



Association of Banks in Lebanon

ANNUAL REPORT

2024

© ASSOCIATION OF BANKS IN LEBANON

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BOARD OF DIRECTORS
OF THE ASSOCIATION OF BANKS IN LEBANON ELECTED ON JANUARY 29th, 2025

Chairman

Dr. Salim Sfeir
Chairman & General Manager
BANK OF BEIRUT S.A.L. (75)

Vice Chairman

Mr. Nadim Kassar
Chairman & General Manager
FRANSABANK S.A.L. (1)

Secretary

Mr. Walid Raphael
Chairman & General Manager
BANQUE LIBANO-FRANÇAISE S.A.L. (10)

Treasurer

Mr. Abdel Razzak Achour
Chairman & General Manager
FENICIA BANK S.A.L. (58)

Members

Mr. Saad Azhari
Chairman & General Manager
BLOM BANK S.A.L. (14)

Mr. Antoun Sehnaoui
Chairman & General Manager
SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L. (SGBL) (19)

H.E. Mrs. Rayya El Haffar Hasan
Chairman & General Manager
BANKMED S.A.L. (22)

Sheikh Ghassan Assaf
Chairman & General Manager
BBAC S.A.L. (28)

Mr. Semaan Bassil
Chairman
BYBLOS BANK S.A.L. (39)

Dr. Joseph Torbey
Chairman & General Manager
CREDIT LIBANAIS S.A.L. (53)

Mr. Khalil Debs
General Manager
BANK AUDI S.A.L. (56)

Dr. Tanal Sabbah
Chairman & General Manager
LEBANESE SWISS BANK S.A.L. (63)

H.E. Mr. Raed Khoury
General Manager
CEDRUS BANK S.A.L. (98)

H.E. Mr. Marwan Kheireddine
Chairman & General Manager
AM BANK S.A.L. (101)

() bank's official number issued by BDL

ASSOCIATION OF BANKS IN LEBANON
Established in 1959

General Secretariat

The Secretary General

Dr. Fadi Khalaf

Director of Financial & Administrative Department

Mr. Karam Yared

Director of Research & Statistics Department

Dr. Elias El-Achkar

MEMBERS OF THE ASSOCIATION OF BANKS IN LEBANON IN 2024

A - ACTIVE MEMBERS:

- 1- (1) FRANSABANK S.A.L.
- 2- (3) BANQUE MISR LIBAN S.A.L. (BML SAL)
- 3- (5) ARAB BANK P.L.C.
- 4- (10) BANQUE LIBANO-FRANÇAISE S.A.L.
- 5- (11) B.L.C. BANK S.A.L.
- 6- (14) BLOM BANK S.A.L.
- 7- (16) FEDERAL BANK OF LEBANON S.A.L.
- 8- (19) SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L. (SGBL)
- 9- (22) BANKMED S.A.L.
- 10- (28) BBAC S.A.L.
- 11- (36) BANQUE DE CREDIT NATIONAL S.A.L.
- 12- (39) BYBLOS BANK S.A.L.
- 13- (41) BANQUE DE L'HABITAT S.A.L.
- 14- (48) SARADAR BANK S.A.L.
- 15- (52) IBL BANK S.A.L.
- 16- (53) CREDIT LIBANAIS S.A.L.
- 17- (56) BANK AUDI S.A.L.
- 18- (58) FENICIA BANK S.A.L.
- 19- (62) NORTH AFRICA COMMERCIAL BANK S.A.L.
- 20- (63) LEBANESE SWISS BANK S.A.L.
- 21- (68) BSL BANK S.A.L.
- 22- (73) NATIONAL BANK OF KUWAIT (LEBANON) S.A.L.
- 23- (75) BANK OF BEIRUT S.A.L.
- 24- (90) ARAB AFRICAN INTERNATIONAL BANK
- 25- (92) EMIRATES LEBANON BANK S.A.L.
- 26- (93) BANQUE BEMO S.A.L.
- 27- (94) LGB BANK S.A.L.
- 28- (95) SAUDI LEBANESE BANK S.A.L.
- 29- (98) CEDRUS BANK S.A.L.
- 30- (101) AM BANK S.A.L.
- 31- (103) CREDITBANK S.A.L.
- 32- (108) FIRST NATIONAL BANK S.A.L.
- 33- (109) AL BARAKA BANK S.A.L.
- 34- (110) MEAB S.A.L.

- 35- (111) BLOMINVEST BANK S.A.L.
- 36- (113) MEDINVESTMENT BANK S.A.L.
- 37- (115) CITIBANK N.A.
- 38- (118) ARAB BANK (SWITZERLAND) LEBANON S.A.L
- 39- (123) BYBLOS INVEST BANK S.A.L.
- 40- (125) ARAB FINANCE HOUSE S.A.L. (ISLAMIC BANK)
- 41- (127) BLOM DEVELOPMENT BANK S.A.L.
- 42- (130) BANK OF BEIRUT INVEST S.A.L.
- 43- (137) CEDRUS INVEST BANK S.A.L.
- 44- (139) LIBANK S.A.L. (Levant Investment Bank)
- 45- (142) LUCID INVESTMENT BANK S.A.L.

B - ASSOCIATE MEMBERS

(Representative Offices of Foreign Banks)

- 1- ACCESS BANK P.L.C.
- 2- INTESA SANPAOLO S.P.A.
- 3- JPMORGAN CHASE BANK N.A.

Remarks:

- 1- Number between brackets preceding bank designation is the official registration number issued by the Banque du Liban.
- 2- The name of "FRANSA INVEST BANK S.A.L." registered under № 121 was removed – BDL decision № 13661 dated 17/9/2024 (O.G. 41/2024).
- 3- The name of "IBL INVESTMENT BANK S.A.L." registered under № 135 was removed – BDL decision № 13620 dated 15/2/2024 (O.G. 11/2024).
- 4- The name of "INVEST BANK P.S.C." registered under № 141 was removed pursuant to a letter addressed to the ABL dated 29/1/2024 requesting the suspension of its membership effective 1/1/2024, due to the decision of closure and liquidation (notice of recognition № 3417 dated 23/5/2024).

CATEGORIES OF OPERATING BANKS IN LEBANON
(End of 2024)

1 - Commercial Banks

A - Lebanese banks S.A.L.

- 1- (1) FRANSABANK S.A.L.
- 2- (10) BANQUE LIBANO-FRANÇAISE S.A.L.
- 3- (11) B.L.C. BANK S.A.L.
- 4- (14) BLOM BANK S.A.L.
- 5- (16) FEDERAL BANK OF LEBANON S.A.L.
- 6- (19) SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L. (SGBL)
- 7- (22) BANKMED S.A.L.
- 8- (28) BBAC S.A.L.
- 9- (36) BANQUE DE CREDIT NATIONAL S.A.L.
- 10- (39) BYBLOS BANK S.A.L.
- 11- (48) SARADAR BANK S.A.L.
- 12- (52) IBL BANK S.A.L.
- 13- (53) CREDIT LIBANAIS S.A.L.
- 14- (56) BANK AUDI S.A.L.
- 15- (58) FENICIA BANK S.A.L.
- 16- (63) LEBANESE SWISS BANK S.A.L.
- 17- (68) BSL BANK S.A.L.
- 18- (75) BANK OF BEIRUT S.A.L.
- 19- (93) BANQUE BEMO S.A.L.
- 20- (94) LGB BANK S.A.L.
- 21- (95) SAUDI LEBANESE BANK S.A.L.
- 22- (98) CEDRUS BANK S.A.L.
- 23- (101) AM BANK S.A.L.
- 24- (103) CREDITBANK S.A.L.
- 25- (108) FIRST NATIONAL BANK S.A.L.
- 26- (110) MEAB S.A.L.
- 27- (127) BLOM DEVELOPMENT BANK S.A.L. ⁽¹⁾

B - Lebanese banks (S.A.L.) with Arab control

- 1- (3) BANQUE MISR LIBAN S.A.L.
- 2- (62) NORTH AFRICA COMMERCIAL BANK S.A.L.
- 3- (73) NATIONAL BANK OF KUWAIT (LEBANON) S.A.L.
- 4- (92) EMIRATES LEBANON BANK S.A.L.
- 5- (109) AL BARAKA BANK S.A.L. ⁽¹⁾
- 6- (125) ARAB FINANCE HOUSE S.A.L. (ISLAMIC BANK) ⁽¹⁾

C - Arab Banks

- 1- (5) ARAB BANK P.L.C.
- 2- (90) ARAB AFRICAN INTERNATIONAL BANK

D - Foreign Banks

- 1- (115) CITIBANK N.A.

2- Investment Banks (S.A.L.)

- 1- (41) BANQUE DE L'HABITAT S.A.L.
- 2- (111) BLOMINVEST BANK S.A.L.
- 3- (113) MEDINVESTMENT BANK S.A.L.
- 4- (118) ARAB BANK (SWITZERLAND) LEBANON S.A.L. ⁽²⁾
- 5- (123) BYBLOS INVEST BANK S.A.L.
- 6- (130) BANK OF BEIRUT INVEST S.A.L.
- 7- (137) CEDRUS INVEST BANK S.A.L.
- 8- (139) LIBANK S.A.L. (Levant Investment Bank)
- 9- (142) LUCID INVESTMENT BANK S.A.L.

(1) Islamic Banks

(2) Banks with major Arab control

Remark: Number between brackets preceding bank designation is the official registration number issued by the Banque du Liban.

PART I

GENERAL ECONOMIC DEVELOPMENTS IN 2024

I - The Lebanese Economy

1-1 According to IMF estimates, nominal Gross Domestic Product (GDP) reached USD 28.3 billion in 2024 compared to USD 23.6 billion in 2023. Despite this nominal increase amidst high inflation, real GDP contracted significantly due to the intensification of the war in 2024, recording a negative growth rate of around -7.5% after a decline of -0.7% in 2023¹.

1-2 The Lebanese economy was performing relatively acceptable in 2024 before the escalation of the war in September, which had started in October 2023. The World Bank had projected positive growth of about 0.9% for the full year, but the conflict turned growth negative.

In its 2025 Lebanon Rapid Damage and Needs Assessment (RDNA), the World Bank estimated reconstruction and recovery needs at around USD 11 billion, while the economic cost of the conflict amounted to nearly USD 14 billion. Physical damages were valued at USD 6.8 billion, and economic losses from reduced productivity, lost revenues, and operating costs reached USD 7.2 billion. The total cost of the war (from October 28, 2023 to December 27, 2024) was estimated at around half of GDP. This situation placed tremendous pressure on most real economy sectors, with tourism, agriculture, and trade among the hardest hit.

Indicators of Real Economy

	2021	2022	2023	2024
Real Growth Rate (%)	2.0	1.0	-0.7	-7.5
GDP at current prices (USD billion)	19.8	24.7	23.6	28.3
Average annual inflation rate (%)	154.8	171.2	221.3	45.2
Current account balance (USD billion)	-4.6	-7.4	-5.9	-5.6
Current account balance / GDP (%)	-23.2	-30.0	-25.0	-19.8

Sources: International Monetary Fund for GDP and real growth rate – Central Administration of Statistics for inflation rate – BDL for the current account balance.

1-3 Following the ceasefire agreement in November 2024 and the resumption of political life in early 2025, with the election of a President, the formation of a promising

¹ The Institute of International Finance (IIF) estimated that Lebanon's real GDP contracted by 7.1% in 2024, compared to its earlier estimate of a 5.7% decline. This contraction reflects the continuation of the economic crisis that Lebanon has been experiencing since 2019. For 2025, IIF revised its real growth forecast downward to 1.4%, or even 1.2% in the event of an escalation of the war between Israel and Iran.

government, and several official appointments, together with major regional shifts and restored good relations between Lebanon and the Gulf countries, the World Bank projects a positive real growth rate of 4.7% for Lebanon in 2025.

1-4 The cash economy, including the shadow economy, remains a major challenge as it provides fertile ground for illegal and criminal activities. This was one of the reasons Lebanon was placed on the FATF grey list in October 2024. To combat this, Banque du Liban (BDL) issued Intermediate Circular 735 in May 2025, imposing stricter supervision on institutions conducting financial and banking operations through electronic means, as such activities could facilitate money laundering, terrorism financing, and other illicit transactions.

1-5 In terms of public finance, the budget recorded an overall surplus of approximately USD 297 million in 2024, following a surplus of USD 380 million in 2023 according to Ministry of Finance figures. These results were achieved through expenditure restraint and deferrals as well as increased revenues calculated at an exchange rate of LBP 89,500 per USD. Restructuring the Eurobond portfolio remains a top priority to restore confidence among bondholders and enable Lebanon's return to international financial markets. In 2024, particularly in the fourth quarter, Lebanese Eurobond prices rose significantly from depressed levels, reaching between USD 12.75 and USD 13.65 (per USD 100 face value) at the end of the year, and climbing further to USD 18.3 - 19.0 by mid-March 2025, before slightly retreating to USD 17.1 - 17.8 by the time of this report. This surge reflected international investor expectations of potential political progress and a revival of financial and economic reforms in Lebanon.

1-6 In terms of monetary situation, the exchange rate of the Lebanese pound remained stable at LBP 89,500 per USD in 2024, due to BDL's conservative monetary policies, particularly its control over cash circulation outside the Central Bank. Net foreign assets in the financial system recorded a surplus of USD 1.5 billion (excluding changes in the value of gold), reflecting net foreign currency inflows to Lebanon. BDL's liquid foreign exchange reserves increased from USD 9.3 billion at the end of 2023 to USD 10.1 billion at the end of 2024, reaching USD 11.1 billion by the end of May 2025.

Among other positive developments, the current account deficit declined to USD 5.6 billion in 2024, compared to USD 5.9 billion deficit in 2023, falling to 19.8% of GDP from 25% in 2023.

Inflation also declined, with the average annual rate dropping to 45.2% in 2024 from 221.3% in 2023, although prices were affected by higher shipping costs for goods since October 2023 as well as by the increase in prices of local goods and services, particularly for education and new rents. It is hoped that no taxes will be increased under any name or for any purpose, as this would lead to a further rise in prices once again.

1-7 Regarding the banking sector, little changed in 2024 as activity continued along the same crisis-driven path. Deposits and lending continued to decline, although there was a modest return of new loans and fresh deposits. Fresh customer deposits amounted to USD 3.2 billion at the end of 2024 and rose to USD 3.7 billion by the end of March 2025, according to BDL. The sector’s capital base continued to shrink due to provisioning against foreign currency placements. Meanwhile, Lebanese banks’ liquidity in foreign banks increased slightly in 2024, though remained limited compared to their foreign currency obligations.

1-8 Lebanon is clearly at a crossroads. Regional transformations are opening promising economic prospects, particularly with the country’s reintegration into its Arab environment and its renewed international relations, as well as geopolitical changes in the region that may play in Lebanon’s favor, the lifting of most sanctions previously imposed on Syria, the resumption of cooperation with the Gulf countries, and the willingness of Lebanon’s friends, Arab states, and financial institutions to support the country. The key question is whether Lebanese decision-makers will seize this chance to implement long-overdue comprehensive reforms — political, security, diplomatic, judicial, administrative, legislative, and monetary. It should be noted that officials have already begun taking reform steps, including appointments to key public sector positions and the enactment of the amended banking secrecy law. The Finance and Budget Committee is currently reviewing the bank restructuring plan approved by the Council of Ministers, pending resolution of the more crucial issue: the financial gap and the fate of banks’ deposits. Therefore, the settlement of the banking sector’s situation remains suspended, awaiting the implementation of a comprehensive plan for rebalancing and restructuring—an essential step to restore confidence in the economy and the financial system and to enable it to regain its role in the national economy.

Main Economic Indicators in 2023 and 2024

	2023	2024
Real estate sales operations	23,679	36,382
Real estate transactions	53,901	101,025
Value of real estate sales (LBP billion)	107,392	258,829
Collected real estate fees (LBP billion)	4,534	13,072
Construction permits area (000 s.m)	5,338	6,086
Cement deliveries (000 tons)	2,363	2,221
Value of Checks cleared in LBP (LBP billion)	65,938	78,511
Value of Fresh Checks cleared in LBP (LBP billion)*	2,354	18,112
Value of Checks cleared in FC (USD million)	3,292	1,299
Value of Fresh Checks cleared in FC (USD million)*	16	302
Number of ships	1,371	1,460
Weight of unloaded merchandises (tons)	4,415,069	4,522,487
Weight of shipped merchandises (tons)	982,178	890,020
Number of unloaded containers	163,747	164,543
Agricultural imports (USD million)	1,732	1,845
Agricultural exports (USD million)	227	199
Weight of agricultural imports (000 tons)	1,895	2,017
Weight of agricultural exports (000 tons)	401	265
Weight of unloaded merchandises (000 tons)	11,770	13,034
Number of arrivals	3,477,466	2,762,698
Number of departures	3,616,608	2,858,202

Sources: BDL, Directorate of Real Estate, Orders of Engineers in Beirut and Tripoli, Rafic Hariri International Airport, Port of Beirut, Customs higher council.

* Clearing in fresh funds began in July 2023.

II - Public Finance in 2024

2-1 To begin with, it should be noted that the Ministry of Finance has stopped publishing detailed figures on public revenues and expenditures, along with their breakdowns, since the first month of 2022. Based on limited data released by the Cash Operations Unit at the Treasury Directorate of the Ministry of Finance, total public spending amounted to the equivalent of USD 3.8 billion in 2024, compared to total receipts of USD 4.1 billion, thus resulting in an overall surplus of about USD 297 million. Relative to the Gross Domestic Product (GDP) estimated by the International Monetary Fund at USD 28.3 billion for 2024, expenditures represented 13.4%, revenues 14.5%, and the overall surplus 1.1%.

For comparison, and again according to the Cash Operations Unit, total payments reached USD 2.4 billion in 2023 against total receipts of USD 2.8 billion, leading to an overall surplus of USD 380 million. Expenditures represented 10.2% of GDP, revenues 11.7%, and the overall surplus 1.6% of GDP.

Public Finances (LBP Billion)

	2022	2023	2024
Total revenues	34,758	236,537	366,150
<i>o.w Revenues collected on imports</i>	<i>5,622</i>	<i>115,451</i>	<i>150,112</i>
Total expenditures	49,241	204,000	339,531
<i>o.w salaries and compensations</i>	<i>22,000</i>	<i>71,000</i>	<i>99,693</i>
<i>o.w public debt service and principal</i>	<i>2,078</i>	<i>12,783</i>	<i>60,666</i>
Overall balance	-14,483	32,537	26,619
Applied exchange rate L.L./USD	1,508	85,500	89,500
GDP (IMF) USD million	24,748	23,607	28,280

Source: Ministry of Finance - IMF

2-2 The increase in revenues in 2024 was achieved due to the policy of strengthening tax collection and the efforts of the tax administration in enhancing compliance and enforcement, as well as adopting an exchange rate of LBP 89,500 per USD for tax collection, despite some slowdown in collection due to extended deadlines and the circumstances related to the war.

2-3 On the expenditure side, the Ministry of Finance in 2024 resumed the settlement of all domestic and foreign debt obligations outside the framework of Eurobonds issued by the Lebanese state, given the importance of meeting obligations within available means to rebuild confidence, support Lebanon's standing in the international community, and maintain the possibility of attracting much-needed financial assistance and concessional loans. The government also granted salary increases and adjustments to the wages and allowances of public sector employees. In addition, Treasury advances and appropriations were issued to provide relief to displaced persons and war victims, and payments were made towards dues to the National Social Security Fund (NSSF) and Électricité du Liban. All these factors explain the notable rise in expenditures between 2023 and 2024.

2-4 Stakeholders are now convinced that self-financing—given the absence of other financing sources—remains the cornerstone of fiscal sustainability, which tops the list of required reforms. Fiscal soundness is the guarantee for monetary and financial stability. The Ministry of Finance began implementing corrective policies in the 2022 and 2024 budgets, in addition to liquidity management measures during 2023 and 2024. An agreement was reached between the Ministry of Finance and BDL to coordinate payments to all recipients of public funds, including contractors, suppliers, banks, public sector employees, among others, so that the Ministry would not inject large amounts of Lebanese pounds into the local market and creating demand for the dollar.

2-5 Regarding the 2025 Budget Law, it was issued by decree of the Council of Ministers, with both expenditures and revenues estimated at around LBP 445 trillion (equivalent to about USD 5 billion), representing an increase of 44% compared to the 2024 Budget Law, and with a zero deficit. The 2025 Budget Law differed from previous projects in that it contained only 57 articles, however, in return, the fees were multiplied several times compared to what they were in the 2024 budget law. Accordingly, the government tasked the Minister of Finance with preparing a draft law to reconsider the fees included in the budget law, with the aim of mitigating their negative social and economic impacts on citizens. On May 26, 2025, the parliamentary Finance and Budget Committee fundamentally amended the fees stipulated in the 2025 Budget Law, abolishing several of them, including those on soft drinks, hotels, and others. It should be recalled that the 2024 Budget had stipulated no new increases until the situation of the Lebanese pound and banks improved and inflation declined. Budget deficits cannot be covered by imposing fees on citizens; what is required is a comprehensive vision for tax policy.

It is worth noting that the caretaker government submitted the 2025 draft budget to Parliament on October 4, 2024, within constitutional deadlines. This allowed the Council of Ministers to issue the Budget Law by decree on March 6, 2025, in accordance with Article 86 of the Constitution, since Parliament had not approved it during its ordinary and extraordinary sessions. Accordingly, the figures estimated in the law do not reflect the actual budget figures, as they do not take into account the war's impact—whether in terms of increased expenditures or reduced revenues—in addition to other Treasury expenditures, foreign currency debt service, and arrears in favor of contractors, hospitals, and the NSSF.

2-6 It is hoped that the 2026 draft budget law will focus on development by implementing several laws enacted years ago that have yet to be applied, including the Public-Private Partnership (PPP) law, which could be utilized in many infrastructure and development projects. The government is also expected to continue implementing reforms aimed at enhancing fiscal transparency, improving the business environment, appointing regulatory bodies, and strengthening revenue collection, thereby supporting the national economy and enhancing information exchange with the tax directorate to improve compliance and reduce tax evasion. In the absence of the enactment of essential structural reforms needed for sustainable recovery, the budget remains limited in terms of its reformist dimension and effective impact on the economy; it continues

to be a priority-based budget aimed primarily at ensuring the minimum sustainability of institutions.

Comparison of the 2024 and 2025 Budget laws (LBP Billion)

	2024 Budget Law	2025 Budget Law
Total Revenue	312,996	464,799
Budget Receipts	308,435	445,214
Tax Revenue	243,089	361,378
o/w		
Taxes on income, profits and Capital gains	21,460	43,110
<i>Income Tax</i>	<i>16,811</i>	<i>29,055</i>
<i>Tax on wages & salaries</i>	<i>431</i>	<i>8,488</i>
<i>tax on interest income</i>	<i>2,993</i>	<i>1,440</i>
Domestic Taxes on Goods and Services	<i>141,418</i>	<i>203,553</i>
<i>VAT</i>	<i>101,000</i>	<i>146,576</i>
Taxes on Property	36,062	29,495
Taxes on International Trade	32,896	73,387
Other Tax Revenues	11,253	11,833
Non-tax revenues	65,346	83,836
Income from public institutions and Government properties	49,792	54,794
Administrative fees and Charges administrative fees	12,506	25,645
Penalties and Confiscations	18	266
Other non-tax revenues	3,030	3,131
Treasury receipts	4,561	19,585
Budget expenses o/w	308,435	445,214
<i>Salaries & indemnities</i>	<i>144,820</i>	<i>214,343</i>
<i>Debt Service</i>	<i>14,648</i>	<i>31,535</i>
Capital Expenditures	31,936	51,356
Budget balance	0	0

Source: Ministry of Finance

Public Debt

2-7 Official statistics on public debt have been unavailable since the end of January 2023, and BDL only publishes the portfolio of Treasury bills denominated in Lebanese pounds. This portfolio represents the bulk of public debt in Lebanese pounds (99.7% at the end of January 2023).

At the end of 2024, the nominal value of the total Treasury bills portfolio in Lebanese pounds amounted to LBP 67,165 billion (equivalent to USD 750 million), compared to LBP 89,789 billion at the end of 2023, registering a decline of LBP 22,624 billion in 2024 after remaining nearly stable in 2023. This decrease in 2024 resulted from the halt in new issuances of all categories of Treasury bills as of January of that year, pursuant to a Ministry of Finance decision, while maturities of various categories of bills continued to fall due. Maturities reached LBP 22,624 billion in 2024 compared to LBP 18,753 billion in 2023. At the end of 2024, Treasury bills with maturities of seven years and above accounted for about 75% of the total portfolio.

**Distribution of LBP Treasury Bills by category
(end of period – in %)**

	3 M	6 M	12 M	24 M	36 M	60 M	84 M	120 M	144 M	180 M	Total
Dec 22	0.23	0.46	4.41	4.65	6.21	19.29	21.23	38.52	3.43	1.58	100.00
Dec 23	0.26	1.27	9.45	6.38	8.38	13.92	18.64	36.70	3.43	1.58	100.00
Dec 24	0	0	0	4.73	7.32	13.15	21.89	46.22	4.58	2.11	100.0

Source: BDL

2-8 On the other hand, the weighted interest rate on the total portfolio of Treasury bills in Lebanese pounds rose to 6.54% at the end of 2024 compared to 6.30% at the end of December 2023, due to the maturity of lower-interest bonds. The average maturity of the portfolio declined to 932 days (2.56 years) at the end of 2024 from 1,024 days (2.81 years) at the end of 2023.

2-9 As for debt denominated in foreign currencies, it consists of Eurobonds with a nominal value of USD 31.3 billion as at the end of February 2020, prior to the government’s announcement at that time of a payment suspension, in addition to bilateral and multilateral loans, which the state continues to service and which amount to no more than USD 2 billion. The market value of Eurobonds at the time of preparing this report stood at around 17.5% of their nominal value, that is approximately USD 5.5 billion or about 19.4% of GDP, noting that they had fallen below this level at earlier stages due to a severe deterioration in conditions. It should be noted that Eurobond prices generally followed an upward trend since April 2024 (before the pace of increase slowed in March 2025), benefiting from several factors: speculative gains sought in the last months of 2024, serious discussions about the election of a President starting December 2024, the formation of a fully empowered government, progress towards an economic reform program and the potential signing of a new agreement with the IMF, the enactment of amendments to the banking secrecy law, the Council of Ministers’ approval of a bank restructuring plan, among other developments. The restructuring of the Eurobond portfolio must remain a top priority to enable Lebanon to return to international financial markets.

2-10 In order to reach an orderly and equitable solution regarding the restructuring of Eurobonds, one that ensures fairness to creditors and avoids litigation, the Lebanese Council of Ministers decided on January 7, 2025 to extend by three years, until March 9, 2028, the limitation period for claims to recover the principal and accrued interest on Eurobonds. To minimize the risks of lawsuits by bondholders and to allow time for the formulation and completion of a comprehensive restructuring plan, the Ministry of Finance announced in February 2025 the execution of an addendum to the Fiscal Agency Agreement governing the Eurobonds issued by the Republic of Lebanon. This addendum reflects the suspension of the state’s right to invoke statute of limitations defenses under New York law until March 9, 2028, in implementation of the Council

of Ministers' decision No. 30 dated January 7, 2025. The suspension applies to all Eurobonds issued by the state of Lebanon. This addendum was executed pursuant to Article 23.1 of the amended and restated Fiscal Agency Agreement of March 1, 2010, which provides that the state may amend the agreement without bondholder consent to effect any change that does not adversely affect the rights of any bondholder.

2-11 In May 2025, Moody's maintained Lebanon's sovereign rating at "C," citing the absence of progress in restructuring public debt, particularly Eurobonds. The agency expects losses to foreign-currency bondholders to exceed 65%. However, Moody's acknowledged some recent positive steps that are essential to meeting international assistance requirements, such as the amendments to the banking secrecy law approved by Parliament on April 24, 2025, allowing supervisory bodies access to banking records dating back 10 years, and the Council of Ministers' approval on April 12, 2025 of a draft law to restore the orderly functioning of the banking sector. According to the agency, Lebanon's sovereign rating could improve after a debt restructuring and the reactivation of banking sector operations, provided that the state implements fiscal and institutional reforms, succeeds in boosting revenues, and shifts to a new model of economic growth. A significant rating upgrade would also depend on improvements in the main factors driving debt dynamics, namely economic growth, interest rates, contingent liabilities from loss-making public institutions, and the government's ability to achieve large and sustainable primary surpluses, ensuring debt sustainability and reducing the risk of defaulting again.

III- Monetary developments

3-1 General Overview

3-1-1 Monetary conditions experienced some relative improvement in 2024. In addition to the stability of the exchange rate of the Lebanese pound against the U.S. dollar at LBP 89,500/USD throughout 2024, as it had been since July 2023, some positive indicators emerged, notably the decline in the inflation rate to 45.2% in 2024, after reaching a record level in 2023 where it exceeded 220%, the increase in BDL's liquid foreign assets to around USD 10.1 billion at the end of 2024 compared to USD 9.3 billion at the end of 2023, rising further to over USD 11.1 billion at the end of May 2025. Nevertheless, the achievement of permanent monetary stability still awaits the implementation of structural reforms, which began to be gradually introduced during 2025.

3-1-2 It should also be noted that the exchange rate of the Lebanese pound against the U.S. dollar was adjusted in the financial statements of both banks and BDL from LBP

15,000² to LBP 89,500 per USD, effective January 31, 2024, pursuant to BDL Basic Circular 167/2024 dated February 2, 2024, and BDL Central Council Decision 48/4/24 dated February 15, 2024. This measure was a step towards unifying exchange rates and ending the system of multiple exchange rates in the Lebanese economy.

3-2 Statistical Data

We present below the main statistical indicators related to the monetary situation, starting with the exchange rate of the Lebanese pound against the U.S. dollar and BDL's foreign assets, moving through the volume of currency in circulation and interest rates, and concluding with the money supply and inflation rate.

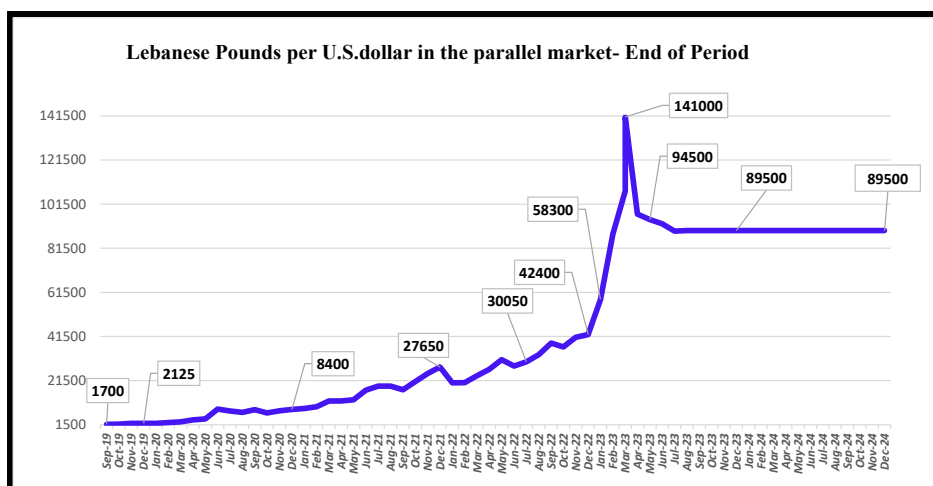
3-2-1 The exchange rate of the Lebanese pound against the U.S. dollar remained stable throughout 2024 and until the preparation of this report at LBP 89,500 per USD, as noted above.

This exchange rate stability was the result of a restrictive monetary policy based on the decision to stop financing the state in both Lebanese pounds and foreign currencies outside the framework of applicable laws. This forced the state to reduce its expenditures on the one hand and to increase its revenues³ through collected taxes and fees on the other, thereby absorbing part of the liquidity in both Lebanese pounds and dollars from the market. Additional factors supporting the stability of the exchange rate included the continued payment of public sector salaries in U.S. dollars, and, most importantly, the availability of sufficient quantities of foreign currency in the country due to remittance inflows from abroad and relatively solid tourism activity, even if tourism declined in 2024 compared to 2023. All these elements contributed to controlling Lebanese pound liquidity in the market and preserving, even slightly increasing, BDL's liquid foreign currency reserves, which led to maintain the stability of the Lebanese pound's exchange rate against the U.S. dollar.

Despite the positive aspect of this exchange rate stability, the national currency has largely lost, since the 2019 crisis, its traditional functions, particularly its role as a store of value.

² A new exchange rate for the Lebanese pound against the US dollar, set at LBP 15,000 per dollar, came into effect as of February 1, 2023 (applied to the balance sheets of BDL and commercial banks), replacing the previous rate of LBP 1,507.5 per dollar that had been in place for more than 25 years.

³ In particular, those related to fees and taxes on imported goods, through a gradual increase in the customs dollar exchange rate, culminating in calculating the customs dollar at the Sayrafa rate as of mid-May 2023, which currently stands at LBP 89,500 per dollar. In addition, all taxes and fees were adjusted in the 2024 budget issued in February of that year. The pricing of certain essential public services—such as electricity and telecommunications—based on their real cost had already been implemented earlier.



Source: Average LBP/USD rates on the most popular platforms.

3-2-2 It should be noted that BDL introduced a modification in the calculation of its foreign assets as of January 2024. These now include gold, non-resident foreign securities held by the Central Bank, foreign currencies, and deposits with correspondent banks and international organizations. They no longer include its portfolio of Eurobonds issued by the Lebanese state, nor the foreign currency loans that the Central Bank had granted to resident banks and financial institutions. The table below presents data on BDL’s foreign assets based on this revised methodology.

**Foreign Assets of Banque du Liban
USD million- End of Period**

	January 2024	December 2024	March 2025
Gold	18792	24102	28341
Foreign Currencies	9350	10089	10681
Foreign Securities	174	168	169
Total	28316	34359	39191

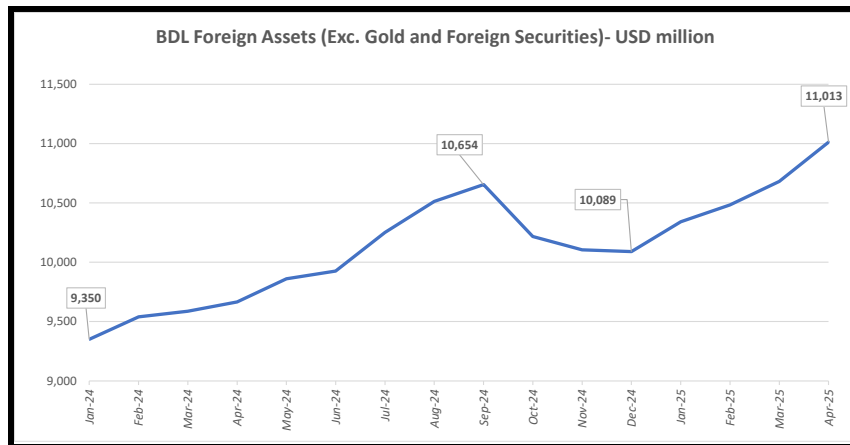
Source: BDL.

Foreign currency assets of BDL resumed their upward trend, reaching USD 10.1 billion at the end of 2024 and USD 11.1 billion at the end of May 2025, up from about USD 9.3 billion at the end of 2023, despite the expansion of the implementation of Circulars 158 and 166, which required payments from these foreign assets. This increase was mainly linked to BDL’s purchases of U.S. dollars from the market in exchange for injecting LBP liquidity, yet in amounts equivalent to what is simultaneously withdrawn through taxes and fees collected on behalf of the Lebanese state, along with the state’s strengthened collection of revenues in U.S. dollars deposited into its accounts at BDL.

In detail, BDL’s foreign currency assets recorded uninterrupted monthly increases, although modest in volume, since the end of July 2023, amounting to about USD 750 million by the end of 2023 and more than USD 2 billion by the end of September 2024. They then declined by over USD 500 million between the end of September and the end of December 2024, due to exceptional measures adopted by BDL amid the ongoing

war, which allowed depositors benefiting from Circulars 158 and 166 to triple their withdrawals in October 2024, and double them in both November and December 2024 (and again in January 2025). Since the beginning of 2025, however, BDL’s foreign currency assets have resumed a rapid upward course, rising by nearly USD 975 million by the end of May 2025, in parallel with the election of a President of the Republic and the normalization of political life in Lebanon.

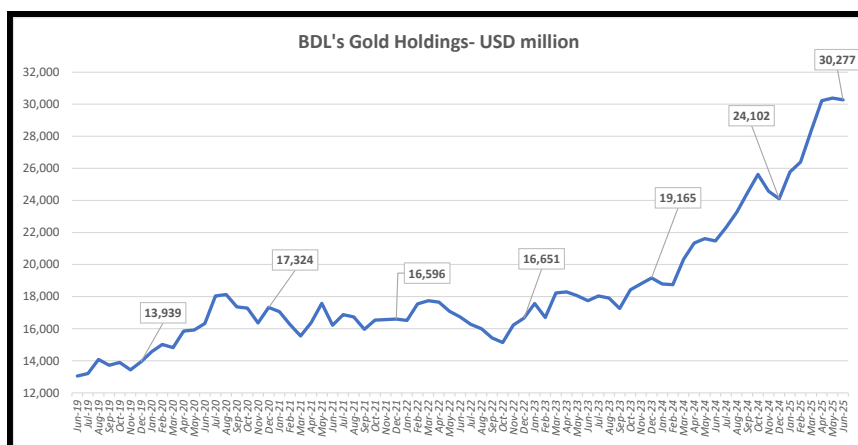
Despite this positive development, it is also important to consider the evolution of net foreign assets, given that the Central Bank carries fresh dollar obligations toward banks holding fresh accounts at BDL under Circular 165, toward the Lebanese state, which has been generating increasing cash dollar revenues deposited at BDL, and toward international banks and financial institutions.



Source: BDL.

Concerning BDL’s investments in foreign securities, they amounted to USD 168 million at the end of 2024 and remained nearly stable throughout the year.

As for the value of BDL’s gold reserves, it recorded a notable increase to about USD 24.1 billion at the end of 2024 (then to USD 30.4 billion at the end of May 2025), up from around USD 19.2 billion at the end of 2023, reflecting the sharp rise in the global price of the ounce of gold. According to the World Gold Council list of May 2025, Lebanon ranked 20th worldwide and 2nd in the MENA region, after Saudi Arabia, in terms of countries’ gold reserves. However, Lebanon ranked 1st globally when measuring the value of its gold reserves relative to GDP, reaching almost 100% in 2025.



Source: BDL.

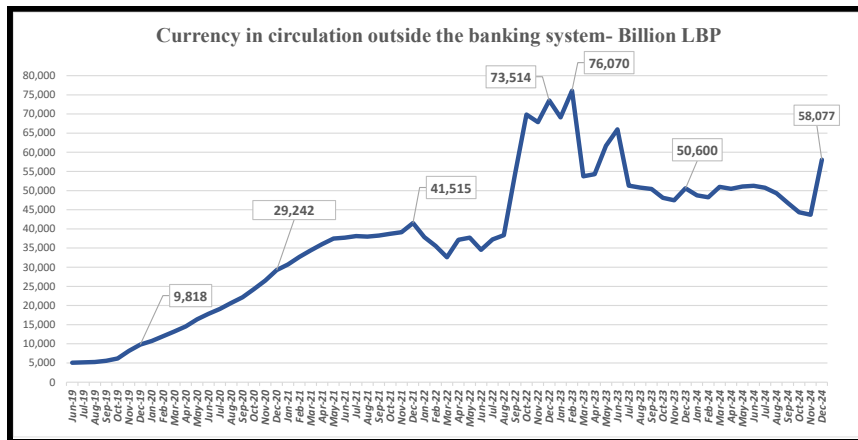
3-2-3 In parallel with the ongoing economic, financial, and banking crisis since 2019, the Lebanese economy has become largely reliant on a cash-based payment system (cash economy) in both LBP and USD. The banking crisis, particularly in its early stages, restricted the use of both debit/credit cards and checks in LBP and USD, while the number and activity of electronic money transfer companies grew significantly. These companies increasingly competed with banks in providing certain financial services, especially inward and outward transfers. The delay in resolving the situation of the banking sector has inevitably led to the expansion of the informal economy and the cash-based economy, thereby increasing the risks of illicit activities, i.e, the shadow economy. This was one of the factors behind Lebanon’s inclusion on the Financial Action Task Force (FATF) grey list in October 2024 and its placement on the European Union’s list of high-risk countries in June 2025.

As an important regulatory step to combat the cash economy, BDL issued Intermediate Circular 735⁴ in May 2025, aiming to tighten supervision of financial and banking operations conducted through electronic means. Among other measures, this circular set ceilings on the total volume of transactions in “electronic wallets” on a monthly basis, with distinctions made between individuals and legal entities.

With respect to LBP currency in circulation outside the banking system, that is outside commercial banks and BDL, it followed a declining trend after reaching record levels of LBP 76,070 billion at the end of February 2023, falling to about LBP 50,600 billion at the end of 2023, and further to LBP 43,685 billion at the end of November 2024. This decline resulted from BDL’s policy of tight control over money creation, including the cessation of public sector financing outside legal frameworks, among other measures explained above. In the last month of 2024, however, currency in circulation in LBP increased significantly, reaching LBP 58,077 billion at the end of the year (equivalent to about USD 650 million). This reflected an expansion by BDL, alongside increased demand for LBP by some economic agents who converted part of their cash dollars into Lebanese pounds amid the positive climate in the country following the

⁴ This circular is specifically addressed to institutions that conduct financial and banking operations through electronic means. It is also addressed to banks and financial institutions, noting that banks, as is well known, are very advanced and stringent in procedures related to combating money laundering and the financing of terrorism.

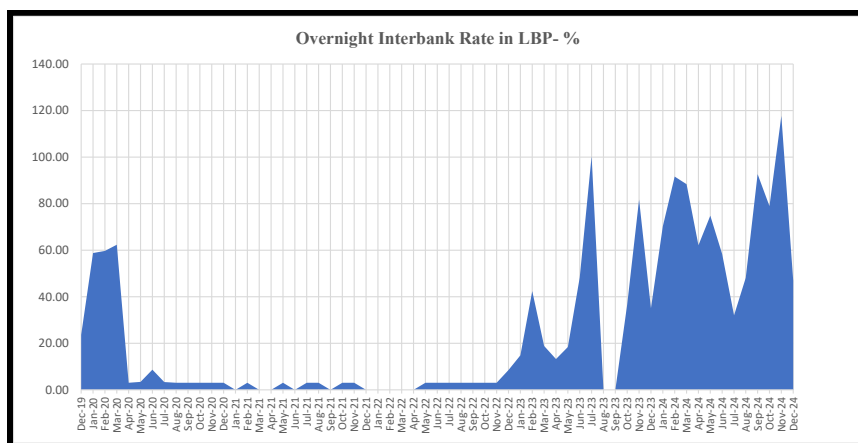
implementation of the ceasefire agreement between Lebanon and Israel and the approaching presidential election. Currency in circulation in LBP continued to rise, reaching LBP 77,854 billion at the end of March 2025, an increase entirely attributable to January 2025 and for the reason explained above.



Source: BDL.

With respect to the volume of USD cash circulating in the market, earlier World Bank estimates⁵ indicated that it amounted to around USD 900 million in 2021 and 2022. The size of the dollar cash economy reached about USD 9.9 billion in 2022 due to the velocity of money, representing 45.7% of GDP according to World Bank estimates.

3-2-4 On another hand, the **Interbank rate in LBP** recorded high levels throughout 2024, reaching 160% and 175% in some transactions. The interbank rate was also higher throughout 2023, but with a lower annual average than in 2024. This reflects the monetary policy adopted by BDL, which aimed to drain liquidity in LBP from the market.

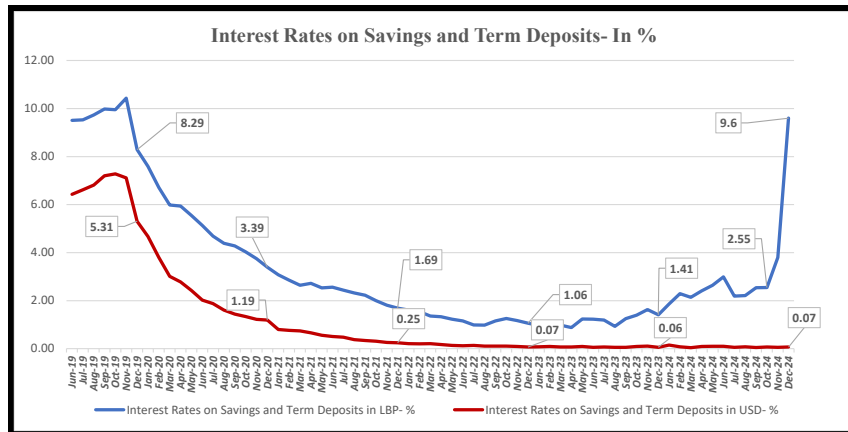


Source : Société Financière du Liban till July 2023, BDL since October 2023. Figures for August and September 2023 are not available.

N.B: The average adopted in the chart is the monthly average weighted by transaction volume.

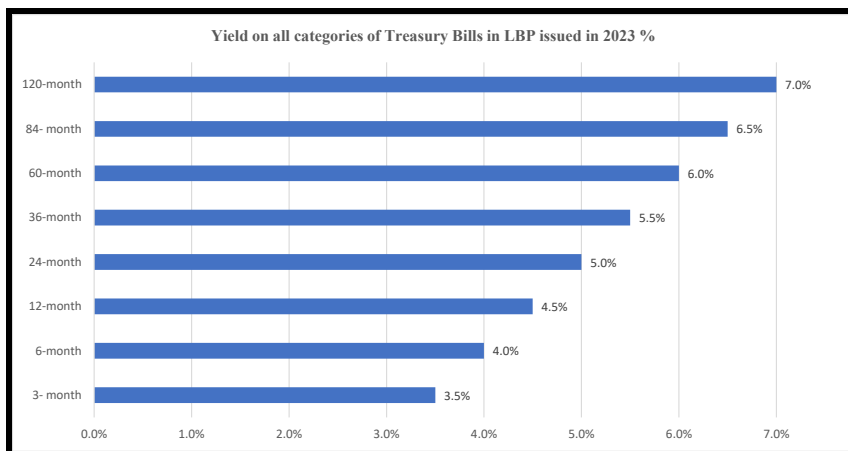
⁵ Through the analysis of six sources of cash dollars.

The interest rates on USD deposits remained at very low levels in 2024, while interest rates on term deposits in LBP recorded some increase during the year, as shown in the chart below. A notable, though temporary, rise was observed in the last month of 2024, as some banks offered relatively high interest rates on LBP deposits, which received significant response from certain clients.



Source: BDL.

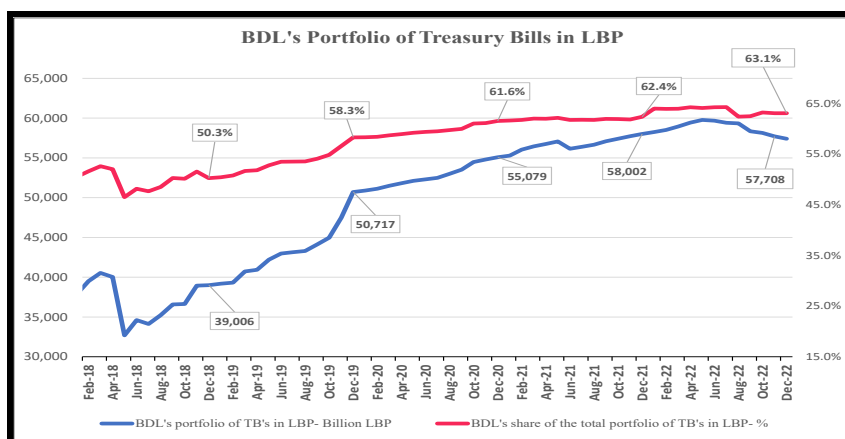
On the other hand, no Treasury bills in LBP of any category were issued in 2024, noting that the yields on the last Treasury bill issuances carried out in 2023 are shown in the chart below.



Source: BDL.

3-2-5 With respect to BDL’s holdings of Treasury bills in LBP, and in the absence of official statistics on this matter for 2023 and 2024, available figures⁶ indicate that BDL’s portfolio of Treasury bills in LBP declined by about LBP 6,000 billion in 2023 and by more than LBP 5,000 billion in 2024, after standing at LBP 57,403 billion at the end of 2022. It should also be noted that the Ministry of Finance did not issue any Treasury bills throughout 2024, nor during the first half of 2025.

⁶ From banks’ balance sheets and the distribution of the LBP treasury bond portfolio by holder.

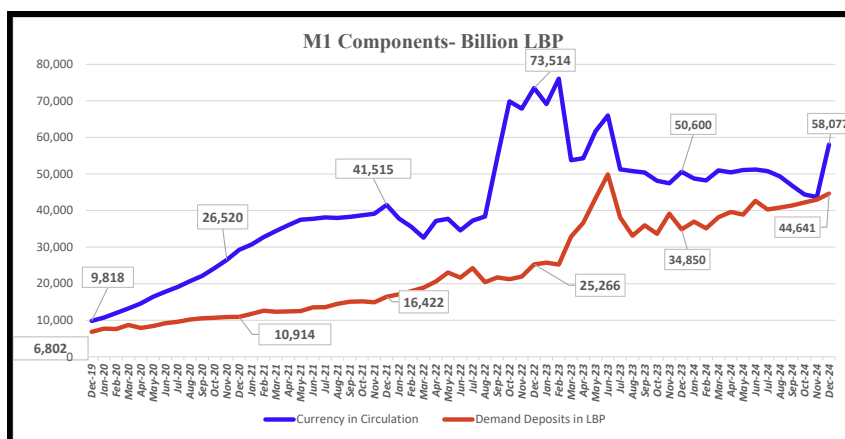


Source: BDL.

3-2-6 Monetary Aggregates

The monetary aggregate in the broad sense, known as M3, increased to LBP 6,223,749 billion at the end of 2024, compared to LBP 1,166,205 billion at the end of 2023. This significant increase was the result of the adjustment in the official exchange rate of the Lebanese pound⁷ from LBP 15,000 to LBP 89,500 per USD, effective as of end of January 2024. Breaking M3 down into its main components, namely M2 and foreign currency deposits, reveals the following:

- M2 rose by about 30% in 2024, after having declined by about 14% in 2023.
- Deposits in foreign currencies decreased by about 5% in both 2023 and 2024.



Source: BDL

Accordingly, there was in fact no real expansion in the money supply (M3) during 2023 and 2024; but rather the opposite. This development occurred in parallel with the absence of lending to the public sector from both BDL and commercial banks, as well as the near absence of new bank lending to the private sector, with the total loan portfolio actually contracting due to loan repayments.

⁷ Where the balance sheet of the banking system—i.e., banks and BDL—was calculated at an exchange rate of LBP 15,000 per US dollar at the end of 2023, and at LBP 89,500 per US dollar at the end of 2024 (compared to LBP 1,507.5 per US dollar at the end of 2022).

**Evolution of money supply and its counterparts
(End of period – LBP billion)**

	2022	2023	2024
Currency in circulation	73514	50600	58077
Demand deposits in LBP	25266	34850	44641
Money in LBP (M1)	98780	85450	102718
Money and quasi-money in LBP (M2)	116583	100787	130986
Money and quasi-money in LBP and FC (M3)	229572	1166205	6198450
Counterparts			
Net Foreign Assets	18197	252311	1626243
<i>o/w: Gold</i>	25102	287481	2157141
<i>Net Foreign Assets of Depository Corporations</i>	-6905	-35170	-530898
Net claims on public sector	50842	143251	1573625
Valuation adjustment	-19131	647302	3020901
Claims on private sector	30038	123712	542272
Other items (net)	149625	-370	-564592

Source: BDL

3-2-7 Inflation

The average annual inflation rate declined significantly to 45.2% in 2024, according to the Consumer Price Index study published by the Central Administration of Statistics. This followed very high levels recorded during the previous four years, which were largely linked to the depreciation of the Lebanese pound against the U.S. dollar, with inflation reaching 221.3% in 2023, a record level since 1992.

Despite the notable decline in 2024, linked to the stabilization of the lira's exchange rate against the US dollar since the summer 2023 and the absence of imported inflation⁸, the inflation rate of 45.2% remained far above its pre-crisis levels, when it rarely exceeded 5%, as illustrated in the chart below. The elevated rate in 2024 was driven by continued increases in the prices of domestic goods and services, particularly school and university tuition and new rental contracts, most of which have returned to or even exceeded pre-crisis levels. Inflation was also fueled by the application of the “customs dollar” based on the Sayrafa rate since mid-May⁹ 2023 (currently LBP 89,500/USD), as well as the rise in shipping costs for goods since October 2023, which became more pronounced in 2024 due to the war in Lebanon.

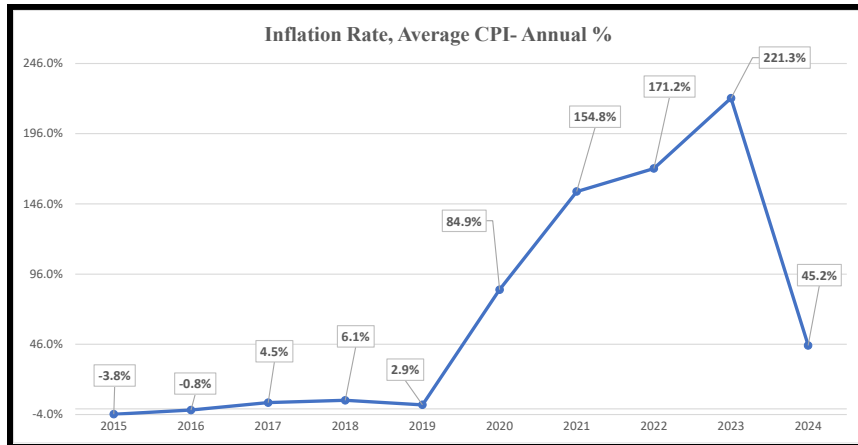
Meanwhile, 2024 witnessed further declines in global commodity prices: food (by about 2.0%), oil (by about 2.9%), and average prices of non-precious metals (by about 1.9%), and the average exchange rate of the U.S. dollar against the euro remained unchanged at USD 1.08 per euro.

Looking ahead to 2025, the continued stability of the exchange rate has already eased inflationary pressures considerably and with the possibility of this extending to the

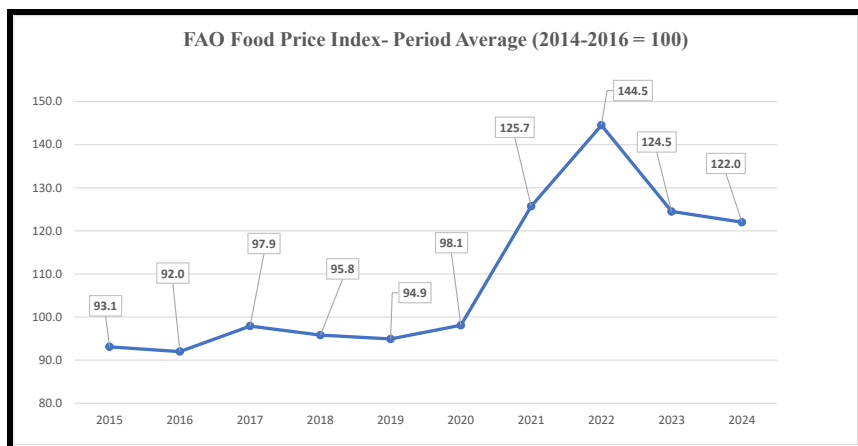
⁸ With the exception of matters related to customs duties, specifically the calculation of the customs dollar.

⁹ Accordingly, customs duties collected on imported goods were higher in 2024 than in 2023.

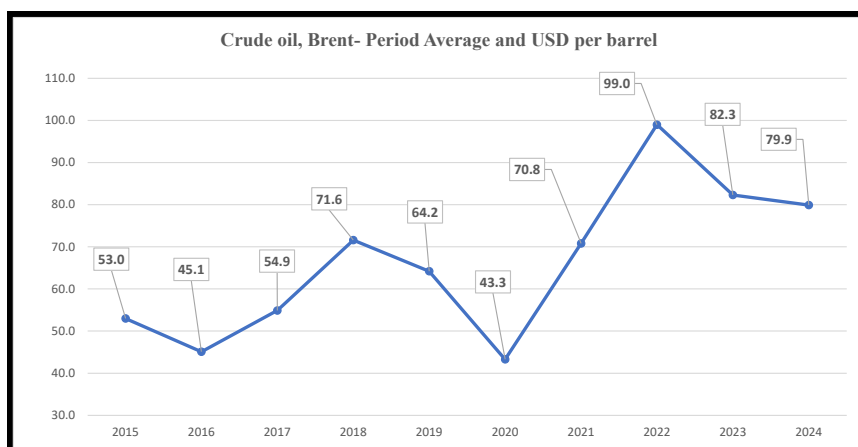
entire year, inflation is expected to continue its downward trend. However, the pace of this decline may be moderated by potential depreciation of the U.S. dollar against major currencies such as the euro (raising the cost of imports from Europe and other countries), by the introduction or anticipation of new taxes and fees, and by possible increases in global oil prices amid regional geopolitical tensions.



Source: Customs Higher Council.



Source: FAO



Source: IMF Primary Commodity Prices.

IV- External Payments

4-1 According to BDL data, Lebanon’s current account deficit narrowed to about USD 5.6 billion in 2024, compared to USD 5.9 billion in 2023. This improvement reflected a reduction in the trade deficit in goods to about USD 12.3 billion from USD 12.7 billion in the two respective years, and an increase in net current transfers surplus to USD 6.3 billion from USD 5.8 billion, despite a decline in the balance of services to USD 740 million from USD 1.3 billion and a stable income account over the same period. Based on these figures and IMF estimates for GDP in 2023 and 2024, the ratio of the current account deficit to GDP declined to around 20% in 2024 from about 25% in 2023; nevertheless, it remains very high and represents one of the most significant macroeconomic imbalances.

4-2 Figures published by BDL indicate an increase of 8.1% in net current transfers in 2024. Transfers to Lebanon rose from USD 7.72 billion in 2023 to USD 8.22 billion in 2024, an increase of USD 506 million, or 6.6%. Transfers from Lebanon increased at a lower rate of 1.8%, or USD 35 million, reaching USD 1.97 billion in 2024.

The consistency and level of expatriates’ remittances reflect the wide global presence of the Lebanese diaspora, its high proficiency across various fields, and its continued social and economic ties with families and the homeland. These remittances have played a crucial role in enabling resident Lebanese to withstand the successive crises the country has faced since 2019.

Main items of the balance of payments (USD million)

	2022	2023	2024
Current Account	-7,426	-5,881	-5,565
Trade balance	-13,621	-12,716	-12,326
Services (net)	1,529	1,307	740
Income (net)	-995	-255	-233
Current transfers (net)	5,660	5,784	6,254
Capital and Financial account	6,569	3,771	11,201
Capital account	1,544	610	877
Financial account	5,025	3,161	10,324
Direct investment	528	946	1,452
Portfolio investment	-4,556	-2,551	-1,315
Other investment	6,406	4,123	5,903
Reserve assets	2,647	643	4,285
Unrecorded transactions	857	2,109	-5,636

Source: BDL, Balance of Payments and International Investment Position- 2024.

4-3 The current account deficit in Lebanon is usually financed through the capital and financial account, that is, by net capital inflows in various forms such as foreign direct investment, portfolio investment, deposits in banks, net external borrowing by the public and private sectors, and, if necessary, through the use of BDL’s foreign

exchange reserves, as was the case during the years 2018 to 2023. In contrast, this drain came to a halt in 2024, and BDL's reserves began to increase again.

Figures published by BDL for 2024 show a positive net balance in each of the capital account, foreign direct investment, and other investments (with a combined total of USD 8.2 billion), offset by a negative net balance in portfolio investment (USD -1.3 billion). Together, these balances (USD 6.9 billion) were sufficient to cover the current account deficit (USD -5.6 billion) and generate a surplus of USD 1.3 billion, which was reflected in the increase in BDL's reserve assets.

It should be noted that the balance of payments prepared by BDL shows a decline in reserve assets of about USD 4.3 billion, which is mainly due to recent modifications made by BDL in the calculation of its foreign assets. These accounting adjustments masked the actual improvement in reserve assets. Based on Central Council Decision 37/20/2024, dated 13 September 2024, and effective January 2024, the BDL Foreign Assets include the monetary gold, non-resident foreign securities held by BDL's, the foreign currencies and deposits with correspondent banks and international organizations. They no longer include BDL's portfolio of Eurobonds issued by the Lebanese state, nor the BDL loans in FC extended to resident banks and financial institutions.

4-4 With regard to foreign investment within the financial account, BDL data – used by UNCTAD (United Nations Conference on Trade and Development) in its World Investment Report – indicate that net foreign direct investment (FDI) inflows to Lebanon rose to about USD 1,452 million in 2024, covering around 26% of the current account deficit that year, compared with USD 946 million in 2023 and USD 528 million in 2022¹⁰. In detail, gross FDI inflows to Lebanon increased to USD 1,843 million in 2024 from USD 1,067 million in 2023, an increase of USD 776 million or 72.6%, while FDI outflows from Lebanon rose to USD 391 million in 2024 compared with USD 121 million the previous year.

Yet it is worth noting that FDI previously used to finance a substantial portion of the current account deficit, and was concentrated mainly in the real estate sector, which distinguishes it from the nature of FDI in many emerging economies, where such investments are more diversified and cover multiple economic sectors.

International Trade

Imports of goods

4-5 According to the Customs Higher Council, the value of imported goods declined to USD 16,902 million in 2024, compared to USD 17,524 million in 2023, a decrease of USD 622 million or 3.5%, following a decline also recorded in 2023. Nevertheless, the imports of goods still accounted for about 60% of GDP in 2024, one of the highest

¹⁰ Some analysts believe that these figures issued by BDL are unrealistic or inaccurate, and therefore that the methodology used to calculate them should be reviewed.

ratios globally, underscoring the need to strengthen domestic production capacities in order to reduce excessive dependence on imported goods.

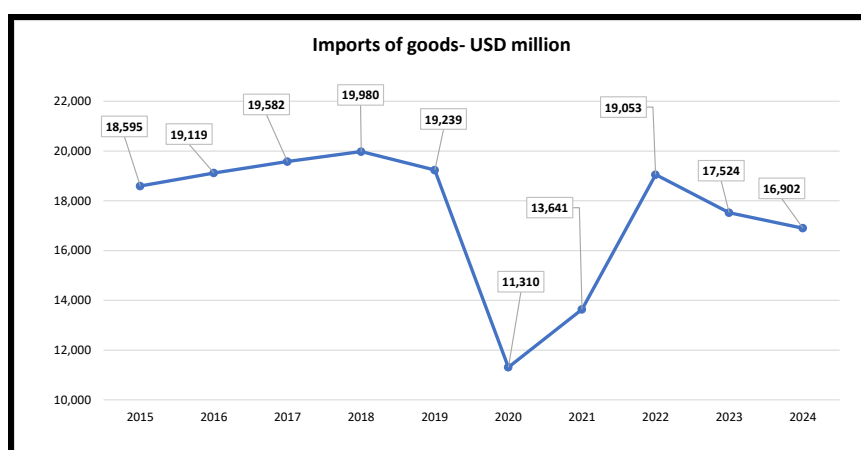
The decline in the value of imports in 2024 is primarily linked to lower costs resulting from lower prices rather than reduced quantities. This drop can be attributed to the fall in global oil prices and to some substitution effects, whether in terms of the source of imported goods or their quality. It is worth noting that the value of imports of mineral products (including petroleum derivatives) decreased by USD 257 million, or 5.5%, even though imported quantities rose by 18.4%.

Imports of goods

Years	Value – USD million	Change - %	Quantities – Thousand tons	Change - %
2020	11310	-41.2	13475	-30.4
2021	13641	+20.6	12124	-10.0
2022	19053	+39.7	11540	-4.8
2023	17524	-8.0	11770	+2.0
2024	16902	-3.5	13034	+10.7

Source: Customs Higher Council.

On the other hand, total imported quantities increased significantly by 10.7% in 2024, reaching 13,034 thousand tons. Statistical data indicate that for around 60% of customs tariff items, that is categories of goods, recorded an increase in imported quantities, while the remaining categories recorded a decline. The overall rise in import quantities in 2024 was mainly driven by the substantial increase in imported quantities of mineral products, which are heavy in weight, by about 1,104 thousand tons, or 18.4%. Excluding mineral products from the total, imported quantities of other tariff items rose on average by a more moderate rate of 2.8%.

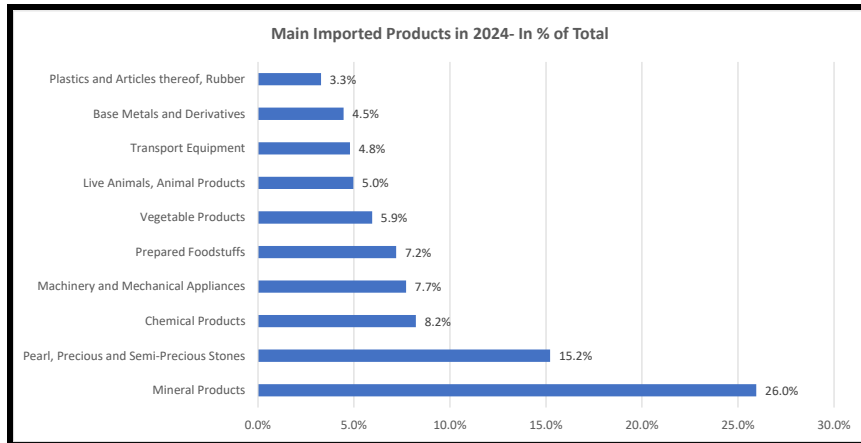


Source: Customs Higher Council.

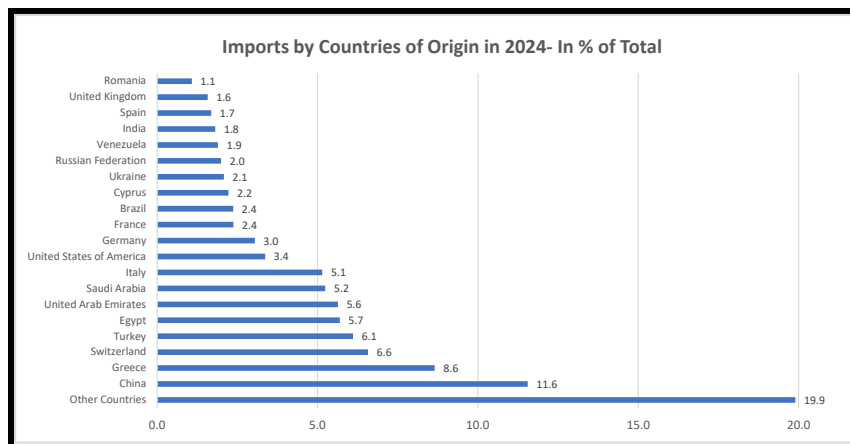
A closer look at the figures shows that import activity in 2023 and 2024 generally remained at the same level recorded in 2022, and is even improving moderately. It is also noteworthy that the import bill in 2022, 2023, and 2024 returned to nearly the levels observed prior to the crisis. However, import activity, more accurately reflected in imported quantities, has not returned to its pre-crisis levels. For instance, in 2024

total imported quantities represented only 73% of their average during the 2015–2019 period. This indicates a general decline in the consumption of certain imported goods compared to pre-crisis years, with some of these goods being replaced by locally produced substitutes.

The following two charts summarize the distribution of imported goods by type and by country of origin in 2024.



Source: Customs Higher Council.



Source: Customs Higher Council.

Exports of goods

4-6 Overall, exported goods in 2024, as in 2023, recorded a below-average performance and did not experience any notable post-crisis improvement as some had expected, particularly given Lebanon’s relatively low labor costs. Production costs, however, remain high for several reasons, most importantly energy costs, operational burdens, poor infrastructure quality, and administrative transaction costs. The value of exports stood at USD 2,707 million in 2024, a decline of 9.6% compared with the previous year, while exported quantities decreased by 8.4%.

The overall decline in export values in 2024 was largely driven by lower exported quantities, reflecting weaker external demand for Lebanese goods, and by lower average prices of exported products. A closer look at the details shows that the value of

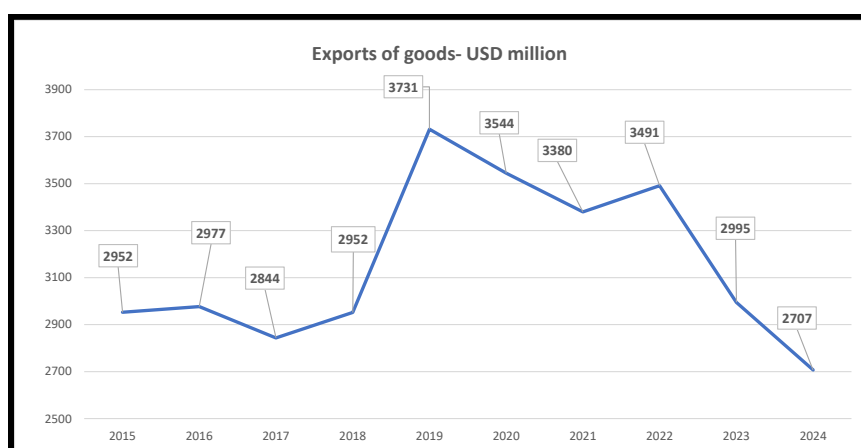
exports declined across most customs tariff items or type of goods, although some items registered increases in both value and exported quantities during the year.

It should also be noted that exports continued to be affected by the ban on Lebanese agricultural products entering the Kingdom of Saudi Arabia since early 2022, due to the smuggling of prohibited substances in these products. Prior to the ban, Saudi Arabia imported no less than USD 200 million annually from Lebanon, sometimes reaching USD 400 million. Since then, exports to Saudi Arabia have dropped to below USD 1 million annually in 2022, 2023, and 2024. It is hoped that the ban on Lebanese products to the Kingdom will be lifted in the near future, in line with the normalization of political life in Lebanon and the launch of structural reforms at all levels.

Exports of goods

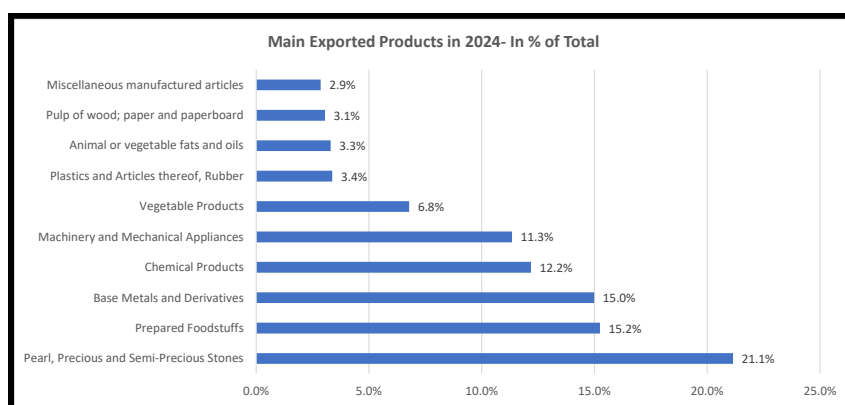
	Value – USD million	Change - %	Quantities – Thousand tons	Change - %
2020	3544	-5.0	1889	+12.6
2021	3380	-4.6	1768	-6.4
2022	3491	+3.3	1779	+0.6
2023	2995	-14.2	1658	-6.8
2024	2707	-9.6	1518	-8.4

Source: Customs Higher Council.

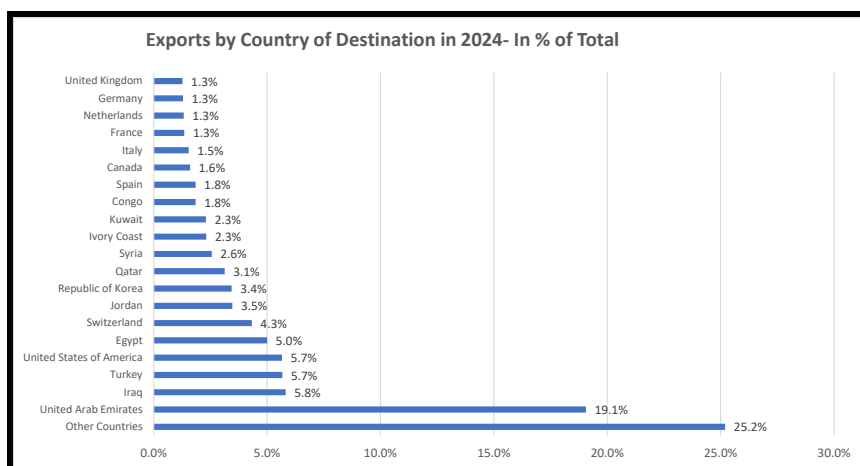


Source: Customs Higher Council.

The following two charts highlight the distribution of exported goods value according to their main categories and the main countries of destination in 2024.



Source: Customs Higher Council.



Source: Customs Higher Council.

V- Banking activity in 2024

5-1 In 2024, the contraction of the banking activity persisted amid the absence of the necessary national measures for a gradual exit from the crisis the country has been experiencing for more than five years. At the end of the year, the total assets of commercial banks operating in Lebanon reached LBP 9,231,604 billion (USD 103.1 billion), compared with LBP 1,728,740 billion (USD 115.2 billion) at the end of 2023. It should be noted that the exchange rate used to calculate the items denominated in foreign currencies of the consolidated balance sheet was set at LBP 89,500 per USD as of January 2024 (pursuant to Intermediate Circular 167), after having been set at LBP 15,000 per USD since February 2023, and at LBP 1,507.5 per USD in previous periods.

The table below presents the evolution of the liabilities of commercial banks, in terms of value and percentage, at the end of 2022, 2023, and 2024.

Commercial Banks' Liabilities at the end of the period * (billion LBP and %)

	2022		2023		2024	
	Value	%	Value	%	Value	%
Resident private sector deposits	154,248	60.5	1,104,207	63.9	6,062,160	65.7
Public sector deposits	7,055	2.8	18,272	1.1	51,576	0.6
Non-resident private sector deposits	35,270	13.8	317,048	18.3	1,871,676	20.3
Non-resident financial sector liabilities	6,501	2.6	43,270	2.5	224,295	2.4
Capital accounts	27,569	10.8	76,374	4.4	428,536	4.6
Other liabilities	24,210	9.5	169,569	9.8	593,361	6.4
Total	254,853	100.0	1,728,740	100.0	9,231,604	100.0

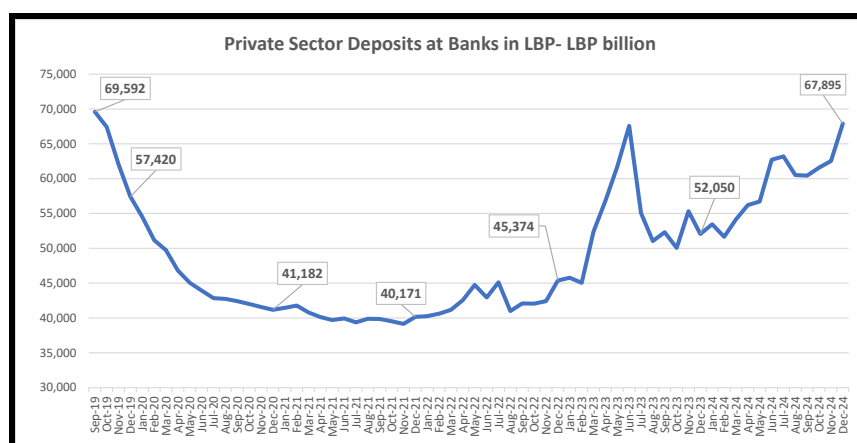
Source: BDL.

* The FC Liabilities items are calculated @ 1,507.5 LBP/\$ in 2022 and @ 15,000 LBP/\$ in 2023 and @ 89,500 LBP/\$ in 2024.

Deposits

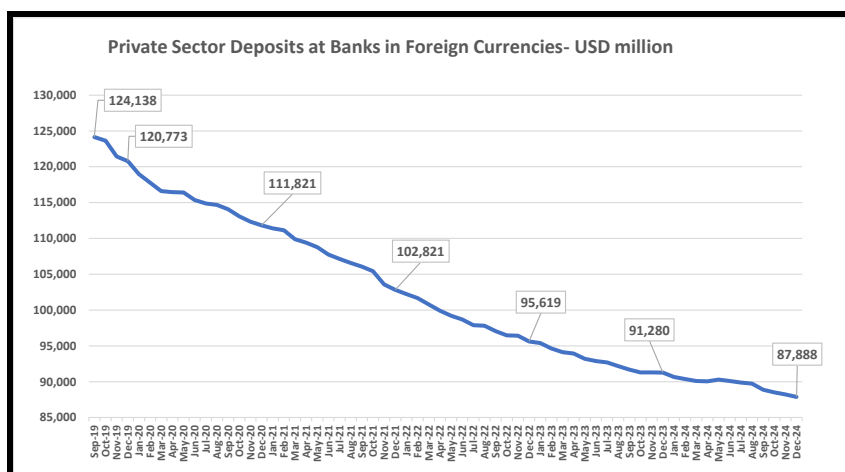
5-2 At the end of 2024, the deposit base, which includes deposits of the resident and non-resident private sector as well as deposits of certain public sector institutions, stood at LBP 7,985,412 billion (equivalent to USD 89.2 billion), compared with LBP 1,439,527 billion (equivalent to USD 96.0 billion) at the end of the previous year. These deposits were distributed as follows: 75.9% to resident private sector deposits, 23.4% to non-resident private sector deposits, and 0.7% to public sector deposits.

5-3 A breakdown of the evolution of private sector deposits by currency shows an increase in deposits denominated in LBP, which reached LBP 67,895 billion at the end of 2024 compared with LBP 52,050 billion at the end of 2023, an increase of LBP 15,844 billion or 30.4%, after having risen by LBP 6,676 billion or 14.7% in 2023. The increase in deposits in LBP was supported by the ability to pay taxes and fees to the Lebanese state through banks, as well as by offers made by several banks, particularly in the last two months of the year, encouraging clients to place funds in LBP at relatively high interest rates. These offers were well received by some customers, coinciding with a positive atmosphere in the country following the cessation of the war.



Source: BDL

5-4 Conversely, deposits denominated in foreign currencies declined to USD 87.9 billion at the end of 2024, compared with USD 91.3 billion at the end of the previous year, a decrease of USD 3.4 billion or 3.7%, following a decline of USD 4.3 billion or 4.5% in 2023. This decline reflects ongoing withdrawals within the limits and conditions set by BDL circulars (namely Circulars 158 and 166, and to a lesser extent Circular 151), as well as the discounting of checks and the repayment of loans, though at a slower pace than in previous years. It is worth noting that customers' Fresh USD deposits, which are included within total deposits denominated in foreign currencies, amounted to around USD 3.2 billion at the end of 2024, compared with USD 2.6 billion at the end of 2023, according to BDL.



Source: BDL

5-5 In terms of geographical distribution, banks’ deposits remain concentrated in Beirut and its suburbs, which accounted for about 66.5% of total deposits at the end of September 2024, distributed among 54.9% of total depositors. The remaining 33.5% of deposits were held in other regions, representing 45.1% of total depositors. This indicates a notable disparity in the average size of deposits between Beirut and its suburbs and the rest of the regions.

5-6 As for interest rates, rates on deposits denominated in LBP followed an upward trend in the last months of 2024, after several banks began offering relatively high interest rates, sometimes exceeding 30%, on such deposits. The average interest rate on these deposits stood at 3.58% in December 2024, compared with 0.55% in December 2023. Meanwhile, the average interest rate on USD deposits remained unchanged at 0.03% in December 2024, the same level as in December 2023.

Capital Account

5-7 At the end of 2024, the capital accounts of commercial banks operating in Lebanon amounted to LBP 428,536 billion, equivalent to USD 4.8 billion, compared to LBP 76,374 billion, equivalent to USD 5.1 billion, at the end of the previous year. As at the end of December 2024, capital accounts represented 4.6% of total consolidated balance sheet of commercial banks. Furthermore, supplementary capital, which includes bonds, subordinated loans, and certain types of preferred shares accounted for 7.8% of capital accounts at the end of 2024, while core capital represented 92.2%.

5-8 On the regulatory front, BDL issued in December 2023 Intermediate Circular 685, allowing banks to include, within core capital (common equity tier), 75% of the revaluation gain resulting from the reassessment of real estate assets fully owned by the bank, as well as real estate assets fully owned by real estate companies in which the bank holds shares, and long-term participations and loans related to investments in banks and financial institutions abroad. This may be done annually over a five-year

period, provided that the Central Council verifies and approves the revaluation process, which must be completed by 31 December 2024.

In September 2024, BDL also issued Intermediate Circular 708, requiring the inclusion within common equity tier one capital – of 75% of the fixed assets revaluation gains acquired in settlement of debts. The Central Council must verify and approve the revaluation process, which must be completed by 31 December 2025. The circular also stated that the concerned assets shall be valued in Fresh dollars and recorded in LBP at the exchange rate published on BDL’s electronic platform as at the date of payment of the tax due on the revaluation gain.

5-9 On another note, banks continue to incur losses due to their large exposure to sovereign debt denominated in foreign currencies (Eurobonds, certificates of deposit, and deposits with BDL). The cumulative decline in shareholders’ equity is linked to provisions set aside for sovereign bonds, non-performing loans and deposits with the Central Bank, as well as to the depreciation of the Lebanese pound, which has eroded the value of capital constituted in local currency.

Placements of the Banking Sector

5-10 The following table presents the evolution of the asset items of commercial banks, in value and percentage, at the end of 2022, 2023, and 2024:

Commercial Banks’ Assets at the end of the period *
(Billion LBP and %)

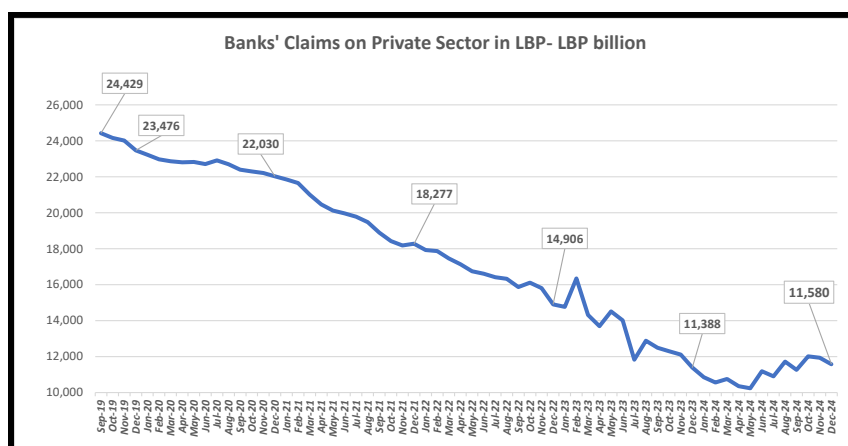
	2022		2023		2024	
	Value	%	Value	%	Value	%
Reserves	165,536	65.0	1,261,744	73.0	7,129,571	77.2
<i>o/w: deposits with BDL</i>	158,984	62.4	1,254,356	72.6	7,122,391	77.1
Claims on customers and financial sector (resident)	27,150	10.7	110,106	6.4	454,120	4.9
Claims on the public sector	17,383	6.8	44,887	2.6	208,357	2.3
Foreign assets	15,185	6.0	139,286	8.1	848,955	9.2
<i>o/w: claims on NR financial sector</i>	6,333	2.5	66,906	3.9	420,027	4.5
<i>claims on NR customers</i>	3,078	1.2	14,714	0.9	77,989	0.8
Resident private sector securities portfolio	4,210	1.6	44,324	2.6	352,724	3.8
Fixed assets (tangible & intangible)	20,690	8.1	116,872	6.8	222,551	2.4
Non-classified assets	4,699	1.8	11,522	0.7	15,326	0.2
Total	254,853	100.0	1,728,740	100.0	9,231,604	100.0

Source: BDL.

* The FC assets items are calculated @ 1,507.5 LBP/\$ in 2022 and @ 15,000 LBP/\$ in 2023 and @ 89,500 LBP/\$ in 2024.

Claims on Private Sector

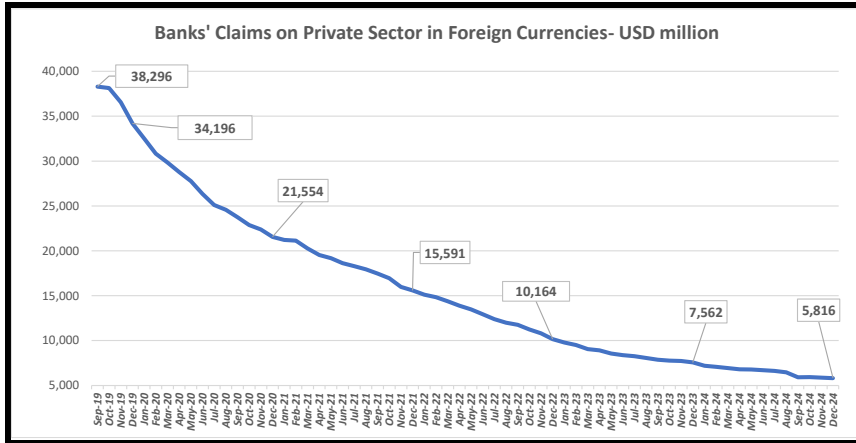
5-11 A breakdown of loans to the resident and non-resident private sector by currency shows a slight increase in loans denominated in LBP, which reached LBP 11,580 billion at the end of 2024, compared with LBP 11,388 billion at the end of the previous year – an increase of 1.7%, following a decline of 23.6% in 2023. This limited rise reflects temporary and exceptional demand. It is worth noting that these loans have been following a clear downward trend since the beginning of the crisis.



Source: BDL

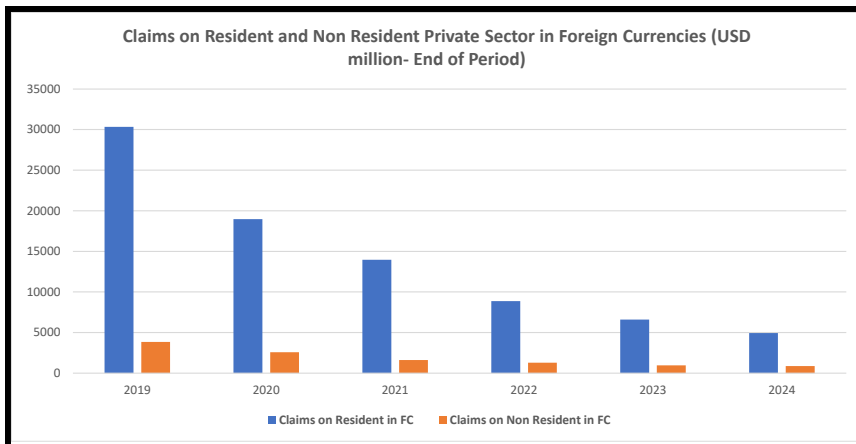
5-12 Loans denominated in foreign currencies continued to decline, reaching USD 5.8 billion at the end of 2024, compared with USD 7.6 billion at the end of the previous year – a decrease of 23.1%, following a decline of 25.6% in 2023. The continued decline in foreign currency lending over the past years can mainly be attributed to the repayment of loans estimated at around USD 30 billion, either in LBP at exchange rates of LBP 1,507.5 or LBP 15,000 per dollar, or in local dollars, or through the purchase of checks denominated in local dollars at significant discounts, as well as by not granting new loans in a regular and tangible manner.

It is worth noting that a number of banks initiate lending, even on a limited basis. However, the effective reactivation of credit activity requires the restoration of confidence, the provision of sufficient liquidity to banks, the enactment of a law mandating the repayment of loans in the same currency in which they were granted, and the implementation of several other measures.



Source: BDL

5-13 At the end of 2024, loans to the non-resident private sector amounted to approximately USD 871 million, representing 14.7% of total private sector loans at the end of the year, compared with 11.8% at the end of 2023. A large portion of these loans is related to the financing of projects undertaken by Lebanese entrepreneurs abroad, particularly in Arab and African countries. It is worth noting that BDL, under Intermediate Circular 656 dated 20 January 2023, required that non-resident borrowers repay their debts in cash USD as of 1 February 2023.



Source: BDL

5-14 On the other hand, the ratio of loans denominated in foreign currencies to deposits in these currencies declined to 6.6% at the end of 2024, compared with 8.3% at the end of 2023. Similarly, the ratio of loans in LBP to deposits in LBP decreased to 17.1%, down from 21.9% at the end of the two respective years.

5-15 Statistics on the nature of loans granted by the financial sector, as at the end of June 2024, indicate that a high proportion of these loans - 58.9% - consisted of term loans, while 41.1% of total loans took the form of overdrafts. At the end of June 2024, advances against real estate accounted for 31.4% of total loans; those against personal guarantees represented 14.6%; advances against financial values made up 5.8%; those against cash collateral or bank guarantees accounted for 5.0%; and advances against other real guarantees represented 2.1%.

5-16 Regarding the distribution of loans by economic sector, personal loans, particularly housing loans, continued to decline, falling to 13.8% of total loans at the end of June 2024, down from 31.3% at the end of 2019. Conversely, the shares of other sectors rose overall, with the trade and services sector maintaining the largest share at 36.8% of total loans at the end of June 2024, compared with 33% at end-2019.

**Sectorial Distribution of Utilized Credits in the Financial Sector
(End of period)**

	Dec 2019		Dec 2022		Dec 2023		June 2024	
	Value (Billion LBP)	%	Value (Billion LBP)	%	Value (Billion LBP)	%	Value (Billion LBP)	%
Trade & Services	26,622	33.0	13,180	33.4	63,486	36.0	349,685	36.8
Construction	14,898	16.6	7,312	18.5	43,134	24.4	240,498	25.3
Industry	9,672	10.8	4,577	11.6	20,697	11.7	127,803	13.5
Personal loans	28,142	31.3	10,555	26.8	28,164	16.0	131,424	13.8
<i>o/w Housing loans</i>	<i>18,345</i>	<i>20.4</i>	<i>7,028</i>	<i>17.8</i>	<i>8,695</i>	<i>4.9</i>	<i>27,196</i>	<i>3.1</i>
Financial Intermediation	3,725	4.1	1,982	5.0	12,042	6.8	61,606	6.5
Agriculture	1,136	1.3	541	1.4	2,605	1.5	14,299	1.5
Others	2,584	2.9	1,299	3.3	6,281	3.6	23,741	2.5
Total	89,779	100.0	39,446	100.0	176,409	100.0	949,056	100.0

Source: BDL

5-17 On another note, interest rates on loans followed an upward trend in 2024. The average lending rate on LBP loans rose to 5.61% in December 2024, compared with 3.97% in December 2023. Likewise, the average lending rate on USD loans increased to 3.70%, compared with 1.95% in the two respective dates.

Claims on Public Sector

5-18 In 2024, the commercial banks' portfolio of Treasury bills denominated in LBP continued to decline, reaching LBP 8,778 billion at the end of the year, compared with LBP 11,436 billion at the end of 2023. It should be noted that the Ministry of Finance announced in December 2023 the suspension of the issuance of Treasury bills in LBP starting January 2024 and until further notice.

5-19 The commercial banks' portfolio of Eurobonds, net of provisions, amounted to the equivalent of USD 2,210 million at the end of 2024, compared with USD 2,191 million at the end of 2023. It is worth noting that, pursuant to Intermediate Circular 649 issued in November 2022, the loss provisioning percentage applied to foreign currency Treasury bills was raised from 45% to 75%.

Foreign Assets

5-20 Commercial banks' deposits with correspondent banks amounted to USD 4.7 billion at the end of 2024, compared with USD 4.5 billion at the end of 2023. These

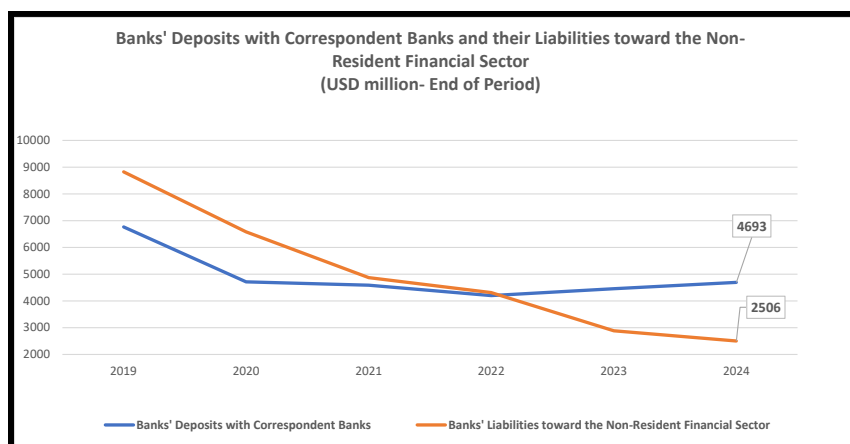
deposits represented 5.3% of total private sector deposits in foreign currencies, compared with 4.9% at the end of the respective dates. It is worth noting that banks use this foreign currency liquidity mainly to facilitate banking operations with abroad and to meet local liquidity needs, including customer withdrawals under Circulars 158 and 166, as well as to cover Fresh dollar deposits held at Lebanese banks. Commercial banks' deposits with correspondent banks, net of liabilities to the non-resident financial sector, stood at USD 2.2 billion at the end of 2024, compared with USD 1.6 billion at the end of 2023.

5-21 On the regulatory front, and concerning the liquidity ratio stipulated in Circular 154 issued in August 2020, BDL issued Intermediate Circulars 707 in September 2024 and 716 in November 2024, requiring each bank to maintain, at all times, an external account free from any obligations with its correspondent banks abroad, in an amount not less than 3% of its total foreign currency deposits as at 31 July 2024. Banks not in compliance are granted until 31 December 2025 to regularize their situation.

This ratio may include the market value of the bank's portfolio of Lebanese Eurobonds deposited with Midclear s.a.l. or with a foreign custodian and classified at fair value, as well as the value of securities specified in Basic Circular 62 and also classified at fair value.

Intermediate Circular 715, issued in November 2024, required each bank to deposit, either in cash with its correspondent banks abroad or with BDL under the "cash funds" account in accordance with Basic Circular 165, an amount equivalent to 100% of the value of its foreign currency "cash funds." This ratio must be constituted prior to the external liquidity ratio. The value of Lebanese Eurobond portfolios is excluded from this calculation.

Furthermore, Intermediate Circulars 674 issued in July 2023 and 697 issued in June 2024 amended Basic Circular 158 to allow banks, for liquidity management purposes, to utilize their available external liquidity within the 3% ratio defined under Basic Circular 154, provided that such liquidity is replenished no later than 31 December 2025.



Source: BDL

Deposits with BDL

5-22 At the end of 2024, commercial banks' deposits with BDL, in both LBP and foreign currencies, amounted to LBP 7,122,391 billion, equivalent to USD 79.6 billion, representing 77.1% of total assets. These deposits include the mandatory reserves in LBP and mandatory deposits in foreign currencies, as well as free deposits in both currencies, in addition to certificates of deposit issued by the central bank in favor of commercial banks. It is worth noting that deposits with the central bank denominated in foreign currencies represented about 90% of total customer deposits in foreign currencies at the end of 2024. Accordingly, addressing this issue constitutes the key entry point for resolving the problem of customer deposits in the banking sector.

Pursuant to Intermediate Circular 731 dated 27 March 2025, BDL reduced the reserve requirement ratio on foreign currency to 11% from 14% (as per Intermediate Circular 586 of 8 June 2021).

With Lebanon entering a new phase and launching administrative, judicial, security, financial, and economic reforms, including the discussion of the draft Bank Restructuring Law, the issue of addressing the financial gap and determining the fate of bank deposits at BDL emerges as one of the most important challenges facing the government and parliament. It is important to recall that Article 13 of the Code of Money and Credit classifies banks' placements with BDL as commercial loans, and that Article 113 of the same Code explicitly stipulates that the Lebanese Treasury must cover any losses incurred by the Central Bank. Therefore, these two articles constitute an entry point toward a fair and equitable solution to the issue of bank deposits, which stems from a crisis of confidence rooted in years of unsustainable economic policies and poor resource management by both the State and BDL. Lebanese banks stand ready to engage constructively in any realistic and balanced reform plan that acknowledges the systemic nature of the current crisis, one of the most exceptional in modern economic history, and that aims to reorient Lebanon's financial and economic path while safeguarding the rights of both banks and depositors. The banking sector believes that restructuring on sound foundations, with a fair distribution of responsibilities among the relevant parties, will help restore confidence in the economy and the banking system, both of which are essential pillars for economic growth in the country.



PART II

Circulars of Banque du Liban

In 2024, the Association of Banks continued, in coordination with the monetary and supervisory authorities and in cooperation with banks' management, to follow up on regulatory and legislative matters as well as the numerous issues related to the banking profession.

Below is a summary of the main circulars issued by the Central Bank during the year 2024 and the first months of 2025.

1- Exceptional measures for the repayment of deposits in foreign currencies

In February 2024, the Central Bank of Lebanon issued **Basic Circular 166** concerning exceptional measures for the repayment of foreign currency deposits that were constituted after October 31, 2019. It was later amended by **Intermediate Circular 698** in June 2024, stipulating that each bank operating in Lebanon must exceptionally act as necessary to ensure the gradual repayment of foreign currency deposits, other than "Fresh Money", constituted before 30th of June 2023.

In order for any adult or minor resident or non-resident natural person holding an account, to benefit from the provisions of this decision, the total balances of all his/her foreign currency credit accounts, other than "Fresh Money", at each bank separately, shall be adopted, including related accounts in which that person is a party, participant, or beneficiary, provided that these balances are calculated as closed on the 30th of June 2023.

Account Holders shall benefit from the provisions of this decision on time accounts upon their maturity, cash collateral provided upon their release, accounts deemed as a continuation of the accounts they opened at the same bank prior to the 30th of June 2023. These accounts include the joint account changed to individual account, the individual account changed to joint account, the account transferred to heirs or legatees, or the blocked account changed to current. The sole beneficiary shall be the holder of the main account from which these amounts are transferred. The circular also allowed beneficiaries of Circular 166 to benefit even if they had previously profited from Circular 158, thereby canceling the provisions of **Intermediate Circular 687** issued in February 2024, which had stipulated that an account holder could not benefit from Circular 166 for any of their accounts (individual or joint accounts titled with an "and" or an "and/or") at any bank if they had previously benefited from Circular 158.

However, this decision does not apply to individuals listed in Article 2 of Basic Circular 154 and has not returned the required percentage, individuals whose accounts show a movement of bank cheques indicating a trading of cheques after the 31th of October 2019, those who transferred deposits from LBP to foreign currencies after that date for an amount equivalent to, or above USD 300,000 except end-of-service indemnities for the public and private sectors, individuals who repaid foreign currency loans in LBP

after this date for an amount equivalent to, or above USD 300,000, individuals who converted their loans balances from foreign currencies into Lebanese pound after October 30, 2019, for an amount equivalent to, or above USD 300,000, individuals who benefited and bought amounts equivalent to, or above USD 75,000 at “Sayrafa” e-Platform exchange rate, and individuals benefiting from Circular 158 at any bank during the yearly cycle adopted in Circular 166, spanning from July 1 to June 30 each year (new form per **Intermediate Circular 711** issued in October 2024).

A series of **Intermediate Circulars – 710 (September 2024), 714 (October 2024), 718 (November 2024), and 721 (December 2024)** – amended Basic Circular 166. Circular 710 exceptionally allowed two payments in October 2024, followed by Intermediate Circulars 714, 718, and 721, which allowed one payment in each of November 2024, December 2024, and January 2025, in addition to monthly payments. These provisions apply to individuals who signed the banking secrecy waiver before September 25, 2024, November 1, 2024, November 26, 2024, and December 24, 2024, regarding the exceptional payments on these four respective dates. **Intermediate Circular 728**, effective from March 2025, modified monthly payments as follows.

Circular 728 provides the transfer of an amount equivalent to USD 6,700 or less, depending on the funds available in the accounts held by the Account Holder in US dollar or any other foreign currency at the concerned bank, according to the client’s wish. Thus, the customer may freely specify the total amount that he/she may benefit from, to be deposited in the “Special Sub-Account”, in excess of the one-year cycle amount. A monthly amount of USD 250 may be withdrawn from these sub-accounts, instead of USD 150, payable in cash and/or via transfer abroad or deposited into a Fresh account. This was later amended by **Intermediate Circular 737** in June 2025, increasing the monthly withdrawal to USD 400, provided that the total annual withdrawals from all banks do not exceed USD 4,800. The same circular also raised the transferable amount to the Special sub-account to USD 8,500, instead of the previously mentioned USD 6,700.

Following these latest amendments, the liquidity needed to meet the requirements of this Decision shall be secured as follows:

- For the portion of the monthly payment that does not exceed USD 150, it shall be equally secured from the concerned bank’s liquidity and from banks’ foreign-currency mandatory placements at the Banque du Liban that the latter will release for this purpose.
- For the portion of the monthly payment that exceeds USD 150, it shall be fully secured from banks’ foreign-currency mandatory placements at the Banque du Liban that the latter will release for this purpose.

As for **Basic Circular 158**, several amendments were introduced during 2024 and the first half of 2025. The latest allows for a monthly withdrawal of USD 800 in cash, provided that total annual withdrawals from all banks do not exceed USD 9,600, as per **Intermediate Circular 736** issued in June 2025.

It is worth noting that in 2023, BDL issued amendments allowing monthly withdrawals of USD 400 from amounts transferred to Special sub-accounts before 1/7/2023, and USD 300 per month for those who had not benefited from this decision before that date. These amounts are paid in cash to the Account Holder, and/or by way of an outgoing international transfer, and/or bank cards to be used in Lebanon and abroad, and/or a deposit in a Fresh Account without any direct or indirect fees. The total annual withdrawal limit from all banks was set at USD 4,800 for the first category and USD 3,600 for the other.

Intermediate Circular 674, issued in July 2023, allowed banks, for liquidity purposes, to use their liquidity abroad within the percentage of 3% mentioned in Basic Circular 154, on the condition that this percentage is reconstituted by no later than 31/12/2024. This deadline was later extended by **Intermediate Circulars 697 and 736** to 31/12/2025 and 31/12/2026, respectively.

Intermediate Circular 697, issued in June 2024, extended eligibility to any natural person account holder, whether adult or minor, resident or non-resident. The total balances of the foreign currency credit accounts held by that person prior to 31 October 2019 at each bank separately, shall be taken into account, including related accounts in which that person is a party, participant, or beneficiary (e.g. joint accounts titled with “and” or “and/or”).

A series of **intermediate circulars, 709 (September 2024), 713 (October 2024), 717 (November 2024), and 720 (December 2024)**, further amended Basic Circular 158. Circular 709 exceptionally allowed two withdrawals in October 2024. Circulars 713, 717, and 720 subsequently allowed one additional withdrawal in each of November 2024, December 2024, and January 2025, in addition to the regular monthly withdrawals. These provisions apply to individuals who signed a banking secrecy waiver before 25/9/2024, 1/11/2024, 26/11/2024, and 24/12/2024 for the four exceptional withdrawals respectively.

Intermediate Circular 729, issued in February 2025, further amended the amounts to USD 500 per month starting March 2025, provided that annual withdrawal ceiling from all banks do not exceed USD 6,000. Accordingly, the annual withdrawal ceiling for the current cycle ending on 30/6/2025 was adjusted to USD 7,200 for the first category and USD 5,900 for the second category. Liquidity for this decision is provided as follows: for the portion of the monthly payment not exceeding USD 300 or USD 400, it shall be equally secured from the concerned bank’s liquidity at foreign correspondent banks and from banks’ foreign-currency mandatory placements at the Banque du Liban that the latter will release for this purpose. As for the portion exceeding these amounts, it shall be fully secured from the banks’ foreign-currency mandatory placements at the Banque du Liban that the latter will release for this purpose.

Intermediate Circular 731, issued in March 2025 and related to mandatory bank placements, required all banks operating in Lebanon to deposit with BDL, against interest paid on their term deposits in foreign currencies, 11% instead of 14% of the required foreign currency components. The difference resulting from this reduction is

to be used by BDL, exclusively, to provide the liquidity required under Intermediate Circulars 158 and 166.

More recently, BDL issued **Basic Circular 169** in July 2025, ensuring the principle of equal and fair treatment among all depositors. Under this circular, all banks operating in Lebanon are requested to refrain from repaying, without the BDL's prior written approval, any amounts exceeding the ceilings specified in the BDL regulatory texts, from the foreign-currency accounts constituted prior to 17 October 2019, whether held at the concerned bank or transferred thereto after that date.

2- Communicating to Banque du Liban the names of shareholders and persons holding managerial positions

In June 2024, BDL issued **Basic Circular 168**, requiring all institutions subject to prior authorization from BDL to provide BDL's Legal Department by 30 June 2024 with an updated and duly organized list, indicating the full name and date of birth of each of the following: the shareholders and stockholders that own more than 5% of shares and stocks, the beneficial owners that own and/or who exercise effective control over more than 5% of shares and stocks, the Chairman and members of the Board of Directors, as well as any person in the Senior Executive Management. BDL may request the names of those who own less than 5% of shares and stocks, if the bank is not listed on the stock exchange, and those who own more than 2% of shares and stocks if the bank is listed.

Banks, companies, and institutions mentioned in this Circular must provide BDL Legal Department with a new list upon any change in a previously sent list, so that periodic checks can be carried out to verify whether the names appear on any UN, international, or national sanctions lists.

Pursuant to **Intermediate Circular 702** issued in June 2024, all the institutions mentioned in the circular are required to submit the requested information to BDL's Legal Department in English, according to attached forms to the circular.

3- Exceptional Measures for Cash Withdrawals

In April 2024, the provisions of **Basic Circular 161**, relating to the Sayrafa platform operations, issued on 16 December 2021, were terminated. It is worth noting that BDL had extended the application of this circular several times, most recently until 30/4/2023, through a series of intermediate circulars 660, 663, and 666.

4- Opening of bank accounts and credit interest rate

Intermediate Circular 691, issued in February 2024, cancelled the previous decisions related to the payment of interest on foreign currency deposits at a rate of 50% in the account currency and 50% in Lebanese pounds. For reference, in September 2019, BDL issued **Basic Circular 147** concerning the opening of bank accounts, whereby it required banks, when opening an account for any natural or legal person residing in Lebanon in order to ensure the running of the latter's commercial, professional, or

service businesses and activities, to obtain a copy of the registration certificate from the Ministry of Finance.

All terms of deposits received by banks operating in Lebanon prior to December 5, 2019, remain subject to the agreements concluded between the concerned bank and its clients until their maturity. Interest on foreign currency deposits has to be paid at a rate of 50% in the account currency and 50% in Lebanese pounds. The implementation period of this decision had been extended till December 31, 2023, according to **Intermediate Circular 672** issued in June 2023, and subsequently until the issuance and publication of the Budget Law 2024 in the Official Gazette, pursuant to **Intermediate Circular 684** issued in December 2023.

In October 2024, BDL issued **Intermediate Circular 712**, which requires a bank that has issued a bank cheque to a customer must accept it from that customer, at the latter's request and responsibility, provided the cheque has not been endorsed as this leads to its cancellation; and must also re-enter its value in the concerned customer's account, on condition that there is no legal impediment to this process or no legal dispute pending between the bank and the concerned customer with respect to the said cheque or account. And if the customer's account has been closed, the concerned bank must reopen an account in the customer's name in order to deposit the value of the cheques.

5- Regulatory Framework for the Capital Adequacy of Banks Operating in Lebanon

In February 2024, BDL issued **Intermediate Circular 689** (related to Basic Circular 44), which, exceptionally and temporarily, allowed the ratio of the "Capital Conservation Buffer" to fall below the required level (i.e., 2.5%) for the years 2023 and 2024, provided that the shortfall is gradually reconstituted according to further instructions from the Central Bank.

In September 2024, BDL also issued **Intermediate Circular 708**, which requires the inclusion, within Common Equity Tier 1 capital, of 75% of real estate revaluation gains acquired in settlement of debt. This is subject to verification and approval by the Central Council of the revaluation process, which must be completed no later than December 31, 2025. The circular further stipulates that the assets concerned by this provision shall be valued in U.S. fresh dollars and recorded in Lebanese pounds based on the exchange rate on BDL platform as of the date of payment of the tax due on the revaluation gain resulting from this process.

Furthermore, **Intermediate Circular 726**, issued in February 2025, requested that no dividends shall be distributed to holders of common equity for the financial year 2024.

6- Regulatory Capital for Calculating the Prudential Limits on Banks Operating in Lebanon

In February 2024, BDL issued **Intermediate Circular 690**, amending Article 3 of Basic Circular 43 so that the regulatory adjustments would include the following deductions: 25% of net changes in Fair Value of the Financial Instruments Classified

as Fair Value Through OCI – If positive, negative or positive reserve arising from hedging instruments revaluation (Cash Flow Hedge Reserves); negative or positive reserve resulting from changes in Own Credit Risk, other positive reserves related to other comprehensive income items; common shares and related bonds within capital accounts that have been directly or indirectly repurchased; goodwill and net intangible fixed assets; and any shortfall in required provisions.

Additionally, deductions apply to positive result of the financial cycle and positive balances in the expense and revenue accounts, shortfall in the real estate reserves and liquidation contributions required to be formed, shortfall in the special reserve required for doubtful and bad debts not settled according to Basic Circular 73, and violations of the provisions of Articles 152 or 153 of the Code of Money and Credit (whichever is greater). The implementation of these provisions is temporarily suspended until further notice. This decision is effective from the financial position as of December 31, 2023.

Intermediate Circular 708, issued in September 2024, amended one of component of capital accounts used in calculating regulatory ratios, namely reserves related other comprehensive income items. These reserves include differences arising from fixed assets revaluation or any other fixed assets eligible to be included within common equity Tier One capital, including properties acquired in settlement of debts in accordance with Article 154 of the Code of Money and Credit, as well as net cumulative changes in Fair Value of the Financial Instruments Classified as Fair Value through other comprehensive income, as amended by Intermediate Circular 690.

7- Mandatory reserve requirements

In January 2025, BDL issued **Intermediate Circular 722** which amends Basic Circular No. 84 and defines the procedures for organizing and submitting the statement of Lebanese pound liabilities subject to mandatory reserve requirements to BDL, in addition to the deadlines and method for calculating the mandatory cash reserve.

The circular states that, for the purpose of calculating the mandatory reserve ratio, banks' daily cash balances with BDL shall include the balances of current accounts opened in Lebanese pounds prior to April 19, 2023, as well as the balances of new LBP accounts subject of Basic Circular 165 dated April 19, 2023. The following are excluded from these balances: accounts designated for purchasing US dollars from the Foreign Exchange Unit on behalf of clients, term deposits, and frozen accounts intended to increase capital. This decision applies as of the position ending January 29, 2025.

8- Exceptional Loans, Retail Loans, and Prepayment under current circumstances

Intermediate Circular 688, issued in February 2024, cancelled the provisions of **Intermediate Circular 661** issued in January 2023, which had allowed the repayment of exceptional loans granted in U.S. dollars under Basic Circular 152 to clients affected by the Beirut Port explosion in Lebanese pounds at the exchange rate applied by Banque du Liban in its transactions with banks (with an average rate of 15,000 LBP per US dollar), effective as of February 1, 2023. Intermediate Circular 688 stated that the client

shall agree with the bank or financial institution on repaying the exceptional loan within a period not exceeding five years, or on early repayment in U.S. dollars without any fees or commissions.

Intermediate Circular 723, issued in January 2025 (amending Basic Circular 81), prohibits banks and financial institutions operating in Lebanon from granting their clients new loans or facilities of any kind in USD other than in “cash money,” as defined in Basic Circular 165.

9- Liquidation of Short FX Position

Intermediate Circular 730, issued in February 2025, amending Basic Circular 32 related to foreign exchange operations at banks and financial institutions, provides that in case of a long FX open position, the bank with a net long trading position above 1% of total net Tier 1 capital shall be deemed as exceeding the ceiling.

Banks are granted a time limit ending on 31 December 2025 to liquidate any overrun on net long trading positions; otherwise they shall have to deposit at Banque du Liban a special reserve in Lebanese pound threefold the value of the overrun calculated as per the exchange rate on BDL platform, on the basis of a one-month deposit period per day of overrun after 31 December 2025.

And In case of a short FX open position, the bank shall be automatically deemed as exceeding the ceiling and shall have to liquidate this overrun by 31 December 2025, otherwise it shall have to deposit at Banque du Liban a special reserve in Lebanese pound threefold the value of the overrun calculated as per the exchange rate on BDL platform, on the basis of a one-month deposit period per day of overrun after 31 December 2025.

10- Rules for Converting Assets and Liabilities Denominated in Foreign Currencies into Lebanese Pounds

According to **Basic Circular 167** issued in February 2024, all banks and financial institutions, when preparing their financial statements, must adhere to the principles of the International Accounting Standard (IAS 21) and convert monetary assets and liabilities denominated in foreign currencies, as well as non-monetary assets classified at fair value or evaluated using the equity method, into their equivalent value in LBP as per the exchange rate on BDL platform as of the date of the preparation of the financial statements.

11- Fighting Money Laundering and Terrorism Financing

Regarding this subject, BDL issued **Intermediate Circular 692** in February 2024, amending the regulations on the control of financial and banking operations for fighting money laundering and terrorism financing annexed to Basic Circular 83. Through this circular, BDL required the establishment, within the Compliance Unit, of two Divisions at least. The first Division oversees the bank’s Head Office and branches. It is entrusted with the mission of verifying the implementation, at the Head Office and branches, of

operations control requirements in terms of compliance with AML/CFT measures. The second Division is tasked with fighting bribery and corruption, and is entrusted with the mission of putting in place, for the bank, an anti-bribery and corruption policy, in line with the requirements and recommendations issued by local supervisory and regulatory authorities and by international organizations; and reviewing periodically the effectiveness of the anti-bribery and corruption procedures in place, and to develop them in a way to mitigate risks, and updating the Code of Ethics and Conduct.

Additionally, this division is responsible for assessing the corruption and bribery risks that the bank is exposed to, as a result of the services and products it offers to its customers, and to determine, in this respect, the highrisk customer category, and organizing anti-corruption and bribery training sessions for employees; and to spread the culture of integrity at the bank.

12- Interest on US Dollars Term Deposits with the Central Bank and Interest on US Dollar Certificates of Deposit Issued by BDL

Intermediate Circular 686 issued in February 2024 amended the Interest rates paid on long-term USD deposits placed by banks operating in Lebanon at BDL and on CDs in US Dollar issued by BDL and held by banks operating in Lebanon that shall be reduced by 75% instead of previous 50% and shall be paid in US Dollar (instead of being split equally between USD and LBP). This decision shall come into effect from February 3 until June 30, 2024. It was subsequently amended by **Intermediate Circular 701** in June 2024, whereby the interest has to be paid in US Dollar in the current account, other than Fresh Money, of the concerned bank at BDL. The implementation period of this Article was extended till 31 December 2024 then till 30 June 2025 by Intermediate circular 719.

13- Exceptional Exemptions from Mandatory Bank Placements

BDL issued **Intermediate Circulars 706** in September 2024 and **715** in November 2024, requiring each bank to deposit, in cash, with BDL in the “cash money” account stipulated in Basic Circular 165, or with the bank’s correspondents abroad in an account free of any obligations, an amount equivalent to 100% of its “cash money” in foreign currencies. This requirement must be met prior to complying with the foreign liquidity ratio set out in Basic Circular 154. The value of Lebanese Eurobonds portfolios is excluded from this ratio, and banks that are in violation of this requirement are prohibited from selling these bonds.

With regard to the liquidity ratio set out in Circular 154, BDL issued **Intermediate Circulars 707** in September 2024 and **716** in November 2024, requiring each bank to constitute, at its overseas correspondent banks, a foreign account free from any obligations that will be at no time below 3% of its total foreign-currency deposits as on 31 July 2024. Banks whose situation is incompatible with the requirement are granted a time-limit ending on 31 December 2025 to adjust their situation accordingly.

This percentage shall include: - The market value of the Lebanese Treasury Eurobonds portfolio held at MIDCLEAR S.A.L. or at an overseas custodian, classified at Fair Value, as well as the value of bonds specified in Basic Circular 62 and classified at fair value.

14- Implementation of International Financial Reporting Standard 9 (IFRS 9)

In June 2024, BDL issued **Intermediate Circular 696** amending Basic Circular 143 and cancelling the provisions introduced by Circular 519 issued in July 2019. Circular 519 had required banks and financial institutions to record profits resulting from swap operations or from the purchase and sale transactions involving financial instruments conducted with BDL over the maturity period of the instruments being swapped, and not recognizing immediate profits. It also allowed banks and financial institutions to recognize immediate profits on existing financial engineering operations, provided that these were executed after January 1, 2019, and that the source of funds used comes from transfers made specifically for this purpose from outside their existing funds held with BDL or from foreign exchange operations. In addition, any surplus resulting from such operations had to be recorded in the profit and loss statement and transferred at the end of the financial year to a non-distributable reserve.

15- Principal and Interest on Debt Securities, Certificates of Deposit, and Bank Certificates issued in banks operating in Lebanon

BDL issued **Intermediate Circulars 700** in June 2024 and **719** in December 2024, extending the application, successively till December 31, 2024, and then till June 30, 2025, of the provision introduced by Circular 541 issued in January 2020. This provision was further extended till December 31, 2025, by **Intermediate Circular 738** issued in June 2025. This provision relates to the repayment of principal and interest on bonds, and securities representing subsidized loans, certificates of deposit, and bank certificates issued by banks operating in Lebanon that are held with a custodian in Lebanon, into the accounts of the entitled beneficiaries opened with banks operating in Lebanon. The exceptional measures applied by Midclear s.a.l. also cover the transfer abroad of the aforementioned debt securities, CDs and bank certificates.

16- Statistical Data

BDL issued **Intermediate Circulars 699** in June 2024 and **703** in July 2024, amending Basic Circular 85 by introducing two main requirements. First, banks, financial institutions, and non-banking institutions carrying out foreign electronic transfers are required to provide BDL's Statistics and Economic Research directorate with semi-annual statement of funds transfers to and from abroad. Second, banks are required to provide the same directorate, on a quarterly basis, with segments of deposits as end of each quarter, classified according to depositor categories, in accordance with the form attached to the circular.

In addition, pursuant to **Intermediate Circular 704** issued in August 2024 (relating to Basic Circular 18), BDL required banks and financial institutions operating in Lebanon to submit, on a daily basis, to the same directorate statement of the volume of interbank loans, loans between banks and financial institutions, and loans among financial institutions, in LBP, USD, and euros.

17- Exceptional Restrictions on Some Banking Operations

Intermediate Circular 733 issued in March 2025 (relating to Basic Circular 159), prohibits banks operating in Lebanon from Buying foreign currencies on the market, except under the provisions of Basic Circular 157 or from the financial sector or exchange institutions licensed by BDL as per the market supply and demand, provided that no margins between selling and buying prices or unusual commissions of any kind are adopted, and that they do not exceed, in all cases, 1% of the buying price.

The circular also introduced a prohibition on Selling foreign currencies other than “cash money” to any party other than BDL. It further prohibits the purchase or sale of any assets denominated in foreign currencies (including listed shares on the Beirut Stock Exchange, Lebanese Treasury eurobonds, and others) except in foreign currencies from “cash money” or their equivalent in Lebanese pounds as per the exchange rate on BDL platform. It also prohibited the sale abroad of Lebanese Eurobonds without prior approval from BDL.

Subsequently, BDL issued **Intermediate Circular 734** in April 2025, amending the above by prohibiting banks operating in Lebanon from purchasing or selling any assets, for their own account, in foreign currencies from non “cash money” (including listed shares on the Beirut Stock Exchange, Lebanese Treasury eurobonds, and others) without prior approval from BDL. The same circular also cancelled the provision relating to the sale of Eurobonds.

18- Financial and Banking Operations via Electronic Means

As part of strengthening control over institutions engaged in financial and banking operations through electronic means, BDL issued **Intermediate Circular 735** dated May 23, 2025, attached to Basic Circular 69. Among other provisions, the circular sets monthly limits on the total volume of transactions conducted through “e-wallets,” distinguishing in this respect between natural persons and legal entities.



PART III

HUMAN RESOURCES IN LEBANESE BANKS

I - Banking Population in 2024

In 2024, the number of employees working in the Lebanese banking sector continued to decline. As it is well known, this decrease is attributed to several factors, including banks laying off employees in certain departments in exchange for compensation, some employees reaching the legal retirement age, or others, particularly younger staff, choosing to leave their jobs in search of other employment opportunities, in light of the deterioration in the purchasing power of their salaries.

1- Number of Employees

The table below shows the evolution of the number of bank employees and their distribution by category. It indicates that the total number of employees declined to 13,426 at the end of 2024, compared to 14,860 at the end of 2023, i.e a decrease of 1,434 employees or 9.7%. By the end of 2024, the number of employees had decreased by 46% compared to the end of 2019, representing only 54% of its 2019 level.

Distribution of banking population

	2019	2020	2021	2022	2023	2024
Total number of employees	24,886	22,325	18,815	16,520	14,860	13,426
Change (Number)	-1,022	-2,561	-3,510	-2,295	-1,660	-1,434
Change (%)	-3.94	-10.29	-15.72	-12.2	-10.0	-9.7
Distribution as per banks' categories						
Lebanese Commercial Banks s.a.l	23,554	21,091	17,651	15,488	13,894	12,572
Foreign/Arab Commercial Banks	490	484	440	382	351	257
Investment & M< Credit Banks	842	750	724	650	615	597

2- Characteristics of the Banking Population

The following analysis is based on detailed data collected from 47 banks, employing 13,054 employees at the end of 2024. The remaining banks only provided total headcount figures without detailed breakdowns.

Regarding gender distribution as at the end of 2024, the banking workforce in Lebanon consisted of 48% females and approximately 52% for males, with no significant change compared to the previous year.

Regarding marital status, the percentage of single employees continued to decline, reaching about 23.7% of the total workforce at the end of 2024, compared to 24% at the end of the previous year, possibly reflecting the exit of more single employees seeking better opportunities domestically or abroad.

In terms of age distribution, the share of employees under the age of 40 dropped to around 41% of the banking workforce by the end of 2024, down from approximately 44% at the end of 2023. This decline is due to aging within the workforce or younger employees exiting the sector. The share of those aged between 40 and 60 years increased to 51.7% (up from 49% in 2023), and the share of employees over 60 years old increased slightly to around 7.7% (compared to 7% at the end of 2023).

Distribution of bank employees by gender and age – End of 2024

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years	Total
Male (%)	61.7	45.5	53.4	57.0	63.3	52.1
Female (%)	38.3	54.5	46.6	43.0	36.7	47.9
Total Number	277	5,026	3,867	2,876	1,008	13,054

The above distribution shows that males outnumber females across all age groups except the 25–40 category, where females predominate. It is also worth noting that women’s participation in the labor market tends to start later and end earlier than men’s, resulting in a shorter overall working life cycle.

Distribution of male and female employees by age category – End of 2024

	Below 25 years	25 – 40 years	40 – 50 years	50 – 60 years	Above 60 years	Total number
Male (%)	2.5	33.6	30.4	24.1	9.4	6,800
Female (%)	1.7	43.8	28.8	19.8	5.9	6,254

In terms of job grades, technicians constituted 70% of the declared workforce in 2024, compared to 30% for cadres. It's worth noting that technicians are those who occupy positions requiring skills acquired through education, training, and experience. They are capable of problem-solving, supervising teams, and maintaining flexible relationships with clients. The cadres, on the other hand, hold positions that require significant responsibilities, extensive knowledge, leadership skills, and decision-making abilities.

Regarding the educational level, university graduates represented over 80% of the banking workforce at the end of 2024, consistent with the previous year.

Distribution of bank employees by gender and level of education – End of 2024

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate	Total
Male (%)	87.4	62.5	47.2	6,800
Female (%)	12.6	37.5	52.8	6,254
Total Number	976	1,616	10,462	13,054

The distribution of employees by gender and level of education shows that more than 88% of female employees in the banking sector hold a university degree, compared to approximately 73% of males at the end of 2024.

Distribution of male and female bank employees by educational level – End of 2024

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate	Total number
Male (%)	12.5	14.9	72.6	6,800
Female (%)	2.0	9.7	88.3	6,254

3- Salaries, Wages and Benefits

At the beginning, it should be noted that the statistical data provided by the 47 banks were reported in Lebanese pounds. We present below the average cost and its components for 2024.

The **average annual cost** per employee, including basic salary before tax, allowances, and indemnities (detailed below), reached LBP 2,680 million (LBP 223 million per month on a 12-month basis, or approximately USD 2,500 at an exchange rate of LBP 89,500/USD). However, this average does not reflect the actual earnings of employees across different categories, as there is considerable variation in costs depending on various factors, notably the salary and benefits policy adopted by each bank. In 2024, this average represented only 55% of its 2019 level.

In 2024, based on the available data, salaries before tax accounted for 30% of the total cost of employees in the Lebanese banking sector. The average monthly salary before tax per employee amounted to approximately LBP 67 million, equivalent to USD 750, based on an exchange rate of LBP 89,500 per US dollar.

Evolution of an employee's average salary in banks (Thousands of Lebanese Pounds)

Year	Average monthly salary	Average monthly salary including family, health and other allowances	Average monthly salary including all allowances	Minimum salary wage in Lebanon
2018	4,224	5,916	6,788	675
2019	4,517	6,087	6,832	675
2020*	4,504	6,211	6,861	675
2021**	4,824	7,265	8,134	675
2022**	7,047	12,860	17,385	2,600
2023**	23,590	51,871	78,963	9,000
2024**	67,117	145,559	223,371	18,000

* Salaries and allowances were calculated for one bank as per the statistics collected in 2019.

** Average numbers collected from banks who fully completed the questionnaires in 2021, 2022, 2023 and 2024 were adopted.

Family allowances represented 0.6% of the total cost of salaries, wages, and benefits in 2024. These allowances include, on one hand, the banks' contributions to the National Social Security Fund (NSSF), which are linked to employees' wages (with a wage

ceiling of 12 million Lebanese pounds), and on the other hand, the surplus amounts paid by banks to employees above the social security contribution rate.

Health and maternity allowances accounted for approximately 8.6% of the total cost in 2024. These allowances include banks' contributions to the NSSF, which currently amount to 8% of employees' salaries, while employees contribute 3% (with the note that the ceiling for earnings subject to deduction under the health and maternity branch was adjusted twice during 2024. It was set at five times the official monthly minimum wage, i.e. LBP 45 million as of 1/3/2024, and was later increased to LBP 90 million as of 1/4/2024, following the setting of the minimum wage to LBP 18 million pursuant to Decree No. 13164 dated 5/4/2024). These allowances also include the additional amounts paid by banks to employees above what they receive from the NSSF. Such supplements are linked to the increase in medical and laboratory fees and the limited coverage provided by the NSSF, noting that they vary significantly from one bank to another.

The **end-of-service indemnities** accounted for approximately 34.8% of the total cost of employees in 2024. These include contributions paid to the NSSF and provisions, noting that banks' contribution to NSSF for end-of-service indemnities amounts to 8.5% of the aggregate salaries subject to tax.

Other benefits represented 26.0% of the total cost in 2024. These include education allowances, transportation allowances, cashier allowances, marriage and maternity allowances, as well as representation and clothing allowances, in addition to cash payments granted by some banks to compensate employees for the deterioration in the purchasing power of their salaries.

With regard to **education allowances**, they accounted for approximately 17% of the "other benefits" item in 2024. The average annual education allowance granted to employees' children in private schools and with special needs amounted to LBP 104 million (approximately USD 1,160 per child), compared to LBP 54 million (approximately USD 600) for students in public or tuition-free schools, and LBP 94 million (approximately USD 1,100) for students at the Lebanese University, and LBP 200 million (approximately USD 2,220) for students enrolled in private universities. It is worth noting that the Board of Directors of the Association of Banks issued a recommendation to its members to increase the minimum level of school and university allowances in private institutions by USD 500 (fresh) for the academic year 2024–2025 (Circular 026/2025), complementing Circular 119/2023 dated August 17, 2023 that recommended the following education allowances for the 2023–2024 academic year: USD 600 (fresh) for students enrolled in public or tuition-free schools; USD 1,250 in cash for students enrolled in the Lebanese University; USD 1,500 in cash annually for students in private schools/special needs institutions; USD 2,500 (fresh) for students

enrolled in private universities. Banks were left to decide whether to comply with this recommendation; some of them granted their employees amounts that have been lower, while others may have paid higher amounts.

On another note, **transportation allowances** accounted for 16.5% of “other benefits” in 2024. These are based on the average price of a gasoline tank circulated by the Association of Banks to its members, which stabilized at approximately LBP 1,590,000 in 2024, similar to 2023.

The impact of the crisis on banking employment has been significant, both in terms of the number of employees in the sector and in terms of salaries and benefits, which have obviously deteriorated, as previously observed. In conclusion, restoring confidence in the Lebanese economy and the banking sector will undoubtedly contribute to ensuring job stability and social security for the thousands of Lebanese employees remaining in the sector. Continued progress in economic, fiscal, and banking sector reforms remains essential to achieving this objective.



II - Activities of the Human Resources Development Department in 2024

1- General Overview

Since its establishment, the Human Resources Development Department at the Association of Banks in Lebanon has been operating in three main areas: organizational development, corporate social responsibility, and training. It also collaborates with the human resources departments of banks to meet their needs across various fields.

As part of **organizational development**, the HRD department continued its meetings with the Human Resources and Social Affairs Committee at ABL to discuss the amendments proposed by the Federation of Bank Employees Syndicates regarding the Collective Labor Agreement. It also met with the Federation to help bridge differences on this matter, particularly with respect to salaries, education allowances, and healthcare, in light of the decline in employees' purchasing power. Although no final agreement was reached, meetings and discussions will continue in 2025.

As for **corporate social responsibility**, ABL's staff undertook several initiatives. These included attending a screening of a film entitled "God Sees Me" in February 2024, sponsored by the Rouh Zouroun Bi Bayton Association, with proceeds used to purchase food supplies for distribution to families in need. In addition, funds were collected and donated to charitable organizations supporting the poor and the elderly. Recyclable materials are also collected throughout the year, with one staff member delivering them to a collection center, which in turn transfers them to a processing plant in exchange for a fee used to fund activities for children. These initiatives fall within the framework of activities aligned with the objectives of the UN Global Compact, which the Association of Banks in Lebanon has been a member of since 2017.

2- Training

2.1 At the request of the Compliance and Anti-Money Laundering Committee at ABL, two meetings were held in 2024. The first, on March 22, brought together around 30 participants from 23 banks, while the second, on December 5, was attended by 41 participants from 34 banks. Discussions focused on developments in global compliance standards, as well as Lebanon's placement on the grey list, its implications, and the proposed solutions.

2.2 As part of the participation in the activities of the House of Training – ATTF Luxembourg, employees from Lebanese banks participated in several programs as follows:

2.2.1 Participation of three persons from three banks in a virtual training course on “GDPR”, held over six sessions of four hours each, on March 11, 12, 14, 19, 20, and 25, 2024. The course aimed to:

- Provide practical solutions for overseeing data protection activities with both local and international entities.
- Enable participants to confidently assume the roles and responsibilities of a Data Protection Officer.
- Develop an understanding of the principles of the General Data Protection Regulation (GDPR) through practical case studies.

2.2.2 Participation of two persons from two banks in a virtual training course on “Ethics in Finance”, held on May 13 and 15, 2024. The course was delivered by two experts in the field: one addressed academic research and theoretical frameworks, while the other presented real-life practical cases.

2.2.3 Participation of one person in a virtual training course on “Sustainable Finance”, held from October 16 to November 6, 2024. The course aimed to:

- Identify key stakeholders and understand why this topic has gained momentum in recent years.
- Address the “why, what, who, and how” of the sustainable finance ecosystem.
- Discuss core concepts related to sustainable development and climate change, as well as the regulatory context of sustainable finance.
- Provide an in-depth overview of Environmental, Social, and Governance (ESG) factors and related frameworks, along with upcoming regulatory developments.
- Review currently available products in the sustainable finance market.

2.2.4 Participation of two persons from two banks in a virtual training course on “Certified Information Security Manager® (CISM®) Certification”, held over six sessions of four hours each on June 3, 5, 7, 10, 12, and 14, 2024. The course aimed to prepare information security professionals to sit for the CISM certification exam.

2.2.5 Participation of two persons from two banks in a virtual training course on “Capital Markets and Financial Instruments Certificate”, held from June 3 to 14, 2024. The course aimed to enable participants to deepen their knowledge of international capital markets and financial instruments such as bonds, equities, repurchase agreements, swaps, options, and structured products. It also covered technical and operational aspects, as well as risk considerations and the impact of regulations on daily activities.

3- Other activities

3.1 Participation in meetings organized by the Global Compact Network Lebanon, notably the virtual conference held on August 7, 2024, which addressed the topic “Civil Society in Motion.”

This seminar focused on the significant challenges faced by civil society organizations in maintaining financial sustainability, as well as the need to explore a transformational path, such as transitioning to a social enterprise model, to ensure their growth. It also aimed to provide insights into the key stakeholders that can offer support and add value to a civil sector undergoing transformation.

3.2 Follow-up on activities of the European Banking & Financial Services Training Association (EBTN):

The HRD Department participated virtually in the activities organized by EBTN as follows:

- Members’ meeting held on June 21, 2024, during which information was exchanged and updated on best practices and globally adopted frameworks in the field of qualifications, in addition to identifying areas for future work.
- A virtual training session on “Financial Literacy” held on November 4, 2024.

