

LEBANON THIS WEEK

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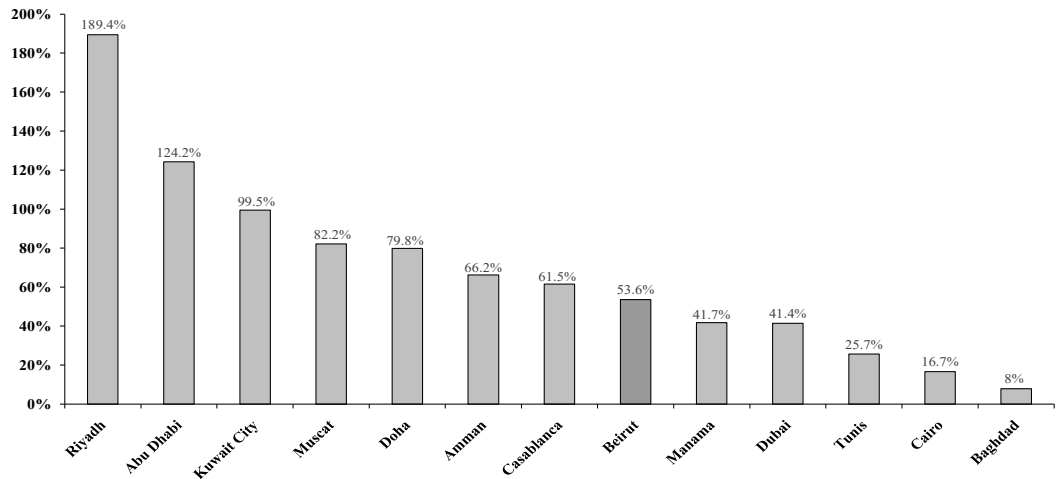
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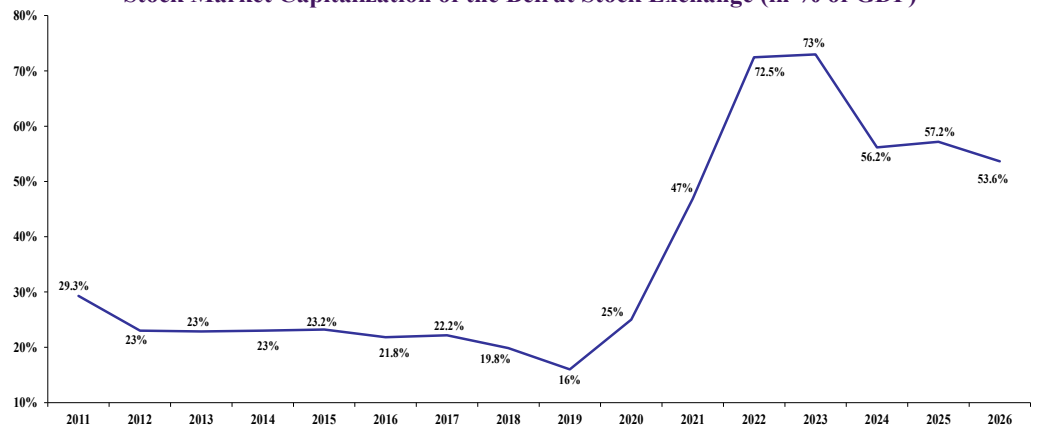
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Chart of the Week

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



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



*at the end of May of each year

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

Quote to Note

"Discussions with the International Monetary Fund regarding potential rapid financing could provide some near-term relief by supporting liquidity and fiscal space."

Moody's Ratings, on attempts by Lebanese authorities to benefit from the IMF's rapid financing facility in light of the impact of the ongoing war on the economy

Number of the Week

\$486.8m: The value of Lebanon's startup ecosystem based on startup valuations and exits since 2006, according to StartupBlink's Global Startup Ecosystem Index for 2026

Lebanon in the News

\$m (unless otherwise mentioned)	2023	2024	2025	% Change*	Dec-24	Nov-25	Dec-25
Exports	2,995	2,707	3,639	34.4	212	226	430
Imports	17,524	16,902	21,076	24.7	1,185	1,734	1,698
Trade Balance	(14,529)	(14,195)	(17,436)	22.8	(973)	(1,508)	(1,268)
Balance of Payments	1,143	6,440	19,561	203.7	(790)	1,500	2,231.8
Checks Cleared in LBP**	754	877	702	(20.0)	69	48	67
Checks Cleared in FC**	3,292	1,299	706	(45.7)	81	44	91
Total Checks Cleared**	4,046	2,176	1,408	(35.3)	150	92	158
Fiscal Deficit/Surplus	-	244.2	1,455	496	(268.1)	-	(78.1)
Primary Balance	-	433.6	1,759	305.7	(249.6)	-	52.9
Airport Passengers	7,103,349	5,624,402	7,010,580	24.6	379,910	467,099	594,705
Consumer Price Index	221.3	45.2	14.6	(67.7)	18.1	14.7	12.2

\$m (unless otherwise mentioned)	Dec-24	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	%Change*
BdL FX Reserves	10.09	10.96	9.74	9.86	9.34	7.74	-23.3%
<i>In months of Imports</i>	-	-	-	-	-	-	-
Public Debt	-	-	-	-	-	-	-
Bank Assets	103.15	102.36	102.70	102.06	101.82	102.30	-0.8%
Bank Deposits (Private Sector)	88.65	88.35	88.26	87.76	87.67	87.19	-1.6%
Bank Loans to Private Sector	5.95	5.41	5.38	5.46	5.42	5.20	-12.5%
Money Supply M2	1.46	1.63	1.65	1.60	1.64	1.68	14.5%
Money Supply M3	69.26	68.48	68.25	67.81	67.72	67.29	-2.8%
LBP Lending Rate (%)	5.61	9.39	10.07	9.24	11.42	10.90	529
LBP Deposit Rate (%)	3.58	3.21	3.16	2.91	3.25	3.68	10
USD Lending Rate (%)	3.70	5.19	5.97	4.23	5.32	3.68	-2
USD Deposit Rate (%)	0.03	0.05	0.07	0.06	0.12	0.09	6

*year-on-year

**checks figures do not include compensated checks in fresh currencies

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price in US\$	Mid Yield %
Solidere "A"	70.65	0.0	37,875	39.6%	Nov 2026	6.60	27.00	579.37
Solidere "B"	70.00	(1.4)	23,772	25.5%	Mar 2027	6.85	27.00	258.6
BLOM Listed	7.00	6.1	21,000	8.4%	Nov 2028	6.65	27.00	62.72
Ciments Libanais	60.00	(3.2)	7,316	6.6%	Feb 2030	6.65	27.00	38.55
BLOM GDR	5.60	(11.1)	7,000	2.3%	Apr 2031	7.00	27.00	28.78
Byblos Common	0.84	0.0	-	2.7%	May 2033	8.20	27.00	19.79
Audi GDR	2.18	0.0	-	1.5%	May 2034	8.25	27.00	17.19
Audi Listed	1.73	0.0	-	5.7%	Jul 2035	12.00	27.00	14.86
Byblos Pref. 09	29.99	0.0	-	0.3%	Nov 2035	7.05	27.00	14.43
Byblos Pref. 08	25.00	0.0	-	0.3%	Mar 2037	7.25	27.00	12.51

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

Source: LSEG Workspace

	June 1-5	May 26	% Change	May 2026	May 2025	% Change
Total shares traded	96,963	35,270	174.9	228,555	2,398,966	(90.5)
Total value traded	\$5,040,654	\$152,298	3,209.7	5,450,121	48,065,990	(88.7)
Market capitalization	17.85	17.92	(0.4)	17.92	20.64	(13.2)

Source: Beirut Stock Exchange (BSE)



IMF issues recommendations to strengthen AML framework

As part of its Diagnostic of Governance and Corruption in Lebanon, the International Monetary Fund (IMF) indicated that limited transparency and weak accountability significantly hinder the effective implementation of preventive measures related to anti-money laundering and combating the financing of terrorism (AML/CFT) in Lebanon. It said that, although rules on access to information, asset disclosure by senior officials, beneficial ownership (BO) transparency, and the monitoring of politically-exposed persons (PEPs) are broadly aligned with international standards, their enforcement is inadequate, which is restricting the authorities' ability to detect corruption, prosecute offenders, and recover illicit proceeds.

Further, it considered that suspicious transaction reporting, a key AML tool, is undermined by informal economic activity and low reporting levels, while limited corporate transparency facilitates the misuse of legal entities in high-level corruption cases. In addition, it pointed out that parallel financial investigations are narrowly focused on assets used in crimes rather than on broader money laundering, which results in a major gap given the scale of corruption-related proceeds.

Also, it said that, despite an adequate legal framework, Lebanese authorities rarely apply provisional measures such as freezing assets or seizing them, reflecting the absence of a clear asset recovery policy. It considered that international cooperation is weak, as Lebanon has sought assistance in only seven corruption cases and has not pursued the recovery of assets abroad through mutual legal assistance (MLA), a serious deficiency given the country's risk profile. Moreover, it noted that the burden on requesting countries to provide MLA evidence is excessively high, the confiscation of property of its equivalent value to the proceeds from corruption is not permitted, and Lebanese law does not allow the transfer of criminal proceedings to other jurisdictions, all of which undermine the effective cross-border enforcement of asset recovery measures.

The IMF issued several recommendations that aim to strengthen Lebanon's AML framework. First, it urged the Ministry of Justice (MoJ) to adopt and implement a national strategy for the recovery of proceeds from corruption domestically and internationally, as well as to develop and enforce guidelines for parallel financial investigations with a focus on corruption offences.

Second, it called on the MoJ and on Parliament to incorporate in legal provisions powers allowing for the seizure and confiscation of assets of equivalent value to the proceeds from corruption, in order to ensure that offenders are deprived of illicit gains even in cases where direct proceeds are untraceable, are dissipated, or converted.

Third, it urged Parliament and the Council of Ministers to reform the governance structure of the Special Investigation Commission (SIC) for AML/CFT, in order to strengthen its operational independence, through the adoption of a transparent, merit-based selection process for SIC management.

Fourth, it asked Parliament, the MoJ, and the Council of Ministers to strengthen international cooperation in criminal matters related to corruption and money laundering (ML). It recommended the incorporation into Lebanese criminal legislation the obligation to extradite or prosecute individuals accused of corruption and ML offences, allowing the transfer of criminal proceedings to other jurisdictions in the interests of justice, developing systems for the timely processing of MLA requests and coordinating confiscation measures, and lowering the burden of evidence on countries that request MLA.

Fifth, it called on the relevant authorities to strengthen the disclosure requirements for beneficial ownership (BO) information by revising the legal framework to empower the Commercial Registry to conduct risk-based verification of BO information and to apply effective, dissuasive sanctions in case of failure to provide accurate data. Further, it urged the restoration of the Commercial Registry's website to guarantee public access to BO information, and emphasized the need to ensure interoperability of systems between the Commercial Registry and the Ministry of Finance. Sixth, it urged the SIC to strengthen the implementation of preventive measures for PEPs by extending enhanced due diligence obligations to financial institutions, public notaries, dealers in precious metals and stones, and real estate brokers, with a particular focus on identifying PEPs as well as their family members and close associates.

Seventh, it asked the SIC to conduct a comprehensive review of cross-border financial transfers that banks carried out since the onset of the economic crisis, to scrutinize transactions to high-risk jurisdictions, and to issue guidance on the ongoing monitoring of such transfers. Eighth, it called on Banque du Liban (BdL) to strengthen financial integrity controls by enhancing its oversight of all licensing and registration authorities that are responsible for overseeing financial institutions, particularly at the point of market entry, including the application of fit-and-proper tests, with a particular emphasis on the banking sector.

The IMF said that it conducted the Diagnostic of Governance and Corruption from October 2022 to April 2023 at the request of the government at the time. It added that it shared the draft report with the authorities in March 2025 for their review and input, and presented the draft to the Prime Minister and members of the Council of Ministers on April 30, 2025. It noted that it incorporated in the report further updates based on the series of meetings held in May 2025 and on the written input from the authorities.

Lebanon ranks 33rd globally, fifth in Arab world in terms of AI adoption

The Microsoft AI Economy Institute (AIEI) ranked Lebanon in 33rd place among 147 countries around the world, in second place among 39 lower middle-income countries (LMICs), and in fifth place among 16 Arab countries on its Global Artificial Intelligence Adoption in the first quarter of 2026. The index explicitly captures the actual usage and adoption of AI, rather than a nation's technical AI capabilities, infrastructure capacity, or total model development. It serves as a standardized, population-normalized proxy for tracking real-world technology adoption and penetration across the globe. It measures the percentage of a country's working-age population that is actively using generative AI tools during a given reporting period.

The AIEI said that it uses aggregated, anonymized telemetry data that it collects from Microsoft's ecosystems, such as browser-level traffic, to measure AI diffusion. It then calibrates the data mathematically to reflect regional differences in operating systems and device-market share, Internet penetration, and a country's population, in order to ensure fair cross country comparisons.

Globally, AI adoption in Lebanon was higher than in Oman, Vietnam, and Portugal, and lower than in Saudi Arabia, Slovenia, and Costa Rica. Further, Lebanon preceded Oman, Kuwait, Libya, Egypt, Tunisia, Algeria, Iraq, Morocco, Mauritania, Sudan, and Syria in the Arab world in terms of AI adoption in the first quarter of the year. Also, Lebanon came second to Jordan among LMICs in terms of AI adoption in the first quarter of 2026.

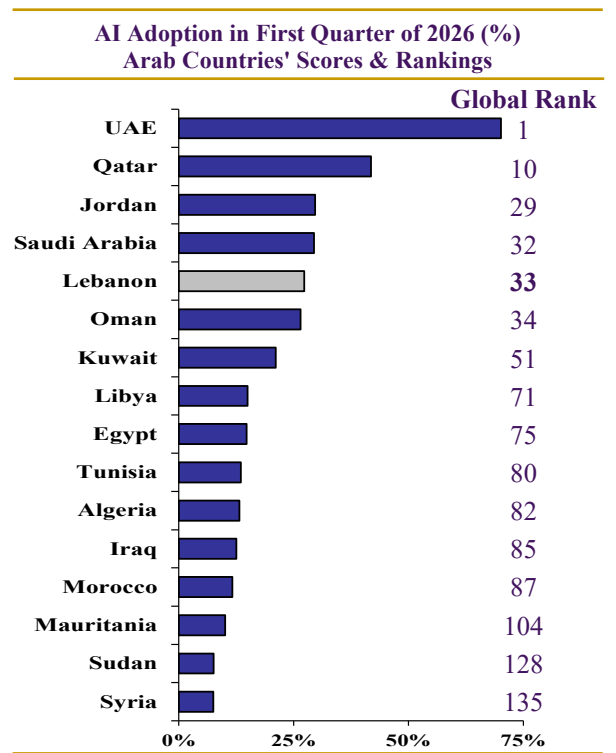
The survey showed that 27.3% of the working age population in Lebanon used AI in the first quarter of 2026, which was higher than the global average of 19.1% of the total working age population, the Arab region's average of 22%, and the LMICs' average of 12.1% in the covered period. Also, Lebanon's AI adoption was lower than the Gulf Cooperation Council (GCC) countries' average of 37.8% of the working age population, but came higher than the average of non-GCC Arab countries of 14.8% in the covered period.

In parallel, the AIEI ranked Lebanon in 33rd place among 147 countries around the world, in second place among 39 LMICs, and in fifth place among 16 Arab countries at end-2025 on its Global Artificial Intelligence Adoption at the end of 2025; and in 31st place globally, in second place among LMICs, and in fourth place regionally at end-June 2025.

Globally, AI adoption in Lebanon was higher than in Oman, Portugal, and Slovakia, and lower than in Costa Rica, Slovenia, and Saudi Arabia at end-2025. It indicated that 25.7% of the working age population in Lebanon used AI at the end of 2025, up from 24.8% of the working age population at end-June 2025. Lebanon's AI adoption came higher than the global average of 16.3% of the total working age population, the Arab region's average of 20.1%, and the LMICs' average of 11% at end-2025. Also, Lebanon's AI adoption was lower than the GCC countries' average of 34.4% of the working age population, but higher than the average of non-GCC Arab countries of 13.6% at end-2025.

Further, Lebanon preceded Oman, Kuwait, Libya, Egypt, Tunisia, Algeria, Iraq, Morocco, Mauritania, Syria, and Sudan in the Arab world in terms of AI adoption at end-2025; while Lebanon came second to Jordan among LMICs in terms of AI adoption at end-2025.

In addition, the UAE ranked first worldwide in terms of AI adoption, with 70.1% of its working age population using AI in the first quarter of 2026, while Cambodia came in last place with 5.7% of its working age population adopting AI.



Source: Microsoft AI Economy Institute , Byblos Research



Primary surplus equivalent to 44% of expenditures in first quarter of 2026

Figures released by the Ministry of Finance show that public expenditures, which includes budget and Treasury outlays, reached LBP101,652bn, or the equivalent of \$1.14bn, in the first quarter of 2026, and increased by 47% from LBP69,386bn in the same quarter of 2025; while revenues stood at LBP143,674bn or \$1.6bn on a cash basis last year and rose by 48% from LBP97,404bn in the first quarter of 2025. As such, the fiscal balance posted a surplus of LBP42,022bn, or of \$469.5m, and was equivalent to 41.3% of total budget and Treasury expenditures on a cash basis in the first quarter of 2026, compared to a surplus of LBP28,018bn or \$313.1m , or 40.4% of spending in the first quarter of 2025. Also, the overall primary balance registered a surplus of LBP44,452bn (\$496.7m) or 43.7% of public spending, compared to a surplus of LBP31,486bn (\$351.8m), or 45.4% of public spending in the first quarter of 2025. In addition, revenues and grants amounted to LBP143,698bn in the first quarter of 2026, with grants reaching LBP24bn in the covered quarter.

On the expenditures side, current spending stood at LBP72,422bn and represented 71.2% of total spending, followed by Treasury expenditures with LBP10,952bn (10.8%), capital expenditures with LBP10,673bn (10.5%), budget advances with LBP6,608bn (6.5%), and cashiers spending with LBP998bn (1%). Further, the distribution of current expenditures shows that personnel costs reached LBP57,646bn and accounted for 79.6% of the total in the first quarter of 2026, followed by various transfers with LBP6,485bn (9%), and debt servicing with LBP2,406bn (3.3%), while other current expenditures stood at LBP5,885bn or 8.1% of the total. In addition, the distribution of personnel costs shows that wages, salaries, and social benefits reached LBP34,943bn and accounted for 60.6% of the total, followed by retirement pensions with LBP20,010bn (34.7%), transfers to public institutions with LBP2,547bn (4.4%), and end-of-service indemnities with LBP146bn (0.3%).

On the revenues side, budget revenues totaled LBP88,823bn (\$992.4m) and accounted for 61.8% of public receipts in the first quarter of 2026, while Treasury receipts stood at LBP54,875bn (\$613.1m) and represented the balance of 38.2%. In comparison, budget revenues stood at LBP59,448bn (\$664.2m) and Treasury receipts at LBP37,956bn (\$424.1m) in the same quarter of 2025. Also, tax receipts totaled LBP70,250bn (\$789m) and non-tax revenues reached LBP18,573bn (\$207.5m), or 79% and 21%, respectively, of budgetary receipts; while tax receipts reached LBP48,915bn and non-tax revenues LBP10,533bn in the first quarter of 2025, or 82.3% and 17.7% of the total, respectively. Further, the distribution of tax revenues shows that receipts from the value added tax (VAT) reached LBP40,260bn, or 57.3% of total tax receipts in the first quarter of 2026 with VAT from imports representing 64% of VAT receipts, followed by taxes on international trade with LBP23,587bn (33.6%), and property taxes with LBP6,402bn (9.1%). In addition, other revenues, which consist of inflows that have not been disaggregated along the tax and non-tax receipts, totaled LBP52,548bn, or \$587.1m, in the first quarter of 2026, and represented 36.6% of total revenues. Further, non-tax revenues consisted of income from public institutions and government properties with LBP16,420bn, or 88.4% of total non-tax receipts in the first quarter of 2026, followed by administrative fees & charges with LBP2,153bn (11.6%). In addition, receipts from telecommunication services reached LBP5,261bn (\$58.8m) in the first quarter of 2026 and accounted for 28.3% of non-tax budgetary revenues in the covered quarter.

In parallel, public expenditures totaled LBP37,577bn, or the equivalent of \$420m, in March 2026 and rose by 145% from LBP15,346bn in March 2025; while revenues reached LBP33,372bn or \$373m on a cash basis in March 2026 and increased by 39% from LBP24,093bn in March 2025. As such, the fiscal balance posted a deficit of LBP4,205bn, or of \$47m, and was equivalent to 11.2% of total budget and Treasury expenditures on a cash basis in March 2026, compared to a surplus of LBP8,746bn or \$97.7m , or 57% of spending in March 2025. Also, the overall primary balance registered a deficit of LBP2,857bn (\$31.9m) or 7.6% of public spending in March 2026, compared to a surplus of LBP9,915bn (\$110.8m), or 64.6% of public spending in March 2025.

Comparative Fiscal Results (in LBPbn)		
	Q1 2025	Q1 2026
Budget Revenues	59,448	88,823
Tax Revenues	48,915	70,250
Non-Tax Revenues	10,533	18,573
Current Expenditures	54,041	72,422
Primary Balance	31,486	44,452
Treasury Receipts	37,956	54,875
Treasury Expenditures	5,164	10,952
Total Revenues	97,404	143,674
Total Expenditures	69,386	101,652
Total Fiscal Balance	28,018	42,022

Source: Ministry of Finance, Byblos Research

Banque du Liban to divest its assets to repay depositors

Banque du Liban's (BdL) Governor Karim Souaid indicated that the mismanagement of the public sector triggered the economic crisis in the country, as the crisis evolved during decades of financing a chronic and structural fiscal deficit through a mechanism that reflected a massive disregard for risks. He said that the Lebanese State borrowed from BdL in both Lebanese pounds and US dollars at elevated interest rates, while BdL offered commercial banks high returns in exchange for placing their funds with it, and the banks accepted, driven by the pursuit of profits. He noted that the regulatory and supervisory authority did not fulfill its responsible role or precautionary duties, and that it played the role of a "financial broker" by facilitating transactions between a state lacking fiscal discipline and a banking sector ready to benefit from this reality, while systemic risks accumulated until they reached catastrophic levels. He added that depositors do not bear any direct responsibility and are the victims of this collapse.

He considered that this disparity in responsibilities forms the moral and legal foundation of BdL's stance on the principle of "burden distribution". He affirmed that the State bears the primary responsibility, while BdL carries a responsibility that nearly rivals that of the State, as a result of its failure to perform its role as a regulatory and supervisory authority over the banking sector, and as a state bank bound by the requirements of financial prudence. He added that commercial banks, which benefited from this situation and profited through it, bear a responsibility they cannot evade under the guise of claiming that they had limited options to place their funds, or that they were merely a financial tool or a neutral intermediary between depositors and BdL or the State.

In addition, he indicated that the banking system's recovery requires work on five simultaneous tracks. First, he considered that there is a need to clearly determine the size of the financial losses by conducting a comprehensive audit of BdL's accounts and to publish its full results, along with independent and internationally accredited assessments of all commercial banks. He noted that the size of the financial deficit must be accurately determined before the distribution of the responsibilities and of the burden. Second, he stressed the importance of restructuring the banking sector through classifying banks in three categories that are banks that are viable for recapitalization, banks in need of restructuring, and banks that require resolution or an orderly liquidation. He noted that this task must be carried out by an "independent bank resolution authority" that possesses clear legal powers, is immune from political interference, and operates within specified and binding timelines.

Third, he pointed out the need to restore depositors' rights by providing the maximum possible liquidity, with priority given to small and medium-sized depositors. He said that large depositors can recover their funds through a combination of cash payments, asset-backed securities, and capital contributions where appropriate, such as a bail-in, within clear timelines. He affirmed that BdL will not endorse any plan that forces depositors to bear the brunt of the losses. He said that, in order to fulfill its obligations regarding deposit repayments, BdL will work to liquidate and sell all of its assets that it can dispose of, including its shares and equities in operating companies, the majority of its real estate portfolio accumulated over the years, as well as its securities portfolio, including the sovereign Eurobonds. He added that this would also include all debts that the State owes to BdL, as recorded on its books and subject to audit and verification. He noted that this process will be carried out in a way to secure the maximum possible resources that would allow BdL to bear its share of the financial responsibility in addressing this crisis and in contributing to a fair and sustainable solution. Fourth, he said that the authorities must address the government's decision to default on its Eurobonds obligations in March 2020 through a negotiated settlement based on the principles of equal treatment and of the public debt's sustainability, which constitutes a primary condition for restoring the confidence necessary to allow Lebanon to return to the global financial markets.

Fifth, he indicated that the banking system cannot recover, succeed or endure with a public sector that does not fund itself properly and sustainably, and without reforming public finances. He affirmed that the responsibility to achieve fiscal stability lies with the State through sound management and good governance. He said that fiscal reforms should address reforming public institutions, strengthening revenue management, rationalizing the public sector wage bill, and eliminating politically-motivated subsidies, among others. In this context, he noted that the current government and Parliament have amended the Banking Secrecy Law in 2025, and Parliament enacted the Banking Restructuring Law, which is currently being reviewed at the request of the International Monetary Fund (IMF) and will be amended in its final form this year. He added that the government has also forwarded the draft law on Financial Solvency and Deposit Recovery (FSDR) to Parliament, and noted that it will undergo a long and intense debate, but expect it to be enacted in late 2026 or early 2027.

Sixth, he said that the timeline to implement this plan must be clear and realistic. He estimated that the first phase, or the stabilization phase, should cover the 2026-27 period and should include completing the forensic and financial audits of banks and of BdL, enacting the main legislative framework, launching the banks' classification process, reaching an agreement on a program with the IMF, and beginning to reimburse a portion of small depositors' funds. He added that the restructuring process must begin during the 2027-28 period by classifying banks and resolving their situations, resolving the sovereign debt default, achieving tangible progress in public financial indicators, and gradually lifting capital controls as confidence returns. He noted that this will be the most difficult phase given its technical complexities, political sensitivities, and the need for a sustained political will that Lebanon has not yet sufficiently demonstrated. Finally, he indicated that, if the previous phases succeed, it would be possible to transition to a normal situation during the 2028-30 period.

Banque du Liban's liquid foreign reserves at \$11.45bn, gold reserves at \$41.7bn at end-May 2026

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,321.5 trillion (tn) as at May 31, 2026, relative to LBP8,323.2tn at mid-May 2026, LBP8,325.7tn at end-April 2026, to LBP8,406.5tn at the end of 2025, and to LBP8,390tn at end-May 2025. BdL indicated that it revised its balance sheet figures starting on October 15, 2024 in accordance with international standards. It said that it changed the classification of "Foreign Assets" to "Foreign Reserve Assets" in order to present non-resident and liquid foreign assets only, while it reclassified the "other resident and/or illiquid items" to its "Securities Portfolio" or to the "Loans to the Local Financial Sector" entries.

BdL's Foreign Reserve Assets stood at \$11.45bn on May 31, 2026 compared to \$11.46bn at mid-May, to \$11.43bn at end-April, to \$11.89bn at end-2025, and to \$11.11bn on at the end of May 2025. Also, they increased by \$51.9m in January of this year, while they decreased by \$69.2m in February, by \$343.2m in March and by \$103.1m in April 2026, and grew by \$15.4m in May 2026, including an increase of \$31.8m in the first half and a decrease of \$16.4m in the second half of May. As such, they decreased by \$431m since the end of February and by \$448.2m in the first five months of the year, but they increased by \$2.87bn between the end of July 2023 and the end of May 2026 despite a decline of \$530.3m in the fourth quarter of 2024. BdL said that Foreign Reserve Assets represent non-resident and liquid foreign assets. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

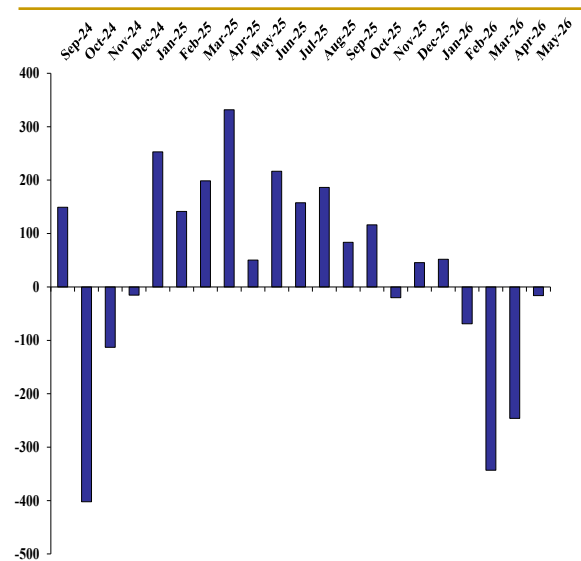
Further, the value of BdL's gold reserves reached \$41.7bn on May 31, 2026, compared to \$42bn at mid-May 2026, to \$42.7bn at end-April 2026, and to \$30.4bn at end-May 2025. Gold reserves reached a peak of \$47.7bn at the end of February 2026. Also, BdL's securities portfolio totaled LBP584,591.5bn at end-May 2026 relative to LBP584,545.8bn two weeks earlier and to LBP554,311.6bn on May 31, 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of \$1.38bn at end-May 2026, compared to \$1.36bn at mid-May 2026 and \$1.22bn at the end of 2025. Prior to the modifications, BdL included the nominal value of its Lebanese Eurobonds

Moreover, Deferred Open-Market Operations totaled LBP180,164.5bn at end-May 2026 relative to LBP179,182.2bn at mid-May 2026. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP17,460.9bn (\$195.1m) at end-May 2026 relative to LBP16,880.6bn (\$188.6m) two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP1,254.1tn at end-May 2026 relative to LBP1,230.6tn at mid-May 2026. It consists of a special account called the "Exchange Rate Stabilization Fund", in which BdL recorded all the transactions related to foreign exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP168.4tn at end-May 2026 relative to LBP168.3tn at mid-May 2026. It also consists of a special account in the name of the Treasury that stood at LBP1,085.8tn at end-May 2026 compared to LBP1,062.3tn at mid-May 2026. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,744.9bn at end-May 2026 relative to LBP1,486,730.2bn two weeks earlier, and includes an overdraft of \$16.52bn as at end-May 2026, unchanged from mid-May 2026.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP59,466.6bn at end-May 2026 compared to LBP58,624bn at mid-May 2026, and represented a decrease of 24% from LBP78,139.2bn at end-May 2025. Further, the deposits of the financial sector reached LBP7,250.8tn, or the equivalent of \$81bn at end-May 2026, relative to LBP7,252.4tn (\$81bn) at mid-May 2026; while public sector deposits at BdL totaled LBP860,695.3bn at end-May 2026 compared to LBP862,916.1bn at mid-May 2026, LBP772,183.1bn at end-2025, and to LBP629,875bn at end-May 2025.

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



*month-on-month change

Source: Banque du Liban, Byblos Research



Purchasing Managers' Index improves in May 2026

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 49.7 in May 2026 compared to 48.2 in April 2026, 47.4 in March 2026 and to 48.9 in May 2025, and was higher than the PMI's trend monthly average of 47.1 since the index's inception in May 2013.

Further, the PMI posted an average score of 49.3 in the first five months of 2026, unchanged from the same period of 2025, and relative to 48.9 in the first five months of 2024 and to 49 in the same period of 2023. Also, it came lower than the average score of 50 in 2025, but was higher than the average score of 48.1 in 2024.

The PMI's outcome in May 2026 reflects a marginal improvement in private sector activity from the preceding month. But the index remained below the 50-mark in May, signaling a slight deterioration in business conditions in the covered month, as the war in the Middle East that engulfed Lebanon continued to weigh on business activity and on demand due to instability, weak demand and high costs. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

The survey's results show that the New Orders Index increased from 46.5 in April to 49.7 in May 2026, but remained below the 50-mark, indicating lower incoming new business to Lebanese private sector companies. In addition, the New Export Orders Index stood at 41.9 in May 2026 relative to 30 in the preceding month, indicating an increase in demand from international customers following the sharp decline that the cross-border and regional conflicts caused in the previous two months.

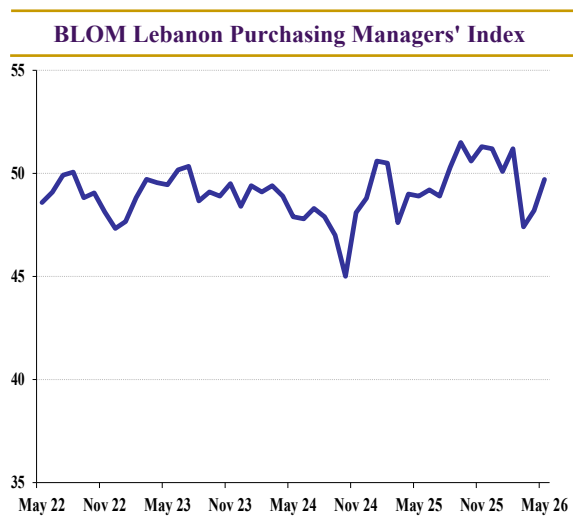
Also, the survey stated that the Output Index increased from 47.4 in April 2026 to 49.5 in May 2026, indicating a pick-up in output, despite the instability caused by the war in the Middle East and in Lebanon, which reduced demand and increased costs.

Further, the Employment Index stood at 48.9 in April 2026, down from 49.6 in April 2026, as limited work opportunities and rising costs prompted some firms to reduce their staff. Moreover, the results show that the Backlogs of Work Index increased from 49.5 in April 2026 to 51.1 in May 2026, signaling a renewed increase in outstanding business at Lebanese private sector firms.

In parallel, the survey indicated that the Suppliers' Delivery Times Index stood at 48.6 in May 2026 relative to 49.2 from the previous month, due to a further deterioration in vendor performance and delays in receiving imported products. Also, the Stocks of Purchases Index regressed from 48.5 in April 2026 to 49.6 in May 2026, as businesses noted a reduction in their inventory.

Further, the Overall Input Price Index stood at 53.3 in May 2026 relative to 54.2 in April 2026, and remained below the 50-mark, as companies faced higher purchasing prices during the month. In addition, the results show that the Output Prices Index regressed from 53.9 in April 2026 to 52.9 in May 2026, as only 5% of respondents said that they increased their selling prices in May.

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



Source: BLOM Bank, S&P Global Market Intelligence

Components of BLOM Lebanon Purchasing Managers' Index					
	Output	New Orders	New Export Orders	Future Output	Employment
December 2025	51.9	52.2	49.6	36.7	49.8
January 2026	50.0	50.1	49.8	40.0	49.9
February 2026	51.8	51.7	49.6	42.9	50.2
March 2026	44.9	44.9	41.8	25.2	49.9
April 2026	47.4	46.5	30.0	19.2	49.6
May 2026	49.5	49.7	41.9	24.3	48.9

Source: BLOM Bank, S&P Global Market Intelligence

Number of airport passengers down 34% in first five months of 2026

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 1.59 million passengers utilized the airport (arrivals, departures and transit) in the first five months of 2026, constituting decreases of 34.2% from 2.4 million passengers in the same period of 2025, of 30.8% from 2.29 million passengers in the first five months of 2024, and of 35.5% from 2.46 million passengers in the same period of 2023. Also, 338,990 passengers utilized the airport in May 2026, representing a surge of 124.3% from 151,146 in April 2026 and a drop of 39.5% from 560,099 passengers in May 2025.

The number of arriving passengers reached 753,921 in the first five months of 2026, as they contracted by 40.2% from 1.26 million passengers in the same period of 2025, by 33.8% from 1.14 million passengers in the first five months of 2024 and by 37.4% from 1.2 million passengers in the same period of 2023. The number of arriving passengers stood at 185,942 in May 2026, representing an increase of 157% from 72,393 in April 2026 and a drop of 38% from 299,700 in May 2025.

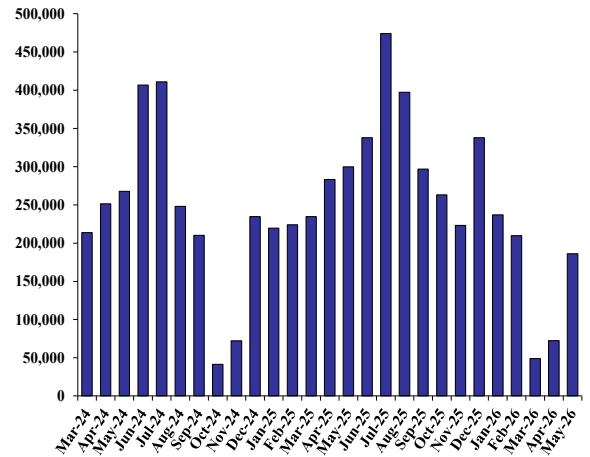
Further, the number of departing passengers totaled 830,155 in the first five months of 2026, constituting declines of 27.7% from 1,148,334 passengers in the same period of last year and of 27.8% from 1,150,520 passengers in the first five months of 2024 and of 33.6% from 1.25 million passengers in the same period of 2023. Further, the number of departing passengers reached 152,830 in May 2026, as they surged by 94% from 78,735 in April 2026 and dropped by 41.3% from 260,322 departing passengers in May 2025.

In parallel, the airport's aircraft activity totaled 14,443 take-offs and landings in the first five months of 2026, representing decreases of 26.1% from 19,552 takeoffs and landings in the same period last year, of 25.2% from 19,306 takeoffs and landings in the first five months of 2024, and of 32.2% from 21,292 takeoffs and landings in the same period of 2023. Also, the airport's aircraft activity registered 3,031 take-offs and landings in May 2026, constituting a jump of 125% from 1,348 take-offs and landings in April 2026 and a decline of 34.2% from 4,607 takeoffs and landings in the same month last year.

In addition, the HIA processed 19,960 metric tons of freight in the first five months of 2026 that consisted of 14,272 tons of import freight and 5,688 tons of export freight. Also, the HIA processed 3,975 metric tons of freight in May 2026 that consisted of 2,874 tons of import freight and 1,101 tons of export freight, relative to 2,408 metric tons of freight in April 2026 that comprised of 1,686 tons of import freight and 722 tons of export freight, and to 6,481 metric tons of freight in May 2025 that consisted of 4,625 tons of import freight and 1,856 tons of export freight.

Moreover, National flag carrier Middle East Airlines (MEA) had operated 7,328 flights in the first five months of 2026 and accounted for 50.7% of the HIA's total aircraft activity in the covered period, while it had 1,482 flights in May 2026 that represented 49% of HIA's total aircraft activity during the month. Also, MEA processed 6,758 metric tons of freight in the first five months and accounted for 34% of the freight processed through the airport, while it processed 1,171 metric tons of freight in May 2026 and represented 29.5% of the freight processed through the airport in the covered month.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Net foreign assets of financial sector up \$2.5bn in first four months of 2026

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, increased by \$2.48bn in the first four months of 2026, compared to increases of \$7.84bn in the same period of 2025 and of \$2.77bn in the first four months of 2024. The cumulative surplus in the first four months of 2026 was caused by increases of \$1.87bn in the net foreign assets of BdL and of \$609.7m in those of banks and financial institutions.

Further, the net foreign assets of the financial sector increased by \$816.4m in April 2026 compared to a decrease of \$6bn in March 2026 and to a rise of \$2.47bn in April 2025. The April rise was caused by increases of \$482.2m in the net foreign assets of BdL and of \$334.3m in those of banks and financial institutions. According to BdL figures, the cumulative rise in BdL's net foreign assets in the first four months of 2026 is due mainly to increases of \$2.3bn in the value of BdL's gold reserves and of \$1.3bn in its foreign securities, which outpaced the decrease of \$1.78m in its foreign currency reserves during the covered period. BdL's foreign assets include gold reserves, foreign currency reserves and foreign securities.

Also, the rise in the net foreign assets of banks in the covered period is mostly due to an increase of \$156.6m in the banks' claims on the non-resident financial sector, an uptick of \$17.1m in claims on non-resident customers and a decrease of \$107.4m in non-resident customer deposits, which were offset by an increase of \$22.5m in the deposits of the non-resident financial sector. In parallel, when excluding the change in the value of BdL's gold reserves, the net foreign assets of the financial sector decreased by \$149.2m in the first four months of 2026 compared to an increase of \$1.72bn in the same period last year.

BdL said that it started in January 2024 to include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies & deposits with correspondent banks and international organizations as part of its foreign assets; while it excluded the Lebanese government's sovereign bonds and its loans in foreign currency to resident banks and financial institutions from the entry. It attributed the modifications to its adoption of the IMF's methodology as stipulated in the latter's Sixth Edition of the Balance of Payments and International Investment Position Manual.

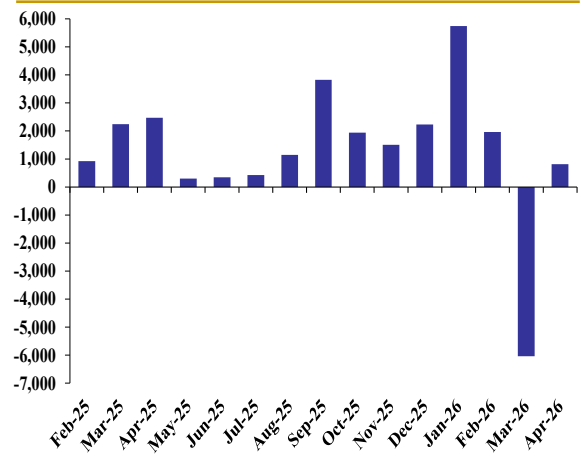
More than 50% of working population employed in conflict-affected sectors

The International Labor Organization (ILO) indicated that the current escalation of conflict in the Middle East has compounded years of economic contraction, high informal employment, large-scale displacement, and the presence of a large refugee population in Lebanon. It said that the most exposed sectors to the conflict in the country include agriculture, manufacturing, construction, accommodation and food services, wholesale and retail trade, transport and storage, as well as arts, entertainment and recreation. It noted that these sectors account for about 53% of total employment in Lebanon, and consist of 61% of males and 31% of females. It pointed out that workers in these sectors face heightened risks of reduced working hours, lower incomes, job loss or interrupted livelihoods. It considered that the current crisis is unfolding in an especially fragile environment, where direct damage to workplaces and infrastructure is compounded by rising import costs, weakening demand, and ongoing displacement.

In addition, it noted that refugees and displaced workers in Lebanon are heavily concentrated in informal and exposed sectors, while cross-border population movements may affect labor supply in agriculture, construction and services. It indicated that 46% of the working-age displaced Syrians in Lebanon are part of the labor force, with 39% of them currently employed. It added that 31% of employed Syrians in Lebanon work in agriculture, 18% in hotels, restaurants, transportation and personal services, and 16% in construction, and noted that these sectors are highly exposed to the current crisis. Moreover, it stated that 95% of the displaced Syrians who are employed in Lebanon work informally, which sharply increases their risk of income loss and limited access to protection. Also, it said that between March 2, 2026 and April 20, 2026, approximately 445,675 persons, most of whom are Syrian nationals, crossed from Lebanon to Syria. It considered that this movement may reduce labor supply in Lebanon's agriculture and construction sectors.

In parallel, an ILO rapid assessment found that 24.7% of private-sector workers in Lebanon lost their jobs, while 37.1% of enterprises ceased operations during the 2023-24 war. Also, the ILO's rapid labor survey following the 2023-24 war showed that displaced private-sector workers in Lebanon were more likely to lose their jobs than non-displaced workers, with job loss rates of about 37% compared to 13% among non-displaced. It added that this reflects the severe disruption that displacement can cause to jobs and livelihoods.

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



Source: Banque du Liban, Byblos Research

Banque du Liban extends Basic Circular 158, increases amounts eligible for deposit withdrawal in foreign currency

Banque du Liban (BdL) issued Intermediate Circular 768/13824 dated June 4, 2026 addressed to banks, which modified Basic Circular 158/13335 of June 8, 2021 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to October 31, 2019.

BdL Intermediate Circular 682/13592 dated November 17, 2023 stipulated that account holders who had a deposit account in foreign currency at a bank prior to October 31, 2019 and who transferred the amount to an account at another bank can benefit from Basic Circular 158/13335, in case he/she transfers back the eligible amount to the original bank.

BdL Intermediate Circular 768/13824 indicated that eligible depositors can benefit from an additional amount of \$54,200 under Basic Circular 158/13335. First, it stated that the account owner has to ask his/her original bank to re-open an account to receive the eligible amount that the recipient bank will transfer, and the original bank has to abide by the request except in cases related to compliance issues, or in case of litigation between the two sides, or if the information in the requested statement is not complete. It said that the amount to be transferred from the recipient bank should not exceed \$54,200. It added that, in case the account at the original bank is still open, the client may ask the recipient bank to transfer the eligible amount up to \$54,200 to the original account.

Second, it said that depositors can transfer up to \$54,200 or their equivalent in foreign currency to the new "Special Sub Account" in order to benefit from the terms of the circular. But it noted that clients can transfer \$10,000 in the first year of the circular's implementation, and that the client can transfer at the end of the first year additional funds that so not exceed \$54,200 to the "Special Sub Account" if he or she decides to continue to benefit from the circular.

Third, it stipulated that in the event that an account holder has multiple accounts at a specific bank, the account holder must specify the account or accounts from which transfers will be made to the "Special Sub-Account". It says that in the case of a joint or collective account, the account holder can only benefit from a maximum amount of \$54,200, or its equivalent. It states that in case the co-owners of a joint or collective account decide to benefit from the circular, they have to agree among themselves how to share the cash withdrawals. It added that in case a client who has a joint account decides to benefit from the circular from his/her personal account, his/her partner can benefit from the joint account.

Fourth, it stated that banks can source the foreign currency liquidity needed to cover the withdrawals from the 3% in liquidity of the aggregate amount of the bank's deposits in foreign currency that it holds at an account at foreign correspondent banks, as stipulated in Basic Circular 154/13262 of August 27, 2020 about Exceptional Measures to Reactivate the Work of Banks Operating in Lebanon. It mandates banks to reconstitute the 3% foreign currency liquidity ratio by December 31, 2027 at the latest.

Fifth, it indicated that this circular goes into effect starting from July 1, 2026, whereby the conditions of the Basic Circular 158/13335 should be applied as amended by the current Intermediate Circular 768/13824 for a period of one year, subject to amendments or renewal. It added that the circular will remain effective for the purpose of releasing all funds that can be transferred to the "Special Sub-Account".



Banque du Liban extends Basic Circular 166, increases amounts eligible for deposit withdrawal in foreign currency

Banque du Liban (BdL) issued Intermediate Circular 769/13825 dated June 4, 2026 addressed to banks that modified Basic Circular 166/13611 of February 2, 2024 about exceptional measures related to the gradual disbursement of deposits in foreign currency from accounts that clients opened prior to June 30, 2023.

BdL Intermediate Circular 769/13825 stipulates, first, that eligible depositors can benefit from an additional amount of \$15,200 under Basic Circular 166/13611. It said that in the event that an account holder has multiple accounts at a specific bank, the account holder must specify the account or accounts from which the amount will be transferred to the "Special Sub-Account". It noted that, in the case of a joint or collective account, the account holder can only benefit from a maximum amount of \$15,200, or its equivalent. It added that in case the co-owners of a joint or collective account decide to benefit from the circular, they have to agree among themselves how to share the cash withdrawals. It added that in case a client who has a joint account decides to benefit from the circular from his/her personal account, his/her partner can benefit from the joint account.

Second, it stated that individuals who purchased an amount equivalent to or exceeding \$100,000 on BdL's Sayrafa electronic exchange platform will not benefit from Basic Circular 166/13611 except after paying the exceptional additional tax, in accordance with the provisions of Article 93 of Law No. 324 dated February 12, 2024, and submitting a proof of the payment.

Third, it stipulated that this circular goes into effect starting from July 1, 2026, whereby the conditions of the Basic Circular 166/13611 should be applied as amended by the current Intermediate Circular 768/13824 for a period of one year, subject to amendments or renewal. It added that the circular remains effective for the purpose of releasing all funds that can be transferred to the "Special Sub-Account".

BdL issued Basic Circular 166/13611 on February 2, 2024 that authorized eligible depositors to withdraw a total of \$4,350 in "fresh funds" from their aggregate foreign currency deposit balance at all bank accounts as at June 30, 2023. Also, BdL Intermediate Circular 746/13771 dated November 28, 2025 stipulated that eligible depositors can benefit from the terms of Basic Circular 166/13611 for an amount that does not exceed \$6,000 per year in total based on the available funds in the client's account at the relevant bank, with a monthly ceiling for withdrawals of \$500, up from \$400 per month previously.

It noted that eligible depositors can withdraw from their "Special Sub-Account" \$400 in banknotes per month, and/or they can transfer the sum abroad or deposit it in a "fresh dollar" account, and/or use the amount through payment cards in Lebanon and abroad, without incurring any commission or direct or indirect fees of any kind. It added that eligible depositors can spend the remaining \$100 solely through payment cards at points-of-sales terminals. It indicated that this amount is subject to amendments by BdL in accordance with its monetary policy. Also, it stated that physical persons, in addition to sole proprietorship and NGOs licensed by the relevant authorities, can benefit from these measures.



United Nations launches second Flash Appeal of \$640m for humanitarian assistance

The United Nations and the Lebanese government revised the 2026 Lebanon Flash Appeal in June 2026, expanding its requirements to \$639.9m to provide lifesaving assistance and protection to up to one million individuals in the country between the March 2026 and August 2026. The support aims to cover affected vulnerable Lebanese, displaced Syrians, Palestine refugees in Lebanon, Palestinian refugees from Syria, and migrants. It raised the number of People in Need (PiN) from 1.3 million in the first appeal in the March to May 2026 period to 1.4 million in the March to August 2026 period. Also, it increased the overall number of people targeted for assistance from one million persons in March-May 2026 period to 1.4 million individuals in March-August 2026 period. The UN indicated that the revision of the Flash Appeal reflects the additional financial requirement and the expanding scope and severity of needs, as well as the newly identified needs and new activities required by the evolving crisis.

It projected the Flash Appeal's funding requirements for Multipurpose Cash Assistance (MPCA) at \$134m between March and August 2026, or 21% of the total, followed by food security and agricultural with \$120.7m (19%); shelter, including site management coordination with \$88m (13.8%); water, sanitation, and hygiene (WaSH) with \$80m (12.5%); support to the healthcare sector with \$74.3m (11.6%); protection with \$33.2m (5.2%); gender-based violence (GBV) with \$23.6m (3.7%); social stability with \$22.7m (3.5%); the education sector with \$21.1m (3.3%); child protection with \$16.1m (2.5%); livelihoods with \$15m (2.3%); nutrition with \$6.8m (1.1%); logistics and telecommunications with \$3.3m (0.5%); and coordination and support service needs with \$1.2m (0.2%).

In addition, it pointed that it will provide WASH assistance to 1.4 million individuals, which will cover the targeted number of those in need; followed by social stability support to 1.3 million individuals out of 1.3 million targeted persons; health and food security & agriculture support to one million individuals; protection support to 750,000 persons out of 1.3 million targeted individuals; ; MPCA assistance to 727,136 persons out of 1.4 million targeted individuals; shelter support to 604,000 people out of 1.3 million targeted persons; GBV help to 470,000 individuals out of 772,000 targeted persons; child protection aid to 442,000 children out of 442,000 targeted ones; education support to 335,000 individuals out of 455,000 targeted persons; ; nutrition help to 116,000 people out of 194,000 targeted individuals; and livelihood aid to 26,800 persons out of 300,000 targeted individuals.

In parallel, it noted that the first Flash Appeal aimed to raise \$308.3m to provide lifesaving assistance and protection to up to one million individuals in the country for March, April and May 2026, including affected vulnerable Lebanese, displaced Syrians, Palestine refugees in Lebanon, Palestinian refugees from Syria, and migrants. It added that donors have provided \$190m, covering 29% of the targeted amount as of June 5, 2026.

Under the first Flash Appeal, the UN indicated that humanitarian partners provided at least one form of assistance to more than 680,000 people between March 2, 2026 and May, 31, 2026. Further, it noted that partners also reached 275,000 people in hard-to-reach areas, despite continued insecurity, access constraints and damage to key infrastructure.



Private sector deposits at \$86.1bn at end-April 2026

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP9,014.7 trillion (tn), or the equivalent of \$100.72bn, at the end of April 2026, compared to LBP9,156.1tn (\$102.3bn) at end-2025 and to LBP9,188.7tn (\$102.7bn) at end-April 2025. Loans extended to the private sector totaled LBP465tn at the end of April 2026, with loans to the resident private sector reaching LBP380.6tn and credit to the non-resident private sector amounting to LBP84.4tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP11.07tn and increased by 6.2% from LBP10.42tn at the end of 2025, while loans in foreign currency totaled \$5.07bn at the end of April 2026, nearly unchanged from end-2025. The figures reflect Banque du Liban's (BdL) Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

In nominal terms, credit to the private sector in Lebanese pounds increased by LBP650.2bn in the first four months of 2026 and decreased by LBP796.7bn from end-April 2025; while lending to the private sector in foreign currency regressed by \$11.6m in the covered period and regressed by \$330.7m from end-April 2025. Further, loans extended to the private sector in Lebanese pounds contracted by LBP16.5tn (-59.8%) and loans denominated in foreign currency dropped by \$36.03bn (-87.7%) since the start of 2019. The dollarization rate of private sector loans was 97.62% at end-April 2026 compared to 97.6% at end-April 2025. The average lending rate in Lebanese pounds was 8.43% in April 2026 compared to 7.35% a year earlier, while the same rate in US dollars was 4.13% relative to 3.69% in April 2025. Also, according to BdL, total loans and advances in "fresh" dollars stood at \$794m at the end of 2025 compared to a peak of \$816m at end-November 2025.

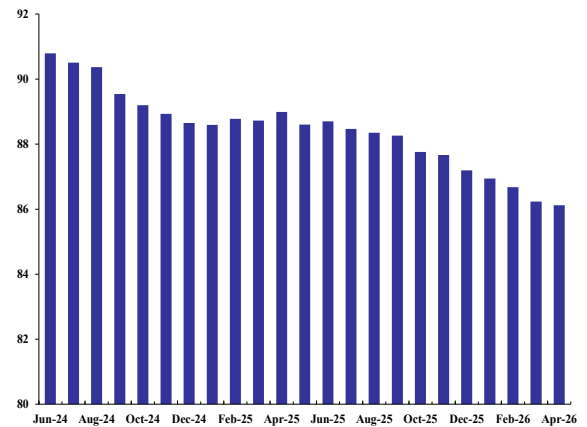
In addition, claims on non-resident financial institutions reached \$5.55bn at end-April 2026, constituting increases of \$156.6m (+3%) in the first four months of the year and of \$371.8m (+7.2%) from end-April 2025. Also, claims on non-resident financial institutions dropped by \$3.6bn (-39.3%) from end-August 2019 and by \$6.44bn (-53.7%) since the start of 2019. Further, deposits at foreign central banks totaled \$830.7m at end-April 2026, increasing by \$260.1m (+45.6%) in the covered period and by \$110.2m (+15.3%) from a year earlier. Also, cash in vault in Lebanese pounds stood at LBP5,814.7bn compared to LBP6,297.8bn at end-2025 and to LBP7,168.1bn at end-April 2025. In addition, the banks' claims on the public sector amounted to LBP201.5tn at end-April 2026, representing decreases of 7.3% from LBP217.3tn at end-2025 and of 6.6% from LBP215.7tn end-April 2025. Also, the banks' holdings of Lebanese Treasury bills totaled LBP7.38tn, while their holdings of Lebanese Eurobonds stood at \$2.15bn net of provisions at end-April 2026 relative to \$2.3bn a year earlier. Further, the placements of commercial banks at BdL reached LBP6,799.8tn at end-March 2026, or \$76bn, compared to LBP6,928.5tn (\$77.4bn) at end-2025.

In parallel, private sector deposits totaled LBP7,707.6tn, or \$86.1bn, at the end of March 2026. Deposits in Lebanese pounds reached LBP84.8tn at end-April 2026, nearly unchanged from end-2025, and grew by 5% from a year earlier; while deposits in foreign currency stood at \$85.17bn and regressed by 1.2% in the covered period and by 3.3% from end-April 2025. Resident deposits accounted for 75.3% and non-resident deposits represented 24.7% of total private sector deposits at end-April 2026. According to BdL, private sector deposits include \$5bn in "fresh" funds as at the end of November 2025, with \$3.2bn consisting of eligible funds under BdL circulars 158 and 166.

In addition, private sector deposits in Lebanese pounds decreased by LBP175.1bn and foreign currency deposits declined by \$1.07bn in the first four months of 2026, while private sector deposits in Lebanese pounds grew by LBP4,066.2bn and foreign currency deposits dropped by \$2.92bn from a year earlier. Also, aggregate private sector deposits in Lebanese pounds increased by LBP11,993.3bn (+16.5%) and foreign currency deposits declined by \$39.07bn (-31.4%) from the end of August 2019; while total private sector deposits in Lebanese pounds grew by LBP7,600.4bn (+9.8%) and foreign currency deposits dropped by \$37.9bn (-30.8%) since the start of 2019. The dollarization rate of private sector deposits was 98.9% at the end of April 2026 relative to 99% a year earlier.

Further, the liabilities of non-resident financial institutions reached \$2.25bn at the end of April 2026, as they increased by 1% from \$2.23bn at end-2025 and decreased by 12.8% from \$2.58bn at end-April 2025. Also, the average deposit rate in Lebanese pounds was 3.99% in April 2026 compared to 1.93% a year earlier, while the same rate in US dollars was 0.11% in April 2026 relative to 0.04% in April 2025. In addition, the banks' aggregate capital base stood at LBP427.3tn (\$4.78bn) at end-April 2026 compared to LBP440.5tn (\$4.92bn) at the end of 2025 and to LBP383.2tn (\$4.28bn) at end-April 2025.

Private Sector Deposits (US\$bn)



Source: Banque du Liban, Byblos Research

Payment cards at 1.72 million at end-March 2026, ATMs total 1,449

Figures released by Banque du Liban show that the number of payment cards issued in Lebanon reached 1.72 million cards at the end of March 2026, constituting declines of 73,221 cards (-4.1%) from 1.79 million cards at end-March 2025, of 234,748 cards (-12%) from 1.96 million cards at end-March 2024, of 478,355 cards (-21.7%) from 2.2 million at end-March 2023, and of 864,349 cards (-33.4%) from 2.59 million at end-March 2022.

Payment cards held by residents accounted for 95.7% of total cards issued in Lebanon at the end of March 2026. The distribution of payment cards by type shows that debit cards with residents reached 1.17 million and accounted for 68% of the total, followed by 314,710 prepaid cards with residents (18.3%), 95,365 charge cards with residents (5.5%), 65,521 credit cards with residents (3.8%), 64,217 debit cards held by non-residents (3.7%), 5,689 charge cards with non-residents (0.3%), 3,236 credit cards held by non-residents (0.2%); and 793 prepaid cards with non-residents (0.05%).

Also, the number of prepaid cards with residents dropped by 46,246 cards (-12.8%) in the first quarter of 2026, and credit cards with residents declined by 653 cards (-1%), while the number of debit cards held by residents increased by 45,996 cards (+4%), charge cards with residents grew by 3,766 cards (+4%), the number of debit cards with non-residents expanded by 3,249 cards (+5.3%), the number of prepaid cards held by non-residents rose by 493 cards (+164.3%), credit cards with non-residents grew by 292 cards (+10%), and charge cards with non-residents increased by 186 cards (+3.4%).

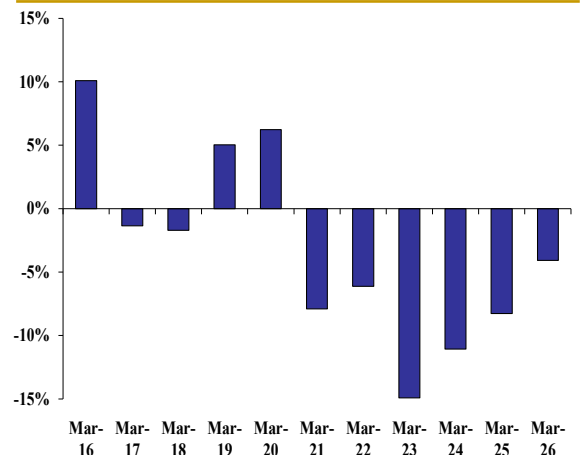
In parallel, the number of prepaid cards held by residents dropped by 186,241 cards (-37.2%) in the 12-month ending March 2026. In contrast, the number of debit cards held by resident increased by 57,530 cards (+5.2%) in the covered period, charge cards with residents jumped by 36,359 cards (+61.6%), debit cards with non-residents rose by 15,181 cards (+31%), charge cards held by non-residents expanded by 2,391 cards (+72.5%), credit cards with residents grew by 533 cards (+0.8%), credit cards with non-residents rose by 517 cards (+19%), and prepaid cards with non-residents increased by 509 cards (+179.2%).

Further, the aggregate number of registered points-of-sales (PoS) that accept payment cards reached 12,979 at the end of March 2026, constituting decreases of 10,963 (-45.8%) from the end of March 2025, of 21,855 (-62.7%) from end-March 2024, of 27,841 (-68.2%) from end-March 2023, and of 30,495 (-70%) from end-March 2022. There were 1.2 registered PoS per square kilometer (km²) in Lebanon at the end of March 2026 compared to 2.3 PoS per km² at the end of March 2025, 3.3 PoS per km² at the end of March 2024, to 3.9 PoS per km² at the end-March 2023, and to 4.2 PoS per km² at the end-March 2022.

In parallel, there were 1,449 automated teller machines (ATMs) across Lebanon at the end of March 2026, constituting increases of 27 ATMs from 1,422 ATMs at end-March 2025, of 22 machines from 1,427 ATMs at end-March 2024, and of 37 machines from 1,412 ATMs at end-March 2023, and a decrease of 230 machines from 1,679 ATMs at end-March 2022. The Mount Lebanon area had 560 ATMs at the end of March 2026, equivalent to 38.6% of the total, followed by the Greater Beirut area with 460 ATMs (31.7%), the North with 160 machines (11%), the South region and the Bekaa with 120 ATMs each (8.3% each), and the Nabatieh area with 29 ATMs (2%).

As such, there were 139 ATMs per 1,000 km² in Lebanon at the end of March 2026 compared to 136 ATMs per 1,000 km² at the end of March 2025, to 137 ATMs per 1,000 km² at the end of March 2024, to 135 ATMs per 1,000 km² at end-March 2023, and to 161 ATMs per 1,000 km² at end-March 2022.

Change in Number of Payment Cards (%)*



*year-on-year change at end of March of each year

Source: Banque du Liban, Byblos Research



CMA CGM's net profits at \$250m in first quarter of 2026

The Lebanese-owned and France-based container-shipping firm CMA CGM declared consolidated net income of about \$250m in the first quarter of 2026, constituting a drop of 77.7% from net profits of \$1.12bn in the same quarter of 2025, while its revenues totaled \$13.23bn in the first quarter of 2026 and regressed by 0.2% from \$13.26bn in the same period last year. Further, the company's earnings before interest, taxes, depreciation and amortization (EBITDA) stood at \$2.1bn in the first quarter of 2026, constituting a decline of 31.6% from \$3.1bn in the same quarter of the preceding year.

The distribution of the company's revenues shows that, first, its consolidated revenues from maritime shipping operations stood at \$8bn in the first quarter of 2026 and decreased by 8.5% from \$8.76bn in the same period last year, while the EBITDA from shipping activity reached \$1.5bn and dropped by 41.3% from \$2.5bn in the first quarter of 2025. The firm indicated that it transported 5.93 million twenty-foot equivalent units (TEUs) in the first quarter of 2026, constituting an increase of 1.5% from 5.85 million TEUs in the same quarter of 2025, which led to average receipts of \$1,351 per TEU in the covered quarter compared to an average of \$1,483 per TEU in the first quarter of 2025. It said that in response to the disruption to the flow of shipment through the Strait of Hormuz, the company implemented alternative multimodal corridors to maintain supply chain continuity to and from Gulf Cooperation Council countries, despite navigation constraints.

Second, it pointed out that revenues from its logistics operations stood at \$4.56bn in the first quarter of 2026 and increased by 6.6% from \$4.28bn in the same quarter of 2025, while the corresponding EBITDA reached \$330m in the covered quarter and decreased by 17.2% from \$399m in the first quarter of 2025. It attributed the results to pressure on freight management activities due to a volatile market environment and challenges affecting the automotive sector.

Third, it said that revenues from other activities, which include port terminals, CMA CGM Air Cargo, and its media outlets, reached \$1.3bn in the first quarter of 2026, and surged by 59% from \$806m in the same quarter of 2025. It noted that the EBITDA from these activities stood at \$294m and jumped by 90% from \$155m in the first quarter of 2025, driven by the improved profitability in its terminals business, air cargo activities, and the contribution of recently consolidated operations.

In parallel, the firm pointed out that the escalation of tensions in the Middle East continues to impact shipping patterns and remains a key factor in the evolution of market balance and operating costs, particularly amid rising oil prices and changes in freight rates. Also, it considered that countries' decisions related to trade policies and tariffs continue to affect the organization of global trade flows.

CMA CGM is one of the largest container shipping companies in the world and operates a fleet with more than 650 vessels, with a capacity of 5 million TEUs that serves over 420 commercial ports and utilizes more than 250 shipping lines.

Ratio Highlights

(in % unless specified)	2023	2024	2025	Change*
Nominal GDP (\$bn)	25.9	30.5	36.1	5.6
Gross Public Debt / GDP	246.2	215.0	191.9	(23.1)
Trade Balance / GDP	-56.01	-46.55	-48.30	(1.8)
Exports / Imports	17.1	16.0	17.3	1.3
Fiscal Revenues / GDP	12.0	12.8	17.9	5.1
Fiscal Expenditures / GDP	13.6	12.6	14.8	2.2
Fiscal Balance / GDP	(1.6)	0.1	3.1	3.0
Primary Balance / GDP	(1.0)	1.4	3.7	2.3
Gross Foreign Currency Reserves / M2	143.5	689.4	461.7	(227.7)
M3 / GDP	51.7	227.2	185.8	(41.4)
Commercial Banks Assets / GDP	76.6	338.4	282.5	(55.8)
Private Sector Deposits / GDP	62.9	290.8	240.8	(50.0)
Private Sector Loans / GDP	5.5	19.5	14.4	(5.1)
Private Sector Deposits Dollarization	96.3	99.1	98.9	(0.2)
Private Sector Lending Dollarization	90.9	97.8	97.8	0.0

*change in percentage points 25/24;

Source: National Accounts, Banque du Liban, Ministry of Finance, Institute of International Finance, International Monetary Fund, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in LBP and bonds

National Accounts, Prices and Exchange Rates

	2023	2024	2025e
Nominal GDP (LBP trillion)	2,257.8	2,728.4	3,241.0
Nominal GDP (US\$ bn)	25.9	30.5	36.1
Real GDP growth, % change	-0.5	-5.2	3.7
Private consumption	3.50	0.30	2.4
Public consumption	-1.00	4.10	11.4
Private fixed capital	-18.60	-10.20	-4.0
Public fixed capital	81.0	35.4	23.1
Exports of goods and services	-4.2	-14.5	-3.6
Imports of goods and services	3.1	0.0	6.4
Consumer prices, %, average	221.3	45.2	14.6
Official exchange rate, average, LBP/US\$	15,000	89,500	89,500
Parallel exchange rate, average, LBP/US\$	86,362	89,700	89,700
Weighted average exchange rate LBP/US\$	87,043	89,474	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

Banking Sector Ratings

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings

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