November, a growth of 2% in October, a downturn of 0.2% in September, and to upticks of 0.64% in August, of 2% in July, of 0.3% in June, and of 0.02% in May 2024.

The prices of water, electricity, gas & other fuels increased by 1.41% in November 2025 from the preceding month, followed by imputed rent (+1.41%), the cost of alcoholic beverages and tobacco (+1.4%), transportation costs (+1.1%), the prices of clothing & footwear (+1.05%), the cost of food & non-alcoholic beverages (+0.92%), the cost of recreation & entertainment (+0.83%), actual rent (+0.73%), rates at restaurants and hotels (+0.39%), the prices of miscellaneous goods & services (+0.26%), and the cost of healthcare (+0.1%). In contrast, the prices of furnishings & household equipment regressed by 0.27% in November 2025 from October 2025, followed by the cost of communication (-0.01%); while the cost of education was unchanged in November 2025 from October. In addition, the distribution of actual rent shows that new rent increased by 1.3% and old rent was unchanged in November 2025 from October.

Also, the CPI increased by 1.63% in the Nabatieh area in November 2025 from the previous month, as well as by 1.2% in the North, by 0.82% in Beirut, by 0.75% in the South area, by 0.73% in the Bekaa, and by 0.6% in Mount Lebanon. In parallel, the Fuel Price Index rose by 2.3% and the Education Price Index was unchanged month-on-month in November 2025.

Ministry of Finance sets deadline for tax and penalty payments on Sayrafa transactions

The Ministry of Finance (MoF) issued a statement to individuals and legal entities who conducted transactions on Banque du Liban's (BdL) Sayrafa electronic exchange platform about the need to declare and pay the tax due on profits resulting from the transactions, pursuant to the provisions of Article 93 of Law 324 dated December 2, 2024, or the Budget Law of 2024.

As such, the ministry reminded taxpayers who conducted transactions on the Sayrafa platform that exceeded a total of $15,000 during the 2021-23 period of their obligation to declare and pay the exceptional tax and the stipulated penalties by January 15, 2026, in order to avoid prosecution under tax evasion provisions. It added that, following the deadline's expiration, the tax administration will begin auditing the information that it received from BdL and other concerned parties about the transactions carried out by taxpayers on the platform, and will refer those who failed to comply with their tax obligations to the Financial Public Prosecutor.

The MoF issued Decision No. 647/1 dated June 4, 2024, in application of Article 93 of Budget Law 324 that was published in the Official Gazette on February 12, 2024. First, it said that commercial banks have to aggregate the amount of all the transactions and operations that natural or legal persons carried out on BdL's Sayrafa electronic exchange platform during 2021, 2022 and 2023 and that are based on BdL Circular 161/13384 of December 16, 2021. It said that every person whose total purchases of US dollars at the exchange rate of the Sayrafa platform exceed $15,000 during the covered period is subject to the tax rate of 17% on the profits made from these transactions, as stipulated in Article 93 of Budget Law 324.

Second, it mandated all commercial banks and money dealers operating in Lebanon to provide the tax administration electronically, within one month of the publication date of the decision, detailed information about Sayrafa transactions that natural or legal persons executed through banks and money dealers. It added that the information must include the full name of the natural person, his/her tax identification number if it exists, his/her address of residence, and the amount and date of each transaction.

Third, it stipulated that the profits that are subject to the additional exceptional tax as specified in Article 93 constitute the difference between the amount in Lebanese pounds that the person used to buy the dollars through the Sayrafa platform and the actual value of the dollars in Lebanese pounds on the date of the transaction.

Fourth, it stated that if a natural or legal person is subject to the income tax on a real profits basis, or if a natural or legal person is subject to the income tax on the basis of lump sum profits, and if these persons have or have not shown the profits resulting from their transactions on the Sayrafa platform in their accounting entries and in their annual declaration, they must submit an independent declaration that the MoF prepared specifically for this purpose within a period of two months from the date of publication of this decision. It said that natural or legal persons must show the profits that they generated from their transactions on the platform and subject them to the additional exceptional tax rate of 17%. It added that the tax paid on these profits cannot be deducted from the person's revenues for the year 2024 or for any other year. Further, it indicated that it will impose penalties on natural or legal persons that do not comply with this procedure, according to the amended Article 109 of tax procedures, and another penalty based on the amended Article 55 of tax procedures.

Fifth, it pointed out that the tax administration will audit the activities of taxpayers who did or did not show the revenues from their transactions on the Sayrafa platform in their declarations and records for the years 2021, 2022, and 2023, and will apply the taxes and fines due.

Sixth, the ministry exempted from the exceptional tax of 17% the salaries and wages differentials that resulted from dollar purchases through the Sayrafa electronic platform, as well as the differentials that natural and legal persons who are not subject to tax on profits generated, except for holdings firms and offshore companies. Seventh, it said that the natural or legal persons must submit their tax declaration forms exclusively to LibanPost, the manager of the country's postal services. Eighth, it stated that taxpayers could pay their taxes through commercial banks, LibanPost, or any other money transfer operator approved by the MoF to pay taxes and fees.

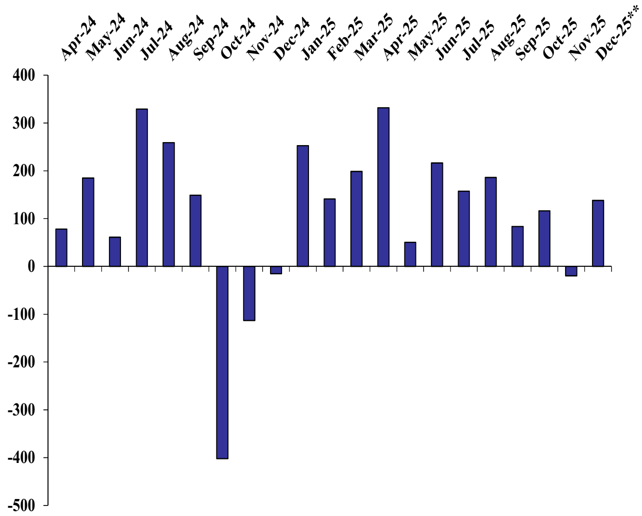
In addition, the MoF issued Decision 853/1 dated August 13, 2024 that extended to September 30, 2024 the deadline for taxpayers to submit the tax declaration and pay the tax on transactions and operations that natural or legal persons carried out on the Sayrafa platform. It attributed its decision to providing taxpayers with the opportunity to comply with this requirement and to avoid penalties.

Banque du Liban's liquid foreign reserves at $12bn, gold reserves at $40bn at mid-December 2025

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,458.4 trillion (tn) as at December 15, 2025, relative to LBP8,445.8tn at end-November 2025, to LBP8,473.3tn at mid-November 2025, to LBP8,318.7tn at the end of 2024, and to LBP8,390.8tn at mid-December 2024. BdL indicated that it revised its balance sheet figures starting on October 15, 2024 in accordance with international standards. It said that it changed the classification of "Foreign Assets" to "Foreign Reserve Assets" in order to present non-resident and liquid foreign assets only, while it reclassified the "other resident and/or illiquid items" to its "Securities Portfolio" or to the "Loans to the Local Financial Sector" entries.

BdL's Foreign Reserve Assets stood at $11.99bn on December 15, 2025, compared $11.85bn at end-November 2025, to $11.98bn at mid-November 2025 and to $10.2bn at mid-December 2024. Also, they increased by $252.8m in January, by $141.1m in February, by $198.7m in March, by $331.7m in April, by $50.4m in May, by $216.5m in June, by $157.3m in July, by $186.2m in August, by $83.4m in September, by $116.3m in October, regressed by $19.9m in November 2025, and increased by $137.8m in the first half of December 2025. As a result, BdL's Foreign Reserve Assets rose by $1.85bn from the end of 2024 and by $3.41bn between the end of July 2023 and mid-December 2025, despite a decline of $530.3m in the fourth quarter of 2024. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

Change in Foreign Reserve Assets* (US$m)



**month-on-month change*
***as at mid-December2025, change from end-November 2025*
Source: Banque du Liban, Byblos Research

Further, the value of BdL's gold reserves reached an all-time high of $40bn on December 15, 2025 compared to $38.4bn at end-November 2025, to $38.47bn at mid-November 2025 and to $24.6bn at mid-December 2024. Also, BdL's securities portfolio totaled LBP546,252bn at mid-December 2025 relative to LBP547,934.5bn at end-November 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of $1.24bn at mid-December 2025 compared to $1.16bn at end-November 2025. Prior to the modifications, BdL included the nominal value of its Lebanese Eurobonds portfolio, which is about $5bn, in the foreign assets item. In addition, loans to the local financial sector stood at LBP39,630.2bn at mid-December 2025 compared to LBP39,845.8bn at end-November 2025.

Moreover, Deferred Open-Market Operations totaled LBP194,515bn at the mid of December 2025 relative to LBP192,264.6bn at end-November 2025. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP33,730.1bn ($376.9m) at mid-December 2025 relative to LBP32,524.6bn ($363.4m) two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP1,501.1tn at mid-December relative to LBP1,648.2tn at end-November 2025. It consists of a special account called the "Exchange Rate Stabilization Fund", in which BdL recorded all the transactions related to foreign exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP167.3tn at mid-December 2025 relative to LBP167.2tn at end-November 2025. It also consists of a special account in the name of the Treasury that stood at LBP1,333.76tn at mid-December 2025 compared to LBP1,481tn at end-November 2025. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,927.9bn at mid-December 2025 relative to LBP1,486,914.1bn two weeks earlier, and includes an overdraft of $16.52bn as at mid-December 2025, unchanged from end-November 2025.

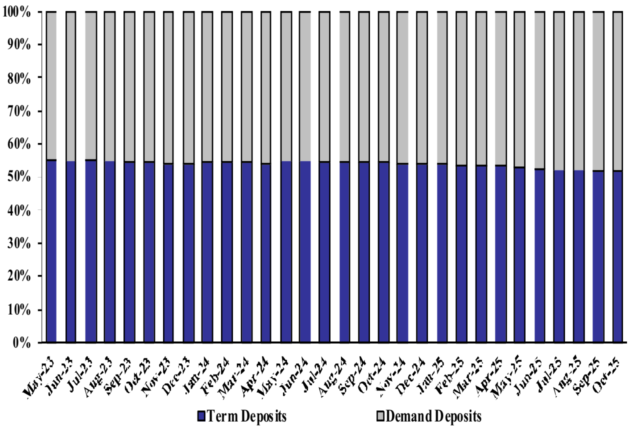
On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP71,073.2bn at mid-December 2025 compared to LBP71,659.6bn at end-November 2025, and represented an increase of 27.3% from LBP55,810.8bn at mid-December 2024. Further, the deposits of the financial sector reached LBP7,480.9tn, or the equivalent of $83.58bn, at mid-December 2025, relative to LBP7,484.4tn ($83.62bn) at end-November 2025 and to $85.5bn at mid-December 2024; while public sector deposits at BdL totaled LBP777,102.8bn at mid-December 2025 compared to LBP761,870.2bn at end-November 2025, to LBP770,330bn at mid-November 2025 and to LBP541,013.1bn at mid-December 2024.

Term deposits account for 51.8% of customer deposits at end-October 2025

Figures issued by Banque du Liban (BdL) about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at LBP8,127.6 trillion (tn) at the end of October 2025, or the equivalent of $90.8bn, compared to LBP8,209.7tn ($91.7bn) at end-2024 and to LBP8,269.6tn ($92.4bn) at end- October 2024.

Total deposits include private sector deposits that reached LBP7,854.4tn, deposits of non-resident financial institutions that amounted to LBP205tn, and public sector deposits that stood at LBP68.15tn at the end of October 2025. The figures reflect BdL's Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currency to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban, Byblos Research

Term deposits in all currencies reached LBP4,210.8tn and accounted for 51.8% of total deposits in Lebanese pounds and in foreign currency at the end of October 2025, relative to 54% at end-2024 and to 54.2% at the end of October 2024. Further, the term deposits in Lebanese pounds of the public sector jumped by 735.3% in the first 10 months of the year from end-2024, followed by an increase of 26.3% in the term deposits in Lebanese pounds of the resident private sector. In contrast, the term deposits of the non-resident financial sector declined by 14% in the first 10 months of 2025, followed by a decrease of 6.3% in the foreign currency-denominated term deposits of the resident private sector, a contraction of 1% in the term deposits of non-residents, and a downturn of 0.02% in the foreign currency-denominated term deposits of the public sector. Aggregate term deposits declined by $119.4bn since the end of September 2019, based on the prevailing exchange rate, due to the migration of funds from term to demand deposits and to cash withdrawals, amid the confidence crisis that started in September 2019.

In addition, the foreign currency-denominated term deposits of the resident private sector reached $33.04bn and accounted for 36.4% of aggregate deposits at the end of October 2025, relative to 38.5% at end-2024 and to 38.6% end-October 2024. Term deposits of non-residents followed with $12.16bn or 13.4% of the total, then the term deposits of the non-resident financial sector with $1.19bn (1.3%), term deposits in Lebanese pounds of the resident private sector with LBP32.9tn (0.4%), term deposits of the public sector in foreign currency with $149.8m (0.2%), and term deposits of the public sector in Lebanese pounds with LBP11.9tn (0.1%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP3,916.8tn at the end of October 2025 compared to LBP3,788tn at end-2024 and to LBP3,786.04tn at end-October 2024. They accounted for 48.2% of aggregate deposits at end-October 2025 compared to 46% at end-2024 and to 45.8% at end-October 2024.

Foreign currency-denominated demand deposits of the resident private sector rose by $699m in the first 10 months of 2025, followed by an increase of $665.5m in demand deposits of non-residents, a jump of LBP7,222.3bn in demand deposits in Lebanese pounds of the public sector, and an increase of LBP2,387.4bn in demand deposits in Lebanese pounds of the resident private sector. In contrast, the public sector's demand deposits in foreign currency declined by $168.5m in the first 10 months of 2025, followed by a decrease of $19.9m in demand deposits of the non-resident financial sector.

Also, demand deposits in foreign currency of the resident private sector totaled $32.4bn and represented 35.7% of deposits at end-October 2025 relative to 34.6% at end-2024 and to 34.5% at end-October 2024. Demand deposits of non-residents followed with $9.3bn (10.2%), then demand deposits of the non-resident financial sector with $1.1bn (1.2%), demand deposits in Lebanese pounds of the resident private sector with LBP41.5tn (0.5%), demand deposits in foreign currency of the public sector with $317.8m (0.3%), and demand deposits in Lebanese pounds of the public sector with LBP14.5tn (0.2%).

Based on the latest available figures, Beirut and its suburbs accounted for 66.6% of private-sector deposits and for 55% of the number of depositors at the end of September 2024. Mount Lebanon followed with 14.7% of deposits and 16.6% of beneficiaries, then South Lebanon with 7.2% of deposits and 9.7% of depositors, North Lebanon with 6.6% of deposits and 11.5% of beneficiaries, and the Bekaa with 4.9% of deposits and 7.3% of depositors.

Import activity of top five shipping firms and freight forwarders up 43.5% in first nine months of 2025

Figures released by the Port of Beirut show that the aggregate volume of imports by the top five shipping companies and freight forwarders through the port totaled 230,301 20-foot equivalent units (TEUs) in the first nine months of 2025, constituting an increase of 43.5% from 160,512 TEUs in the same period of 2024. The five shipping and freight forwarding firms accounted for 94% of imports to the Lebanese market in the covered period.

Merit Shipping handled 90,852 TEUs in the first eight nine of 2025, which accounted for 28.6% of imported freight to Lebanon in the covered period. Mediterranean Shipping Company (MSC) followed with 68,770 TEUs (21.6%), then Sealine Group with 50,835 TEUs (16%), Gezairi Transport with 13,170 TEUs (4.1%), and Seanautics Shipping with 6,674 TEUs (2.1%). Sealine Group registered a rise of 139% in imports in the first nine months of 2025 from the same period of 2024, the highest growth rate among the covered companies, while Seanautics Shipping posted a drop of 39.6%, the steepest decrease among the five firms in the covered period. Also, the import shipping operations of the top five firms through the port decreased by 4.5% in September 2025 from the preceding month and rose by 46.6% from September 2024.

In parallel, the aggregate volume of exports by the top five shipping and freight forwarding firms through the Port of Beirut reached 52,919 TEUs in the first nine months of 2025, constituting a decrease of 1% from 53,413 TEUs in the same period of 2024. The five companies accounted for 97% of exported Lebanese cargo in the covered period.

Merit Shipping handled 24,929 TEUs of freight in the first nine months of 2025, equivalent to 45.7% of the Lebanese cargo export market. Sealine Group followed with 15,227 TEUs (28%), then MSC with 8,528 TEUs (15.6%), Gezairi Transport with 3,045 TEUs (5.6%), and El Fil Shipping with 1,190 TEUs (2.2%). Sealine Group posted a surge of 78.8% in exported cargo in the first nine months of 2025 from the same period last year, the highest growth rate among the covered companies; while Gezairi Transport registered a decline of 20%, the steepest decline among the five firms year-on-year in the covered period. Also, the export-shipping operations of the top five companies increased by 25.3% in September 2025 from the previous month and grew by 6.4% from September 2024.

Banque de L'Habitat raises capital to LBP150bn, posts net profits of LBP252bn in 2024

Banque de L'Habitat sal announced that it has received the approval of the Lebanese authorities to raise its capital from LBP100bn to LBP150bn. The Ministry of Social Affairs issued Decree 2088 that approved the amendment of Article 7 of the banks' bylaws that sets the bank's capital at LBP150bn, based on the bank's request dated August 8, 2019 to increase its capital, on the minutes of the Extraordinary General Assembly held on August 21, 2018, and on the Council of Ministers' approval of the amendment on October 19, 2023. The amendment went into effect following President Joseph Aoun's approval and signing of the decree on December 15, 2025 and its publication in the Official Gazette on December 25, 2025.

In parallel, the bank declared audited net profits of LBP251.8bn in 2024 compared to net income LBP45.4bn in 2023. The bank's net interest income reached LBP564.8bn in 2024 relative to LBP314.5bn in 2023, while its net income from fees & commissions stood at LBP305.4bn compared to LBP76.7bn in 2023. Also, its net operating income totaled LBP863.7bn in 2024 compared to LBP361.3bn in the previous year. Further, the bank's operating expenditures reached LBP545.1bn in 2024 relative to LBP225bn in 2023, with personnel cost accounting for 53.5% and general & administrative expenses representing 18.9% of the total in 2024.

In parallel, the bank's aggregate assets reached LBP8,755.3bn at the end of 2024 compared to LBP4,802.4bn at end-2023, while loans totaled LBP465.7bn at end-2024 and dropped by 34.5% from LBP710.7bn at end-2023. The bank's deposits at commercial banks and financial institutions amounted to LBP2,589.8bn at end-2024 relative to LBP780.2bn at end-2023. In addition, the bank's investments in financial instruments at fair value through profit and loss reached LBP1,630.4bn at end-2024 compared to LBP130.1bn at end-2023. Also, provisions for non-performing loans stood at LBP61.8bn at end-2024 compared to LBP20.6bn at end-2023, while its provisions for expected credit losses on other assets totaled LBP6,690.5bn at end-2024 compared to LBP1,071bn at end-2023. In addition, the bank's tangible fixed assets amounted to LBP2,880.7bn at end-2024 compared to LBP2,857.3bn at end-2023.

Further, customer deposits, excluding deposits from related parties, totaled LBP946.2bn at end-2024 relative to LBP410.2bn a year earlier. In addition, the bank's provisions for risks and charges amounted to LBP137.2bn at end-2024 relative to LBP33.8bn at end-2023. The bank's shareholders' equity stood at LBP3,555.7bn at the end of 2024, representing an increase of 12.1% from LBP3,173.1bn a year earlier. Banque de L'Habitat's return on average assets reached 2.9% in 2024; while its return on average equity was 7% in 2024.

Banque de l'Habitat is a Lebanese joint-stock company that provides loans in Lebanese pounds to individuals, especially those with low incomes, in order to buy, build, renovate or enlarge a residence. The private sector owns 80% of Banque de l'Habitat, and the Lebanese State owns the remaining 20%. The Kuwait-based Arab Fund for Economic and Social Development (AFESD) extended a soft loan of KWD50m, or the equivalent of $165m, to Bank de L'Habitat to finance affordable mortgages, construction and renovation loans in Lebanon. The AFESD's total contribution to development projects in Lebanon reaches KWD595m, or about $2bn when including the loan.

Ratio Highlights

(in % unless specified)	2022	2023	2024e	Change*
Nominal GDP ($bn)	21.4	31.6	37.9	6.3
Gross Public Debt / GDP	259.8	172.5	137.9	(34.6)
Trade Balance / GDP	-72.8	-46.0	-37.5	8.6
Exports / Imports	18.3	17.1	16.0	(1.1)
Fiscal Revenues / GDP	5.5	12.4	10.2	(2.2)
Fiscal Expenditures / GDP	11.9	12.5	10.1	(2.4)
Fiscal Balance / GDP	(6.9)	(0.1)	0.1	0.2
Primary Balance / GDP	(2.5)	1.4	1.1	(0.3)
Gross Foreign Currency Reserves / M2	13.4	143.5	689.4	545.9
M3 / GDP	35.3	42.2	182.1	139.9
Commercial Banks Assets / GDP	39.1	62.6	271.3	208.7
Private Sector Deposits / GDP	29.1	51.5	233.1	181.6
Private Sector Loans / GDP	4.6	4.5	15.6	11.1
Private Sector Deposits Dollarization Rate	76.1	96.3	99.1	2.8
Private Sector Lending Dollarization Rate	50.7	90.9	97.8	6.9

**change in percentage points 24/23;*
Source: National Accounts, Banque du Liban, Ministry of Finance, Insitute of International Finance, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2022	2023	2024e
Nominal GDP (LBP trillion)	651.2	2,760.6	3,403.0
Nominal GDP (US$ bn)	21.4	31.6	37.9
Real GDP growth, % change	1.8	0.5	-7.6
Private consumption	-0.9	4.4	-7.8
Public consumption	-6.9	-3.5	6.6
Private fixed capital	48.7	-14.8	-15.9
Public fixed capital	66.9	-2.3	-12.0
Exports of goods and services	6.0	-4.2	-14.1
Imports of goods and services	17.5	3.5	-10.2
Consumer prices, %, average	171.2	221.3	45.2
Official exchange rate, average, LBP/US$	1,507.5	15,000	89,500
Parallel exchange rate, average, LBP/US$	30,313	86,362	89,700
Weighted average exchange rate LBP/US$	27,087	87,472	89,700

Source: National Accounts, Insitute of International Finance

Ratings & Outlook

Sovereign Ratings	**Foreign Currency**			**Local Currency**		
	LT	**ST**	**Outlook**	**LT**	**ST**	**Outlook**
Moody's Ratings	C	NP	Stable	C		Stable
Fitch Ratings*	RD	C	-	RD	RD	-
S&P Global Ratings	SD	SD	-	CCC	C	Stable

**Fitch withdrew the ratings on July 23, 2024*
Source: Rating agencies

Banking Sector Ratings	**Outlook**
Moody's Ratings	Negative

Source: Moody's Ratings

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