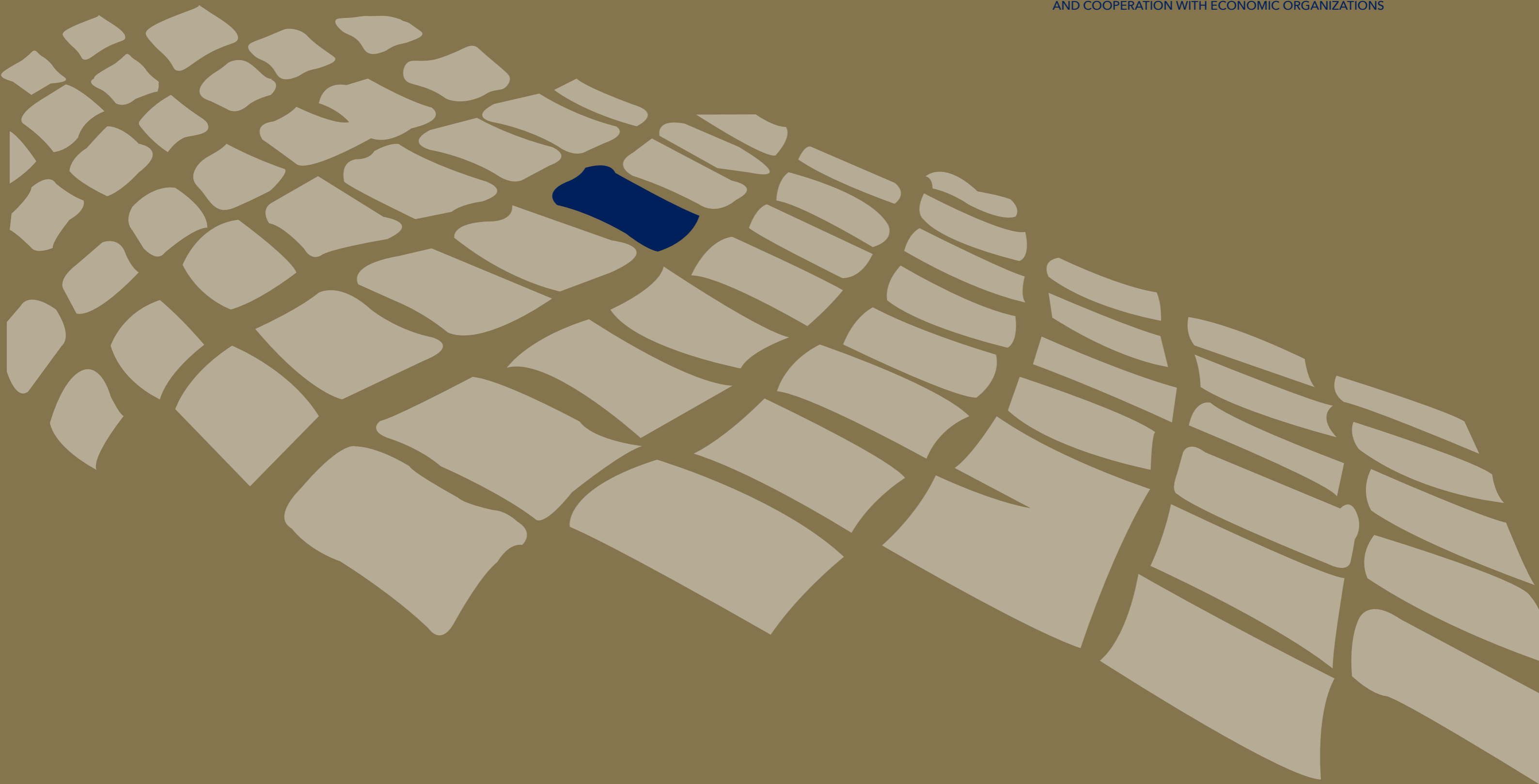


## Part II ACTIVITIES OF THE ASSOCIATION OF BANKS IN LEBANON

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PROMULGATED IN 2019 AND THE FIRST SEMESTER OF 2020
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In 2019, the Association of Banks in Lebanon followed up on organizational and legislative cases and numerous matters related to the banking profession with the monetary and supervisory authorities, and in cooperation with banks' administrations.

## 01 | THE CONTENT OF THE MAIN CIRCULARS AND GUIDELINES ISSUE IN 2019 AND THE FIRST HALF OF 2020.

- At the end of 2019, the BDL issued **basic circular 147** related to the opening of bank accounts under which banks are required, when they open a bank account for a natural or a legal person residing in Lebanon in order to ensure the running of the latter's commercial, professional, or service businesses and activities, to obtain from that person a copy of the registration certificate at the Ministry of Finance.

The **intermediate circular 536** issued on December 4, 2019, stipulated that interest rates on customer deposits at banks operating in Lebanon that are received or renewed after December 4, 2019, should be capped at 5% for foreign currency deposits and 8.5% for those denominated in LBP. Interests on customer deposits that are foreign-currency denominated will be 50% paid in the related currency, with the remaining 50% to be paid in LBP. Following the issuance of the aforementioned circular, the Banking Control Commission of Lebanon (BCCL) issued **Memo 14/2019** under which banks are required to provide the Commission on a monthly basis with the annual interest rates applied on November 30, 2019, on deposits in LBP and foreign currency; with the annual interest rates applied by the end of every month and renewed after December 4, 2019, or the new rates for foreign currencies; and with the interest rates applied on November 11, 2019 by the end of every month on loans classified as "Standard", "Watch", and "Watch and Settlement" granted in LBP and foreign currencies.

The BDL also issued in February 2020 **intermediate circular 544** to amend basic circular 147 and require banks to abide by the interest rate ceilings

paid on new or renewed customer deposits after February 13, 2020. The circular also mentions that banks operating in Lebanon should reflect the low interest rates resulting from the application of these provisions while calculating Beirut Reference Rates (BRR). The provisions of said circular were valid for a period of 6 months from date of issuance, and have been extended till December 31, 2020m, under **intermediate circular 558**.

- **The intermediate circular 521** issued in July 2019, amends basic circular 81 and prohibits banks and financial institutions from extending or renewing credit facilities to an institution or company that generates an annual turnover of LBP 1,500,000,000 or more, unless they fulfil the two hereinafter cumulative conditions:

- > The company has to submit to the bank its audited financial statements (balance sheet, income statement, P&L and cash flow statement), which the bank will use to assess the company's credit profile.

- > These financial statements submitted to the bank should be identical to the ones submitted to the tax authorities.

In late 2018, the BDL issued **intermediate circular 503** related to basic circular 81 to preserve the Lebanese pound liquidity, under which the total net credits in Lebanese pounds granted by a bank to the private sector must not exceed 25% of its customers' total deposits in Lebanese pounds. Banks must deposit the equivalent of any amount exceeding the percentage specified in a non-interest-bearing blocked account at Banque du Liban, until the settlement of this excess amount.

The **intermediate circular 534** issued in September 2019, extended the time-limit from December 31, 2019, to December 31, 2020, to adjust the situation. Banks that find it difficult to adjust their situation within the aforementioned time-limit may refer to the Central Council before December 31, 2020.

- In September 18, 2019, the BDL issued **intermediate circular 527** followed by **intermediate circular 543** in 2020, as the monetary and supervisory authorities are committed to taking necessary measures to continue strengthening the capital funds and building necessary provisions. Banks are required thereof to constitute a Capital Conversation Buffer of 2.5% of Risk Weighted Assets, and in case they fail in achieving said buffer, they must propose an action plan to the Banking Control Commission to build this threshold within a period of three years. In addition, banks are prohibited from distributing dividends if their Common Equity Tier One Capital Ratio falls below 7%, their Tier One Capital Ratio below 10%, and their Capital Adequacy Ratio (CAR) below 12%.

The Banking Control Commission of Lebanon (BCCL) requested banks in **Memo 13/2019** to adopt the Common Equity Tier 1 as in December 31, 2018, audited before the Regulatory Adjustments and before distributing the dividends for 2018, as a rule to calculate the required increment in the Capital Conservation Buffer to be done within the first deadline of December 31, 2019, for the first 10% increment and the second deadline of June 30, 2020, for the second 10% increment, according to BDL **intermediate circular 532** that requested banks not to distribute their 2019 dividends and raise their Capital Conservation Buffer by 20% of the Common Equity Tier 1 by providing USD cash advances.

- For many years banks have been keen to allocate part of their profits to the free reserves, and to build the required provisions in compliance with the requirements of the International Financial Reporting Standard 9 (IFRS 9) implemented since January 1, 2018. In July 2019, the BDL issued **intermediate circular 519** amending **basic circular 143** where banks and financial institutions are requested to record the profits stemming from swapping, buying and selling transactions with BDL over the tenor of the concerned instruments, rather than booking them as one-off profits. In addition, the BCCL issued **Memo 10/2019** requesting banks recording immediate profits by the end of the financial year to transfer these profits into non-distributable reserves after allocating the obligatory reserves, and to inform the BCCL of the immediate funds recorded by the bank or the financial institution in the Profit and Loss statement on financial engineering and operations conducted with the BDL.

The **intermediate circular 542** issued by the BDL in February 2020, stipulates that the ratios of expected credit losses on Lebanese Pound and foreign currency-denominated investment portfolios at BDL, including CDs and investments in Lebanese TBs denominated in Lebanese Pound and foreign currency, must not exceed, for the years 2019 and 2020, the ratios of regulatory expected credit losses specified in Annex (6) of Basic circular No 6939 of March 25, 1998 (Capital Adequacy Regulatory Framework for Banks Operating in Lebanon).

- In 2019, under **intermediate circular 515**, the BDL renewed the interest rate subsidies till the end of 2019, on LBP 790 billion in housing loans, from which LBP 490 billion are granted in 2018 and LBP 300 billion are newly granted in 2019. This amount was amended under **intermediate circular 524** to reach LBP 465 billion.

Intermediate circular 524 also stipulated that the housing bank can benefit from the BDL subsidies for the housing loans granted to clients and directly funded by the BDL, within the total lending limit and before December 31, 2019.

In November 2019, **intermediate circular 535** stipulated that banks can resort to the BDL to conduct foreign exchange operations for their customers in foreign currency on the following basis: 85% of the value of bills dedicated to import medicine, 50% of the value of bills dedicated to import medical supplies, and 75% of the value of bills dedicated to import medical products used to manufacture medicine, subject to a ceiling specified by the BDL on a case by case basis and based on the average imports bill of each supplier over the last three years.

Given the difficulties the country has been facing and by which some banks were hampered in terms of issuing Letters of credit required for the imports, and of preserving the public interest through insuring foreign currencies under more advantageous conditions for the productive and crucial sectors, the BDL issued **intermediate circular 556** in May 2020, under which banks can resort to the BDL to conduct foreign exchange operations to finance 90% of the import bill of raw materials for licensed industrial institutions. The size of said facilities is capped at USD100 million or the equivalent in other foreign currencies, knowing that the customer would not benefit from the provisions of this article if the size of the import transaction exceeds USD300,000 or the equivalent in other foreign currencies. The circular also stipulates that the manufacturing export companies benefiting from the provisions of this circular must repatriate a portion of their exports bill in foreign currencies equivalent to at least the size of the facilities that were allocated to import raw materials. **Basic circular 23** was later amended in June 2020, stipulating that banks can resort to the BDL to conduct foreign exchange operations in

foreign currency to finance 90% of the import bill of oil imports (petrol, fuel, gas) and 85% of the import bill of wheat, medicine, medical supplies, infant milk (for one year old babies), and raw materials used in the manufacturing of medicine, provided these imports are to be exclusively consumed locally in accordance with the Lebanese market needs.

The exceptional circumstances Lebanon has been facing drastically impacted the finance of basic food products and raw material for food industry imports. The BDL issued therefore **intermediate circular 557**, stipulating that banks operating in Lebanon can resort to the BDL to conduct foreign exchange operations for food importers and producers, in order to finance the import of basic food products and raw material for basic food industries according to a list published by the Ministry of Economy and Commerce. The applicable exchange rate would be specified based on the mechanism used under the provisions of article 7 bis of basic decision no. 7548 dated March 30, 2000.

The BDL also amended under **intermediate circular 545** the interest rates and statutory reserve on housing loans, and the protocol signed with the Public Corporation for Housing.

Addressing the exceptional circumstances the country is facing, the BDL required banks operating in Lebanon under **intermediate circular 547** issued in March 2020, and **intermediate circular 552** issued in April 2020, to extend on their own responsibility exceptional loans in local or foreign currency to existing customers who already benefit from different types of loans, including subsidized ones, and who are unable to honor their debt obligations for the months of March, April, May and June 2020, due to the current economic crisis. These loans must be settled over the course of 5 years in monthly or semestrial payments according to the loan agreement signed between the concerned bank or the financial institution and

the customer, as of June 30, 2020, or by the end of the month succeeding the one during which said loans were given. The BDL will provide banks and financial institutions with lines of credit in USD over a period of five years and at a zero interest rate for an amount corresponding to the loans provided by these banks to their customers in local and foreign currencies, according to the provisions of this article and upon submission of the qualifying applications. In this framework, the BCCL issued **Memo 8/2020** requesting banks to submit a report concerning the exceptional loans granted based on Article 4 bis of basic circular 23.

- In September 2019, the BDL issued **intermediate circular 528** requiring exchange institutions to notify BDL of any amendment or change in the information mentioned in the detailed List of exchange institutions posted on BDL website. **The BCCL issued Memo 1/2019** requesting banks and financial institutions to fully comply with the adopted legal process when conducting currency exchange operations, and to submit a report to the BCCL concerning the value of total currency exchange operations according to the annex tables. Seeing that the crisis in Lebanon was escalating and affecting the foreign exchange rates, and in order to prevent the exploitation of the free circulation of foreign exchange under the law 347/2001, the BDL issued **intermediate circular 546/2020** requiring exchange institutions a ceiling for the purchase of foreign currencies against the LBP at 30% of the price determined by the BDL in its dealings with the banks. However, following the unjustified increase of the USD to LBP exchange rate by the end of 2019, and given the importance of protecting the exchange rate stability and maintaining the purchasing power of the Lebanese people, especially those with limited income, the BDL issued **intermediate circular 553** in April 2020, amending **basic circular 52**, requiring exchange institutions to exceptionally abide by a cap of LBP 3,200 per USD, and prohibiting them from adopting uncustomary

buying/selling spreads. **In Memo 1/2020**, the BCCL requested exchange institutions to provide weekly records of the two biggest exchange operations made every working day.

In June 2020, the BDL issued **basic circular 5** related to the electronic platform for exchange operations. The circular requires exchange institutions to subscribe to the electronic platform by registering to the electronic application "Sayrafa", through tablets that will be delivered to every exchange institution. These institutions must also select a platform or a set of electronic platforms with specified locations on "Sayrafa", in order not to conduct any exchange operation involving USD and any other currency that might be added later onto the platform outside the specified locations. In addition, exchange institutions must clearly and transparently specify and enter the daily adopted prices on "Sayrafa".

- Seeing the exceptional circumstances Lebanon has been witnessing, the BDL issued in April 2020, **basic circulars 148, 149, 150 and 151**. The **basic circular 148** stipulated that if small depositors whose total net deposits of all types and deadlines do not exceed LBP 5 million on the date of the issuance of the circular requested to carry out any withdrawal or fund operation in cash, banks must transfer the amount to be withdrawn into USD according to the price determined by the BDL in its dealings with commercial banks. The amount in USD resulting from the exchange operation shall be then transferred to LBP and disbursed according to the market price on the date of the customer's withdrawal request. As for depositors whose total net deposits do not exceed USD 3000, they are allowed to withdraw the entire amount according to the exchange rate prevailing on the market on the date of the withdrawal operation. The circular also mentions that the calculation of deposits include all related accounts, and that the amounts should be calculated after rebating the value of any debts owed by the customer to the bank.

Further to the measures adopted in response to the exceptional circumstances affecting the exchange rate, the BDL issued **basic circular 149** to establish a special unit in the Directorate of Monetary Operations in the Bank of Lebanon, whereby any exchange institutions wishing to trade in foreign currencies can file an application to subscribe to this unit, and the BDL will then choose the participating institutions. The circular also stipulated the establishing of an electronic platform that includes the BDL, the banks and the exchange institutions, through which the foreign exchange rates, especially the USD rate, will be announced. The **intermediate circular 550** required banks to provide the aforementioned Directorate with the fund cash balances in LBP and USD, and with the total payment operations on the ATMs.

The **basic circular 150** and its amendment in **basic circular 554** exempted banks from mandatory placements at BDL against inward transfers in foreign currencies and/or cash receipts in foreign currencies received after April 9, 2020. These exemptions remain applicable even if the beneficiaries convert, in part or in full, the funds to any other currency, or if they request to transfer the amount to any other bank operating in Lebanon which will in turn benefit from the aforementioned exemptions instead of the bank that initially had received the funds. The transfer shall be made through the foreign correspondent bank in application of this article.

The **basic circular 151** stipulates that in case customers not benefiting from basic circular 148 request to perform cash withdrawals or cash transactions from their accounts or receivables in USD or in other foreign currencies, banks operating in Lebanon shall, provided they obtain the approval of the concerned customer, settle the equivalent of the requested amount in LBP at market rate and in accordance with the measures and limits adopted by the concerned bank. In addition, each bank shall announce on a daily basis its applied market rate.

## 02 | PROFESSIONAL ISSUES

### Rationalizing Interest Rates Market

In 2019, the Association of Banks in Lebanon (ABL) persevered in sending a regular circular concerning the Beirut Reference Rate (BRR) in USD and LBP to banks operating in Lebanon. These rates increased in 2019, fluctuating between a minimum of 8.58% and a maximum of 10.39% in USD, and between a minimum of 11.90% and a maximum of 13.49% in LBP. Starting early 2020, these rates began to decrease in line with the BDL decision to set interest rate ceilings on new deposits and renewed deposits after December 5, 2019. The ABL hoped that the reductions of the interest structure will motivate the economic activity, stimulate growth and employment, and ease the debt burden in order to free up additional resources used by the state to develop infrastructures and social protection, in line with **BDL intermediate circular 544** issued on February 13, 2020, whereby the ABL Board of Directors decided to reduce the BRRs starting February 2020. Seeing the current exceptional circumstances, the ABL Board of Directors decided to advise banks to adopt the lowest BRRs in USD reaching 4.53% starting June 2020, a rate not witnessed since 2009.

### The Double Taxation of Banks

In February 2019, the ABL tackled this issue and informed the BDL of the significant impact caused by the double taxation not adopted in any other countries. The cost of this taxation in 2018 was 45% of the banks' profits instead of 17% which is the tax on companies' profits.

### The Interest Tax (7%)

It is about the interest tax paid by banks to the BDL, and the possibility that banks may have been subject to taxation and even to penalties, although banks pay the interests to the BDL for granted loans,

and not vice-versa. The ABL discussed this topic with the monetary authorities that responded that the BDL returns this tax deduction to the banks that provide objection based on a legal consultation, and request a review of the matter from the competent court. In order to address this issue, a small work group was established, formed by the Director of the Legal Affairs Department and the Director of the Accounting Department at BDL, and the Secretary-General of the ABL.

### The Electronic Platform

During the monthly meeting between the BDL, the ABL and the BCCL held in June 2019, the Governor clarified that the establishment of the electronic platform needs a period of 6 to 9 months. He also announced that starting 2020, he will issue a circular giving complete freedom to electronic payments and releasing the digital currency.

### The Operational Procedures of Law no. 81

The Law no. 81 relating to electronic operations including the electronic signatures needs directives that would facilitate its implementation by the banking sector. For this purpose, the ABL requested a mutual work group formed by the BDL and the ABL to suggest operational frameworks for the aforementioned law. However, no progress was recorded due to delayed appointment of the Vice-Governors of the BDL.

### The amendments suggested by the BDL to the circulars concerning the organizational frame of all Banks' capitals and the Expected Credit Losses.

The ABL made the following observations:

### **01 | Concerning the increase of the expected loss ratio from 1.89% to 30%.**

The ABL considered that the additional cost on the capital of Lebanese banks in case this suggestion was adopted will be equal to USD 20 billion. Provided this significant additional burden was divided over 5 years as a minimum according to the suggested amendment, the additional cost would be of USD 4 billion per year in the Profit and Loss account. These additional costs are heavy compared to the size of the capital denominated in USD especially if the LBP exchange rate was liberalized as mentioned in the Government's financial recovery plan, or compared to the profits expected in the coming years, noting that the provisions resulting from the expected credit losses should be built in the same currency as their related financial assets, according to the applicable regulations issued by the BDL and the BCCL.

**02 |** the ABL also considered that the 30% increased expected loss ratio is the result of a 67% probability of default and a 45% loss given default, and that this large probability of default to be adopted is not justified given that the BDL is the Central Bank, and that it hasn't stopped its payments or registered losses by large amounts that would make it close to default, according to what was published in the minutes of the Finance and Budget Committee's meetings in the parliament.

**03 |** the ABL indicated that the banks' placements at the BDL are currently, and until further notice, of low credit risk, and they are used only in Lebanon seeing the exceptional circumstances. Therefore, the ABL suggested to adopt the 4.2% Probability of Default as assumed by the BDL in the current applicable regulations, to be transformed into lifetime within the assets that witnessed a significant increase in the credit losses (stage 2), due to the increase in credit risks and the application of 37% Loss Given Default, so that the expected credit losses regularly calculated will be of 7.77% for placements with a maturity of more than one year, and 1.55% for placements with a maturity of one

year or less. These provisions will be distributed over 5 or 10 years if the increase in capital is insured according to the suggested amendment of the BDL.

**04 | Concerning the increased expected loss ratio from 9.45% to 45%,** the ABL considers that the additional cost on the capital of Lebanese banks in case this suggestion was adopted will be equal to USD 3.8 billion. Provided this significant additional burden was spread over 5 years as a minimum according to the suggested amendment, the additional cost would be of USD 750 billion per year. These additional costs are heavy compared to the size of the capital denominated in USD especially if the LBP exchange rate was liberalized as mentioned in the Government's financial recovery plan, or compared to the profits expected in the coming years, noting that the provisions resulting from the expected credit losses should be built in the same currency as their related financial assets, according to the applicable regulations issued by the BDL and the BCCL. The 45% resulted from using a Probability of Default of 100% rate, as the government announced default last March with a Loss Given Default of 45%.

Subsequently, the ABL suggests amending the Expected Credit Loss to 37% by applying a Loss Given Default rate of 37%, a rate universally recognized and proven through studies issued by credible institutions, whereas these provisions would be divided over 5 or 10 years according to the suggested amendment.

**05 | Concerning the decrease of the capital conservation buffer below the required rate (2.50%) in 2020 and 2021,** the ABL suggests to allow banks a period of 5 years to progressively reach the required rates including the "capital conservation buffer", given the difficult circumstances the banking sector is witnessing. The ABL also suggests to cancel the required minimum rates in order to allow the distribution of gains and settle for required solvency ratios, whereas the BDL and the BCCL are not allowed by no means

to distribute the profits on common or preferred shares unless they are free profits and the standards and required ratios are respected.

### **06 | Concerning the entire capital gain resulting from the reassessment of real estate properties within the common core capital:**

The ABL suggests allowing banks to use this measure that insures 100% capital gain within the common core capital for more than once by the deadline of December 31, 2021, seeing the current inflation witnessed by the Lebanese economy. The ABL also suggests considering the capital gain resulting from the reassessment conducted before the end of 2020 within the 20% increase in the common equity as it was in December 31, 2018.

### **07 | Concerning adjustment of the risk weight on credits.**

The ABL suggests decreasing the risk weight on credits that are lately witnessing a 90 days delay for the payment settlements, or more than 150% to 100% during the transitional period stipulated in the circulars suggested by the BDL, which is 2020 and 2021.

In conclusion. All these suggestions are still subject to discussion until the BDL issues amendments of the concerned circulars.

## 03 | INTERNAL AND EXTERNAL PRESENCE OF THE ASSOCIATION AND IT'S COOPERATION WITH THE ECONOMIC BODIES

### A | At the internal level

In 2019, the Association of Banks in Lebanon reaffirmed its commitment to the national public interest and expressed its concern to intensify its presence and reinforce its leadership position as one of the major economic bodies in Lebanon. These objectives were achieved through the following means:

**01** | Constantly communicating with the executive, legislative, financial, monetary and supervisory authorities to follow up on national issues in general and on banking issues in particular, driven by the vital and fundamental role that the banking sector plays in enhancing the social and economic stability and in stimulating growth and supporting the national economy in both public and private sectors.

**02** | Enhancing the communication and relations with economic officials in all Lebanese media outlets, thereby serving the continuous and complete coverage of the Association's activities and transmitting its position.

**03** | Issuing press releases and/or holding press conferences concerning the national, economic and professional issues of interest to the Association and the banking community.

**04** | Providing the media with ABL publications on a regular basis (press releases, monthly bulletins, leaflets and manuals, series of articles and studies, etc.)

**05** | Cooperating with all Lebanese economic bodies in order to draft working papers and unify the perceptions of these bodies concerning the projects and measures suggested by official authorities.

**06** | Pursuing the close collaboration with a number of ministries, public institutions, national committees with social, economic and environmental interests, by representing the banking sector and the Association in the Board of directors of the national employment agency (Ministry of Labor), the Committee on the Rights of Persons with Disabilities in labor (Ministry of Labor), the Board of Directors of the Industrial Research Institute (Ministry of Industry), the Climate Change Coordinating Unit (Ministry of Environment), the Guidance Committee for the Lebanon Environmental Pollution Abatement Project (Ministry of Environment), the National Council for Environment (Ministry of Environment), the National Anti-Corruption Parliamentary Committee (Parliament), the National Cybersecurity Strategy Parliamentary Committee (Parliament) .

**07** | Sponsoring and/or supporting a number of major local and international activities, such as: The Arab Economic Forum organized by the Union of Arab Banks (Rome, June 25 and 26, 2019), the Artificial Intelligence in Security and Defense conference organized by the Research and Strategic Studies Centre (RSSC) in the Lebanese Armed forces (March 26 - 29, 2019), the global tourism forum in Lebanon (May 30-31, 2019), the Financial Services Summit (Rome, June 5-7, 2019), the court of cassation's centennial celebration organized by the "Lebanese Association for the heritage revival of the Court of Cassation" (June 10-15, 2019), the fourth Lebanese Diaspora Energy (LDE) North America convention organized by the Ministry of Foreign Affairs and Emigrants (Washington DC , September 20-21, 2019), Lebanon Forum on "Corporate Social Responsibility" held in Four Seasons Hotel - Beirut (October 3, 2019), the reception organized by the banking sector on the sidelines of the World Bank

and International Monetary Fund annual meetings (Washington DC, October 18, 2019), and the release of "Dalil Al-Makhatir in Lebanon".

**08** | Hosting members of the foreign diplomatic corps in Lebanon, and Arab and international Delegations (International Finance Corporation, World Bank, European Investment Bank, International Monetary Funds, U.S Treasury Department, Union Bancaire Francophone, etc.)

Concerning the publications, the Association of Banks in Lebanon published as in previous years:

- > **The Monthly Bulletin** in three languages (1200 copies per month distributed equally to subscribers and media representatives in Lebanon) and
- > **The Economic Letter** in English that includes a brief overview of the evolution of major Lebanese economic sectors with statistical tables and of which 1100 copies are distributed to banks, institutions, individuals and associations, in addition to a number of subscribers in Lebanon and abroad.
- > **Key indicators** and the evolution of **Treasury Bills** in Lebanese pounds and foreign currencies.

In 2019, the Association added to its publications list the following:

- > **The 2019 annual training program** (English electronic version)
- > **The 2018 annual report** (English and Arabic hard copies)
- > **ALMANAC 2019** (English hard copy)

Concerning the documentation and library, the ABL proceeded with updating its bank data and press archives (1990-2019) and enriching its library periodicals (1563 specialized documents and 60

periodicals in Arabic, French and English), knowing that the ABL places a full series of documents and references at the disposal of banking staff, specialized researchers and university professors and students.

Finally, the Association of Banks in Lebanon updated its website ([www.abl.org.lb](http://www.abl.org.lb)) both in form and content. The website contains information in Arabic, French and English concerning ABL's structure, General Secretariat, and its Board of Directors and committees, in addition to the various services it provides and its major local and external activities, especially in the field of countering organized crime, as well as the various publications it issues. The website also includes the banks' news and activities, and the Collective Labor Agreement that governs the professional relationship between banks' administrations and employees. This website also allows its users to access the websites of a large number of local, Arab and foreign financial and economic institutions and associations.

In addition, the ABL launched in 2018 its social media platform (Facebook) and in the beginning of 2020 two other platforms (Twitter and Instagram). Following the popular uprising that started in October 17, 2019, and the series of systematic critics and attacks targeting the banking sector along with the series of attacks against banks' headquarters and branches in many Lebanese regions, the Association of Banks in Lebanon signed a contract with a specialized company to organize a campaign defending the banking sector and denying the biased fabrications attacking banks.

## B | At the external level

### 01 | Participating in Arab and international events

In 2019, the Association of Banks in Lebanon participated in a limited number of regional and international meetings and conferences. Its representatives (President, Vice-President, members of the Board or committees) made interventions and contributions during these activities, along with many side contacts. The most prominent among these meetings and conferences were the administration committee's meetings of the French Banking Federation; business meetings with officials from the American correspondent banks and financial and banking American administrations; joint annual meetings of the International Monetary Fund and the World Bank in Washington -New York; the Frankfurt Financial Conference for the Middle East; and the Lebanese Diaspora Energy conferences organized by the Ministry of Foreign Affairs and Emigrants in various continents.

### 02 | External communication and cooperation relations

Until October 2019 (the start of the Lebanese uprising), the Association of Banks in Lebanon proceeded with the external contacts initiative it released in 2013 targeting the United States of America and a number of European countries. In this frame, many delegations from the ABL visited institutions, administrations and individuals of interest to the ABL in New York - Washington, Paris and London, before airlines suspend flights due to the coronavirus outbreak. The objective of these meetings was to keep the external parties abreast of the Association's activities and the important role of the banking sector in Lebanon's stabilization on one hand, and on the other hand, to stress on the necessity of reinforcing the correspondent relationships

between Lebanese banks and international banks. The ABL's delegations aimed through these meetings at viewing the efforts exerted to combat money laundering and terrorist financing based on an organized and continuous work and on the cooperation with the United Nations, the Interpol, the European Union, the Organization for Economic Co-operation and Development (OECD), the American Banks, and the US Treasury Department within their principles and rules of procedure at this level. The ABL's delegations emphasized on the Lebanese banking sector's commitment to international sanctions against concerned countries and parties.

In 2018, alleged victims from Iraq initiated a civil lawsuit against a number of Lebanese banks before the American court, and part of the damage was attributed to Hezbollah. Another similar proceeding going back to the July 2006 War was also initiated. The Association of Banks in Lebanon was keen to coordinate the positions of the banks that are concerned with these proceedings and that will pursue them through the necessary legal means. The ABL announced as well that it is firmly convinced that these allegations lack validity and seriousness and were not based on realistic and legal grounds. In fact, the concerned parties dropped the lawsuit they had initiated against these Lebanese banks and their claims for compensation for damage caused during the July 2006 War.

Finally, the Association of Banks in Lebanon, as a founding member of the "Union Bancaire Francophone", maintained its participation in the Union's meetings and activities, to strengthen correspondent relations with the French banks, to activate the communication mechanisms and the exchange of expertise, and to increase the number of forums and workshops specialized in various aspects of the banking profession.