

## LEBANON THIS WEEK

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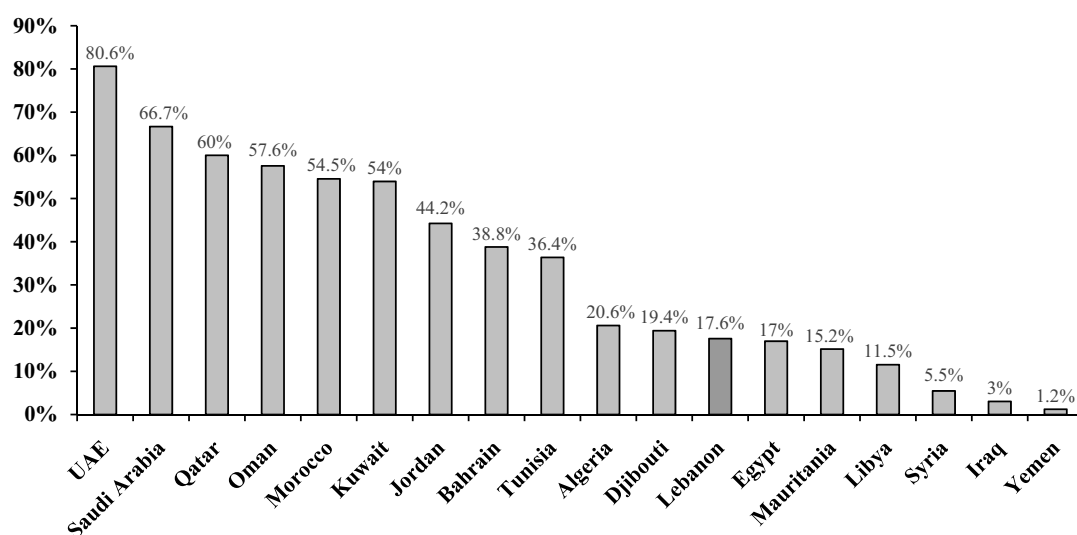
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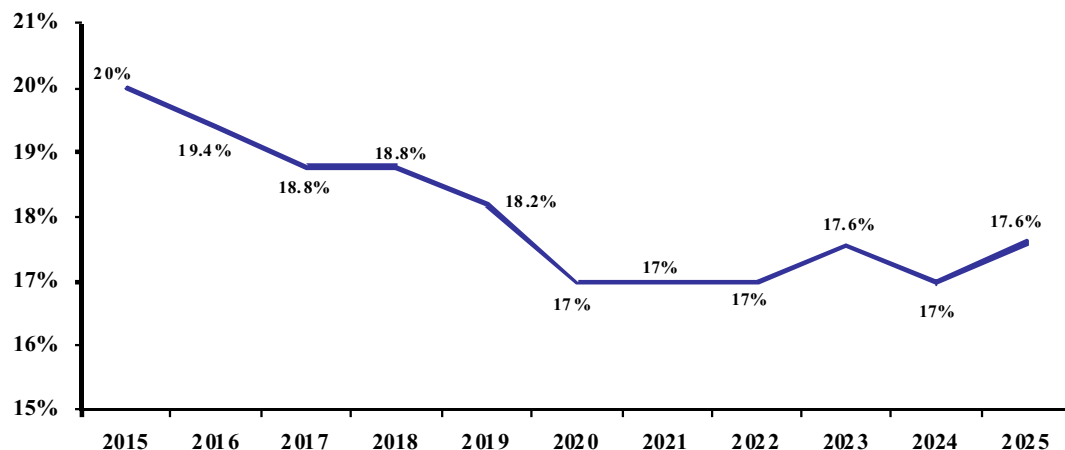
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### Charts of the Week

Percentile Rankings of Arab Countries in terms of the Legal System & Property Rights\*



Percentile Rankings of Lebanon in terms of the Legal System & Property Rights



\*The category assesses the level of judicial independence, the protection of property rights, the integrity of the legal system, and the legal enforcement of contracts, among other factors, in a country

Source: Fraser Institute, Economic Freedom of the World Index for 2025, Byblos Bank

### Quote to Note

"More decisive political breakthroughs, enhanced reform implementation, and broader regional engagement."

*The Institute of International Finance, on the requirements for a sustainable rebound in economic activity*

### Number of the Week

**190.4%:** Increase in the value of Banque du Liban's gold reserves in the past six years

## 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%
<i>In months of Imports</i>	-	-	-	-	-	-	-
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	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
HOLCIM	72.00	0.0	10,162,777	7.4%	Nov 2026	6.60	28.0	214.9
Solidere "A"	76.00	(7.1)	33,064	40.1%	Mar 2027	6.85	28.0	140.76
Byblos Common	0.54	(8.5)	10,000	1.6%	Nov 2028	6.65	28.0	50.93
BLOM Listed	6.86	9.8	4,000	7.8%	Feb 2030	6.65	28.0	33.42
Solidere "B"	75.00	(5.1)	2,279	25.7%	Apr 2031	7.00	28.0	25.65
BLOM GDR	6.00	0.0	-	2.3%	May 2033	8.20	28.0	18.11
Audi Listed	1.91	0.0	-	5.9%	May 2034	8.25	28.0	15.85
Audi GDR	2.90	0.0	-	1.8%	Jul 2035	12.00	28.0	13.80
Byblos Pref. 08	25.00	0.0	-	0.3%	Nov 2035	7.05	28.0	13.42
Byblos Pref. 09	29.99	0.0	-	0.3%	Mar 2037	7.25	28.0	11.70

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

Source: Refinitiv

	January 5-9	Dec 29 - Jan 2	% Change	December 2025	December 2024	% Change
Total shares traded	10,212,120	256,698	3878.3	18,721,012	1,636,678	1,043.8
Total value traded	\$34,746,936	\$7,747,122	348.5	\$74,844,101	\$71,132,606	5.2
Market capitalization	\$18.97bn	\$19.71bn	(3.8)	\$20.15bn	\$26.95bn	(25.2)

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 193<sup>rd</sup> globally, 16<sup>th</sup> in Arab world in government effectiveness

The World Bank's annual World Governance Indicators for 2024 show that Lebanon's score increased on one out of six governance indicators included in the survey and regressed on the other five indicators, reflecting a relative decline in the level of governance in the country from the previous year. Also, Lebanon's ranking improved on two indicators, regressed on two other ones, and was unchanged on two indicators from the preceding survey. The indicators cover 215 countries and territories and are rated on a scale of -2.5 to +2.5, with higher values corresponding to better governance outcomes.

Lebanon ranked in 193<sup>rd</sup> place worldwide among 213 countries and territories with available figures and in 16<sup>th</sup> place among 20 Arab countries in terms of Government Effectiveness. The indicator evaluates the quality of public and civil services and the degree of their independence from political pressure, as well as the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. Lebanon's global rank regressed by two spots, while its regional rank deteriorated by one notch from the preceding year. Globally, Lebanon had a more effective government than Equatorial Guinea, the Republic of Korea and Mali, and a less effective one than Chad, Iraq and the Republic of Congo among countries with a nominal GDP of \$10bn or more. Regionally, Lebanon had a higher level of government effectiveness than Libya, Syria, Sudan and Yemen. The results show that 90.6% of countries and territories around the world have a better score than Lebanon on this dimension of governance.

Government Effectiveness Rankings & Scores in 2024			
	Score	Arab Rank	Global Rank
UAE	1.26	1	29
Qatar	1.13	2	38
Saudi Arabia	0.78	3	52
Bahrain	0.60	4	68
Oman	0.57	5	70
Kuwait	0.33	6	83
Jordan	0.22	7	92
Morocco	0.18	8	96
Egypt	-0.10	9	116
Tunisia	-0.24	10	130
Algeria	-0.25	11	131
Djibouti	-0.49	12	147
Mauritania	-0.74	13	167
West Bank & Gaza	-1.10	14	189
Iraq	-1.10	15	191
<b>Lebanon</b>	<b>-1.13</b>	<b>16</b>	<b>193</b>
Libya	-1.42	17	201
Syria	-1.67	18	206
Sudan	-1.79	19	208
Yemen	-1.87	20	209

Source: World Bank, Byblos Research

In addition, Lebanon ranked in 196<sup>th</sup> place globally among 215 countries and territories with available figures and in 16<sup>th</sup> place regionally on the Control of Corruption category, which measures perceptions of the use of public power for private gain in a country, including both petty and grand forms of corruption. Lebanon's global rank was unchanged, while its regional rank deteriorated by one notch from the previous year. Globally, the control of corruption in Lebanon is better than in Afghanistan, Chad and the Republic of Congo, and is less effective than in Zimbabwe, Myanmar and Turkmenistan. Regionally, the control of corruption in Lebanon is better than in Libya, Sudan, Yemen and Syria. The results show that 91.2% of countries and territories around the world had a better score than Lebanon on this dimension of governance.

Also, Lebanon ranked in 178<sup>th</sup> place globally among 215 countries and territories with available figures and in 15<sup>th</sup> place regionally on the Rule of Law category, which is a measure of the extent that citizens have confidence in the rules of society and abide by them, as well as the likelihood that acts of crime and violence will occur. Lebanon's global and regional ranks was unchanged from the previous year. Globally, Lebanon preceded Mali, Guinea and Mexico, while it trailed Pakistan, Ethiopia and Cambodia on this indicator. Regionally, Lebanon came ahead of only Iraq, Libya, Sudan, Syria and Yemen. The results show that 82.8% of countries and territories around the world have a better score than Lebanon on this dimension of governance. Further, Lebanon ranked in 184<sup>th</sup> place worldwide among 213 countries with available figures and in 15<sup>th</sup> place among Arab countries in terms of Regulatory Quality, which assesses market-friendly policies and laws that enable and promote the development of the private sector. Lebanon's global rank deteriorated by two notches, while its regional rank was unchanged year-on-year. Globally, Lebanon ranked ahead of Nicaragua, Iraq and Russia, and came behind Ethiopia, Guinea, and Bangladesh on this indicator. Regionally, the quality of rules and regulations in Lebanon was better than in Iraq, Yemen, Sudan, Libya and Syria. The results show that 86.4% of countries and territories in the world have a better score than Lebanon on this dimension of governance.

The World Bank indicated that it changed its methodology to produce the index, which includes a stricter protocol for screening data sources; the addition of new qualified sources; a closer alignment of indicators with an institutional-functions framework; targeted refinements to the mapping of indicators across the six governance dimensions; revisions to the aggregation model that allow the global average of governance to vary over time; and the introduction of an absolute numerical scale anchored by fixed benchmark countries.

Lebanon's Rankings and Scores on Governance Indicators for 2024						
	Global Rank	Change in Rank	Arab Rank	Lebanon Score	Change in Score	Arab Ave Score
Voice & Accountability	146	▲	5	-0.77	▼	-1.16
Regulatory Quality	184	▼	15	-0.96	▼	-0.38
Rule of Law	178	↔	15	-1.09	▼	-0.62
Control of Corruption	196	↔	16	-1.30	▼	-0.48
Political Stability	191	▲	14	-1.39	▼	-0.83
Government Effectiveness	193	▼	16	-1.13	▲	-0.34

Source: World Bank, Byblos Research

### Lebanon grants petroleum rights in Block 8

The Ministry of Energy & Water signed an agreement with a consortium of three energy companies led by TotalEnergies that grants the consortium exclusive petroleum rights in Block 8 of Lebanon's offshore Exclusive Economic Zone (EEZ). The consortium consists of the right holder and operator TotalEnergies EP Block 9 that holds a 35% stake, as well as non-operators Eni Lebanon B.V. that has a 35% interest and QatarEnergy International Investments (2) LLC that holds a share of 30%. In parallel, the Lebanese Petroleum Administration (LPA) announced that the Council of Ministers granted to the consortium exclusive petroleum rights in Block 8 based on Decision No. 12 dated October 23, 2025. It added that the award is a result of the second licensing round for offshore oil and gas exploration in Lebanon's territorial waters, the procedures of which were automatically suspended by virtue of Law no. 328/2024 (Law on the Suspension of Legal, Judicial, and Contractual Deadlines) from January 16, 2024 until April 1, 2025, and resumed on April 1, 2025. As such, it added that the consortium confirmed the granting of an Exploration and Production Agreement for Block 8, after having submitted bids for Block 8 and Block 10.

The first phase of the agreement covers the 2026-29 period and requires the consortium to conduct a three-dimensional seismic survey across 1,200 square kilometers to assess the geological potential of Block 8, which is located in the south of Lebanon's territorial waters. In the second phase, and based on the results of the survey and the analysis of the data, the consortium will either proceed with exploratory drilling, or it will abandon the block under a "drill-or-drop" clause, which will safeguard its investment.

The Ministry of Energy & Water announced on August 24, 2023 that it granted a reconnaissance license to a consortium that consists of GeoEx MCG and Bright Skies Environmental, in order to conduct a three-dimensional seismic survey in Block 8 in Lebanon's EEZ. It said that the study aims to assess the resource potential in Block 8. Also, it noted that the significance of Block 8 extends beyond its resource potential, as most of the acreage of Block 8 lies in waters that are disputed by Israel. As such, the ministry indicated that it had not been possible to launch the survey prior to the U.S.-brokered maritime agreement to delineate the maritime border between Lebanon and Israel that was sealed in October 2023.

Further, the ministry said that the upcoming survey in Block 8 will provide Lebanon with critical data that may determine if oil or gas deposits extend into the maritime regions of Cyprus and Israel. It added that the results of the survey would improve Lebanon's negotiating power, and would allow it to require better terms when awarding future exploration contracts in the block. GeoEx MCG is a global subsurface data provider that offers geophysical products and services to the energy industry, while Bright Skies Environmental is a consulting firm that provides environmental compliance and permitting services to the energy sector.

In parallel, the Ministry of Energy & Water announced on December 26, 2023 that it has launched the process for the submission of applications for the third licensing round for offshore oil and gas exploration in Lebanon's territorial waters. It said that it took this decision based on the approval of the Council of Ministers and on the recommendation of the Lebanese Petroleum Administration (LPA) to launch the third licensing round. But the ministry announced on June 24, 2024 that it has extended the deadline for the submission of applications to March 17, 2025, and further extended the deadline to November 28, 2025. The LPA stated at the time that nine blocks are open for bidding for the third licensing round that consist of Block 1 and Block 2, which are located in the north of Lebanon's offshore Exclusive Economic Zone; Block 3, Block 4, Block 5, Block 6 and Block 7 in the center of the zone; as well as Block 8 and Block 10 that are in the south of Lebanon's territorial waters.

TotalEnergies, which is the operator of the consortium that won bids for the exploration of oil and gas in Block 4 and Block 9 of Lebanon's territorial waters, started drilling in Block 9 in August 2023. But it informed the ministry and the LPA in September 2023 about the technical difficulties that it has faced during the drilling operations, and has asked the ministry to update the drilling license. Further, the operator noted that it could not continue to drill in the original site due to the presence of rocks that prevent the insertion of the 36-inch wide iron device inside the seabed.

Also, TotalEnergies announced in April 2020 that the results of the drilling of Lebanon's first exploration well of oil and gas in Block 4 were "negative". It indicated that it found evidence of traces of gas in the well, which confirms the presence of a hydrocarbon system in Lebanon's territorial waters. However, it said that it did not find reservoirs in the Tamar formation, which was the main target of the exploration well that is located 30 kilometers offshore of Beirut. It pointed out that despite the "negative" results, the exploration has provided valuable information that will be incorporated in future complementary studies about the exploration potential of Lebanon's offshore EEZ.



## Cost of living in Beirut is 287<sup>th</sup> highest in the world, eight highest among Arab cities

The 2026 Cost of Living Index, which is produced by crowd-sourced global database Numbeo, ranked the cost of living in Beirut as the 287<sup>th</sup> highest among 479 cities around the world and the eighth highest among 26 Arab cities. Also, the cost of living in Beirut was the highest among 56 cities in lower-middle income countries (LMICs) included in the survey. In comparison, the cost of living in Beirut was the 168<sup>th</sup> highest among 327 cities around the world, as well as the seventh highest among 21 Arab cities and the highest among 42 cities in LMICs included in the 2025 survey.

Beirut ranked in the 40<sup>th</sup> percentile worldwide on the 2026 survey, which means that the cost of living in the city is higher than in 60% of cities covered by the survey. The index is an indicator of the prices of consumer goods, such as groceries, meals and drinks at restaurants, transportation, and utilities. Numbeo benchmarks the index against New York City. It also issues a Rent Index, which is an estimate of apartment rents in a city compared to New York City rents. Numbeo relies on residents' inputs and uses data from official sources to compute the indices.

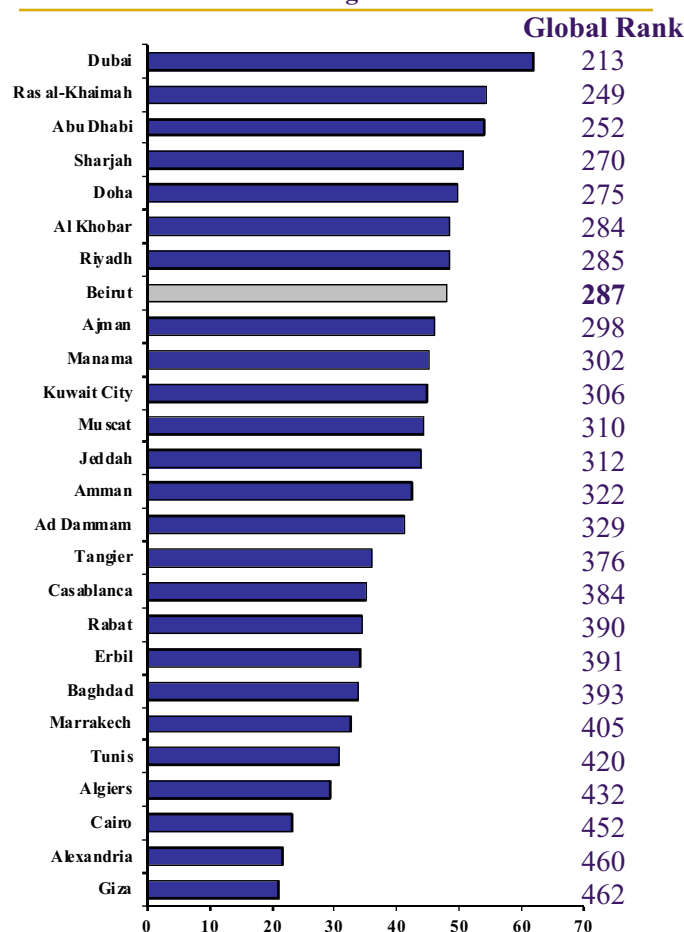
According to the Cost of Living Index, consumer goods in Beirut are costlier than they are in Taichung in Taiwan, Belgrade in Serbia, and in Moscow; while they are less expensive than in Al Khobar and Riyadh in Saudi Arabia, and in Pecs in Hungary. Beirut received a score of 48 points on the index, which means that the prices of consumer goods in Beirut are 52% lower than they are in New York City. Further, the cost of living in Beirut is lower than in Dubai, Ras al-Khaimah, Abu Dhabi, Sharjah, Doha, Al Khobar and Riyadh in the Arab world.

In parallel, the Rent Index ranked Beirut in 279<sup>th</sup> place globally, in 10<sup>th</sup> place among Arab cities, and in second place among cities in LMICs. Globally, renting an apartment in Beirut is more expensive than it is in Dortmund and Dresden in Germany, and in Trieste in Italy; and is less expensive than in Tallinn in Estonia, and in Genoa and Bergamo in Italy. Further, Dubai, Ajman, Doha, Abu Dhabi, Riyadh, Kuwait City, Sharjah, Manama, and Ras al-Khaimah are the Arab cities that have more expensive rents than Beirut; while Makati in the Philippines is the only city among LMICs with more expensive rents. Beirut received a score of 20 points on the index, which means that rent in Beirut is 80% less expensive than it is in New York City.

Also, the Groceries Index, which is an estimate of grocery prices in a city compared to prices in New York City, ranked Beirut in 340<sup>th</sup> place globally, in 11<sup>th</sup> place among Arab cities, and in seventh among cities in LMICs. Globally, prices of groceries in Beirut are more expensive than they are in Suzhou in China, in Eskisehir in Türkiye, and in Poznan in Poland; while they are cheaper than in Vladivostok in Russia, in Lima in Peru, and in Bursa in Türkiye. Further, groceries in Beirut are less expensive than they are in Ras al-Khaimah, Dubai, Riyadh, Abu Dhabi, Al Khobar, Muscat, Doha, Manama, Sharjah, and Dammam in the Arab world. In addition, grocery prices in Colombo, Phnom Penh, Accra, Makati, Cebu, and Manila are higher than prices in Beirut among cities in LMICs. Beirut received a score of 40.1 points on this index, which means that groceries in Beirut are 60% less expensive than they are in New York City.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to prices in New York City, ranked Beirut in 282<sup>nd</sup> place globally, in sixth place among Arab cities and in first place among cities in LMICs. Globally, prices of meals and drinks at restaurants and pubs in Beirut are more expensive than they are in Las Palmas de Gran Canaria in Spain, in Moscow, and in Poznan in Poland; while they are cheaper than in Cluj-Napoca in Romania, Kosice in Slovakia, and Mexico City. Further, the prices of meals and drinks in Dubai, Abu Dhabi, Kuwait City, Doha, and Ras al-Khaimah are higher than prices in Beirut. In addition, Beirut ranked in first place among cities in LMICs in this category. The Lebanese capital received a score of 48.2 points on the index, which means that prices at restaurants and pubs in Beirut are 51.8% less expensive than they are in New York City.

Cost of Living Index for 2026  
Scores & Rankings of Arab Cities



Source: Numbeo, Byblos Research

### **Banque du Liban initiates legal measures to recover misused and embezzled funds**

Banque du Liban's (BdL) Governor Karim Souaid announced that, first, BdL has initiated a series of legal actions and lawsuits in Lebanon and abroad to recover BdL funds that individuals from inside or outside the bank used or transferred unlawfully; and, second, to affirm BdL's legal right to all the funds that it placed at the disposal of the successive Lebanese governments up until the end of 2023. He affirmed that the measures constitute BdL's legal, financial, and institutional obligation, and that the common denominator among all these cases is that the actions led to the depletion and erosion of BdL's assets. As such, he indicated that the measures aim exclusively to recover BdL's assets and to provide the needed liquidity to settle depositors' rights.

He indicated that the legal actions target any natural or legal persons who have embezzled, misused, or squandered BdL funds, as well as those who facilitated such acts, in violation of their legal or professional duties. As such, he said that BdL has filed domestically a criminal complaint against a former senior BdL official and a former banker about the misappropriation of funds that occurred through the creation of four offshore shell companies in the Cayman Islands, ultimately resulting in illicit enrichment for the two persons and for others. He added that this complaint revolves around the use of BdL's funds in ways that have violated the Code of Money and Credit, breached duties inherent to their positions, led deliberately to illicit enrichment, and involved clear suspicions of money laundering.

Also, he said that BdL has taken the role of civil plaintiff in an ongoing case before the Lebanese judiciary about the misappropriation of funds linked to a company named Forey that is suspected of receiving unlawful commissions on transactions with BdL that were diverted entirely to this entity instead of benefiting BdL. Also, he stated that BdL is preparing additional legal actions against specific entities and companies that benefited from a suspicious account opened at BdL under the name "Consultancy Account," which became a tool for systematic misuse. In addition, he said that BdL has initiated legal proceedings in France, Luxembourg and Liechtenstein, in order to uncover a complex network of assets, legal structures, and companies created solely to seize BdL's funds and unlawfully transfer them to beneficiaries, including former officials, their families, and a wider circle of accomplices such as bankers, financial advisors, and lawyers. Further, he stated that as part of the banking sector's restructuring and supervisory efforts, BdL is currently gathering information from Lebanese banks about foreign transfers and cash withdrawals that the chairmen, board members, and banks managers, as well as politically-exposed persons and their relatives made.

In parallel, Governor Souaid stated that BdL is preparing a comprehensive report, supported by full documentation, to identify and quantify all the funds that it placed at the disposal of the Lebanese government in past decades until the end of 2023, as well as the funds that it paid on its behalf, such as loans, advances, transfers, or credit facilities. He said that the report aims to accurately determine the amounts, identify the circumstances of transfers, and establish legal and procedural grounds for reclaiming these funds. He stressed that the scope of the report exceeds the \$16.5bn dues that the State has officially acknowledged through the Ministry of Finance and includes funds that BdL has spent to finance the government-imposed subsidies programs, payments made on behalf of the Ministry of Energy & Water and of the state-owned Electricité du Liban, and all additional amounts that BdL advanced or paid to the State until the end of 2023.

He affirmed that preliminary estimates suggest that these funds exceed three times the \$16.5bn that the Ministry of Finance acknowledged that it owes BdL, and that the latter has sought expert legal advice to safeguard and assert its rights and will not hesitate to pursue these claims before the competent authorities. He noted that the recovered funds will constitute the liquidity that is essential to fulfill the rights of legitimate stakeholders, primarily the rights of depositors.

In addition, he indicated that the legal proceedings aim to affirm BdL's full legitimate rights under applicable laws and regulations towards the State regarding all credit facilities, advances, loans, or funds it has extended or placed at the disposal of successive governments, as well as to recover these funds and to use them exclusively to repay deposits. He added that this initiative is essential and fundamental to restoring trust and credibility in BdL and in the rule of law in the country.

## Purchasing Managers' Index nearly unchanged in December 2025

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 51.2 in December 2025 compared to 51.3 in November 2025 and to 48.8 in December 2024, and came higher than the PMI's trend monthly average of 47 since the index's inception in May 2013. Further, the PMI averaged 50 points in 2025 compared to 48.1 in 2024 and to 49.2 points in 2023. Also, the December result was the fourth highest outcome of the index since its inception, behind 52.5 in May 2013, 51.5 in September 2025, and 51.3 in November 2025.

The PMI's score signals a slight decrease in the operating conditions of the private sector in December 2025, and came at or above the 50 mark for the fifth consecutive month this year, with the PMI score exceeding the 50 mark 12 times since its inception. The PMI stood at 50.3 in August, 51.5 in September, 50.6 in October and 51.3 in November 2025. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

The survey's results show that the New Orders Index regressed slightly from 52.3 in November to 52.2 in December 2025, as new business activity among private sector firms in Lebanon was nearly unchanged.

In addition, the New Export Orders Index stood at 49.6 in December 2025 relative to 50.4 in the previous month. Businesses noted that the index regressed to below the 50-mark in December, signaling a renewed decline in demand from international customers after the modest improvement in November 2025. But companies indicated that the rate of decrease was marginal.

Also, the survey stated that the Output Index improved from 51.7 in November 2025 to 51.9 in December 2025, as companies noted that the month of December saw a rise in private sector business activity across Lebanon.

Further, the Employment Index stood at 49.8 in December 2025, down from 50.2 in the previous month, which reflects a slight reduction in the private sector's workforce from the preceding month.

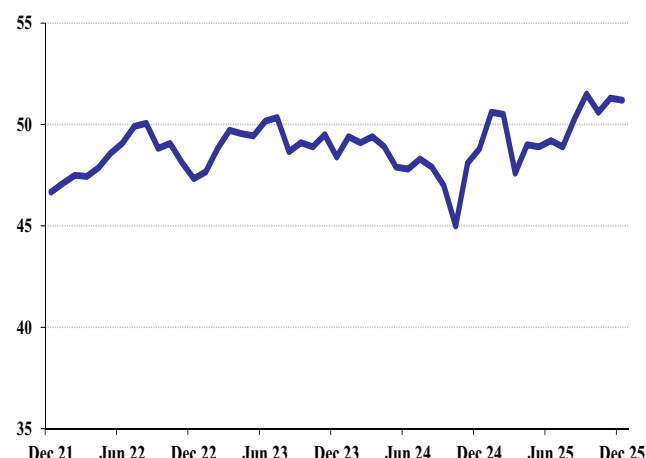
Moreover, the results show that the Backlogs of Work Index increased from 50.8 in November 2025 to 51.1 in December 2025, as firms saw a rise in their level of outstanding business amid additional pressure on their operating capacities.

In parallel, the survey indicated that the Suppliers' Delivery Times Index increased from 49.6 in November 2025 to 49.8 in December 2025, signaling minor delays in the receipt of purchases from vendors. Also, the Stocks of Purchases Index decreased from 51.2 in November to 50.7 in December 2025, indicating an accumulation of inventories and marking the weakest expansion since last August.

Further, the Overall Input Price Index stood at 52.5 in December 2025 relative to 52.4 in November, as the firms' expenses increased moderately during the month. In addition, the results show that the Output Prices Index increased from 51.9 in November 2025 to 52.1 in December 2025, as respondents said that they raised their prices to offset higher input costs.

The PMI is a weighted average of five individual sub-components that are New Orders with a weight of 30%, Output (25%), Employment (20%), Suppliers' Delivery Times (15%), and Stocks of Purchases (10%). The calculation of the PMI is based on data compiled from responses to questionnaires sent to purchasing executives at about 400 private sector companies in Lebanon across the manufacturing, services, construction and retail sectors. The sample selection is based on each sector's contribution to GDP. The survey is compiled monthly by S&P Global Market Intelligence.

**BLOM Lebanon Purchasing Managers' Index**



Source: BLOM Bank, S&P Global Market Intelligence

**Components of BLOM Lebanon Purchasing Managers' Index**

	Output	New Orders	New Export Orders	Future Output	Employment
July 2025	48.0	47.8	45.6	28.4	49.8
August 2025	50.7	50.5	48.7	46.4	49.8
September 2025	52.5	52.3	49.7	40.2	50.0
October 2025	50.3	50.2	49.8	33.5	51.1
November 2025	51.7	52.3	50.4	40.1	50.2
December 2025	51.9	52.2	49.6	36.7	49.8

Source: BLOM Bank, S&P Global Market Intelligence

### Net foreign assets of financial sector up \$17.3bn in first 11 months of 2025

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, rose by \$17.33bn in the first 11 months of 2025, compared to increases of \$7.2bn in the same period of 2024 and of \$1.65bn in the first 11 months of 2023.

The cumulative surplus in the first 11 months of 2025 was caused by increases of \$16bn in the net foreign assets of BdL and of \$1.32bn in those of banks and financial institutions. Further, the net foreign assets of the financial sector rose by \$1.5bn in November 2025 compared to a surge of \$1.93bn in October 2025 and to a decrease of \$984.4m in November 2024. The November rise was caused by increases of \$1.44bn in the net foreign assets of BdL and of \$64.7m in those of banks and financial institutions.

According to BdL figures, the cumulative rise in BdL's net foreign assets reserves in the first 11 months of 2025 is due mainly to an increase of \$14.3bn in the value of BdL's gold reserves, which was partly offset by a decrease of \$746m in its foreign currency reserves during the covered period.

Also, the rise in the banks' net foreign assets in the covered period is mostly due to increases of \$353.6m in the banks' claims on the non-resident financial sector and of \$52.7m in claims on non-resident customers, as well as to a decrease of \$217.2m in the deposits of the non-resident financial sector, which more than offset a rise of \$539.5m in non-resident customer deposits.

BdL said that it started in January 2024 to include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies & deposits with correspondent banks and international organizations as part of its foreign assets; while it excluded the Lebanese government's sovereign bonds and its loans in foreign currency to resident banks and financial institutions from the entry. It attributed the modifications to its adoption of the IMF's methodology as stipulated in the latter's Sixth Edition of the Balance of Payments and International Investment Position Manual and in the Monetary & Financial Statistics Manual & Compilation Guide. It added that the changes are in line with the BdL Central Council's Decision Number 37/20/24 on September 13, 2024.

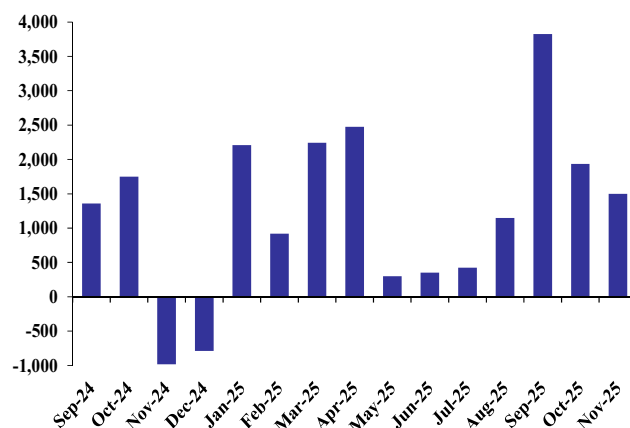
### Banque du Liban reduces interest rates on foreign currency deposits and Certificates of Deposits

Banque du Liban (BdL) issued Intermediate Circular 749/13727 dated December 30, 2025 addressed to banks and financial institutions that modifies Basic Circular 14/5258 of September 17, 1993 about the opening of deposit accounts in foreign currency at BdL and Basic Circular 67/7534 dated March 2, 2000 about BdL's issuance of Certificates of Deposits in US dollars. First, the circular stipulates that BdL will reduce by 90% the interest rates that it pays on the commercial banks' term deposits in foreign currency placed at BdL, and that the latter will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL. Second, it said that it will reduce by 90% the interest rates that it pays on the Certificates of Deposits in US dollars that it has issued and that are held by commercial banks; and that it will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL.

Previously, BdL issued Intermediate Circular 738/13727 dated June 18, 2025 addressed to banks, financial institutions and auditors that modifies Basic Circular 14/5258 of September 17, 1993 about the opening of deposit accounts in foreign currency at BdL, Basic Circular 36/6856 dated December 19, 1997 about bonds that banks and financial institutions can issue, Basic Circular 61/7224 of February 11, 1999 about the issuance of Certificates of Deposits and of banking certificates, and Basic Circular 67/7534 dated March 2, 2000 about BdL's issuance of Certificates of Deposits in US dollars. The new circular extended specific articles and sections in the above circulars until December 31, 2025.

First, the circular stipulated that BdL will reduce by 75% the interest rates that it pays on the commercial banks' term deposits in foreign currency placed at BdL, and that the latter will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL. Second, it said that it will reduce by 75% the interest rates that it pays on the Certificates of Deposits in US dollars that it has issued and that are held by commercial banks; and that it will pay the interest rates in US dollars, other than in cash, in each bank's current account at BdL. BdL first issued this decision on December 4, 2019 through Intermediate Circular 536/13157 that stipulates that BdL will, exceptionally and for a period of six months, apply new rules on the interest income it pays on term deposits that banks placed in US dollars at BdL and on the Certificates of Deposits that it issued in US dollars. It then extended the terms of the circular repeatedly for six to 24-month periods until the end of June 2025. Further, the circular stated that banks and financial institutions operating in Lebanon have to pay the principal and coupons of the bonds that they issued, and that are held by a custodian in Lebanon, in accounts at banks operating in the country. It said that the same rules will apply to the payments of the principal and interest on Certificates of Deposits and interbank certificates issued by banks and financial institutions that are held by a local custodian. It added that the measures that the clearing house MidClear introduced on foreign transfers will apply to the payments of principal and coupons of the aforementioned bonds and certificates. BdL stated that the circular goes into effect starting on January 1, 2026.

Change in Net Foreign Assets of Financial Sector (US\$m)



Source: Banque du Liban, Byblos Research



### **Association of Banks provides input on deposits repayment draft law**

The Association of Banks in Lebanon (ABL) declared that the Council of Ministers approved the draft law on Financial Stabilization and Deposit Repayment without a credible, comprehensive, or substantive study about the figures required for the law's implementation. It said that the draft should have been preceded by a clear determination of the size of the financial deficit, or "gap", on Banque du Liban's (BdL) balance sheet, its impact on the banking sector and on BdL, a precise identification of irregular accounts, an accurate assessment of the amounts required to repay the various categories of deposits, and a verification of the availability of the needed liquidity. It considered that the assertion that the draft merely sets out a framework for a solution is not credible, given that such a framework must not provide guarantees that could ultimately prove to be impossible to uphold.

Second, it noted that the draft law comes at a time when the Lebanese State continues to avoid acknowledging the debt it owes to BdL, despite being the primary beneficiary of the wasteful spending that led to the financial gap. It added that such debts, though duly established, remain unpaid, as the State has neither repaid them nor has covered the accumulated deficits on BdL's balance sheet, as mandated by Article 113 of the Code of Money and Credit. It added that the State's compliance with these obligations would significantly reduce, if not eliminate, the gap to the benefit of depositors. It added that the Lebanese State is one of the main beneficiaries of the crisis, as the sharp depreciation of the exchange rate of the Lebanese pound to the US dollar reduced the public debt from more than \$92bn to a market value of less than \$10bn, which constitutes one of the lowest debt-to-GDP ratios globally. It stated that it is not asking the State to bail out BdL or the banks, but rather to honor its debts and to comply with its legal obligations, which would enable the repayment of depositors' funds.

Third, it indicated that the draft law adopts a fundamentally incorrect approach by immediately burdening banks with so-called "anomalies" instead of first deducting such amounts from the overall financial gap, as if the draft's primary objective is to write off the banks' capital. It noted that the draft selectively adopts what is suitable from the International Monetary Fund's methodology, and disregards both International Financial Reporting Standards 9 and basic financial logic. It said that, if this portion of deposits is deemed irrecoverable and classified as anomalies, there is no justification for charging it to the banks.

Fourth, the ABL pointed out that the draft law contradicts its stated objectives and violates several constitutional principles that include the right of ownership, of depositors' funds held at banks and of the banks' placements at BdL; the principle of equality in bearing public burdens by imposing a substantial share of the gap, which was caused by BdL and the State, on a single segment of society, mainly the banking sector; the principle of equality among depositors; the principle of non-retroactive application of laws, as this approach undermines legal certainty, established legal precedents, and vested rights, while retroactively penalizing lawful actions by reclassifying the fines as "compensation"; the principle of separation of powers by granting administrative bodies discretionary authority to take decisions of a judicial nature, often arbitrarily and in disregard of the right to a fair hearing; and the need for legislative clarity, in light of the ambiguity surrounding the interpretation of several of draft's provisions.

Fifth, it noted that the draft contains other deficiencies that include violations of the principle of prohibiting illicit enrichment, whereby BdL and the State would gain while the banks lose. Further, it said that the draft inaccurately labels certain financial instruments as Asset-Backed Securities, even though they are not backed by assets, but by revenues derived from BdL's assets that are manifestly insufficient to guarantee the categories of deposits they purport to cover. It added that this is exacerbated by the inequitable burden placed on large depositors, who are treated less favorably than Eurobonds holders.

Finally, the ABL considered that the content of the draft undermines large depositors, upon whom the Lebanese economy depends, destroys confidence in the banking sector, wipes out the banks' capital, jeopardizes correspondent banking relationships, and condemns the economy to spend the next 20 years focused solely on deposit recovery without any prospect for attracting new investments. It said that the draft adopts an approach which, in effect, amounts to the liquidation of the banking sector and the erosion of the fundamental pillars underpinning the national economy. As such, it called for all stakeholders to adopt an independent, courageous, and responsible stance that prioritizes, first, the protection of depositors and, second, the preservation of the banking sector. It emphasized that a viable economy cannot survive without a sound banking sector, and warned against the misconception that the sector can be easily replaced by other entities.

### **Government approves mechanism on request for information protected by banking secrecy**

The Council of Ministers issued Decree No. 2087 on November 27, 2025 about the mechanism that the Tax Administration should adopt in its requests for information from Banque du Liban (BdL) and commercial banks operating in Lebanon that is protected by banking secrecy, and the scope of such information. The decision went into effect upon its publication in the Official Gazette on December 18, 2025 following its signature by President Joseph Aoun on December 15, 2025. Article 2 stipulates that individuals are required to declare to the relevant tax authority all components of the assets that they inherited from a deceased person, including their bank accounts and any rented safe deposit boxes. It added that, in the absence of such accounts or safe boxes, individuals are required to provide a written declaration to that effect. It said that such disclosures provide the necessary information to facilitate the assessment and collection of the inheritance tax on both movable and immovable assets. It also prohibited banks from paying or handing over any funds to the heirs of the deceased unless the heirs submit an authorization to do so from the relevant tax unit, subject to the fines stipulated in the Tax Procedures Law, in addition to prosecution in accordance with the provisions of Article 106 of the law.

Article 3 stipulates that the head of the tax unit should sequentially submit a report to the head of the Tax Administration, including the required information covered by banking secrecy and the reasons that necessitated the request for information that facilitates the imposition of other taxes and fees that the Directorate of Public Finance collected and realized. It said that the Tax Administration should adopt a mechanism to obtain information protected by banking secrecy when conducting office or field audits of taxpayer files, including of commercial banks, that are subject to taxes and fees. It said that this mechanism applies to the income tax, the value-added tax (VAT), and other taxes and fees, and is intended to strengthen tax compliance and enhance audit operations. It noted that the mechanism may be used when the head of the competent tax department deems it necessary, when declared bank accounts are not commensurate with the taxpayer's volume of activity, or when violations are discovered that constitute tax evasion as defined in Clause 13 of Article 1 of the Tax Procedures Law No. 44 of November 11, 2008 and its amendments. Further, it states that the head of the Tax Administration should study the request for information that is protected by banking secrecy and, if approved, should send a written request to the concerned bank or banks to provide the required information according to a form specifically prepared by the Ministry of Finance for this purpose.

It mandated banks to provide the head of the Tax Administration the requested data within 15 days from receiving the request for information. It added that, in the event that a bank does not comply with the request or delays its response, it will be subject to the fines specified in the Tax Procedures Law and will be prosecuted according to Article 8 of Law No. 306 dated October 28, 2022 and to the provisions of Article 106 of the Tax Procedures Law. It noted that Article 106 states that "penal financial violations are prosecuted according to the provisions of Legislative Decree No. 156 dated September 16, 1983 and its amendments, and penalties are imposed on banks by the courts based on the request of the Ministry of Finance without the need for prior notification to the taxpayer to correct the declaration.

Article 4 stipulates that the information protected by banking secrecy may include bank accounts opened at commercial banks in the name of the institution or company subject to audit and recorded in their accounting records as well as in transfers issued or belonging to it; bank accounts opened in the name of shareholders, partners, or the owner of the institution, with their full identity specified to avoid any confusion for the concerned bank if it appears that the accounts were used in the context of the activity of the company or institution; bank accounts belonging to the beneficial owner when the latter is a person other than the taxpayer subject to the audit; bank accounts opened in the name of the minor children of shareholders, partners, or the company owners, and bank accounts opened in the name of their spouses, provided that the full identity of the concerned persons is specified; and bank accounts of natural or legal person with whom the audited taxpayer deals.

Second, information requested from BdL related to commercial banks operating in Lebanon about their activity, and information related to all types of financial operations that commercial banks conduct with BdL for the benefit and interest of their clients.

Third, information that the Special Investigation Commission (SIC) for anti-money laundering and countering terrorism financing requests. It states that the Head of the Tax Administration may address a letter to the SIC requesting information on the accounts of companies, institutions, the taxpayer, or the latter's minor children, from all commercial banks operating in Lebanon for the years that are not covered by the statute of limitations. It added that this provision is applied if it appears during the tax audit that the company or individual evaded paying taxes, or that the declared accounts do not cover the full commercial operations of the institution or company, or if the taxpayer whose file is being audited is unregistered, and it appears that taxpayers enjoy material and financial solvency based on several factors such as their standard of living as well as their assets and holdings. It said that the letter must state that the requested information is necessary for auditing, combating tax evasion, and enforcing tax compliance, and that the request for information does not contradict the laws in force, including the Banking Secrecy Law dated September 3, 1956 and its amendments, Law No. 44 on Tax Procedures dated November 11, 2008 and its amendments, and the Code of Money and Credit dated August 1, 1963 and its amendments, particularly Articles 150 and 151.

Article 5 states that the Tax Administration is committed to maintaining the confidentiality of requests, and its employees are committed to professional secrecy regarding the information they obtain. It added that the information may not be used except for the purposes for which it was obtained, under penalty of administrative, civil, and criminal prosecution in accordance with the laws in force and according to the provisions of Article 25 of the Tax Procedures Law. Article 6 stipulates that this decree goes into effect upon its publication on the MoF's website and in the Official Gazette.



## Banque du Liban's liquid foreign reserves at \$11.9bn, gold reserves at \$40.4bn at end-2025

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,406.5 trillion (tn) as at December 31, 2025, relative to LBP8,458.4tn at mid-December 2025, to LBP8,445.8tn at end-November 2025, and to LBP8,318.7tn at the end of 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 \$11.89bn on December 31, 2025, compared \$11.99bn at mid-December 2025, to \$11.85bn at end-November 2025 and to \$10.1bn at end-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, while they regressed by \$19.9m in November and increased by \$45.7m in December 2025. As a result, BdL's Foreign Reserve Assets rose by \$1.76bn in 2025 and by \$3.32bn between the end of July 2023 and end-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.

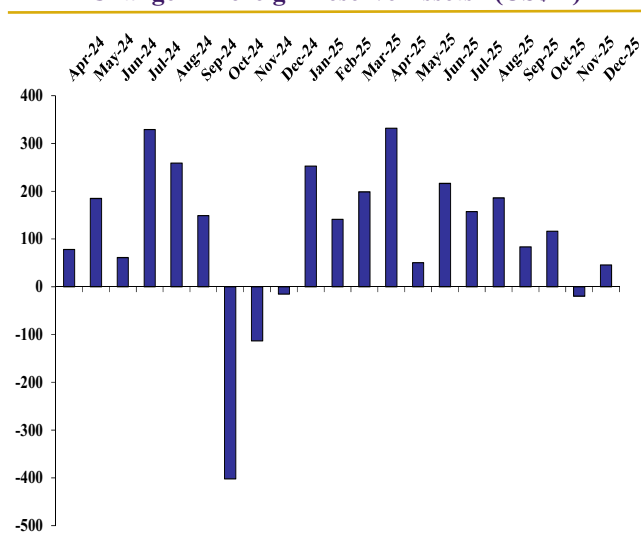
Further, the value of BdL's gold reserves reached an all-time high of \$40.4bn on December 31, 2025 compared to \$40bn at mid-December 2025, to \$38.4bn at end-November 2025 and to \$24.1bn at end-2024. Also, BdL's securities portfolio totaled LBP587,294.7bn at end-2025 relative to LBP546,252bn at mid-December 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of \$1.22bn at end-2025 compared to \$1.24bn at mid-December 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 LBP39,708.4bn at end-2025 compared to LBP39,630.2bn at mid-December 2025.

Moreover, Deferred Open-Market Operations totaled LBP170,557.7bn at the end of 2025 relative to LBP194,515bn at mid-December 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 LBP7,224.5bn (\$80.7m) at end-2025 relative to LBP33,730.1bn (\$377m) two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP1,436tn at end-2025 relative to LBP1,501.1tn at mid-December 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 LBP167.5tn at end-2025 relative to LBP167.3tn at mid-December 2025. It also consists of a special account in the name of the Treasury that stood at LBP1,268.5tn at end-2025 compared to LBP1,333.76tn at mid-December 2025. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,942.7bn at end-2025 relative to LBP1,486,928bn two weeks earlier, and includes an overdraft of \$16.52bn as at end-2025, unchanged from mid-December 2025.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP71,524.7bn at end-2025 compared to LBP71,073.2bn at mid-December 2025, and represented an increase of 9.1% from LBP65,564bn at end-2024. Further, the deposits of the financial sector reached LBP7,434.2tn, or the equivalent of \$83.1bn, at end-2025, relative to LBP7,481tn (\$83.58bn) at mid-December 2025 and to \$85.32bn at end-2024; while public sector deposits at BdL totaled LBP772,183.1bn at end-2025 compared to LBP777,102.8bn at mid-December 2025, to LBP761,870.2bn at end-November 2025 and to LBP533,826.5bn at end-2024.

Change in Foreign Reserve Assets\* (US\$m)



\*month-on-month change

Source: Banque du Liban, Byblos Research

### Private sector deposits at \$87.7bn at end-November 2025

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP9,113.3 trillion (tn), or the equivalent of \$101.8bn, at the end of November 2025, compared to LBP9,231.6tn (\$103.1bn) at end-2024 and to LBP9,220.3tn (\$103bn) at the end of November 2024. Loans extended to the private sector totaled LBP485tn at the end of November 2025, with loans to the resident private sector reaching LBP402.2tn and credit to the non-resident private sector amounting to LBP82.7tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP10.8tn and decreased by 6.8% from LBP11.58tn at the end of 2024, while loans in foreign currency totaled \$5.3bn at end-November 2025 and declined by 9% from \$5.82bn at the end of 2024. The figures reflect Banque du Liban's (BdL) Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

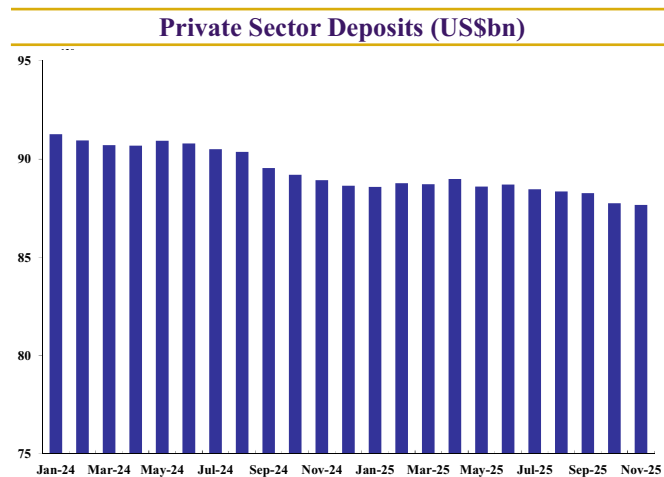
In nominal terms, credit to the private sector in Lebanese pounds declined by LBP790.1bn in the first 11 months of 2025 and by LBP1,144.5bn from a year earlier, while lending to the private sector in foreign currency dropped by \$518.2m in the covered period and by \$563.6m from end-November 2024. Further, loans extended to the private sector in Lebanese pounds contracted by LBP16.8tn (-61%) and loans denominated in foreign currency dropped by \$35.81bn (-87.1%) since the start of 2019. The dollarization rate of private sector loans was 97.8% at end-November 2025, unchanged from year earlier. The average lending rate in Lebanese pounds was 11.42% in November 2025 compared to 6.78% a year earlier, while the same rate in US dollars was 5.32% relative to 4.41% in November 2024. Also, according to BdL, loans to the private sector in "fresh" dollars stood at \$553m at the end of June 2025.

In addition, claims on non-resident financial institutions reached \$5.05bn at the end of November 2025, constituting increases of \$353.6m (+7.5%) from the end of 2024 and of \$693.6m (+16%) from end-November 2024. Also, claims on non-resident financial institutions dropped by \$4.1bn (-44.8%) from the end of August 2019 and by \$6.94bn (-58%) since the start of 2019. Further, deposits at foreign central banks totaled \$794.5m, constituting an increase of \$168m (+26.8%) in the first 11 months of 2025 and a decrease of \$57.2m (-6.7%) from a year earlier. Also, cash in vault in Lebanese pounds stood at LBP6,895bn compared to LBP7,179.8bn at end-2024 and to LBP5,793.3bn at end-November 2024. In addition, the banks' claims on the public sector amounted to LBP200.1tn at end-November 2025, representing decreases of 4% from LBP208.4tn end-2024 and of 9.2% from LBP220.3tn end-November 2024. Also, the banks' holdings of Lebanese Treasury bills totaled LBP7.58tn, while their holdings of Lebanese Eurobonds stood at \$2.14bn net of provisions at end-November 2025 relative to \$2.34bn a year earlier. Further, the deposits of commercial banks at BdL reached LBP6,968.7tn at the end of November 2025, or \$77.9bn, compared to LBP7,122.4tn (\$79.6bn) at the end of 2024.

In parallel, private sector deposits totaled LBP7,846.3n, or \$87.7bn, at the end of November 2025. Deposits in Lebanese pounds reached LBP82.7tn at end-November 2025, as they increased by 21.8% from end-2024 and by 32.2% from a year earlier; while deposits in foreign currency stood at \$86.74bn, and regressed by 1.3% from end-2024 and by 1.7% from end-November 2024. Resident deposits accounted for 75.5% and non-resident deposits represented 24.5% of total private sector deposits at end-November 2025. According to BdL, private sector deposits include \$4.36bn in "fresh" funds at the end of June, with about half of the amount consisting of eligible funds under BdL circulars 158 and 166.

In addition, private sector deposits in Lebanese pounds surged by LBP14,772.1bn and foreign currency deposits decreased by \$1.14bn in the first 11 months of 2025, while private sector deposits in Lebanese pounds grew by LBP20,119.1bn and foreign currency deposits dropped by \$1.48bn from a year earlier. Also, aggregate private sector deposits in Lebanese pounds increased by LBP9,862.9bn (+13.5%) and foreign currency deposits declined by \$37.5bn (-30.2%) from the end of August 2019, while total private sector deposits in Lebanese pounds increased by LBP5,470bn (+7.1%) and foreign currency deposits dropped by \$37.5bn (-29.5%) since the start of 2019. The dollarization rate of private sector deposits regressed from 99.2% at the end of November 2024 to 98.9% at the end of November 2025.

Further, the liabilities of non-resident financial institutions reached \$2.29bn at the end of November 2025, decreasing by 8.7% from \$2.51bn at end-2024 and by 9% from \$2.52bn at end-November 2024. Also, the average deposit rate in Lebanese pounds was 3.25% in November 2025 compared to 1.17% a year earlier, while the same rate in US dollars was 0.12% in November 2025 relative to 0.03% in November 2024. In addition, the banks' aggregate capital base stood at LBP423tn (\$4.73bn) at the end of November 2025 compared to LBP428.5tn (\$4.79bn) at the end of 2024 and to LBP409tn (\$4.57bn) at the end of November 2024.



Source: Banque du Liban, Byblos Research



### Stock market capitalization down 25% to \$20.2bn at end-2025

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 38.5 million shares in 2025, constituting a surge of 206% from 12.6 million shares traded in 2024; while aggregate turnover amounted to \$367.6m, representing a drop of 31.4% from a turnover of \$535.8m in 2024. Further, the market capitalization of the BSE stood at \$20.15bn at the end of 2025, constituting a decrease of 25.2% from \$26.95bn a year earlier, and compared to \$19.3bn at the end of November 2025. Real estate equities accounted for 68.4% of the market's capitalization at end-2025, followed by banking stocks with 23%, and industrial shares with 8.6%. Also, the trading volume reached 18.7 million shares in December 2025 compared to 909,885 shares traded in November 2025 and to 1.6 million shares in December 2024; while aggregate turnover stood at \$74.8m in December 2025, constituting increases of 358.7% from a turnover of \$16.3m in the preceding month and of 5.2% from \$71.1m in December 2024. Further, the market capitalization of the BSE was equivalent to 48.2% of GDP in 2025 relative to 71.1% of GDP in 2024. The market liquidity ratio was 1.8% at the end of 2025 compared to 2% a year earlier.

In addition, banking stocks accounted for 91% of the trading volume in 2025, followed by real estate equities with 8.3% and industrial shares with 0.6%. Further, real estate equities represented 73.4% of the aggregate value of shares traded, followed by banking stocks with 22.2%, and industrial shares with 4.5%. The average daily traded volume for 2025 was 160,932 shares for an average daily amount of \$1.5m. The figures represent a surge of 207.2% for the average daily traded volume and a decrease of 31% for the average daily value in the covered period.

In parallel, the price of Solidere 'A' shares dropped by 30% and the price of Solidere 'B' shares contracted by 30.8% in 2025, while the price of Holcim shares increased by 2.7% last year. The price of Solidere 'A' shares declined by 5.4% in January, by 9% in February, by 7.3% in March, by 9% in April and by 4.2% in May, while it increased by 19.7% in June, decreased by 15.8% in July and by 8.4% in August, rose by 10.2% in September, retreated by 7.6% in October and by 2.5% in November, and expanded by 9.7% in December 2025. Also, the price of Solidere 'B' shares contracted by 7.4% in January, by 6% in February, by 4.4% in March, by 12.5% in April and by 5% in May, while it increased by 24.5% in June, dropped by 18.5% in July and by 10.2% in August, improved by 12.7% in September, regressed by 7% in October and by 4.4% in November, and increased by 9.5% in December 2025. Further, the share price of Holcim increased by 1.6% January, by 10.8% in February, and by 0.1% in March 2025, while it declined by 6.2% in April, grew by 7% in May, contracted by 4% in June, improved by 2.6% in July, regressed by 3.8% in August and by 4% in September, increased by 1% in October and by 0.1% in November, and decreased by 1% in December 2025.

### EBRD and LAU support Lebanese biotech startup

The European Bank for Reconstruction and Development (EBRD) indicated that it has partnered, through its European Union funded Innovation Program in Lebanon, with the Lebanese American University Industrial Hub (LAUIH) to support Lebanese biotech startup DLOC Biosystems in advancing its breakthrough drug testing technology. It said that, through LAUIH's assistance, the startup was able to automate key processes, optimize operations, and establish robust systems, while retaining full ownership and control over its intellectual property. Further, it indicated that DLOC Biosystems pioneered a human-on-chip platform that integrates multiple organ models with real-time measurement capabilities. It said that the company's mission is to recreate human tissues with high accuracy to facilitate drug development and significantly reducing costs. It added that the company is focusing on offering its services for preclinical drug testing to pharmaceutical firms and research organizations.

In addition, it noted that the startup company is seeking new partners to design additional organ models, develop improved alternatives to traditional drug testing, and expand revenues. It said that the firm's ultimate goal is to reduce the massive cost and time required to develop new drugs, which often exceed \$2bn and require 12 years of development work, by scaling and commercializing its human-on-chip technology. It said that, in order to achieve this objective, the firm is preparing for upcoming Pre Series A and Series A investment rounds. Also, it pointed out that the venture is an example of how academic institutions can help realize industrial goals.

The EBRD announced in early 2025 that it is accepting applications from Lebanese small- and medium-sized enterprises (SMEs) and start-ups to its Innovation Program, which aims to support companies interested in working with researchers and developers to experiment and evaluate the feasibility of well-developed ideas. The EBRD launched the Innovation Program in Lebanon in 2023 with funding from the European Union. It noted that the program aims to increase the competitiveness of Lebanese SMEs and start-ups through technical assistance grants to companies that are seeking to invest in research and development, and by connecting SMEs with researchers and research and development institutions that work with the companies, in order to support the development of innovative products and services. Further, it pointed out that the Innovation Program prioritizes SMEs operating in the agribusiness, medical, pharmaceuticals, and information and communications technology (ICT) sectors, as well as in creative industries.

The EBRD indicated that the program offers vouchers of €5,000 to SMEs for research and development projects, and vouchers of up to €30,000 for additional research, go-to-market and the commercialization of their products, and technical assistance for innovating SMEs and start-ups. It stated that research and development projects include the feasibility study of a new product, software and hardware development, and formula development for non-technological innovation. It pointed out that additional research, go-to-market and commercialization projects include prototyping, testing, certification, intellectual property protection, IT component development, process improvement, launch strategy, marketing, and business development. It indicated that technical assistance includes strategy and planning; internationalization, scaling and marketing; organization, leadership and human resources; governance and compliance; operations and quality management; improving processes; ICT and digitalization; engineering and technical solutions; accounting, financial reporting, fundraising and financial management; and energy and resource efficiency.

## 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, Institute 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, Institute 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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