

## LEBANON THIS WEEK

### In This Issue

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

Lebanon ranks 160<sup>th</sup> globally, seventh in Arab world in terms of women's empowerment

Fiscal surplus equivalent to 5% of expenditures in first seven months of 2021

Banque du Liban's foreign assets at \$16.9bn, gold reserves at \$17.6bn at end-February 2022

Net foreign assets of financial sector down \$353m in January 2022

Government establishes national pharmaceuticals agency

Banque du Liban asks banks to refrain from distributing dividends

Number of airport passengers up 99% in first two months of 2022

Lebanon Crisis Response Plan appeals for \$3.2bn to cover needs in 2022

Treasury transfers to Electricité du Liban down 20% to \$428m in first seven months of 2021

Lebanon receives 6% of IMF regional technical assistance between November 2021 and January 2022

### Corporate Highlights .....8

Private sector deposits down \$45.3bn since start of 2019

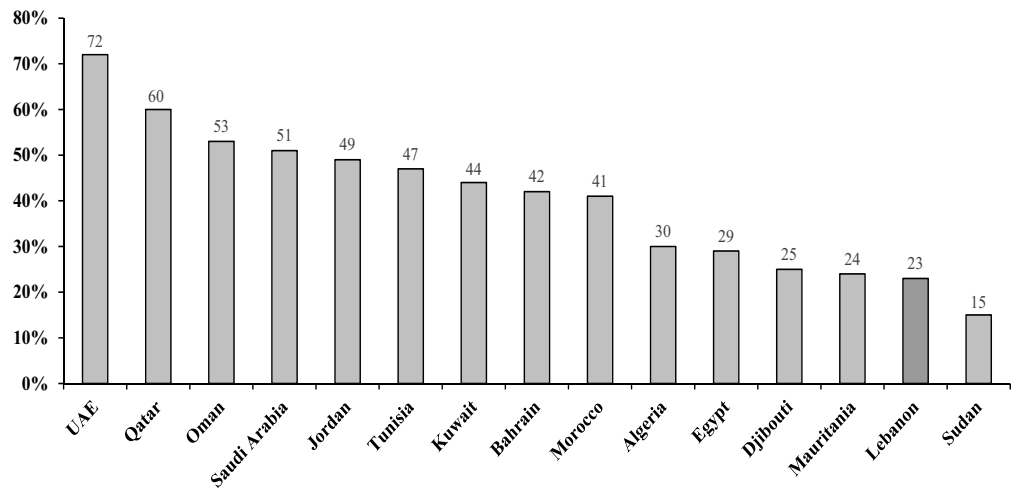
Stock market capitalization up 38% to \$9.8bn at end-February 2022

U.S. software firm acquires Lebanese technology startup

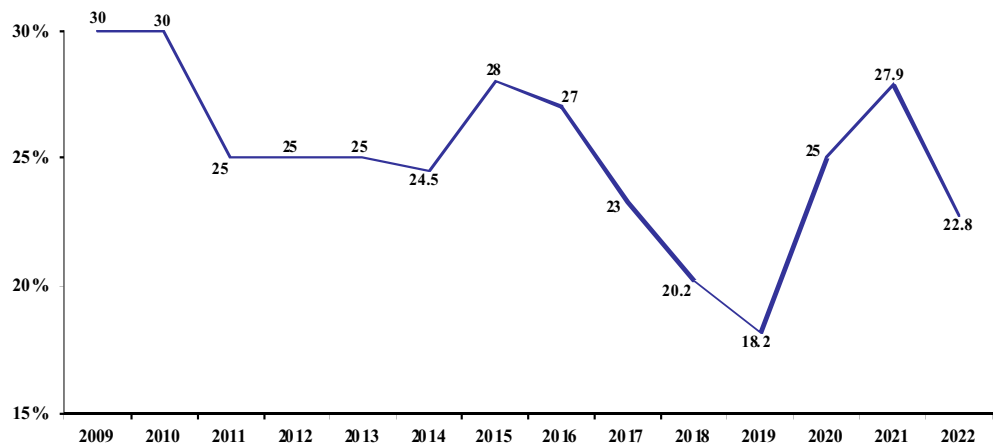
**Ratio Highlights**.....10  
**National Accounts, Prices and Exchange Rates** .....10  
**Ratings & Outlook**.....10

### Charts of the Week

Performance of Arab Countries on the Government Integrity Sub-Indicator for 2022\*



Performance of Lebanon on the Government Integrity Sub-Indicator



\*Extent of government intervention in economic activity and the degree of corruption that follows  
 Source: Heritage Foundation, Index of Economic Freedom for 2022, Byblos Bank

### Quote to Note

"The disbursement of donor funds is contingent on the implementation of policy reforms."

*S&P Global Ratings, on the need for Lebanese authorities to implement credible structural reforms in order for the international community to provide financial support*

### Number of the Week

**89%:** Percentage of Treasury securities in Lebanese pounds that have five-year maturities or longer, according to the Ministry of Finance

## Lebanon in the News

\$m (unless otherwise mentioned)	2019	2020	2021	% Change*	Dec-20	Nov-21	Dec-21
Exports**	3,731	3,544	699	-	295	-	-
Imports**	19,239	11,310	3,329	-	1,232	-	-
Trade Balance**	(15,508)	(7,765)	(2,631)	-	(937)	-	-
Balance of Payments	(5,851)	(10,551)	(1,976)	-81.3%	(348)	160	(400)
Checks Cleared in LBP	22,145	19,937	18,639	-6.5%	1,942	1,825	1,738
Checks Cleared in FC	34,826	33,881	17,779	-47.5%	2,802	949	1,079
Total Checks Cleared	56,982	53,828	36,425	-32.3%	4,744	2,773	2,818
Fiscal Deficit/Surplus***	(5,837)	(2,709)	374	-	(30)	-	-
Primary Balance***	(287)	(648)	1,519	-	264	-	-
Airport Passengers	8,684,937	2,501,944	4,334,231	73.2%	282,130	344,737	455,087
Consumer Price Index	2.9	84.9	154.8	6,989bps	145.8	201.1	224.4

\$bn (unless otherwise mentioned)	Dec-20	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	% Change*
BdL FX Reserves	18.60	14.20	14.62	14.49	14.05	13.65	(3.9)
In months of Imports	15.10	-	-	-	-	-	-
Public Debt	95.59	98.74	99.22	99.80	100.39	-	-
Bank Assets	188.04	180.28	179.68	178.90	175.60	174.94	(3.0)
Bank Deposits (Private Sector)	139.14	133.04	132.49	131.65	129.53	129.47	(2.7)
Bank Loans to Private Sector	36.17	30.86	30.00	29.18	28.04	27.71	(10.2)
Money Supply M2	44.78	49.85	49.95	50.03	50.10	52.41	5.1
Money Supply M3	132.70	133.21	132.90	132.42	131.62	133.39	0.1
LBP Lending Rate (%)	7.77	7.52	7.65	7.46	7.20	7.14	(38)
LBP Deposit Rate (%)	2.64	1.62	1.53	1.34	1.23	1.09	(53)
USD Lending Rate (%)	6.73	5.87	6.34	6.86	6.75	6.01	14
USD Deposit Rate (%)	0.94	0.30	0.26	0.23	0.20	0.19	(11)

\*year-on-year; \*\*figures for 2021 reflect the first quarter of the year \*\*\*figures for 2021 reflect the first seven months of the year  
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 %
Solidere "A"	30.54	1.6	245,835	30.9%	Oct 2022	6.10	11.25	1,149.34
Byblos Common	0.83	0.0	58,400	4.7%	Jan 2023	6.00	11.25	486.17
Solidere "B"	30.87	2.6	19,035	20.3%	Apr 2024	6.65	11.25	134.64
Audi GDR	1.81	(4.7)	18,453	2.2%	Jun 2025	6.25	11.25	79.58
BLOM GDR	3.31	0.0	-	2.5%	Nov 2026	6.60	11.25	52.09
Audi Listed	1.89	0.0	-	11.2%	Feb 2030	6.65	11.25	29.39
HOLCIM	19.00	0.0	-	3.7%	Apr 2031	7.00	11.25	25.44
BLOM Listed	3.30	0.0	-	7.2%	May 2033	8.20	11.25	20.51
Byblos Pref. 08	34.99	0.0	-	0.7%	Nov 2035	7.05	11.25	16.66
Byblos Pref. 09	37.99	0.0	-	0.8%	Mar 2037	7.25	11.25	15.07

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

Source: Refinitiv

	Feb 28 - Mar 4	Feb 21-25	% Change	February 2022	February 2021	% Change
Total shares traded	341,723	197,901	72.7	1,217,016	8,583,833	(85.8)
Total value traded	\$8,092,926	\$1,720,710	370.3	\$15,255,094	\$24,114,080	(36.7)
Market capitalization	\$9.89bn	\$9.81bn	0.89	\$9.81bn	\$7.09bn	38.2

Source: Beirut Stock Exchange (BSE)



### Lebanon ranks 160<sup>th</sup> globally, seventh in Arab world in terms of women's empowerment

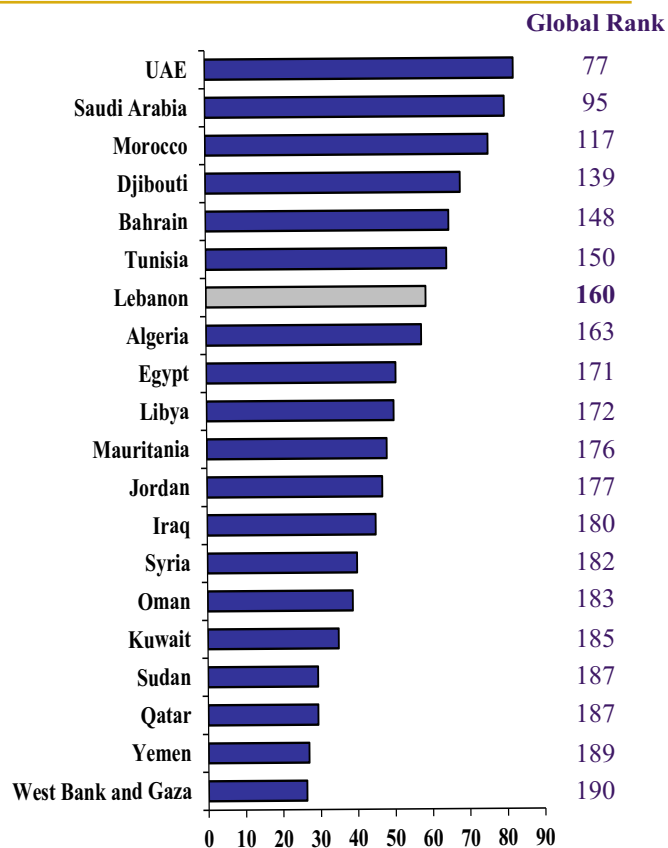
The World Bank ranked Lebanon in 160<sup>th</sup> place among 190 countries around the world and in seventh place among 20 Arab economies on its Women, Business and the Law Index for 2022. Lebanon's global rank improved by nine spots from 169<sup>th</sup> place in the 2021 survey and by one spot from eighth place among Arab states.

The index assesses how a country's laws influence the equality of opportunities for women during different phases of their working lives, and how the laws affect the empowerment of females and their participation in the labor force. The index is an unweighted average of eight indicators that examine the constraints on the freedom of movement of females (Mobility), that measure laws and regulations affecting women's pay (Pay), that analyze laws affecting women's decisions to work (Workplace), and that assess the legal constraints related to marriage and divorce (Marriage). The other four indicators analyze the obstacles that women face when starting and running businesses (Entrepreneurship), examine laws affecting women's work after having children (Parenthood), consider gender differences in property and inheritance laws (Assets), and assess laws affecting the size of a woman's pension (Pension). A country's overall score ranges from zero to 100, with a score of 100 meaning that a country gives women and men equal legal rights in the eight measured areas.

Globally, Lebanese laws provide the same empowerment to females as laws in Myanmar and Tonga, while they give more empowerment to women than laws in Algeria, Niger and the Solomon Islands, but empower women less than legislation in Mali, Cameroon and Papua New Guinea. Lebanon also trailed only the UAE, Saudi Arabia, Morocco, Djibouti, Bahrain and Tunisia regionally. Lebanon received a score of 58.75 points in the 2022 survey, which means that Lebanese laws provide females with nearly 60% of the legal rights provided to males on the eight indicators. Belgium, Canada, Denmark, France, Greece, Iceland, Ireland, Latvia, Luxembourg, Portugal, Spain and Sweden are the only countries in the world where men and women have equal legal rights across all indicators.

Lebanon's score improved by 6.3 points from the previous survey, while its score has been unchanged between 2016 and 2021, when it slightly improved from 50 points in the 2015 survey. Lebanon maintained a score of 50 points between 2001 and 2015 and a score of 44.4 points between 1971 and 2000. Lebanon's score in the 2022 survey is lower than the global average score of 76.5 points, but is higher than the Arab region's score of 50.9 points. Further, the World Bank indicated that Lebanon enacted legislation to protect women from sexual harassment in the workplace and established criminal penalties and civil remedies for such conduct.

### Women, Business & the Law Index for 2022 Arab Countries' Scores & Rankings



Source: World Bank, Byblos Research

### Components of the Women, Business and the Law Index for 2022

	Global Rank	Arab Rank	Lebanon Score	Global Average Score	Arab Average Score
Going Places	1	1	100	87.2	60.0
Starting a Job	1	1	100	78.4	58.8
Getting Paid	117	6	50	66.1	42.5
Getting Married	142	1	60	78.5	31.0
Having Children	144	12	20	53.9	32.0
Running a Business	87	8	75	82.8	83.8
Managing Assets	154	1	40	81.8	38.0
Getting a Pension	166	14	25	73.2	61.3

Source: World Bank, Byblos Research

### Fiscal surplus equivalent to 5% of expenditures in first seven months of 2021

Figures released by the Ministry of Finance show that the fiscal balance posted a surplus of LBP564.2bn, or \$374.3m, in the first seven months of 2021 compared to a deficit of LBP3,163.8bn (\$2.1bn) in the same period of 2020. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar. The surplus was equivalent to 5.4% of total budget and Treasury expenditures in the first seven months of 2021 relative to a deficit equivalent to 27.6% of government spending in the same period of 2020. Public expenditures reached LBP10,419bn (\$6.9bn) in the first seven months of 2021 and declined by 9% from the same period of 2020, while revenues stood at LBP10,983.2bn (\$7.3bn) and grew by 32.6% year-on-year. The surplus of the fiscal balance was caused by a contraction of LBP1,029.6bn (\$683m) in spending from lower debt servicing cost and Treasury transfers to Electricité du Liban (EdL), as well as by an increase of LBP2,698.4bn (\$1.8bn) in revenues.

On the revenues side, tax receipts rose by 39.3% year-on-year to LBP8,462.8bn (\$5.6bn) in the first seven months of 2021, of which 28.4%, or LBP2,399.7bn (\$1.6bn), were in VAT receipts that surged by 140% annually due in large part to accelerating inflation. Tax receipts accounted for 82.7% of budgetary revenues and for 77% of Treasury and budgetary income in the covered period. The distribution of other tax receipts shows that revenues from taxes on income, profits & capital gains increased by 24% to LBP3,701.1bn (\$2.5bn) in the covered period; receipts from customs grew by 17% to LBP883.5bn (\$586m); revenues from property taxes rose by 34.6% to LBP907.6bn (\$602m); proceeds from stamp fees increased by 12.4% to LBP292.9bn (\$194.3m); while revenues from taxes on goods & services dropped by 30% to LBP278bn (\$184.4m). The distribution of income tax receipts shows that the tax on interest income accounted for 40% of income tax revenues in the first seven months of 2021, followed by the tax on profits with 37.5%, the tax on wages & salaries with 16.8%, and the capital gains tax with 5%. Receipts from the tax on profits jumped by 330%, revenues from the tax on capital gains surged by 129.3%, and proceeds from the tax on wages & salaries increased by 32%, while revenues from the tax on interest income dropped by 29.2% in the covered period. Also, revenues from the inheritance tax jumped by 217.8% to LBP147.2bn (\$97.7m), proceeds from the built property tax surged by 44% to LBP168.8bn (\$111.9m), and receipts from real estate registration fees expanded by 15.8% to LBP591.6bn (\$392.4m) in the first seven months of 2021. Further, non-tax budgetary receipts grew by 58.5% year-on-year to LBP1,765.2bn (\$1.2bn) in the covered period. They mainly included LBP1,173.4bn (\$778.4m) in revenues generated from government properties that surged by 127.5%, as well as LBP369.2bn (\$244.9m) in receipts from administrative fees and charges that declined by 7% annually. Receipts from telecommunication services increased by 227% to LBP980.8bn (\$650.6m) in the first seven months of 2021, and accounted for 83.6% of income from government properties and for nearly 55.6% of non-tax budgetary revenues. In parallel, Treasury receipts decreased by 31% to LBP755.2bn (\$501m) in the covered period.

On the expenditures side, total budgetary spending, which includes general expenditures and debt servicing, declined by 5.4% to LBP9,468.7bn (\$6.3bn) in the first seven months of 2021. General spending regressed by 2% to LBP7,743.2bn (\$5.1bn) in the covered period, and included LBP644.6bn (\$427.6m) in transfers to EdL that decreased by 20.1% year-on-year, and LBP1,021.4bn (\$677.6m) in outlays from previous years that shrank by 46.4% annually, among other general spending items. Further, debt servicing totaled LBP1,725.5bn (\$1.1bn) in the covered period and contracted by 17.8% from the first seven months of 2020. Interest payments on Lebanese pound-denominated debt declined by 10.7% to LBP1,567bn (\$1.04bn), while debt servicing on foreign currency debt dropped by 80.5% in the first seven months of 2021. In addition, Treasury expenditures, excluding transfers to EdL, decreased by 34% year-on-year to LBP950.3bn (\$630.4m) in the covered period. Also, the primary budget balance posted a surplus of LBP2,484.9bn (\$1.6bn) in the first seven months of 2021, equivalent to 26.2% of budgetary expenditures, while the overall primary balance registered a surplus of LBP2,289.7bn (\$1.5bn), or 22% of spending.

#### Fiscal Results in First Seven Months of Each Year

	2020 (US\$m)	2021 (US\$m)	Change (%)
Budget Revenues	4,769	6,785	42.3%
Tax Revenues	4,030	5,614	39.3%
Non-Tax Revenues	739	1,171	58.5%
of which Telecom revenues	199	651	227%
Budget Expenditures	6,638	6,281	-5.4%
<b>Budget Surplus/Deficit</b>	<b>(1,869)</b>	<b>504</b>	
In % of budget expenditures	-28.2%	8.0%	
<b>Budget Primary Surplus/Deficit</b>	<b>(477)</b>	<b>1,648</b>	
In % of budget expenditures	-7.2%	26.2%	
Treasury Receipts	727	501	-31.1%
Treasury Expenditures	957	630	-34.1%
Total Revenues	5,496	7,286	32.6%
Total Expenditures	7,594	6,911	-9.0%
<b>Total Surplus/Deficit</b>	<b>(2,099)</b>	<b>374</b>	
In % of total expenditures	-27.6%	5.4%	
<b>Total Primary Surplus/Deficit</b>	<b>(706.7)</b>	<b>1,519</b>	
In % of total expenditures	-9.3%	22.0%	

Source: Ministry of Finance, Byblos Research

### Banque du Liban's foreign assets at \$16.9bn, gold reserves at \$17.6bn at end-February 2022

Banque du Liban's (BdL) interim balance sheet reached \$163bn at the end of February 2022, constituting a marginal decrease of 0.1% from \$163.2bn at end-2021 and an increase of 8% from \$151bn a year earlier. Assets in foreign currency totaled \$16.93bn at end-February 2022, representing a decrease of \$893.6m, or of 5%, from the end of 2021 and a drop of \$5.96bn (-26%) from \$22.9bn at end-February 2021. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar.

BdL's assets in foreign currency, excluding Lebanese Eurobonds, stood at \$11.9bn at end-February 2022 and regressed by \$292.7m (-2.4%) from \$12.2bn at mid-February 2022 and by \$384.2m (3.1%) from \$12.29bn at end-January 2022. They dropped by \$893.9m (-7%) from \$12.8bn at the end of 2021 and by \$5.96bn (-33.4%) from \$17.9bn at end-February 2021. The cumulative decline in BdL's assets in foreign currency, excluding Lebanese Eurobonds, is largely due to the financing of the imports of hydrocarbons, wheat, medicine, medical equipment, a large number of food and non-food items, and raw materials for agriculture and industry, as well as to the implementation of BdL decrees that allowed depositors to withdraw US dollar banknotes from their accounts or to buy dollar banknotes from BdL through commercial banks. It is also due to the steep drop in capital flows to Lebanon since September 2019, and to the near halt of inflows after the government decided to default on its Eurobonds obligations in March 2020. However, the decline in BdL's assets foreign currency was offset in part by the allocation of about \$1.13bn in Special Drawing Rights that the IMF transferred to BdL's account on September 16, 2021.

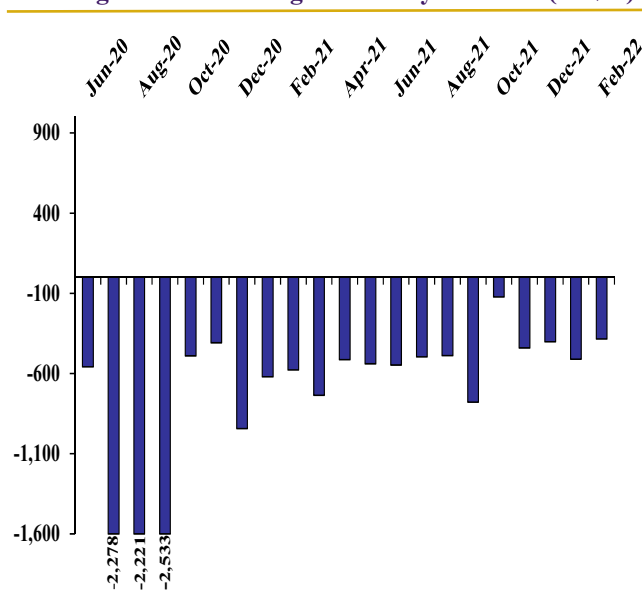
In parallel, the value of BdL's gold reserves amounted to \$17.55bn at end-February 2022, constituting increases of \$950.5m (+5.7%) from the end of 2021 and of \$1.3bn (+8%) from \$16.3bn at end-February 2021. The value of gold reserves reached a peak of \$18.13bn at mid-September 2020. Also, the securities portfolio of BdL totaled \$41.6bn at end-February 2022, increasing by \$306.3m (+0.7%) from the end of 2021 and by \$959.5m (+2.4%) from \$40.62bn a year earlier. In addition, loans to the local financial sector totaled \$13.5bn, regressing by 1.2% from the end of 2021 and by 4.5% from end-February 2021. Further, the deposits of the financial sector stood at \$109.2bn at end-February 2022 and grew by \$966.5m from a year earlier. In addition, public sector deposits at BdL reached LBP12,646.9bn (\$8.4bn) at end-February 2022, increasing by \$633.7m from the end of 2021 and surging by \$3.9bn from a year earlier.

### Net foreign assets of financial sector down \$353m in January 2022

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, declined by \$353m in January 2022, compared to a decrease of \$384.4 in December 2021 and to a decline of \$410.6m in January 2021. The decline in net foreign assets of the financial sector in January 2022 was caused by a drop of \$609m in the net foreign assets of BdL, which was partly offset by an increase of \$255.9m in those of banks and financial institutions.

The increase in the banks' net foreign assets in January 2022 is mostly due to a decline in their foreign liabilities. The decrease in foreign liabilities was driven mainly by the contraction of liabilities to the non-resident financial sector and the decline in non-resident customer deposits. In parallel, the drop in BdL's net foreign assets was due in part to the financing of the imports of hydrocarbons, wheat, medicine, medical equipment, a large number of food and non-food items, and raw materials for agriculture and industry.

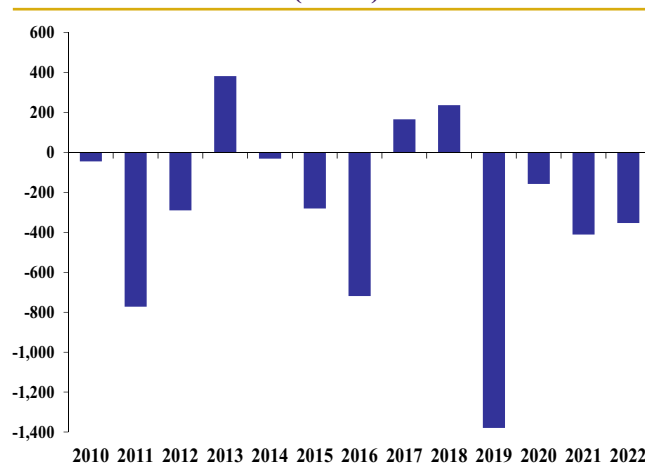
### Change in Gross Foreign Currency Reserves (US\$m)



\*at end-February 2022

Source: Banque du Liban, Byblos Research

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



\*in January of each year

Source: Banque du Liban, Byblos Research

### **Government establishes national pharmaceuticals agency**

---

The Council of Ministers approved on December 7, 2021 and Parliament enacted on January 5, 2022 Law 253 that stipulates the establishment of the National Drugs Agency (NDA), which aims to regulate and manage the pharmaceuticals and medical supplies sector in Lebanon. Its goal is to ensure the quality, efficacy, and safety of pharmaceutical and medical products, food supplements, related natural products, and vaccines in the Lebanese market, through testing and quality control systems based on scientific norms and internationally recognized standards. The agency will be a legal entity with an independent financial and administrative structure, will be supervised by the Ministry of Public Health, and will carry out organizational, executive and regulatory tasks.

The law stipulates that the agency's organizational scope of work consists of first, adopting procedures and developing plans to ensure the availability of medical supplies in Lebanon and guarantee their quality and safety, in line with the public health policy set by the Ministry of Health. Second activating the procedures related to the work of the central laboratory in coordination with the Health Ministry. Third, adopting general policies to protect the local production of medicines. Fourth, reviewing the related laws, decrees, regulations, decisions, and the organizational, supervisory and technical circulars and contribute to their modifications or modernization, when needed, to ensure the quality and safety requirements in various areas. The reviews include the conditions and procedures related to the registration and licensing of imported, locally produced, or exported pharmaceutical and medical products and vaccines; as well as the conditions and procedures for good manufacturing practices (GMP), for the Guidelines on Good Storage and Distribution Practices (GSPD), and for the Good Laboratory Practices in Pharmaceuticals (GLP). Further, it will update regularly the list of basic medicines, as well as the list of medicines that can be sold without a medical prescription, or "over the counter" medicines, and of alternative products. Also, it will establish the conditions for Good Clinical Practices (GCP), set the basis for pharmacovigilance in Lebanon, develop a plan for Health Technology Assessment (HTA), set the terms and procedures to issue compulsory licenses to import or to manufacture pharmaceutical products, and develop standards and procedures related to patient support programs.

Further, the law indicates that the agency's executive tasks consist of registering imported and locally-produced medical supplies and pharmaceuticals, re-registering them, or canceling the registration; pricing and re-pricing of imported and locally-produced medicines; testing the products to verify their safety, effectiveness and quality, and that they meet the standards stipulated in the registration requirements. It will also provide an opinion about the applications submitted to receive marketing licenses for locally produced and imported medicines, and the licensing for GMP, GLP and GSDP. It will have the authority to suspend the sale of products, and will have to address emergencies, especially in case of shortages of medical products in the market. Also, it will establish a database to exchange information with local, regional and international stakeholders, among other executive responsibilities.

In terms of supervisory tasks, the law mandates the agency to oversee GMP at Lebanese producers of pharmaceutical products, as well as at foreign companies that export such products to Lebanon. Also, it will supervise the implementation of GSDP, GCP, GCP, and patient support programs, among others.

In parallel, the law states that the NDA has to take the proper decisions, based on existing laws and in coordination with the relevant ministries and agencies, to prevent monopolies and dumping in the local market. It is also responsible for crisis management and for supervising the phases of importing, manufacturing, financing, packaging, distributing, transporting, warehousing, displaying, and direct selling to retail customers, in order to verify the safety standards of the medicines, and the standards and specifications of the law.

The NDA will source its financing needs from the government's budget, from advances from the Treasury, from donations and contributions, and from the fees it generates from its activities.

### **Banque du Liban asks banks to refrain from distributing dividends**

---

Banque du Liban (BdL) issued Intermediate Circular 616 dated March 3, 2022 addressed to banks that modifies Basic Circular 44 dated March 25, 1998 about the capital adequacy regulatory framework for commercial banks operating in Lebanon. The circular asks banks to refrain from distributing dividends for the financial years 2019, 2020 and 2021.

In addition, BdL issued on August 26, 2020 Intermediate Circular 567 about the implementation of International Financial Reporting Standard 9 (IFRS 9) and the capital adequacy regulatory framework for banks operating in Lebanon. The circular asked banks, among other requirements, to refrain from distributing dividends for the financial years 2019 and 2020. Also, BdL issued on November 4, 2019 Intermediate Circular 532 that asked banks to refrain from distributing dividends for 2019, in addition to increasing by 20% their Common Equity Tier One (CET1) as at the end of 2018.

### Number of airport passengers up 99% in first two months of 2022

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 691,279 passengers utilized the airport (arrivals, departures and transit) in the first two months of 2022, constituting a surge of 99% from 347,541 passengers in the same period of 2021, and relative to 977,524 passengers in the first two months of 2020. The number of arriving passengers reached 313,200 passengers in the first two months of 2022 and surged by 133% from 134,471 passengers in the same period of 2021, compared to 453,197 passengers in the same period of 2020. Also, the number of departing passengers totaled 374,258 in the first two months 2022 and increased by 82.5% from 205,052 passengers in the same period last year, relative to 511,594 in the first two months of 2020.

In parallel, the airport's aircraft activity totaled 6,743 take-offs and landings in the first two months of 2022, representing a rise of 57.8% from 4,274 takeoffs and landings in the same period last year. In comparison, aircraft activity regressed by 51.4% in the first two months of 2021 and declined by 14.2% in the same period of 2020.

In addition, the HIA processed 8,150 metric tons of freight in the first two months of 2022 that consisted of 3,896 tons of import freight and 4,254 tons of export freight. Middle East Airlines had 2,526 flights in the covered period and accounted for 37.5% of HIA's total aircraft activity.

### Lebanon Crisis Response Plan appeals for \$3.2bn to cover needs in 2022

The Lebanese government and the United Nations (UN) launched the Lebanon Crisis Response Plan (LCRP) for the 2022-2023 period. The initiative is part of the Regional Refugee and Resilience Plan (3RP) led by the United Nations High Commissioner for Refugees and the United Nations Development Program. The 3RP is a regional program that sets out the response to the humanitarian, protection and assistance needs of refugees from Syria and other impacted persons, communities and institutions in the five countries hosting displaced Syrians that are Egypt, Iraq, Jordan, Lebanon, and Turkey. The new plan comes after the expiration of the LCRP for the 2015-2016 and the 2017-2021 periods. The LCRP 2022-2023 is a joint initiative between the Lebanese government and international and national partners that aims to address challenges posed by the large presence of Syrian refugees in the country. It includes 126 partner organizations and targets 3.2 million crisis-affected persons living in Lebanon in 2022, which consist of 1.5 million displaced Syrian, 1.5 million vulnerable Lebanese citizens, 180,000 Palestinian refugees in Lebanon, and 29,000 Palestinian refugees from Syria.

The LCRP appealed for \$3.2bn in 2022 to cover the urgent needs of the segments of the population that are affected by the Syrian crisis, and to mitigate the impact of the crisis on Lebanon's infrastructure, economy and public institutions. It said that financial disbursements for the food security and agriculture sector will account for \$975m, or 30.5% of the total amount that the Lebanese government and its national and international partners appealed for to cover needs in 2022. Basic assistance followed with \$530m (16.6%), then livelihoods with \$333m (10.4%), the healthcare sector with \$300m (9.4%), the water sector with \$247m (7.7%), support for social protection with \$229m (7.2%), the education sector with \$181m (5.7%), social stability with \$152m (4.8%), shelter with \$150m (4.7%), and the energy sector with \$99m (3.1%).

Under the LCRP, the UN received \$1.29bn in 2015, \$1.28bn in 2016, \$1.24bn in 2017, \$1.2bn in 2018, \$1.23bn in 2019, \$1.44bn in 2020, and \$1.19bn in 2021.

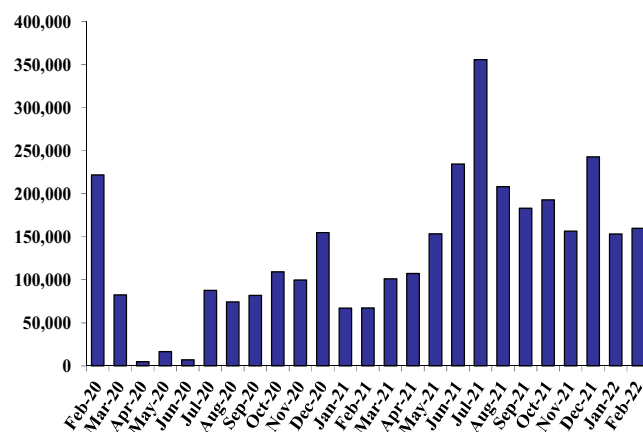
### Treasury transfers to Electricité du Liban down 20% to \$428m in first seven months of 2021

Figures released by the Ministry of Finance show that Treasury transfers to Electricité du Liban (EdL) totaled LBP645bn, or \$427.9m, in the first seven months of 2021, constituting a decline of 20% from LBP807bn or from \$535.3m in the same period of 2020. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. Reimbursements for the purchase of natural gas, fuel and gas oil reached \$427.2m in the covered period, or 99.8% of transfers; while EdL's debt servicing represented the balance of around \$0.6m, or 0.2% of the total.

The decline in transfers is mainly due to a decrease of \$106m in reimbursements for the purchase of natural gas, fuel and gas oil, which mostly consist of payments to the Kuwait Petroleum Corporation and to the Algerian energy conglomerate Sonatrach. Reimbursements decreased by 20% in the first seven months of 2021, while debt servicing dropped by 64.3% from the same period last year.

Treasury transfers to EdL accounted for 7.4% of budgetary primary expenditures in the first seven months of 2021 relative to 8.6% in the same period of 2020. They constituted the third largest expenditure item, or 6.2% of overall fiscal spending, after personnel cost with 52.7% and debt servicing with 15.4%. EdL transfers were equivalent to 5.1% of GDP in 2012, 4.3% of GDP in 2013, 4.4% of GDP in 2014, 2.3% of GDP in 2015, 1.8% of GDP in 2016, 2.5% of GDP in 2017, 3.2% of GDP in 2018, 2.8% of GDP in 2019, and 1.3% of GDP in 2020.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

### **Lebanon receives 6% of IMF regional technical assistance between November 2021 and January 2022**

The International Monetary Fund's Middle East Technical Assistance Center (METAC) indicated that Lebanon received 5.9% of the center's delivery of technical assistance to member countries during the third quarter of the fiscal year that ends in April 2022, or between November 2021 and January 2022. In comparison, Lebanon received 10.7% of the center's technical assistance to member countries during the first quarter of FY2020/21, or between May and July 2020, while it did not receive any technical assistance in the second quarter of the year. METAC provided one technical assistance project in public financial management to Lebanon in the third quarter of FY2021/22. It indicated that there were eight technical assistance projects planned for Lebanon in FY2021/22, the highest number of such projects among member countries.

In terms of public financial management, METAC assisted Lebanese authorities in improving the management of public finances by developing the Treasury Single Account (TSA) and cash management practices. It said that it drafted with the Ministry of Finance a simplified roadmap with immediate, medium- and long-term measures in order to address the current crisis. Also, it said that the mission provided a capacity development workshop to work on a new reporting template for cash execution and forecasting with key indicators for the senior management of the Finance Ministry, and on a revised cash buffer to better take into account variances between cash forecasts and actual outcomes.

In parallel, the center indicated that it has six projects planned in Lebanon during the fourth quarter of FY2021/22, which extends from February to April 2022. It noted that three projects are in public financial management, while one is in customs administration and two are in tax administration.

The IMF established METAC in Beirut in October 2004 to serve Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Sudan, Syria, Tunisia, and Yemen. The center's mandate is to assist in capacity-building, facilitate the reform process in member countries, and support the region's integration in the world economy.



### Private sector deposits down \$45.3bn since start of 2019

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at \$174.3bn at the end of January 2022, constituting declines of 0.3% from \$174.8bn at the end of 2021 and of 7.5% from \$188.3bn at end-January 2021. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar.

Loans extended to the private sector reached \$27bn at the end of January 2022 and decreased by 2.6% in January 2022 and by 24.4% from a year earlier. Loans to the resident private sector totaled \$24.2bn, constituting declines of 2.6% from end-2021 and of 23.4% from end-January 2021. Also, credit to the non-resident private sector amounted to \$2.8bn at the end of January 2022, and contracted by 2.2% from the end of 2021 and by 31.8% from the end of January 2021.

In nominal terms, credit to the private sector declined by \$717.7m in January 2022 relative to a decrease of \$462m in the same month of 2021, as lending to the resident private sector decreased by \$654.3m and credit to the non-resident private sector regressed by \$63.4m in the first month of the year. Further, loans extended to the private sector contracted by \$32.4bn between January 2019 and January 2022, with loans denominated in Lebanese pounds shrinking by LBP 9,632bn and loans denominated in foreign currency contracting by \$26bn. The dollarization rate of private sector loans regressed from 59.4% at end-January 2021 to 55.9% at the end of January 2022. The average lending rate in Lebanese pounds was 6.4% in January 2022 compared to 8.53% a year earlier, while the same rate in US dollars was 6.15% relative to 6.52% in January 2021.

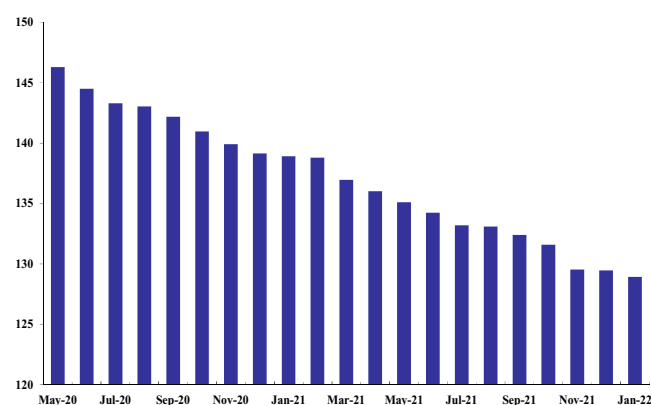
In addition, claims on non-resident financial institutions reached \$4.6bn at the end of January 2022, constituting a decrease of \$28.8m (-0.6%) in the first month of the year. Also, claims on non-resident financial institutions decreased by \$4.57bn (-50%) between end-August 2019 and the end of January 2022, and by \$7.43bn (-62%) between January 2019 and January 2022. Further, deposits at foreign central banks totaled \$1.1bn, constituting an increase of \$59.4m (+5.7%) in January 2022. In addition, the banks' claims on the public sector stood at \$15.3bn at end-January 2022, down by \$5.8bn (-27.3%) from a year earlier. The banks' holdings of Lebanese Treasury bills stood at \$10.7bn, while their holdings of Lebanese Eurobonds reached \$4.4bn at the end of January 2022. Further, the deposits of commercial banks at Banque du Liban (BdL) totaled \$110.4bn at end-January 2022 and declined by \$253.1m (-0.2%) from \$110.7bn at end-January 2021.

In parallel, private sector deposits totaled \$128.9bn at the end of January 2022 and regressed by 0.4% from the end of 2021 and by 7.2% from end-January 2021. Deposits in Lebanese pounds reached the equivalent of \$26.7bn at end-January 2022, as they were unchanged from the end of 2021 and declined by 3% from a year earlier; while deposits in foreign currency reached \$102.2bn and decreased by 0.6% from end-2021 and by 8.2% from the end of January 2021. Resident deposits totaled \$104.7bn at the end of January 2022 and retreated by \$6.9bn (-6.2%) from the end of January 2021, while non-resident deposits reached \$24.3bn at end-January 2022, down by \$259.1m (-1.1%) in January 2022.

Private sector deposits declined by \$535.1m in January 2022, with deposits in Lebanese pounds rising by LBP80,563bn, or the equivalent of \$53.4m, and foreign currency deposits shrinking by \$588.5m. In addition, private sector deposits dropped by \$15.4bn in 2019, by \$19.7bn in 2020 and by \$9.7bn in 2021, including a decrease of \$10.7bn between September and December 2019. As such, aggregate private sector deposits contracted by \$45.3bn in the January 2019-January 2022 period, with deposits in Lebanese pounds shrinking by LBP36,945bn (\$24.5bn) and foreign currency deposits declining by \$20.84bn. The decrease is due largely to the repayment of loans by companies and individuals, to the hoarding of cash at households, to banks and companies paying their foreign obligations, and to deposit outflows. The dollarization rate of private sector deposits was 79.3% at end-January 2022 relative to 79.4% at the end of 2021 and to 80.2% at the end of January 2021.

Further, the liabilities of non-resident financial institutions reached \$4.9bn at the end of January 2022 and contracted by 24.8% from \$6.5bn at the end of January 2021. Also, the average deposit rate in Lebanese pounds was 1.03% in January 2022 compared to 2.31% a year earlier, while the same rate in US dollars was 0.18% relative to 0.58% in January 2021. The ratio of private sector loans to deposits in foreign currency stood at 14.8% at the end of January 2022 compared to 19% a year earlier, well below BdL's limit of 70%. The same ratio in Lebanese pounds reached 44.5% at end-January 2022, down from 52.7% at end-January 2021. As such, the total private sector loans-to-deposits ratio reached 20.9% at end-January 2022 compared to 25.7% a year earlier. The banks' aggregate capital base stood at LBP24,041bn (\$15.9bn) at the end of January 2022, down by LBP2,770bn (-10.3%) from LBP26,811bn (\$17.8bn) at the end of 2021 and by LBP1,620bn (-6.3%) from LBP25,661bn (\$17bn) at end-January 2021.

Private Sector Deposits (US\$bn)



Source: Banque du Liban, Byblos Research

### **Stock market capitalization up 38% to \$9.8bn at end-February 2022**

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 1,946,276 shares in the first two months of 2022, constituting a decrease of 77.8% from 8,754,567 shares traded in the same period of 2021; while aggregate turnover amounted to \$29.4m and increased by 10.8% from a turnover of \$26.5m in the first two months of 2021. The market capitalization of the BSE reached \$9.8bn on the last trading day of February 2022, representing a surge of 38.2% from \$7.1bn at the end of February 2021, with real estate equities accounting for 50.6% of the total, followed by banking stocks (44.7%), industrial shares (4.3%), and trading firms' equities (0.4%). The market liquidity ratio was 0.3% at the end of February 2022 compared to 0.37% a year earlier.

Banking stocks accounted for 52% of the trading volume in the first two months of 2022, followed by real estate equities (46.8%), and industrial shares (1.3%). Also, real estate equities accounted for 94.3% of the aggregate value of shares traded, followed by banking stocks (5.1%), and industrial shares (0.6%). The average daily traded volume for the first two months was 51,218 shares for an average daily amount of \$772,389. The figures reflect a drop of 77.8% in the average daily traded volume and a rise of 10.8% in the average daily value in the covered period.

In parallel, the Capital Markets Authority's (CMA) Market Value-Weighted Index for stocks traded on the BSE declined by 7.4% in the first two months of 2022, while the CMA's Banks Market Value-Weighted Index regressed by 3% in the covered period. The decrease in the Market Value-Weighted Index is mainly due to the decline in the prices of Solidere 'A' and of Solidere 'B' shares by 8% and 9.7%, respectively, from end-2021, given that the shares had market weights of 30.65% and 19.95%, respectively, at end-February 2022, the highest among listed companies on the BSE.

### **U.S. software firm acquires Lebanese technology startup**

JumpCloud Inc., a U.S.-based software and cloud management firm, acquired for an undisclosed amount Myki, Inc., a Lebanon-based provider of digital identity management solutions.

Established in Beirut in 2016, Myki developed a mobile application for password management and authentication that enables users to securely store and manage their passwords and other sensitive information such as credit cards, government identifications (IDs) cards and secure notes. It had pioneered data protection through encrypted and decentralized identity management tools that allows users to consolidate and access their passwords safely in a single digital medium. It allows users to log in to accounts using biometric authentication such as touch ID and face ID. The firm also developed an application that gives administrators full visibility and control over their company's access management. Further, it has web-based software for service providers, which allows them to manage the passwords of their clients in a secure, streamlined and scalable manner. The company attracted at its startup stage investments from BECO Capital, a Dubai-based early stage venture capital fund, and B&Y Venture Partners, a MENA-based venture capital firm. Myki announced that it will discontinue its operations and existing products on April 10, 2022 and that its team will become an integral part of JumpCloud's data protection staff.

Established in 2013, the U.S.-based JumpCloud is an enterprise software company with a global footprint that provides services to securely manage user identities and devices, as well as access to virtual private networks, Wi-Fi, servers and workstations. The acquisition will accelerate JumpCloud's expansion of its cloud directory platform, as the combined entity will serve a global user base of more than 150,000 organizations, with more than 5,000 paying customers.

## Ratio Highlights

(in % unless specified)	2019	2020	2021	Change*
Nominal GDP (\$bn)	51.0	26.5	22.3	(4.1)
Public Debt in Foreign Currency / GDP	63.0	52.1	-	-
Public Debt in Local Currency / GDP	108.1	86.0	-	-
Gross Public Debt / GDP	171.1	138.1	242.6	104.5
Trade Balance / GDP	(29.0)	(11.2)	(23.1)	(11.9)
Exports / Imports	19.4	31.3	47.7	16.4
Fiscal Revenues / GDP	20.7	14.7	8.1	(6.6)
Fiscal Expenditures / GDP	31.6	18.6	11.9	(6.7)
Fiscal Balance / GDP	(10.9)	(3.9)	(3.8)	0.1
Primary Balance / GDP	(0.5)	(0.9)	(1.8)	(0.9)
Gross Foreign Currency Reserves / M2	70.2	41.5	26.0	(15.5)
M3 / GDP	251.2	191.7	89.4	(102.3)
Commercial Banks Assets / GDP	404.8	271.7	117.2	(154.4)
Private Sector Deposits / GDP	296.6	201.0	86.8	(114.3)
Private Sector Loans / GDP	92.9	52.3	18.6	(33.7)
Private Sector Deposits Dollarization Rate	76.0	80.4	79.4	(1.0)
Private Sector Lending Dollarization Rate	68.7	59.6	56.3	(3.3)

\*change in percentage points 21/20;

Source: Banque du Liban, Ministry of Finance, Central Administration of Statistics, 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

	2019	2020e	2021f
Nominal GDP (LBP trillion)	80.8	93.6	182.3
Nominal GDP (US\$ bn)	51.6	22.6	23.2
Real GDP growth, % change	-6.7	-26.2	-8.3
Private consumption	-7.3	-20.2	-10.0
Public consumption	2.5	-67.0	-60.0
Gross fixed capital	-11.1	-31.3	-21.5
Exports of goods and services	-4.0	-35.8	1.1
Imports of goods and services	-4.9	-38.0	-21.0
Consumer prices, %, average	2.9	84.9	140.2
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	1,507.5
Parallel exchange rate, average, LBP/US\$	1,625	5,549	13,569
Weighted average exchange rate LBP/US\$	1,566	4,142	7,865

Source: Institute of International Finance- September 2021

## Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		-
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



---

**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](mailto:research@byblosbank.com.lb)**  
**[www.byblosbank.com](http://www.byblosbank.com)**

---

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

---

# 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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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](mailto: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