Issue 899 | February 9-14, 2026

Economic Research & Analysis Department

LEBANON THIS WEEK

In This Issue

Economic Indicators............1
Capital Markets....................1
Lebanon in the News............2

Budget law projects fiscal surplus of 5% of expenditures in 2026

FATF maintains Lebanon on AML/CFT grey list

Trade deficit widens by 23% to $17.4bn in 2025

Number of airport passengers down 8% in January 2026

IMF stresses need for reform efforts to abide by international norms and debt sustainability principles

S&P upgrades local currency rating, maintains foreign currency rating at Selective Default

Payment cards at 1.7 million at end-September 2025, ATMs total 1,436

Currency in circulation up 11.4% in 2025

Ministry of Energy accepts German grant of €35m

Corporate Highlights..........10

TRA mandates transfer of Internet users to licensed service providers

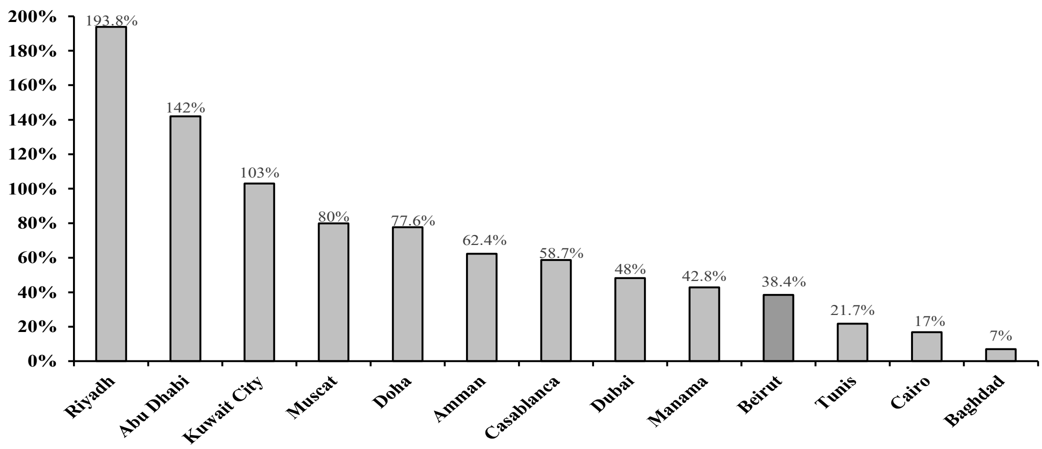
Ministry of Economy sets bank guarantees for insurance brokers

Phoenicia Bank registers profits of LBP2.6 trillion in 2024

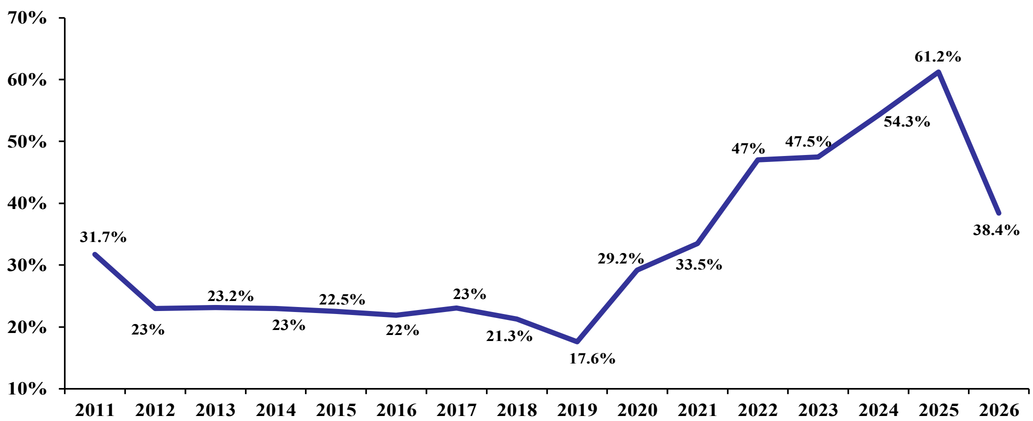
Ratio Highlights..................12
National Accounts, Prices and Exchange Rates 12
Ratings & Outlook..............12

Chart of the Week

Stock Market Capitalization of Select Arab Markets at end-January 2026 (in % of 2026 GDP)



Stock Market Capitalization of the Beirut Stock Exchange (in % of GDP)*



**at the end of January of each year*

Source: Arab Federation of Capital Markets, Institute of International Finance, International Monetary Fund, National Accounts, Byblos Bank

Quote to Note

"The large liquidity outlays suggest the need to carefully calibrate the law within a broader, conservative, macroeconomic framework, and to align it with likely external financing sources."

Bank of America, on the need to review the Financial Stability and Deposit Recovery Act given the large liquidity requirements for deposit payments

Number of the Week

$32bn: Increase in the value of Banque du Liban's gold reserves between end-2019 and the end of January 2026

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"	73.70	8.4	54,964	40.2%
Audi Listed	1.34	9.8	24,000	4.3%
Solidere "B"	73.20	12.2	16,135	25.9%
BLOM GDR	7.00	0.0	-	2.8%
BLOM Listed	6.99	0.0	-	8.2%
HOLCIM	71.00	0.0	-	7.6%
Byblos Common	0.50	0.0	-	1.5%
Byblos Pref. 09	29.99	0.0	-	0.3%
Audi GDR	2.90	0.0	-	1.9%
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	29.60	238.43
Mar 2027	6.85	29.60	148.17
Nov 2028	6.65	29.60	50.36
Feb 2030	6.65	29.60	32.65
Apr 2031	7.00	29.60	24.93
May 2033	8.20	29.60	17.50
May 2034	8.25	29.60	15.31
Jul 2035	12.00	29.60	13.31
Nov 2035	7.05	29.60	12.94
Mar 2037	7.25	29.60	11.27

Source: LSEG Workspace

	February 10-13	February 2-6	% Change	January 2026	January 2025	% Change
Total shares traded	95,099	158,089	(39.8)	1,392,012	1,033,733	34.7
Total value traded	$5,166,789	$6,311,712	(18.1)	66,188,310	30,530,982	116.8
Market capitalization	$18.35bn	$17.19bn	6.7	$17.67bn	$25.60bn	(-31.0)

Source: Beirut Stock Exchange (BSE)

Budget law projects fiscal surplus of 5% of expenditures in 2026

The Lebanese Parliament enacted on January 29, 2026 Law No. 40, or the budget law for 2026, and included some amendments to certain articles at the recommendation of the Budget and Finance Committee. The enacted budget projects public expenditures and revenues at LBP538,416bn, or $6bn each based on the prevailing exchange rate of the Lebanese pound of LBP89,500 per US dollar, in addition to Treasury revenues of LBP25,945bn for the year, which would result in total revenues of LBP564,360bn or $6.3bn and an overall fiscal surplus of 5% of expenditures. In comparison, the draft budget that the Council of Ministers approved and forwarded to Parliament forecast public expenditures and revenues at LBP534,716bn each, or $5.97bn each, and included a primary surplus of LB89,501bn for the year. The Ministry of Finance did not provide the macroeconomic indicators and assumptions that it used in the draft budget, such as the real GDP growth rate, the inflation rate and the nominal GDP for 2026. The law went into effect after its signature by President Joseph Aoun on February 10 and its publication in the Official Gazette on February 12, 2026.

Comparative Enacted Budget Figures (in LBP billions)

	Budget 2025	Budget 2026
Public Expenditures	**445,214**	**538,416**
Current Spending	**393,858**	**474,002**
- Wages, Salaries & benefits	214,343	274,085
- Goods & Services	55,914	59,068
- Transfers	46,268	67,113
- Debt Servicing	31,535	25,931
- Emergency expenditures	19,587	14,676
Capital Expenditures	**51,356**	**64,414**
Public Revenues	**445,214**	**538,416**
Tax Revenues	**361,378**	**439,613**
- Excise Tax	203,553	255,790
- Property Tax	29,495	36,008
- Customs	73,387	73,907
- Income, profits & capital gains	43,110	57,647
Non-tax Revenues	**83,836**	**98,802**
- Government properties	54,794	65,790
- Administrative fees	25,645	29,164

Source: Ministry of Finance, Official Gazette

On the expenditures side, the budget estimates current spending at LBP474,002bn and capital outlays at LBP64,414bn, or 88% and 12%, respectively, of aggregate public expenditures. In comparison, the draft budget estimated 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 LBP274,085bn and account for 57.8% of current spending and for 51% of total expenditures, followed by transfers at LBP67,113bn (14.2%), spending on goods & services at LBP59,068bn (12.5%), emergency expenditures at LBP14,676bn (3.1%), and debt servicing at LBP25,931bn (5.5%), while other spending amounts to LBP33,078bn or 7% of current expenditures. Also, debt servicing includes LBP8,454.5bn, or 32.6% of the total, in interest on Lebanese pound-denominated Treasury bills and bonds, and LBP17,476bn, or 67.4% of the total, in outlays on external debt excluding sovereign Eurobonds. In comparison, wages, salaries, social benefits and allocations totaled LBP280,254bn and accounted for 58.6% of current spending and for 52.4% of total expenditures in the draft budget.

On the revenues side, the enacted budget projects tax revenues at LBP439,613bn and non-tax receipts at LBP98,802bn, or 81.7% and 18.3%, respectively, of public revenues excluding Treasury receipts. In comparison, the draft budget projected tax revenues at LBP439,214bn and non-tax receipts at LBP95,501bn, or 82.1% and 17.9%, respectively, of public revenues. The enacted budget estimates that revenues from the excise tax on goods & services would generate LBP255,790bn or 58.2% of total tax receipts; followed by receipts from customs duties with LBP73,907bn (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 LBP16,262bn, or 3.7% of aggregate tax receipts. Further, the distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 72.6% of the total, followed by the excise tax on goods (11%), revenues from the Tobacco Régie (8.7%), fees on cars (4.4%), and departure fees from the Lebanese territory (3.1%). In addition, 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 83.5% of the total, followed by the inheritance tax (8%), and the built property tax (7.8%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 66.6% of the total, followed by administrative fees & revenues and sales (29.5%), other non-tax receipts (3.6%), 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% of non-tax receipts, followed by Casino du Liban (7.3%), the Port of Beirut (6.5%), the Beirut Rafic Hariri International Airport (4.5%), the National Lottery (1.8%), and receipts from the Directorate of Grains & Sugar Beet (1.4%). In addition, exceptional non-tax receipts account for 3.1% 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.

FATF maintains Lebanon on AML/CFT grey list

The Financial Action Task Force (FATF), the global standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT), announced on February 13, 2026 that it has maintained Lebanon on its list of "jurisdictions under increased monitoring", or on its "grey list", in line with its similar decisions in February, June and October 2025. The organization placed Lebanon on the list in October 2024 and said at the time that jurisdictions under increased monitoring work actively with the FATF to address strategic deficiencies in their regimes to counter money laundering (ML), terrorist financing (TF), and proliferation financing. It added that when the FATF places a jurisdiction under increased monitoring, it means that the country has committed to resolve swiftly the identified strategic deficiencies within agreed timeframes.

Further, it indicated that, in October 2024, Lebanon made a high-level political commitment to work with the FATF and its regional body MENAFATF to strengthen the effectiveness of its AML/CFT regime despite the challenging social, economic and security conditions prevailing in the country. As such, it called on the Lebanese authorities to continue to work on implementing their FATF action plan by, first, conducting assessments of specific TF and ML risks identified in the Mutual Evaluation Report (MER) in May 2023, and ensuring that there are policies and measures in place to mitigate these risks. Second, improving mechanisms to ensure the timely and effective execution of requests for mutual legal assistance, extradition, and asset recovery. Third, enhancing the understanding of risks by Designated Non-Financial Businesses and Professions (DNFBPs) and applying effective, proportionate and dissuasive sanctions for breaches of AML/CFT obligations.

Fourth, making sure that the information on beneficial ownership is up-to-date and that there are adequate sanctions and risk-mitigation in place for legal persons. Fifth, enhancing the use by the relevant authorities of the products of the financial intelligence unit (FIU) and of financial intelligence. Sixth, demonstrating a sustained increase in investigations, prosecutions and court rulings for the types of ML in line with the risk. Seventh, improving the authorities' approach to asset recovery, and identifying and seizing illicit cross-border movements of currency and precious metals and stones. Eighth, pursuing TF investigations and sharing information with foreign partners related to investigations of TF as indicated in the MER. Ninth, enhancing the implementation of targeted financial sanctions without delay, particularly at DNFBPs and certain non-banking financial institutions. Tenth, implementing targeted and risk-based monitoring of high-risk non-profit organizations (NPOs), without disrupting or discouraging the activity of legitimate NPOs.

In parallel, the European Commission (EC) announced on June 10, 2025 that it has added Lebanon, along with nine other countries, to its list of "high-risk third-party country jurisdictions" regarding AML/CFT concerns. It considered that the 10 jurisdictions have strategic deficiencies in their national AML/CFT regimes, and added that the European Union entities covered by the anti-money laundering framework are required to apply enhanced vigilance in transactions involving these countries. Further, it noted at the time that the updated list takes into account the work of the FATF against ML and TF and, in particular, its lists of "jurisdictions under increased monitoring" in February, June and October 2024, as well as in February 2025.

Also, the EC indicated that Lebanon has not yet fully addressed the concerns that led to its addition to the FATF's list of "jurisdictions under increased monitoring" in October 2024. As such, it declared that Lebanon should be considered a "high-risk third country", but it noted that it welcomes the commitment and progress made by Lebanon so far despite the current challenging circumstances. Further, the European Parliament voted on July 9, 2025 to accept the EC's inclusion of Lebanon on its list of "high-risk third-party country jurisdictions" and said that the measure entered into effect on August 5, 2025.

Lebanon in the News

Trade deficit widens by 23% to $17.4bn in 2025

Figures issued by the Lebanese Customs Administration show that total imports reached $21.1bn in 2025, constituting an increase of 24.7% from $16.9bn in the same period of 2024; while aggregate exports totaled $3.64bn and rose by 34.4% from $2.71bn in 2024. As such, the trade deficit widened by 22.8% to $17.4bn in the covered period due to a rise of $4.17bn in imports, which was offset in part by an increase of $932.5m in exports. The coverage ratio, or the exports-to-imports ratio, was 17.3% in 2025 relative to 16% in 2024.

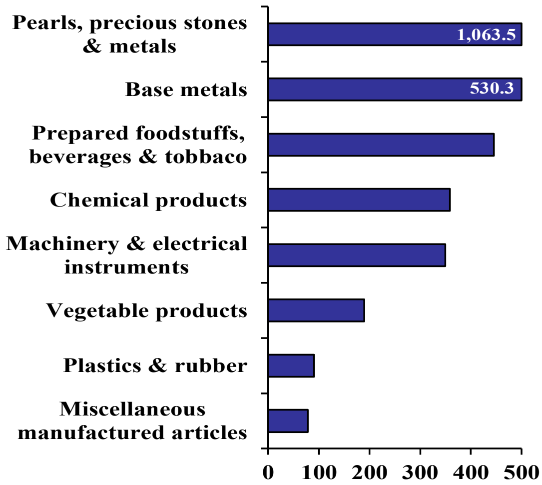
Non-hydrocarbon imports rose by $3.73bn, or by 29.8%, to $16.24bn in 2025; while the imports of oil & mineral fuels increased by $447m, or by 10.2%, to $4.83bn in the covered period. Oil & mineral fuels accounted for 23% of the imports bill in 2025 compared to 26% last year, as Lebanon imported 8.9 million tons of oil & mineral fuel in 2025 relative to 7.1 million tons in 2024.

The increase in exports was due to a jump of $675.4m, or of 118%, to $1.25bn in the exports of pearls, precious stones & metals in 2025; a surge of $124.6m (+30.7%) to $530.3m in the exports of base metal products; an increase of $33.2m (+8.1%) to $445.8m in the exports of prepared foodstuffs; a growth of $29.1m (+8.8%) to $359m in exported chemical products; and an uptick of $42.5m (+13.8%) to $349.6m in exported machinery and electrical instruments.

Exports to Switzerland jumped by 569.2% in 2025, those to Syria increased by 145%, exports to Greece rose by 138.7%, those to Egypt surged by 23.8%, and exports to the UAE improved by 7%. In contrast, exported goods to Qatar dropped by 18.5%, those to Türkiye fell by 14%, exports to the U.S. decreased by 5.2%, those to Iraq declined by 3.3%, and export to Jordan regressed by 3.1%. Also, re-exports totaled $411.5m in 2025 compared to $511.4m in 2024.

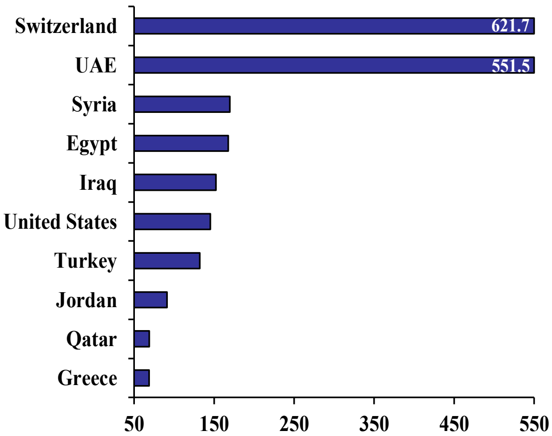
The Beirut-Rafic Hariri International Airport was the exit point for 41.3% of Lebanon's exports in 2025, followed by the Port of Beirut (40.8%), the Masnaa crossing point (7.9%), the Port of Tripoli (7.3%), and the Port of Saida (2.6%).

Main Lebanese Exports in 2025 (US$m)



Source: Lebanese Customs Administration, Byblos Research

Main Destinations of Lebanese Exports



Source: Lebanese Customs Administration, Byblos Research

Further, Lebanon's main non-hydrocarbon imports consisted of pearls, precious stones & metals that reached $3.96bn and that accounted for 18.8% of total imports to Lebanon in 2025, followed by chemical products with $1.7bn (8.1%), machinery & electrical instruments with $1.62bn (7.7%), vehicles, aircraft & vessels with $1.34bn (6.4%), and prepared foodstuffs with $1.3bn (6.1%). Also, the imports of works of art, collectors' pieces and antiques increased by 75.7% in 2025, followed by the imports of vehicles, aircraft & vessels (+65.7%); pearls, precious stones & metals (+53.8%); articles of stone, plaster, cement and glass (+46.3%); and articles of wood; wood charcoal and cork (42%).

The Port of Beirut was the entry point for 60% of Lebanon's merchandise imports in 2025, followed by the Beirut-Rafic Hariri International Airport (29%), the Port of Tripoli (7.7%), and the Masnaa crossing point (2.8%); while the Port of Saida, the Abboudieh crossing point, the Port of Tyre, and the Arida crossing point were the entry points for 0.6% of imports.

China was the main source of imports to Lebanon with $2.47bn and accounted for 11.7% of the total in 2025, followed by Switzerland with $1.97bn (9.3%), the UAE with $1.7bn (8.1%), Greece with $1.5bn (7.1%), Egypt with $1.34bn (6.37%), Italy with $1.2bn (5.7%), Türkiye with $1.17m (5.6%), Saudi Arabia with $1.14bn (5.4%), the U.S. with $804.5m (3.82%), and Germany with $684.5m (3.25%). Further, imported goods from the UAE surged by 78.6% in 2025, followed by imports from Switzerland (+77.1%), the U.S. (+41.3%), Egypt (+39.4%), Italy (+37.4%), Germany (+33%), Saudi Arabia (+29%), China (+26.6%), Türkiye (+13.4%), and Greece (+2%).

Number of airport passengers down 8% in January 2026

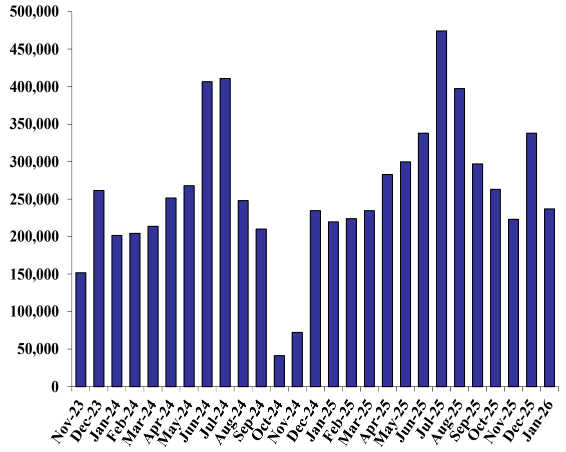
Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 546,177 passengers utilized the airport (arrivals, departures and transit) in January 2026, constituting a decrease of 8.2% from 594,705 passengers in December 2025 and an increase of 26.7% from 431,118 passengers in January 2025.

The number of arriving passengers stood at 236,848 in January 2026, representing a decline of 30% from 337,791 arriving passengers in December 2025 and an increase of 7.8% from 219,685 arriving passengers in January 2025.

Also, the number of departing passengers totaled 308,340 in January 2026, as they rose by 20% from 256,727 departing passengers in December 2025 and by 46% from 211,369 travelers in January 2025.

In parallel, the airport's aircraft activity registered 4,800 take-offs and landings in January 2026, constituting a decrease of 3% from 4,949 take-offs and landings in December 2025 and a surge of 40.4% from 3,419 takeoffs and landings in the same month last year.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Also, the HIA processed 5,534 metric tons of freight in January 2026 that consisted of 3,902 tons of import freight and 1,632 tons of export freight, relative to 6,910 metric tons of freight in December 2025 that consisted of 5,119 tons of import freight and 1,791 tons of export freight, and to 4,483 metric tons of freight in January 2025 that composed of 3,125 tons of import freight and 1,358 tons of export freight. National flag carrier Middle East Airlines (MEA) processed 1,169 metric tons of freight in January 2026 and accounted for 21% of the freight processed through the airport.

Also, MEA had 1,933 flights in January 2026 and accounted for 40.3% of HIA's total aircraft activity. In comparison, it processed 1,934 flights in December 2025 and 1,943 flights in January 2025 that accounted for 39.1% and 56.8%, respectively, of HIA's total aircraft activity in the covered months.

IMF stresses need for reform efforts to abide by international norms and debt sustainability principles

At the conclusion of its mission to Lebanon, the International Monetary Fund (IMF) indicated that its discussions with the Lebanese authorities focused on strengthening the recently formulated bank restructuring strategy and making sure that it is fully aligned with international principles, is financially viable, and is consistent with public debt and external sustainability. It pointed out that the draft law on Financial Stabilization and Deposit Recovery that the Cabinet approved in December 2025 constitutes a first step towards rehabilitating the banking sector and to giving depositors gradual access to their deposits. But it considered that the draft law requires improvements to make sure that it meets the international principles of banking sector restructuring. It added that these principles include respecting the hierarchy of claims, ensuring that shareholders and junior creditors absorb losses before depositors do, and reestablishing a viable banking system. Also, it noted that the banking sector's restructuring strategy must be aligned with the available liquidity in the banking system to provide the necessary resources for the gradual disbursement of bank deposits, and must ensure that the State's contribution does not weaken efforts to restore the public debt's sustainability. It added that the return of confidence in the banking system, following the sector's restructuring, would help the authorities' efforts to reduce the size of the cash economy. Further, it called on the Lebanese Parliament to amend the Bank Resolution Law in the coming months, as the IMF considered that its recommended amendments are necessary to establish an independent, transparent, and effective bank resolution process that is consistent with international principles.

In parallel, the IMF stressed the importance of developing a comprehensive fiscal framework to restore macroeconomic and debt sustainability that is consistent with the country's social and development needs and that is accompanied by well-defined revenue mobilization efforts. It stated that the authorities are developing a medium-term fiscal framework that is essential to support the banking sector's restructuring strategy, underpin a sovereign debt restructuring to restore debt sustainability, increase social and capital spending, and rebuild institutional capacity. In addition, it stressed the importance of ensuring that new expenditure commitments, including any further increases in public sector salaries and pensions, are aligned with this framework and are accompanied by the necessary revenue mobilization measures. As such, it welcomed the authorities' ongoing efforts to strengthen tax collection, noted that tax policy measures are essential to increase revenues in the medium term, and encouraged the authorities to enact a more modern and effective income tax law as an important first step in this direction. Finally, the IMF reiterated its commitment to support the Lebanese authorities in their effort to develop and implement a comprehensive economic and financial reforms agenda.

Lebanon in the News

S&P upgrades local currency rating, maintains foreign currency rating at Selective Default

S&P Global Ratings upgraded Lebanon's long-term local currency rating from 'CCC' to 'CCC+', which is seven notches below investment-grade, and affirmed the short-term local currency rating at 'C'. It also maintained the 'stable' outlook on the long-term local currency rating. Further, it affirmed Lebanon's long- and short-term foreign currency sovereign credit ratings at 'Selective Default' (SD), which is 12 notches below investment grade, and maintained its Transfer and Convertibility assessment at 'CC'.

The agency attributed the upgrade of the long-term local currency ratings to the government's improving capacity to service its local currency commercial debt obligations, supported by three consecutive years of fiscal surpluses and progress on the reforms required to reach an agreement with the International Monetary (IMF) on a new reforms program. It noted that the government has made progress in adopting laws that are a precondition to unlocking a new IMF program and in moving forward on a long-delayed debt restructuring process. It said the Cabinet approved the Financial Stabilization and Deposits Repayment Act that addresses the allocation of past banking sector losses and the compensation of depositors, while the Parliament amended the Banking Secrecy Law and enacted the Bank Restructuring Law in 2025. It estimated that progress on reforms will ease Lebanon's funding constraints, but it noted that funding from external donors is largely conditional on these reforms and on a potential IMF program. However, it expected the implementation of reforms to be gradual, especially given that the parliamentary elections are scheduled to take place in May 2026 and that the authorities have made limited progress on other prerequisites, such as developing a medium-term fiscal framework and amending banking laws to fully align them with international standards.

In addition, it pointed out that the government stopped paying from 2021 to 2023 the interest on the local currency debt that Banque de Liban (BdL) holds, but added that the former has resumed these payments in 2024 and cleared the accumulated arrears of the 2021-23 period in 2025. Further, it said that the local currency sovereign ratings take into account the government's ability and willingness to service its financial obligations to commercial creditors, and considered BdL to be a non-commercial creditor. It also anticipated Lebanon's local currency debt to be excluded from a future government debt restructuring plan.

Also, the agency pointed out that the sharp depreciation of the exchange rate of the Lebanese pound during the 2019-24 period, along with elevated inflation rates, reduced the value of the debt in local currency from about 85% of GDP at the end of 2020 to less than 1% of GDP at end-2025. It noted that commercial banks hold a relatively small share of the local currency debt and that the government has so far remained current on these commercial obligations despite the economic challenges in the past few years. Moreover, it pointed out that its 'stable' outlook on Lebanon's long-term local currency rating balances ongoing economic reforms with significant policy challenges, including weak economic growth, constrained public finances, security risks, and large reconstruction needs.

Further, it said that it could upgrade the local currency ratings if the government makes progress on economic reforms that improve its fiscal balance, revive the financial sector, and lead to an economic recovery, and/or if the country restores access to international funding. But it noted that it could downgrade the local currency debt ratings in the next 12 months if the authorities include the local currency debt in a debt restructuring plan and/or if there is a higher probability that the government will miss payments on its commercial local currency debt. It added that such risks could arise from fiscal slippages that reduce the government's liquidity or from administrative inefficiencies compounded by Lebanon's complex domestic political environment.

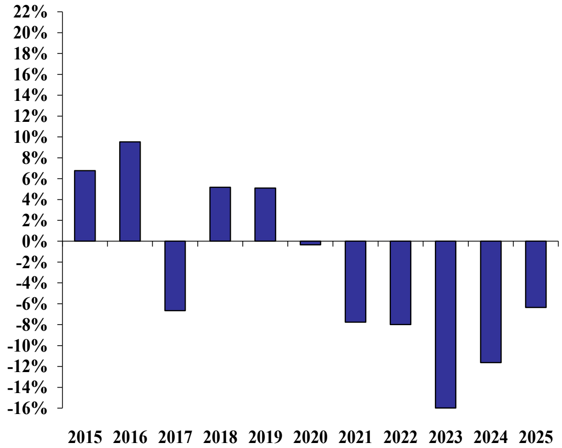
In parallel, the agency indicated that the foreign currency credit ratings reflect the decision of Prime Minister's Hassan Diab's government to default on Lebanon's foreign currency debt obligations, as the government announced in March 2020 that Lebanon would stop paying its obligations on its sovereign Eurobonds. It said that it could raise Lebanon's long-term foreign currency rating if the government completes the restructuring of its foreign-currency denominated commercial debt, which would reflect Lebanon's post-restructuring creditworthiness, given the resulting debt burden and economic policy prospects. But it did not expect significant progress on the public debt's restructuring in the near-term, given the uncertain policy environment and limited timeframe until the parliamentary elections in May 2026.

Payment cards at 1.7 million at end-September 2025, ATMs total 1,436

Figures released by Banque du Liban show that the number of payment cards issued in Lebanon reached 1,697,219 cards at the end of September 2025, constituting declines of 115,061 cards (-6.3%) from 1,812,280 cards at end-September 2024, of 353,602 cards (-17.2%) from 2.1 million cards at end-September 2023, of 743,643 cards (-30.5%) from 2.44 million at end-September 2022, and of 955,375 cards (-36%) from 2.65 million at end-September 2021.

Payment cards held by residents accounted for 96.3% of total cards issued in Lebanon at the end of September 2025. The distribution of payment cards by type shows that debit cards with residents reached 1.1 million and accounted for 64.5% of the total, followed by prepaid cards with residents at 392,028 (23%), charge cards with residents at 80,427 (4.7%), credit cards with residents at 66,514 (3.9%), debit cards held by non-residents at 55,066 (3.2%), charge cards with non-residents at 4,721 (0.3%), credit cards held by non-residents at 2,866 (0.2%); and prepaid cards with non-residents at 267 (0.02%).

Change in Number of Payment Cards (%)*



**year-on-year change at end of September of each year*
Source: Banque du Liban, Byblos Research

Also, the number of prepaid cards with residents dropped by 104,106 cards (-21%) in the first nine months of 2025, and debit cards with residents declined by 40,181 cards (-3.5%) and prepaid cards with non-residents decreased by 85 cards (-24%), while the number of charge cards held by residents increased by 22,319 cards (+38.4%), debit cards with non-residents grew by 6,463 cards (+13.3%), the number of credit cards with residents expanded by 2,014 cards (+3%), the number of charge cards held by non-residents grew by 1,502 cards (+46.7%), and credit cards with non-residents increased by 167 cards (+6.2%).

In parallel, the number of prepaid cards held by residents dropped by 90,908 cards (-19%) in the 12-month ending September 2025, debit cards with residents declined by 51,442 cards (-4.5%), credit cards with residents decreased by 3,344 cards (-4.8%), and prepaid cards with non-residents shrank by 146 cards (-35.4%). In contrast, the number of charge cards held by resident surged by 22,655 cards (+39.2%) in the covered period, debit cards with non-residents increased by 6,559 cards (+13.5%), charge cards with non-residents expanded by 1,564 cards (+49.5%), and credit cards held by non-residents grew by one card (+0.03%) .

Further, the aggregate number of registered points-of-sales (PoS) that accept payment cards reached 10,846 at the end of September 2025, constituting decreases of 14,241 (-56.8%) from 25,087 PoS at end-September 2024, of 27,797 (-72%) from 38,643 PoS at end-September 2023, of 31,249 (-74.2%) from 42,095 PoS at end-September 2022, and of 33,277 (-75.4%) from 44,123 PoS at end-September 2021. There were 1.04 registered PoS per square kilometer (km^2) in Lebanon at the end of September 2025 compared to 2.4 PoS per km^2 at the end of September 2024, 3.7 PoS per km^2 at the end of September 2023, to 4 PoS per km^2 at the end-September 2022, and to 4.2 PoS per km^2 at the end-September 2021.

In parallel, there were 1,436 automated teller machines (ATMs) across Lebanon at the end of September 2025, constituting an increase of 28 ATMs from 1,408 ATMs at end-September 2024, decreases of 10 machines from 1,446 ATMs at end-September 2023, of 144 machines from 1,580 ATMs at end-September 2022, and of 362 machines from 1,798 ATMs at end-September 2021. The Mount Lebanon area had 566 ATMs at the end of September 2025, equivalent to 39.4% of the total, followed by the Greater Beirut area with 447439 ATMs (31.1%), the North with 157 machines (11%), the South region with 119 ATMs (8.3%), the Bekaa with 118 machines (8.2%), and the Nabatieh area with 29 ATMs (2%).

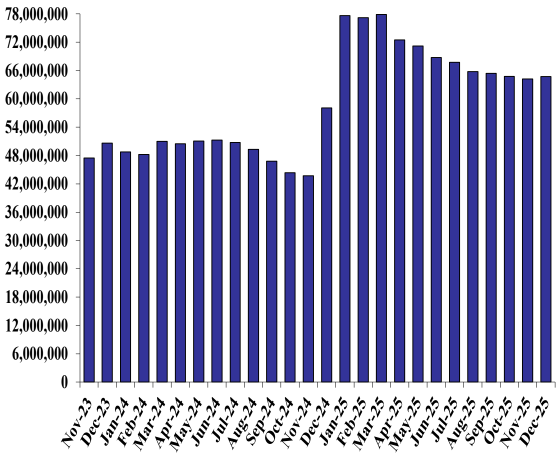
As such, there were 137 ATMs per 1,000 km^2 in Lebanon at the end of September 2025 compared to 135 ATMs per 1,000 km^2 at the end of September 2024, to 138 ATMs per 1,000 km^2 at the end of September 2023, to 151 ATMs per 1,000 km^2 at end-September 2022, and to 172 ATMs per 1,000 km^2 at end-September 2021.

Currency in circulation up 11.4% in 2025

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP111,444.4bn at the end of 2025, constituting increases of 0.4% from LBP111,019bn at end-November 2025 and of 8.5% from LBP102,718.3bn at the end of 2024. Currency in circulation stood at LBP64,711.1bn at the end of 2025, as it rose by 0.8% from LBP64,210bn at end-November 2025 and by 11.4% from LBP58,077.3bn at end-2024. Also, demand deposits in Lebanese pounds amounted to LBP46,733.3bn at the end of 2025, as they regressed by 0.2% from end-November 2025 and increased by 4.7% from end-2024.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP150,030.3bn at the end of 2025, constituting increases of 2.1% from end-November 2025, and of 14.5% from LBP130,986bn at end-2024. Term deposits in Lebanese pounds totaled LBP38,585.9bn at the end of 2025 and surged by 7.4% from LBP35,913.6bn a month earlier and by 36.5% from LBP28,267.6bn at end-2024 .

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, stood at LBP6,022.7 trillion (tn) at the end of 2025, with deposits in foreign currency totaling LBP5,843tn and debt securities of the banking sector amounting to LBP29,657.5bn at the end of last year.

In parallel, M3 decreased by LBP175,762.6bn in 2025, due to a jump of LBP1,749.4tn in the net foreign assets of deposit-taking institutions, which were offset by a decline of LBP1,840.6tn in claims on the public sector, a decrease of LBP55,360bn in in other items, and a contraction of LBP29.3bn in claims on the private sector.

BdL indicated that its net foreign assets include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies and deposits with correspondent banks and international organizations; while they exclude the Lebanese government's sovereign bonds and BdL's loans in foreign currency to resident banks and financial institutions. In parallel, BdL issued Basic Circular 167/13612 dated February 15, 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.

Also, BdL requested banks and financial institutions, in line with the provisions of International Accounting Standard 21, to convert their foreign currency monetary assets and liabilities and non-monetary assets classified by fair value or by equity method at the exchange rate published on BdL's electronic platform at the date of the preparation of the financial statements. It added that the decision is applicable as of January 31, 2024. BdL had modified on February 1, 2023 the official exchange rate of the Lebanese pound against the US dollar from LBP1,507.5 per dollar to LBP15,000 per dollar, as part of the measures to unify the multiple exchange rates of the dollar that prevail in the Lebanese economy.

Ministry of Energy accepts German grant of €35m

The Ministry of Energy & Water issued Decree no. 2280 dated January 12, 2026 that amended Decree no. 7400 of January 19, 2021 about concluding a financial cooperation agreement between Lebanon and Germany, as well as about accepting a financial grant of €35m from the German government-owned KfW Development Bank.

Article 1 approves the signing of the executive agreement between KfW Development Bank and the Minister of Energy & Water, which formalizes the 2018 financial cooperation arrangement between the two countries.

Article 2 stipulates that, under the executive agreement, €20m of the €35m grant will be earmarked for the "Education Program in Lebanon (School Construction)" and €15m for the "Water Supply/Wastewater Program for Host Communities of Refugees - Phase III".

Article 3 exempts imports funded by the grant from all legally required taxes and duties, including licenses, customs duties, port fees, import and export fees, other public fees, the minimum customs tariff, and the domestic consumption tax. It added that the imports are also exempt from all fees and taxes collected by the Directorate of Revenues and the Directorate of the Value-Added Tax, but it noted that this exemption does not cover the contractors that will implement the project.

Article 4 stipulates that the donor will disburse directly all amounts to the project's implementing and/or contracting entities, and will not transfer any funds to the Ministry of Energy & Water or to the Beirut and Mount Lebanon Water Establishment.

In parallel, the KfW Development Bank stated that it will suspend disbursements if the recipient fails to make payments when due, violates obligations under this or other related agreements, cannot demonstrate that funds were used for their intended purpose, if fulfilling KfW's obligations would breach applicable law, or if extraordinary circumstances arise that jeopardize the project's implementation, operation, or objectives. It added that, if any of these cases remains unresolved within at least 30 days, KfW may ask for the immediate reimbursement of all disbursed funds, or the repayment of any amounts that the agency implementing the project cannot prove that they were used for their stated purpose.

Further, it said that the agency that is implementing the project should prepare, carry out, operate and maintain the project in conformity with sound financial and engineering practices, in compliance with environmental and social standards, and in compliance with the project's conception as agreed between the project-executing agency and KfW. It pointed out that the agency has to assign the preparation and supervision of the project's construction to independent, qualified consulting engineers, and its implementation to qualified firms, and must comply with the procurement provisions. Also, it stated that the agency must maintain accounting books and records that clearly show all costs of goods and services required for the project and that identify the goods and services that the grant is financing. It added that the agency has to allow KfW's representatives to inspect at any time the books and records and any and all other documentation relevant to the implementation and the operation of the project, and to visit the project's sites and all of the related installations. It noted that the agency must provide KfW with any information and reports it requests about the project and its progress.

TRA mandates transfer of Internet users to licensed service providers

The Telecommunications Regulatory Authority (TRA) issued Decision No. 4/2026 dated February 2, 2026 that requires licensed Internet and data service providers in Lebanon to migrate consumers who subscribed to Internet services through unlicensed networks to licensed service providers within 30 days from the decision's publication in the Official Gazette.

Article 1 stipulates that the decision is addressed to the Ministry of Telecommunications, the state-owned telecommunications services provider Ogero, Internet Service Providers (ISPs), and Data Service Providers (DSPs) operating in Lebanon. It said that the decision applies to any telephone exchange that delivers services to end-users through networks that have been established or operated in violation of legal and regulatory requirements.

Article 3 states that the ministry is deploying Fiber to the Home in major telephone exchanges across Lebanon, specifically in Achrafieh, Badaro, Adlieh, Hamra, Minet el Hosn, Ras Beirut, Baabda, Hazmieh, Tripoli El-Mina, and Bahsas. As such, the TRA mandated the ISPs to migrate to licensed networks all the subscribers who are currently connected through unauthorized networks in the 10 exchange areas, especially in buildings equipped with legal fiber optics. It mandates ISPs to transfer users to licensed and approved networks within a maximum period of 30 days from the publication of this decision.

Further, it states that the migration to licensed service providers must take place through either the Ministry of Telecommunications/Ogero network or through licensed DSP networks that hold Right of Way in the covered areas. Also, it stipulates that the end-users retain the right to choose their ISP whether it is the current one, or another licensed provider, or Ogero. It specifies that, during the transition period, ISPs must ensure uninterrupted service for all subscribers without any additional charges for end-users that may arise from the migration process.

It requires DSPs and Ogero to submit weekly reports to the TRA that detail the number of the transferred subscribers. It considered that failure to comply with the provisions of this decision or the continued operation of illegal networks after the 30-day grace period represent a serious continuous violation of Telecommunications Law No. 431, which subjects the perpetrator to penalties under Articles 40 and 41 of Law No. 431. It said that the TRA may impose one or more penalties depending on the severity of the violation and the circumstances of each case, including permanent revocation of the license; depriving the violator of obtaining any temporary or permanent license; and/or imposing a fine that the TRA determines in light of the severity or recurrence of the violation.

In addition, it stipulates that all ISPs and DSPs must comply with the TRA and with the ministry's instructions during and after the transition, and must pay all of the required the Treasury fees based on actual end-user data. Also, it asked all ISPs and DSPs to submit weekly reports to the TRA that should include the number of subscribers on illegal networks with the names and addresses of unauthorized distributors; the locations of illegal networks and infrastructure; and the fees and charges paid to the Treasury.

Article 4 stipulates that this decision serves as a formal warning to all providers of illegal internet services that have caused financial losses to the Treasury. It added that TRA procedures do not preclude criminal prosecution, as it noted that illegal networks and equipment used without licenses will be confiscated and referred to the relevant judiciary for further action.
Article 5 states that the decision goes into effect upon its publication.

In addition, the TRA noted that it took this decision following technical and regulatory assessments that confirmed the presence of unlicensed networks and operators, including in areas already served by official fiber-optic infrastructure. It said that the decision is intended to reinforce regulatory compliance, protect consumers, and safeguard public resources.

Ministry of Economy sets bank guarantees for insurance brokers

The Ministry of Economy & Trade issued Decision No. 11 dated January 13, 2026 that determined the amounts of the required bank guarantees and conditions for insurance brokers.

Article 2 sets the amount of the bank guarantees that insurance brokers must provide to cover potential errors that may result in civil liability. The requirements consist of $3,500 in fresh US dollars in cash for agents operating under the responsibility and on behalf of insurance companies or insurance brokerage firms; and $20,000 in cash for natural and legal persons, with an additional $10,000 annually over three years. As such, this would result in guarantees of $30,000 in cash at the end of the first year, $40,000 in cash at the end of the second year, and $50,000 in cash at the end of the third year.

Article 3 requires the bank guarantee to be frozen in favor of the Ministry of Economy & Trade - Insurance Control Commission (ICC). It said that the agent must pay the full amount immediately upon the ICC's notification and must pledge to renew the guarantee automatically without the need for any request from the ministry or the broker.

Article 4 grants all insurance brokers that were licensed prior to the issuance of this decision a period of six months from the date of its publication to submit a new bank guarantee in compliance with the provisions of this decision, under the penalty of having their insurance brokerage license revoked. The decision went into effect upon its publication in the Official Gazette on January 29, 2026.

Figures published by *Al Bayan* magazine show that 100 insurance brokers generated about $230m in premium in 2024, which accounted for 20.3% of aggregate premiums that the Lebanese insurance sector generated in the covered year.

Phoenicia Bank registers profits of LBP2.6 trillion in 2024

The audited financial statements of Phoenicia Bank sal indicate that the bank declared net profits of LBP2,587.1bn in 2024 compared to audited net income of LBP79.7bn in 2023. Net interest income reached LBP518.1bn in 2024 compared to LBP205bn in 2023, while its net income from fees & commissions stood at LBP217.4bn relative to LBP74.6bn in 2023. Also, net operating income stood at LBP3,152.1bn in 2024 compared to LBP268.4bn in 2023, while operating expenditures reached LBP525.3bn in 2024 relative to LBP168.4bn in 2023, with personnel cost accounting for 29.3% of the total.

Also, aggregate assets stood at LBP74.1 trillion (tn) at the end of 2024 compared to LBP14tn a year earlier, as net loans & advances to customers totaled LBP3,107.4bn at the end of 2024 relative to LBP834.6bn at end-2023, while net loans & advances to related parties amounted to LBP3.1bn at end-2024 compared to LBP2bn a year earlier.

Also, the bank's dues from banks and financial institutions amounted to LBP2,518.3bn compared to LBP531.6bn at end-2023. Further, its tangible fixed assets reached LBP4,010.1bn at end-2024 compared to LBP1,828.5bn at end-2023, while its intangible fixed assets stood at LBP174bn relative to LBP228bn at end-2023.

Further, customer deposits stood at LBP65,021bn at end-2024 compared to LBP11,464.5bn a year earlier, while deposits from related parties amounted to LBP1,138.3bn at the end of 2024 relative to LBP183.9bn at end-2023. Also, dues to banks and financial institutions totaled LBP9.1bn relative to LBP1.6bn at end-2023, while its dues to other issuing institutions reached LBP200.7bn at end-2024 compared to LBP166.8bn at end-2023.

In addition, the bank's provisions for risks and charges stood at LBP175.4bn at the end of 2024 relative to LBP54.5bn a year earlier, while its other liabilities totaled LBP635bn compared to LBP152.1bn at end-2023. In parallel, the bank's retained profits reached LBP43.9bn at end-2024 compared to retained losses of LBP30.5bn at end-2023. Also, its shareholders' equity was LBP6.9tn at the end of 2024 relative to LBP2tn at end-2023.

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

Economic Research & Analysis Department
Byblos Bank Group
P.O. Box 11-5605
Beirut – Lebanon
Tel: (961) 1 338 100
Fax: (961) 1 217 774
E-mail: research@byblosbank.com.lb
www.byblosbank.com

BYBLOS BANK GROUP

LEBANON

Byblos Bank S.A.L
Achrafieh - Beirut
Elias Sarkis Avenue - Byblos Bank Tower
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon
Phone: (+ 961) 1 335200
Fax: (+ 961) 1 339436

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., Paris Branch
15 Rue Lord Byron
F- 75008 Paris - France
Phone: (+33) 1 45 63 10 01
Fax: (+33) 1 45 61 15 77
E-mail: byblos.europe@byblosbankeur.com

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293