



**Association of Banks in Lebanon**

# **ANNUAL REPORT**

**2022**

© ASSOCIATION OF BANKS IN LEBANON  
Beirut, Saifi, Gouraud street, ABL Bldg.  
Postal Code: Beirut 2028 1212 Lebanon  
P.O.Box: 976 Beirut, Lebanon  
Tel / Fax : (00 961) (1) 970500/1  
Web Site: [www.abl.org.lb](http://www.abl.org.lb)

## TABLE OF CONTENTS

### INTRODUCTION

### PRELIMINARY INFORMATION

<b>BOARD OF DIRECTORS OF ABL ELECTED ON JUNE 29<sup>TH</sup>, 2021 .....</b>	<b>5</b>
<b>THE GENERAL SECRETARIAT OF THE ASSOCIATION OF BANKS IN LEBANON .....</b>	<b>6</b>
<b>LIST OF ABL MEMBER BANKS (2022) .....</b>	<b>7</b>
<b>CATEGORIES OF BANKS (2022) .....</b>	<b>9</b>
<b>OFFICIAL LIST OF FINANCIAL INSTITUTIONS IN 2022 (BDL DECISION 13520/2023) .....</b>	<b>11</b>
<b>OFFICIAL LIST OF BROKERAGE FIRMS, CMA DECISION 37/JULY 2022 .....</b>	<b>12</b>

### THE REPORT

#### **PART I: GENERAL ECONOMIC DEVELOPMENTS .....**

**14**

- I -** The Lebanese economy
- II -** Public Finance and Public Debt
- III -** Monetary developments
- IV -** External payments
- V -** Banking activity in 2022

#### **PART II: Circulars of Banque du Liban .....**

**47**

The content of some of the most important circulars and guidelines issued in 2022 and the first months of 2023

#### **PART III: HUMAN RESOURCES IN LEBANESE BANKS.....**

**55**

- I -** Banking population in 2022
- II -** Activities of the Human Resources Development Department in 2022
- III -** Activities of the Higher Institute for Banking Studies (academic year 2021-2022)

#### **PART IV: STATISTICAL TABLES .....**

**65**

## **PRELIMINARY INFORMATION**

**BOARD OF DIRECTORS**  
**OF THE ASSOCIATION OF BANKS IN LEBANON ELECTED ON JUNE 29<sup>TH</sup>, 2021**

**Chairman**

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

**Vice Chairman**

Mr. Nadim Kassab                                      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 N. 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)

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 & General Manager  
BYBLOS BANK S.A.L. (39)

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

Mr. Samir Hanna                                      Chairman & General Manager  
BANK AUDI S.A.L. (56)

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

*( ) bank's official number issued by BDL*

**ASSOCIATION OF BANKS IN LEBANON**  
**Established in 1959**  
**Secretariat General**

The Secretary General

Dr. Fadi Khalaf

Director of Financial & Administrative Department

Mr. Karam Yared

Director of Research & Statistics Department

Dr. Elias El-Achkar

© ASSOCIATION OF BANKS IN LEBANON  
Beirut, Saifi, Gouraud street, ABL Bldg.  
Postal Code: Beirut 2028 1212 Lebanon  
P.O.Box: 976 Beirut, Lebanon  
Tel / Fax : (00 961) (1) 970500/1  
Website: [www.abl.org.lb](http://www.abl.org.lb)

**The Higher Institute for Banking Studies (ISEB)**

Director: Dr. Walid Yaziji

**ISEB Address:**

Beirut, Huvelin street  
Campus des Sciences Sociales  
Université Saint-Joseph de Beyrouth (USJ)  
Tel: (00 961) (1) 204739  
Fax: (00 961) (1) 204738  
E-mail: [iseb@usj.edu.lb](mailto:iseb@usj.edu.lb)  
Website: [www.usj.edu.lb](http://www.usj.edu.lb)

## MEMBERS OF THE ASSOCIATION OF BANKS IN LEBANON IN 2022

### A - ACTIVE MEMBERS:

<p>1- (1) FRANSABANK S.A.L.</p> <p>2- (3) BANQUE MISR LIBAN S.A.L. (BML SAL)</p> <p>3- (5) ARAB BANK P.L.C.</p> <p>4- (9) RAFIDAIN BANK</p> <p>5- (10) BANQUE LIBANO-FRANÇAISE S.A.L.</p> <p>6- (11) B.L.C. BANK S.A.L.</p> <p>7- (14) BLOM BANK S.A.L.</p> <p>8- (16) FEDERAL BANK OF LEBANON S.A.L.</p> <p>9- (19) SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L. (SGBL)</p> <p>10- (22) BANKMED S.A.L.</p> <p>11- (28) BBAC S.A.L.</p> <p>12- (34) SYRIAN LEBANESE COMMERCIAL BANK S.A.L.(*)</p> <p>13- (36) BANQUE DE CREDIT NATIONAL S.A.L.</p> <p>14- (39) BYBLOS BANK S.A.L.</p> <p>15- (41) BANQUE DE L'HABITAT S.A.L.</p> <p>16- (43) FINANCE BANK S.A.L.</p> <p>17- (48) SARADAR BANK S.A.L.</p> <p>18- (52) IBL BANK S.A.L.</p> <p>19- (53) CREDIT LIBANAIS S.A.L.</p> <p>20- (56) BANK AUDI S.A.L.</p> <p>21- (58) FENICIA BANK S.A.L.</p> <p>22- (62) NORTH AFRICA COMMERCIAL BANK S.A.L.</p> <p>23- (63) LEBANESE SWISS BANK S.A.L.</p> <p>24- (67) BANK SADERAT IRAN (*)</p> <p>25- (68) BSL BANK S.A.L.</p> <p>26- (73) NATIONAL BANK OF KUWAIT (LEBANON) S.A.L.</p> <p>27- (75) BANK OF BEIRUT S.A.L.</p> <p>28- (85) HBL HABIB BANK (**)</p> <p>29- (90) ARAB AFRICAN INTERNATIONAL BANK</p> <p>30- (92) EMIRATES LEBANON BANK S.A.L.</p> <p>31- (93) BANQUE BEMO S.A.L.</p> <p>32- (94) LGB BANK S.A.L.</p> <p>33- (95) SAUDI LEBANESE BANK S.A.L.</p> <p>34- (98) CEDRUS BANK S.A.L.</p>	<p>35- (101) AL-MAWARID BANK S.A.L.</p> <p>36- (103) CREDITBANK S.A.L.</p> <p>37- (104) UNITED CREDIT BANK S.A.L.</p> <p>38- (105) BANK AL-MADINA S.A.L.</p> <p>39- (108) FIRST NATIONAL BANK S.A.L.</p> <p>40- (109) AL BARAKA BANK S.A.L.</p> <p>41- (110) MEAB S.A.L.</p> <p>42- (111) BLOMINVEST BANK S.A.L.</p> <p>43- (113) MEDINVESTMENT BANK S.A.L.</p> <p>44- (114) CREDIT LIBANAIS INVESTMENT BANK S.A.L.</p> <p>45- (115) CITIBANK N.A.</p> <p>46- (118) ARAB BANK (SWITZERLAND) LEBANON S.A.L.</p> <p>47- (121) FRANSA INVEST BANK S.A.L.</p> <p>48- (123) BYBLOS INVEST BANK S.A.L.</p> <p>49- (125) ARAB FINANCE HOUSE S.A.L. (ISLAMIC BANK)</p> <p>50- (126) LEBANESE ISLAMIC BANK S.A.L.</p> <p>51- (127) BLOM DEVELOPMENT BANK S.A.L.</p> <p>52- (129) INVESTMENT AND CAPITAL BANK S.A.L.</p> <p>53- (130) BANK OF BEIRUT INVEST S.A.L.</p> <p>54- (132) BANK OF BAGHDAD (PRIVATE SA Co.)</p> <p>55- (133) CSCBANK S.A.L.</p> <p>56- (135) IBL INVESTMENT BANK S.A.L.</p> <p>57- (136) QATAR NATIONAL BANK (Q.P.S.C). – LEBANON</p> <p>58- (137) CEDRUS INVEST BANK S.A.L.</p> <p>59- (139) LIBANK S.A.L. (Levant Investment Bank)</p> <p>60- (141) INVEST BANK P.S.C.</p> <p>61- (142) LUCID INVESTMENT BANK S.A.L.</p>
--	---

**Remarks:**

- 1- Number between brackets preceding bank designation is the official registration number issued by the Banque du Liban.
- 2- The representative office “Standard Chartered Bank” was removed – notice of recognition № 3307, dated 23/11/2022 (O.G. 2/2023).

**(\*) Membership suspended since 2014.**

**(\*\*) Habib Bank decided to close its Lebanese branch by liquidating the business – notice of recognition № 3230, dated 23/12/2021 (O.G.11/2022)**

**(\*\*\*) The name of “FFA Private Bank s.a.l.” has been changed to “Investment and Capital Bank s.a.l.” – BDL decision № 13498 dated 17/11/2022 (O.G. 52/2022)**

**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.



**CATEGORIES OF OPERATING BANKS IN LEBANON**  
**(End of 2022)**

**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) AL-MAWARID BANK S.A.L.
- 24- (103) CREDITBANK S.A.L
- 25- (104) UNITED CREDIT BANK S.A.L.
- 26- (105) BANK AL-MADINA S.A.L.
- 27- (108) FIRST NATIONAL BANK S.A.L.
- 28- (110) MEAB S.A.L.
- 29- (126) LEBANESE ISLAMIC BANK S.A.L. (1)
- 30- (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- (34) SYRIAN LEBANESE COMMERCIAL BANK S.A.L.
- 3- (62) NORTH AFRICA COMMERCIAL BANK S.A.L.
- 4- (73) NATIONAL BANK OF KUWAIT (LEBANON) S.A.L.
- 5- (92) EMIRATES LEBANON BANK S.A.L.
- 6- (109) AL-BARAKA BANK S.A.L. (1)
- 7- (125) ARAB FINANCE HOUSE S.A.L. (ISLAMIC BANK) (1)

**C - Arab Banks**

- 1- (5) ARAB BANK P.L.C.
- 2- (9) RAFIDAIN BANK
- 3- (90) ARAB AFRICAN INTERNATIONAL BANK
- 4- (132) BANK OF BAGHDAD (PRIVATE SA Co.)
- 5- (136) QATAR NATIONAL BANK Q.P.S.C. – LEBANON
- 6- (141) INVEST BANK P.S.C.

**D - Foreign Banks**

- 1- (67) BANK SADERAT IRAN
- 2- (85) HBL HABIB BANK
- 3- (115) CITIBANK N.A.

---

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

(1) Islamic Banks

## **B- Investment Banks (S.A.L)**

- 1- (41) BANQUE DE L'HABITAT S.A.L.
- 2- (43) FINANCE BANK S.A.L.
- 3- (111) BLOMINVEST S.A.L.
- 4- (113) MEDINVESTMENT BANK S.A.L.
- 5- (114) CREDIT LIBANAIS INVESTMENT BANK S.A.L.
- 6- (118) ARAB BANK (SWITZERLAND) LEBANON S.A.L. (2)
- 7- (121) FRANSA INVEST BANK S.A.L.
- 8- (123) BYBLOS INVEST BANK S.A.L.
- 9- (129) INVESTMENT AND CAPITAL BANK S.A.L.
- 10- (130) BANK OF BEIRUT INVEST S.A.L.
- 11- (133) CSCBANK S.A.L.
- 12- (135) IBL INVESTMENT BANK S.A.L.
- 13- (137) CEDRUS INVEST BANK S.A.L.
- 14- (139) LIBANK S.A.L. (Levant Investment Bank)
- 15- (142) LUCID INVESTMENT BANK S.A.L.

---

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

*(2) Banks with major Arab control*



**OFFICIAL LIST OF FINANCIAL INSTITUTIONS  
By BDL Decision 13520 issued on January 12, 2023**

- 1- (1) ARAB FINANCE CORPORATION S.A.L.
- 2- (5) CREDIT COMMERCIAL ET FONCIER S.A.L. (C.C. & F.)
- 3- (6) SGBL LEASING S.A.L. (1)
- 4- (7) SOCIETE D'INVESTISSEMENTS FINANCIERS S.A.L.
- 5- (8) SOCIETE FINANCIERE DU LIBAN S.A.L.
- 6- (9) BEMO SECURITIZATION S.A.L.
- 7- (10) FIDUS S.A.L.
- 8- (12) LEBANON INVEST S.A.L.
- 9- (13) GULF FINANCE & INVESTMENT COMPANY S.A.L.
- 10- (14) LIBANO-FRANÇAISE FINANCE S.A.L.
- 11- (17) AREEBA S.A.L.
- 12- (19) FNB CAPITAL S.A.L.
- 13- (23) BLC FINANCE S.A.L.
- 14- (24) HALAWI INVESTMENT TRUST S.A.L.
- 15- (26) CREDIT FINANCIER S.A.L.
- 16- (27) KAFALAT SAL – GUARANTIES FOR LOANS TO SMALL AND MEDIUM ENTERPRISES
- 17- (28) FNB FINANCE S.A.L.
- 18- (29) SOCIETE LIBANAISE DE FACTORING SOLIFAC S.A.L.
- 19- (32) CREDIT TRUST S.A.L.
- 20- (34) MENA CAPITAL S.A.L.
- 21- (36) CAPITAL INVESTMENT CORPORATION S.A.L
- 22- (39) AMEX (MIDDLE EAST) B.S.C. (CLOSED)
- 23- (40) CREDIT FINANCIER INVEST S.A.L.
- 24- (41) INTERNATIONAL COMPANY FOR FINANCE - LEBANON S.A.L. (Arzan Group)
- 25- (42) CREDIT SUISSE (LEBANON) FINANCE S.A.L.
- 26- (43) "INVESTA" FINANCIAL PLANNING SERVICES S.A.L.
- 27- (44) CA INDOSUEZ SWITZERLAND (LEBANON) S.A.L.
- 28- (48) CREDILEASE S.A.L.
- 29- (49) VITAS S.A.L
- 30- (51) MEDSECURITIES INVESTMENT S.A.L.
- 31- (53) "LCB FINANCE" S.A.L.
- 32- (58) MORE CAPITAL S.A.L.
- 33- (61) CSC FINANCE S.A.L.
- 34- (62) EXCILLIS FINANCE Co. S.A.L.
- 35- (65) EMKAN FINANCE S.A.L.
- 36- (67) IBDA'A – MICROFINANCE S.A.L.
- 37- (68) LEBANESE LEASING COMPANY S.A.L. «Leasing»
- 38- (70) OPTIMUM INVEST S.A.L.
- 39- (72) CC INVESTMENT S.A.L
- 40- (74) ARZ S.A.L.

---

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

## **AMENDMENTS MADE TO THE OFFICIAL LIST OF FINANCIAL INSTITUTIONS DURING 2022**

- 1) SOGELEASE LEBANON S.A.L. designation was amended to "SGBL LEASING S.A.L." according to BDL's decision n°13488 dated 26/10/2022 (O.G. n° 47/2022)

**OFFICIAL LIST OF BROKERAGE FIRMS**  
**AS PER THE CAPITAL MARKETS AUTHORITY**  
**DECISION N° 37 DATED JULY 28, 2022**  
**(O.G. N° 36/2022)**

- 1- (5) ARAB INTERNATIONAL DEVELOPMENT AND INVESTMENT COMPANY SAL.
- 2- (8) BEIRUT BROKERAGE CORPORATION S.A.L.
- 3- (13) LEBANESE DEALERS S.A.L.
- 4- (16) MASTER CAPITAL GROUP S.A.L.
- 5- (17) ACCURATE INVESTMENT BROKER S.A.L.
- 6- (20) TRUST CAPITAL S.A.L.
- 7- (22) BLOM ASSET MANAGEMENT S.A.L.
- 8- (23) BROADGATE ADVISERS S.A.L.
- 9- (24) RM PRIVATE WEALTH MANAGEMENT S.A.L.
- 10- (25) CAPITAL EE S.A.L
- 11- (26) AMANA CAPITAL S.A.L
- 12- (27) HSBC FINANCIAL SERVICES (LEBANON) S.A.L.
- 13- (30) SHENANDOAH CONSULTING S.A.L.
- 14- (32) 4T S.A.L.
- 15- (33) DILIGENT FINANCIAL SERVICES S.A.L. (1)
- 16- (34) Marshi & Partners S.A.L. (2)



## **PART I**

### **GENERAL ECONOMIC DEVELOPMENTS**

#### **I - The Lebanese Economy**

**1-1** In 2022, we have witnessed a combination of positive and negative developments. The positive developments included the achievement of a preliminary agreement with the International Monetary Fund at the staff level, which was expected to be finalized in the same year, and addressing the diplomatic crisis that had arisen with Gulf countries in an earlier stage. Additionally, parliamentary elections were held with high hopes, but they resulted in a council without a majority or a minority. Furthermore, an agreement was reached to demarcate the southern maritime borders, and the general budget for the year 2022 was approved. This budget approval was one of the nine preconditions set by the International Monetary Fund to finalize the agreement, along with the approval of the banking secrecy law in July 2022, although incomplete, after adding some amendments to its original version.

**1-2** The mentioned year also witnessed negative developments, summarized by the failure to reach a final agreement with the International Monetary Fund as hoped, the inability to complete the necessary structural reforms as a prerequisite for obtaining international assistance, the absence of a comprehensive and integrated economic and financial reform program that addresses the challenges facing the Lebanese economy, outlines acceptable solutions and meets the requirements of the International Monetary Fund. Another negative development was the inability to carry out the presidential election on time and to fulfill the urgent legislative requirements, given the political and parliamentary fragmentation and divergence that prevailed.

**1-3** According to official authorities, the government and the Central Bank of Lebanon, the real Gross Domestic Product (GDP) recorded a positive growth rate of 2% in 2022, following a negative growth of around 5% in the preceding year. This growth was supported by improvements in private consumption and the activity of the tourism sector. However, the latest projections from the World Bank, at the time of preparation of this report, indicated a contraction of the real economy by 2.6% in 2022, following a contraction of 7% in 2021. The World Bank expects the Lebanese economy to shrink by 0.5% in 2023. The World Bank's figures are not the only ones deviating from Lebanon's official numbers. The International Institute of Finance (IIF) estimated a decline of 6.5% in real GDP in 2022, with expectations of further contraction in 2023 (- 7%), due to political paralysis and the absence of reforms.

In parallel, inflationary pressures persisted without interruption, accompanied by the ongoing collapse of the national currency's value and its alarming deterioration against the US dollar in the parallel market. According to official figures, the inflation rate reached 171.2% in 2022, compared

to 154.8% in 2021. Additionally, the exchange rate of the Lebanese pound in the parallel market reached around 42,400 pounds per US dollar by the end of 2022, compared to around 27,650 pounds per US dollar at the end of 2021. This exacerbated the pressures of the social and economic crisis on many households and institutions, further deepening the levels of poverty and destitution.

It's worth noting that the exchange rate of the Lebanese pound in the parallel market reached record levels in the early months of 2023, surpassing 140,000 pounds in March before declining to 97,000 pounds by the end of April. It then stabilized at 94,500 pounds until the preparation of this report. Moreover, the average inflation rate reached 213.4% in the first four months of 2023 compared to the same period in the preceding year.

### Indicators of Real Economy

	2019	2020	2021	2022
<b>Real Growth Rate (%)</b>	-6.9	-25.9	-7.0	-2.6
<b>Change of the average consumer price Index %</b>	2.9	84.9	154.8	171.2
<b>GDP (USD billion)</b>	53.2	24.7	23.1	21.6
<b>Current Account Balance (USD billion)</b>	-14.4	-3.9	-3.4	-6.1
<b>Current Account Balance / GDP (%)</b>	27.1	15.8	16.3	28.6

#### Sources:

- Real growth rate and GDP: Central Administration of Statistics for the years 2019 and 2020 and the World Bank for the years 2021 and 2022
- Change in consumer prices: Central Administration of Statistics
- Current account balance: Banque du Liban.

**1-4** Throughout the year 2022, the Central Bank of Lebanon attempted various exceptional measures to mitigate the sharp fluctuations in the exchange rate in the parallel market. These measures sometimes succeeded temporarily and on a limited scale, while at other times, they failed due to numerous considerations. Some of these considerations are political, linked to the presidential vacancy and the absence of a fully empowered government, as well as the hindrance in implementing the necessary reforms. Others are related to speculation, hedging activities, the prevailing chaos in the country, the complete removal of subsidies, the rapid creation of money, and the weakness of incoming flows given the demand's magnitude.

**1-5** As a result of these exceptional measures outlined elsewhere in this report, the local markets suffered from a severe liquidity shortage in the national currency, which raised the cost of settling transactions in Lebanese pounds to levels approaching 30%, especially in the first half of the year 2022. There was also a significant increase in the volume of cash in circulation outside the Central Bank of Lebanon, particularly in the second half of the year (rising from 45,761 billion pounds at the end of 2021 to 80,171 billion pounds at the end of 2022).

The Central Bank's foreign exchange reserves continued to decline, trying as much as possible to meet the demand for foreign currency from both the public and private sectors. These reserves decreased from \$13,646 million at the end of 2021 to \$10,398 million at the end of 2022.

It's worth noting that, at the time of preparing this report, the cost of settling in the Lebanese pound had lowered to levels as low as 3%, and the volume of cash in circulation decreased by around 20,000 billion pounds in the first quarter of 2023. The Central Bank's reserves amounted to \$9.6 billion at the end of March 2023.

**1-6** The trade deficit and the current account deficit increased significantly in 2022 due to a notable increase of 39.7% in the value of imports, driven by rising oil prices and raw material costs, as well as imported food prices, on one hand, and storage and re-exports to neighboring countries on the other hand. This was contrasted by a decline of 10.2% in the value of exports. As a result, a balance of payments deficit of approximately \$3.2 billion was recorded in 2022, compared to a lower deficit of around \$2 billion in the preceding year.

### **Main Economic Indicators in 2021 and 2022**

	<b>2021</b>	<b>2022</b>
BDL Coincident Indicator (average)	140.3	121.7 till August
Real estate sales operations (Number)	110,881	79,990
Real estate transactions (number)	200,734	147,038
Value of real estate sales (LBP billion)	23,546	21,649
Collected real estate fees (LBP billion)	1,349	1,788
Construction permits area (000 s.m)	9,554	9,575
Cement deliveries (000 tons)	1,951	2,124
Total value of Checks cleared (USD million)	36,425	37,436
Number of ships	1,168	1,193
Weight of unloaded merchandises (tons)	3,784,840	4,479,704
Weight of shipped merchandises (tons)	861,573	960,492
Number of unloaded containers	144,867	165,148
Port of Beirut revenues (USD million)	93,6	25,6 Till March
Agricultural imports (000 USD)	1,335	1,540
Agricultural exports (000 USD)	538	327
Weight of agricultural imports (000 tons)	1,822	1,734
Weight of agricultural exports (000 tons)	403	425
Weight of unloaded merchandises (000 tons)	12,124	11,542
Number of arrivals	2,070,631	3,119,404
Number of departures	2,206,216	3,199,748

Sources: Central Bank of Lebanon, Directorate of Real Estate Affairs, Orders of Engineers in Beirut and Tripoli, Rafic Hariri International Airport, Port of Beirut, Customs Directorate.



## **II - Public Finance and Public Debt**

### **Public Finance**

In the public finance for 2022, according to estimates from the World Bank in the absence of official figures issued by the Ministry of Finance for the mentioned year:

- A total surplus of 0.3% of the Gross Domestic Product (GDP) was registered compared to a surplus of 1% of GDP in 2021.
- A primary surplus of 0.9% of GDP was registered compared to a surplus of 1.8% of GDP in 2021.
- Total revenues decreased to 6% of GDP compared to 13.1% in 2020.
- Total payments decreased to 5.7% of GDP compared to 16.4% in 2020.

The World Bank estimated the total revenues achieved in 2022 to be \$1.3 billion at the parallel market exchange rate, compared to \$1.2 billion for payments. This resulted in a public surplus of \$93 million. The primary expenditures (excluding debt service) continued to decline to 5.1% of GDP in 2022, and the value of public debt service decreased since the government announced the default on Eurobonds payments (principal and coupon) in March 2020.

According to the World Bank, tax revenues were affected by economic downturn, tax evasion due to the transition to a cash economy, and the cessation of work by employees in public administrations and institutions in protest of the deterioration in their purchasing power of wages and salaries. Inconsistency in the exchange rate applied to taxes and fees was also a factor. Starting from December 2022, the customs exchange rate was set at 15,000 Lebanese pounds per dollar, which was later raised to 45,000 pounds in February 2023, then to 60,000 pounds in April 2023, and finally reaching Sayrafa exchange rate of around 90,000 pounds in May 2023.

**2-1** It is noted that in the Budget Law of 2022 issued on November 15, 2022, the total deficit was estimated to be around 9,400 billion pounds, based on LBP 31,487 billion of revenues compared to LBP 40,874 billion of expenditures. Under the revenue section, the law estimated tax revenues at LBP 19,544 billion, non-tax revenues at LBP 10,441 billion, and Treasury receipts at LBP 1,502 billion. Under the expenditure section, current expenses were estimated at 37,708 billion pounds, compared to 3,166 billion pounds for investment expenses. It's worth mentioning that developments that occurred after the Budget Law was approved allowed for adjustments to the estimated figures, as the government approved incentives and salary increases for public sector employees and retirees in installments starting from the beginning of 2022. Additionally, until the preparation of this report, the public finance figures had not yet been published for any month of the year 2022.

### **2-2**

- In 2021, according to the Ministry of Finance, the public budget recorded a surplus in the overall balance of LBP 2,197 billion, compared to a deficit of LBP 4,083 billion in 2020.
- In 2021, the primary balance (overall balance minus public debt service) registered a surplus of LBP 5,009 billion, compared to a deficit of LBP 977 billion in 2020.

- These surpluses are attributed to a 32% increase in revenues and a 7% decrease in expenditures, as shown in the table below when comparing the figures in 2021 to those of 2020.
- The increase in revenues is due to the rise in budget revenues (both tax and non-tax) by 37.4%, while Treasury receipts decreased by 11.8%. It's worth noting that revenues increased in 2022 due to improvements in tax collection after a significant decline in 2020, which was impacted by lockdown measures implemented to fight the COVID-19 pandemic.

**Public Finances in 2020 & 2021**  
**LBP billion**

	2020	2021	Change	
			In value	In %
Total Revenue	15,342	20,263	4,921	32.1
Total Expenditures	19,425	18,066	-1,359	-7.0
<i>o/w</i>				
<i>Debt Service</i>	3,106	2,813	-293	-9.4
<i>Primary Expenditures</i>	16,319	15,253	-1,066	-6.5
Overall Balance	-4,083	2,197		
Primary Balance	-977	5,010		

Source: Ministry of Finance

**2-3** The table below details the main tax and non-tax revenues during the years 2020 and 2021, as well as in the Budget Law of 2022.

**Detailed Table on Public Revenues (LBP Billion)**

	Realized in 2020	Realized in 2021	2022 Budget Law
<b>Total Revenue</b>	<b>15,342</b>	<b>20,263</b>	<b>31,487</b>
<b>Tax Revenue</b>	<b>10,474</b>	<b>15,237</b>	<b>19,544</b>
<i>o/w</i>			
<b>Taxes on income, profits and Capital gains</b>	4,857	5,744	7,488
<i>Income Tax</i>	754	2,084	4,265
<i>Tax on wages &amp; salaries</i>	715	924	1,128
<i>tax on interest income</i>	3,205	2,322	1,644
<b>Domestic Taxes on Goods and Services</b>	3,348	6,476	8,199
<i>VAT</i>	1,864	4,809	5,577
<b>Taxes on Property</b>	1,448	2,002	1,474
<b>Taxes on International Trade</b>	328	484	1,594
<b>Other Tax Revenues</b>	493	532	789
<b>Non-tax revenues</b>	<b>3,212</b>	<b>3,565</b>	<b>10,441</b>
Income from public institutions and Government properties	2,146	2,359	7,734
Administrative fees and Charges administrative fees	716	779	2,349
Penalties and Confiscations	24	39	17
<b>Other non-tax revenues</b>	325	388	341
<b>Treasury receipts</b>	<b>1,656</b>	<b>1,461</b>	<b>1,502</b>

Source: Ministry of Finance

**2-4** The decrease in expenditures is a result of the reduction in budget expenditures (especially public debt service and transfers to Electricité du Liban) by 8.4%, as well as a decrease in Treasury

payments by 21%. The table below illustrates the main expenditures for the years 2020 and 2021, as well as in the Budget Law of 2022.

**Detailed Table on Public Expenditures (LBP Billion)**

	Realized in 2020	Realized in 2021	2022 Budget Law
<b>Total Expenditures</b> o/w	<b>17,544</b>	<b>18,066</b>	<b>40,874</b>
Transfers to EDL institution	1,393	810	
Salaries, wages, and other benefits	9,885	9,893	
Debt service	3,106	2,813	3,131
Capital Expenditure	418	246	3,166

Source: Ministry of Finance

**2-5** Regarding the budget for the year 2023, the process of its preparation and discussion has not yet begun, despite entering the fifth month of the year. The regulatory authority for electricity has not been appointed yet, and an effective plan to improve collection has not been formulated, despite approving an increase in tariffs on bills starting from November 2022, with a collection based on Sayrafa exchange rate plus 20%. The State is also still adopting multiple exchange rates instead of moving towards unification. It's worth noting that the International Monetary Fund (IMF) requires Lebanon to have a medium-term fiscal strategy to restore its ability to bear public debt. This should begin with the approval of the 2023 budget, built on a unified exchange rate for customs and taxes. It should also include adjustments to enhance tax revenues, steps to improve public administration and reducing Treasury transfers to the electricity sector. Additionally, the IMF emphasizes the necessity of restructuring the pension system.

According to the **International Monetary Fund's Technical Assistance Report (January 2023)**, the IMF identifies options for tax policy reform to halt revenue loss and transition to a more efficient, effective, and inclusive tax system in the medium term. Among the **immediate measures** recommended are:

- **Correcting the mis-valuation**, meaning the necessity to use a unified exchange rate for tax collection, with the possibility of using an exchange rate closely aligned with the real exchange rate during a transitional period, without setting a rate below Sayrafa rate or any predetermined rate. The incorrect valuation of customs, consumption fees, and value-added tax due to using an exchange rate of 1507.5 LBP resulted in revenue loss equivalent to 4.8% of GDP in 2022, according to the IMF.
- **Correction to account for high inflation:** This involves redefining consumption fees and nominal cost limits, linking them to inflation.
- **Stopping excessive treatment concerning capital gains tax**, such that imposing lower taxes on the wealthy leads to weakening revenues and distorts tax policy in income

redistribution. It is also necessary to eliminate certain tax exemptions and address shortcomings in corporate taxes.

- **Unlocking property tax potentials** by immediately eliminating the exemption granted to vacant properties.

**Short-term** measures recommended by the IMF include:

- **Restoring high efficiency to value-added tax** by adopting moderate measures, including cancelling the exemption for production inputs in several sectors.
- **Using consumption fees more effectively:** it is worth noting that these fees have the potential to generate significant revenue.
- **Closing gaps and updating corporate income tax**, including abolishing systems applied to offshore and holding companies.

As for the recommended measures in the **medium term**, one of the most prominent is **the implementation of a new income tax law** that ensures tax neutrality between income sources and legal forms.

## Public Debt

**2-6** At the end of 2022, **the value of the public debt denominated in Lebanese pounds** reached LBP 91,169 billion, a decrease of 1.4% compared to the end of 2021, when it was LBP 93,247 billion. This resulted from the slowdown in issuances and the exceeding of Treasury bond maturities in Lebanese pounds during 2022 (LBP 14,043 billion) new subscriptions (LBP 12,151 billion). When evaluating the public debt in Lebanese pounds at the exchange rate in the parallel market (42,400 LBP/\$ at the end of 2022), its value is approximately USD 2.15 billion, which is about 10% of the estimated GDP at USD 21.6 billion.

**2-7** The share of banks in financing the public debt denominated in LBP decreased to 17.1% at the end of 2022 from 22.7% at the end of 2021, due to their inability and unwillingness for this type of financing. The share of the Central Bank of Lebanon increased (to 63.0% from 62.2%) as did the non-banking sector's share (to 19.9% from 15.1% due to the increased subscriptions of public institutions in LBP TBs), at the respective end dates.

### Sources of financing public debt in LBP

#### End of period-%

	Dec 20	Dec 21	Dec 22
Banks in Lebanon	25.8	22.7	17.1
Bank of Lebanon	61.4	62.2	63.0
Non- Banking sector	12.8	15.1	19.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: BDL

**2-8** In terms of interest rates on LBP Treasury bills, they remained stable in 2022 for all categories as they were in 2021. However, the weighted average interest rate on the total portfolio decreased to 6.42% at the end of 2022 compared to 6.55% at the end of 2021. Additionally, the weighted average maturity of this portfolio decreased to 3.57 years from 4.16 years at the respective end dates.

**2-9** By the end of December 2022, the net local public debt, calculated after deducting public sector deposits at the banking system, amounted to LBP 64,724 billion, compared to LBP 74,009 billion at the end of December 2021, marking a decrease of 12.5% in 2022. This reduction was due to the increase in public sector deposits with the banking system, which grew from LBP 19,238 billion at the end of 2021 to LBP 26,445 billion at the end of 2022.

**2-10** At the end of 2022, the value of foreign currency-denominated public debt reached USD 41,337 million (191.2% of the estimated GDP), compared to USD 38,515 million at the end of 2021, representing a 7.3% increase. This increase can be attributed to accumulated arrears on principal and interest payments on Eurobonds, with the value of these arrears reaching USD 14,228 million at the end of 2022, compared to USD 4,763 million at the end of 2021. It's important to note that the Lebanese government announced a halt to Eurobond payments in March 2020 and has not initiated negotiations with creditors or provided clarity on its intentions and plans since then.

**2-11** Regarding the financing of foreign currency-denominated public debt, there was no significant change in the distribution of funding sources between the end of 2021 and 2022. Eurobond holders accounted for 94.9%, while multilateral institutions accounted for 3.9%, governments for 1.1%, and other sources for 0.1%.

**Sources of financing public debt in FC**  
**End of period-%**

	<b>Dec 20</b>	<b>Dec 21</b>	<b>Dec 22</b>
Governments	1.6	1.3	1.1
Multilateral parties	4.1	3.8	3.9
Eurobonds' holders	94.2	94.8	94.9
Other foreign sources	0.1	0.1	0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: BDL

**2-12** In the Eurobond market, the weighted average interest rate on the total portfolio of foreign currency-denominated Treasury bonds was 7.38%, and the average portfolio maturity was 7.84 years at the end of February 2020. These were the latest figures before the government announced its decision to halt payments on all Eurobonds.

### **III- Monetary developments**

#### **General Overview**

**3-1** The monetary situation in Lebanon deteriorated further in 2022. The LBP exchange rate against the US dollar in the parallel market reached new record levels during the year. As of the preparation of this report<sup>1</sup>, the inflation rate had exceeded 170%. Additionally, the liquid foreign currency assets of the Central Bank of Lebanon decreased to around \$10.4 billion by the end of December 2022.

**3-2** A new official exchange rate for the Lebanese pound against the US dollar was adopted starting February 1, 2023, at a rate of 15,000 Lebanese pounds per US dollar. This followed a long-standing peg of 1,507.5 Lebanese pounds per US dollar that had been in place for over 25 years.

**3-3** Amidst the crisis that Lebanon has been experiencing for over three years, the Central Bank of Lebanon implemented a series of regulatory measures<sup>2</sup> in an attempt to limit the decline of its foreign currency reserves, stabilize the LBP exchange rate in the parallel market, reactivate the functioning of banks in Lebanon, and support the economy and citizens. However, these measures have not succeeded in halting the ongoing collapse but have only slowed its pace and mitigated its effects.

#### **3-4 Statistical Data**

**3-4-1** In 2022, the exchange rate of the US dollar against the Lebanese pound in the parallel market continued to rise, as it had been doing since September 2019. This increase was sometimes rapid and significant, prompting interventions from the Central Bank of Lebanon to mitigate the depreciation of the national currency. By the end of 2022, the exchange rate had reached approximately 42,400 Lebanese pounds per US dollar. It had previously reached its highest point during the year in December, hitting 47,800 Lebanese pounds per US dollar on December 26, 2022, compared to 27,650 Lebanese pounds per US dollar at the end of 2021.

At the beginning of 2023, the exchange rate of the US dollar against the Lebanese pound continued to increase at a very rapid pace and reached a record level of 141,000 Lebanese pounds per US dollar on March 21. However, the Central Bank of Lebanon decided to increase the volume of operations on the Sayrafa platform, which led to a significant decrease in the exchange rate in the parallel market, stabilizing it at around 94,500 Lebanese pounds per US dollar at the time of writing this report<sup>3</sup>.

---

<sup>1</sup> It approached 95,000 LBP to the dollar (May 31, 2023) after reaching a record level of 141,000 LBP to the dollar on March 21, 2023.

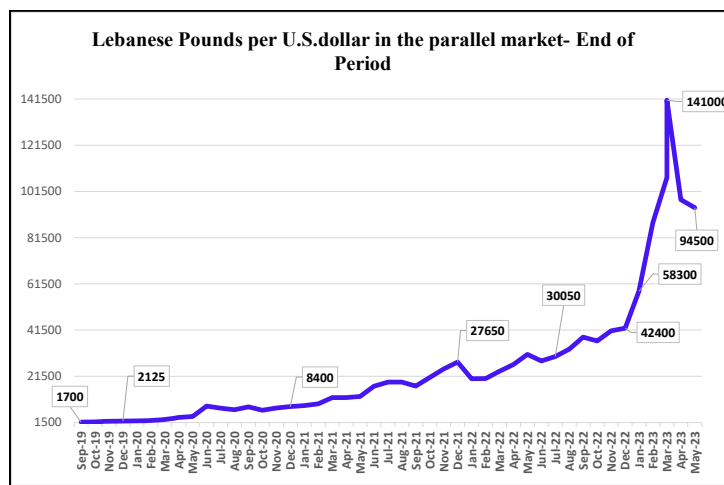
<sup>2</sup> A summary of these measures is available in previous annual reports.

<sup>3</sup> On May 31st, 2023.

## The reasons for the continued depreciation of the Lebanese pound in 2022

The declining trend of the LBP exchange rate was expected given the difficult and stagnant political situation, which was reflected in the inability to form a new government after the parliamentary elections and the ongoing presidential void since the end of October. This prolonged void is feared to continue, leading to the absence of serious measures to revive the economy through the development and the implementation of a road map that includes the desired structural reforms. Within this context, several factors directly or indirectly related to political problems led to the devaluation of the national currency in 2022. These factors included an increase in the value of imported goods to significant levels before the crisis, due to the early discussion about raising customs duties, as well as borders' laxity, and large-scale speculation on the Lebanese pound, in addition to the Central Bank's purchase of dollars in the parallel market in order to sell them later on the Sayrafa platform, with the continuous decline in its foreign currency reserves.

Since the exchange rate reflects the state of the economy, controlling the downward path of the exchange rate will not succeed by adopting temporary solutions that yield short-term results. Instead, it requires restoring confidence both internally and externally, given the need for new funds to flow into the country. Achieving this necessitates a genuine intention and will to build a true State that prioritizes the interests of the nation and its citizens above everything else, actively works to stimulate and strengthen the economy. Unfortunately, what we observe on the ground is a lack of concern from decision-makers regarding the value of time passing and the extent of the hardships and tragedies faced by the citizens.

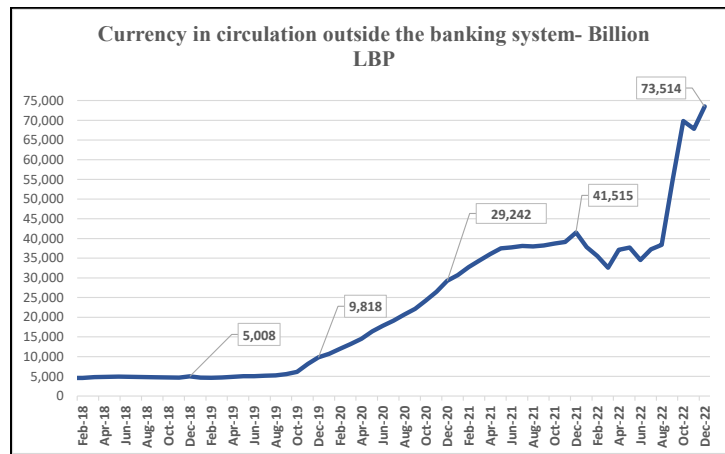


Source: Lirarate.com

**3-4-2** In parallel with the ongoing financial and banking crisis that has persisted for more than 3 years without a comprehensive solution, **the Lebanese economy increasingly relied on a cash-based payment system**, primarily in Lebanese pounds, and increasingly in US dollars.

The amount of **cash in circulation in Lebanese pounds** outside the banking system increased to unprecedented levels in 2022, particularly in the second half of the year. It amounted to 73,514 billion Lebanese pounds by the end of 2022, marking a massive increase of nearly 32,000 billion pounds, with a growth rate exceeding 77% in just one year. This had negative repercussions on the exchange rate and inflation. The Central Bank of Lebanon managed to reduce the cash in circulation by around 10,000 billion pounds in the two weeks following its statement issued on December 27, 2022. This statement allowed banks to purchase US dollars in cash from the Central Bank of Lebanon using Lebanese pounds held by the banks or their customers at the exchange rate of the Sayrafa platform. Initially, there was no specified limit, but later a maximum of 100 million pounds was set for individuals only, excluding institutions.

It's worth noting that the Central Bank of Lebanon succeeded in reducing the cash in circulation in Lebanese pounds to 53,748 billion pounds by the end of March 2023, as a result of the increased trading volume on the Sayrafa platform in the last third of that month.



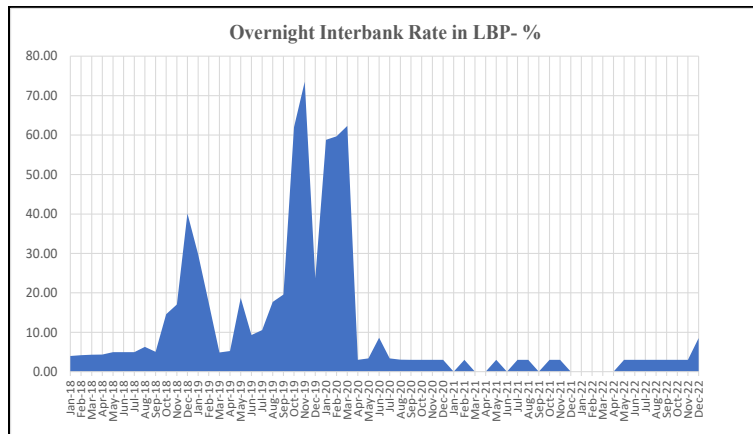
Source: BDL.

**3-4-3** On the other hand, the **Interbank Rate** in LBP recorded low levels of 3% during 2022, with relatively modest transaction volumes compared to the pre-crisis period. This is except for the last month of 2022, specifically the final days, when significant borrowing transactions between banks were executed, pushing the interest rate up to 15% in some cases<sup>4</sup>. The **interest rates on deposits**

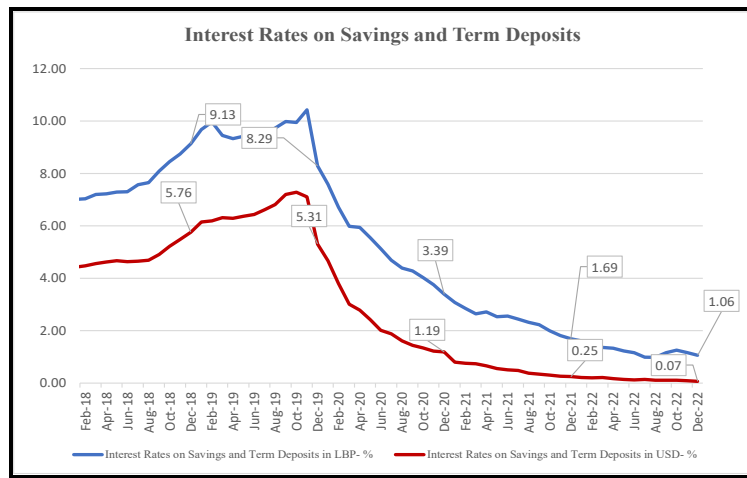
<sup>4</sup> This was most likely linked to BDL’s statement issued on December 27, 2022 regarding raising Sayrafa rate to 38,000 LBP, and BDL’s purchase of Lebanese pounds and the sale of cash dollars without a ceiling to individuals and institutions, which continued for a few days, after which a ceiling of 100 million pounds was set for individuals only, with the exception of institutions.



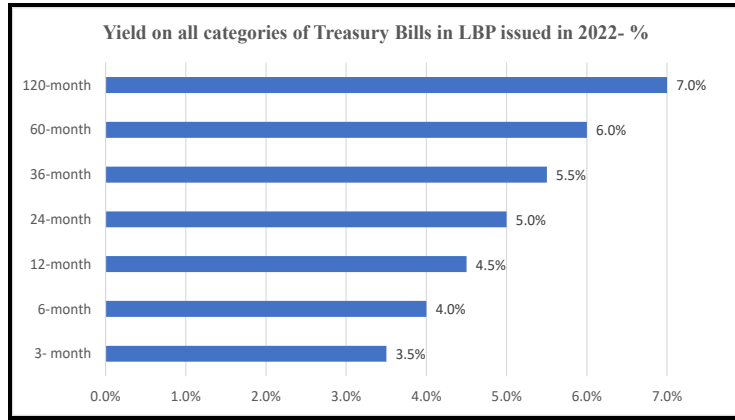
continued to decline in 2022, dropping by 63 basis points for LBP term deposits and by 18 basis points for USD term deposits, that is at a slower pace than the previous year. These decreases were less pronounced than in the preceding year. **Interest rates on all categories of Treasury bills in LBP remained stable in 2022, as in the previous year, although they had been reduced by 180 to 300 basis points in March and April 2020.**



Source: Société Financière du Liban

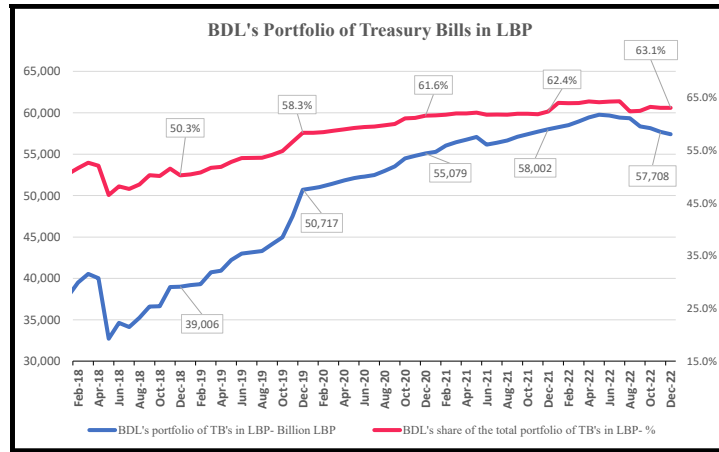


Source: BDL



Source: BDL

**3-4-4** In 2022, the Central Bank of Lebanon remained the primary financier of the public sector in LBP, as indicated by the development of its portfolio of Lebanese pound-denominated Treasury bills. These bills reached new record levels during 2022, totaling 57,403 billion Lebanese pounds at the end of the year. The Central Bank's share of the total Treasury bills portfolio also increased to 63.1% by the end of 2022. As for financing the public sector in foreign currencies in 2022, it can be said that it was limited to funding some essential expenses such as securing wheat supplies, chronic disease treatments, and other similar expenses, which were often financed through the Central Bank (Special Drawing Rights, the World Bank, etc...).



Source: BDL

**3-4-5** The Central Bank's total liquid reserves or assets in foreign currencies continued to decline, although at a slower pace, reaching USD 10.4 billion by the end of 2022. This decline persisted as the Central Bank of Lebanon continued to implement Circular 1586 and to finance some medicines as well as intervening in the exchange market through the Sayrafa platform. Additionally, the

<sup>5</sup> Latest available data.

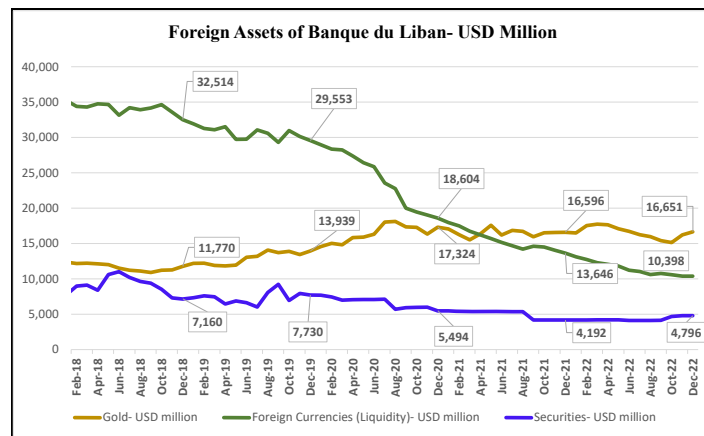
<sup>6</sup> Allowing the beneficiary to receive \$400 per month in cash, which is partly funded by reducing the percentage of mandatory deposits with the Central Bank from 15% to 14%.

government used part of Lebanon's SDRs, previously received from the IMF and deposited in the Central Bank.

The Central Bank increased its placements in local and international securities slightly to around USD 4.8 billion by the end of 2022, likely to take advantage of the global rise in the dollar interest rate. Consequently, the total external assets of the Central Bank of Lebanon, excluding gold, decreased to USD 15.2 billion by the end of December 2022.

It's worth noting that in the first quarter of 2023, the Central Bank's liquid assets in foreign currencies continued to decline, reaching USD 9.6 billion by the end of March 2023. The total external assets of the Central Bank of Lebanon, excluding gold, decreased to USD 14.4 billion by the end of that month.

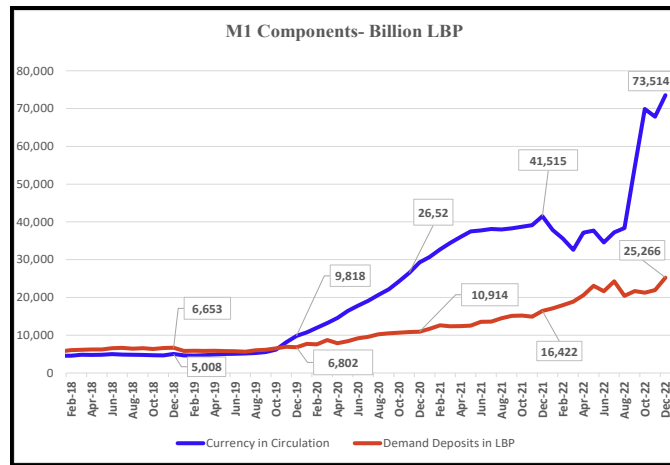
In this context, it should be mentioned that the value of the gold reserve owned by the Central Bank of Lebanon increased slightly to approximately USD 16.7 billion by the end of 2022, due to a minor rise in the global price of the gold ounce. This ranked Lebanon at 20th internationally and 2nd in the MENA region in terms of countries' gold reserves, according to the list released by the “World Gold Council” in January 2023.



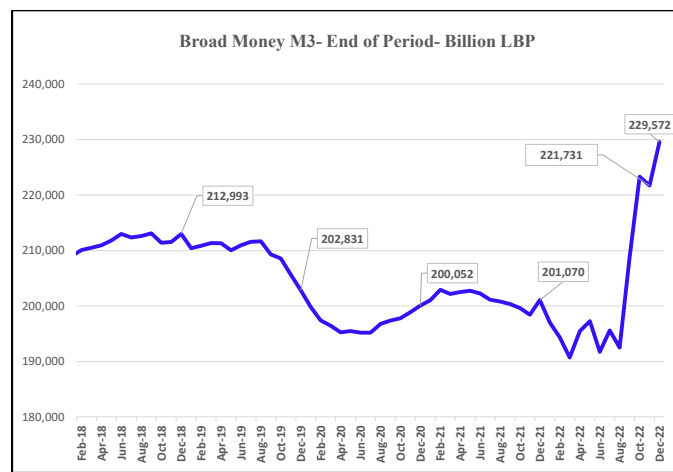
Source: BDL

### 3-5 Monetary Aggregates

In 2022, the monetary aggregate in the broad sense, known as M3, increased by 14.2%. This followed a slight increase in 2021 and a decline in 2019 and 2020, marking the first decline in its history during those two years. This increase in 2022 was driven by the growth of the components of the money supply in LBP (M1), which increased by 70.5%. In contrast, LBP term deposits decreased by 15.5%, and foreign currency deposits decreased by 7.4%.



Source: BDL



Source: BDL

The following table summarizes the key factors that impacted the monetary aggregate (M3) and contributed to its increase by LBP 28,502 billion in 2022. We will focus on three elements that had a clear contractionary effect on M3. **First**, net lending to the public sector, which continued to decrease for the third consecutive year, with a value of LBP 16,664 billion. **Second**, lending to the private sector, which continued to decline in the mentioned year, by approximately LBP 10,631 billion, as some individuals and institutions repaid their loans either in cash or through bank deposits, with new lending becoming scarce or even coming to a halt. **Third**, net external assets of the banking system (excluding gold), which continued the declining trend that has been observed since 2011, decreasing by over 3.2 billion dollars in 2022.

On the other hand, "other net items"<sup>7</sup> increased significantly to offset the contractionary impact of the factors mentioned above on M3. This category includes several items, including the difference between the value of dollar deposits that were withdrawn in LBP according to Circulars 151 and 158 and their value calculated based on the official exchange rate. It also includes the difference

<sup>7</sup> The "other net items" include many items from BDL's and banks' balance sheets, mainly: tangible and intangible fixed assets, other assets, capital accounts, and other liabilities.

between the rate at which Banque du Liban purchases physical dollars in the parallel market and the rate at which it sells these dollars on the Sayrafa platform, as per Circular 161.

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

	2020	2021	Change 2021/2020	2022	Change 2022/2021
<b>Currency in circulation</b>	29242	41515	+12273	73514	+31999
<b>Demand deposits in LBP</b>	10914	16422	+5508	25266	+8844
<b>Money in LBP (M1)</b>	40156	57937	+17781	98780	+31842
<b>Money and quasi-money in LBP (M2)</b>	67510	79007	+11497	107631	+28624
<b>Money and quasi-money in LBP &amp; FC (M3)</b>	200052	201070	+1018	229572	+28502
<b>Currency in circulation/M3</b>	14.62%	20.65%		32.02%	
<b>Counterparts</b>					
<b>Net foreign assets</b>	27028	22950	-4078	18197	-4753
<b>o/w: gold</b>	26116	25019	-1097	25102	+83
<b>foreign currencies</b>	912	-2069	-2981	-6905	-4836
<b>Net claims on public sector</b>	76290	67506	-8784	50842	-16664
<b>Valuation adjustment</b>	-17383	-17872	-489	-19131	-1259
<b>Claims on private sector</b>	51964	40669	-11295	30038	-10631
<b>Other items (net)</b>	62153	87817	+25664	149625	+61808

Source: BDL

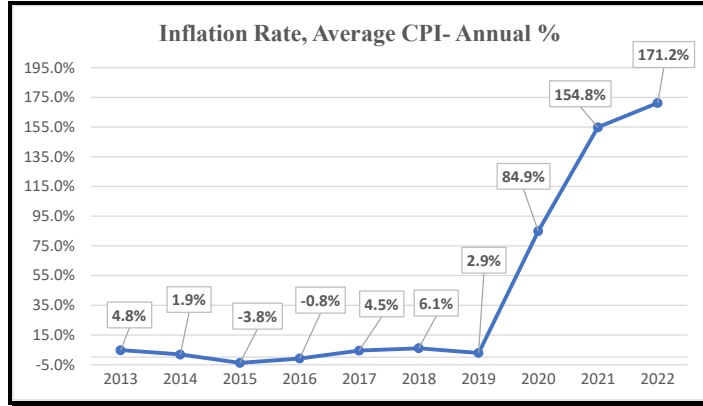
### 3-6 Inflation

The inflation rate for the average period rose to new record level<sup>8</sup> of 171.2% in 2022 compared to 154.8% in 2021 and 84.9% in 2020, according to the Consumer Price Index issued by the Central Administration of Statistics. In reality, the inflation rate may be higher than the published figure for several reasons, including that the weights of goods and services within the "consumption basket" no longer align with consumption patterns in the country, where priorities have changed significantly.

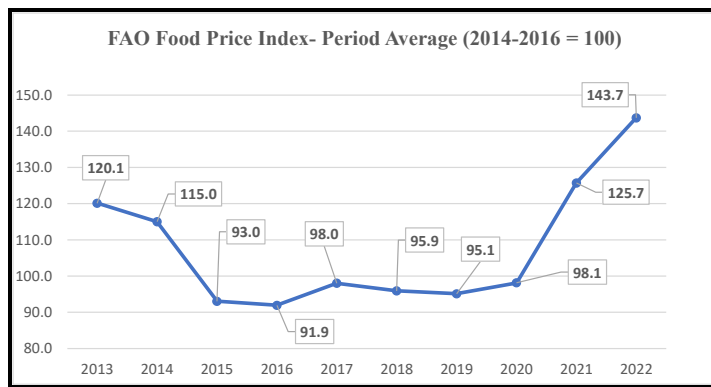
The chart below illustrates the evolution of the inflation rate over the past ten years, which rarely exceeded 5% before the crisis. The increase in the inflation rate in 2022 was primarily due to the significant depreciation of the Lebanese pound against the dollar in the parallel market, which directly and completely affected the prices of imported goods<sup>9</sup>. Prices of local goods and services were also impacted to a lesser extent and to varying degrees. Additionally, the sharp rise in global prices of food items (more than 14%), oil (around 40%), and several minerals, was particularly influenced by the ongoing conflict in Ukraine.

<sup>8</sup> Since 1992, i.e., since approximately 30 years.

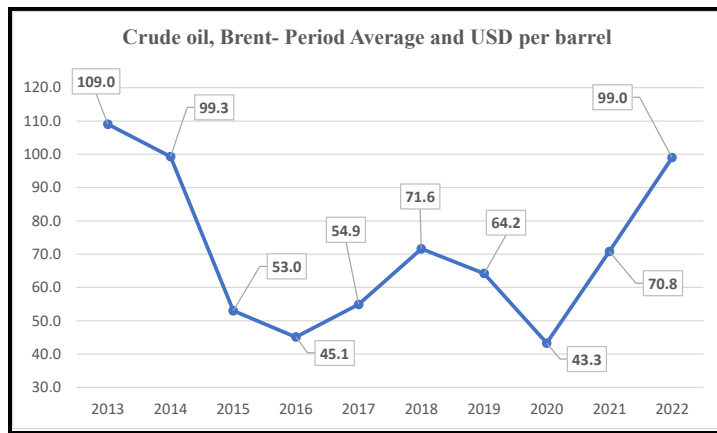
<sup>9</sup> Goods that do not benefit from any subsidies.



Source: Customs Higher Council.



Source : FAO



Source : markets. businessinsider.com

## IV- External Payments

**4-1** According to the latest available data from the Central Bank, the estimated current account deficit in Lebanon increased to about USD 3.0 billion in the first half of 2022 compared to a deficit of USD 2.2 billion during the same period in 2020, given that the trade deficit in goods (FOB)<sup>10</sup> increased to around USD 6.2 billion from approximately USD 4.4 billion in the two aforementioned periods respectively. Meanwhile, estimates for the surplus in the balances of services, current transfers and income increased significantly to around USD 3.2 billion from approximately USD 2.2 billion. However, this improvement was not sufficient to reduce the deficit in the balance of payments.

Regarding the full year 2022, it is estimated that the current account deficit will reach a higher level than it was in 2021 (USD 3.4 billion), with a significant increase in merchandise imports despite improvements in the balance of current transfers and services. Based on this and on estimates of the GDP for 2022, measured in dollars, the current account deficit as a percentage / GDP is estimated to have reached around 28% in the mentioned year, compared to approximately 15% in 2021.

**4-2** Regarding remittances from the Lebanese expatriates, they increased by about 7.0% in 2022 reaching approximately USD 6.8 billion, according to recent estimates from the World Bank, compared to USD 6.4 billion in 2021, ranking Lebanon third regionally after Egypt and Morocco. These estimates may sometimes differ from those of the IMF and the Central Bank of Lebanon. The regularity and level of these remittances reflect the extensive Lebanese diaspora worldwide, as well as the high efficiency of this diaspora in various fields and its continued social and economic ties to families and the country. These remittances have played a crucial role in supporting Lebanese residents in the face of the successive crises that the country has been experiencing since 2019.

According to estimates from the Central Bank of Lebanon, net remittances increased to over \$2.8 billion in the first half of 2022 (the latest available data), compared to around \$2.5 billion in the same period of 2021, representing a 12.5% increase. This increase is because remittances sent from Lebanon significantly decreased (-25%) due to rising associated costs and a decrease in the number of foreign workers in Lebanon, which in turn improved the net remittances balance. It's worth noting that remittances received in Lebanon remained stable according to the Central Bank's data.

---

<sup>10</sup> The trade balance deficit recorded in the balance of payments differs from the deficit published by the Lebanese customs, as it includes the following on the exports side: re-exported goods, goods exported temporarily for transformation (recycled), or re-exported after local processing, and repair on goods.

### Main items of the balance of payments (USD million)

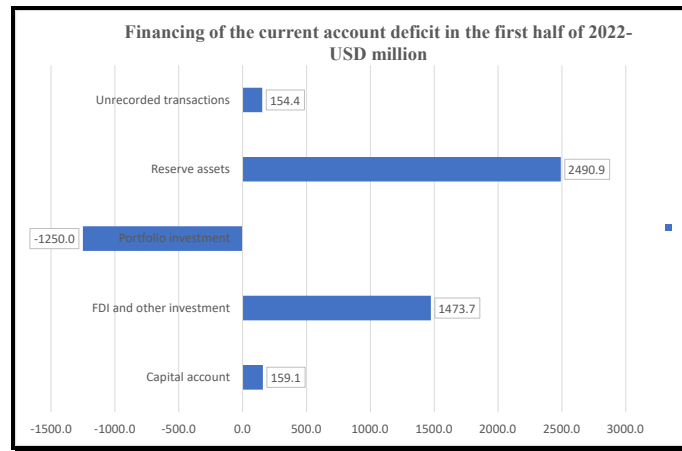
	2020	2021	Jan-June 2021	Jan- June 2022
Trade balance	-6,499	-8,226	-4,369	-6,230
Services (net)	67	990	398	948
Income (net)	-1,015	-1,497	-701	-546
Current transfers (net)	4,669	5,335	2,490	2,800
<b>Current Account</b>	<b>-2,779</b>	<b>-3,398</b>	<b>-2,182</b>	<b>-3,028</b>
<b>Capital and Financial account</b>	<b>11,430</b>	<b>7,121</b>	<b>2,471</b>	<b>2,874</b>
<b>Capital account</b>	<b>1,666</b>	<b>933</b>	<b>469</b>	<b>159</b>
<b>Financial account</b>	<b>9,764</b>	<b>6,188</b>	<b>2,002</b>	<b>2,715</b>
Direct investment	1,578	1,971	848	237
Portfolio investment	2,205	533	-1,198	-1,250
Other investment	-7,203	-2,843	-1,180	1,237
Reserve assets	13,183	6,527	3,532	2,491
<b>Unrecorded transactions</b>	<b>-8,652</b>	<b>-3,723</b>	<b>-289</b>	<b>154</b>

Source: BDL

**4-3** Usually, the deficit in Lebanon's current account is financed through the capital and financial account, which involves net inflows in various forms, such as foreign direct investments, investments in financial portfolios, deposits in banks, net loans from abroad to both the public and private sectors, and the use of foreign currency reserves by the Central Bank of Lebanon when necessary, as has been the case from 2018 to 2022.

The figures provided by the Central Bank of Lebanon for the first half of 2022 show a positive balance in both the capital account and foreign direct investments, as well as other investments, totaling approximately \$1.6 billion. However, there was a negative net balance of around \$1.25 billion in the portfolio investment account. Therefore, these balances, when combined, covered only a small portion of the \$3 billion deficit in the current account. This situation required the use of reserves by the Central Bank of Lebanon to cover these deficits, which amounted to about \$2.7 billion. The payment balance figures released by the Central Bank of Lebanon indicate the use of approximately \$2.5 billion from foreign currency reserves, with an estimated balance of around \$200 million in the "unrecorded transactions" category. It's worth noting that the deficit in the balance of payments, roughly estimated through changes in the net external assets of the banking system, including commercial banks and the Central Bank, amounted to \$2.6 billion in the first half of 2022.





Source: BDL

Going back to 2021, data published by the Central Bank of Lebanon revealed that the balance of the capital and financial account, excluding foreign currency reserves held by the Central Bank, amounted to less than \$600 million. This means that it covered only a small portion of the \$3.4 billion deficit in the current account, which necessitated the use of the Central Bank's reserves to cover the deficit. Balance of payments figures indicated the use of approximately \$6.5 billion from foreign currency reserves (instead of \$2.8 billion), which also covered around \$3.7 billion in additional unrecorded transactions. It's worth noting that the deficit in the balance of payments, approximately estimated through changes in the net foreign assets of the banking system, including commercial banks and the Central Bank, amounted to \$2.0 billion in the mentioned year.

**4-4** According to data from the Central Bank of Lebanon used in the UNCTAD (United Nations Conference on Trade and Development) report on global investments, **net foreign direct investment** inflows to Lebanon significantly declined to around \$237 million in the first half of 2022, compared to approximately \$848 million in the same period in 2021 and \$1,971 million for the entire year of 2021. This decline is natural given the lack of confidence among foreign investors due to the uncertainty surrounding Lebanon's political and economic future. It's worth noting that the 2021 figures were influenced by the return of foreign direct investments to Lebanon, totaling more than \$1,365 million according to Central Bank data. This was likely linked to Lebanese banks' withdrawal from some foreign markets to secure foreign currency liquidity. It is important to remind that foreign direct investments in Lebanon previously funded a significant portion of the current account deficit, mainly concentrating in the real estate sector, which distinguishes them from the nature of such investments in many emerging economies, where they are more diverse and encompass various economic sectors.

## International Trade

### Imports of goods

**4-5** According to the Customs Higher Council, the value of imported goods increased significantly to USD 19,053 million in 2022, compared to USD 13,641 million in 2021, which is an increase of USD 5,412 million or 39.7%. This increase follows a rise in 2021, although to a lesser extent, of USD 2,331 million or 20.6%. However, in 2020, imported goods had significantly declined by \$7.9 billion or 41.2% due to the prevailing economic, financial, and monetary crisis. In 2022, all customs items, except one category, which is chemical industry products, saw an increase in the value of imports, with variations from one category to another. The most notable increases were in the value of imports of metal products, particularly petroleum derivatives (+\$1,703 million) influenced by the rise in global prices, not quantities imported (which decreased). There were also significant increases in imports of electrical machinery and equipment (+\$1,274 million), transportation equipment (+\$877 million), and precious metals, gemstones, and semi-precious stones (+ USD 444 million).

<b>Imports of goods</b>				
	<b>Value – USD million</b>	<b>Change - %</b>	<b>Quantities – Thousand tons</b>	<b>Change - %</b>
2018	19980	+2.0	15855	-16.4
2019	19239	-3.7	19351	+22.0
2020	11310	-41.2	13475	-30.4
2021	13641	+20.6	12124	-10.0
2022	19053	+39.7	11540	-4.8

Source: Customs Higher Council.

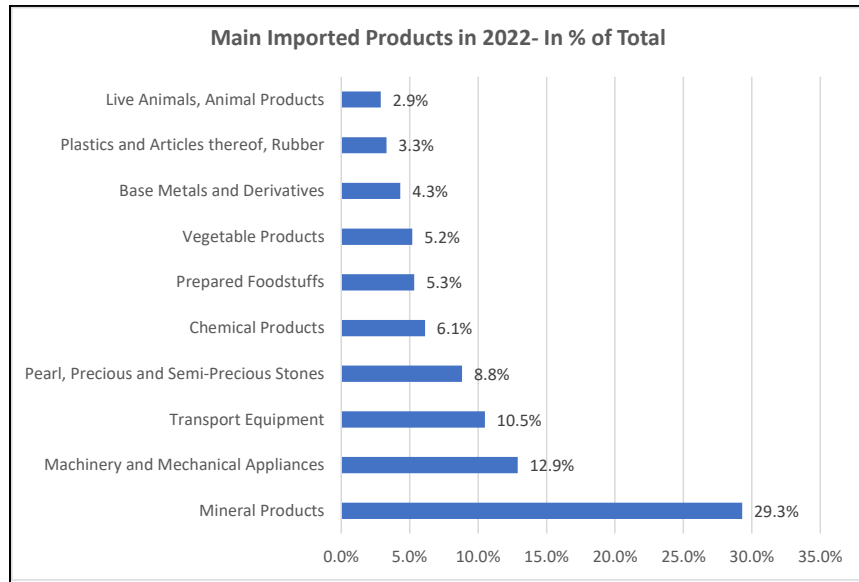
On the other hand, the imported quantities saw a decline of approximately 4.8% or about 583 thousand tons in 2022. The total volume of imports amounted to 11,540 thousand tons in 2022, compared to 12,124 thousand tons in the previous year. This decline was particularly influenced by a decrease in the imported quantities of metal products, which are heavy in weight, by about 1,236 thousand tons, representing a 17.2% decrease. However, a significant portion of other commodity categories recorded an increase in imported quantities, with variations from one category to another. When excluding the category of metal products, the imported quantities of the remaining customs items increased by an average of 13.2%.



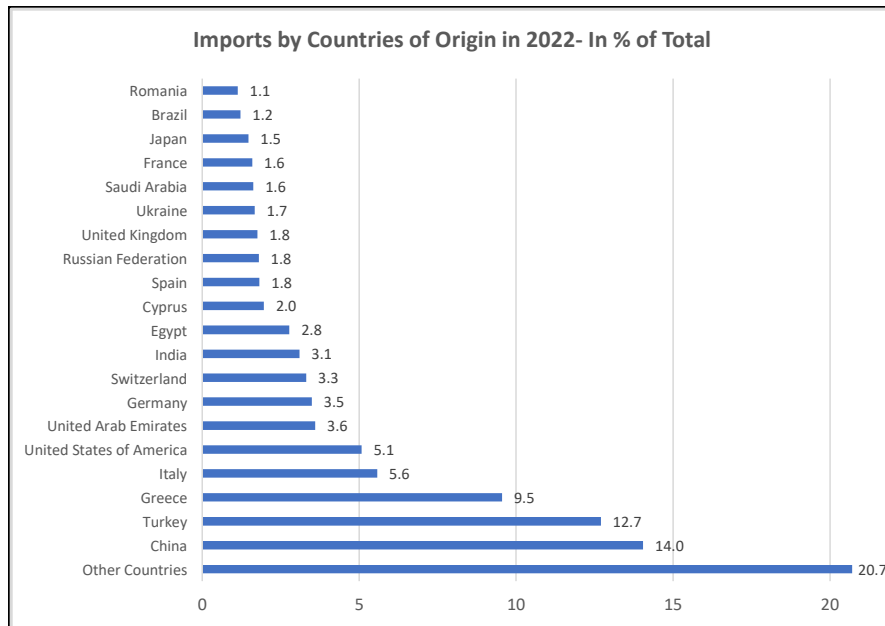
Source: Customs Higher Council.

In this context, imported goods have returned to the high levels seen before the crisis. This might seem surprising in a country facing a severe economic and financial crisis, where it is natural and necessary to tightly control the import bill, as it has been a significant weakness for the economy in recent years and has drained the country's foreign exchange reserves. However, understanding the underlying reasons behind the significant increase in imported products can help explain this phenomenon. One major factor contributing to this increase is the rise in global commodity prices, especially in petroleum derivatives and food products. Additionally, observations indicate that a substantial portion of these imports is for storable goods, stockpiled in anticipation of tariff increases. The discussion of such increase had been ongoing throughout the year and was implemented starting December 2022. Furthermore, as has been the case in recent years, part of these imports also serves the partial needs of the Syrian economy for various goods, including petroleum derivatives, facilitated by loose borders.

The two graphs below summarize the distribution of imported goods by type and country of origin in 2022.



Source: Customs Higher Council.



Source: Customs Higher Council

## Exports of goods

4-6 Exported goods performed within their average level in 2022 as observed in the past ten years, without achieving any significant development following the crisis, as some had anticipated, especially given the decrease in labor costs in Lebanon. The value of exported goods decreased to USD 3,492 million or a 10.2% decrease in 2022, while the exported quantities increased slightly by 0.7%. Several factors affected these exports, including a weakened Saudi demand for Lebanese goods. Saudi Arabia annually imported at least \$200 million worth of goods from Lebanon,

sometimes reaching up to \$400 million. In a detailed breakdown of these exports, it is observed that the customs items did not show a consistent trend or a uniform pace of change in 2022.

### Exports of goods

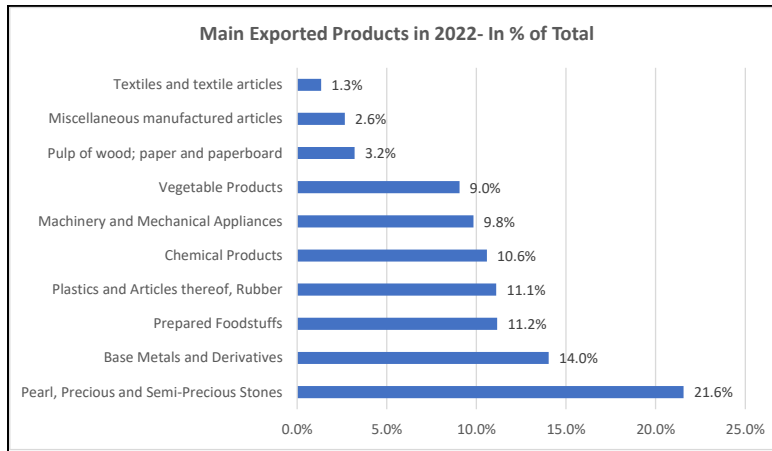
	Value– USD million	Change - %	Quantities – Thousand tons	Change - %
2018	2952	+3.8	1840	-5.0
2019	3731	+26.4	1677	-8.9
2020	3544	-5.0	1889	+12.6
2021	3887	+9.7	1768	-6.4
2022	3492	-10.2	1780	+0.7

Source: Customs Higher Council.

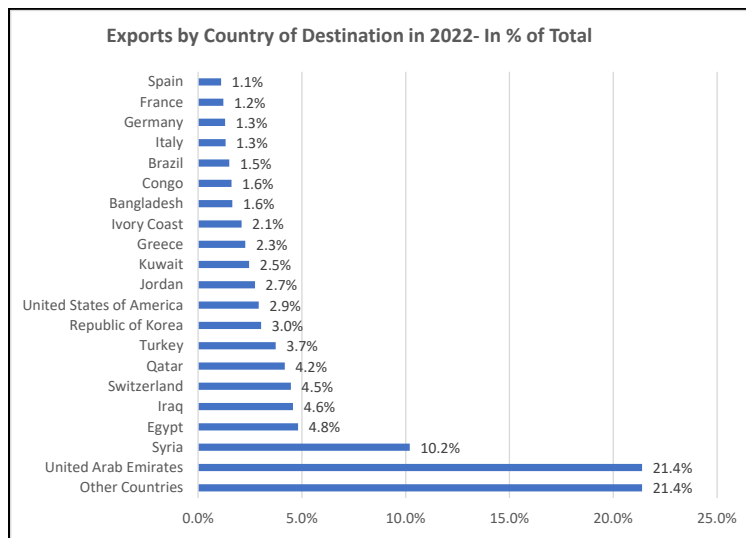


Source: Customs Higher Council.

The two graphs below highlight the main exported Lebanese products and the main countries of destination in 2022.



Source: Customs Higher Council.



Source: Customs Higher Council.

## V- Banking activity in 2022

Banks in Lebanon have been operating in an unfavorable and challenging environment since the beginning of the crisis. They have been subject to a series of accusations, allegations, and attacks, as if there were a systematic plan to undermine them. It's important to note that the current crisis is classified as “Systemic” according to international standards and is the result of interconnected factors that have accumulated over decades. The **primary** responsibility lies with the government, which mismanaged funds through its subsidy policies, failure to control tax evasion and dilapidation, then announced a halt to Eurobond payments and has not yet approved a recovery plan or the necessary legislation to ensure justice for all. **Secondly**, the Central Bank of Lebanon shares responsibility for implementing the monetary policies of successive governments. **Thirdly**, banks themselves bear some responsibility if we consider that they are responsible for depositing

their surplus liquidity with the Central Bank, knowing that they followed the regulatory and supervisory authorities' circulars in their placements.

Banks are ready to bear their national responsibility in this critical phase that requires accelerated solutions. They insist on the necessity of adopting a comprehensive recovery plan and all required legislations and reforms. These include, first and foremost, the Capital Control law to impose controls on withdrawals and transfers abroad to preserve the remaining US dollar reserves and limit the widening of the financial gap, as well as the banking sector restructuring law.

On the other hand, Lebanese banks are facing numerous arbitrary legal summons on suspicion of money laundering. These actions could damage the relationship of correspondent banks with Lebanese banks, potentially leading to the complete cessation of their transactions with Lebanon by closing the Lebanese banks' accounts, thus, isolating the country financially from the rest of the world.

Lebanese banks have always adhered to anti-money laundering rules and have a strong track record in this regard. They are currently working with monetary authorities to reduce the size of the cash economy as much as possible. In this context, Basic Circular 165 was issued, requiring banks to open Fresh accounts in both US dollars and Lebanese pounds for settling electronic banking transfers related to Fresh money and for settling checks traded with cash, starting from June 1, 2023.

**5-1** In 2022, and compared to the years following the October 2019 popular uprising, the pace of decline in the total assets of commercial banks operating in Lebanon slowed down. The total assets amounted to approximately LBP 254,853 billion (equivalent to USD 169.1 billion at an exchange rate of 1507.5 LBP per US dollar), registering a 3.3% decrease. This comes after declines of 7%, 13.3%, and 13.1% in the years 2021, 2020, and 2019, respectively. The continued contraction of the banking sector's activity and the disruption of the banks' role in the developing of the national economy was accompanied by the ongoing political, economic, and financial crisis in the country. This crisis is exacerbated by the vacant presidency and the absence of a legitimate government, along with the failure to implement any of the required reforms that would enable the country to receive external aid.

**5-2** The table below shows the evolution of the components of commercial banks' liabilities, in terms of value and percentage, between the end of 2020 and 2022:

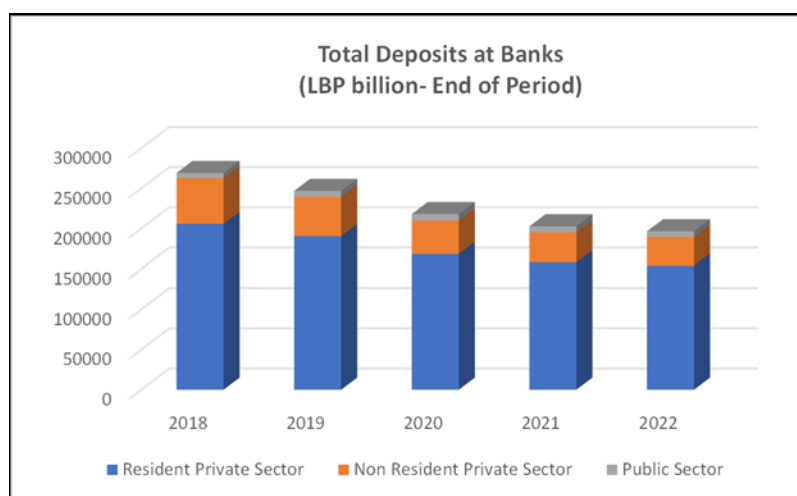
**Commercial Banks' Liabilities at the end of the period  
(Billion LBP and %)**

	2020		2021		2022	
	Value	%	Value	%	Value	%
<b>Resident private sector deposits</b>	168,519	59.4	158,178	60.0	154,248	60.5
<b>Public sector deposits</b>	8,264	2.9	7,538	2.9	7,055	2.8
<b>Non-resident private sector deposits</b>	41,233	14.5	36,996	14.0	35,270	13.8
<b>Non-resident financial sector liabilities</b>	9,924	3.5	7,343	2.8	6,501	2.6
<b>Capital accounts</b>	30,045	10.6	26,740	10.1	27,569	10.8
<b>Other liabilities</b>	25,489	9.0	26,922	10.2	24,210	9.5
<b>Total</b>	<b>283,474</b>	<b>100.0</b>	<b>263,717</b>	<b>100.0</b>	<b>254,853</b>	<b>100.0</b>

Source: BDL.

### Deposits

**5-3** At the end of 2022, the total deposits' base, which includes deposits from resident private sector (including financial sector), non-resident private sector, and deposits of some public institutions reached LBP 196,573 billion (the equivalent of USD 130.4 billion at an exchange rate of 1507.5 LBP per USD). This marked a 3% decrease compared to the end of the previous year, following consecutive declines of 7% in 2021, 11.7% in 2020, and 8.3% in 2019. The total decrease in deposits over the past four years (2019-2022) amounted to approximately USD 48 billion. It's worth noting that deposits also include certificates of deposit issued by banks, which amounted to \$300 million at the end of 2022.



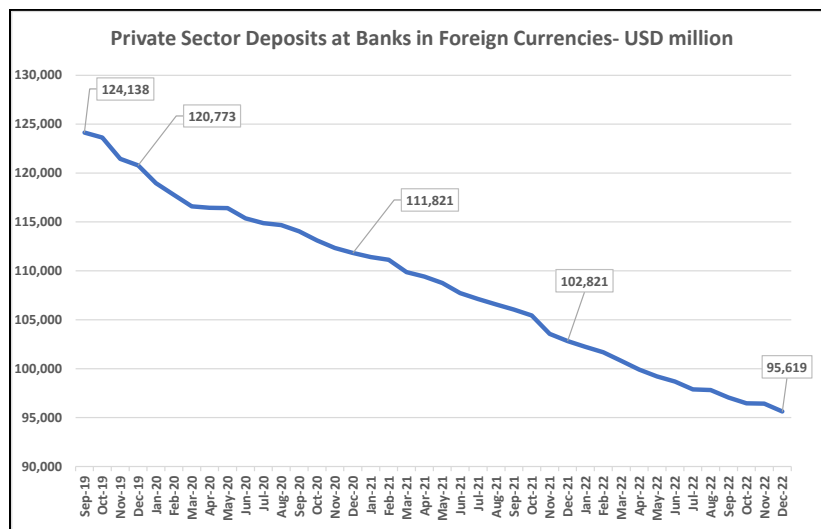
Source: BDL

At the end of 2022, deposits from resident private sector accounted for 78.5% of total deposits, non-resident private sector deposits accounted for 17.9%, and deposits belonging to the public sector accounted for 3.6%.



The decline in deposits can be attributed to several factors, including loan repayments (about 80% of the decrease in deposits over the past three years resulted from loan repayments), deposits' withdrawal operations subject to ceilings and conditions, as well as a decrease in inflows and transfers from abroad that would replenish deposits.

**5-4** In detailing the private sector's deposits by currency type, it shows a decrease in foreign currency deposits by 7% amounting to \$7.2 billion, to reach \$95.6 billion by the end of 2022. On the other hand, deposits in Lebanese pounds increased by 12.9%, amounting to LBP 5,202 billion, reaching a total of LBP 45,374 billion by the end of the mentioned year. It's worth noting that as of the preparation of this report, private sector deposits in foreign currency reached around \$94.1 billion at the end of March 2023.



Source: BDL

**5-5** On the other hand, banking deposits are concentrated in Beirut and its suburbs, as this area attracted approximately 66.2% of the total deposits by the end of September 2022, distributed among 49.2% of the total number of depositors. Meanwhile, 33.8% of the deposits are attributed to other regions and are distributed among 50.8% of the total depositors, indicating a difference in the average deposit between Beirut and its suburbs and other areas.

**5-6** Interest rates continued to decline in 2022, a trend that began in December 2019 following BDL's intermediate circular 536 dated 4/12/2019 (followed by intermediate circular 544 on 13/2/2020), in light of the imposed restrictions. The average interest rate on deposits in Lebanese pounds was 0.60% in December 2022, compared to 1.09% in December 2021 (7.36% in December 2019). The average interest rate on new or renewed dollar deposits also decreased to 0.06% from 0.19% (4.62%) in the three consecutive dates.

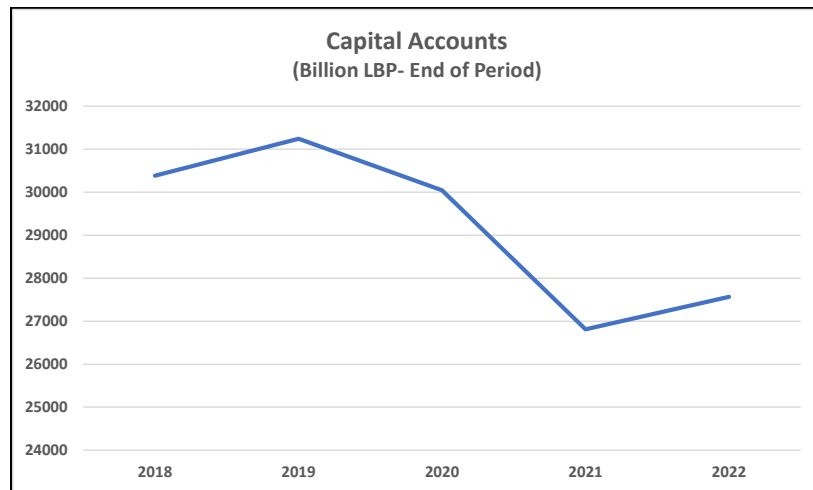
Under intermediate circular 536, banks operating in Lebanon were required to adhere to the maximum interest rate limit on credit deposits after December 4, 2019, which was 5% for foreign

currency deposits and 8.5% for Lebanese pound deposits. According to intermediate circular 544, these rates became 2% for one-month deposits, 3% for six-month deposits, and 4% for deposits for one year and beyond for foreign currency deposits. For Lebanese pound deposits, the rates were 5.5%, 6.5%, and 7.5% for the same terms, respectively, for deposits received or renewed after February 13, 2020.

### Capital Accounts

**5-7** At the end of 2022, the capital account for commercial banks operating in Lebanon reached 27,569 billion Lebanese pounds, equivalent to 18.3 billion US dollars based on an exchange rate of 1,507.5 Lebanese pounds per US dollar. This marked an increase of 2.8% compared to the end of 2021. It's worth noting that the Central Bank of Lebanon issued Circular 659 in January 2023, allowing for the revaluation of tangible and financial fixed assets of banks and recording a portion of them in the capital accounts.

Private funds in Lebanon experienced a decline of 10.8% in 2021 and a lesser decline of 3.8% in 2020 (after witnessing a 2.8% increase in 2019). This decline was due to the losses incurred by banks, which were building up substantial provisions in anticipation of sovereign risks, private sector risks, and rising operating burdens. At the end of December 2022, private funds constituted 10.8% of the consolidated balance sheet. What's noteworthy is that by the end of 2022, supported private funds, including bonds, secured loans, and some types of preferred stocks, accounted for 24.1% of private funds, compared to 5.6% at the end of 2021.



Source: BDL

**5-8** It's worth noting that banks bear a portion of the losses in the financial sector due to their significant exposure to sovereign debt, especially in foreign currencies (Eurobonds, certificates of deposit, and deposits with the Central Bank), as well as losses related to exchange rate fluctuations. Additionally, there are increasing risks associated with non-performing loans, especially foreign currency loans to the private sector.

## Placements of the Banking Sector

**5-9** The table below shows the development of items in the commercial banks' assets, in value and percentage, between the end of 2020 and 2022, which indicates a significant increase in the share of fixed material and financial values after revaluation operations to 8.1% of the total, in addition to an increase in the share of deposits with the Central Bank to 65%, while the share of loans to the resident private sector decreased to 10.7% and the public sector to 6.8%, and foreign assets to 6.0%.

### Commercial Banks' Assets at the end of the period (Billion LBP and %)

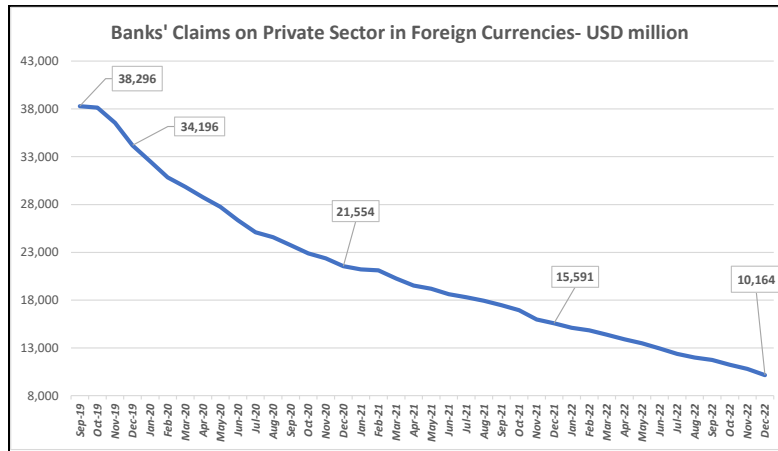
	2020		2021		2022	
	Value	%	Value	%	Value	%
<b>Reserves</b>	168,142	59.3	168,501	63.9	165,536	65.0
<i>o/w: deposits with BDL</i>	166,477	58.7	164,277	62.3	158,984	62.4
<b>Claims on customers and financial sector (resident)</b>	48,288	17.0	37,501	14.2	27,150	10.7
<b>Claims on the public sector</b>	31,745	11.2	25,713	9.8	17,383	6.8
<b>Foreign assets</b>	21,141	7.5	18,253	6.9	15,185	6.0
<i>o/w: claims on NR financial sector</i>	7,110	2.5	6,919	2.6	6,333	2.5
<i>claims on NR customers</i>	6,235	2.2	4,275	1.6	3,078	1.2
<b>Resident private sector securities portfolio</b>	2,445	0.9	2,954	1.1	4,210	1.6
<b>Fixed assets (tangible &amp; intangible)</b>	7,594	2.7	7,356	2.8	20,690	8.1
<b>Non-classified assets</b>	4,120	1.4	3,763	1.3	4,699	1.8
<b>Total</b>	<b>283,474</b>	<b>100.0</b>	<b>263,717</b>	<b>100.0</b>	<b>254,853</b>	<b>100.0</b>

Source: BDL.

## Claims on Private Sector

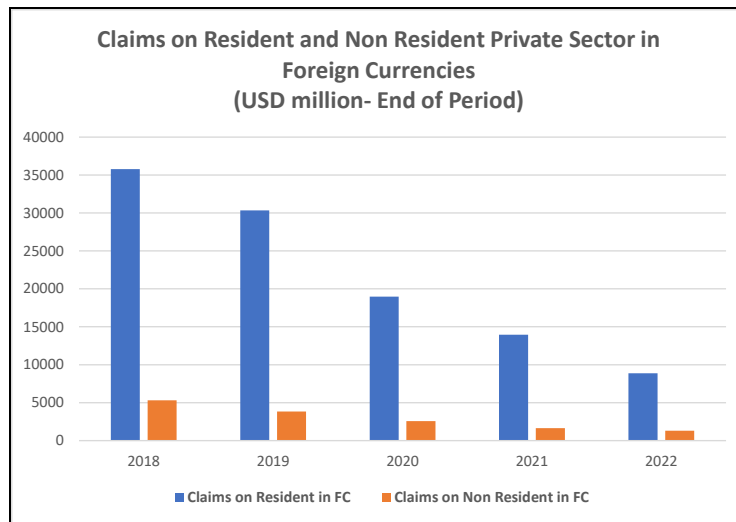
**5-10** The loans granted to the resident and non-resident private sector continued to decline in 2022, reaching the equivalent of 30,228 billion Lebanese pounds (or 20.1 billion US dollars based on an exchange rate of 1,507.5 pounds per dollar) at the end of the year. This represents a decrease of 27.7% in 2022, following a decline of 23.4% in 2021 and a higher decrease of 27.3% in 2020 (compared to -16.2% in 2019). This decline is attributed to the banking liquidity crisis, as well as the absence of a conducive environment for new loans, and the repayment of debts against deposits at the exchange rate of 1,507.5 or 8,000 before the official exchange rate was raised to 15,000 pounds in early February 2022.

**5-11** In detail, loans in Lebanese pounds decreased by 18.4% to reach LBP 14,906 billion at the end of 2022, while foreign currency loans saw a greater decline of 34.8% to reach 10.2 billion dollars by the end of that year. This decline was driven by the opportunity to repay loans at exchange rates lower than the actual market rates. As of the preparation of this report, foreign currency loans amounted to 9 billion dollars at the end of March 2023.



Source: BDL

**5-12** Loans to the non-resident private sector, which largely involve financing projects of Lebanese entrepreneurs abroad, especially in Arab and African countries, accounted for 10.2% of the total loans to the private sector at the end of December 2022 (approximately 2 billion dollars). It's worth noting that, by virtue of Circular 656 issued by the Central Bank of Lebanon in January 2023, non-resident borrowers are required to repay their debt in cash dollars starting from February 1, 2023.



Source: BDL

**5-13** On the other hand, the ratio of loans in foreign currencies to deposits in foreign currencies decreased to 10.6% at the end of 2022, compared to 15.2% at the end of 2021. Additionally, the ratio of loans in Lebanese pounds to deposits in Lebanese pounds decreased to 32.9% compared to 45.5% at the end of both years mentioned.

**5-14** The percentage of non-productive debt (net of assets) increased from 8.7% of private sector debt at the end of 2019 to 15.6% at the end of 2020, then to 18.8% at the end of 2021, before slightly decreasing to 17.8% at the end of 2022. The ratio of assets to debts considered doubtful for collection was 53.6%, 52.3%, 57%, and 67.9% on the mentioned dates, respectively.

**5-15** Interest rates on new or renewed loans, in general, continued their downward trend in 2022. The average interest rate on dollar-denominated loans decreased from 6.01% in December 2021 to 4.16% in December 2022. Similarly, the average interest rate on Lebanese pound-denominated loans decreased from 7.14% to 4.56% in the same respective periods.

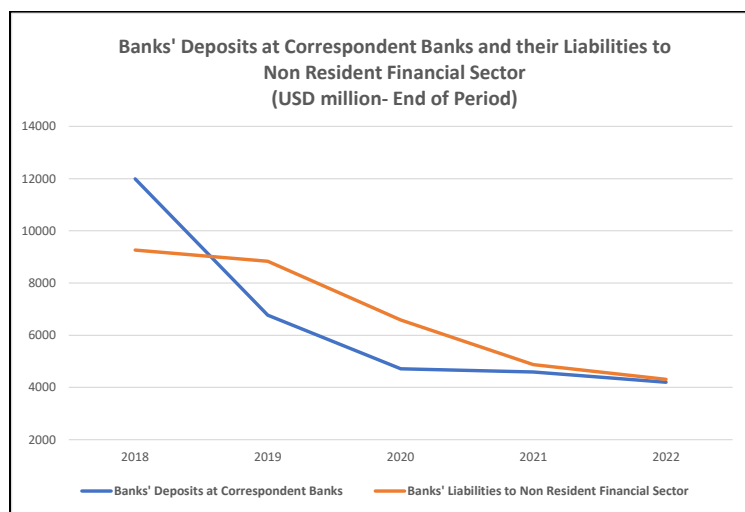
### Claims on Public Sector

**5-16** Commercial banks' claims on public sector amounted to the equivalent of 17,383 billion Lebanese pounds at the end of 2022, reflecting a decrease of 31.1% compared to the end of 2021. This follows a decrease of 20.6% in the previous year, a 26.6% decrease in 2020, and a 14.6% decrease in 2019.

**5-17** In detail, commercial banks' Lebanese Treasury bills portfolio decreased to 12,707 billion Lebanese pounds at the end of 2022, compared to 18,205 billion Lebanese pounds at the end of the previous year. Additionally, their Eurobonds portfolio, net of provisions, decreased to the equivalent of 4,423 billion Lebanese pounds at an exchange rate of 1,507.5 Lebanese pounds to the dollar (approximately 2,934 million dollars), compared to 6,661 billion Lebanese pounds (approximately 4,419 million dollars) in the two mentioned years, respectively. This represented 3.1% of the total foreign currency deposits at the end of 2022, compared to 4.3% at the end of 2021. It's worth noting that based on Intermediate Circular 649 issued in November 2022, the applicable percentage for calculating expected losses from placements in foreign currency treasury bills increased to 75% (from 45%).

### Foreign Assets

**5-18** Commercial banks' deposits at correspondent banks amounted to USD 4.2 billion at the end of 2022, compared to USD 4.6 billion at the end of 2021. They represented 4.4% of deposits of the private sector in foreign currencies at the end of both years. It's worth noting that deposits with correspondent banks, net of non-resident financial sector liabilities, amounted to USD -0.1 billion at the end of 2022, compared to USD -0.3 billion at the end of 2021.



Source: BDL

### **Deposits with BDL**

5-19 At the end of 2022, deposits of commercial banks at the Central Bank of Lebanon in both Lebanese pounds and foreign currencies amounted to 158,984 billion Lebanese pounds (or approximately 105.5 billion US dollars based on an exchange rate of 150.5 pounds per dollar), compared to 164,277 billion Lebanese pounds (109 billion US dollars) at the end of the previous year, representing a decrease of 3.2% after a 1.3% decline in 2020. These deposits include mandatory reserves imposed on banks (which were reduced by the Central Bank of Lebanon under Circular 586 dated June 8, 2021) and free deposits in both LBP and USD, in addition to certificates of deposit issued by the Central Bank to banks. The certificates in Lebanese pounds amounted to 43,147 billion Lebanese pounds at the end of 2022 (43,177 billion Lebanese pounds at the end of 2021), while certificates in dollars decreased to 18.7 billion US dollars at the end of 2022, compared to 22.5 billion US dollars at the end of 2021. It's worth noting that deposits at the Central Bank form the basis of the banking sector's losses and accounted for approximately 81% of the total customers' deposits in banks at the end of 2022. The foreign currency deposits of commercial banks at the Central Bank of Lebanon, according to official authorities, are estimated to be around 85 billion US dollars, which is equivalent to 90% of customers' deposits in dollars in banks at the end of March 2023.



## PART II

### Circulars of Banque du Liban

In 2022, the Association of Banks continued to work closely with monetary and supervisory authorities, in collaboration with bank administrations, to follow-up on regulatory and legislative issues and various files related to the banking profession.

#### THE CONTENT OF SOME OF THE MOST IMPORTANT CIRCULARS AND GUIDELINES ISSUED IN 2022 AND THE FIRST MONTHS OF 2023

- **Exceptional measures regarding foreign currency operations and cash withdrawals**

Based on the BDL's right to directly engage in exceptional cases, and in agreement with the Minister of Finance, to buy and sell foreign currencies from the public, **Basic Circular 161** was issued in December 2021. This circular aimed to supply banks with US dollars banknotes based on the daily rate of the "Sayrafa" platform announced the previous day, within the remaining amount of the specified ceiling for each bank for the current month. The implementation deadline for this circular was extended until February 28, 2022, with the possibility of renewal, according to **Intermediate Circular 612** issued in January 2022. In addition to the effects of Circular 161, the Central Bank issued a statement in January 2022 announcing an increase in the monthly quotas. This allowed banks to carry out transactions without a specified limit. The Central Bank subsequently extended the deadline for Circular 161 several times, the latest being until April 30, 2023, with the possibility of renewal, through **Intermediate Circulars 615, 618, 619, 624, 635, 639, 641, 647, 652, 653, 660, 663, and 666**.

In the previous year, the Central Bank had issued Circular 151, stating that if any client wishes to benefit from Circular 148 to make any withdrawals or cash transactions from their accounts or receivables in US dollars or other foreign currencies, Lebanese banks, subject to the client's consent, must settle the equivalent value in Lebanese pounds according to the market rate. The market rate had been adjusted to 8,000 Lebanese pounds for one US dollar within a limit of 3,000 US dollars per account. This adjustment was made through **Intermediate Circular 601** issued in late 2021 after the rate had been set at 3,900.

The implementation of this decision was extended through **Intermediate Circular 627** until December 31, 2022, and then until June 30, 2023, as per **Intermediate Circular 654**. The Central Bank had issued **Intermediate Circular 636** in July 2022, requesting banks to inform the Banking Control Commission monthly about the value of foreign currencies resulting from the mentioned operations.

In January 2023, the Central Bank issued **Intermediate Circular 657**, amending the rate from 8,000 to 15,000, within a limit of 1,600 US dollars per account per month instead of 3,000. This adjustment was effective from the beginning of February 2023.

- **Exceptional measures for the gradual settlement of foreign currency deposits**

In June 2021, BDL issued **Basic Circular 158** aiming at the gradual repayment of foreign currency deposits. This allowed the holder of a “special sub account” to withdraw a monthly amount of USD 400 in banknotes 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. This operation is not subject to any direct or indirect commission or fees of any kind, and the total annual amount that may be withdrawn in USD from all banks is not to exceed USD 4,800. Additionally, an equivalent of USD 400 in LBP can be withdrawn monthly at a rate of 15,000 LBP per US dollar instead of 12,000. Fifty percent of this amount is to be paid in banknotes to the account holder, and the remaining 50% through electronic cards and/or checks and/or transfers to settle obligations due on the account owner, as per **Intermediate Circular 658** issued in January 2023.

The circular requires the adoption of the total balances of all customer accounts, resident and non-resident, in foreign currencies, including related accounts in which the customer participates, is a party, or benefits from (such as joint accounts or union accounts...). These accounts should have been opened before October 31, 2019 (the account holder benefits from his term accounts opened before this date upon expiry of their terms, and from the cash collateral provided by him also before the aforementioned date when they are released according to **Intermediate circular 626** issued in June 2022). This circular also added that banks are allowed to use the available foreign liquidity within the 3% limit mentioned in Intermediate Circular 154, with the obligation to reconstitute it before December 31, 2023.

- **Exceptional restrictions on some banking operations**

In August 2021, **Basic Circular 159** prohibited banks operating in Lebanon from buying foreign currencies in the parallel market. However, they may buy, at market rate, foreign-currencies that are directly transferred from abroad to their customers, and solely for medium and long-term investment purposes, or to improve liquidity ratios, or to pay commitments abroad, provided that these operations are recorded on the Electronic Platform for Exchange Operations. The circular also forbids buying and selling checks and bank accounts in foreign currencies for their own account, whether directly or indirectly. Then, **Intermediate Circular 661**, issued in January 2023, amended the prohibition on trading in foreign currencies other than “fresh money” with clients, allowing such trading only according to the rate set by BDL’s Basic Circular 151.

Furthermore, the Central Bank issued **Intermediate Circular 662** in February 2023, prohibiting banks the direct or indirect sale and purchase of checks and bank accounts in foreign currencies or Lebanese pounds for their accounts. It also banned the issuance of bank checks in foreign currencies or Lebanese pounds in favor of another bank unless the beneficiary's name was included, requiring the check's value to be deposited into their account. The circular also mandated that banks ensure, at their responsibility, the legitimacy of issuing bank checks and certified checks in Lebanese pounds, confirming that the purpose of requesting these checks is lawful (payment of taxes, fees, judicial insurance, etc.) and does not lead to speculation on the national currency.



- **Application of the International Financial Reporting Standard 9 (IFRS 9) and Provisioning**

The Central Bank of Lebanon issued **Intermediate Circular 649** to gradually implement provisioning for its sovereign holdings, with a period ending on December 31, 2026. Regarding banks granted a 10-year deadline for provisioning, they are required to complete the process by December 31, 2029.

Concerning the applied ratios for calculating expected losses, the regulatory expected loss ratios on investments in Lebanese Treasury bonds denominated in foreign currencies were increased to 75%.

- **Opening of bank accounts and credit interest rate**

During the third quarter of 2019, BDL issued **Basic Circular 147** related to the opening of bank accounts. Under this circular, banks were required, when opening 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. Deposits that banks operating in Lebanon have received before 5 December 2019 shall remain subject, until maturity, to the conditions previously agreed upon between the concerned bank and its customers. Interests on foreign-currency deposits shall be paid as follows: 50% in the currency of the account and 50% in LBP. The validity of this decision was extended until June 30, 2023, according to **Intermediate Circular 655** issued in December 2022.

**Intermediate Circular 611**, issued in January 2022, added to Basic Circular 147, asking banks not to reject the checks deposited by customers into their current accounts unless it violates anti-money laundering and counter-terrorism financing laws and regulations.

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

According to **Intermediate Circular 616** issued in March 2022, which relates to Basic Circular 44, banks were required not to distribute dividends to common shareholders for the fiscal years 2019, 2020, and 2021. Then, **Intermediate Circular 659** issued in January 2023, added the year 2022.

BDL also issued **Intermediate Circular 649** in November 2022, informing banks that, exceptionally, when calculating their solvency ratios, they can add to their Common Tier I equity a portion of the losses resulting from the purchase of US Dollar from BDL in exchange for LBP Banknotes to reduce their FX positions before November 17, 2022, for a maximum of 66% of its value in 2022 and a maximum of 33% in 2023.

Additionally, **Intermediate Circular 659**, issued in January 2023, allowed including within the core equity, category for holders of common shares, 50% of the gains resulting from reevaluating real estate assets owned by the bank in full and real estate assets owned in full by real estate

companies in which the bank participates. This also includes long-term contributions associated with shares in banks and financial institutions abroad, with the condition that the Central Bank verifies the accuracy of the reevaluation process and approves it. The reevaluation process should be completed before December 31, 2023. The circular also allowed banks, exceptionally, for the purpose of calculating the improvement profit, to evaluate assets, that is fixed assets owned for debt settlement, in Fresh US dollars and adopt Sayrafa exchange rate as of December 31 of each year for a period of 5 years concerning its real estate assets owned in Lebanon and long-term contributions and loans associated with shares in banks and financial institutions abroad.

#### • **Securing Foreign Currencies for Productive and Vital Sectors to Meet Import Needs**

Given the exceptional circumstances affecting Lebanon and significantly impacting the financing of essential imports, especially basic food products and medicine, the Central Bank of Lebanon issued **Intermediate Circular 643** in October 2022 stipulating that banks can resort to the Central Bank to secure foreign currencies equivalent to the import bills of wheat, and at the rate set by the Ministry of Health on the invoices related to the import of medicine, medical supplies, infant formula up to one year old and materials used in pharmaceutical manufacturing.

Moreover, the circular stipulates that the client will be required to settle his dues to the bank in cash LBP at the exchange rate specified for transactions between the Central Bank and the banks. The bank is then required to deposit this amount in Lebanese banknotes at the Central Bank to secure the necessary foreign currencies for the import process.

#### • **Exceptional Loans, Retail Loans, and Prepayment under current circumstances**

Regarding prepayment of loans under the current circumstances, the Central Bank of Lebanon issued **Intermediate Circulars 638** in July 2022 and **646** in October 2022, to add to the Basic Circular 23, exceptionally, the possibility of prepayment for all housing loans, educational loans for pursuing higher education, and environmental loans not exceeding 30 million LBP each. This is done without the need for the approval of the Central Bank and without imposing any penalties on the client for the prepayment of their housing loan balance before seven years have passed since its implementation.

**Intermediate Circular 661** mentioned the possibility to repay the exceptional loan granted under Basic Circular 152 to clients affected by the Beirut port explosion in Lebanese pounds, based on the exchange rate used in the Central Bank's transactions with banks (currently at an average of 15,000 LBP for one US dollar), starting from February 1, 2023.

**Intermediate Circular 664**, issued in March 2023, requested banks operating in Lebanon to adhere to the provisions of Article 863 of the Code of Civil Procedure and not to take hold of salaries nor deduct more than the specified percentages in the mentioned article (35% of the family income, which can reach up to 45% in case of benefiting from a housing loan, provided that the monthly payments for the housing loan do not exceed 35% of the family income, i.e., the income of the husband and wife). The circular also mentioned rescheduling retail loans granted in US dollars so that monthly payments do not exceed the specified percentages.

## • **Liquidation of Short FX Position**

Through **Intermediate Circular 659** issued in January 2023, the Central Bank requested banks to gradually liquidate their short FX position that were open as of December 31, 2022. The liquidation is planned over a five-year period so it does not exceed a maximum of 80% in 2023, 60% in 2024, 40% in 2025, 20% in 2026, and zero percent in 2027.

## • **Fighting Money Laundering and Terrorism Financing**

Regarding said subject, BDL issued in December 2021 a series of Intermediate Circulars, **625, 630, 631, 632, 633 and 634**, addressed to banks and financial institutions that perform money transfers electronically, financial intermediation institutions, collective investments schemes, exchange institutions, leasing companies and credit counters, requesting them to apply due diligence measures to existing customers on the basis of materiality and risk. The circulars emphasized conducting due diligence on existing business relationships in a timely manner, taking into account whether and when these measures have previously been undertaken, and the adequacy of the data obtained.

Additionally, institutions were instructed to retain all records obtained through due diligence procedures for "customer" and "beneficial owner" for at least 5 years after closing the account or terminating the business relationship, including all documents related to transactions. The circulars introduced the need for ongoing auditing of operations conducted throughout the relationship with customers to ensure consistency with the institution's knowledge of customers, their business patterns, and the risks they pose, as well as, when necessary, the source of funds. It also stressed the importance of verifying that documents, data, or information obtained through due diligence procedures are continuously updated by reviewing records, especially those related to higher-risk categories of customers.

Said circulars requested that banks must promptly notify the Governor of Banque du Liban in his capacity as Chairman of the Special Investigation Commission, whenever they suspect or believe, based on reasonable or objective grounds, that the executed or attempted banking operation is related to money laundering or associated predicate offences, or to terrorist financing, terrorist acts, or terrorist organizations, regardless of the amount involved. Additionally, if money laundering or terrorist financing is suspected, and if they reasonably believe that performing the CDD measures will tip off the customer, it is then permitted not to pursue the CDD process.

When conducting electronic cash transfers, the circulars required institutions to consider customer risks, country risks, and service risks when classifying customers and transactions risks.

The circulars also emphasized that each bank must ensure that their branches and majority-owned subsidiaries operating abroad adopt the AML/CFT measures in force in Lebanon when the minimum requirements of the host country are less strict compared to Lebanon, to the extent permitted by the laws and regulations of the host country.

In addition to the above, **Intermediate Circular 633** mentioned the importance of implementing some measures in banks, of which obtain the approval of the Senior Management before establishing correspondent banking relationships, verify the nature of the business of the foreign

respondent bank, understand the respective responsibilities of the bank and the foreign correspondent bank, and with respect to payable-through accounts opened by foreign correspondent banks, take adequate steps to be satisfied that these banks have conducted the due diligence measures toward customers having direct access to accounts of the correspondent bank, and verify that these banks are able to provide relevant CDD information upon request.

Regarding the monitoring of civil servants' accounts, BDL issued **Basic Circular 163** requiring banks to implement enhanced due diligence measures for salary domiciliation accounts if these accounts register an activity not deriving from the job (deposits or transfers from real estate or commercial investments or from other sources). Enhanced due diligence measures include increasing control of accounts and operations, and conducting ongoing monitoring of the business relationship, obtaining the approval of the Senior Management for a business relationship and for executing operations, reviewing periodically the business relationship, obtaining more detailed information on the customer and the beneficial owner. In addition, a subaccount should also be opened to record operations that are not related to the job; this subaccount should be subject to enhanced due diligence measures and ongoing monitoring. Upon the emergence of any corruption indicator, the generally acknowledged corruption indicators shall be taken as reference. Knowing that the existence of one or more indicators does not mean in itself the existence of corruption acts, and if any, available information on the relevant operations, or customer's data and account movement should be reviewed and assessed, and the required decision taken as to whether or not to file a Suspicious Transaction Report (STR) to the SIC.

#### • **Information on Residents' Investments in Movable Assets Issued by Non-Residents**

**Intermediate circular 665**, issued in March 2023, amended the assessment basis in the interpretative guide attached to Basic Circular 91. It now requires that when declaring ownership of any asset, the market value, rather than the nominal value, should be used at the close of operations on the last day of each quarter. It's worth noting that the market value will also be used to reconcile with items in the balance sheet on the same date. Regarding bonds linked to debts such as bonds secured by real estate loans, the market value prevailing on that date must be declared.

All amounts must be expressed in the corresponding value in US dollars (in units), based on the prevailing exchange rates on the last day of each quarter. This circular is effective from the first quarter of 2023.

#### • **Interest on US Dollars Term Deposits with the Central Bank and Interest on US Dollar Certificates of Deposit Issued by Banque du Liban**

In April 2023, Banque du Liban issued Circular 668, extending the measures related to reducing interest on term deposits in US dollars with the central bank from banks operating in Lebanon until December 31, 2023. The interest reduction is set at 50%, and Banque du Liban will continue, exceptionally, to pay half of it in US dollars and the remaining half in Lebanese pounds. This circular also includes a reduction in the interest rates on US Dollar Certificates of Deposit issued by Banque du Liban and held by banks operating in Lebanon by 50%. Similarly, Banque du Liban will continue, exceptionally, to pay half of it in US dollars and the remaining half in Lebanese pounds.

- **Payment of Public Sector Employees' Salaries**

In March 2022, Banque du Liban issued **Basic Circular 162**, mandating that all banks ensure the necessary liquidity to facilitate the withdrawal of full monthly salaries, allowances, social assistance, and dues from mutual funds for public sector employees. The circular emphasizes the prohibition of imposing restrictions, whether in terms of setting cash withdrawal limits, installment plans, or the imposition of fees or charges. Additionally, it specifies that banks should not cite predefined limits on cash withdrawals from their accounts with Banque du Liban as a reason for any such restrictions.

- **Operational Expenses of Banks**

Banque du Liban's **Basic Circular 164**, issued in October 2022, requires all banks to report to the Banking Control Commission the monthly operating expenses that are mandatory to be paid from "new funds." These expenses are those paid or to be paid starting from January 1, 2022. Banks are also required to disclose the sources of financing for these expenses and how the necessary funding to cover these expenses is secured.

- **Electronic Settlement Operations for "Cash Money"**

"Cash money" refers to funds that were transferred from abroad and/or received as banknotes in foreign currencies after November 17, 2019. Also, funds that were deposited or will be deposited as banknotes in new accounts in Lebanese pounds, provided that the specified conditions in Basic Circular 150 are met.

Following the development of payment systems at the Central Bank (BDL-NPS) to include electronic transfer, clearing, and settlement services for "cash money," Banque du Liban issued **Basic Circular 165** in April 2023 to implement the same procedures used for settlement and clearing operations related to banking transfers and electronic clearing on settlement operations for cash money in accordance with the instructions outlined in Basic Circulars 127 and 130.

The circular requested from all participants in the (BDL-NPS) system to open new accounts with Banque du Liban in Lebanese pounds and US dollars exclusively for conducting all operations related to check clearing and electronic transfers for "cash money" by May 10, 2023, at the latest. It also required the exclusive use of these new accounts for settling electronic banking transfers related to cash money and clearing checks. The necessary cash funds should be deposited into the mentioned new accounts to ensure sufficient liquidity for the success of settlement operations in the (BDL-NPS) system. Each bank is responsible for determining the value of its deposits in these accounts, subject to the availability of the required balance at all times.

Regarding checkbooks, the circular requested banks to apply to the Cash Operations department to obtain checkbooks and to use them exclusively for cash withdrawals from the new accounts. Banks are prohibited from issuing bank checks for "cash money" drawn on their accounts with Banque du Liban except by order of the relevant bank account holder.

It's worth noting that Banque du Liban issued **Intermediate Circular 667 in April 2023**, related to financial and banking operations using electronic means. This circular prohibits conducting banking or financial operations using mobiles and fixed electronic devices between clients of different banks exceeding an amount of USD 10,000 unless to receive requests for bank transfers from the client. Banking or financial operations using mobiles and fixed electronic devices are allowed when using applications or electronic programs, through cards and/or bank accounts belonging to clients of different banks, provided that prior approval is obtained from Banque du Liban. The non-banking institution must maintain a capital of no less than LBP 50 billion continuously and is given a maximum deadline of September 30, 2023, to submit requests for capital increase, with the completion of procedures to make it effective no later than December 31, 2023. The total of funds sent and received from each client through a single application should not exceed 15,000,000 LBP daily and 150,000,000 LBP monthly for operations in Lebanese pounds, and 300 USD daily and 3,000 USD monthly, or the equivalent in foreign currencies, for operations in USD or other foreign currencies for sent funds. The received funds should not exceed 600 USD daily and 6,000 USD monthly.



## PART III

### HUMAN RESOURCES IN LEBANESE BANKS

#### I - BANKING POPULATION IN 2022

The year 2022 was challenging for the banking sector and its employees, much like the years following the financial and economic crisis. The decrease in the number of working employees continued, which had started slightly in 2018 and escalated in the subsequent years as shown below. The rate of increase in banking employment had ranged between 2.5% and 3.1% annually during the period of 2013-2017, as banks hired specialists to match the evolving tasks in various departments. While awaiting solutions for the sector and its anticipated restructuring since the beginning of the crisis, it is likely that the declining trend in the number of employees will persist. This could be due to banks downsizing in certain departments, employees reaching the legal retirement age, some opting for leaving their job with specific compensations, or seeking other job opportunities domestically or internationally due to the deterioration of their purchasing power. Statistical data regarding the total number of banks at the end of 2022 indicates 56 banks, comprising 44 commercial banks and 12 investment banks. Commercial banks were distributed among 30 Lebanese joint-stock companies, 7 Lebanese banks of major Arab shareholders, 5 Arab banks, and 2 non-Arab banks. As Lebanese banking groups in Lebanon seek to reduce operational expenses by integrating their units into a single group and converting them into departments within the main bank, two investment banks ceased their activities in 2022 after two others had stopped the previous year, without being removed from the official list of banks.

In 2022, more bank branches were closed domestically, reducing their number to 822 branches by the end of the September 2022, with further closures expected in the upcoming period. Additionally, the number of ATMs decreased to 1,637 machines by the end of September 2022.

	2017	2018	2019	2020	2021	Sep 2022
<b>Number of banks</b>	65	65	63	63	61	61
<i>Commercial</i>	49	49	47	47	46	46
<i>Investment</i>	16	16	16	16	15	15
<b>Number of branches in Lebanon</b>	1,086	1,101	1,071	1,014	914	822
<b>Number of ATMs</b>	1,902	1,998	2,003	1,874	1,724	1,637

The table below illustrates the evolution of the number of employees in banks and their distribution according to categories.

<b>Distribution of banking population</b>						
	2017	2018	2019	2020	2021	2022
<b>Total number of employees</b>	26,005	25,908	24,886	22,325	18,815	16,520
<i>Change (Number)</i>	745	-97	-1,022	-2,561	-3,510	-2,295
<i>Change (%)</i>	2.95	-0.37	-3.94	-10.29	-15.72	-12.20
<b>Distribution as per banks' categories</b>						
Lebanese Commercial Banks s.a.l	24,648	24,557	23,554	21,091	17,651	15,488
Foreign/Arab Commercial Banks	515	513	490	484	440	382
Investment & M&LT credit banks	842	838	842	750	724	650

## The banking population characteristics

In this section, we will rely on data collected from 44 banks that fully completed the forms, as other banks only provided us with the number of employees they had at the end of 2022.

**Regarding gender**, the banking workforce in Lebanon attracts a high percentage of females, reaching 48.4% by the end of 2022 compared to 51.6% for males.

**Regarding marital status**, the percentage of single employees recorded a further decrease, constituting 26.2% of the total available workforce by the end of 2022 compared to 28.4% at the end of the previous year. This might be due to a larger number of singles leaving the sector in search of better opportunities domestically or internationally, as they do not have responsibilities like married individuals. Singles are evenly distributed between females and males, while the number of married males exceeds the number of married females.

**In terms of age distribution**, the share of those under the age of forty still dominates the banking workforce in Lebanon, although it decreased to around 48.2% of the total available workforce by the end of 2022 compared to 53% at the end of 2021 due to the youth leaving the sector primarily. The share of those aged between 40 and 60 reached 45.3% (41% at the end of 2021), while the share of those over sixty was approximately 6.4% (6% at the end of 2021).

The distribution of employees in banks according to gender and within different age groups shows that the share of males exceeds the share of females in all age groups except the 25-40 age group where the female ratio exceeds males.

	Below 25 years	25-40 years	40-50 years	50-60 years	Above 60 years	Total
<b>Male (%)</b>	55.4	46.0	53.7	57.0	67.0	51.6
<b>Female (%)</b>	44.6	54.0	46.3	43.0	33.0	48.4
<b>Total Number</b>	<b>196</b>	<b>7,147</b>	<b>3,903</b>	<b>2,998</b>	<b>981</b>	<b>15,225</b>

The distribution of employees of the same gender across different age groups shows that the percentage of female employees under the age of forty exceeded that of males in this category by about ten points at the end of 2022.

	Below 25 years	25 – 40 years	40 – 50 years	50 – 60 years	Above 60 years	Total number
<b>Male (%)</b>	1.4	41.8	26.7	21.7	8.4	<b>7,857</b>
<b>Female (%)</b>	1.2	52.4	24.5	17.5	4.4	<b>7,368</b>

**In terms of job grades**, “technicians” constituted 74% of the declared workforce in 2022, compared to 26% for “cadres”. It’s worth noting that “technicians” occupy jobs that require skills acquired through learning, experience, and training. They are problem-solvers, capable of supervising teams, and flexible in customer relations. The “cadres”, on the other hand, occupy positions that require significant responsibilities, wide knowledge, and leadership skills, with the ability to make decisions.



**Regarding the educational level**, the Lebanese banking sector has always been distinguished by attracting employees with a high level of education. The percentage of university graduates reached about 80% of the banking workforce by the end of 2022.

**Distribution of bank employees by gender and level of education – End of 2022 (%)**

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate	Total
<b>Male (%)</b>	85.9	60.5	46.8	7,857
<b>Female (%)</b>	14.1	39.5	53.2	7,368
<b>Total Number</b>	<b>1,251</b>	<b>1,781</b>	<b>12,193</b>	<b>15,225</b>

The distribution of employees of the same gender according to educational level shows that approximately 88% of female workers in the banking sector hold a university degree, compared to approximately 73% of males by the end of 2022.

**Distribution of male and female bank employees by educational level – End of 2022 (%)**

	Below the baccalaureate level	Baccalaureate or its equivalent	University graduate	Total number
<b>Male (%)</b>	13.7	13.7	72.6	<b>7,857</b>
<b>Female (%)</b>	2.4	9.5	88.1	<b>7,368</b>

**Salaries, Wages and Benefits**

It's important to note at the outset of this paragraph that the banks that filled out this section of the form provided statistical data in Lebanese pounds, knowing that the method of calculating wages, benefits, and allowances varied from one bank to another. We will only present the average cost and its components as reported to the General Secretariat for the year 2022.

**The average annual cost** per employee (including salary, additions, and compensations) amounted to 209 million Lebanese pounds in 2022 (approximately 17 million Lebanese pounds monthly based on a 12-month period, equivalent to around 570 US dollars based on the average exchange rate in the parallel market in 2022, which was approximately 30,313 Lebanese pounds per US dollar). Despite a decrease in the number of employees for various reasons, including an increase in the basic salary due to the raises approved by the Ministry of Labor on the minimum wage, as well as increases in transportation allowances, health benefits, and educational grants, this cost increased in Lebanese pounds and evaluated in dollars compared to the previous year. It's worth noting that this average does not reflect the reality of what employees from different categories earn, as there is variation in costs among employees based on several criteria, notably the grade and the salaries' policy applied in the bank.

In 2022, **the average monthly salary** for an employee in the Lebanese banking sector was approximately 7 million Lebanese pounds, or about 230 US dollars, which increases to around 570 US dollars based on the average exchange rate in the parallel market when all compensations are added as mentioned above.

**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	Average exchange rate LBP/US\$
2017	4,049	5,658	6,399	675	1,507.5
2018	4,224	5,916	6,788	675	1,507.5
2019	4,517	6,087	6,832	675	1,634.0
2020*	4,504	6,211	6,861	675	6,705.0
2021**	4,824	7,265	8,134	675	16,821.0
2022**	7,047	12,860	17,385	2,600	30,313.0

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

\*\* Average numbers collected from banks who filled statistics in 2021 and 2022 were adopted.

By the end of 2022, based on available data, **salaries before tax** constituted approximately 41% of the total cost, and the average basic salary for an employee was 5.3 million Lebanese pounds, paid over 16 months as stipulated in the Collective Labor Agreement.

**Family allowances** constituted 1.3% of the total cost by the end of 2022. These allowances represent the banks' contributions to the National Social Security Fund (NSSF), related to employees' salaries on one hand, in addition to the surplus amounts paid by banks to employees above the social security contribution rate on the other hand. According to the Collective Labor Agreement, banks pay the allowance designated by the NSSF (LBP 33,000 for each child and LBP 60,000 for the wife), plus an additional 50% of the child's allowance and 75% of the wife's allowance.

**Health and maternity allowances, commonly known as health insurance** constituted approximately 5.9% of the total cost by the end of 2022. These allowances include the banks' contributions to the NSSF, where their current contribution is 8% of employees' salaries (compared to 3% borne by the employee), as well as the surplus provided by banks to employees in addition to what they receive from the NSSF. These supplements increased in 2022 alongside the increase in medical and laboratory fees and the limited coverage provided by the NSSF, noting that they varied significantly from one bank to another.

The **end-of-service indemnities** represented approximately 26% of the total cost by the end of 2022. They include contributions paid to the NSSF and the provisions, with a reminder that banks' contribution to NSSF for end-of-service indemnities is 8.5% of the aggregate salaries subject to tax.

**Other benefits** accounted for 26% of the total cost by the end of 2022. These benefits include educational allowances (16% of the total) and **transportation allowances** (64% of the total), in addition to cashier allowances, marriage and maternity allowances, representation and clothing allowances, among others.

Regarding **educational allowances**, the average amount for education allowances granted to dependent children registered in private schools and schools for students with special needs was approximately LBP 8 million, compared to LBP 3.4 million for students in tuition-free schools, LBP 4.7 million for students at the Lebanese University, and LBP 13.6 million for students in private universities. It's worth mentioning that, due to the prevailing circumstances and after consultation and discussion with the Federation of Syndicates of Banks Employees, with the aim of solidarity between banks to assist employees in difficult social circumstances, the Association of Banks circulated to its members on September 6, 2022, the Federation's proposal to increase educational allowances for employees' children. Each bank is to decide on the implementation based on its capability to do so.

The proposal suggests granting:

- LBP 15 million for students enrolled in public or tuition-free schools,
- LBP 20 million annually for students enrolled in the Lebanese University,
- LBP 30 million for students enrolled in private schools or institutions for individuals with special needs,
- LBP 50 million for students enrolled in private universities.

On another note, there is no doubt that the cost of **transportation allowances** significantly increased in 2022 despite the decrease in the number of employees, influenced by the rise in the average price of a gasoline gallon, which is communicated by the Association of Banks to its members. The price increased from LBP 354,000 in January to LBP 781,000 in December, averaging LBP 572,000 throughout the year compared to an average of about LBP 112,000 in 2021. The particular increase in gasoline prices resulted from its gradual subsidy removal until September 2022 when it was completely lifted.

Finally, it's worth mentioning the bank employees' anticipation for the renewal of the Collective Labor Agreement to align with current social conditions. Similar to previous contracts, this renewal is expected to contribute to securing professional stability and social security for thousands of Lebanese workers.

## II - Activities of the HUMAN RESOURCES DEVELOPMENT Department IN 2022

### 1- General overview

With the persistence of the Covid-19 pandemic and the exacerbation of financial and economic crises in 2022, the Human Resources Development department (HRD) at the Association of Banks in Lebanon (ABL) tried to pursue its activities as much as possible in the following three areas: **organizational development, corporate social responsibility and training.**

In the field of **organizational development**, the HRD department collected statistics on salaries, school allowances and medical care (hospitalization coverage, medical consultation fees and medicine) and held a series of meetings with HR managers in banks in order to discuss these matters and take appropriate decisions in light of the deterioration of the exchange rate and the loss of the purchasing power of employees' salaries. The Human Resources and Social Affairs Committee at ABL also held a series of meetings with the Federation of Banks Employees Syndicates to negotiate the renewal of the Collective Labor Agreement, which will be continued in 2023.

In the context of **e-learning**, bank employees continued to register on ABL's electronic platform "ABL-eT", which facilitates distance learning, with a particular focus on the "Fighting Money Laundering" course. A special page was also customized within the e-learning platform to accommodate the needs of the "Community" of the Compliance & AML committee at ABL. This tool will help them interact with each other by using the "Chat" option as well as uploading documents and videos to be shared amongst all members of the committee. The HRD department is also ready to create such pages for the other committees, if needed.

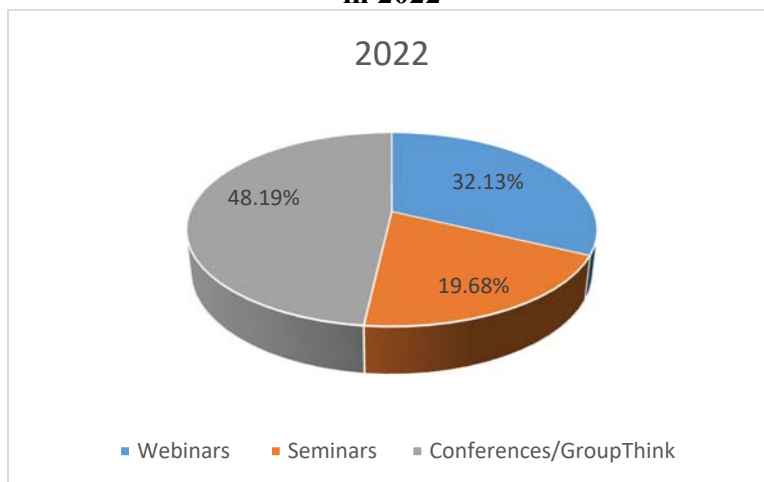
As for **corporate social responsibility**, ABL's activities were limited to a humanitarian initiative at the end of the year, which involved collecting an amount of money and donating them to the "Rouh Zouron Bi Bayton" NGO to buy consumable goods and distribute them to needy families. It's worth noting that the Association of Banks joined the UN Global Compact in 2017 and works to achieve three sustainable development goals: zero hunger, quality education, and gender equality.

Concerning **training**, the HRD department at ABL collaborated with HR departments in banks to prepare its annual program for 2022, which focused on priority topics for them, related to legal and regulatory aspects, audit, security, administrative aspects, and IT management and usage. As in previous years, ABL's Board of Directors approved the program, which was then published on ABL's website: [www.abl.org.lb](http://www.abl.org.lb) under the "Human Resources Development Department" section.

### 2- Distribution of participants by type of training activity

During 2022, 249 persons participated to the various activities organized by the HRD department. 80 participants attended webinars, 49 persons participated to in-person trainings, 45 persons participated to a Groupthink session, and 75 persons attended a conference.

### Distribution of participants by type of training activity in 2022



Hereafter are the details concerning the content of the different types of training activities for the year 2022:

#### a- Webinars

In 2022, 80 persons participated in two webinars, of which 14 attended “Banking Secrecy” that was delivered by Me. Elie Hachache, lawyer and banking legal consultant. Additionally, the HRD department organized a webinar on “Cybercrime” in cooperation with the Special Investigation Commission (SIC) for 66 persons, distributed across four groups. Dr. Haytham Yassine, deputy director at the SIC was nominated to conduct the training.

#### b- In-person training

A training course on "The National Risk Assessment Implementation and related policies and procedures" was organized at the Higher Institute for Banking Studies - Saint Joseph University. The course was attended by 49 participants distributed across two groups. Mr. Chahdan Jebeyli, Chairman of the Committee for Compliance and Fighting Money Laundering at ABL gave an introduction on the topic, followed by a presentation delivered by Mrs. Aline Tufenkjian, Director of the Compliance Training Academy and Head of the Training and Research department at Credit Libanais Group Compliance Division.

The table in the annex presents all the details regarding participation in the topics covered in both virtual and in-person courses, including the number of training hours for each, as well as the distribution of participants by gender, seniority, and grade.

#### c- Conferences / Groupthink sessions

The HRD department organized a conference on “Supply Chain Finance (SCF) Diagnosis in Lebanon” following the request of the International Finance Corporation (IFC), a member of the World Bank Group, which had initiated this study in early 2021 to explore barriers to the improvement of the enabling environment. Specialists provided an overview of the motivations to engage in a SCF mechanism and explained the various approaches adopted. They also summarized

IFC’s market assessment of the environment and potential for SCF and asset-based lending in Lebanon. This conference was attended by 75 individuals.

As for the Groupthink session, the HRD department collaborated with Dr. André Gholam, founder and owner of “Logica” and an expert in information systems security, to organize a session on "Open Source in Banks: Between Myth and Reality." The groupthink brought together a number of specialists who shared their expertise in this field with 45 participants.

### II-3- Participants’ characteristics

The HRD department collects statistical information about the participants’ gender, years of experience and grade to read as follows:

	<b>Webinars</b>	<b>In-person training</b>
<b>Female</b>	60%	59.2%
<b>Male</b>	40%	40.8%
<b>Less than 5 years</b>	12.5%	8.2%
<b>5-10 years</b>	27.5%	30.6%
<b>More than 10 years</b>	60%	61.2%
<b>Technicians</b>	23.8%	20.4%
<b>Middle level cadres</b>	70%	65.3%
<b>High level cadres</b>	6.2%	14.3%
<b>Total</b>	100%	100%

We can conclude from the table above that the percentage of females participating to both webinars and in-person training is higher than the males. It is also noteworthy that employees with more than 10 years of experience had a significant participation rate in all training courses, indicating the importance of the topics to them and to bank management.

### II-4- Other activities

- Participation in meetings organized by the Global Compact Network Lebanon, notably the annual general assembly that was held virtually on April 7<sup>th</sup> and was attended by the director of the Human Resources Development department at ABL. It is known that this organization aims to achieve ten Sustainable Development Goals worldwide within the principles of human rights, labor, the environment, and anti-corruption. ABL has been a member since 2017.
- Participation to the House of Training – ATTF Luxembourg activities: 4 bankers from Lebanon applied to participate in the virtual program on "Ethics in Finance." They were selected among 42 individuals from various countries worldwide. Two of them participated in the course held in June 2022, and two others in September.

**Distribution of participants to the webinars & seminars (2022)**

Themes	Number of sessions	Number of participants	Distribution by gender		Distribution by seniority			Distribution by grade			Number of banks/Financial Institutions	Number of training hours by session	Number of total training hours	
			Male	Female	Less than 5 years	5-10 years	More than 10 years	Technicians	Middle Level Cadres	High Level Cadres				
<b>Webinars</b>														
<b>» Legal &amp; Regulatory Framework</b>														
1	Banking Secrecy	1	14	4	10	1	4	9	3	10	1	7	6	84
<b>» Information Technology Management &amp; Uses</b>														
2	Cybercrime	4	66	28	38	9	18	39	16	46	4	19	2	132
<b>Sub-Total</b>		<b>5</b>	<b>80</b>	<b>32</b>	<b>48</b>	<b>10</b>	<b>22</b>	<b>48</b>	<b>19</b>	<b>56</b>	<b>5</b>			<b>216</b>
<b>Seminars</b>														
<b>» Risk Management</b>														
3	The National Risk Assessment Implementation and related policies and procedures	2	49	20	29	4	15	30	10	32	7	24	3	147
<b>Sub-Total</b>		<b>2</b>	<b>49</b>	<b>20</b>	<b>29</b>	<b>4</b>	<b>15</b>	<b>30</b>	<b>10</b>	<b>32</b>	<b>7</b>	<b>24</b>	<b>3</b>	<b>147</b>
<b>Total</b>		<b>7</b>	<b>129</b>	<b>52</b>	<b>77</b>	<b>14</b>	<b>37</b>	<b>78</b>	<b>29</b>	<b>88</b>	<b>12</b>	<b>24</b>		<b>363</b>

### **III - HIGHER INSTITUTE FOR BANKING STUDIES (ISEB) ACADEMIC YEAR 2021-2022**

Despite all the difficulties and challenges, the Higher Institute for Banking Studies remains committed to its mission of serving as a partner to Lebanese Banks in their educational and training efforts, ensuring high-quality academic and professional education for dozens of individuals proficient in both French and/or English languages. 17 new graduates were awarded a Bachelor's degree, and 15 students received a Master's degree in four specializations, namely:

- Risk Management
- Digital Banking and Financial Technology
- Retail and Corporate Credit
- Financial Markets.

Starting from October 2022, AlManaar International Institute, a reputable holding company known in the Kingdom of Saudi Arabia, began organizing training courses in collaboration with the Higher Institute for Banking Studies.



# **Part 4**

# **STATISTICAL TABLES**

**Table 1*****Main Economic Indicators***

	2018	2019	2020	2021	2022
Gross Domestic Product at current prices (LBP billion)	82,764	80,196	95,700	271,916	588,617
GDP Real Growth rate (%)	(1.9)	(6.9)	(25.9)	(7.0)	(2.6)
BDL Coincident Indicator (average 93=100)	307.7	292.6	180.2	140.3	121.7
<i>Change (%)</i>		(4.9)	(38.4)	(22.1)	<i>Till Aug</i>
Trade Deficit (Cumulative-USD million)	17,028	15,508	7,765	9,754	15,561
Changes in net foreign assets (Cumulative-USD million)	(4,823)	(5,851)	(10,551)	(1,960)	(3,197)
Banque du Liban	(2,289)	(3,905)	(14,274)	(4,583)	(3,044)
Banks & Financial Institutions	(2,534)	(1,946)	3,723	2,623	(153)

Sources: Central Administration of Statistics- BDL- Customs Directorate - World Bank

GDP and real economic growth for years 2018, 2019 and 2020: Central Administration of Statistics

GDP and real economic growth for years 2021 and 2022 : World Bank

() indicates a negative number

**Table 2****Monetary situation \*** (end of period, LBP billion)

<b>Designation</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Currency in circulation	29,242	41,515	73,514
Demand deposits in LBP	10,914	16,422	25,266
<b>Money (M1)</b>	<b>40,156</b>	<b>57,937</b>	<b>98,780</b>
Other Deposits in LBP	27,354	21,070	17,802
<b>(M2) = (M1) + other deposits in LBP</b>	<b>67,510</b>	<b>79,007</b>	<b>116,582</b>
Deposits in FC	132,022	121,729	112,620
Bonds in FC	519	334	369
<b>(M3) = (M2) + Deposits in FC + Bonds in FC</b>	<b>200,052</b>	<b>201,070</b>	<b>229,572</b>
<b>Counterparts:</b>			
Net foreign Assets	27,028	22,950	18,197
Net claims on public Sector	76,290	67,506	50,842
Valuation adjustment	(17,383)	(17,872)	(19,131)
Claims on private sector	51,964	40,669	30,038
Other items (net)	62,153	87,817	149,625
<b>Total</b>	<b>200,052</b>	<b>201,070</b>	<b>229,572</b>

Source : Banque du Liban

() indicates a negative number

\* Starting January 2017, the compilation of the monetary aggregates and their counterparts is based on the consolidated balance sheets of depository corporations.

**Table 3*****Public Finances (in LBP billion)***

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Total public revenues</b>	<b>17,524</b>	<b>17,405</b>	<b>16,680</b>	<b>15,342</b>	<b>20,263</b>
Budget revenues	16,247	16,189	15,890	13,686	18,802
o/w tax revenues	12,381	12,766	12,535	10,474	15,237
<i>percent of total revenues (%)</i>	<i>70.7</i>	<i>73.3</i>	<i>75.1</i>	<i>68.3</i>	<i>75.2</i>
Treasury Receipts	1,277	1,216	790	1,656	1,461
<b>Total public payments</b>	<b>23,186</b>	<b>26,821</b>	<b>25,477</b>	<b>19,425</b>	<b>18,066</b>
Budget expenditures	21,223	24,664	23,602	17,177	15,738
o/w salaries & indemnities	8,218	9,719	10,146	9,885	9,893
<i>percent of total payments (%)</i>	<i>35.4</i>	<i>36.2</i>	<i>39.8</i>	<i>50.9</i>	<i>54.8</i>
Debt Service	7,814	8,457	8,366	3,106	2,813
<i>percent of total payments (%)</i>	<i>33.7</i>	<i>31.5</i>	<i>32.8</i>	<i>16.0</i>	<i>15.6</i>
Other expenses	5,191	6,488	5,090	4,186	3,032
<i>percent of total payments (%)</i>	<i>22.4</i>	<i>24.2</i>	<i>20.0</i>	<i>21.5</i>	<i>16.8</i>
Treasury payments	1,963	2,157	1,875	2,249	2,328
<b>Overall Balance :Surplus (+); Deficit (-)</b>	<b>-5,662</b>	<b>-9,416</b>	<b>-8,797</b>	<b>-4,083</b>	<b>2,197</b>
<b>Primary Balance: Surplus (+); Deficit (-)</b>	<b>2,152</b>	<b>-959</b>	<b>-431</b>	<b>-977</b>	<b>5,010</b>

Source: Ministry of Finance

**Table 4****Public debt (end of period)**

	LBP billion					in %				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
<b>1- Gross public debt</b>	<b>128,347</b>	<b>138,150</b>	<b>144,108</b>	<b>151,309</b>	<b>153,484</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
<i>Change %</i>		7.6	4.3	5.0	1.4					
<b>2-Debt denominated in LBP</b>	<b>77,852</b>	<b>87,279</b>	<b>89,762</b>	<b>93,247</b>	<b>91,169</b>	<b>60.7</b>	<b>63.2</b>	<b>62.3</b>	<b>61.6</b>	<b>59.4</b>
<i>Change %</i>		12.1	2.8	3.9	(2.2)					
a- Bank of Lebanon	39,006	50,717	55,079	58,002	57,403	30.4	36.7	38.2	38.3	37.4
<i>Change %</i>		30.0	8.6	5.3	(1.0)					
b- Banks	27,402	25,316	23,157	21,200	15,575	21.3	18.3	16.1	14.0	10.1
<i>Change %</i>		(7.6)	(8.5)	(8.5)	(26.5)					
c- Others	11,444	11,246	11,526	14,045	18,191	8.9	8.1	8.0	9.3	11.9
<i>Change %</i>		(1.7)	2.5	21.9	29.5					
<b>3- Debt denominated in FC</b>	<b>50,495</b>	<b>50,871</b>	<b>54,346</b>	<b>58,062</b>	<b>62,315</b>	<b>39.3</b>	<b>36.8</b>	<b>37.7</b>	<b>38.4</b>	<b>40.6</b>
<i>Change %</i>		0.7	6.8	6.8	7.3					
o/w Eurobonds (principal + interest accrued + arrears)*	47,225	47,776	51,204	55,057	59,166					
<i>Change %</i>		1.2	7.2	7.5	7.5					
4- Public sector deposits in the banking system	14,186	15,677	15,133	19,238	26,445					
<i>Change %</i>		10.5	(3.5)	27.1	37.5					

Source : Banque du Liban

() indicates a negative number

\* Arrears beginning 2020 after the State stops to pay Eurobonds in March 2020.

**Table 5****Treasury bills Outstanding portfolio in LBP***Value in billion LBP ( End of period)*

	<b>3 M</b>	<b>6 M</b>	<b>12 M</b>	<b>24 M</b>	<b>36 M</b>	<b>60 M</b>	<b>84 M</b>	<b>96 M</b>	<b>120 M</b>	<b>144M</b>	<b>180M</b>	<b>Total</b>	<i>weighted average interest* (%)</i>	<i>weighted average life* (days)</i>
<b>2018</b>	231	323	2,195	6,966	10,308	17,778	11,311	1,832	21,138	3,076	1,417	<b>76,575</b>	6.11	1,628
<b>2019</b>	26	72	939	3,299	9,086	20,086	15,555	1,832	30,312	3,076	1,417	<b>85,700</b>	6.44	1,772
<b>2020</b>	37	137	1,039	1,910	6,714	21,631	18,741	67	33,372	3,076	1,417	<b>88,141</b>	6.52	1,693
<b>2021</b>	151	286	1,293	2,492	5,599	21,841	20,839	-	34,622	3,076	1,417	<b>91,616</b>	6.55	1,513
<b>2022</b>	205	410	3,955	4,169	5,570	17,310	19,047	-	34,565	3,076	1,417	<b>89,724</b>	6.42	1,275

Preliminary data source : Banque du Liban

\* According to the share of each category in the total Portfolio.

**Table 6**

*Exchange rates of major Foreign and Arab currencies  
LBP per other currencies*

	2018	2019	2020	2021	2022
<i>End of period</i>					
<b>US dollar</b>	1,507.50	1,507.50	1,507.50	1,507.50	1,507.50
<b>British Pound</b>	1,905.78	1,977.99	2,048.54	2,022.91	1,813.97
<b>Swiss Franc</b>	1,529.68	1,551.09	1,706.67	1,639.48	1,628.67
<b>Euro</b>	1,724.73	1,686.89	1,851.21	1,701.52	1,603.83
<b>Japanese Yen</b>	13.66	13.81	14.61	13.11	11.27
<b>Syrian Lira</b>	2.93	3.45	1.2	0.6	0.6
<b>Saudi Riyal</b>	401.86	401.86	401.79	401.53	401.09
<b>Kuwaiti Dinar</b>	4,962.15	4,971.97	4,949.11	4,980.18	4,920.04

Source : Banque du Liban.

**Table 7*****Average Interest Rates at Commercial Banks (%)***

	<i>on LBP</i>		<i>on USD</i>		<i>Interbank rate LBP</i>	<i>LIBOR 3 month USD</i>
	<i>lending</i>	<i>Deposit</i>	<i>lending</i>	<i>Deposit</i>		
Dec-18	9.97	8.30	8.57	5.15	40.11	2.79
Dec-19	9.09	7.36	10.84	4.62	23.64	1.91
Dec-20	7.77	2.64	6.73	0.94	3.00	0.23
Jan-21	8.53	2.31	6.52	0.58	-	0.22
Feb-21	7.59	2.11	6.92	0.54	3.00	0.19
Mar-21	8.02	1.96	7.14	0.52	-	0.19
Apr-21	8.00	2.01	6.88	0.49	-	0.19
May-21	7.86	1.85	6.61	0.42	3.00	0.15
Jun-21	7.32	1.84	6.46	0.39	-	0.13
Jul-21	7.26	1.74	5.99	0.33	3.00	0.13
Aug-21	7.52	1.62	5.87	0.30	3.00	0.13
Sep-21	7.65	1.53	6.34	0.26	-	0.12
Oct-21	7.46	1.34	6.86	0.23	3.00	0.13
Nov-21	7.20	1.23	6.75	0.20	3.00	0.16
Dec-21	7.14	1.09	6.01	0.19	-	0.21
Jan-22	6.40	1.03	6.15	0.18	-	0.26
Feb-22	5.69	0.99	5.50	0.17	-	0.43
Mar-22	5.58	0.87	5.72	0.16	-	0.84
Apr-22	6.01	0.88	6.11	0.15	-	1.11
May-22	5.13	0.78	5.06	0.13	3.00	1.48
Jun-22	5.36	0.74	5.28	0.09	3.00	2.01
Jul-22	5.09	0.54	4.74	0.12	3.00	2.61
Aug-22	4.85	0.60	5.51	0.10	3.00	2.95
Sep-22	5.09	0.66	4.61	0.09	3.00	3.45
Oct-22	5.00	0.70	5.11	0.10	3.00	4.14
Nov-22	5.30	0.65	4.35	0.07	3.00	4.65
Dec-22	4.56	0.60	4.16	0.06	8.52	4.74

Sources: Banque du Liban- Société Financière du Liban - Global-rates.com



**Table 8****Consolidated Balance Sheet of Commercial Banks (End of period - billion LBP)**

	2019	2020	2021	2022
<b><i>Assets</i></b>				
<b>Reserves</b>	<b>178,208</b>	<b>168,142</b>	<b>168,501</b>	<b>165,536</b>
Vault Cash	741	1,664	4,224	6,552
Deposits with Central Bank	177,468	166,477	164,277	158,984
<b>Claims on Resident Private Sector (including Resident Financial sector)</b>	<b>66,627</b>	<b>48,288</b>	<b>37,506</b>	<b>27,150</b>
in LBP	20,883	19,674	16,455	13,778
in FC	45,744	28,614	21,051	13,372
<b>Claims on Public Sector</b>	<b>43,240</b>	<b>31,745</b>	<b>25,215</b>	<b>17,383</b>
Treasury Bills in LBP	22,071	17,266	18,258	12,707
Treasury Bills in FC	20,827	14,157	6,661	4,423
Other Claims	343	322	296	253
<b>Foreign Assets</b>	<b>26,535</b>	<b>21,140</b>	<b>18,253</b>	<b>15,184</b>
Claims on N.R. Private Sector	8,400	6,235	4,275	3,078
Claims on N.R. Banks	10,202	7,110	6,919	6,333
Other Foreign Assets *	7,933	7,795	7,058	5,773
<b>Fixed Assets</b>	<b>7,925</b>	<b>7,594</b>	<b>7,356</b>	<b>20,690</b>
<b>Resident private sector securities</b>	<b>2,413</b>	<b>2,445</b>	<b>2,954</b>	<b>4,210</b>
<b>Unclassified Assets</b>	<b>1,850</b>	<b>4,120</b>	<b>3,763</b>	<b>4,699</b>
<b>Total</b>	<b>326,797</b>	<b>283,474</b>	<b>263,547</b>	<b>254,853</b>
<b><i>Liabilities</i></b>				
<b>Resident Private Sector Deposits (including Resident Financial sector)</b>	<b>190,566</b>	<b>168,519</b>	<b>158,178</b>	<b>154,248</b>
in LBP	52,687	37,779	37,099	42,336
in FC	137,879	130,740	121,079	111,912
<b>Public Sector Deposits</b>	<b>7,379</b>	<b>8,264</b>	<b>7,538</b>	<b>7,055</b>
<b>N.R. Private Sector Deposits</b>	<b>48,920</b>	<b>41,233</b>	<b>36,996</b>	<b>35,270</b>
in LBP	4,733	3,403	3,072	3,038
in FC	44,187	37,830	33,924	32,233
<b>N.R. Financial Sector Deposits</b>	<b>13,310</b>	<b>9,924</b>	<b>7,343</b>	<b>6,501</b>
<b>Bonds</b>	<b>617</b>	<b>813</b>	<b>595</b>	<b>417</b>
<b>Capital Accounts</b>	<b>31,240</b>	<b>30,045</b>	<b>26,811</b>	<b>27,569</b>
Core Capital	29,278	28,026	25,321	20,925
Supplementary Capital	1,962	2,019	1,490	6,643
<b>Unclassified Liabilities</b>	<b>34,766</b>	<b>24,675</b>	<b>26,085</b>	<b>23,793</b>
<b>Total</b>	<b>326,797</b>	<b>283,474</b>	<b>263,547</b>	<b>254,853</b>

Source: Banque du Liban.

N.R= Non resident

\*include currency &amp; deposits with other central banks, NR securities portfolio &amp; other foreign assets.

**Table 9****Main Items of commercial banks Consolidated Balance Sheet**  
(End of period , billion LBP)

	2019	2020	2021	2022
Total Deposits of Resident & N.R. Private Sector	239,486	209,753	195,174	189,519
<i>Change %</i>		(12.4)	(7.0)	(2.9)
Total Claims on Resident & N.R. Private Sector	75,027	54,523	41,781	30,228
<i>Change %</i>		(27.3)	(23.4)	(27.7)
Claims on Public Sector	43,240	31,745	25,215	17,383
<i>Change %</i>		(26.6)	(20.6)	(31.1)
Claims on N.R. Banks	10,202	7,110	6,919	6,333
<i>Change %</i>		(30.3)	(2.7)	(8.5)
Deposits with Central Bank	177,468	166,477	164,277	158,984
<i>Change %</i>		(6.2)	(1.3)	(3.2)
Capital Accounts	31,240	30,045	26,811	27,569
<i>Change %</i>		(3.8)	(10.8)	2.8
Total Assets	326,797	283,474	263,547	254,853
<i>Change %</i>		(13.3)	(7.0)	(3.3)

Source : Banque du Liban

( ) indicates a negative number

**Table 10*****Deposits and Claims at Banks (End of period)***

<b><i>In Lebanese Pounds (billion LBP)</i></b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Deposits of Resident and N.R. Private Sector	57,420	41,182	40,171	45,374
<i>Change %</i>		(28.3)	(2.5)	13.0
Claims on Resident and NR Private Sector	23,476	22,030	18,277	14,906
<i>Change %</i>		(6.2)	(17.0)	(18.4)
Claims / Deposits (%)	40.9	53.5	45.5	32.9
<b><i>In Foreign Currencies (USD million)</i></b>				
Deposits of Resident and N.R. Private sector	120,773	111,821	102,821	95,619
<i>Change %</i>		(7.4)	(8.0)	(7.0)
Claims on Resident and N.R. Private Sector	34,196	21,554	15,591	10,164
<i>Change %</i>		(37.0)	(27.7)	(34.8)
Claims / Deposits (%)	28.3	19.3	15.2	10.6

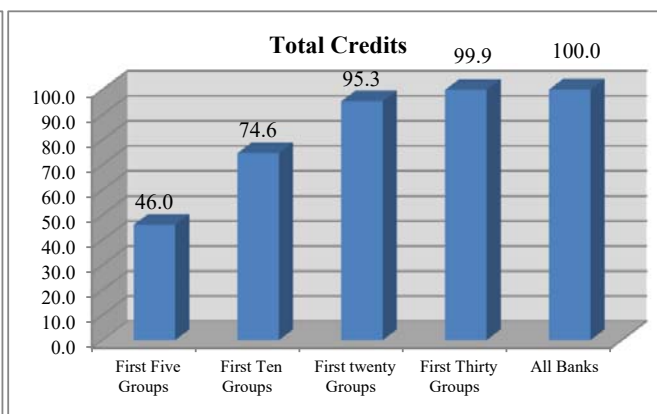
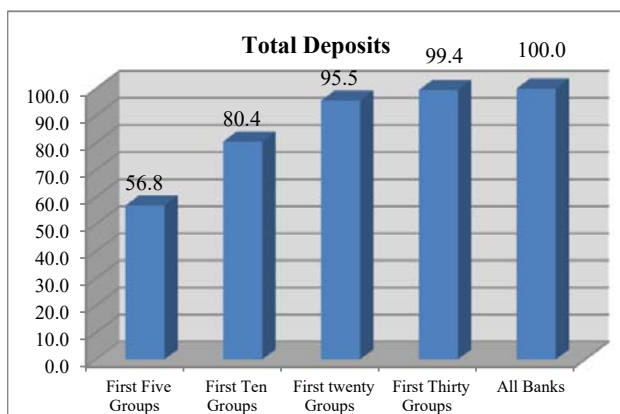
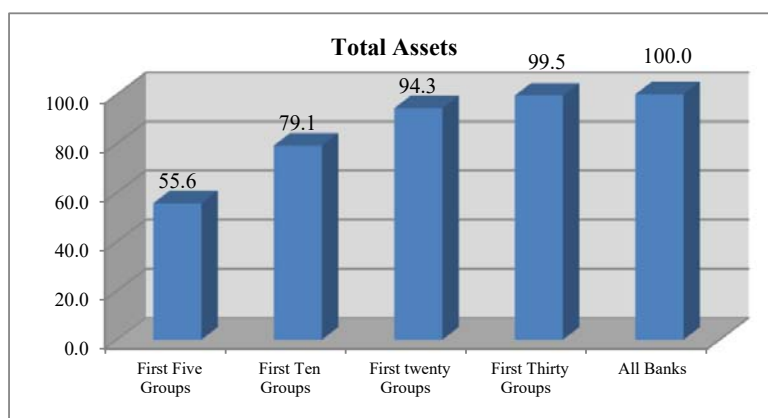
**Source:** Banque du Liban

( ) indicates a negative number

**Table 11**

***Concentration of Banking Activity - End of 2020 (%)***

	<b>Assets</b>	<b>Deposits</b>	<b>Credits</b>
First Five Groups	55.6	56.8	46.0
First Ten Groups	79.1	80.4	74.6
First twenty Groups	94.3	95.5	95.3
First Thirty Groups	99.5	99.4	99.9
All Banks	100.0	100.0	100.0



Source: BILANBANQUES 2020.

**Table 12*****Regional Distribution of Bank Deposits (eop, %)***

Region	<i>by region</i>		<i>by depositor</i>	
	Dec-21	Dec-22	Dec-21	Dec-22
<b>Beirut &amp; Suburbs</b>	66.33	66.79	49.86	50.73
<b>Mount Lebanon</b>	14.99	14.52	18.62	17.97
<b>Bekaa</b>	4.89	4.88	8.35	8.13
<b>South Lebanon</b>	7.15	7.21	11.24	11.06
<b>North Lebanon</b>	6.64	6.6	11.93	12.11
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Banque du Liban

***Regional Distribution of Bank Credits (eop, %)***

Region	<i>by region</i>		<i>by beneficiary</i>	
	Dec-21	Dec-22	Dec-21	Dec-22
<b>Beirut &amp; Suburbs</b>	74.82	77.12	55.09	55.91
<b>Mount Lebanon</b>	13.25	10.98	17.78	16.58
<b>Bekaa</b>	3.22	3.48	7.28	7.17
<b>South Lebanon</b>	3.98	3.74	8.63	8.57
<b>North Lebanon</b>	4.72	4.68	11.22	11.77
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Source: Banque du Liban

**Table 13*****Distribution of Beneficiaries by Credit Range (end of period)***

	Dec-21		Dec-22	
	<i>number</i>	%	<i>number</i>	%
Less than 5 million LBP	67,070	21.05	163,603	68.49
Between 5 & 25 million LBP	137,780	43.24	17,667	7.40
Between 25 & 100 million LBP	55,376	17.38	21,093	8.83
Between 100 & 500 million LBP	51,467	16.15	31,930	13.37
Between 500 & 1000 million LBP	3,267	1.03	1,949	0.82
Between 1000 & 5000 million LBP	2,391	0.75	1,682	0.70
Between 5000 & 10000 million LBP	499	0.16	371	0.16
More than 10000 million LBP	758	0.24	584	0.24
<b>Total</b>	<b>318,608</b>	<b>100.00</b>	<b>238,879</b>	<b>100.00</b>

Source: Banque du Liban

**Distribution of Utilized Credit Amount by Credit Range (End of period - billion LBP)**

	Dec-21		Dec-22	
	<i>value</i>	%	<i>value</i>	%
Less than 5 million LBP	151	0.29	1,166	2.96
Between 5 & 25 million LBP	1,561	2.99	610	1.55
Between 25 & 100 million LBP	3,056	5.86	1,559	3.95
Between 100 & 500 million LBP	9,487	18.18	5,815	14.74
Between 500 & 1000 million LBP	2,195	4.21	1,311	3.32
Between 1000 & 5000 million LBP	5,166	9.90	3,677	9.32
Between 5000 & 10000 million LBP	3,531	6.77	2,659	6.74
More than 10000 million LBP	27,045	51.82	22,650	57.42
<b>Total</b>	<b>52,192</b>	<b>100.00</b>	<b>39,447</b>	<b>100.00</b>

Source: Banque du Liban

**Table 14**

***Sectorial Distribution of Utilized Credits in the Financial Sector  
2018-2022***

<b>Economic Sector</b>	<b><i>LBP billion</i></b>					<b>Economic Sector</b>	<b><i>in %</i></b>				
	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Agriculture	1,190	1,136	839	800	541	Agriculture	1.14	1.27	1.30	1.53	1.37
Industry	11,498	9,672	6,529	5,688	4,578	Industry	10.97	10.77	10.14	10.90	11.61
Consrtuction	16,813	14,898	9,471	8,569	7,312	Consrtuction	16.04	16.59	14.71	16.42	18.54
Trade & Services	35,704	29622	20200	16853	13180	Trade & Services	34.06	32.99	31.37	32.29	33.41
Financial Intermediation	4,681	3,725	2,703	2,285	1,982	Financial Intermediation	4.47	4.15	4.20	4.38	5.02
Others	3,054	2,584	1,807	1,593	1,299	Others	2.91	2.88	2.81	3.05	3.29
Individuals	31,876	28,142	22,844	16,404	10,555	Individuals	30.41	31.35	35.48	31.43	26.76
<b>Total</b>	<b>104,816</b>	<b>89,779</b>	<b>64,393</b>	<b>52,192</b>	<b>39,447</b>	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

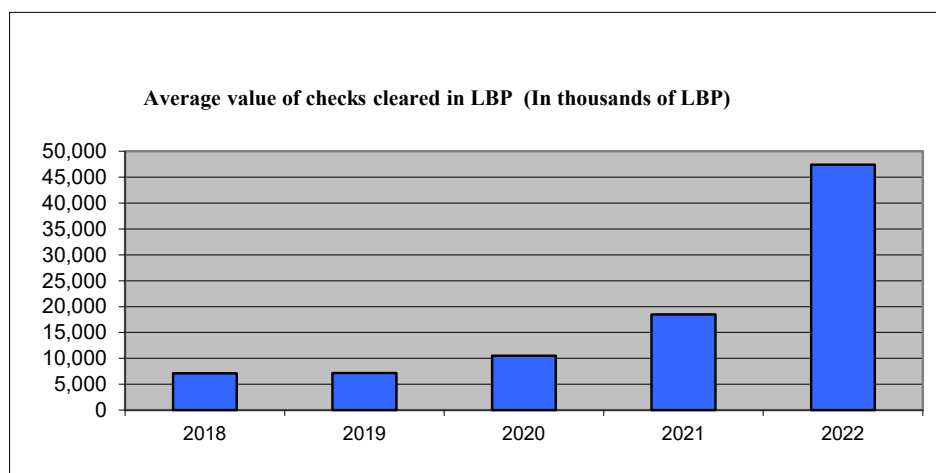
Source: Banque du Liban.

**Table 15**

***Checks Cleared in Lebanese Pounds*** (Number in thousands, value in LBP billion)

	<i>Number</i>					<i>Value</i>				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
<b>Total</b>	<b>4,699</b>	<b>4,636</b>	<b>2,857</b>	<b>1,518</b>	<b>863</b>	<b>33,366</b>	<b>33,385</b>	<b>30,055</b>	<b>28,100</b>	<b>40,925</b>

Source: Banque du Liban

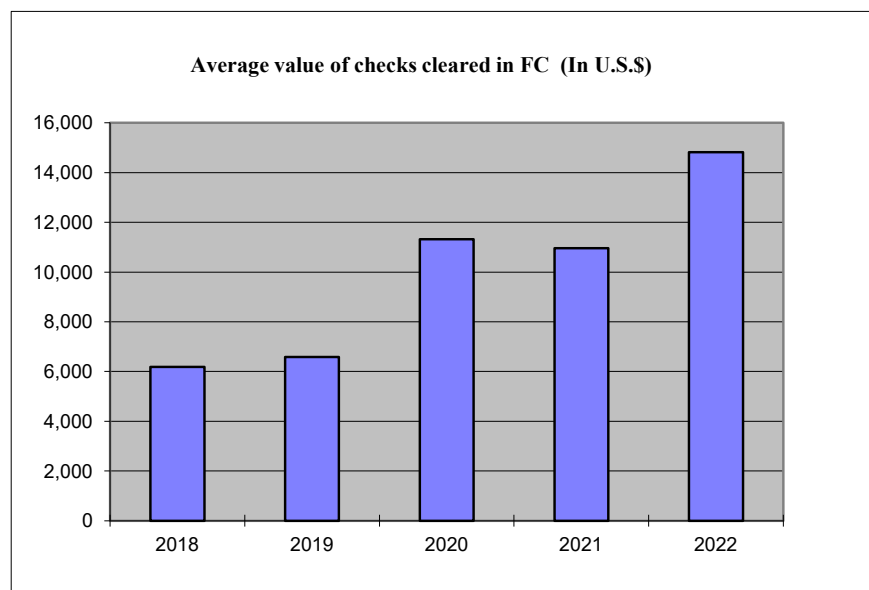




**Table 16*****Checks Cleared in Foreign Currencies*** (Number in thousands, value in USD million)

	<i>Number</i>					<i>Value</i>				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
<b>Total</b>	<b>7,183</b>	<b>5,294</b>	<b>2,994</b>	<b>1,623</b>	<b>694</b>	<b>44,429</b>	<b>34,826</b>	<b>33,881</b>	<b>17,785</b>	<b>10,288</b>

Source: Banque du Liban.

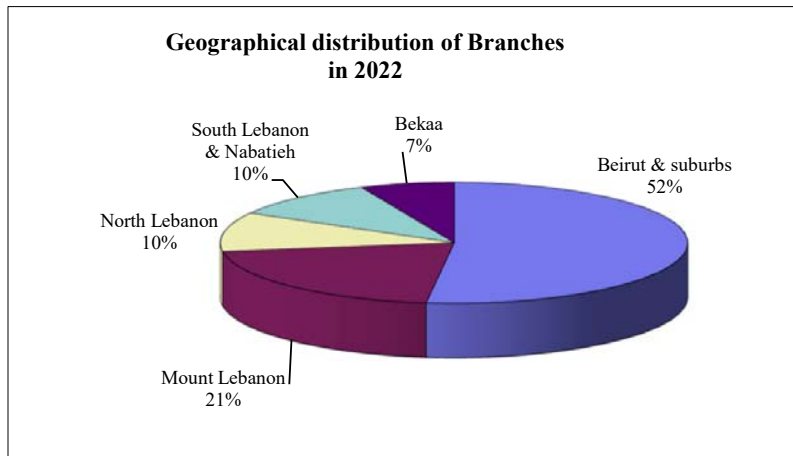


**Table 17**

**Geographical distribution of Banks in Lebanon  
(including Main Branch)**

	2018	2019	2020	2021	2022
Number of operating banks	65	63	63	61	61
Commercial	49	47	47	46	46
Investment	16	16	16	15	15
<hr/>					
Number of Commercial banks branches	1,080	1,058	992	893	782
Beirut & Suburbs	568	562	524	465	406
Mount Lebanon	211	211	198	179	162
North Lebanon	111	109	102	93	82
South Lebanon	118	109	103	92	81
Bekaa	72	67	65	64	51

Source: Banque du Liban.



**Table 18**

***Distribution of Banking Sector Employees***  
**2017 - 2022**

	2017	2018	2019	2020	2021	2022
<b>Total number of employees</b>	26,005	25,908	24,886	22,325	18815	16520
<b><i>change (number)</i></b>		-97	-1,022	-2,561	-3,510	-2,295
<b><i>Change (%)</i></b>		-0.37	-3.94	-10.29	-15.72	-12.20
<b>According to bank's category</b>						
Lebanese Commercial Banks sal	24,648	24,557	23,554	21,091	17651	15488
Foreign/Arab Commercial Banks	515	513	490	484	440	382
Investment and M&L term Credit Banks	842	838	842	750	724	650

**Source:** Association of Banks in Lebanon.

**Table 19****Average Income and Salary of a Bank employee (Thousands LBP)  
2017-2022**

Year	Average monthly salary	Average Monthly salary + family benefits + health allowances + other benefits	Average monthly income including all allowances and benefits	Minimum wage in Lebanon
2017	4,049	5,658	6,399	675
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

Source: Association of Banks in Lebanon.

\* The wages and allowances for one bank were calculated on the basis of data available for 2019.

\*\*Figures are calculated on average according to banks that filled out the forms in 2021 and 2022.