

LEBANON THIS WEEK

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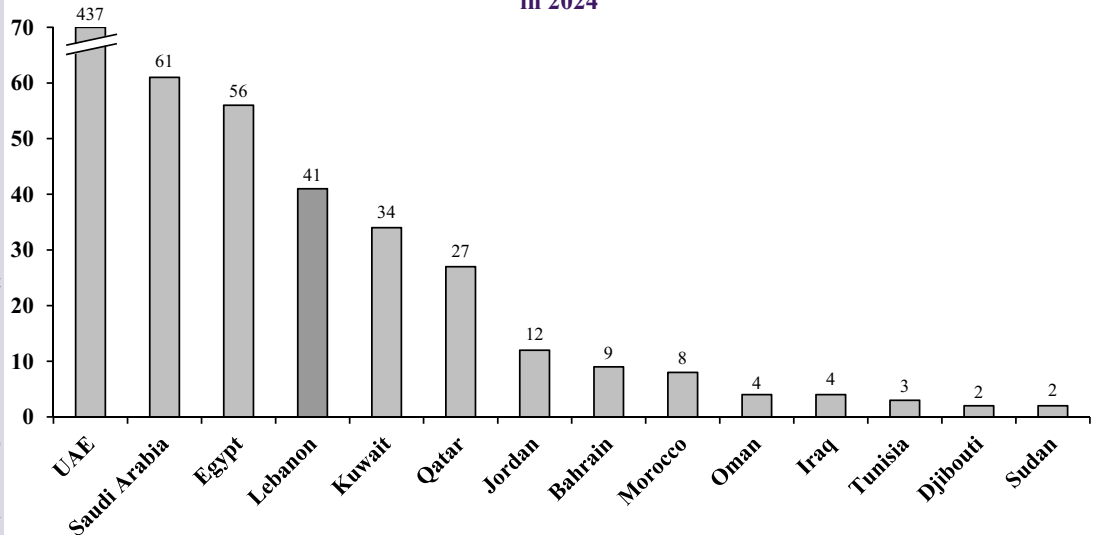
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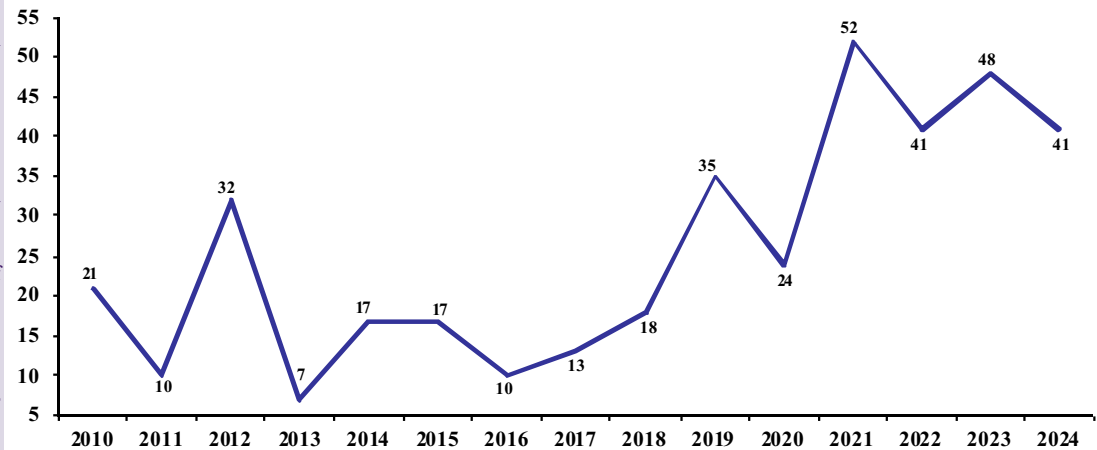
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Charts of the Week

Number of Outward Greenfield Foreign Direct Investment Projects from Arab Countries in 2024



Number of Outward Greenfield Foreign Direct Investment Projects from Lebanon



Source: UNCTAD, Byblos Bank

Quote to Note

"We do not expect any significant progress on debt restructuring in the near term, following Lebanon's default on its Eurobond obligations five years ago."

S&P Global Ratings, on the ongoing delays in starting negotiations with the holders of Lebanese Eurobonds

Number of the Week

US\$19.6bn: Market capitalization of the Beirut Stock Exchange at the end of August 2025

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 %
Audi Listed	2.90	(0.7)	1,355,745	8.8%	Nov 2026	6.60	22.13	171.75
Audi GDR	2.79	0.4	16,650	1.7%	Mar 2027	6.85	22.13	126.50
Solidere "A"	75.10	(2.7)	11,525	38.8%	Nov 2028	6.65	22.13	54.11
Byblos Common	0.88	3.5	10,000	2.6%	Feb 2030	6.65	22.13	36.82
Solidere "B"	75.20	(0.3)	4,364	25.2%	Apr 2031	7.00	22.13	28.73
HOLCIM	72.00	(4.0)	131	7.3%	May 2033	8.20	22.13	20.61
BLOM GDR	7.10	0.0	-	2.7%	May 2034	8.25	22.13	18.14
Byblos Pref. 08	25.00	0.0	-	0.3%	Jul 2035	12.00	22.13	15.86
Byblos Pref. 09	29.99	0.0	-	0.3%	Nov 2035	7.05	22.13	15.43
BLOM Listed	5.17	0.0	-	5.7%	Mar 2037	7.25	22.13	13.51

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

Source: Refinitiv

	September 1-5	August 25-29	% Change	August 2025	August 2024	% Change
Total shares traded	1,398,415	1,214,399	15.2	2,784,318	960,183	190
Total value traded	\$5,268,516	\$6,372,001	(17.3)	\$22,009,475	\$60,610,835	(63.7)
Market capitalization	\$19.36bn	\$19.64bn	(1.4)	\$19.64bn	\$19.24bn	2.1

Source: Beirut Stock Exchange (BSE)



Draft budget for 2026 projects balanced revenues and expenditures at \$5.7bn

The draft budget for 2026 that the Ministry of Finance submitted to the Council of Ministers shows budget expenditures and revenues at LBP505,720bn each, leading to a balanced budget for the year. In comparison, the draft budget for 2025 consisted of expenditures and revenues at LBP445,214bn each, leading to a primary surplus of LBP31,485bn and a balanced budget for the year. It also included Treasury receipts of LBP19,585bn, resulting in aggregate public revenues of LBP429,714bn for the year.

On the expenditures side, the draft budget estimates current spending at LBP449,562bn and capital outlays at LBP56,158bn, or 88.9% and 11.1%, respectively, of aggregate public expenditures. The distribution of current expenditures shows that wages, salaries, social benefits and allocations total LBP241,987bn and account for 53.8% of current spending, followed by transfers at LBP63,008bn (14%), spending on goods & services at LBP58,942bn (13.1%), emergency expenditures at LBP30,450bn (6.8%), and debt servicing at LBP25,981bn (5.8%), while other spending amounts to LBP29,193bn or 6.5% of current expenditures.

On the revenues side, the draft budget projects tax revenues at LBP416,145bn and non-tax receipts at LBP89,575bn, or 82.3% and 17.7%, respectively, of total public revenues. In comparison, the 2025 draft budget projected tax revenues at LBP361,378bn and non-tax receipts at LBP83,836bn, or 81.2% and 18.8%, respectively, of total public revenues.

The ministry estimates that revenues from the excise tax on goods & services would generate LBP266,829bn or 64.1% of total tax receipts; followed by receipts from customs duties with LBP61,382bn (14.8%); the tax on income, profits & capital gains with LBP35,665bn (8.6%); and income from property taxes with LBP36,008bn (8.7%); while other taxes would generate the remaining LBP16,262bn, or 3.9% of aggregate tax receipts. Further, the distribution of projected non-tax revenues shows receipts from government properties and public institutions at LBP63,255bn or 70.6% of the total; followed by administrative fees with LBP24,508bn (27.4%); while penalties, expropriations and other non-tax receipts would generate the balance of LBP1,811bn, or 2% of total non-tax revenues.

The distribution of revenues from the excise tax on goods & services indicates that receipts from the value-added tax (VAT) would account for 77% of the total, followed by the excise tax on goods (10.6%), revenues from the Tobacco Régie (8.4%), departure fees from the Lebanese territory (3%), and fees on cars (1%). Further, the distribution of revenues from the tax on income, profits & capital gains shows that receipts from the tax on wages & salaries would account 56.6% of the total, followed by the tax on profits (33.4%), the tax on interest income (7.5%), and the capital gains tax (1.8%). In addition, the distribution of receipts from the property tax shows that revenues from property registration fees would account for 83.4% of the total, followed by the inheritance tax (8%) and the built property tax (7.8%).

Also, the distribution of non-tax revenues indicates that receipts from government properties and public institutions would account for 65.4% of the total, followed by administrative fees & revenues and sales (30.6%), and other non-tax receipts (3.7%). Further, the breakdown of revenues from government properties and public institutions shows that receipts from the telecommunications sector would account for 48.2% of non-tax receipts, followed by Casino du Liban (8.1%), the Port of Beirut (6.8%), the Beirut Rafic Hariri International Airport (3.8%), the National Lottery (2%), and receipts from the Directorate of Grains & Sugar Beet (1.6%). In addition, other non-tax receipts include LBP1,083bn in revenues from the settlement of seaside properties.

Banque du Liban reduces capital conservation buffer temporarily

Banque du Liban (BdL) issued Intermediate Circular 740/13746 dated August 29, 2025 addressed to banks, financial institutions and auditors that modified Basic Circular 44/6939 dated March 25, 1998 about the Capital Adequacy Regulatory Framework of Banks Operating in Lebanon.

First, the circular stipulates that, on an exceptional basis, and contrary to the terms of Article 10 of Basic Circular 44/6939, banks and financial institutions have to reduce their "Capital Conservation Buffer" below the required rate of 2.5% for 2023, 2024 and 2025, and mandates them to gradually bridge the gap in order to once again reach the 2.5% threshold in accordance with BdL's instructions at a later time. Second, it states that BdL temporarily suspended the implementation of the provisions of Article 11 bis of the circular until further notice. Article 11 bis indicated that, when calculating the solvability ratios, banks are required to compare the available provisions balance in the on-balance sheet financial assets and off-balance sheet financial liabilities that carry credit risk, with the expected losses calculated systematically. It said that, in the event of a negative difference between the balance of available provisions and the systematically calculated expected losses, the difference should be deducted from the Common Equity Tier One capital. Third, it stipulates that banks operating in Lebanon must disclose to the Banking Control Commission of Lebanon and to the Statistics and Economic Research Department at BdL, on a quarterly basis, the solvability ratios of their balance sheet at the end of March, June, September, and December of each year, on a standalone and on a consolidated basis, at the highest level of integration where applicable.

In parallel, BdL issued Intermediate Circular 726/13696 dated February 6, 2025 addressed to banks, financial institutions and auditors that modified Basic Circular 44/6939. The circular prohibited banks and financial institutions from distributing dividends for common shares for the financial years 2019, 2020, 2021, 2022, 2023, and 2024.

Bank of America maintains "Market Weight" recommendation on Lebanon's Eurobonds

Bank of America (BofA) indicated that the implementation of meaningful reforms is essential to support Lebanon's economic recovery and reconstruction, particularly with the backing of international financial assistance. It considered that several important developments will likely determine the country's economic outlook. It said that international pressure has intensified for the disarmament of non-state armed groups, which, if implemented, could potentially unlock reconstruction funds from the U.S. and Saudi Arabia. However, it expressed concerns that, if such conditions materialize, the political class may consider these funds as a substitute for reforms, rather than a complement to them. It added that this scenario could mean that the restructuring of the banking sector could be carried out in a way that diverges from the International Monetary Fund's (IMF) requirements. It noted that the timeline for the government is getting very tight for the approval of the IMF Executive Board of a program with Lebanon and for a potential debt restructuring by the end of 2025, and added that the authorities are unlikely to meet this deadline. It said that the absence of an IMF-supported program could hinder efforts to restructure Lebanon's Eurobonds.

Further, it indicated that the reduction of geopolitical risks in the Middle East has supported the prices of Lebanon's Eurobonds. It noted that the 2035 Eurobonds have posted a return of 49% since the start of the year, the highest return among the 10-year external debt of the Emerging Europe, the Middle East and Africa region. It considered that the cap for Lebanese Eurobonds is 20 cents on the dollar and that Eurobond recoveries close to 25 cents on the dollar would require an optimistic nominal GDP growth path, in line with the upward revision of the IMF; the adoption of an orthodox reforms program with the restructuring of the public debt taking place by the end of 2026; the addition to the bonds' principal amount of the Past Due Interest accumulated since the government's decision to default on its Eurobonds obligations in March 2020; and a stable environment following the May 2026 parliamentary elections. As such, it maintained its "Market Weight" recommendation on Lebanon's external debt.

In addition, it stressed that any improved treatment of depositors must be aligned with the public debt's sustainability analysis and should leave sufficient room for a bondholder restructuring agreement. As such, it said that it continues to see a maximum recovery value of 25 cents on the dollar in a best-case scenario, which is why it maintained its "Market Weight" recommendation on Lebanon's external debt. BofA had a similar recommendation on the Eurobonds in January and July 2025.

In parallel, BofA considered in early August 2025 that the Lebanese authorities can still reach a Staff-Level Agreement (SLA) with the IMF by the end of the year, contingent on several key developments, such as maintaining political stability, the ability and willingness of Prime Minister Nawaf Salam to advance a Financial Gap Law through the Council of Ministers even in the absence of political consensus, and the alignment of the banking resolution framework with the conditions of the IMF.

Further, it said that the Lebanese Parliament enacted the banking resolution framework on July 31, 2025, but it considered that it is unclear if the law fully meets the IMF's requirements. In addition, it said that the authorities aim to enact the Gap Law by October 2025, which could pave the way for discussions about an SLA during the IMF's annual meetings in the same month, and would be followed by a donor conference that France will organize and a Lebanon-led investor conference targeting the private sector. However, it expected that securing the approval of the IMF's Executive Board for the IMF program would necessitate prior actions similar to those outlined in the SLA that the Lebanese government signed in April 2022. It noted that the political parties have already begun debating amendments to the existing electoral law, which could further complicate the reforms landscape.

Moreover, it indicated that the authorities said that the IMF has approved an increase in the government's contribution to BdL's recapitalization from \$2.5bn to \$5bn, which could reduce the haircut on banking sector deposits, assuming other factors remain unchanged, but may also raise the starting level of the government's debt in any future Eurobond restructuring. Also, it considered that progress on reforms is contingent on political stability, which will mostly depend on how the population will react to the Council of Minister's implementation of its decision to monopolize weapons and how decisively the State carries out the measure.

Banque du Liban's liquid foreign reserves at \$11.7bn, gold reserves at \$31.5bn at end-August 2025

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP8,446.6 trillion (tn) on August 31, 2025, relative to LBP8,449tn at mid-August 2025, to LBP8,427.4tn at end-July 2025, to LBP8,318.7tn at the end of 2024, and to LBP8,474.1tn at end-August 2024. BdL indicated that it revised its balance sheet figures starting on October 15, 2024 in accordance with international standards. It said that it changed the classification of "Foreign Assets" to "Foreign Reserve Assets" in order to present non-resident and liquid foreign assets only, while it reclassified the "other resident and/or illiquid items" to its "Securities Portfolio" or to the "Loans to the Local Financial Sector" entries.

BdL's Foreign Reserve Assets stood at \$11.67bn on August 31, 2025, compared \$11.69bn at mid-August 2025, to \$11.48bn at end-July 2025 and to \$10.52bn at end-August 2024. As such, they increased by \$206.4m in the first half of August and decreased by \$20.2m in the second half of August 2025. Also, they increased by \$252.8m in January, by \$141.1m in February, by \$198.7m in March, by \$331.7m in April, by \$50.4m in May, by \$216.5m in June, by \$157.3m in July, and by \$186.2m in August 2025. As a result, BdL's Foreign Reserve Assets increased by \$1.53bn in the first eight months of 2025 and by \$3.1bn between the end of July 2023 and end-August 2025, despite a decline of \$530.3m in the fourth quarter of 2024. The dollar figures are based on the exchange rate of the Lebanese pound of LBP89,500 per US dollar starting on February 15, 2024, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024.

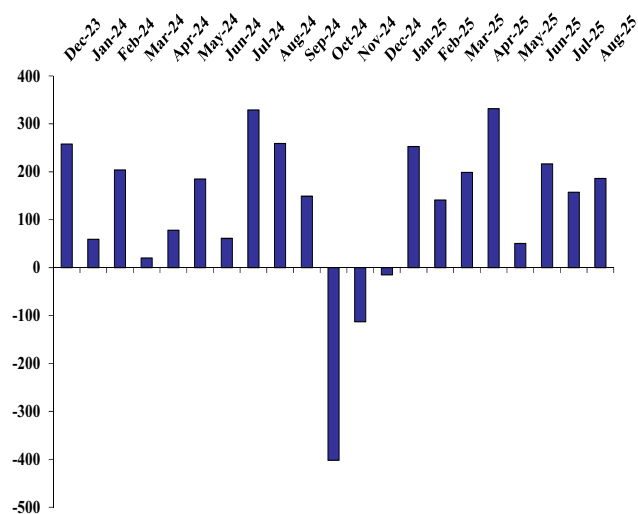
Further, the value of BdL's gold reserves reached \$31.47bn on August 31, 2025 compared to \$31bn at mid-August 2025, to \$30.45bn at end-July 2025, and to a peak of \$31.6 at mid-June 2025. Also, BdL's securities portfolio totaled LBP551,164.7bn at end-August 2025 relative to LBP553,530bn at mid-August 2025. BdL noted that the securities portfolio includes Lebanese Eurobonds that had a market value of \$1.03bn at end-August 2025 relative to \$1.034 at mid-August 2025 and to \$978.8m at end-July 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 LBP39,791.4bn at end-August 2025 compared to LBP40,197.5bn at mid-August 2025.

Moreover, Deferred Open-Market Operations totaled LBP178,718.6bn on August 31, 2025 relative to LBP176,194.2bn on August 15, 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 LBP25,603.5bn (\$286.1m) at end-August 2025 relative to LBP25,332.2bn (\$283m) at mid-August 2025.

Also, the Revaluation Adjustments item on the asset side reached LBP2,302.4tn at end-August 2025 relative to LBP2,347.8tn at mid-August 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 LBP166.2tn at end-August 2025 relative to LBP166.03tn at mid-August 2025. It also consists of a special account in the name of the Treasury that stood at LBP2,136.2tn at end-August 2025 compared to LBP2,181.74tn at mid-August 2025. Further, the balance sheet shows that BdL's loans to the public sector totaled LBP1,486,830bn at end-August 2025 relative to LBP1,486,814.3bn two weeks earlier, and include an overdraft of \$16.52bn at end-August 2025, unchanged from mid-August 2025.

On the liabilities side, BdL's balance sheet shows that currency in circulation outside BdL stood at LBP72,862.8bn on August 31, 2025 compared to LBP74,409.7bn at end-July 2025, and represented an increase of 27.4% from LBP57,193.1bn at end-August 2024. Further, the deposits of the financial sector reached LBP7,559.4tn, or the equivalent of \$84.46bn, at end-August 2025, relative to LBP7,563.5bn (\$84.51bn) at mid-August 2025 and to \$86.9bn at end-August 2024; while public sector deposits at BdL totaled LBP703,085.4bn at end-August 2025 compared to LBP701,598.1bn at mid-August 2025 and to LBP681,750.5bn at end-July 2025.

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



*month-on-month change

Source: Banque du Liban, Byblos Research

Purchasing Managers' Index improves in August 2025

The BLOM Lebanon Purchasing Managers' Index (PMI), an indicator of operating conditions in Lebanon's private sector, stood at 50.3 in August 2025 relative to 48.9 in July 2025 and to 47.9 in August 2024, and came higher than the PMI's trend average of 46.9 since the index's inception in May 2013. Further, the PMI averaged 49.4 in the first eight months of 2025 compared to 48.6 in the same period last year. Also, the August result was the fifth highest outcome of the index since its inception, behind 52.5 in May 2013, 50.6 in January 2025, 50.5 in February 2025, and 50.33 in July 2023.

The PMI's score signals an improvement in operating conditions in private sector activity in August 2025, and came above the 50 mark for the first time since February 2025. A score that exceeds 50 signals positive business activity, while a score that is lower than 50 shows a deterioration in activity.

The survey's results show that the New Orders Index increased from 47.8 in July 2025 to 50.5 in August 2025, reflecting an increase in new businesses that private sector firms in Lebanon received. Also, businesses said that the rise in new orders indicates a fresh uptick in sales, which marked the first improvement in demand conditions in six months.

In addition, the New Export Orders Index stood at 48.7 in August 2025 relative to 45.6 in the previous month, signaling a month-on-month increase in demand from foreign clients. Further, businesses said that the rate of decline below the 50 mark slowed down in August, as only 2% of surveyed firms reported lower orders from abroad.

Also, the survey indicated that the Output Index increased from 48 in July 2025 to 50.7 in August 2025. Companies noted that the August's rise in output was the first since February 2025 amid reports from several firms of a pick-up in marketplace activity.

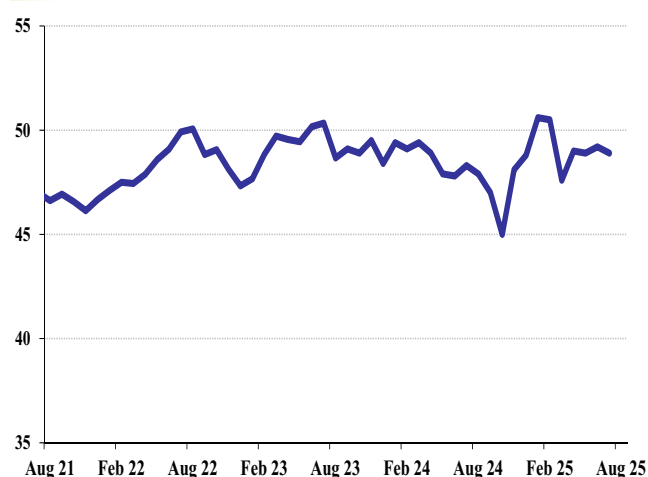
Further, the Employment Index stood at 49.8 in August 2025, unchanged from July 2025, signaling broadly stable workforce numbers across Lebanon's private sector. Moreover, the results show that the Backlogs of Work Index slightly increased from 49.2 in July 2025 to 50.9 in August 2025, as companies recorded a rise in their levels of outstanding business for the first time since May 2025.

In parallel, the survey indicated that the Suppliers' Delivery Times Index increased from 49.6 in July 2025 to 50.1 in August 2025, indicating a marginal improvement in vendor performance since March 2025. Also, the Stocks of Purchases Index improved from 50.2 in July 2025 to 50.7 in August 2025, as businesses noted an increase in their inventory levels. The results show the highest rate of accumulation of inventories since February 2025.

Further, the Overall Input Price Index stood at 50.8 in August 2025 relative to 51.1 in July 2025, indicating a slower inflation rate during August since January 2025. Businesses noted that purchasing costs remained the principal source of upward pressure on input prices, as staff expenses held steady. In addition, the results show that the Output Prices Index regressed from 50.7 in July 2025 to 50.2 in August 2025, as respondents said that they were less aggressive in increasing their selling prices in August.

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

BLOM Lebanon Purchasing Managers' Index



Source: BLOM Bank, S&P Global Market Intelligence

Components of BLOM Lebanon Purchasing Managers' Index

	Output	New Orders	New Export Orders	Future Output	Employment
March 2025	46.1	46.1	46.2	55.5	49.4
April 2025	48.1	48.4	48.5	49.6	49.8
May 2025	48.0	48.2	47.4	55.3	49.9
June 2025	48.7	48.3	47.8	23.7	49.9
July 2025	48.0	47.8	45.6	28.4	49.8
August 2025	50.7	50.5	48.7	46.4	49.8

Source: BLOM Bank, S&P Global Market Intelligence

Net foreign assets of financial sector up \$8.9bn in first seven months of 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 \$8.9bn in the first seven months of 2025, compared to increases of \$3.8bn in the same period of 2024 and of \$926m in the first seven months of 2023.

The cumulative surplus in the first seven months of 2025 was caused by increases of \$7.7bn in the net foreign assets of BdL and of \$1.2bn in those of banks and financial institutions. Further, the net foreign assets of the financial sector rose by \$424.8m in July 2025 compared to an increase of \$352.2m in June 2025 and a surge of \$1.13bn in July 2024. The July increase was caused by increases of \$339.4m in the net foreign assets of BdL and of \$85.4m in those of banks and financial institutions. Also, the rise in the banks' net foreign assets in July is mostly due a rise of \$32.1m in the banks' claims on the non-resident financial sector, and to decreases of \$105.1m in the deposits of the non-resident financial sector and of \$52.1m in non-resident customer deposits, which more than offset a downturn of \$0.44m in claims on non-resident customers.

The cumulative rise in BdL's net foreign assets reserves in first seven months of 2025 is due mainly to increases of \$6.35bn in the value of BdL's gold reserves and of \$749m in its foreign currency reserves. Also, the rise in the banks' net foreign assets in the covered period is mostly due to increases of \$666.5m in the banks' claims on the non-resident financial sector and of \$16.4m in claims on non-resident customers, and to a decrease of \$133.8m in the deposits of the non-resident financial sector, which more than offset a rise of \$389.1m in non-resident customer deposits.

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.

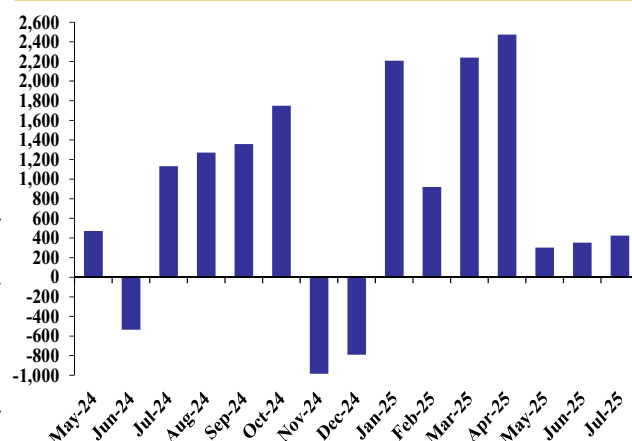
More than 79% of Treasury securities in Lebanese pounds have seven-year maturities or longer at end-July 2025

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds stood at LBP58,394bn at the end of July 2025, compared to LBP59,001bn at end-June 2025 and to LBP80,236bn at end-July 2024. The securities were equivalent to \$652.4m at the end of July 2025 based on the exchange rate of LBP89,500 per US dollar, according to the BdL Central Council's Decision No. 48/4/24 dated February 15, 2024. The weighted interest rate on Lebanese Treasury securities was 6.56% in July 2025 compared to 6.38% in July 2024.

Also, the distribution of outstanding Treasury securities shows that 10-year Treasury bonds totaled LBP28,822bn and accounted for 49.4% of aggregate securities denominated in Lebanese pounds at the end of July 2025, followed by seven-year Treasury bonds with LBP13,077bn (22.4%), five-year Treasury securities with LBP7,373bn (12.6%), three-year Treasury bonds with LBP3,305bn (5.7%), 12-year Treasury securities with LBP3,076bn (5.3%), 15-year Treasury bonds with LBP1,417bn (2.4%), and two-year Treasury securities with LBP1,324bn (2.3%). As such, 79.4% of outstanding Treasury securities have seven-year maturities or longer and 92.1% have five-year maturities or more.

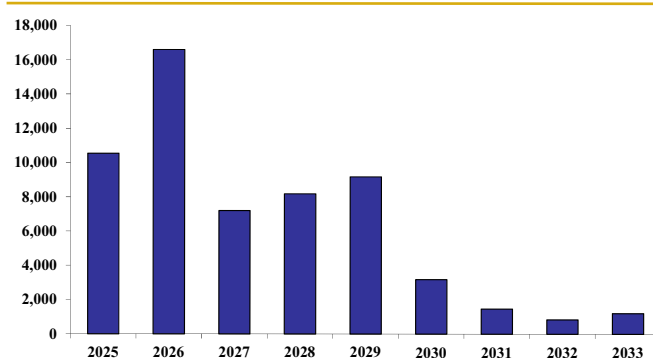
In parallel, LBP607bn in outstanding Treasury securities denominated in Lebanese pounds matured in July 2025. The distribution of maturing securities shows that 49.5% consisted of three-year Treasury bonds, 42.2% were five-year Treasury securities, and 8.3% consisted of seven-year Treasury bonds. According to ABL, LBP10,548bn in outstanding Treasury securities in Lebanese pounds mature in the remainder of 2025.

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



Source: Banque du Liban, Byblos Research

Projected Maturities of Treasury Securities in LBP* (LBP billions)



*as at end-July 2025

Source: Association of Banks in Lebanon, Byblos Research

Number of airport passengers up 7% in first eight months of 2025, still below 2023 level

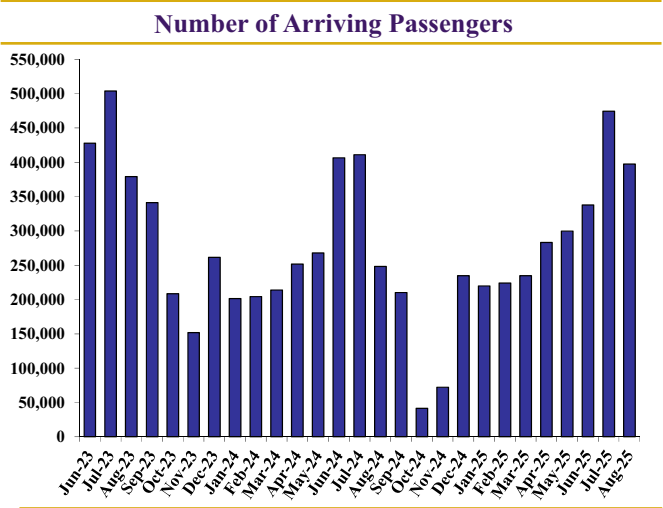
Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 4.72 million passengers utilized the airport (arrivals, departures and transit) in the first eight months of 2025, constituting an increase of 7% from 4.42 million passengers the same period of 2024, and representing a decrease of 5.6% from 5 million passengers in the first eight months of 2023. Also, 930,037 passengers utilized the airport in August 2025, constituting increases of 17.2% from 793,367 in July 2025 and of 39% from 669,423 passengers in August 2024. Further, 2.31 million passengers utilized the airport in the third quarter of 2025, representing an increase of 8.7% from 2.13 million passengers in the same quarter of 2024, but reflecting a decrease of 9.1% from 2.55 million passengers in the third quarter of 2023.

The number of arriving passengers reached 2.47 million passengers in the first eight months of 2025, as they grew by 12% from 2.2 million passengers in the same period of 2024 and regressed by 1.7% from 2.51 million passengers in the first eight months of 2023. The number of arriving passengers stood at 397,517 in August 2025, representing a decrease of 16.2% from 474,273 passengers in July 2025 and a surge of 60.3% from 248,049 in August 2024. Also, the number of arriving passengers totaled 1.21 million passengers in the third quarter of 2025, as they increased by 13.5% from 1.07 million passengers in the same quarter of 2024, indicating a rebound in tourism activity during the summer season amid receding geopolitical tensions. But the figures show a decrease of 7.7% from 1.31 million arrivals in the third quarter of 2023.

Also, the number of departing passengers totaled 2.25 million in the first eight months of 2025, constituting an increase of 1.8% from 2.21 million passengers in the same period last year and a decrease of 9.3% from 2.48 million passengers in the first eight months of 2023. Further, the number of departing passengers reached 532,274 in August 2025 and surged by 67% from 318,617 in July 2025 and by 26.4% from 421,068 departing passengers in August 2024. Also, the number of departing passengers stood at 1.1 million in the third quarter of 2025, increasing by 4% from 1.06 million passengers in the same period of the preceding year and decreasing by 10.5% from 1.23 million passengers in the third quarter of 2023.

In parallel, the airport's aircraft activity totaled 36,573 take-offs and landings in the first eight months of 2025, representing an increase of 2.2% from 35,789 takeoffs and landings in the same period last year. In comparison, aircraft activity declined by 10.3% in the first eight months of 2024 and grew by 15.6% in the same period of 2023. Also, the airport's aircraft activity stood at 6,634 take-offs and landings in August 2025, constituting increases of 10.8% from 5,990 take-offs and landings in July 2025 and of 24.8% from 5,315 take-offs and landings in August 2024.

In addition, the HIA processed 44,378 metric tons of freight in the first eight months of 2025 that consisted of 32,563 tons of import freight and 11,816 tons of export freight. Middle East Airlines had 17,020 flights in the covered period and accounted for 46.5% of the HIA's total aircraft activity.



Source: Beirut-Rafic Hariri International Airport

Industrial exports down 1.5% to \$2.5bn in 2024

Figures released by the Ministry of Industry show that industrial exports totaled \$2.51bn in 2024, constituting a decrease of \$37.7m, or 1.5%, from \$2.55bn in 2023. In comparison, industrial exports stood at \$2.5bn in 2019 and at \$2.2bn in 2020.

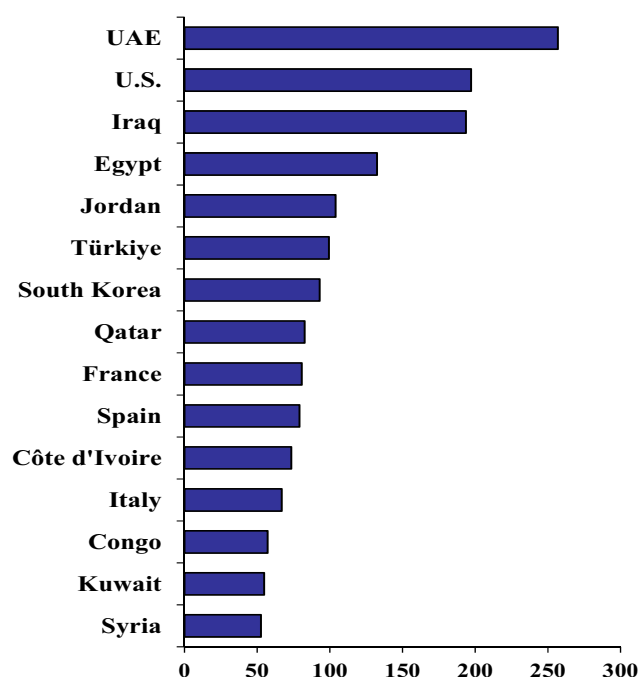
Exports of machinery & electronic appliances amounted to \$529.2m in 2024 and accounted for 21% of aggregate industrial exports last year. They were followed by the exports of chemical products with \$440m (17.5%), base metals with \$437m (17.4%), prepared foodstuff & tobacco with \$419.5m (16.7%), pearls, precious stones and metals with \$157.3m (6.3%), plastics & rubber with \$92.2m (3.7%), animal or vegetable fats and oils with \$89.4m (3.6%), and papers & paperboards with \$83.5m (3.3%). Further, the exports of chemical products surged by \$69.9m, or by 19%, in 2024, followed by exported animal or vegetable fats and oils with \$41.3m (+85.8%), prepared foodstuff & tobacco with \$33.5m (+8.7%), vegetable products with \$17.7m (+27.6%), articles of stone, plaster, cement, and glass with \$2.6m (+10.6%); while the exports of pearls, precious stones and metals dropped by \$66.3m (-29.7%), followed by exported machinery & electronic appliances with \$49.7m (-8.6%), base metals with \$25.2m (-5.4%), and plastics & rubber with \$12.8m (-12.2%).

Also, Arab countries were the destination of 39.3% of Lebanese industrial exports in 2024, followed by European economies with 21%, non-Arab African markets with 16.3%, the Americas with 11%, non-Arab Asian economies with 10%, and markets in Oceania with 1%. In comparison, Arab countries were the destination of 41.2% of Lebanese industrial exports in 2023, followed by European economies with 20.6%, non-Arab African markets with 16.1%, non-Arab Asian economies with 12%, the Americas with 8.4%, and markets in Oceania with 0.8%.

On a country basis, the UAE was the main destination of Lebanese industrial exports with \$256.8m and accounted for 10.2% of the total in 2024, followed by the U.S. with \$197.1m (7.8%), Iraq with \$193.6m (7.7%), Egypt with \$132.4m (5.3%), Jordan with \$104m (4.1%), Türkiye with \$99.4m (4%), South Korea with \$93m (3.7%), and Qatar with \$82.7m (3.3%). In 2024, 25 non-Arab African countries, 23 European economies, 16 Arab countries, 12 non-Arab Asian economies, six countries in the Americas, and two economies in Oceania imported \$1m or more each of Lebanese industrial products.

In parallel, imports of industrial equipment and machinery reached \$132m in 2024 compared to \$189.6m in 2019 and \$84.3m in 2020. China was the main source of such imports and accounted for 32.7% of the total last year, followed by Italy with 18%, and Germany with 12.4%. Further, imports of industrial equipment and machinery stood at \$8.91m in December 2024, representing a decrease of 9.7% from \$9.86m in November 2024. China was the main source of such imports with \$3.7m and accounted for 41.4% of the total in December 2024, followed by Italy with \$1.57m (17.6%), and Germany with \$1.11m (12.5%).

Top Destinations of Industrial Exports in 2024 (US\$m)



Source: Ministry of Industry, Byblos Research

Private sector deposits at \$88.5bn at end-July 2025

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP9,188.3 trillion (tn), or the equivalent of \$102.7bn, at the end of July 2025, compared to LBP9,231.6tn (\$103.1bn) at end-2024 and to LBP9,360tn (\$104.6bn) at the end of July 2024. Loans extended to the private sector totaled LBP486.2tn at the end of July 2025, with loans to the resident private sector reaching LBP406.7tn and credit to the non-resident private sector amounting to LBP79.5tn at the end of the month. Loans extended to the private sector in Lebanese pounds reached LBP9.1tn, as they decreased by 21.7% from LBP11.58tn at the end of 2024; while loans in foreign currency totaled \$5.33bn at end-July 2025 and declined by 8.3% from \$5.82bn at the end of 2024. The figures reflect Banque du Liban's (BdL) Basic Circular 167/13612 dated February 2, 2024 that asked banks and financial institutions to convert their assets and liabilities in foreign currencies to Lebanese pounds at the exchange rate of LBP89,500 per US dollar when preparing their financial positions starting on January 31, 2024.

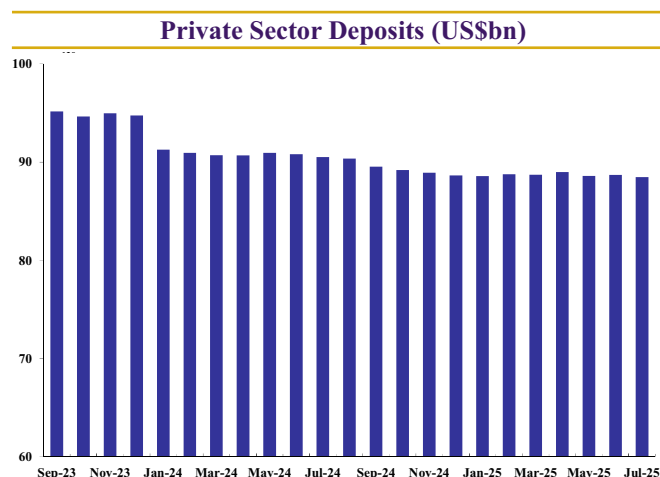
In nominal terms, credit to the private sector in Lebanese pounds declined by LBP2,510.2bn in the first seven months of 2025 and by LBP1,832bn from a year earlier, while lending to the private sector in foreign currency decreased by \$485.1m in the covered period and dropped by \$1.3bn from end-July 2024. Further, loans extended to the private sector in Lebanese pounds contracted by LBP18.5tn (-67%) and loans denominated in foreign currency dropped by \$35.77bn (-87%) since the start of 2019. The dollarization rate of private sector loans regressed from 98.2% at the end of July 2024 to 98.1% at end-July 2025. The average lending rate in Lebanese pounds was 9.23% in July 2025 compared to 4.54% a year earlier, while the same rate in US dollars was 3.69% relative to 3.37% in July 2024.

In addition, claims on non-resident financial institutions stood at \$5.36bn at the end of July 2025, constituting increases of \$666.5m (+14.2%) from the end of 2024 and of \$899.8m (+20.2%) from end-July 2024. Also, claims on non-resident financial institutions dropped by \$3.78bn (-41.3%) from the end of August 2019 and by \$6.63bn (-55.3%) since the start of 2019. Further, deposits at foreign central banks totaled \$621.6m, constituting decreases of \$4.9m (-0.8%) in the first seven months of 2025 and of \$255m (-29%) from a year earlier. Also, cash in vault in Lebanese pounds stood at LBP7,963.7bn compared to LBP7,179.8bn at end-2024 and to LBP9,509.1bn at end-July 2024. In addition, the banks' claims on the public sector amounted to LBP207.3tn at end-July 2025, representing decreases of 0.5% from LBP208.4tn end-2024 and of 0.8% from LBP208.9tn end-July 2024. Also, the banks' holdings of Lebanese Treasury bills stood at LBP8.42tn, while their holdings of Lebanese Eurobonds reached \$2.21bn net of provisions at end-July 2025 relative to \$2.2bn a year earlier. Further, the deposits of commercial banks at BdL stood at LBP7,061.5tn at the end of July 2025, or at \$78.9bn, compared to LBP7,122.4tn (\$79.6bn) at the end of 2024.

In parallel, private sector deposits totaled LBP7,917.8tn, or \$88.5bn, at the end of July 2025. Deposits in Lebanese pounds reached LBP81.7tn at end-July 2025, as they increased by 20.3% from end-2024 and by 29.3% from a year earlier; while deposits in foreign currency stood at \$87.55bn, and regressed by 0.4% from end-2024 and by 2.6% from end-July 2024. Resident deposits accounted for 75.9% and non-resident deposits represented 24.1% of total resident private sector deposits at end-July 2025. Private sector deposits include about \$4bn in "fresh" funds, with half of the amount consisting of eligible funds under BdL circulars 158 and 166.

In addition, private sector deposits in Lebanese pounds surged by LBP13,805bn and foreign currency deposits decreased by \$334m in the first seven months of 2025, while private sector deposits in Lebanese pounds grew by LBP18,495.7bn and foreign currency deposits dropped by \$2.32bn from a year earlier. Also, aggregate private sector deposits in Lebanese pounds increased by LBP8,895.7bn (+12.2%) and foreign currency deposits declined by \$36.7bn (-29.5%) from the end of August 2019, while total private sector deposits in Lebanese pounds increased by LBP4,502.7bn (+5.8%) and foreign currency deposits dropped by \$35.5bn (-29%) since the start of 2019. The dollarization rate of private sector deposits regressed from 99.2% at the end of July 2024 to 99% at the end of July 2025.

Further, the liabilities of non-resident financial institutions reached \$2.37bn at the end of July 2025, decreasing by 5.3% from \$2.51bn at end-2024 and by 11.5% from \$2.68bn at end-July 2024. Also, the average deposit rate in Lebanese pounds was 2.43% in July 2025 compared to 1.12% a year earlier, while the same rate in US dollars was 0.07% in July 2025 relative to 0.03% in July 2024. In addition, the banks' aggregate capital base stood at LBP427.8tn (\$4.78bn) at the end of July 2025 compared to LBP428.5tn (\$4.79bn) at the end of 2024 and to LBP308.6tn (\$3.45bn) at the end of July 2024.



Source: Banque du Liban, Byblos Research

Saradar Bank posts net losses of LBP2,446bn in 2024

Saradar Bank sal announced audited consolidated net losses of LBP2,446.2bn in 2024 compared to net losses of LBP1,679.2bn in 2023. The bank's net interest income amounted to LBP1,663.7bn in 2024 relative to LBP356.9bn in the previous year; while its revenues from net fees & commissions reached LBP489bn last year compared to LBP155.5bn in 2023. Further, the bank's net provisions for credit losses stood at -LBP470bn in 2024 relative to +LBP109.7bn in 2023; while the direct write-off of subsidized loans reached LBP622.6bn in 2024 compared to LBP21.3bn in the preceding year. As such, the bank's net operating losses totaled LBP1,476.3bn in 2024 relative to losses of LBP1,013.1bn in the preceding year. In parallel, the bank's operating expenditures stood at LBP983bn in 2024 compared to LBP669.3bn in 2023, with staff expenses accounting for 36.6% of the total.

Further, the bank's total assets reached LBP103,376.8bn at the end of 2024 relative to LBP21,241.7bn at the end of 2023. Loans & advances to customers totaled LBP3,350bn at end-2024 compared to LBP1,319.2bn a year earlier, with loans & advances to related parties stood at LBP3.7bn at end-2024 relative to LBP6.5bn a year earlier. Also, the assets acquired in settlement of debts totaled LBP1,626.1bn at end-2024, unchanged from end-2023. Further, the bank's tangible fixed assets reached LBP1,357.4bn at end-2024 compared to LBP1,585.3bn at end-2023. In addition, the bank's deposits with banks and financial institutions stood at LBP3,422.4bn at end-2024 relative to LBP564.4bn a year earlier, while the bank's other assets reached LBP806.4bn at end-2024 compared to LBP690.9bn at end-2023.

Also, customer deposits stood at LBP92,545.2bn at end-2024 relative to LBP16,944.6bn at end-2023; with deposits from related parties totaling LBP4,726.8bn at end-2024 compared to LBP892.4bn at end-2023. In addition, provisions for risks and charges amounted to LBP226.3bn at end-2024 compared to LBP126m at end-2023. Further, the bank's equity reached LBP2,908.3bn at the end of 2024 compared to LBP2,207.8bn at the end of 2023.

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	-	CCC	C	Stable

*Fitch withdrew the ratings on July 23, 2024

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Ratings	Negative

Source: Moody's Ratings



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