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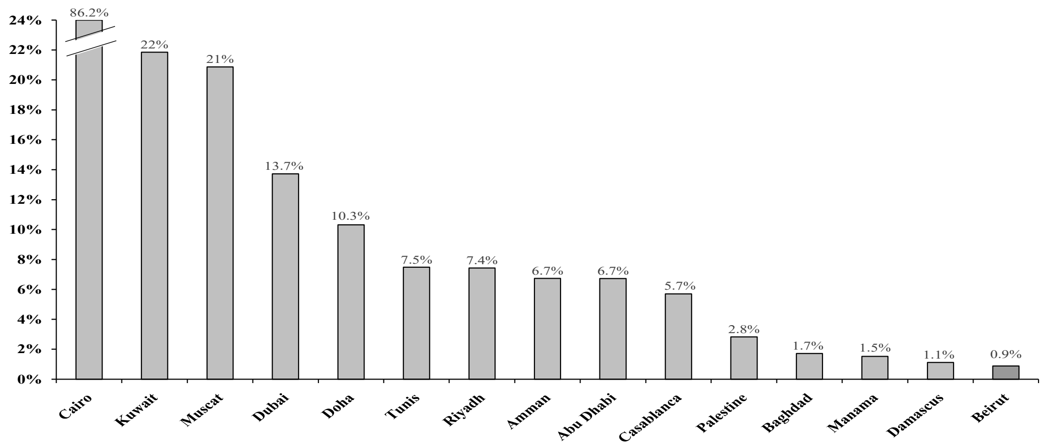
BYBLOS BANK
Economic Research & Analysis Department

LEBANON THIS WEEK

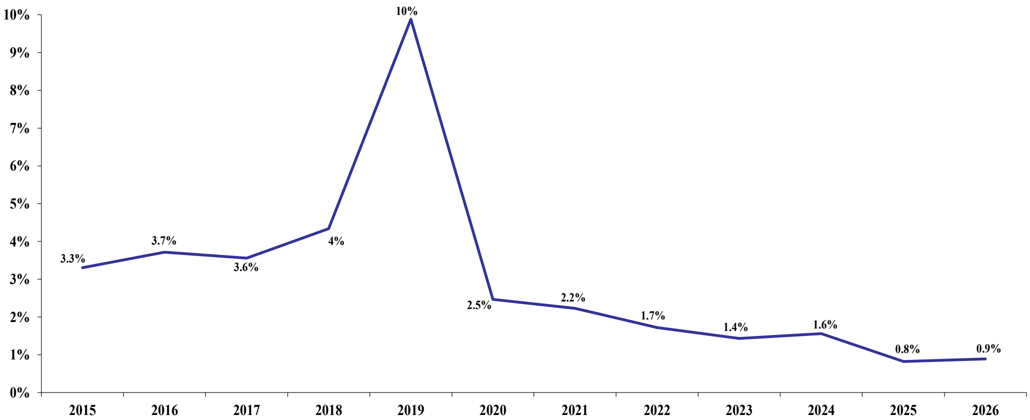
In This Issue

Chart of the Week

Turnover Ratios of Select Arab Stock Markets in the First Seven Months of 2026 (%)



Turnover Ratio on the Beirut Stock Exchange*



**The aggregate value of shares traded in the first seven months of the year relative to the market capitalization at the end of July of each year*

Source: Arab Federation of Capital Markets, Beirut Stock Exchange, Byblos Bank

Quote to Note

"Despite a dire situation and a broad public consensus on the need to reform the electricity sector, vested interests have held back reform efforts."

The International Monetary Fund, on deep-rooted political economy considerations that explain the breakdown of the Lebanese electricity sector

Number of the Week

50.6%: Percent of respondents who cited "job opportunities and a more productive economy" as the most pressing socio-economic need in Lebanon, according to the results of an opinion poll that the Lebanese Center for Policy Studies conducted in January and February 2026

Lebanon in the News

$m *(unless otherwise mentioned)*	2024*	2025*	2026*	%Change**	Mar-25	Feb-26	Mar-26
Exports	731	935	631	(32.5)	309	220	205
Imports	3,972	4,378	5,380	22.9	1,544	1,861	1,623
Trade Balance	(3,241)	(3,443)	(4,749)	37.9	(1,235)	(1,641)	(1,418)
Balance of Payments	1,608	5,368	1,666	(69.0)	2,241	1,961	(6,039)
Checks Cleared in LBP***	200	172	185	8.0	65	69	61
Checks Cleared in FC***	516	255	78	(69.4)	84	18	23
Total Checks Cleared***	716	427	263	(38.3)	149	87	84
Fiscal Deficit/Surplus	448	313	470	50.0	98	-	(47)
Primary Balance	545	352	497	41.2	111	-	(32)
Airport Passengers	1,271,456	1,254,673	1,095,390	(12.7)	403,128	410,019	139,194
Consumer Price Index	114.5	15.3	13.5	(11.8)	14.2	12.3	17.3

$m *(unless otherwise mentioned)*	Mar-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	%Change**
BdL FX Reserves	10.68	9.34	7.74	8.13	6.80	6.10	(42.9)
In months of Imports	-	-	-	-	-	-	-
Public Debt	-	-	-	-	-	-	-
Bank Assets	102.66	101.82	102.30	102.01	101.90	100.68	(1.9)
Bank Deposits (Private Sector)	88.72	87.67	87.19	86.94	86.68	86.23	(2.8)
Bank Loans to Private Sector	5.65	5.42	5.20	5.21	5.24	5.24	(7.4)
Money Supply M2	1.76	1.64	1.68	1.68	1.63	1.62	(8.3)
Money Supply M3	69.41	67.72	67.29	67.03	66.80	66.39	(4.4)
LBP Lending Rate (%)	6.41	11.42	10.90	11.76	9.74	9.80	339
LBP Deposit Rate (%)	2.00	3.25	3.68	3.66	5.13	3.66	166
USD Lending Rate (%)	4.11	5.32	3.68	4.20	3.84	4.78	67
USD Deposit Rate (%)	0.10	0.12	0.09	0.17	0.08	0.10	0

**in the first quarter of each year; **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
BLOM Listed	7.48	0.0	41,283	9.0%
Audi GDR	2.03	(9.4)	24,700	1.4%
Solidere "A"	71.15	1.6	24,696	39.9%
Solidere "B"	71.10	(2.6)	4,721	25.9%
Byblos Common	0.65	(7.1)	4,654	2.1%
BLOM GDR	7.50	0.0	-	3.1%
Audi Listed	1.47	0.0	-	4.9%
Ciments Libanais	54.45	0.0	-	6.0%
Byblos Pref. 09	29.99	0.0	-	0.3%
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	27.50	958.68
Mar 2027	6.85	27.75	384.97
Nov 2028	6.65	27.75	67.35
Feb 2030	6.65	27.88	39.76
Apr 2031	7.00	28.00	29.15
May 2033	8.20	29.38	19.01
May 2034	8.25	29.38	16.45
Jul 2035	12.00	28.88	14.39
Nov 2035	7.05	28.70	14.03
Mar 2037	7.25	28.70	12.13

Source: LSEG Workspace

	August 10-14	August 3-7	% Change	July 2026	July 2025	% Change
Total shares traded	100,054	49,642	247.2	363,261	1,065,838	(65.9)
Total value traded	$1,961,733	$2,473,822	26.8	18,571,189	29,918,310	(37.9)
Market capitalization	17.89	18.02	(0.3)	18.02	20.71	(13.0)

Source: Beirut Stock Exchange (BSE)

Lebanon in the News

S&P maintains foreign currency ratings at 'Selective Default', affirms local currency ratings

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

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 commercial debt obligations, as the government announced in March 2020 that Lebanon would stop paying its obligations on its $31bn in sovereign Eurobonds and estimated the Eurobonds, including interest arrears, at $43bn currently. It added that Lebanon has about $2bn in loans from bilateral and multilateral partners, and that the government cleared all of the arrears on these loans in 2025 and has been current on payments since then.

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 based on its new debt burden and economic policy prospects. But it did not expect significant progress on the public debt's restructuring in 2027, despite the reforms momentum in 2025, given the slow progress on banking sector reforms and the deposit recovery strategy, which the authorities have not implemented yet.

In parallel, the agency attributed the affirmation of the long-term local currency ratings to the government's continued ability to remain current on its local currency commercial debt obligations. 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. It noted that commercial banks hold a relatively small share of the local currency debt, equivalent to less than 1% of 2024 GDP, and that the government has so far remained current on these commercial obligations despite the successive macroeconomic shocks and the challenges of the past few years. It also anticipated Lebanon's local currency debt to be excluded from a future government debt restructuring plan.

It stated that the government stopped paying interest on the local currency debt from 2021 to 2023 that Banque de Liban (BdL) held, but added that the former has resumed these payments in 2024 and cleared in 2025 the accumulated arrears of the 2021-23 period. But it considered that BdL is a non-commercial creditor and, therefore, did not view this previous non-payment to the Central Bank as a default on the government's local currency obligations under its ratings methodology. It added that the government remains current on its local currency debt obligations to public institutions such as the National Social Security Fund.

Moreover, the agency pointed out that its 'stable' outlook on Lebanon's long-term local currency rating balances the ongoing economic reforms with significant policy challenges that include weak economic growth, constrained public finances, security risks, and large reconstruction needs. It indicated that heightened security risks as a result of the reescalation of Israeli military operations since March 2026 has weighed on Lebanon's economy and reforms momentum, and expected very limited progress on the reforms required to reach an agreement with the International Monetary (IMF) on a financing program amid the prevailing conflict.

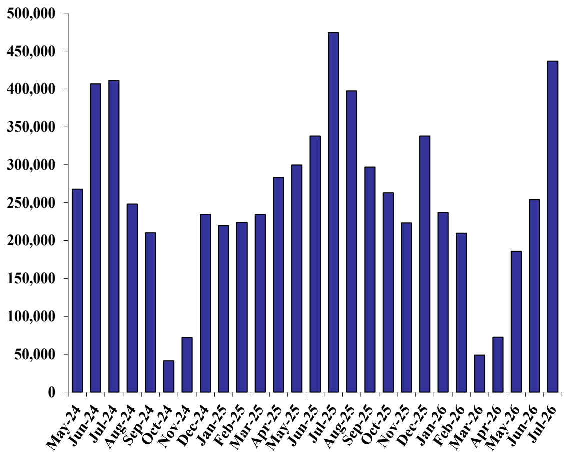
Further, it said that it could upgrade the local currency ratings if the government makes progress on economic reforms that would improve its fiscal balance, revive the financial sector, and lead to an economic recovery, and/or if the country restores access to international funding, which would ease fiscal constraints with improved access to concessional external funding. But it noted that it could downgrade the local currency debt ratings in the next 12 months if there is a higher probability that the government will miss payments on its commercial local currency debt on time and in full. It considered that this scenario could materialize if the authorities' reprioritization of public expenditures for reconstruction needs puts pressure on the government's liquidity position, or if administrative shortcomings materialize, given the very complicated domestic political landscape.

Number of airport passengers down 27.5% in first seven months of 2026

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 2.75 million passengers utilized the airport (arrivals, departures and transit) in the first seven months of 2026, constituting decreases of 27.5% from 3.8 million passengers in the same period of 2025, of 26.7% from 3.75 million passengers in the first seven months of 2024, and of 32.7% from 4.08 million passengers in the same period of 2023. Also, 722,313 passengers utilized the airport in July 2026, representing a surge of 63.5% from 441,895 in June 2026 and a decrease of 9% from 793,367 passengers in July 2025.

The HIA received 1.4 million arriving passengers in the first seven months of 2026, which represented declines of 30.3% from 2.07 million passengers in the same period of 2025, of 26.2% from 1.96 million passengers in the first seven months of 2024 and of 32.4% from 2.13 million passengers in the same period of 2023. Also, the number of arriving passengers stood at 436,636 in July 2026, representing a surge of 72% from 253,921 in June 2026 and a regressed of 7.9% from 474,273 in July 2025.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Further, the number of departing passengers totaled 1.3 million in the first seven months of 2026, constituting declines of 24.2% from 1.72 million passengers in the same period of last year, of 27.2% from 1.8 million passengers in the first seven months of 2024, and of 33% from 1.95 million passengers in the same period of 2023. Further, the number of departing passengers reached 285,431 in July 2026, as they surged by 52% from 187,730 in June 2026 and declined by 10.4% from 318,617 departing passengers in July 2025.

In parallel, the airport's aircraft activity totaled 23,554 take-offs and landings in the first seven months of 2026, representing decreases of 21.3% from 29,939 takeoffs and landings in the same period last year, of 22.7% from 30,474 takeoffs and landings in the first seven months of 2024, and of 29.3% from 33,337 takeoffs and landings in the same period of 2023. Also, the airport's aircraft activity registered 5,467 take-offs and landings in July 2026, constituting a rise of 50% from 3,644 take-offs and landings in June 2026 and a decline of 8.7% from 5,990 takeoffs and landings in the same month last year.

In addition, the HIA processed 28,451 metric tons of freight in the first seven months of 2026 that consisted of 20,645 tons of imported freight and 7,806 tons of exported freight. Also, the HIA processed 4,401 metric tons of freight in July 2026 that included 3,360 tons of imported freight and 1,041 tons of exported freight, relative to 4,090 metric tons of freight in June 2026 that comprised 3,013 tons of imported freight and 1,077 tons of exported freight, and to 5,690 metric tons of freight in July 2025 that consisted of 4,253 tons of imported freight and 1,437 tons of exported freight.

Moreover, National flag carrier Middle East Airlines (MEA) operated 11,219 flights in the first seven months of 2026 and accounted for 47.6% of the HIA's total aircraft activity in the covered period, while it had 2,256 flights in July 2026 that represented 41.3% of HIA's total aircraft activity during the month. Also, MEA processed 8,491 metric tons of freight in the first seven months that accounted for 29.8% of the freight processed through the airport, while it processed 899 metric tons of freight in July 2026 that represented 20.4% of the freight processed through the airport in the covered month.

Lebanon makes "significant progress" on fiscal transparency in 2026

The United States Department of State indicated in its 2026 Fiscal Transparency Report on 140 countries that the Lebanese government made “significant progress” in terms of improving fiscal transparency during the year, and is one of 14 governments worldwide to make such progress.

It stated that the 2026 fiscal transparency review process assessed if governments publicly disclosed key budget documents, including the distribution of expenditures by ministry and the sources of revenues by origin and type. It added that the review process also examined if governments had a supreme audit institution that meets international standards of independence and if it audits the government's annual financial statements, and if the results of the audits are made publicly available. Also, it said that the review assessed whether authorities outline the law and regulations of the process for awarding licenses and contracts for natural resource extraction.

It said that the Lebanese government published online its executive budget proposal and the enacted budget within a reasonable period of time, but noted that it did not publicly disclose its end-of-year report. Also, it stated that the budget included the major sources of public revenues and expenditures, as well as the distribution of expenditures by ministry. Further, it said that the budget detailed the expenditures of the central government’s institutions and included the budgets of the military and of the intelligence agencies.

In addition, it pointed out that the information in the previous budget did not provide reliable or reasonably accurate information, as it did not correspond to the actual public revenues and expenditures, and the government did not issue revised estimates for the budget. Also, it stated that the government did not prepare budget documents according to internationally accepted principles. It added that the supreme audit institution did not meet international standards of independence, did not audit the entire annual executed budget, and did not publish its audit reports within a reasonable period of time. Moreover, it indicated that the government published only limited information on public procurement contracts.

Also, it listed several steps that the Lebanese authorities could take to improve fiscal transparency, such as publishing an end-of-year report within a reasonable period of time; producing and publicly issuing revised budget estimates or adopting a supplementary budget when budget execution deviates significantly from earlier projections; detailing in budget documents the allocations to and earnings from major state-owned enterprises; ensuring the adequate audit and oversight of off-budget accounts; preparing budget documents in accordance with internationally accepted principles; ensuring the supreme audit institution meets international standards of independence, audits the entire annual executed budget, and publishes its reports within a reasonable period of time; as well as publishing information on public procurement contracts.

The U.S. Department of State noted that, of the 140 countries and territories that it evaluated, only 73 governments met the minimum requirements of fiscal transparency, while 67 governments did not meet the minimum requirements for this year. But it pointed out that, out of these 67 countries, 14 governments made “significant progress” towards meeting the minimum requirements of fiscal transparency.

Regionally, it indicated that the governments of Lebanon and Libya made “significant progress” towards meeting the minimum requirements of fiscal transparency for 2026; while Jordan, Mauritania, Morocco and Tunisia met the minimum requirements of fiscal transparency. It added that the governments Algeria, Bahrain, Djibouti, Egypt, Iraq, Oman, Palestine, Saudi Arabia, Sudan and Yemen “did not make significant progress” toward meeting the minimum requirements of fiscal transparency.

The U.S. Department of State said that it reviewed, in consultation with other relevant federal agencies, governments that it originally identified in its Fiscal Transparency Report for 2014. It utilized in its evaluation information from U.S. embassies and consulates, other U.S. government agencies, international organizations, and civil society organizations.

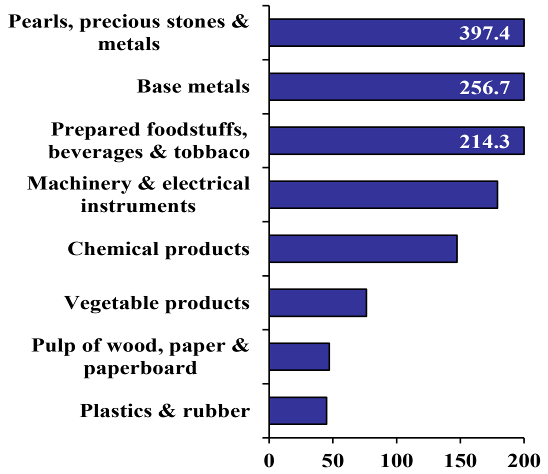
Further, it considered that fiscal transparency is a critical element of effective public financial management that helps build market confidence and underpins economic sustainability. Also, it noted that fiscal transparency fosters greater government accountability by providing a window into government budgets, which would help citizens hold their leadership accountable and facilitate better public debate.

Trade deficit widens by 10% to $8.7bn in first half of 2026

Figures issued by the Lebanese Customs Administration show that total imports reached $10.15bn in the first half of 2026, constituting an increase of 5.6% from $9.6bn in the same period of 2025; while aggregate exports totaled $1.5bn and dropped by 14% from $1.74bn in the first half of 2025. As such, the trade deficit widened by 10% to $8.7bn in the covered period due to a rise of $540m in imports and a decrease of $246.7m in exports. The coverage ratio, or the exports-to-imports ratio, was 14.8% in the first half of the year relative to 18.2% in the same period of 2025.

Non-hydrocarbon imports rose by $394.1m, or by 5.4%, to $7.7bn in the first half of 2026; while the imports of oil & mineral fuels increased by $145.7m, or by 6.3%, to $2.46bn in the covered period. Oil & mineral fuels accounted for 24.2% of the imports bill in the first half of 2026 compared to 24% in the same period last year, as Lebanon imported nearly three million tons of oil & mineral fuel in the first half of the year relative to 4.2 million tons in the same period of 2025.

Main Lebanese Exports in First Half of 2026 (US$m)

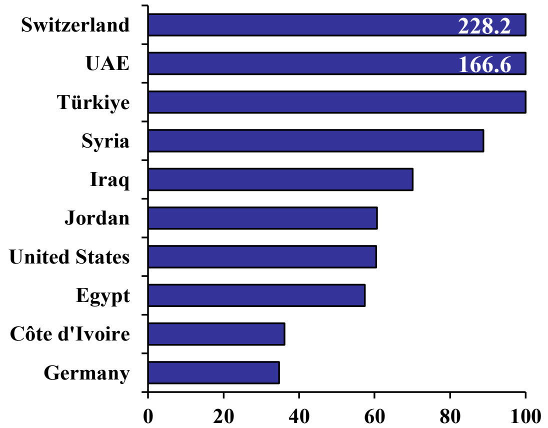


Source: Lebanese Customs Administration, Byblos Research

The exports of machinery & electrical instruments surged by $45.1m, or by 33.7% to $179.1m in the first half of 2026; followed by a rise of $10.2m (+27.5%) to $47.3m in exported pulp of wood, paper and paperboard; and an increase of $3.7m (+1.8%) to $214.3m in the exports of prepared foodstuffs. In contrast, the exports of pearls, precious stones and metals dropped by $233.2m, or by 37%, to $397.4m in the covered period; followed by a decline of $32m (-81.7%) to $7.2m in exported oil & mineral fuels; and a decrease of $20.4m (-12%) to $147.3m in the exports of chemical products.

Exports to Germany surged by 107.7% in the in the first half of 2026, those to Türkiye jumped by 72%, exports to Jordan rose by 51.4%, those to Syria increased by 25.4%, exports to the Ivory Coast improved by 22.2%, and those to Iraq grew by 0.5%. In contrast, exported goods to the UAE dropped by 47%, those to Switzerland fell by 37%, exports to Egypt decreased by 22.2%, and those to the U.S. contracted by 21.5%. Also, re-exports totaled $229.5m in the first half of 2026 compared to $169.1m in the same period last year. The Port of Beirut was the exit point for 44.7% of Lebanon's exports in the first half months of 2026, followed by the Beirut-Rafic Hariri International Airport (34.4%), the Masnaa crossing point (13%), the Port of Tripoli (5.3%), and the Port of Saida (2.6%).

Main Destinations of Lebanese Exports in First Half of 2026 (US$m)



Source: Lebanese Customs Administration, Byblos Research

Further, Lebanon's main non-hydrocarbon imports consisted of pearls, precious stones & metals that reached $1.37bn and that accounted for 13.5% of total imports to Lebanon in the first half of the year, followed by chemical products with $1bn (10%), machinery & electrical instruments with $909.1m (9%), vehicles, aircraft & vessels with $697.7m (7%), and prepared foodstuffs, beverages and tobacco with $654m (6.4%). Also, the imports of arms & ammunition and parts & accessories increased by 122% year-on-year; followed by imported footwear, umbrellas and artificial flowers (+30.2%), the imports of vehicles, aircraft & vessels (+27.5%); imported animal and vegetable products (+27%), and the imports of optical, photographic, medical, and musical instruments (+26.6%).

The Port of Beirut was the entry point for 63.4% of Lebanon's merchandise imports in the first half of 2026, followed by the Beirut-Rafic Hariri International Airport (25%), the Port of Tripoli (6.5%), and the Masnaa crossing point (4.6%); while the Port of Saida was the entry points for 0.5% of imports.

China was the main source of imports to Lebanon with $1.3bn and accounted for 12.6% of the total in the first half of 2026, followed by Greece with $$774.5m (7.6%), Switzerland with $758.3m (7.5%), Egypt with $653.7m (6.4%), Saudi Arabia with $639m (6.3%), Italy with $588m (5.8%), the UAE with $556.5m (5.5%), the U.S. with $515.2m (5.1%), Türkiye with $501.6m (4.9%) and Germany with $390m (3.8%). Further, imported goods from Saudi Arabia surged by 97.8% in the first half of 2026 from the same period last year, followed by imports from the U.S. (+50%), Italy (+25.2%), Germany (+21%), China (+19.3%), and Switzerland (+10.3%). In contrast, imported goods from Türkiye dropped by 25% in the covered period, followed by imports from the UAE (-24%), Greece (-12%), and Egypt (-6%).

Germany extends €10m grant to rehabilitate public schools

The The Ministry of Education & Higher Education (MEHE) issued Decree no. 3446 dated July 15, 2026 about accepting a financial grant of €10m from Germany through the German government-owned KfW Development Bank for the third phase of the "Education Programme Lebanon (School Construction)", which covers the rehabilitation and expansion of public schools in the country. It pointed out that the implementation period of the project will be for five years, or 60 months, from the date of signing the agreement. It added that the donor will directly disburse all payments from the grant to the project's implementing agency or to the entity contracted for the project. Also, it stated that the decree exempts imports financed by the grant from all taxes and duties, as well as from all fees and taxes that the Directorate of Revenues and the Directorate of the Value-Added Tax collect.

Article 1 stipulates that KfW will provide the MEHE with a grant of up to €10m, to be used exclusively for the extension and rehabilitation of public schools, and to cover primarily the costs payable in foreign currency. Article 2 indicates that KfW will disburse the grant based on the progress of the project and upon the ministry's request, and that the bank has the right to refuse to make disbursements after March 31, 2032.

Article 3 stipulates that KfW may suspend disbursements if the ministry fails to meet its payment obligations; in case of violations of the obligations under the grant agreement or separate agreements related to it; or if extraordinary circumstances arise that preclude or seriously jeopardize the implementation, operation or purpose of the project. It added that if these circumstances are not addressed within at least 30 days, KfW may demand the immediate repayment of all disbursed amounts. Also, it stated that in case the ministry cannot prove that the funds were used for their stipulated purpose, KfW the bank may request the immediate reimbursement of the amounts.

Article 6 specifies that the ministry must prepare, implement, operate and maintain the project in conformity with sound financial and engineering practices, and in compliance with environmental and social standards. It states that the ministry has to assign the project's construction to independent and qualified consulting engineers, and the implementation of the project to qualified firms. It added that the ministry must allow KfW's representatives to inspect at any time the books, records, project, and all related installations.

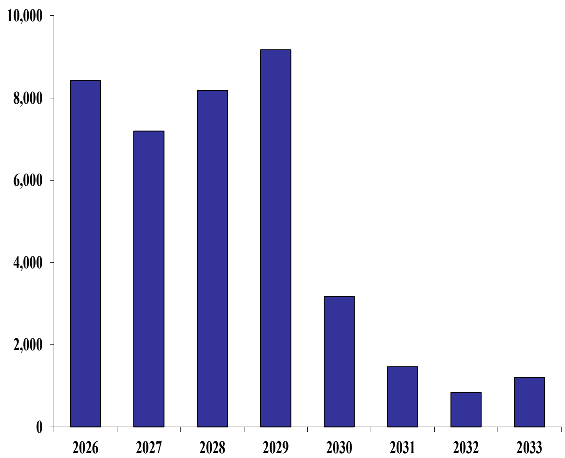
Article 8 stipulates that the ministry must comply at all times with the obligations set out in the agreement's "Compliance Covenants Recipient" annex. It added that if any provision of the agreement is invalid, the validity of the remaining provisions will not be affected, and any resulting gap will be filled by a provision consistent with the purpose of the agreement. The article also stipulates that the ministry may not assign, transfer, pledge or mortgage any claims arising from the agreement.

More than 88% of Treasury securities have seven-year maturities or longer at end-July 2026

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP39,659bn at the end of July 2026, compared to LBP47,847bn at end-2025 and to LBP58,394bn at end-July 2025. The securities were equivalent to $443.1m at the end of July 2026 based on the exchange rate of LBP89,500 per US dollar, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.61% in July 2026 compared to 6.56% in July 2025.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP24,949bn and accounted for 62.9% of aggregate securities denominated in Lebanese pounds at the end of July 2026, followed by seven-year Treasury securities with LBP8,644bn (21.8%), three-year Treasury securities with LBP3,100bn (7.8%), five-year Treasury bonds with LBP1,549bn (3.9%), and 15-year Treasury bonds with LBP1,417bn (3.6%). As such, 88.3% of outstanding Treasury securities have seven-year maturities or longer and 92.2% have five-year maturities or more.

Projected Maturities of Treasury Securities*
(in LBP billions)



**as at end-July 2026*
Source: Association of Banks in Lebanon, Byblos Research

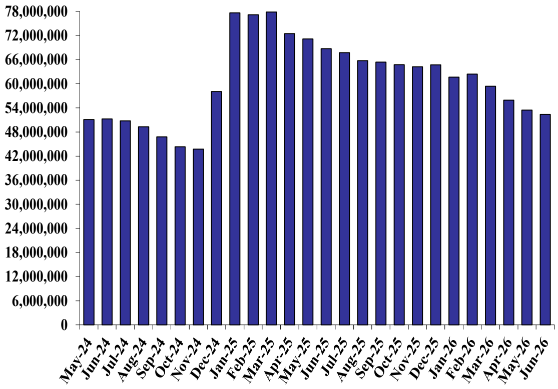
In parallel, LBP765bn in outstanding Treasury securities denominated in Lebanese pounds matured in July 2026. The distribution of maturing securities shows that 60% consisted of five-year Treasury securities, 25.2% were 10-year Treasury bonds, 14.8% consisted of seven-year Treasury bonds and 0.001% were three-year Treasury bonds. According to the ABL, LBP8,422bn in outstanding Treasury securities in Lebanese pounds will mature in the remainder of 2026.

Currency in circulation up by 7% in 12 months ending June 2026

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP98,150.8bn at the end of June 2026, constituting an increase of 1% from LBP97,174.7bn at end-May 2026, and decreases of 11.9% from LBP111,444.4bn at the end of 2025 and of 12.1% from LBP111,666.4bn at end-June 2025.

Currency in circulation stood at LBP52,376.2bn at the end of June 2026, as it declined by 2% from LBP53,419.7bn at end-May 2026, by 19% from LBP64,711.1bn at end-2025 and by 23.8% from LBP68,750.6bn at end-June 2025. Also, demand deposits in Lebanese pounds amounted to LBP45,774.6bn at the end of June 2026, as they grew by 4.6% from end-May 2026, regressed by 2.1% from end-2025 and rose by 6.7% from a year earlier.

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP138,819.2bn at the end of June 2026, constituting an increase of 2.5% from LBP135,424.8bn at end-June 2026, and decreases of 7.5% from LBP150,029.8bn at end-2025 and of 6% from LBP147,527.4bn at end-June 2025. Term deposits in Lebanese pounds totaled LBP40,668.4bn at the end of June, increasing by 6.3% from LBP38,250.1bn a month earlier and by 13.4% from LBP35,861bn at end-June 2025.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, stood at LBP5,887.3 trillion (tn) at the end of June 2026, with deposits in foreign currency totaling LBP5,723.5tn and debt securities of the banking sector amounting to LBP24,968.2bn at the end of June 2026. In parallel, M3 decreased by LBP135,385.3bn in the first half of 2026 due to a rise of LBP102,506.6bn in claims on the public sector and an increase of LBP24,805.4bn in other items, which were offset by a decline of LBP256,071.4bn in the net foreign assets of deposit-taking institutions and a decrease of LBP6,626bn 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 January 2024, 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.

Government signs $150m loan for digital acceleration project

The Ministry of Finance signed on August 10, 2026 a $150m loan agreement with the World Bank to finance part the $185m Lebanon Digital Acceleration Project (LDAP), which aims to modernize the public administration and advance digital government, while the balance of $35m will originate from commercial sources.

Further, the Ministry of State for Administrative Reform (OMSAR), which is the project's implementing agency, indicated that the LDAP is a national initiative that aims to digitize the public administration through strategic investments in data hosting and cloud infrastructure, cybersecurity, legal and regulatory frameworks, government digital platforms, the expansion of priority digital public services, and the development of human capital and institutional capabilities. It considered that the impact of the project extends beyond technology, as it seeks to strengthen public institutions, enable citizens to access public services more efficiently and conveniently, and support Lebanon's economic recovery and long-term growth. Also, it noted that OMSAR will exercise its supervisory and reporting prerogatives in accordance with Lebanese laws, including setting standards, adopting regulatory models, and coordinating public policies related to digital transformation.

The World Bank's Board of Executive Directors announced on January 27, 2026 that it has approved a $150m loan to Lebanon to cover most of the LDAP's cost. The distribution of the loan across the project's components shows that the cost of the Digital Foundations component stands at $87.5m, the budget of the Digital Enablers pillar is $80m, the allocation for the Digitalization of High-Impact Services component stands at $10m, and the budget of the Project Management and Citizen Engagement pillar totals $7.5m. Further, it expected disbursements for the LDAP at $7m in 2026, $22m in 2027, $43m in 2028, $45m in 2029, $20m in 2030 and $10m in 2031.

In addition, it pointed out that the front-end fee for the $150m loan constitutes 0.25% of the loan amount, while the commitment charge is 0.25% per year on the unwithdrawn loan balance. Also, it indicated that the interest rate on the loan is the reference rate combined with a variable spread, or the rate applicable after a conversion. It stated that the Lebanese government has to reimburse 2.94% of the loan's principal per installment on April 15 and October 15 of each year. starting on April 15, 2032 through April 15, 2048, and that the payment on October 15, 2048 will be 2.98% of the total principal.

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

In parallel, the World Bank stated that the LDAP is part of the Lebanon Digital Transformation Strategy (DTS) for the 2020–30 period, which is the guiding framework for digital transformation in Lebanon. It said that the DTS includes key recommendations such as enacting legal and institutional reforms; moving to a secure, standards-based architecture for digital government; implementing a digital ID, e-signature, and trusted data sharing; enabling people-centric digital services; strengthening cybersecurity and data protection; enhancing digital skills; and increasing stakeholder engagement. It added that it has been providing technical assistance to support OMSAR in defining an implementation roadmap for the DTS.

Banque du Liban's facilities to the Finance Ministry at $16.5bn at end-2025

In its annual report for 2025, Banque du Liban's (BdL) balance sheet shows total assets of LBP8,410 trillion (tn) at the end of 2025 relative to LBP8,328.4tn at the end of 2024. Further, BdL's Foreign Reserve Assets stood at $11.89bn on December 31, 2025 compared to $10.14bn at end-2024. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. It added that cash on hand and bank balances reached LBP683,669bn at end-2025 relative to LBP893,910.9bn at end-2024, accounts with international organizations and institutions totaled LBP8,986.8bn at end-2025 compared to LBP9,059.5bn a year earlier, and foreign securities and financial assets stood at LBP371,931.1bn at the end of 2025 relative to LBP4,088bn at end-2024. Also, the value of BdL's gold reserves reached $40.4bn at end-2025 compared to $24.1bn at end-2024.

In addition, BdL's financial portfolio totaled LBP587,294.7bn at end-2025, constituting an increase of 5.6% from LBP555,935.3bn a year earlier. Also, its securities portfolio reached LBP134,342.7bn at end-2025 and rose by 44.2% from LBP93,152.2bn at end-2024, and its holdings of Lebanese Treasury bills stood at LBP452,952bn at the end of 2025 and regressed by 2.1% from LBP462,783.1bn a year earlier. Further, loans that BdL extended totaled LBP1,527.9tn at end-2025 compared to LBP1,526.8tn at end-2024, as loans to the public sector reached LBP1,486,942.7bn at end-2025 and accounted for 97.4% of the total, followed by loans to the local financial sector with LBP39,708.4bn (2.6%), and loans to the private sector with LBP323.6bn (0.02%). It noted that loans to the public sector include facilities to the Ministry of Finance that represent payments on behalf of the Lebanese State in foreign currency that total $16.52bn. Also, loans to the public sector were unchanged, while loans to the local financial sector grew by 0.2% and loans to the private sector rose by 22.7% year-on-year. Further, BdL's tangible assets reached LBP2,343.5bn at end-2025 relative to LBP2,284.4bn at end-2024. Moreover, Deferred Open-Market Operations stood at LBP170,557.7bn at the end of 2025 compared to LBP141,696bn at end-2024. Also, gold and foreign currency revaluation differences totaled LBP1,268.5tn at end-2025 relative to LBP2,852.5tn at end-2024.

In parallel, BdL's balance sheet shows that its total liabilities reached LBP8,311 trillion (tn) at the end of 2025 relative to LBP8,270.5tn at the end of 2024. Also, deposits at BdL totaled LBP8,210.7tn at the end of 2025 relative to LBP8,181.1tn a year earlier, with the distribution of deposits showing that deposits of the financial sector reached LBP7,434.2tn, or the equivalent of $83.1bn, and accounted for 90.5% of the total, followed by public sector deposits at LBP772,183.1bn ($8.6bn) at end-2025 (9.4%), and private sector deposits at LBP4,270.1bn (0.1%). Further, currency in circulation outside BdL stood at LBP71,524.7bn at end-2025 compared to LBP65,564bn at end-2024.

In addition, BdL's total equity reached LBP99,031.6bn at the end of 2025 relative to LBP57,866.4bn at a year earlier; while its capital stood at LBP15m, unchanged from the end of 2024. Also, the revaluation differences on financial fixed assets stood at LBP96,381.5bn at end-2025 compared to LBP55,191bn at end-2024. Further, reserves totaled LBP2,499.3bn at end-2025 relative LBP2,524.7bn a year earlier, while grants reached LBP150.8bn at the end of 2025, unchanged from the end of 2024. Also, payables and transitional accounts totaled LBP7,991.bn at end-2025 compared to LBP4,501.7bn at end-2024, and included securities payable of LBP5,339.8bn at end-2025 relative to LBP2,894.5bn a year earlier, sundry creditors of LBP2,529.1bn at end-2025 compared to LBP1,485bn at end-2024, and clearing and settlement accounts of LBP122.3bn at end-2025 relative to LBP122.2bn a year earlier. Also, external borrowings reached LBP9,237bn at end-2025 compared to LBP9,595.2bn at end-2024, and provisions for risks and charges stood at LBP11,556.6bn at end-2025 relative to LBP9,743.1bn a year earlier.

UNDP to support Ministry of Public Works' institutional reforms

The Ministry of Public Works and Transport (MoPWT) signed on August 12, 2026 a Memorandum of Understanding (MoU) with the United Nations Development Program (UNDP) that establishes a strategic framework for cooperation to support institutional reforms, improve public service delivery, and advance sustainable infrastructure in Lebanon.

The UNDP indicated that the partnership aims to foster cooperation between the MoPWT and the UNDP across several national priorities, which include digital transformation, urban and territorial planning, sustainable public transport, maritime safety, as well as the sustainability and decarbonization of public assets. It added that the MoU provides a framework for cooperation on crisis prevention, response and recovery, and provides technical assistance and capacity development to strengthen the ministry's planning and implementation capacities.

Further, the UNDP indicated that the MoPWT's mandate covers airports, ports, land borders, infrastructure, and public transportation, but it noted that it is currently operating under significant human-resource constraints. It said that the ministry's priority is to provide its teams with the expertise and global experience required to achieve tangible reforms. It added that the MoU will support the ministry's capacity building, institutional strengthening and the implementation of reforms, and will help the latter translate its plans and solutions into concrete results. In addition, the UNDP indicated that the partnership reflects its shared commitment with the ministry to advance public sector reforms, strengthen infrastructure governance, and provide more efficient, resilient and sustainable public services across Lebanon.

CMA CGM's net profits at $770m in second quarter of 2026

The Lebanese-owned and France-based container-shipping firm CMA CGM declared consolidated net income of $770m in the second quarter of 2026, constituting an increase of 48% from net profits of $520m in the same quarter of 2025, while its revenues totaled $15.7bn in the second quarter of 2026 and grew by 19.2% from $13.2bn in the same period last year. Further, the company's earnings before interest, taxes, depreciation and amortization (EBITDA) stood at $3bn in the second quarter of the year, constituting a rise of 31% from $2.3bn in the same quarter of 2025.

The distribution of the company's revenues shows that, first, its consolidated revenues from maritime shipping operations stood at $10bn in the second quarter of 2026 and increased by 22% from $8.2bn in the same period last year, while the EBITDA from shipping activity reached $2.3bn and grew by 42.4% from $1.6bn in the second quarter of 2025. The firm indicated that it transported 6.3 million twenty-foot equivalent units (TEUs) in the second quarter of 2026, constituting an increase of 6% from 6 million TEUs in the same quarter of 2025, which led to average receipts of $1,575 per TEU in the covered quarter compared to an average of $1,368.4 per TEU in the second quarter of 2025. It said that, due 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 the constraints on navigation.

Second, it pointed out that revenues from its logistics operations, which include freight forwarding, contract logistics, finished vehicle logistics, customs, project logistics, and distribution, stood at $5bn in the second quarter of 2026 and increased by 8.5% from $4.6bn in the same period last year, while the corresponding EBITDA reached $388m in the covered quarter and decreased by 15.4% from $459m in the second quarter of 2025. It attributed the results to pressure on freight forwarding 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 $1.5bn in the second quarter of the year, and surged by 47.6% from $1bn in the same quarter of 2025. It noted that the EBITDA from these activities stood at $338m and jumped by 44.5% from $234m in the second quarter or 2025, driven by high level of profitability in its terminals business and the contribution of recently consolidated operations.

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.

MetLife ALICO declares audited net profits of LBP4,039bn in 2025

The audited balance sheet of insurance firm MetLife ALICO shows that the insurer had total assets of LBP45,952.8bn at the end of 2025 compared to LBP41,098.4bn at the end of 2024. On the assets side, general company investments reached LBP18,776.9bn at end-2025 relative to LBP17,004.8bn a year earlier. They included LBP4,357.1bn in cash & cash equivalent and LBP10,510.5bn in fixed income instruments. Further, the firm blocked LBP2,239.8bn in bank deposits with maturities of more than three months that include LBP897.3bn in favor of the Ministry of Economy & Trade as guarantees. Moreover, placements linked to investment units contracts reached LBP25,585.3bn at end-2025 relative to LBP22,626.4bn a year earlier.

Also, the reinsurance's share in technical reserves for the non-life category totaled LBP182.5bn at end-2025 and decreased by 11.7% from LBP206.6bn a year earlier, while reserves for the life segment reached LBP71.2bn at end-2025 and decreased by 11.6% from LBP80.5bn the end of 2024. Further, the deferred cost of policies totaled LBP153bn at end-2025 relative to LBP159.5bn at end-2024.

On the liabilities side, technical reserves for the non-life segment stood at LBP1,879bn at end-2025 compared to LBP1,753.3bn a year earlier, while technical reserves for the life category reached LBP2,989.3bn at end-2025 relative to LBP3,667bn at the end of 2024. Non-life technical reserves included outstanding claims reserves of LBP1,112.2bn that rose by 16.3%, unearned premium reserves of LBP665.1bn that increased by 1.2%, and LBP66.3bn in "reserves incurred but not reported" that declined by 38.7% from LBP108.2bn at end-2024. Also, provisions for risks and charges reached LBP637bn at end-2025 compared to LBP638.4bn at end-2024. Further, taxes and fees due stood at LBP322.6bn at end-2025 relative to LBP318.6bn a year earlier. In addition, the firm's shareholders' equity totaled LBP8,140.4bn at end-2025 relative to LBP2,371.8bn a year earlier. Further, MetLife ALICO declared audited net profits of LBP4,038.5bn in 2025 compared to net losses of LBP1,730bn in 2024.

In parallel, figures released by the Insurance Control Commission (ICC) indicate that the MetLife ALICO's gross written premiums stood at LBP7,208.6bn in 2025, with life premiums reaching LBP4,009.8bn and accounting for 55.6% of the total, followed by health premiums with LBP1,965.1bn (27.3%), and property & casualty premiums with LBP1,233.8bn (17.1%). Further, the ICC figures show that the insurer ranked in eight place in terms of gross written premiums in 2025, in first place in life premiums, and in 11th place in non-life premiums in 2025. MetLife ALICO had a 6.1% share of the local insurance market in 2025, with a 40.5% share of the life insurance market and a 3% share of the non-life insurance segment last year.

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 FC 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	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