

LEBANON THIS WEEK

In This Issue

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

Lebanon ranks 42nd in emerging markets, 12th in Arab world in terms of logistics infrastructure

Energy Ministry extends deadline of third licensing round for offshore oil and gas exploration

Banque du Liban's liquid foreign reserves at \$10.8bn, gold reserves at \$27.6bn at mid-March 2025

Beirut ranks 211th worldwide, 16th in Arab world in quality of living

Net foreign assets of financial sector up \$2.2bn in January 2025

Lebanon ranks 135th globally, second in Arab world in political freedoms

Ministry of Finance clarifies payment details of built property taxes

Consumer Price Index up 15.6% year-on-year in February 2025

International donor contributions at \$1.65bn in 2024

Lebanon has 18,542 manufacturing operations, Mount Lebanon accounts for 52% of total

Currency in circulation up 59% in 12 months ending January 2025

Ministry of Finance details exemptions from fines on delayed payments of taxes and fees

Corporate Highlights.....12

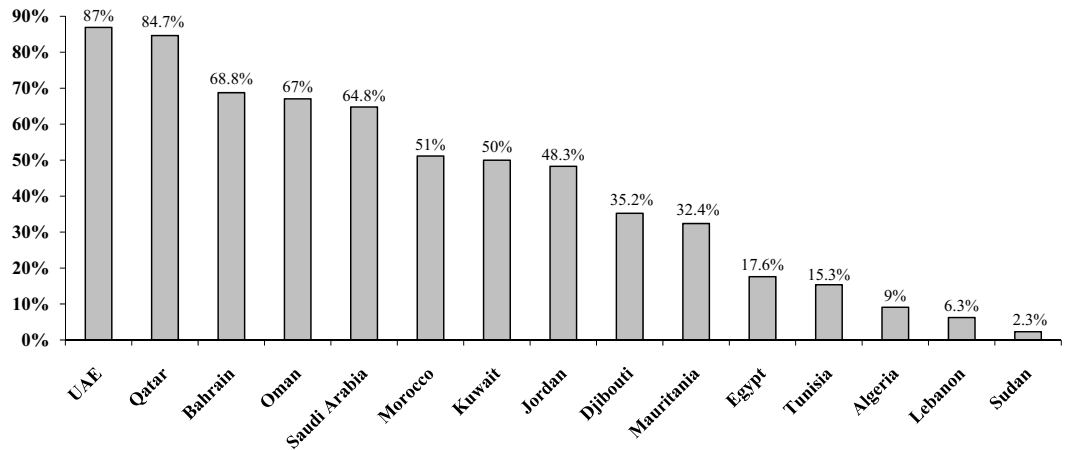
Private sector deposits at \$88.6bn at end-January 2025

Non-life premiums up 15% to \$1.1bn in 2024

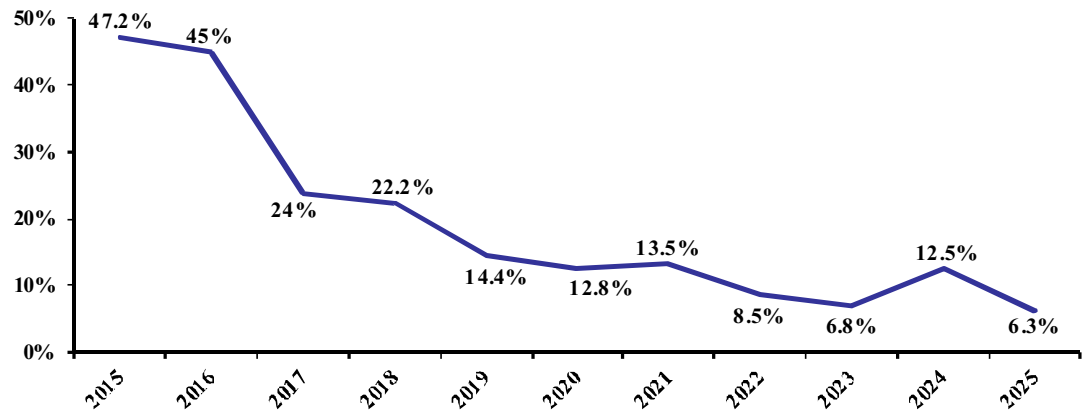
Ratio Highlights.....14
National Accounts, Prices and Exchange Rates14
Ratings & Outlook.....14

Charts of the Week

Percentile Rankings of Arab Countries on the Index of Economic Freedom for 2025



Percentile Rankings of Lebanon on the Index of Economic Freedom for 2025



Source: Heritage Foundation, Index of Economic Freedom for 2025, Byblos Bank

Quote to Note

"A comprehensive strategy for economic rehabilitation is critical to restore growth, reduce unemployment, and improve social conditions."

The International Monetary Fund, on the need for the Lebanese authorities to develop a structural reforms plan

Number of the Week

\$1.3bn: Estimated losses to the Lebanese tourism sector from the Israeli war, according to the World Bank

Lebanon in the News

\$m (unless otherwise mentioned)	2022	2023	2024	% Change*	Dec-23	Nov-24	Dec-24
Exports	3,492	2,995	2,707	-9.6%	240,037	177,565	212,165
Imports	19,053	17,524	16,902	-3.5%	1,302,640	1,306,294	1,185,226
Trade Balance	(15,562)	(14,529)	(14,195)	-2.3%	(1,062,603)	(1,128,729)	(973,061)
Balance of Payments	(3,197)	2,237	6,437	187.7%	591.3	(984.4)	(792.4)
Checks Cleared in LBP**	27,146	4,396	877	-80.0%	404	43	69
Checks Cleared in FC**	10,288	3,292	1,299	-60.5%	183	93	81
Total Checks Cleared**	37,434	7,688	2,176	-71.7%	587	136	150
Fiscal Deficit/Surplus	-	380.5	297.4	-21.8%	-	-	-
Primary Balance	-	-	-	-	-	-	-
Airport Passengers	6,360,564	7,103,349	5,624,402	-20.8%	481,470	151,073	379,910
Consumer Price Index	171.2	221.3	45.2	-79.6%	192.3	15.4	18.1

\$bn (unless otherwise mentioned)	Dec-23	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	% Change*
BdL FX Reserves	9.64	10.51	10.65	10.22	10.10	10.09	4.6%
In months of Imports	-	-	-	-	-	-	-
Public Debt	-	-	-	-	-	-	-
Bank Assets	115.25	104.56	103.88	103.40	103.02	102.76	-10.8%
Bank Deposits (Private Sector)	94.75	90.41	89.54	89.21	88.93	88.65	-6.4%
Bank Loans to Private Sector	8.32	6.59	6.04	6.07	5.99	5.65	-32.1%
Money Supply M2	6.72	1.25	1.23	1.22	1.22	1.46	-78.3%
Money Supply M3	77.75	70.69	69.88	69.64	69.39	69.26	-10.9%
LBP Lending Rate (%)	3.97	5.11	3.99	6.78	6.78	5.61	41.3%
LBP Deposit Rate (%)	0.55	0.86	0.93	2.34	1.17	3.58	550.9%
USD Lending Rate (%)	1.95	2.59	1.48	1.97	4.41	3.70	89.7%
USD Deposit Rate (%)	0.03	0.04	0.02	0.03	0.03	0.03	0.0%

*year-on-year

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

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

Capital Markets

Most Traded Stocks on BSE*	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
BLOM GDR	5.50	(3.3)	135,000	1.8%	Jun 2025	6.25	17.6	2,185.13
Audi Listed	2.65	(3.3)	24,415	6.8%	Nov 2026	6.60	17.6	136.08
Solidere "A"	95.35	(6.6)	20,982	41.7%	Mar 2027	6.85	17.6	109.05
Solidere "B"	89.00	(12.7)	3,540	25.3%	Nov 2028	6.65	17.6	54.43
BLOM Listed	7.00	0.0	1,000	6.6%	Feb 2030	6.65	17.6	38.59
Audi GDR	2.35	0.0	-	1.2%	Apr 2031	7.00	17.6	30.72
Byblos Common	1.01	0.0	-	2.5%	May 2033	8.20	17.6	22.49
HOLCIM	86.00	0.0	-	7.3%	July 2035	12.00	17.6	17.51
Byblos Pref. 09	29.99	0.0	-	0.3%	Nov 2035	7.05	17.6	17.06
Byblos Pref. 08	25.00	0.0	-	0.2%	Mar 2037	7.25	17.6	15.01

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

Source: Refinitiv

	Mar 17-21	Mar 11-14	% Change	February 2025	February 2024	% Change
Total shares traded	184,937	115,916	59.5	801,588	1,129,048	(29.0)
Total value traded	\$3,206,683	\$3,444,869	(6.9)	\$22,449,444	\$65,758,842	(65.9)
Market capitalization	\$22.84bn	\$24.42bn	(6.5)	\$24.45bn	\$17.99bn	35.9

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 42nd in emerging markets, 12th in Arab world in terms of logistics infrastructure

Transport Intelligence, a research firm for the logistics industry, ranked Lebanon in 42nd place among 50 emerging markets (EMs) and in 12th place among 13 Arab countries on its Agility Emerging Markets Logistics Index for 2025. In comparison, Lebanon came in 38th place globally and in 11th place in the Arab world on the 2024 index. Based on the same set of countries in the 2024 and 2025 surveys, Lebanon's global rank deteriorated by four notches, while its Arab rank regressed by one spot from the 2024 survey.

The index compares a country's prevailing operational environment to its current logistics opportunities and potential. The index is an average of four equally weighted sub-indices that are Domestic Logistics Opportunities, International Logistics Opportunities, Business Fundamentals, and Digital Readiness. A country's score ranges between zero and 10 points, with a higher score reflecting a better performance on the index.

Lebanon has a more developed logistics infrastructure than Nigeria, Bolivia, and Ethiopia, and a less developed logistics environment than Bangladesh, Ukraine, and Uganda among EM economies. Lebanon received a score of 4.37 points on the 2025 index, lower than the EM average score of 5 points and the Arab average score of 5.09 points. It came also lower than the Gulf Cooperation Council (GCC) countries' average score of 5.61 points and the non-GCC Arab countries' average score of 4.65 points.

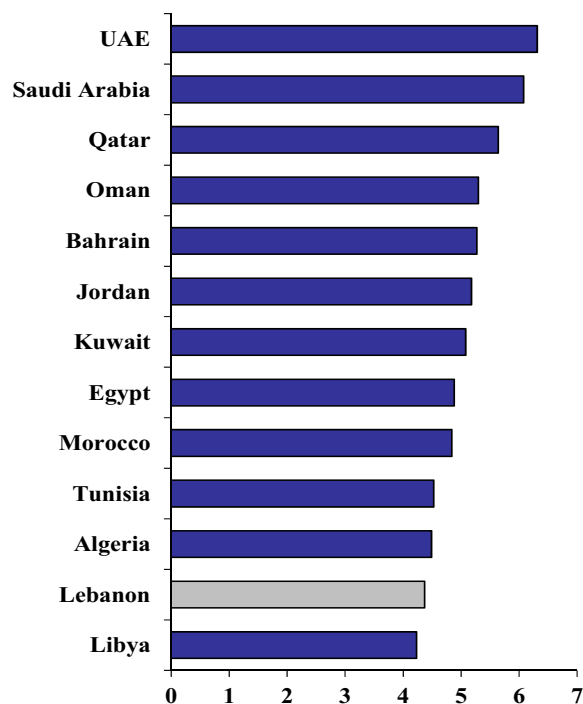
Lebanon preceded Jordan, Peru and Algeria, and trailed South Africa, Nigeria and Uruguay among EMs on the Domestic Logistics Opportunities Sub-Index. This category measures the size and growth of a country's economy, population and logistics markets, as well as income equality, urbanization levels, and the development of business clusters in the country. Lebanon came ahead of only Algeria, Libya, Morocco and Tunisia among Arab countries on this category.

In addition, Lebanon ranked ahead of only Tanzania and Venezuela, among EMs on the International Logistics Opportunities Sub-Index. This category assesses the internal and external demand for a country's trade-related logistics services and the capacity of individual markets to facilitate cross-border logistics operations. It also measures the connectedness of a country's infrastructure, as well as the time needed and the cost for border procedures. Lebanon came in last place among Arab countries on this segment.

Further, Lebanon preceded Iran, Myanmar and Bangladesh, and trailed Brazil, Pakistan and Uganda among EMs on the Business Fundamentals Sub-Index. This category assesses a country's credit and debt dynamics, contract enforcement and anti-corruption frameworks, inflation and price stability, the cost of crime and violence, as well as a country's market accessibility and domestic stability. Lebanon came ahead of only Libya among Arab economies on this category.

Also, Lebanon ranked ahead Mozambique, Tunisia and Algeria, and came behind Ethiopia, Pakistan and Bolivia among EMs on the Digital Readiness Sub-Index. This category measures the potential and progress of a country to become a digitally-led, skills rich, innovation-oriented. It assesses the availability of enterprise financing as well as the willingness and ability of entrepreneurs to take risks. Lebanon came ahead of only Tunisia, Algeria, and Libya regionally. Transport Intelligence conducted the survey between October and December 2024 based on the response of more than 550 professionals in the logistics industry.

Agility Emerging Markets Logistics Index for 2025 Scores & Rankings of Arab Countries



Source: Transport Intelligence, Byblos Research

Components of the 2025 Agility Emerging Markets Logistics Index

	EM Rank	Arab Rank	Lebanon Score	EM Average Score	Arab Average Score
Domestic Logistics Opportunities	30	8	4.78	5.00	4.97
International Logistics Opportunities	48	13	4.26	4.00	4.82
Business Fundamentals	39	12	3.72	4.99	5.96
Digital Readiness	42	10	4.39	5.00	5.08

Source: Transport Intelligence, Byblos Research



Energy Ministry extends deadline of third licensing round for offshore oil and gas exploration

The Ministry of Energy and Water issued Decision No. 2 dated March 17, 2025 that extended the deadline for the submission of applications for the third licensing round for offshore oil and gas exploration in Lebanon's territorial waters to November 28, 2025. It said that it postponed the deadline based on the approval of the Council of Ministers and on the recommendation of the Lebanese Petroleum Administration (LPA).

The ministry attributed its decision to the opinion of the LPA of the need for Lebanon to remain on the petroleum map in the East Mediterranean as an attractive destination for investments in the exploration of its offshore petroleum resources, to give the government the necessary time to take measures to stabilize the economy given the country's economic and financial conditions, as well as to the regional and international developments that may affect the investment environment in the oil and gas sector, as well as to provide companies with opportunities to invest in the petroleum sector by giving them an additional chance to submit applications to participate in the third licensing round.

The ministry had launched the process on December 26, 2023 for the third licensing round, following the Council of Ministers' approval on December 19, 2023, and indicated at the time that the deadline to submit the applications is July 2, 2024. It then announced on June 24, 2024 that it has extended the deadline to March 17, 2025.

The LPA indicated that interested companies must submit Licensing Round Applications (LRA) to the ministry and to the LPA, as per the procedure defined in the tender protocol, and that the deadline to submit the applications is November 28, 2025. It added that interested companies must first inform the LPA in writing, and that individual firms must join together in consortiums of at least three companies and submit an LRA to seek pre-qualification as Right Holder - Operator or Right Holder - Non-Operator, and to obtain an Exploration and Production Agreement.

The LPA stated that nine blocks are open for bidding for the third licensing round that consist of Block 1 and Block 2, which are located in the north of Lebanon's offshore Exclusive Economic Zone; Block 3, Block 4, Block 5, Block 6 and Block 7 in the center of the zone; as well as Block 8 and Block 10 that are in the south of Lebanon's territorial waters. It added that Block 9 is the only block with Exclusive Petroleum Rights. The Right Holders in Block 9 are the operator TotalEnergies EP Block 9 that holds a 35% stake, as well as the non-operators Eni Lebanon BV that has a 35% interest and QatarEnergy International Investments (2) LLC that holds a share of 30%. The LPA indicated that the authorities selected the blocks open for bidding based on the priorities and goals of the upstream oil and gas sector and the objectives of the third offshore licensing round.

TotalEnergies, which is the operator of the consortium that won bids for the exploration of oil and gas in Block 4 and Block 9 of Lebanon's territorial waters, started drilling in Block 9 in August 2023. But it informed the ministry and the LPA in September 2023 about the technical difficulties that it has faced during the drilling operations, and has asked the ministry to update the drilling license. Further, the operator noted that it could not continue to drill in the original site due to the presence of rocks that prevent the insertion of the 36-inch wide iron device inside the seabed. It added that it faced the option of either changing the location of the well to a nearby area to avoid the rocks, or utilizing a 40-inch wide drilling head to insert the 36-inch iron shirt based on the geological report of August 31, 2023. As such, TotalEnergies indicated that, given the extended period of time that the second option will take, it chose the first option, which is to modify the well's location by 31.7 meters from the original site.

Also, TotalEnergies announced in April 2020 that the results of the drilling of Lebanon's first exploration well of oil and gas in Block 4 were "negative". It indicated that it found evidence of traces of gas in the well, which confirms the presence of a hydrocarbon system in Lebanon's territorial waters. However, it said that it did not find reservoirs in the Tamar formation, which was the main target of the exploration well that is located 30 kilometers offshore of Beirut. It pointed out that despite the "negative" results, the exploration has provided valuable information that will be incorporated in future complementary studies about the exploration potential of Lebanon's offshore Exclusive Economic Zone. Further, the LPA said that the first exploration period in Block 4 of Lebanon's territorial waters ended in accordance with the applicable laws and the Exploration and Production Agreement related to this block, and that TotalEnergies did not enter the second exploration period and relinquished its rights to the entire block.

Banque du Liban's liquid foreign reserves at \$10.8bn, gold reserves at \$27.6bn at mid-March 2025

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,376.9 trillion (tn) on March 15, 2025, relative to LBP8,351.6tn at the end of February 2025 and to LBP8,370.7tn at mid-February 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 noted that its decision is in accordance with the Central Council's Decision 13588 dated October 25, 2023, in order to ensure the alignment of the balance sheet entries with international standards and with the implementation of international best practices.

BdL's Foreign Reserve Assets stood at \$10.75bn at mid-March 2025, compared to \$10.53bn at end-February 2025, to \$10.53bn at mid-February 2025 and to \$9.64bn at mid-March 2024. Also, they contracted by \$402.1m in October, by \$113m in November, by \$15.2m in December 2024, and increased by \$252.8m in January and by \$141.1m in February, and by \$217.4m in the first half of March 2025. As such, BdL's Foreign Reserve Assets increased by \$611.2m in the first 10 weeks of 2025 and by \$2.17bn between the end of July 2023 and mid-March 2025. 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.

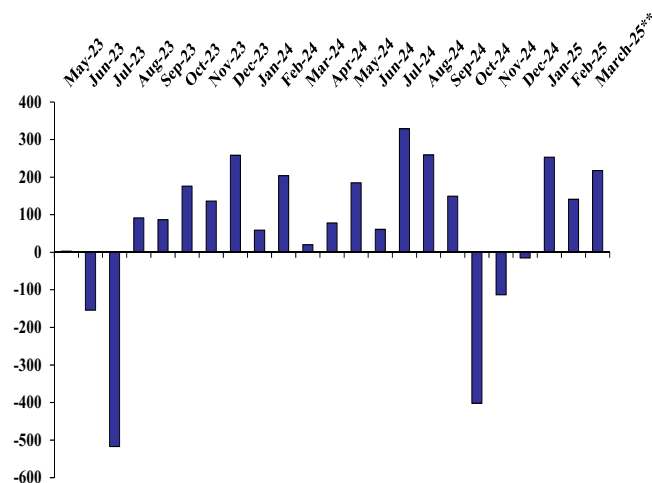
Further, the value of BdL's gold reserves reached a new peak of \$27.6bn on March 15, 2025 compared to \$26.4bn at end-February 2025. Also, BdL's securities portfolio totaled LBP554,625bn at mid-March 2025 relative to LBP555,088.6bn at end-February 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of \$974.4m on March 15, 2025 relative to \$985.4m at end-February 2025 and to \$962.1m on February 15, 2025. Prior to the modifications, BdL included the nominal value of its Lebanese Eurobonds portfolio in the foreign assets item. In addition, loans to the local financial sector stood at LBP41,329.6bn at mid-March 2025 compared to LBP41,470.8bn at end-February 2025.

Moreover, Deferred Open-Market Operations totaled LBP148,219bn on March 15, 2025 relative to LBP145,989bn at end-February 2025. BdL said that, based on the Central Council's decision 23/36/45 of December 20, 2023, it has started to present all deferred interest costs originating from open-market operations under this new line item. As a result, it transferred all deferred interest costs included in the "Other Assets" and "Assets from Exchange Operations" entries to the new item. Therefore, the item "Other Assets" stood at LBP22,615.7bn at mid-March 2025 relative to LBP21,937.7bn two weeks earlier.

Also, the Revaluation Adjustments item on the asset side reached LBP2,689,552bn at mid-March 2025 relative to LBP2,795,288bn at end-February 2025. It consists of a special account called the "Exchange Rate Stabilization Fund", in which BdL recorded all the transactions related to foreign exchange interventions to stabilize the exchange rate starting in 2020 and that had a balance of LBP164.18tn at mid-March 2025 relative to LBP164.04tn at end-February 2025. It also consists of a special account in the name of the Treasury that stood at LBP2,525.4tn at mid-March 2025 compared to LBP2,631.2tn at end-February 2025. The account includes the differences between the countervalue at the official exchange rate of BdL's gold and currency holdings and the value of these holdings at the market exchange rate, as well as the profits or losses on BdL's gold and currency holdings from the modification of the official exchange rate of the Lebanese pound or of a foreign currency exchange rate. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,487,011bn at mid-March 2025 relative to LBP1,486,997bn two weeks earlier.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP86,135bn on March 15, 2025 compared to LBP85,051bn at end-February 2025, and represented an increase of 47.7% from LBP58,298bn at mid-March 2024. Further, the deposits of the financial sector reached LBP7,614.9tn, or the equivalent of \$85.1bn, at mid-March 2025 relative to LBP7,602.1tn or \$84.94bn at end-February 2025, and to LBP7,791.1tn or \$87.1bn at mid-March 2024; while public sector deposits at BdL totaled LBP580,731.6bn at mid-March 2025 compared to LBP570,155.5bn at end-February 2025 and to LBP402,660bn at mid-March 2024.

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



*month-on-month change

**as at mid-March 2025, change from end-February 2025

Source: Banque du Liban, Byblos Research

Beirut ranks 211th worldwide, 16th in Arab world in quality of living

The Quality of Living Survey in 241 cities around the world by global consulting firm Mercer ranked Beirut in 211th place globally and in 16th place among 22 cities in the Arab world for overall living standards in 2024. Also, Beirut came in 32nd place among 46 cities in lower middle-income countries (LMICs) included in the survey. In comparison, Beirut ranked in 208th place globally among 241 cities and in 16th place among 22 Arab cities in the 2023 survey.

The survey evaluates cities on the basis of 39 key quality-of-living determinants grouped in 10 categories consisting of consumer goods, economic environment, housing, medical and health considerations, natural environment, political and social environment, public services and transport, recreation, schools and education, and socio-cultural environment. It uses New York City as the base city for the index and compares all cities against it. Mercer noted that the methodology was developed by an international team of professionals, working closely with major multinational companies and other experts in the field.

On a global basis, the quality of living in Beirut is better than it is in Abidjan in Côte d'Ivoire, Bishkek in Kyrgyzstan and Tehran in Iran, and is less appealing than in Kyiv in Ukraine, Lome in Togo and Douala in Cameroon. Also, the quality of living in Beirut is better than in Nouakchott in Mauritania, Tripoli in Libya and Damascus in Syria, and is less appealing than in Cairo, Algiers and Djibouti among Arab cities in 2024.

Zurich has the highest quality of living in the world and Dubai remains the city with the best living standards in the Arab world, while the survey considered Khartoum to be the world's least appealing city in terms of living conditions. Mercer conducts the survey to help multinational companies assess international hardship allowances and incentives for their expatriate workers. Mercer is a global consulting firm in human resources and related financial advice, products and services.

Quality of Living Rankings in 2024

City	Arab Rank	Global Rank	Change in Rank*
Dubai	1	83	-4
Abu Dhabi	2	85	-1
Doha	3	109	8
Muscat	4	119	-1
Rabat	5	127	-
Tunis	6	129	2
Amman	7	135	1
Casablanca	8	137	-3
Kuwait City	9	139	2
Manama	10	142	2
Jeddah	11	164	8
Riyadh	12	169	2
Cairo	13	184	5
Algiers	14	190	-5
Djibouti	15	198	-
Beirut	16	211	-3
Nouakchott	17	226	1
Tripoli	18	232	1
Damascus	19	235	-
Sanaa	20	238	-
Baghdad	21	240	-
Khartoum	22	241	-

*from 2023; (+) denotes improvement in rank
Source: Mercer 2025, Byblos Research

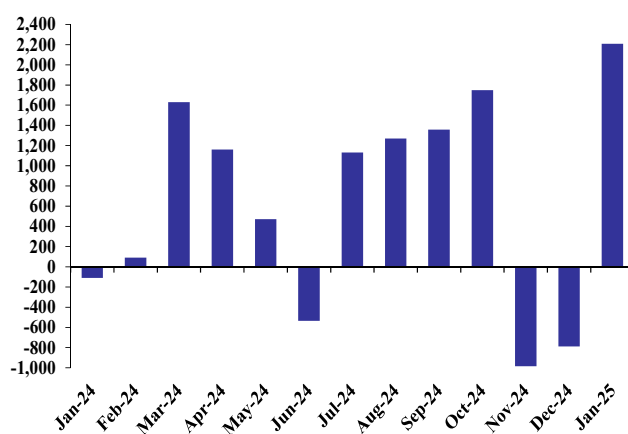
Net foreign assets of financial sector up \$2.2bn in January 2025

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, increased by \$2.21bn in January 2025, compared to decreases of \$792.4m in December 2024 and of \$111m in January 2024.

The surplus in the first month of 2025 was caused by increases of \$1.9bn in the net foreign assets of BdL and of \$283.4m in those of banks and financial institutions.

The cumulative rise in BdL's net foreign assets reserves in January 2025 is due mainly to increases of \$1.67bn in BdL's gold reserves and of \$252.6m in its foreign currency reserves. Also, the improvement in the banks' net foreign assets in January 2025 is mostly due to the decline in their foreign liabilities, driven mainly by a decrease of \$25.2m in liabilities to the non-resident customer deposits, which was offset by increases of \$152.1m in claims on non-resident financial sector and of \$24.7m in non-resident financial sector liabilities.

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



*change in each month
Source: Banque du Liban, Byblos Research

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



Lebanon ranks 135th globally, second in Arab world in political freedoms

In its annual survey on political freedoms in 208 countries and territories, non-profit organization Freedom House ranked Lebanon in 135th place worldwide and in second place among 21 Arab countries and territories in its Freedom in the World index for 2025. In comparison, Lebanon came in 131st place globally and in second place regionally in the 2024 report. Based on the same set of countries in the 2024 and 2025 surveys, Lebanon's global rank deteriorated by four notches, while its Arab rank was unchanged from the 2024 survey.

The survey is composed of two sub-indices that consist of the Political Rights Sub-Index, which has a scale from zero to 40, and the Civil Liberties Sub-Index with a scale from zero to 60. The survey ranks countries based on the combined score of the two sub-indices that ranges from zero to 100, with 100 points representing the highest degree of freedom and a score of zero points reflecting the lowest level. The combined average of the ratings determines a country's status as politically "Free", "Partly Free", or "Not Free".

Globally, Lebanon has the same level of political freedoms as Abkhazia and Mauritania, while it has a higher level than Indian Kashmir, Morocco, and Tanzania, and a lower level of political freedoms than Mozambique, Togo, and Hong Kong. Also, the survey classified Lebanon in the "Partly Free" category, unchanged since 2005 when it was upgraded from the "Not Free" category. Further, Lebanon's political freedoms score stood at 39 points, below the global average of 55.23 points and the average of 52.85 points of the "Partly Free" category, but significantly higher than the Arab countries' average rating of 22.2 points.

Lebanon tied with Morocco, preceded Jordan and Mozambique, and trailed Mauritania and Togo on the Political Rights Sub-Index, which reflects the citizens' ability to participate freely in the political process. Lebanon came in third place in the Arab region on this category, and ranked behind Iraq and Mauritania. Also, Lebanon received a rating of 13 points out of a maximum of 40 points on this indicator, compared to the global average of 21.5 points and to the Arab average of 6.1 points.

In addition, Lebanon tied with Comoros, Guinea-Bissau, Honduras and Somaliland, came ahead of Niger, Kuwait and Mauritania, and ranked behind The Gambia, Ukraine and Togo on the Civil Liberties Sub-Index. This category reflects the freedoms of expression and belief, associational and organizational rights, the rule of law, and personal autonomy. Lebanon came in second place in the Arab region on this category behind Tunisia. Further, Lebanon received a rating of 26 points out of a maximum of 60 points on this sub-index, relative to the global and Arab averages of 33.8 points and 16.1 points, respectively. In parallel, the survey classified 86 countries and territories in the "Free" category, 55 countries and territories in the "Partly Free" category and 67 countries and territories in the "Not Free" category. It indicated that 41.3% of the global population lives under political systems that are "Free", 26.4% are in systems that are "Partly Free", and 32.2% live under political systems that are "Not Free".

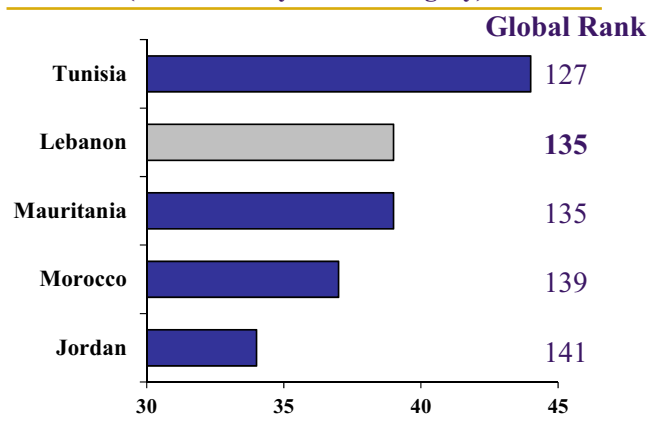
Ministry of Finance clarifies payment details of built property taxes

The Ministry of Finance issued Decision 335/1 dated March 11, 2025 that specifies the minutes of the implementation of articles 51, 52 and 53 of Law 324, or the Budget Law for 2024, dated February 12, 2024.

Article 51 amended the brackets of the built property tax and kept the tax rates unchanged. It raised the ceiling of the lowest bracket from LBP120m to LBP1.2bn, the ceiling of the second segment from LBP240m to LBP2.4bn, the ceiling of the third bracket from LBP360m to LBP3.6bn, the ceiling of the fourth segment from LBP600m to LBP6bn, and the ceiling of the upper bracket from amounts exceeding LBP600m to sums exceeding LBP6bn. Further, the decision stipulated that the net annual revenues from built properties will be subject to a tax of 4% for the lowest bracket, or for revenues that do not exceed LBP2.2bn annually; of 6% for receipts between LBP2.2bn and LBP2.4bn; of 8% on income in excess of LBP2.4bn and that does not exceed LBP3.6bn, of 11% for receipts of more than LBP3.6bn and less than LBP6bn; and of 14% for revenues in excess of LBP6bn. Also, the decision indicated that, according to the tax administration's formula to calculate the amounts to be paid, the tax due has a ceiling of LBP1.065bn for the 4% rate, a maximum of LBP2.265bn for the 6% tax rate, a ceiling of LBP3.465bn for the 8% rate, a maximum of LBP5.865bn for the 11% tax rate, and exceeds LBP5.865bn for the 14% rate.

Article 52 stipulated that taxpayers who generate a rental income of more than LBP1.2bn per year from a built property, starting from January 1, 2024, have to submit a related tax declaration before April 1 of the following year. In addition, it provided a deduction of LBP100m for the net taxable revenues of each built property in case it is inhabited by its owner. Also, the decision stipulates that the tax administration will impose a penalty of 10% for each month of delay in submitting the tax declaration, and a penalty of 2% for each month of delay in paying the tax. Article 53 raised the deduction on the taxable amount of the net annual revenues from residential built properties from LBP40m to LBP360m starting from the beginning of 2024 and for up to two residences only. The decision states that individuals retain the right of the deduction starting from the date they inhabit the property and that the passage of time does not cancel this right.

**Freedom in the World Index 2025
Arab Countries' Scores & Rankings
(in the "Partly Free" Category)**



Source: Freedom House, Byblos Research

Consumer Price Index up 15.6% year-on-year in February 2025

The Central Administration of Statistics' Consumer Price Index increased by 16% in the first two months of 2025 from the same period of 2024. In comparison, it grew by 147.2% and by 156.1% in the first two months of 2024 and 2023, respectively, from the corresponding periods of the previous years.

The CPI rose by 15.6% in February 2025 from the same month of 2024 and registered its 12th double-digit increase since July 2020. The slowdown of the inflation rate from triple-digit increases is due in part to the widespread dollarization of consumer goods and services in the economy, and to the stabilization of the exchange rate of the Lebanese pound against the US dollar since July 2023. However, the cumulative surge in the inflation rate is due in part to the repeated increase in customs tariffs, to the rise of the cost of education, healthcare, rent and food prices, to the surge of fees in the public administration, and to the inability of the authorities to monitor and contain retail prices. It is also due to the impact of rising transportation costs and insurance rates on imported goods in the wake of the war in the Gaza Strip and the escalation of the Israeli war in Lebanon up until the end of November 2024.

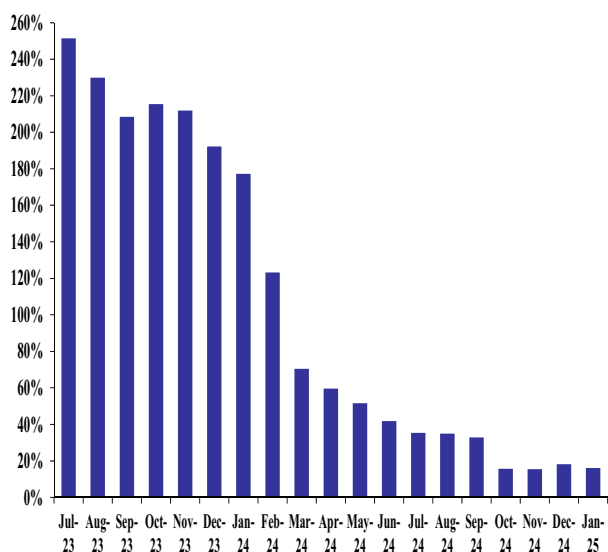
The costs of education, miscellaneous goods & services and imputed rent surged by 1.3 times each in February 2025 from the same month of 2024. Also, rates at restaurants & hotels, healthcare costs, the prices of food & non-alcoholic beverages and actual rent increased by 1.2 times each in February 2025 from February 2024. Further, the prices of alcoholic beverages & tobacco rose by 14.8% year-on-year in February 2025, followed by the costs of clothing & footwear (+14.4%), the prices of water, electricity, gas & other fuels (+9.1%), transportation costs (+8.9%), and the price of recreation & entertainment (+5%). In contrast, the prices of furnishings & household equipment decreased by 8.2% in February 2025 from the same month of the previous year, followed by the cost of communication (-2.8%). Also, the distribution of actual rent shows that new rent surged by 27.6% and old rent increased by 5.1% in February 2025 from the same month of 2024.

In parallel, the CPI increased by 0.66% in February 2025 from the previous month, relative to an uptick of 1.1% in January 2025, a rise of 2.4% in December, an increase of 2.3% in November, a growth of 2% in October, a downturn of 0.2% in September, and to upticks of 0.64% in August, of 2% in July, of 0.3% in June, and of 0.02% in May 2024.

The cost of imputed rent surged by 9.2% in February 2025 from January 2025, followed by actual rent (+1.53%), the cost of recreation & entertainment (+1.38%), the prices of food & non-alcoholic beverages (+1.3%) and transportation costs (+1.28%). Also, the prices of water, electricity, gas & other fuels grew by 0.84% in February 2025 from the previous month, followed by rates at restaurants and hotels (+0.64%), the cost of miscellaneous goods & services (+0.58%), the prices of alcoholic beverages and tobacco (+0.47%), healthcare costs (+0.37%), and the costs of education (+0.15%). In contrast, the prices of furnishings & household equipment decreased by 5.46%, month-on-month in February 2025, followed by the prices of clothing & footwear (-3.45%) and the cost of communication (-0.02%).

Also, the distribution of actual rent shows that new rent increased by 2.36%, while old rent rose grew by 0.37% month-on-month in February 2025. Further, the CPI increased by 1% in Mount Lebanon, by 0.95% in the Nabatieh area, by 0.8% in the North, by 0.74% in the Bekaa region, by 0.46% in Beirut, and by 0.09% in the South. In parallel, the Fuel Price Index rose by 2.47% and the Education Price Index increased by 0.17% in January 2025.

Annual Change in Consumer Price Index* (%)



*from the same month of the previous year

Source: Central Administration of Statistics, Byblos Research

International donor contributions at \$1.65bn in 2024

Figures released by the United Nations (UN) show that international donors disbursed \$1.65bn in humanitarian and development aid to Lebanon in 2024 and committed grants of \$704m for 2025 and beyond. It noted that Germany disbursed \$332.6m, which accounted for 20.2% of total grants last year, followed by the U.S. with \$329.3m (20%), the European Union with \$296.5m (18%), France with \$137.9m (8.4%), the United Kingdom with \$86.1m (5.2%), Canada with \$48.4m (3%), the Netherlands with \$39.7m (2.4%), Norway with \$38.3m (2.3%), Italy with \$33.2m (2%), and Switzerland with \$24.2m (1.5%) as the top 10 donors to Lebanon.

Further, it pointed out that donors extended \$80.35m to the Lebanon Humanitarian Fund (LHF) in 2024, \$14.4m were carried over from 2023, and that Ireland and Canada committed \$3.5m to the LHF for 2025 and beyond. Germany disbursed \$32.8m to the LHF last year, or 40.8% of the total, followed by Denmark with \$7.9m (9.8%), Italy with \$6.4m (8%), Ireland with \$5.9m and Switzerland with \$5.86m (7.3% each), the United Kingdom with \$5.82m (7.2%), and Belgium with \$4.34m (5.4%) as the top donors to the LHF.

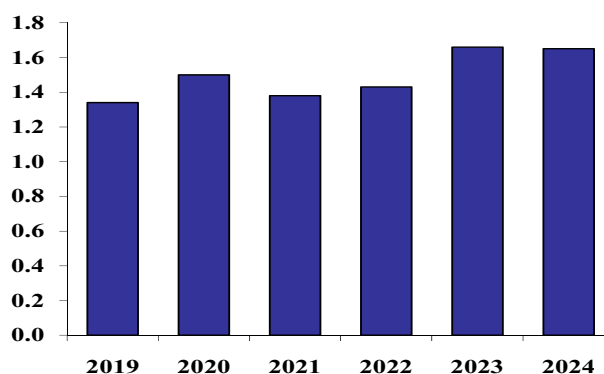
In addition, the UN indicated that international contributions to the Lebanon Response Plan (LRP) reached \$1.02bn in 2024 and represented 37.6% of the \$2.72bn that the LPR appealed for to assist the affected Lebanese and non-Lebanese individuals in the country during the year. It also noted that it carried \$300.7m from funding it received in 2023, which is equivalent to 11.5% of the total appealed funds in 2024, which resulted in aggregate funding of \$1.32bn last year. As such, it said that international contributions covered 49% of the funds it requested, resulting in a funding gap of \$1.4bn, or 51% in 2024. It added that donors allocated \$328m for 2025 and beyond.

It pointed out that financial disbursements for food security under the LRP reached \$238.7m at the end of 2024, or 18% of the total, followed by funds for basic assistance with \$227.7m (17.2%), the education sector with \$191m (14.4%), support for social protection with \$158m and the healthcare sector with \$157m (12.2% each), social stability with \$104.8m (7.9%), the water, sanitation and hygiene (WASH) sector with \$101m (7.6%), livelihoods with \$90.3m (6.8%), shelter with \$21.4m (1.6%), and nutrition with \$5.6m (0.4%). It added that it did not allocate the remaining \$28.5m (2.1%) yet.

In parallel, the UN said that international contributions to the Flash Appeal, which the Lebanese government and the UN launched on October 1, 2024, reached \$303.2m in 2024 and represented 71.2% of the \$425.7m that the two sides requested to allow partners to rapidly deliver humanitarian assistance to war-affected individuals. It also noted that it carried \$800,000 from funding it received in 2023, which is equivalent to 0.2% of the total appealed funds in 2024, and which resulted in aggregate funding of \$304m last year. As such, it said that international contributions covered 71.4% of the funds it requested, resulting in a funding gap of \$121.7m, or 28.6% in 2024. It added that donors allocated \$43.2m for 2025 and beyond.

It indicated that financial disbursements for food security under the Flash Appeal reached \$68.3m at the end of 2024, or 22.5% of the total, followed by funds for the healthcare sector with \$60.5m (20%), basic assistance with \$35.6m (11.7%), support to social protection with \$17.9m (6%), the WASH sector with \$13.6m (4.5%), shelter with \$9.5m and the education sector with \$9.4m (3.1% each), logistics with \$8.1m (2.7%), livelihoods with \$6.5m (2.1%), nutrition with \$3.7m (1.2%), site management with \$2.2m and community engagement with \$2.1m (0.7% each), social stability with \$1.8m (0.6%), and emergency telecommunications with \$0.23m (0.1%). It added that it did not allocate the remaining \$64.7m (21.3%) yet.

International Donor Contributions (in US\$bn)



Source: United Nations, Byblos Research

Lebanon has 18,542 manufacturing operations, Mount Lebanon accounts for 52% of total

Figures compiled by the Directory of Exports and Industrial Firms in Lebanon (DEIFL) show that there were 18,542 manufacturers in Lebanon listed in various sources such as ministries, chambers of commerce, and municipalities, among others, at the end of 2024. It said the figure includes 8,771 manufacturers that the DEIFL identified through a survey that classified the plants according to sectors and products based on the Harmonized Systems Code.

The distribution of industrial firms indicates that 5,358 firms listed in the directory, or 28.8% of the total, are licensed by the Ministry of Industry, 3,413 manufacturers in the directory, or 18.4% of the total, are not licensed by the ministry, and 9,771 plants, or 52.7% of the total, consist of operations listed in other sources.

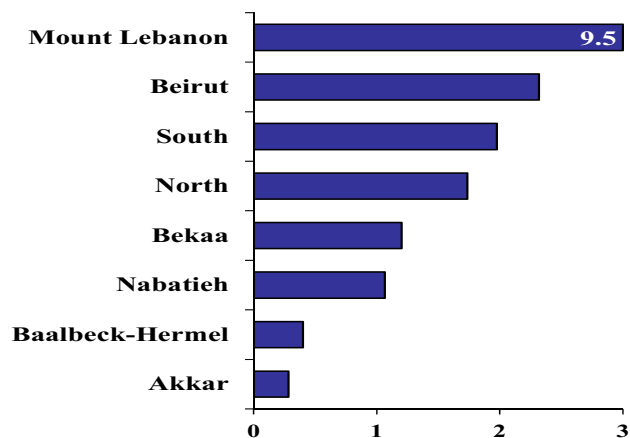
Further, the geographical distribution of manufacturers shows that the governorate of Mount Lebanon includes 9,556 plants that account for 51.5% of the total, followed by Beirut with 2,319 firms (12.5% of the total), the governorate of South Lebanon with 1,977 firms (10.7%), the governorate of Northern Lebanon with 1,735 plants (9.4%), the Nabatieh governorate with 1,067 manufacturers (5.8%), the Bekaa governorate with 1,203 plants (6.5%), the Baalbek-Hermel governorate with 401 plants (2.2%), and the governorate of Akkar with 284 operations (1.5%).

Also, the distribution of manufacturers by chambers of commerce indicates that the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon accounts for 64% of total manufacturing operations in the country, followed by the Chamber of Commerce and Industry of Saida and the South with 16.4%, the Chamber of Commerce, Industry and Agriculture of Tripoli and the North with 11% of the total, and the Chamber of Commerce, Industry and Agriculture of the Bekaa with 8.7%.

In addition, it noted that 831 manufacturers are members of the Association of Lebanese Industrialists (ALI). They account for 10% of firms listed in the directory, for 15.5% of firms licensed by the ministry, and for 4.5% of aggregate industrial operations in the country. Also, the breakdown of ALI members shows that the governorate of Mount Lebanon account for 69% of the total, followed by the Bekaa governorate with 10.6%, Beirut with 8.8% of the total, the governorate of Northern Lebanon with 5.1%, the governorate of South Lebanon with 4.7%, the Nabatieh governorate with 1.2%, the governorate of Akkar with 0.4%, and the Baalbek-Hermel governorate with 0.3%.

In parallel, the directory indicated that local and international stakeholders are preparing to conduct a comprehensive field survey of manufacturers in the country that covers the geographical location of the plants and the goods that they produce, in order to determine the need for industrial zones or cities so they can absorb the manufacturing operations that were established in the past 30 years and that include a large number of unlicensed plants.

Distribution of Manufacturers by Governorates at end-2024 (in thousands)



Source: DEIFL, Byblos Research

Currency in circulation up 59% in 12 months ending January 2025

Figures released by Banque du Liban (BdL) show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP121,588.7bn at the end of January 2025, constituting an increase of 18.4% from LBP102,718.3bn at the end of 2024 and of 41.8% from LBP85,745.4bn at end-January 2024. Currency in circulation stood at LBP77,637.1bn at the end of January 2025, as it increased by 33.7% from LBP58,077.3bn at end-2024 and by 59.2% from LBP48,757.4bn at end-January 2024.

Also, demand deposits in Lebanese pounds stood at LBP43,951.5bn at the end of January 2025, as they decreased by 1.5% in the first months of 2025 and rose by 18.8% from end-January 2024.

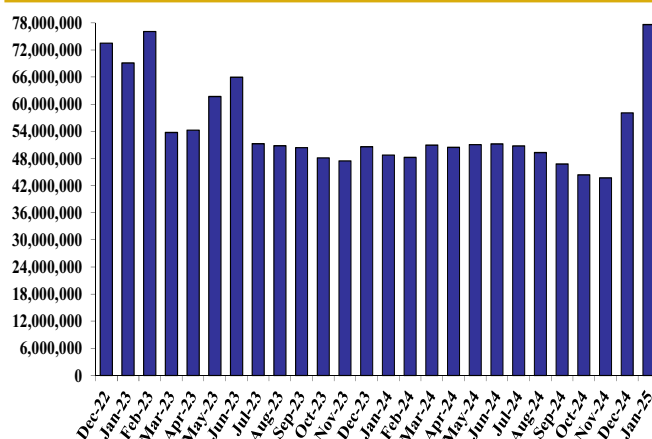
In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP156,471.6bn at the end of January 2025, constituting increases of 19.5% from LBP130,985.9bn at end-2024 and of 55.3% from LBP100,781.6bn a year earlier. Term deposits in Lebanese pounds stood at LBP34,883bn at the end of January 2025 and surged by 23.4% from LBP28,267.6bn at end-2024 and by 132% from LBP15,036.2bn at end-January 2024.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, stood at LBP6,213.9 trillion (tn) at the end of January 2025, with deposits in foreign currency totaling LBP6,024.7tn and debt securities of the banking sector amounting to LBP32,793.8bn at end-January 2025. In parallel, M3 increased by LBP15,536.6bn in the first month of 2025 due to a jump of LBP197,342bn in the net foreign assets of deposit-taking institutions, which were offset by a decline of LBP164,784.12bn in claims on the public sector, a decrease of LBP10,794.2bn in other items, and a contraction of LBP6,227.3bn in claims on the private sector.

BdL indicated that its net foreign assets include monetary gold, the non-resident foreign securities held by BdL, and the foreign currencies and deposits with correspondent banks and international organizations; while they exclude the Lebanese government's sovereign bonds and BdL's loans in foreign currency to resident banks and financial institutions.

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

Currency in Circulation (LBP millions)



Source: Banque du Liban, Byblos Research

Ministry of Finance details exemptions from fines on delayed payments of taxes and fees

The Ministry of Finance issued Decision 336/1 dated March 12, 2025 about the settlement of the fines on the verification and collection of taxes imposed under tax laws. The decision granted rebates on tax penalties on tax adjustments until September 30, 2025.

Article 2 stipulated that the fines on the verification of taxes imposed under the provisions of the Income Tax Law, the Built Property Tax Law, the inheritance tax, and the indirect taxes and fees that include stamp duty and value-added tax, or that the Tax Procedures Law and general budget laws, among others, impose, should be reduced in accordance with the provisions of Articles 4 and 5 of this decision. It said that the fines on the verification of taxes include proportional fines, including their minimum limit, and fixed amount fines. It stated that it excluded from the settlements the fines that are less than LBP200,00, or \$3, or €3 for taxes and fees that may be imposed and collected in foreign currency; the verification fines related to stamp duty for violations occurring after February 16, 2024 that remain subject to the special provisions specified under the Stamp Duty Law; and the fines that were not paid with the tax or fee within the specified payment period. It said that regarding dues before November 16, 2022, if the reduced taxes, fees, and fines are not paid within the deadline of this decision, taxpayers must pay these taxes and fees with the full verification and collection fines, without any subsequent settlement.

Article 3 said that the settlement covers the verification fines imposed under the tax assessment tables, or payment orders, or urgent assessments, or tax notifications, or self-assessments specified in Article 2 of this decision, provided that the taxpayer pays the reduced fine with the due tax or fee in accordance with the provisions of this decision and within the specified deadline. Article 4 stated that the settlement includes fines resulting from violations that took place before the date of this decision, in accordance with the provisions of Article 5. Article 5 stated that the decision reduces the verification fines specified in Article 4 from the date of issuance of this decision until September 30, 2025 as follows: first, it reduces by 85% the proportional or fixed fines resulting from violations that took place between January 1, 2000 and November 15, 2022, and reduced by 90% those that occurred between January 1, 2000 and February 15, 2024. Second, it reduced by 85% proportional fines and by 60% the fixed fines resulting from violations that took place between February 16, 2024 and the date of issuance of this decision. Third, it exempted fully the proportional or fixed fines resulting from violations that occurred in 2022 and prior to 2022. Fourth, it cut by 85% the proportional or fixed fines resulting from violations that took place in 2023 and 2024.

Article 6 stated that the settlement covers late payment fines (collection fines) related to various types of direct and indirect taxes and fees, including the stamp duty and value-added tax, due or that will become due during the timeframe of this decision. It said that regarding violations committed after February 16, 2024, the approval of the Council of Ministers is required to authorize the settlement of any verification fine where the reduction of taxes exceeds LBP5bn, or \$55,850. Article 7 reduced the late payment fines referred to in Article 6 of this decision, provided that the taxes and verification and collection fines are paid by end-September 2025 as follows: it reduced by 85% the fines for violations that occurred before November 16, 2022, by 90% the penalties for violations that took place before February 16, 2024, by 75% for violations that took place between February 16, 2024 and the date of issuance of this decision; by 100% for violations related to revenues in 2022 and prior to 2022; and by 75% for violations related to revenues in 2023 and 2024.

Article 9 stipulated that the taxpayer's right to settle the fines subject to this decision should be forfeited if the reduced fine is not paid with the due tax or fee before September 30, 2025. Article 10 noted that fines paid at any time are considered an acquired right of the Treasury and cannot be refunded except for reasons based on a material error, including duplication in the payment of the fine or payment of the fine before the implementation of this decision on the computerization systems or as a result of legal objections.

Article 11 said that taxpayers who request to pay the due taxes and fees in installments, in accordance with the provisions of the Tax Procedures Law or the Inheritance Tax Law, do not benefit from a reduction on the fines with regard to assessment documents issued before November 16, 2022. It added that taxpayers benefit from a reduction on the fines in accordance with the provisions of this decision with regard to assessment documents issued as of November 16, 2022. Article 13 said that the decision remains in effect until September 30, 2025.

Article 14 exempts all public administrations, municipalities, unions of municipalities, public institutions, and public law persons from all the fines and verification fines that result from the violations related to the salary and wage tax for their employees, particularly delays in declaring or paying this tax to the treasury within the legal deadlines; violations related to declaring the tax under Articles 41, 42, and 43 of the Income Tax Law (tax on non-residents) or paying it to the treasury within the legal deadlines; violations related to the financial stamp duty, including failure to pay the financial stamp duty due on amounts paid to others, violations related to the value-added tax or paying it to the treasury within the legal deadlines, and fines resulting from their occupancy of public state property. It noted that public administrations, municipalities, unions of municipalities, public institutions, and public law persons must pay all due taxes and fees, including those relating to tax periods that have lapsed due to the statute of limitations, for taxes and fees that they deducted or collected but did not pay on time. It added that they must pay all due taxes and fees relating to years that have not lapsed due to the statute of limitations, for taxes and fees that they did not deduct or collect.

Private sector deposits at \$88.6bn at end-January 2025

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP9,221.1 trillion (tn), or the equivalent of \$103bn, at the end of January 2025 compared to LBP9,231.6tn (\$103.1bn) at end-2024 and LBP9,365tn (\$104.6bn) at end-January 2024. Loans extended to the private sector totaled LBP526.9tn at the end of January 2025, with loans to the resident private sector reaching LBP449tn and credit to the non-resident private sector amounting to LBP78tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP11.3tn, as they decreased by 2.1% from LBP11.6tn at the end of 2024; while loans in foreign currency totaled \$5.76bn at the end of January 2025 and regressed by 1% from \$5.82bn at the end of 2024. The figures reflect Banque du Liban's (BdL's) 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. It also indicated that it revised the figures for December 2024.

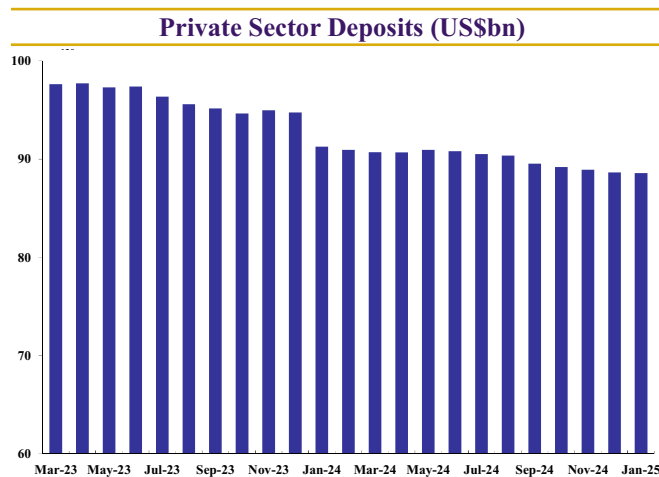
In nominal terms, credit to the private sector in Lebanese pounds declined by LBP242bn in January 2025 and increased by LBP485bn from a year earlier, while lending to the private sector in foreign currency decreased by \$55m in January 2025 and dropped by \$1.44bn from end-January 2024. Further, loans extended to the private sector in Lebanese pounds contracted by LBP16.2tn (-59%) and loans denominated in foreign currency dropped by \$35.3bn (-86%) since the start of 2019. The dollarization rate of private sector loans decreased from 98.3% at the end of January 2024 to 97.8% at end-January 2025. The average lending rate in Lebanese pounds was 5.63% in January 2025 compared to 3.9% a year earlier, while the same rate in US dollars was 2.09% relative to 2.03% in January 2024.

In addition, claims on non-resident financial institutions stood at \$4.85bn at the end of January 2025, constituting increases of \$152.1m (+3.2%) from the end of 2024 and of \$447.8m (+10.2%) from end-January 2024. Also, claims on non-resident financial institutions dropped by \$4.3bn (-47%) from the end of August 2019 and by \$7.1bn (-59.6%) since the start of 2019. Further, deposits at foreign central banks totaled \$678.2m, constituting an increase of \$51.6m (+8.2%) in the first month of 2025 and a decrease of \$144m (-17.5%) from a year earlier. Also, cash in vault in LBP totaled LBP6,933.2bn compared to LBP7,179.8bn at end-2025 and LBP8,146bn at end-January 2024. In addition, the banks' claims on the public sector amounted to LBP220.8tn at end-January 2025, representing increases of 6% from LBP208.4tn end-2024 and of 5.6% from LBP209tn end-January 2024. Also, the banks' holdings of Lebanese Treasury bills stood at LBP8.56tn, while their holdings of Lebanese Eurobonds reached \$2.35bn net of provisions at end-January 2025, relative to \$2.19bn a year earlier. Further, the deposits of commercial banks at BdL reached LBP7,103.8tn at the end of January 2025, or \$79.4bn, based on the exchange rate of LBP89,500 per dollar.

In parallel, private sector deposits totaled LBP7,928.5tn, or \$88.6bn at the end of January 2025. Deposits in Lebanese pounds reached LBP75.7tn at end-January 2025, as they increased by 11.5% from end-2024 and by 41.6% from a year earlier; while deposits in foreign currency stood at \$87.7bn and regressed by 0.2% in January 2025 and by 3.2% from January-2024. Resident deposits accounted for 76.4% and non-resident deposits represented 23.6% of total deposits at end-January 2025. Private sector deposits include about \$3bn in "fresh" funds.

In addition, private sector deposits in Lebanese pounds increased by LBP7,810.8bn and foreign currency deposits declined by \$146.4m in January 2025, while private sector deposits in Lebanese pounds rose by LBP22,241.8bn (+41.6%) and foreign currency deposits dropped by \$2.9bn (-3.2%) from a year earlier. Also, aggregate private sector deposits in Lebanese pounds increased by LBP2.9tn (+4%) and foreign currency deposits declined by \$36.5bn (-29.4%) from end-August 2019, while total private sector deposits in Lebanese pounds shrank by LBP1.5tn (-2%) and foreign currency deposits dropped by \$35.3bn (-28.7%) since the start of 2019. The dollarization rate of private sector deposits regressed from 99.3% at the end of January 2024 to 99% at the end of January 2025.

Further, the liabilities of non-resident financial institutions reached \$2.53bn at the end of January 2025 and decreased by 1% from \$2.5bn at end-2024 and by 6.7% from \$2.7bn at end-January 2024. Also, the average deposit rate in Lebanese pounds was 3.29% in January 2025 compared to 1.35% a year earlier, while the same rate in US dollars was 0.04% in January 2025 relative to 0.07% in January 2024. In addition, the banks' aggregate capital base stood at LBP418.1tn (\$4.7bn) at the end of January 2025 compared to LBP428.5tn (\$4.8bn) at the end of 2024.



Source: Banque du Liban, Byblos Research

Corporate Highlights

Non-life premiums up 15% to \$1.1bn in 2024

The annual survey by *Al-Bayan* magazine of the insurance sector in Lebanon shows that total non-life premiums generated by 36 insurance companies operating in the country reached \$1.07bn in 2024, constituting an increase of 15.1% from \$930.7m in 2023. The magazine previously indicated that insurers started to sell policies in "fresh" US dollars since June 2022, which means that the sector's premiums for the second half of 2022 and for full year 2023 and 2024 were in "fresh" dollars.

Bankers Assurance ranked in first place with \$112.2m in non-life premiums in 2024, equivalent to a 10.5% market share in 2022, followed by Mediterranean and Gulf Insurance and Reinsurance (MEDGULF) with \$102.15m and Fidelity Assurance & Reinsurance with \$102.14m (9.5% each), LIA Assurex with \$98.95m (9.2%), and AXA Middle East with \$77.1m (8.2%). Byblos Bank's insurance affiliate, Adonis Insurance and Reinsurance Co. (ADIR), ranked in 19th place with non-life premiums of \$16m in 2024, or 1.5% of the total.

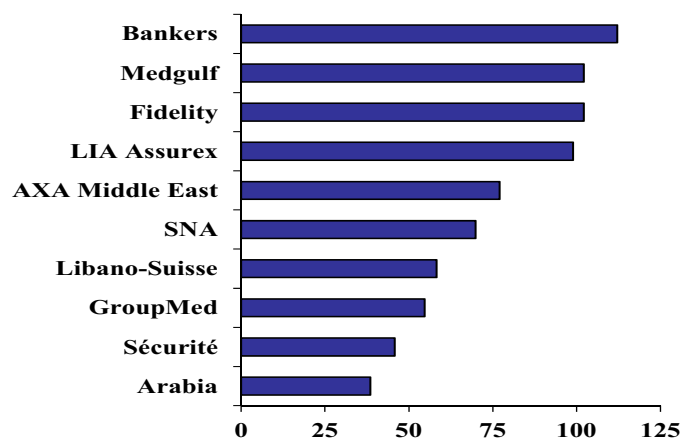
In parallel, the non-life premiums of GroupMed Insurance rose by 79.7% in 2024, posting the highest increase in non-life premiums among the 36 non-life insurance providers last year; while Confidence Insurance Group registered a drop of 67.6% in 2024, the steepest decline in the sector.

The composition of the top 10 insurers changed from 2023, as the ranking of Fidelity Assurance & Reinsurance improved by one notch to third place 2024 and that of GroupMed Insurance advanced by three spots and came in eighth place last year. In contrast, the rankings of LIA Assurex, Sécurité Assurance, and Arabia Insurance deteriorated by one spot each and came in fourth, ninth, and 10th place, respectively, in 2024. Further, the ranking of Bankers Assurance, MEDGULF, SNA, AXA Middle East, and Libano-Suisse Insurance were unchanged last year.

The top 10 insurers accounted for 71% of the non-life insurance market in 2024 relative 70.6% in 2023; while the top 20 insurers represented 91.5% of premiums in 2024 compared to 92.4% in 2023.

Further, it indicated that the healthcare category accounted for more than 40% of the total premiums in 2024, and constituted the largest share of the non-life market, exceeding the premiums achieved by car insurance companies.

Non-Life Premiums of Top 10 Insurers in 2024 (US\$m)



Source: *Al-Bayan*, *Byblos Research*

Ratio Highlights

(in % unless specified)	2022e	2023e	2024e	Change*
Nominal GDP (\$bn)	24.9	24.3	32.8	8.5
Public Debt in Foreign Currency / GDP	246.6	177.3	134.5	(42.8)
Public Debt in Local Currency / GDP	13.5	4.3	2.3	(2.0)
Gross Public Debt / GDP	260.1	181.6	136.8	(44.8)
Trade Balance / GDP	(13.6)	(12.7)	(9.5)	3.2
Exports / Imports	24.9	24.3	28	(3.7)
Fiscal Revenues / GDP	5.5	12.9	12.5	(0.4)
Fiscal Expenditures / GDP	11.9	13.3	13.1	(0.2)
Fiscal Balance / GDP	(6.4)	(0.4)	(0.6)	(0.2)
Primary Balance / GDP	(5.4)	0.7	0.4	(0.3)
Gross Foreign Currency Reserves / M2	13.4	138.7	692.5	553.8
M3 / GDP	34.0	56.0	210.6	154.6
Commercial Banks Assets / GDP	37.8	83.0	312.7	229.7
Private Sector Deposits / GDP	28.1	68.3	269.6	201.3
Private Sector Loans / GDP	4.5	6.0	17.2	11.2
Private Sector Deposits Dollarization Rate	76.1	96.3	99.1	2.8
Private Sector Lending Dollarization Rate	50.7	90.9	97.7	6.8

*change in percentage points 24/23;

Source: Banque du Liban, Institute of International Finance, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2022e	2023e	2024e
Nominal GDP (LBP trillion)	675.0	2,082.0	2,943.0
Nominal GDP (US\$ bn)	24.9	24.3	32.8
Real GDP growth, % change	1.3	-1.1	-7.0
Private consumption	2.5	-3.2	-14.9
Public consumption	2.5	2.0	14.6
Private fixed capital	-16.7	6.1	-30.6
Public fixed capital	93.0	27.7	105.1
Exports of goods and services	11.0	3.7	3.8
Imports of goods and services	22.3	20.8	22.0
Consumer prices, %, average	171.2	221.3	45.2
Official exchange rate, average, LBP/US\$	1,507.5	15,000	89,500
Parallel exchange rate, average, LBP/US\$	30,313	86,362	89,500
Weighted average exchange rate LBP/US\$	27,087	85,805	89,700

Source: 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	-	CC	C	Negative

*Fitch withdrew the ratings on July 23, 2024

Source: Rating agencies

Banking Sector Ratings

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings



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