In memory of Alain Wanna

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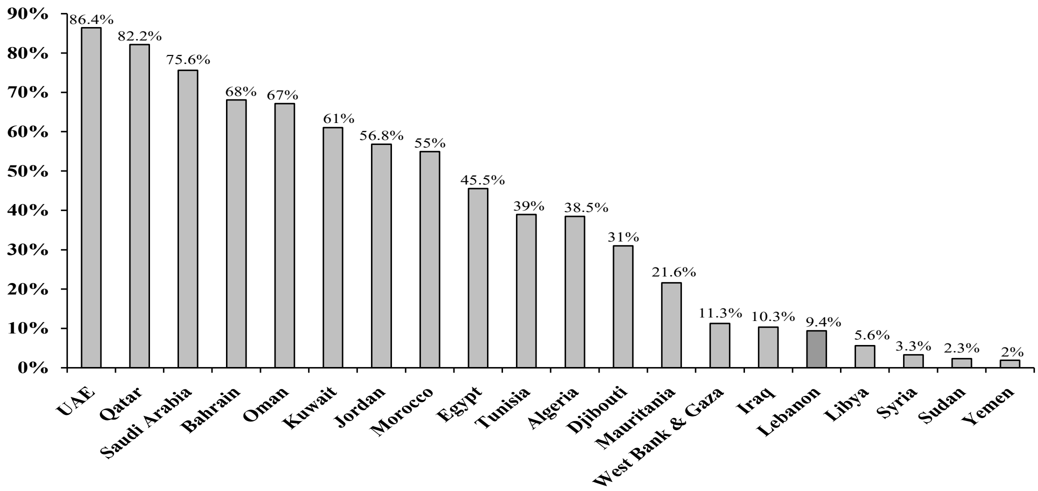
BYBLOS BANK
Economic Research & Analysis Department

LEBANON THIS WEEK

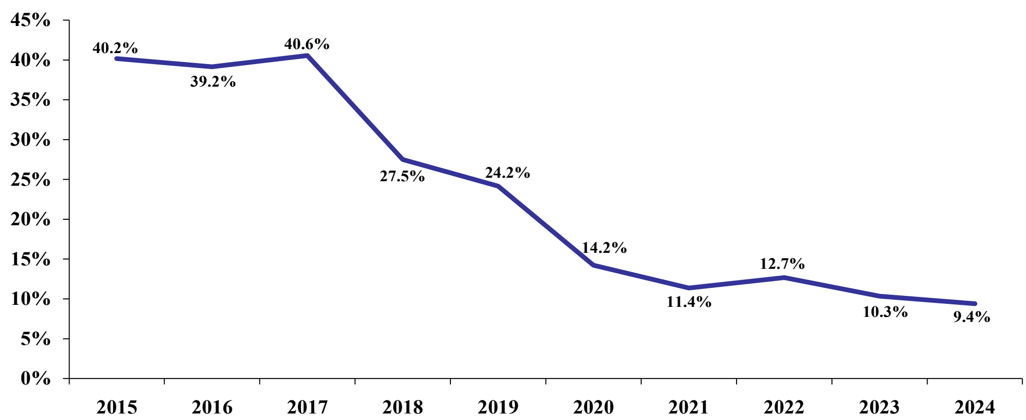
In This Issue

Chart of the Week

Percentile Rankings of Arab Countries in terms of Government Effectiveness in 2024 (%)



Percentile Rankings of Lebanon on the Government Effectiveness Indicator (%)



Source: World Bank World Governance Indicators for 2024, Byblos Bank

Quote to Note

"Lebanon produces more innovation outputs relative to its level of innovation investments."

The World Intellectual Property Organization, on Lebanon's potential in terms of technological innovation

Number of the Week

37%: Percentage of surveyed Lebanese who believe that the government will be able to restructure the banking sector, according to an opinion poll conducted by polling firm InfoPro in November 2025

Lebanon in the News

$m (unless otherwise mentioned)	2023*	2024*	2025*	%	Aug-24	July-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 USD***	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

$m (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
Solidere "A"	70.15	(1.2)	317,761	39.7%
Solidere "B"	69.25	(1.1)	108,540	25.5%
Audi Listed	1.22	2.5	70,201	4.1%
BLOM Listed	7.00	1.9	35,000	8.5%
BLOM GDR	7.00	6.1	15,000	2.9%
Byblos Com-	0.50	2.0	3,427	1.6%
HOLCIM	71.00	(1.4)	417	7.8%
Byblos Pref. 09	29.99	0.0	-	0.3%
Audi GDR	2.90	0.0	-	2.0%
Byblos Pref. 08	25.00	0.0	-	0.3%

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

Sovereign Eurobonds	Coupon %	Mid Price in US$	Mid Yield %
Nov 2026	6.60	29.75	220.13
Mar 2027	6.85	29.75	140.55
Nov 2028	6.65	29.75	49.32
Feb 2030	6.65	29.75	32.17
Apr 2031	7.00	29.75	24.63
May 2033	8.20	29.75	17.34
May 2034	8.25	29.75	15.17
Jul 2035	12.00	29.75	13.20
Nov 2035	7.05	29.75	12.83
Mar 2037	7.25	29.75	11.19

Source: LSEG Workspace

	Jan 26-30	Jan 19-23	% Change	January 2026	January 2025	% Change
Total shares traded	550,346	224,798	144.8	1,392,012	1,033,733	34.7
Total value traded	$30,262,221	$4,191,664	622.0	66,188,310	30,530,982	116.8
Market capitalization	$17.67bn	$17.74bn	(0.4)	$17.67bn	$25.60bn	(-31.0)

Source: Beirut Stock Exchange (BSE)

Lebanon in the News

Lebanese Parliament enacts budget for 2026

The Lebanese Parliament enacted on January 29, 2026 the budget for 2026 and included some amendments to certain articles at the recommendation of the Budget and Finance Committee. The original draft budget that the Council of Ministers approved projects public expenditures and revenues at LBP534,716bn each, or $5.97bn each based on the prevailing exchange rate of the Lebanese pound of LBP89,500 per US dollar. The figures show a balanced budget and a primary surplus of LB89,501bn for the year. However, the Budget and Finance Committee forecast revenues at LBP538,416bn or $6bn. The Ministry of Finance did not provide the macroeconomic indicators and assumptions that it used in the draft budget, such as real GDP growth, the inflation rate and nominal GDP.

On the expenditures side, the budget estimates current spending at LBP477,913bn and capital outlays at LBP56,803bn, or 89.4% and 10.6%, respectively, of aggregate public expenditures. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP280,254bn and account for 58.6% of current spending and for 52.4% of total expenditures, followed by transfers at LBP65,376bn (13.7%), spending on goods & services at LBP57,705bn (12.1%), emergency expenditures at LBP19,550bn (4.1%), and debt servicing at LBP25,980bn (5.4%), while other spending amounts to LBP29,038bn or 6.1% of current expenditures. Also, debt servicing includes LBP8,454.5bn, or 32.5% of the total, in interest on Lebanese pound-denominated Treasury bills and bonds, and LBP17,467bn, or 67.5% of the total, in outlays on external debt excluding sovereign Eurobonds.

On the revenues side, the budget projects tax revenues at LBP439,214bn and non-tax receipts at LBP95,501bn, or 82.1% and 17.9%, respectively, of total public revenues. The budget estimates that revenues from the excise tax on goods & services would generate LBP255,390bn or 58.2% of total tax receipts; followed by receipts from customs duties with LBP73,908bn (16.8%); the tax on income, profits & capital gains with LBP57,647bn (13.1%); and income from property taxes with LBP36,008bn (8.2%); while other taxes would generate the remaining LBP16,362bn, or 3.7% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP64,290bn or 67.3% of the total; followed by administrative fees & sales with LBP27,363bn (28.7%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP3,847.6bn, or 4% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 72.7% of the total, followed by the excise tax on goods (11%), revenues from the Tobacco Régie (8.7%), fees on cars (4.2%), and departure fees from the Lebanese territory (3%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on profits would account for 56.5% of the total, followed by the tax on wages & salaries (35%), the capital gains tax (4.7%), and the tax on interest income (3.2%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 83.4% of the total, followed by the built property tax (8.5%), and the inheritance tax (7.8%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 67.3% of the total, followed by administrative fees & revenues and sales (28.7%), other non-tax receipts (3.7%), and penalties & expropriations (0.3%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 45.2% of non-tax receipts, followed by Casino du Liban (76%), the Port of Beirut (6.4%), the Beirut Rafic Hariri International Airport (4.7%), the National Lottery (1.9%), and receipts from the Directorate of Grains & Sugar Beet (1.5%). In addition, exceptional non-tax receipts account for 3.3% of the total and include LBP3,119bn in revenues from the settlement of seaside properties, while revenues from labor permits total LBP3,924bn and account for 4% for non-tax receipts.

Lebanon in the News

Eurobonds' restructuring facing multiple challenges

Global investment bank Goldman Sachs estimated that resolving the default on Lebanon's Eurobonds will likely take years, and considered that the delay is more driven by the country's geopolitical uncertainties rather than by the slow progress in implementing reforms. Also, it said that meaningful progress towards an agreement with the International Monetary Fund (IMF) and on a comprehensive restructuring of the public debt are unlikely without addressing the disarmament of non-state actors and without reaching a broader regional agreement that involves Iran.

In addition, it noted that major differences persist among domestic political and economic power centers, as well as between the government and the IMF, given that the most pressing issue is the Financial Stabilization and Deposits Repayment Act (FSDR) that the Cabinet approved in December and that still needs to be enacted by Parliament, in addition to amendments to the bank resolution framework that Parliament enacted last summer. It considered that many of these challenges can be addressed once the geopolitical obstacle of the disarmament of non-state actors is resolved, but it noted that the risk of long-term policy inertia remains high, as specific interest groups stand to lose from the proposed reforms.

In parallel, it stated that the prices of Lebanese Eurobonds have increased since October 2024 due in part to expectations that a shift in the domestic balance of power towards factions aligned with the Gulf Cooperation Council (GCC) and Western economies would strengthen the political environment and improve prospects for international financial support and an eventual debt restructuring. But it expressed concerns about the pace and magnitude of these price movements following a further surge in prices since the start of the year.

Also, it indicated that hurdles in the way of an eventual debt restructuring include the uncertainties about the Parliament's timetable to vote the FSDR into law; if the voted legislation will conform to the IMF's requirements; further amendments to the banking resolution framework; the Parliament's limited window to complete its legislative agenda before its dissolution if the legislative elections take place in May 2026 as scheduled; the timeframe to form a post-elections government and the latter's composition; the true size of the banking system's losses and the resulting liabilities for government finances; and the extent of the government's expected borrowing in the medium term, which constitute critical factors for the public debt's sustainability and the size of the haircut on the outstanding Eurobonds.

Further, it considered that the banking sector's restructuring faces risks and uncertainties, given that litigation risk is significant following the Constitutional Council's ruling last October that depositors' appeals will not be heard by a special court and that enforcement may be suspended during the appeal. Also, it expected that the IMF will issue a list of prior actions that go beyond the banks' restructuring, in case Lebanon reaches an agreement with the IMF, but noted that the implementation of the prior actions is likely to face uncertainties. It indicated that the legislative and financial challenges to Lebanon's debt restructuring exist against a backdrop of continued political uncertainties. As such, it favored a probabilistic, scenario-based approach to estimate the potential recovery values on Lebanon's Eurobonds, given the prevailing uncertainties. As such, it estimated a range of expected values from 12 cents on the dollar to 25 cents on the dollar, even though the Eurobonds are currently trading closer to 29 cents on the dollar, which reinforces its concerns that the price movement may have gone "too fast and too far".

Banque du Liban clarifies rules about reporting obligations on "fresh funds"

Banque du Liban (BdL) issued Intermediate Circular 756/13799 dated January 21, 2026 addressed to banks that modifies Basic Circular 165/13548 of April 19, 2023 addressed to banks and financial institutions about electronic settlement operations for "fresh funds", as well as Basic Circular 169/13729 dated July 1, 2025 addressed to banks about ensuring equity in the repayment of foreign currency deposits, and Basic Circular 76/7723 of December 2, 2000 addressed to banks, financial institutions, financial brokerage firms, and leasing companies about banks financial condition.

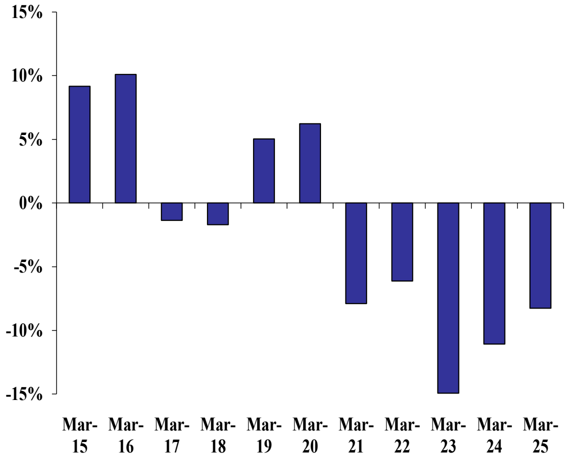
First, the circular stipulates that Basic Circular 165/13548 of April 19, 2023 defines "fresh funds" as money transferred from abroad and/or funds deposited at banks in foreign currency banknotes after October 17, 2019, as well as the amounts that have been or will be deposited in cash in "fresh" Lebanese pounds accounts and that meet the conditions of Basic Circular 150/13217 dated April 9, 2020. Second, BdL asked all banks operating in Lebanon to refrain from disbursing funds from foreign currency accounts that clients opened prior to October 17, 2019, whether the funds were originally deposited at the concerned bank or transferred to it after this date, beyond the ceilings specified in BdL's regulatory texts, without obtaining the prior written approval of BdL. Third, BdL requested from all banks operating in Lebanon to prepare a monthly report detailing the status of "fresh funds" across their local branches, as defined by Basic Circular 165/13548, which consists of funds transferred from abroad and/or received in cash in foreign currencies after October 17, 2019. Also, it states that the circular goes into effect upon its issuance. According to BdL, private sector deposits included $4.36bn in "fresh funds" at the end of June 2025, with about half of the amount consisting of eligible funds under BdL circulars 158 and 166.

Payment cards at 1.8 million at end-March 2025, ATMs total 1,422

Figures released by Banque du Liban show that the number of payment cards issued in Lebanon reached 1,794,301 cards at the end of March 2025, constituting declines of 161,527 cards (-8.3%) from 1,955,828 cards at end-March 2024, of 405,134 cards (-18.4%) from 2.2 million cards at end-March 2023, of 791,128 cards (-30.6%) from 2.59 million at end-March 2022, and of 959,713 cards (-34.8%) from 2.75 million at end-March 2021.

Payment cards held by residents accounted for 97% of total cards issued in Lebanon at the end of March 2025. The distribution of payment cards by type shows that debit cards with residents reached 1.11 million and accounted for 62% of the total, followed by prepaid cards with residents at 500,951 (28%), credit cards with residents at 64,988 (3.6%), charge cards with residents at 59,006 (3.3%), debit cards held by non-residents at 49,036 (2.7%), charge cards with non-residents at 3,298 (0.18%), credit cards held by non-residents at 2,719 (0.15%); and prepaid cards with non-residents at 284 (0.02%).

Change in Number of Payment Cards (%)



Source: Banque du Liban, Byblos Research

The number of debit cards with residents declined by 21,492 cards (-2%) in the first quarter of 2025 and prepaid cards with non-residents decreased by 68 cards (-19.3%), while the number of prepaid cards held by residents increased by 4,817 cards (+1%), charge cards with residents grew by 898 cards (+1.5%), the number of credit cards with residents expanded by 488 cards (+0.8%), the number of debit cards held by non-residents registered an uptick of 433 cards (+0.9%), the number of charge cards with non-residents grew by 79 cards (+2.5%), and credit cards with non-residents increased by 20 cards (+0.7%).

In parallel, the number of debit cards held by residents dropped by 145,344 cards (-11.5%) in the 12-month ending March 2025, prepaid cards with residents declined by 12,701 cards (-2.5%), credit cards with residents decreased by 9,258 cards (-12.5%), credit cards with non-residents shrank by 462 cards (-14.5%), and the number of prepaid cards with non-residents contracted by 415 cards (-59.4%). In contrast, the number of debit cards held by non-resident surged by 4,954 cards (+11.2%) in the covered period, charge cards with residents increased by 1,543 cards (+2.7%), and charge cards with non-residents expanded by 156 cards (+5%).

Further, the aggregate number of registered points-of-sales (PoS) that accept payment cards reached 23,942 at the end of March 2025, constituting decreases of 10,892 (-31.3%) from 34,834 PoS at end-March 2024, of 16,878 (-41.3%) from 40,820 PoS at end -March 2023, of 19,532 (-45%) from 43,474 PoS at end-March 2022, and of 21,105 (-47%) from 45,047 PoS at end-March 2021. There were 2.3 registered PoS per square kilometer (km²) in Lebanon at the end of March 2025 compared to 3.3 PoS per km² at the end of March 2024, 3.9 PoS per km² at the end of March 2023, to 4.2 PoS per km² at the end-March 2022, and to 4.3 PoS per km² at the end-March 2021.

In parallel, there were 1,422 automated teller machines (ATMs) across Lebanon at the end of March 2025, constituting a decrease of 5 ATMs from 1,427 ATMs at end-March 2024, an increase of 10 machines from 1,412 ATMs at end-March 2023, and decreases of 257 machines from 1,679 ATMs at end-March 2022, and of 413 machines from 1,835 ATMs at end-March 2021. The Mount Lebanon area had 559 ATMs at the end of March 2025, equivalent to 39.3% of the total, followed by the Greater Beirut area with 439 ATMs (31%), the North with 156 machines (11%), the South region with 120 ATMs and the Bekaa with 119 machines (8.4% each), and the Nabatieh area with 29 ATMs (2%). As such, there were 136 ATMs per 1,000 km² in Lebanon at the end of March 2025 compared to 137 ATMs per 1,000 km² at the end of March 2024, to 135 ATMs per 1,000 km² at the end of March 2023, to 161 ATMs per 1,000 km² at end-March 2022, and to 176 ATMs per 1,000 km² at end-March 2021.
2025.

Banque du Liban tightens compliance on cash deposits

Banque du Liban (BdL) issued Basic Circular 172/13798 dated January 21, 2026 addressed to banks and financial institutions about the Cash Transaction Slip (CTS). Article 1 stipulates that banks must ensure that customers complete the CTS form whenever clients place at a bank, on any given day, one or more cash deposits equal to or exceeding $10,000 or their equivalent in any other currency. It said that the CTS form consists of information on the bank, on the account, on the person who is initiating the cash transaction, on the Beneficial Rights Owner, and on the cash transaction. Also, it indicated that the information provided in the CTS form must be cross-checked against the information in the Know Your Customer (KYC) form to verify its consistency. Article 2 states that the circular goes into effect upon its issuance.

BdL attributed its decision to Lebanon's unprecedented systemic financial and monetary crisis, whose repercussions led to fundamental changes in payment behaviors and increased reliance on cash-based transactions. It said that the expansion of cash transactions poses a major risk to financial stability, facilitates tax evasion, and increases significantly the risks of money laundering and terrorist financing (ML/TF). It noted that, based on its prerogatives that aim at safeguarding monetary and financial stability, it has taken an array of preventive, supervisory, and regulatory measures to restore confidence and realign the Lebanese financial sector with recognized international standards. Also, BdL indicated that the effective monitoring of illicit financial flows and the reestablishment of transparency in financial operations constitute essential prerequisites to help remove Lebanon from the Financial Action Task Force's (FATF) list of "jurisdictions under increased monitoring". It added that it has gradually and systematically adopted a comprehensive regulatory framework that forms a protective framework for the banking and financial sector to stabilize the banking system, restore confidence, and align the country with international standards.

Further, BdL noted that it issued Basic Circular 3/13769 dated November 14, 2025 addressed to financial institutions, specialized lending entities (*comptoirs*), money dealers, institutions that offer internal and/or external electronic money transfer services, and institutions that provide electronic wallet services about the KYC form for cash transactions and exchange operations that require all non-banking financial institutions operating in Lebanon to implement enhanced measures and comply with KYC requirements for any cash transaction equal to, or that exceeds, $1,000 or their counterpart in any other currency. It pointed out that it decided to issue Basic Circular 172/13798 to require all banks and financial institutions operating in Lebanon to apply stricter rules and adopt a standardized form for daily cash deposits that are equal to or that exceed $10,000 or their equivalent in any other currency. As such, it considered that the two circulars constitute a dual protective system for the Lebanese banking and financial sector, as well as a deterrent against any funds that might be illicit or derived from ML or related to TF.

Qatar announces $434.3m in financial support to Lebanon

Qatar announced on January 27, 2026 that it will allocate $434.25m in development and humanitarian support to Lebanon. It said that the initiative, which will be carried out through the Qatar Fund for Development (QFFD) in coordination with the relevant Lebanese authorities, will benefit more than 1.5 million individuals in the country. It noted that the initiative includes a contribution of up to $400m to support the energy sector that includes $40m in grants. It added that the support will cover other sectors, such as education, through the provision of scholarships, capacity building for the Lebanese Armed Forces through the provision of vehicles and equipment, and investment in the sports sector to promote youth empowerment. Further, it pointed out that the financial support aims to enhance the resilience and capacity of local communities to respond to current economic and social challenges. It added that the initiative seeks to reinforce stability while fostering recovery and advancing long-term sustainable development.

In parallel, the Ministry of Social Affairs and the Qatar Red Crescent Society (QRCS) launched on May 14, 2025 the second phase of the Road to Stability program that the QFFD is financing. The initiative aims to support the poorest Lebanese and Syrian households that have been affected by the recent Israeli war on Lebanon. The ministry said that the first phase of the project has been completed for the benefit of Syrian refugee households in Lebanon, in collaboration with the Office of the United Nations High Commissioner for Refugees (UNHCR). Further, it noted that it identified 3,325 Lebanese families that will receive monthly cash assistance for three months as part of the program. It indicated that the project represents a qualitative addition to the "AMAN" program, the largest social support program in Lebanon, which currently serves around 800,000 beneficiaries. It said that the project is a direct contribution to establishing a sustainable and inclusive social protection system.

Established in 1978, the QRCS aims to assist and empower vulnerable individuals and communities, and has relief and development operations in countries across the Middle East, Asia, Africa, Europe, and Central and South America. Established in 2002, the QFFD aims to provide international development aid focused on poverty alleviation, education, health, economic growth, humanitarian relief, and climate resilience.

Lebanon in the News

Lebanon Humanitarian Fund disburses $35m in 2025

The United Nations' Office for the Coordination of Humanitarian Affairs (OCHA) indicated that 13 donors contributed $26.7m to the Lebanon Humanitarian Fund (LHF) in 2025. It pointed out that the LHF allocated $35.1m across 68 projects to support humanitarian needs across Lebanon, as well as to address the impact of the Israeli war on the affected populations in Southern Lebanon and other parts of the country. The UN established the LHF in 2014 to support the most vulnerable segments of the population in the country.

The OCHA stated that financial disbursements for food security reached $10.7m in 2025, or 30.5% of the total, followed by funds to the water, sanitation and hygiene (WASH) sector with $8.7m (24.8%), support to the healthcare sector with $7.3m (20.8%), basic assistance with $2.1m (6%), shelter with $1.7m (4.8%), child protection with $1.2m (3.4%), social protection and gender-based violence with $1.1m each (3.1% each), the nutrition sector with $0.6m (1.7%), the education sector with $0.5m (1.4%), and Coordination on Protection from Sexual Exploitation and Abuse with $0.15m (0.4%).

Further, it indicated that non-governmental organizations (NGOs) allocated $9.7m to humanitarian aid in the Baalbeck-Hermel governorate, followed by the South with $8.3m in aid through NGOs, the Nabatieh governorate with $6.3m, the Akkar governorate with $4.7m, the Bekaa with $2.6m, Mount Lebanon with $2.1m, the North governorate with $0.8m, and Beirut with $0.5m.

The LHF stated that it launched its first Standard Allocation program in May 2025 and earmarked $25m out of the $35.1m initiative across 48 projects to address the humanitarian crisis in the country. It added that, in October 2025, the fund earmarked $9.9m across 19 projects to deliver humanitarian assistance to vulnerable populations affected by conflict and climate-related shocks. Also, it noted that the fund launched its first Reserve Allocation program in February 2025 and earmarked $150,000 to one project to support the establishment of the Community Accountability Platform, which aims to provide a legal and operational framework to ensure humanitarian responses reflect the needs of affected populations.

The distribution of the LHF contributions shows that the United Kingdom provided $5.5m, or 20.6% of the total, in 2025, followed by Belgium with $3.5m (13.1%), Canada with $3.2m (12%), Australia with $3.1m (11.6%), Ireland with $2.7m (10.1%), Switzerland with $2.4m (9%), Italy with $2.3m (8.6%), Sweden with $2m (7.5%), Spain with $1.1m (4.1%), Iceland with $0.5m (1.9%), France with $0.3m (1.1%), and Portugal and Monaco with $60,000 each (0.2% each). In addition, $26m were carried over from funding received in 2024.

In parallel, the LHF indicated that it has allocated $9.9m across 19 projects under the 2025 Standard Allocation in order to continue to deliver humanitarian assistance to the most vulnerable populations affected by conflict. It noted that the funding consists of $3.5m for each of food security assistance and WASH that each will account for 35.4% of the total allocated funds in 2025; followed healthcare and nutrition with $2.9m (29.3%). It distributed $5.3m for 10 projects managed by national NGOs (NNGOS) and $4.6m for 9 projects managed by international NGOs. Further, the LHF indicated that assistance reached 202,284 women, or 30% of the targeted population, as well as to 192,028 men (28%), 142,866 girls (21%), and 142,587 boys (21%). It added that assistance reached 390,358 internally displaced persons and returnees that account for 57.4% of the targeted individuals, followed by 289,095 refugees (42.5%), and 311 migrants and Palestinian refugees (0.05%).

Denmark to support agricultural sector recovery in South Lebanon

The Ministry of Agriculture and the Embassy of Denmark announced a strategic development project of $28m that aims to rehabilitate the agricultural sector in South Lebanon, particularly in villages and areas affected by Israeli attacks, within the framework of a comprehensive approach to agricultural recovery and sustainable rural development. The ministry said that Denmark will contribute $5m to the project, while the European Union and the Agence Française de Développement (AFD), the development arm of France's Ministry for Europe and Foreign Affairs, will provide the balance of $23m.

Further, the ministry said that the initiative consists of defining the funding priorities to maximize the project’s developmental impact; the review of the results of the field damage assessment that the Ministry of Agriculture will conduct in cooperation with the Food and Agriculture Organization (FAO) to serve as a scientific and technical foundation for the agricultural rehabilitation program; and the establishment of institutional cooperation mechanisms with the Ministry of Agriculture, particularly through the adoption of the agricultural registry as a primary reference for identifying beneficiaries and ensuring transparency and fairness in the distribution of support.

Banque du Liban clarifies ATM deployment and reporting requirements

Banque du Liban (BdL) issued Intermediate Circular 757/13800 on January 21, 2026 addressed to banks, financial institutions, institutions that issue credit and debit cards, and institutions that manage points-of-sales (POS) devices that amends Basic Circular 63/7299 of June 10, 1999 about automated teller machines (ATMs), and debit and credit cards.

The circular authorizes banks and financial institutions to operate ATMs at locations they consider to be appropriate, other than the ATMs at their branches and headquarters, provided that the number of autonomous ATMs that they operate does not exceed five times the number of their ATMs at branches in addition to the headquarters. It added that ATMs operating at their headquarters and branches, irrespective of their number, are not calculated within the set limit. Also, the circular mandates banks and institutions to inform BdL and the Banking Control Commission of Lebanon annually, within a maximum period of 15 days after the end of the year, of the number and locations of their ATMs. Further, it states that the circular goes into effect upon its issuance.

In parallel, figures issued by the International Monetary Fund's 2025 Financial Access Survey show that there were 138 ATMs per 1,000 square kilometers in Lebanon at the end of 2024 compared to 121.6 ATMs per 1,000 square kilometers at end-2023 and to 156.7 ATMs per 1,000 square kilometers at end-2014. The ATM penetration rate in Lebanon ranked the country in 26th place among 148 countries and jurisdictions worldwide and in second place among 12 Arab countries at end-2024. Globally, Lebanon had a higher ATM penetration rate than Kuwait, the West Bank & Gaza and Thailand, and a lower rate than Bangladesh, Italy, and the Netherlands. Also, Lebanon had a higher ATM penetration rate than Kuwait, West Bank & Gaza, Jordan, Egypt, Tunisia, Morocco, Saudi Arabia, Djibouti, Algeria and Mauritania, and a lower rate than Bahrain in the Arab world. Further, Lebanon's ATM penetration rate was lower than the global average penetration rate of 388 ATMs per 1,000 square kilometers, but came higher than the Arab region's rate of 87.6 ATMs per 1,000 square kilometers.

In addition, there were 32.9 ATMs per 100,000 adults in Lebanon at the end of 2024 relative to 29.4 ATMs per 100,000 adults at end-2023 and to 33.9 ATMs per 100,000 adults at end-2014. The ATM penetration rate ranks Lebanon in 97th place among 148 countries and jurisdictions globally and in sixth place among 12 Arab countries at end-2024. Globally, Lebanon had a higher ATM penetration rate than the Netherlands, Jordan and Ireland, and a lower rate than Bahrain, Guatemala and Finland. Also, Lebanon had a lower ATM penetration rate than Kuwait, Saudi Arabia, Egypt, Tunisia, and Bahrain, and a higher rate than Jordan, Morocco, the West Bank & Gaza, Djibouti, Algeria and Mauritania among Arab economies. Further, Lebanon had a lower penetration rate in this category than the global rate of 53.7 ATMs per 100,000 adults, but came higher than the Arab penetration rate of 31.4 ATMs per 100,000 adults.

World Bank approves $350m in financing

The World Bank Board of Executive Directors announced that it has approved $350m in financing to help the government improve the delivery of high-impact public services through the digital transformation of the public sector and to meet the basic needs of poor and vulnerable population. It said that it will earmark $200m for the Social Safety Net Enhancement and System Building Project and will allocate $150m for the Lebanon Digital Acceleration Project.

It indicated that the Lebanon Digital Acceleration Project aims to provide citizens with better access to essential government services and economic opportunities, and that it will create a more secure digital environment. It added that the project will enable the government to improve service delivery and operational efficiency through enhanced digital platforms and stronger data capabilities. Also, it said that the project will invest in secure and efficient infrastructure to host government data and strengthen Lebanon's overall cybersecurity, and will reinforce the legal, institutional, and human capital foundations needed for a trusted and inclusive digital transformation. In addition, it noted that the project will support the effective rollout of infrastructure and platforms, and pilot the digitalization of select public services with high potential, in order to improve government transparency and efficiency.

Further, it noted that the Social Safety Net Enhancement and System Building Project aims to continue to strengthen Lebanon's social protection delivery system and to complement the government's financing of targeted cash transfers to the vulnerable segments of the population. It added that the project seeks to enhance the national Social Safety Net program (AMAN) to support poor and vulnerable households. It added that, first, it will allocate $185m for cash assistance to the poorest 150,000 households for 10 months, expand access to economic opportunities for working-age individuals, and deliver social services for vulnerable groups. Second, it will earmark $10m to enhance delivery systems of Lebanon's social protection framework, specifically by upgrading the DAEM platform into a social protection information system, and by strengthening social development centers to improve service delivery. Third, it will assign $4.5m to the project's management, monitoring, and evaluation.

Financial Stability and Deposit Recovery Act facing multiple hurdles

Bank of America estimated that the Council of Minsters' approval of the Financial Stabilization and Deposits Repayment (FSDR) Act is a positive step, but it noted that the draft law reflects a domestic political compromise as well as the input of the International Monetary Fund (IMF), and that the draft requires amendments to align it with the IMF's conditions. It said that the restructuring of the Eurobonds is likely to serve as the key adjustment mechanism to safeguard the solvency of both the banking sector and of the government. It also considered that the coming months will be critical due to several political, military and economic developments, but it added that the markets appear to be pricing in an optimistic scenario that combines political and economic reforms with compromises from the IMF. In addition, it said that international pressure is likely to continue on both the economic and political fronts. It considered that regional geopolitical developments and the timing of the upcoming parliamentary elections could affect the economic reforms momentum in either directions.

Further, it pointed out that the focus of the FSDR on the repayment of deposits, with potential large government contingent liabilities, may suggest giving priority to domestic constituencies compared to Eurobond holders. It said that the large liquidity outlays reflect the need to carefully calibrate the law within a broader, conservative, macroeconomic framework and to align it with likely external financing sources. It added that it is unclear if the parliament will approve the FSDR in its current format, as the law does not benefit yet from broad political support, and that the legislative body could amend the FSDR to improve the deposits' recovery or the banks' equity position without a corresponding ability to service such policies.

It indicated that the repayment of depositors will depend on the ability of banks and BdL to generate external liquidity, as well as on improved confidence for economic agents to keep their deposits at banks. However, it noted that the FSDR implies that the government will be the lender of last resort if banks and the BdL do not meet their deposit repayment commitments, and said that the law is not clear about the government's contribution to BdL's recapitalization.

In parallel, it indicated that the FSDR Act is not fully aligned with the IMF's conditions. It said that the definition of depositor protection in the FSDR, which effectively reduces the amount of deposits to be repaid, differs from the IMF's requirement. It noted that the FSDR appears to be aligned with the hierarchy of claims, given that the Asset Quality Review (AQR) will be conducted at the onset of the banking sector restructuring, followed by the reduction of irregular claims. Still, it expected the IMF to allow the banking sector's equity to become negative before the banks' recapitalization, while the law states that equity would not become negative even under extreme circumstances. Also, it indicated that the banks and BdL will have to gradually repay small depositors in cash over four years and large depositors through a mixture of cash and BdL asset-backed certificates. As a result, it said that there is no explicit soliciting of government resources for the banking sector's restructuring, which could be consistent with a debt sustainability analysis.

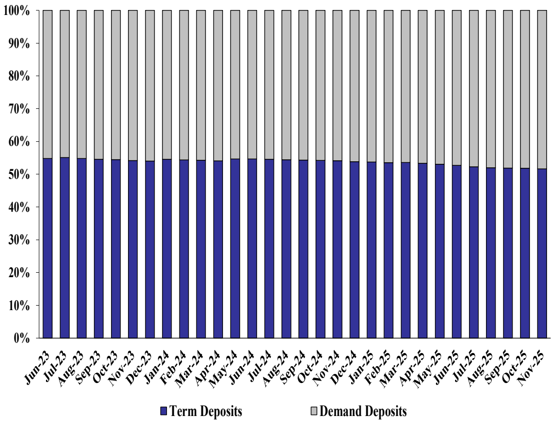
Also, it noted that the FSDR introduces elements of accountability, but said that litigation risk could keep the overall amount that is expected to flow to BdL's Deposit Repayment Account uncertain. Further, it expected a sustainable medium-term fiscal framework to be the cornerstone of an IMF program, along with a deep debt restructuring, calibrated to provide a margin of safety in servicing US dollar liabilities, as most of BdL foreign-currency reserves accumulation has been due to tight fiscal policy.

Corporate Highlights

Term deposits account for 51.6% of customer deposits at end-November 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 LBP8,120.8 trillion (tn) at the end of November 2025, or the equivalent of $90.7bn, compared to LBP8,209.7tn ($91.7bn) at end-2024 and to LBP8,241.2tn ($92.1bn) at end-November 2024.

Breakdown of Deposits at Commercial Banks (%)



Source: Banque du Liban, Byblos Research

Total deposits include private sector deposits that reached LBP7,846.3tn, deposits of non-resident financial institutions that amounted to LBP204.9tn, and public sector deposits that stood at LBP69.7tn at the end of November 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. Term deposits in all currencies reached LBP4,193.9tn and accounted for 51.6% of total deposits in Lebanese pounds and in foreign currency at the end of November 2025, relative to 54% at end-2024 and to 54.1% at the end of November 2024. Further, the term deposits in Lebanese pounds of the public sector jumped by 748.8% in the first 11 months of the year from end-2024, followed by an increase of 28.9% 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 14.1% in the first 11 months of 2025, followed by a decrease of 6.9% in the foreign currency-denominated term deposits of the resident private sector, a contraction of 1.1% in the term deposits of non-residents, and a downturn of 0.72% in the foreign currency-denominated term deposits of the public sector. Aggregate term deposits declined by $119.6bn 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 $32.9bn and accounted for 36.2% of aggregate deposits at the end of November 2025, relative to 38.5% at end-2024 and to 38.6% end-November 2024. Term deposits of non-residents followed with $12.15bn 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 LBP33.6tn (0.4%), term deposits of the public sector in foreign currency with $148.7m (0.2%), and term deposits of the public sector in Lebanese pounds with LBP12.1tn (0.1%).

In parallel, demand deposits in all currencies at commercial banks stood at LBP3,926.9tn at the end of November 2025 compared to LBP3,788tn at end-2024 and to LBP3,779.9tn at end-November 2024. They accounted for 48.4% of aggregate deposits at end-November 2025 compared to 46% at end-2024 and to 45.9% at end-November 2024. Foreign currency-denominated demand deposits of the resident private sector rose by $741.3m in the first 11 months of 2025, followed by an increase of $672.5m in demand deposits of non-residents, a jump of LBP7,549.8bn in demand deposits in Lebanese pounds of the public sector, and an increase of LBP6,764.5bn in demand deposits in Lebanese pounds of the resident private sector. In contrast, the public sector's demand deposits in foreign currency declined by $164.8m in the first 11 months of 2025, followed by a decrease of $21.7m in demand deposits of the non-resident financial sector.

Also, demand deposits in foreign currency of the resident private sector totaled $32.5bn and represented 35.8% of deposits at end-November 2025 relative to 34.6% at end-2024 and to 34.5% at end-November 2024. Demand deposits of non-residents followed with $9.3bn (10.3%), 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 LBP45.9tn (0.6%), demand deposits in foreign currency of the public sector with $329.8m (0.4%), and demand deposits in Lebanese pounds of the public sector with LBP14.8tn (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.

Corporate Highlights

Stock market capitalization down 31% to $17.7bn at end-January 2026

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 1.39 million shares in January 2026, constituting increases of 34.7% from 1.03 million shares traded in January 2025 and relative to a drop of 1,245% from 18.72 million shares traded in December 2025. The aggregate turnover amounted to $66.2m in January 2026 and increased by 13% from a turnover of $74.8m in December 2025 and by 116.8% of $30.5m in January 2025. The increase in the trading volume and turnover is mostly due to five block trades in the common shares of Solidere 'A' and Solidere 'B' that consisted of the exchange of 34,905 shares for a total of $2.5m during the month. In parallel, there were two block trades in fresh US dollars in the shares of Holcim that consist of 10.16 million shares exchanged for a total of $32m.

Further, the market capitalization of the BSE stood at $17.7bn at the end of January 2026, representing a decrease of 14% from $20.15bn at end-2025 and a drop of 31% from $25.6bn a year earlier. Real estate equities accounted for 65.2% of the market's capitalization at the end of January 2026, followed by banking stocks (25%), and industrial shares (9.7%). The market liquidity ratio was 0.37% at the end of January 2026 compared to 0.12%a year earlier.

In addition, real estate equities accounted for 44% of the trading volume in January 2026, followed by banking stocks (35.2%) and industrial shares (21%). Also, real estate equities accounted for 65.6% of the aggregate value of shares traded in the first month of 2026, followed by industrial shares (33%) and banking stocks (1.5%). The average daily traded volume in January 2025 was 69,600.6 shares for an average daily amount of $3.31m. The figures represent increases of 41.4% in the average daily traded volume and of 127.6% in the average daily value in January 2026.

In parallel, the price of Solidere 'A' shares declined by 16.5%, the price of Solidere 'B' shares decreased by 16.3% in January from end-2025, and the price of Holcim shares regressed by 1.4% in the covered month.

Libano-Suisse Insurance posts net profits of LBP143bn in 2024

Libano-Suisse Insurance sal's audited balance sheet shows that the firm had total assets of LBP14,978.7bn at the end of 2024 compared to LBP12,335.2bn at the end of 2023. On the assets side, general company investments reached LBP9,272bn at end-2024 relative to LBP5,327.6bn a year earlier. They included LBP1,405.6bn in cash & cash equivalent, LBP2,446.7bn in fixed income instruments, LBP91.5bn in placements in investment funds, LBP439.3bn in land and real estate assets, and LBP181.7bn in variable securities. Further, the firm blocked LBP2,199bn as bank deposits with maturities of more than three months and LBP196bn in favor of the Ministry of Economy & Trade as guarantees. Also, the reinsurance's share in technical reserves for the non-life category totaled LBP876.4bn at end-2024 and decreased by 36.6% from LBP1,382.2bn a year earlier, while reserves for the life segment reached LBP34.8bn and regressed by 3.1% from LBP35.9bn the end of 2023. Further, the deferred cost of policies totaled LBP367.3bn at end-2024 relative to LBP218.1bn at end-2023.

On the liabilities side, technical reserves for the non-life segment stood at LBP5,131bn at end-2024 compared to LBP5,229bn at end-2023, while technical reserves for the life category reached LBP291.7bn at end-2024 relative to LBP317.5bn a year earlier. Non-life technical reserves included outstanding claims reserves of LBP2,281.1bn that decreased by 18.2%, unearned premium reserves of LBP2,564.2bn that increased by 15.8%, and LBP92.6bn in "reserves incurred but not reported" that decreased by 35.3% year-on-year. Also, provisions for risks and charges reached LBP1,617.6bn at end-2024 and jumped by 793.3% from LBP181.1bn at end-2023.

Further, the firm's shareholders' equity totaled LBP5,219bn at end-2024 compared to LBP3,460.7bn a year earlier. Also, paid-in capital stood at LBP15bn at end-2024 unchanged from end-2023, and was equivalent to the subscribed capital. Further, the insurer declared audited net profits of LBP142.9bn in 2024 compared to net earnings of LBP2,325bn in 2023, with retained profits of LBP2,371bn at end-2024 relative to retaining earnings LBP49.4bn at end-2023.

In parallel, figures released by the Insurance Control Commission (ICC) indicate that the firm's gross written premiums stood at LBP4,048bn in 2024, with health premiums reaching LBP2,831.4bn and accounting for 70% of the total, followed by motor premiums with LBP546.6bn (13.5%), property & casualty premiums with LBP512bn (12.6%), and life premiums with LBP158bn (3.9%). Further, the ICC figures show that the insurer had a 4% share of the local insurance market in 2024, with a 4.2% share of the local non-life insurance market and a 2% share of the life insurance market. As such, the company ranked in ninth place in terms of gross written premiums, in eighth place in non-life premiums, and in 10th place in life premiums in 2024.

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	76.1	96.3	99.1	2.8
Private Sector Lending Dollarization	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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