

**BANQUE DU LIBAN**

**Intermediate Circular No 313  
addressed to Banks and Financial Institutions**

Attached is a copy of Intermediate Decision No 11329 of January 14, 2013 amending Basic Decision No 6116 of March 7, 1996 (Facilities that may be granted by Banque du Liban to Banks and Financial Institutions) attached to Basic Circular No 23.

Beirut, January 14, 2013

The Governor of Banque du Liban

Riad Toufic Salamé

**Intermediate Decision No 11329****Amending Basic Decision No 6116 of March 7, 1996****Facilities that may be granted by Banque du Liban to Banks and Financial Institutions**

**The Governor of Banque du Liban,**

**Pursuant to the Code of Money and Credit, namely the provisions of Articles 70, 79, 99, and 174 thereof;**

**Pursuant to Basic Decision No 6116 of March 7, 1996 and its amendments, relating to Facilities that may be granted by Banque du Liban to Banks and Financial Institutions; and**

**Pursuant to the Decision of the Central Council of Banque du Liban, taken in its meeting of January 2, 2013,**

**Decides the following:**

**Article 1:** “Article 9 bis” shall be added to Basic Decision No 6116 of March 7, 1996, and shall read as follows:

“Article 9 bis:

All banks can benefit, within a time limit ending on December 31, 2013, from credits totaling 2,200 billion Lebanese pounds granted against the loans these banks grant, on their own responsibility, to their customers, pursuant to the following conditions, rules and mechanism:

First: Banque du Liban shall grant these credits to the concerned banks by order of priority, based on the submission date of requests that fully meet the requirements stipulated in this Article, till the whole above-mentioned amount is disbursed, and pursuant to the limits detailed below.

Second: The concerned banks shall give sufficient guarantees against these credits.

Banque du Liban may accept, as guarantee, bonds that represent the amount of loans granted by the banks to their customers in accordance with the provisions of this Article.

Banque du Liban reserves a right of claim towards the concerned banks, in order to collect the amount of facilities it has granted to them, even before the execution of the guarantees granted to BDL through the above-mentioned bonds.

Third: Banque du Liban shall grant these credits to the concerned banks at a 1% interest rate that is computed annually and paid monthly, pursuant to the following limits:

- 1- 15% of the value of loans granted to productive sectors and that have obtained BDL approval on interest rate subsidy, in accordance with the provisions of Basic Decision No 7743 of January 2, 2001, excluding loans granted with a guarantee from Kafalat S.A.L.
- 2- 150% of the value of loans granted in Lebanese pound for research and development works in the productive sectors, conducted jointly by productive institutions in the Lebanese private sector and any university, research center or business incubator, with the purpose of developing existing products or creating new ones, provided the reimbursement period of the loan principal does not exceed ten years, starting from the expiry of a grace period ranging between two and four years from the loan granting date.
- 3- 150% of the value of loans granted in Lebanese pound to finance eco-friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, whose value exceeds 30 million Lebanese Pounds each and do not benefit from an interest rate subsidy.
- 4- 30% of the value of loans granted in Lebanese pound to finance eco-friendly projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, whose value exceeds 30 million Lebanese Pounds each and have obtained BDL approval on interest rate subsidy.
- 5- 70% of the value of loans that are granted to finance eco-friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, are financed by the EIB (European Investment Bank), and have obtained BDL approval on interest rate subsidy.
- 6- 150% of the value of loans that are granted to finance eco-friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, are financed by the EIB and do not benefit from an interest rate subsidy.
- 7- 100% of the value of loans that are granted to finance eco-friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, are financed by the AFD (Agence Française de Développement) and have obtained BDL approval on interest rate subsidy.
- 8- 150% of the value of loans that are granted to finance eco-friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, are financed by the AFD and do not benefit from an interest rate subsidy.
- 9- 100% of the value of loans financed by the World Bank and granted to finance eco-friendly projects for pollution reduction, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001.

- 10- 60% of the value of non-housing loans granted in Lebanese pound in accordance with the stipulations of Part I of Article 10 bis of Basic Decision No 7835 of June 2, 2001.
- 11- 60% of the value of loans granted in Lebanese pound to productive sectors with a guarantee from Kafalat S.A.L. and benefiting from an interest rate subsidy.
- 12- 60% of the value of the housing loan granted in Lebanese pound in accordance with the stipulations of Part I of Article 10 bis of Basic Decision No 7835 of June 2, 2001, provided:
  - The said loan does not exceed 800 million Lebanese pounds for the housing unit to be acquired.
  - The borrower does not obtain any other banking facilities to cover the value of the said housing unit.
 Credits granted by BDL within this category to a single bank, must not exceed:
  - 100 billion Lebanese pounds, till June 30, 2013
  - 100 billion Lebanese pounds, starting July 1, 2013 and till December 31, 2013
- 13- 80% of the value of housing loans granted under the Protocol signed with the Public Housing Institution, including the cost of insurance policies, in case these are paid to the bank in installments on the same maturity dates of the loan installments.
- 14- 100% of the value of housing loans granted in Lebanese pound under the Protocol signed between banks and the Housing System for Military Volunteers.
- 15- 100% of the value of housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the Cooperative Fund of Judges.
- 16- 100% of the value of housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the Ministry of Displaced.
- 17- 100% of the value of housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the General Directorate of Internal Security Forces.
- 18- 100% of the value of housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the General Directorate of General Security.
- 19- 100% of the value of loans granted in Lebanese pound for the purpose of continuing studies in higher education institutions, in accordance with the stipulations of Subparagraph (h) of Paragraph 1 of Article 9 of Basic Decision No 7835 of June 2, 2001.
- 20- 150 % of the value of loans granted to finance eco- friendly energy projects, in accordance with the stipulations of Section Sixth of Basic Decision No 7835 of June 2, 2001, whose value does not exceed 30 million Lebanese pounds each and do not benefit from an interest rate subsidy.
- 21- 150 % of the value of loans granted in Lebanese pound to finance eco- friendly energy projects for purchasing solar energy systems in rural areas at cost price, in accordance with the UNDP Clean Development Mechanism (CDM) for solar energy, whose value does not exceed 30

million Lebanese pounds each and do not benefit from an interest rate subsidy.

22- 150% of the loan portion that does not exceed LBP 300 million, for the loan granted in Lebanese pound to entrepreneurs in order to develop new projects, provided the reimbursement period of the loan principal does not exceed 7 years, starting from the expiry of a grace period ranging between 1 and 3 years from the loan granting date.

Fourth: Loans specified in Paragraph Third of this Article must be granted after January 15, 2013, provided:

- 1- They are granted to finance new projects or expand existing ones.
- 2- They are not granted to refinance existing projects or to purchase shares or participations or to reimburse previous loans or to finance any of the working capital items.
- 3- Interests and commissions of any kind, computed annually on these loans, do not exceed, contrary to any other text, the percentages specified in attached Table (IN13).
- 4- The total value granted by all banks for each category of loans, does not exceed the amounts specified in attached Table (IN13).
- 5- These loans are reimbursed in installments that are due at the end of each month or each semester, as specified in the contract signed between the concerned bank and its customer.
- 6- Concerned banks do not benefit, against loans granted in accordance with the provisions of Article 9 bis, from the reserve requirement reductions stipulated in Basic Decision No 7835 of June 2, 2001.

Fifth: In order to benefit from the provisions of this Article, the concerned banks must submit the following documents to the Governor's office, in three copies, of which an original:

- 1- By November 15, 2013, a separate approval request for each of the loans specified in Subparagraphs (1) to (9) of Paragraph Third of this Article, and the loans specified in Subparagraph (10) whose value exceeds LBP 1.5 billion each, together with:
  - The loan contract signed between the concerned bank and the customer that specifies the transferable guarantees given by the latter.
  - The reimbursement schedule prepared according to attached Form (IN13-A-CF).
  - The documents relating to the guarantees referred to in Paragraph Second of this Article.
  - Any other documents required by Banque du Liban.
- 2- By October 15, 2013, a collective approval request for each category of loans specified in Subparagraphs (11) to (22) of Paragraph Third of this Article, and loans specified in Subparagraph (10) whose value does not exceed LBP 1.5 billion each, provided the request specifies the total amount intended to be placed in such category and includes a table showing the

customers' names, the value of loans to be granted and the transferable guarantees to be provided by these customers.

Sixth: Once Banque du Liban approves the loans mentioned in Subparagraph (1) of Paragraph Fifth of this Article, the value of credits granted by BDL to the concerned banks shall be transferred at the end of the month in which takes end the ten-day period that follows BDL approval date.

Seventh: Once Banque du Liban approves the total amounts to be placed in each category of loans specified in Subparagraph (2) of Paragraph Fifth of this Article, the amount allocated to the concerned bank shall be put aside for a maximum period of two months from the approval date, during which the following documents shall be provided to BDL:

- 1- The documents relating to guarantees referred to in Paragraph Second of this Article.
- 2- The contracts of loans specified in Subparagraphs (11) and (12) of Paragraph Third of this Article, and those of loans specified in Subparagraph (10) whose value does not exceed LBP 1.5 billion each, along with the reimbursement schedule of these loans, provided the tables related to the loans specified in Subparagraph (11) are signed by Kafalat S.A.L.
- 3- The guarantee given by Kafalat S.A.L. for loans specified in Subparagraph (11) of Paragraph Third of this Article.
- 4- The Table of cash flows according to the maturity date of the installments of loans granted to customers and covered by the collective approval, according to attached Form (IN13-B-CF).

The documents specified in Paragraph Seventh shall be submitted to Banque du Liban all together, and the value of credits granted by BDL to the concerned banks shall be transferred at the end of the month in which takes end the ten-day period that follows the completion date of loan requests.

Eighth: In order to compute the value of credits granted by Banque du Liban in accordance with the provisions of this Article:

- 1- The value of credits granted by Banque du Liban to the concerned banks shall be determined on the basis of the principal of loans granted to customers, interests excluded, according to the percentages specified in Paragraph Third of this Article.
- 2- An average exchange rate shall be adopted for the currency of the loan granted to the customer in a foreign currency, and this rate will be that applied on the approval date by BDL on the concerned bank's request.

Ninth:

- 1- The principal of credits granted by BDL to the concerned banks shall be reimbursed during the maturity period of the loans granted by these banks to their customers, through monthly installments to be paid on the first working day of the month, as of the beginning of February 2014.
- 2- The value of these installments shall be set, based on the loan reimbursement schedules prepared in accordance with the above-mentioned Forms (IN13-A-CF) and (IN13-B-CF), at a percentage of the installments due by customers that is equivalent to the percentage specified in Paragraph Third above for each loan category.
- 3- Interests due by the concerned banks shall be computed annually and paid monthly along with the principal.
- 4- The following amounts shall be computed on December 31, 2013 and paid all together on January 2, 2014:
  - Payments due in 2013 by the concerned banks out of the principal of credits granted by Banque du Liban.
  - Interests due on these credits during 2013.

Tenth: The Housing Bank may benefit, by December 31, 2013, and within the total credit limits specified at the beginning of this Article, from credits totaling 80 billion Lebanese pounds at a 1% interest rate, against the housing loans it grants to customers, provided the interests and commissions of all kinds computed on these loans do not exceed 3%, pursuant to the rules and mechanism specified in Paragraphs First, Second, Seventh, Eighth, and Ninth, and in Subparagraph (2) of Paragraph Fifth of this Article.

Eleventh: Concerned banks must obtain BDL approval on any change in the loans they grant to their customers pursuant to the provisions of this Article, or in the total amounts intended to be placed in each loan category.

Twelfth: The bank that does not complete the loan requests within two months from BDL approval date on total amounts intended to be placed in each loan category, must deposit a minimum special reserve equivalent to the amount put aside by BDL for the said bank against loans that do not meet the required conditions, for a period of time equivalent to that during which the amount is put aside.

Thirteenth: Any bank that grants loans from the categories specified in this Article is liable for their sound implementation, utilization and conformity to their initial purpose. Otherwise, this bank shall reimburse to Banque du Liban the value of credits extended by BDL against each loan granted by the bank contrary to the provisions of this Article; shall pay a penalty interest amounting to 15% of the loan value for the period during which it has benefited from these credits; and shall deposit a special reserve equivalent to the value of these credits

against the said loan for a period of time equivalent to the one during which it has benefited from BDL credits.

**Article 3:** This Decision shall come into force upon its issuance.

**Article 4:** This Decision shall be published in the Official Gazette.

Beirut, January 14, 2013

The Governor of Banque du Liban

Riad Toufic Salamé



**BDL- Financing Unit**

Statement of Decision No 6116 of March 7, 1996-Basic Circular No 23

**Form IN13**

Serial Number	Code of Loan Category	Loan Category	Code of Loan Type	Interest Rate	Total Loans granted by all Banks	Ceiling of Credits granted by BDL
1	PRDB	Loans granted to productive sectors and benefiting from an interest rate subsidy, excluding loans granted with a guarantee from Kafalat S.A.L.			LBP 934 billion	LBP 140 billion
		- of which those granted in Lebanese pound	a3	Yield on 2-year Lebanese TBs + 1.075%		
		- of which those granted in foreign currency	a3	Three-month Libor rate + 7.075%		
2	RDEV	Loans granted in Lebanese pound for research and development works in the productive sectors	rd	0.75%	LBP 15 billion	LBP 22.5 billion
3	ENVE	Loans granted in Lebanese pound to finance eco-friendly energy projects, which do not exceed 30 million Lebanese pounds each and do not benefit from an interest rate subsidy	ev2	3.75% - (50% of the yield on 1-year Lebanese TBs)	LBP 90 billion	LBP 135 billion
4	ENVB	Loans granted in Lebanese pound to finance eco-friendly projects, which exceed the amount of 30 million Lebanese pounds each and benefit from an interest rate subsidy	a35	Yield on 2-year Lebanese TBs + 0.15 %	LBP 50 billion	LBP 15 billion
5	EIBE	Loans granted to finance eco-friendly energy projects and financed by the EIB (European Investment Bank)			LBP 100 billion	LBP 150 billion
		- of which those that do not benefit from an interest rate subsidy	a12	Margin of EIB + 0.5% BDL commission + 3.75% bank margin less (150% of interest on 1-year TBs)		
		- of which those that benefit from an interest rate subsidy	a35	Margin of EIB + 0.5% BDL commission + 3.35% bank margin less (70% of interest on 1-year TBs)		

**BDL- Financing Unit**

Statement of Decision No 6116 of March 7, 1996-Basic Circular No 23

**Form IN13**

Serial Number	Code of Loan Category	Loan Category	Code of Loan Type	Interest Rate	Total Loans granted by all Banks	Ceiling of Credits granted by BDL
6	AFDE	Loans granted to finance eco-friendly energy projects and financed by the AFD (Agence Française de Développement)			LBP 60 billion	LBP 90 billion
		- of which those that do not benefit from an interest rate subsidy	a12	Margin of AFD + 0.5% BDL commission + 3.75% bank margin less (150% of interest on 1-year TBs)		
		- of which those that benefit from an interest rate subsidy	a35	Margin of AFD + 0.5% BDL commission + 3.5% bank margin less: - (70% of interest on 1-year TBs) <u>during subsidy period</u> - (150% of interest on 1-year TBs) <u>after subsidy period</u>		
7	WBEV	Loans granted to finance eco-friendly projects for pollution reduction and financed by the World Bank	a11, a12, a35	Margin of World Bank + 0.5% BDL commission + 3.5% bank margin less (100% of interest on 1-year TBs)	LBP 23 billion	LBP 23 billion
8	IN09	Non-housing loans granted in Lebanese pound in accordance with the stipulations of Part I of Article 10 bis of Basic Decision No 7835 of June 2, 2001	n09, n19	40% of yield on 1-year Lebanese TBs + 3.3%	LBP 200 billion	LBP 120 billion
9	KAFB	Loans granted to productive sectors in Lebanese pound with a guarantee from Kafalat S.A.L. and benefiting from an interest rate subsidy	q2	40% of yield on 1-year Lebanese TBs + 3.3%	LBP 283 billion	LBP 170 billion
10	HIN9	Housing loans granted in Lebanese pound in accordance with the stipulations of Part I of Article 10 bis of Basic Decision No 7835 of June 2, 2001	n29	40% of yield on 1-year Lebanese TBs + 3.3%	LBP 667 billion	LBP 400 billion
11	HEPH	Housing loans granted in Lebanese pound under the Protocol signed with the Public Housing Institution	p	20% of yield on 2-year Lebanese TBs + 3.9%	LBP 600 billion	LBP 480 billion
12	HMLT	Housing loans granted in Lebanese pound under the Protocol signed between banks and the Housing System for Military Volunteers	m1	2.128%	LBP 120 billion	LBP 120 billion

**BDL- Financing Unit**

Statement of Decision No 6116 of March 7, 1996-Basic Circular No 23

**Form IN13**

<b>Serial Number</b>	<b>Code of Loan Category</b>	<b>Loan Category</b>	<b>Code of Loan Type</b>	<b>Interest Rate</b>	<b>Total Loans granted by all Banks</b>	<b>Ceiling of Credits granted by BDL</b>
13	HJUR	Housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the Cooperative Fund of Judges	jr	2.128%	LBP 22 billion	LBP 22 billion
14	HDPL	Housing loans granted to displaced under the Cooperation Protocol signed between banks and the Ministry of Displaced	dp	2.128%	LBP 30 billion	LBP 30 billion
15	HFSI	Housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the General Directorate of Internal Security Forces	fs	2.128%	LBP 50 billion	LBP 50 billion
16	HDSG	Housing loans granted in Lebanese pound under the Cooperation Protocol signed between banks and the General Directorate of General Security	sg	2.128%	LBP 50 billion	LBP 50 billion
17	EDUS	Loans granted in Lebanese pound for the purpose of continuing studies in higher education institutions	u	3.5%	LBP 50 billion	LBP 50 billion
18	EVES	Loans granted in Lebanese pound to finance eco-friendly energy projects and which do not exceed 30 million Lebanese pounds each and do not benefit from an interest rate subsidy	ev2	0.75%	LBP 10 billion	LBP 15 billion
19	EVER	Loans granted in Lebanese pound to finance the purchase of solar energy systems in rural areas at cost price, with UNDP cooperation, and which do not exceed 30 million Lebanese pounds each and do not benefit from an interest rate subsidy	ev2	0.75%	LBP 10 billion	LBP 15 billion
20	ENTP	Loans granted in Lebanese pound to entrepreneurs in order to develop new projects in the field of knowledge and innovation	cin	0.75%	LBP 15 billion	LBP 22.5 billion
21	HABT	Housing loans granted in Lebanese pounds by the Housing Bank	a7	3%	LBP 80 billion	LBP 80 billion

**BDL- Financing Unit**  
**Form IN13-A-CF**

Statement of Decision No 6116 of March 7, 1996-Basic Circular No 23

**Table attached to the separate approval request to benefit from credits that may be granted by BDL**  
(as of .../.../...)

<b>Name of the Bank:</b>		<b>Name of Officer in charge:</b>
<b>No of the Bank:</b>		<b>His/her phone number:</b>
<b>Customer's name:</b>		<b>Customer's number at Centrale des Risques*:</b>
<b>Code of loan category**:</b> <b>Code of loan type***:</b>	<b>Code of loan currency:</b> <b>Loan granted to customer:</b>	<b>Loan granting date:</b> <b>Loan maturity date:</b>

**Loan reimbursement schedule according to maturity date**

<b>Serial number</b>	<b>Maturity date (day/month/year)</b>	<b>Amount due by the customer out of the loan principal (in the loan currency)</b>	<b>Of which: amount due by the bank to Banque du Liban (in the loan currency)</b>
1			
2			
3			
4			
5			
6			
7			
...			
<b>Total</b>			

**Signature of the bank**

(\*) for individuals and de facto companies: attach for the borrower an identification card, and a copy of the ID card of the borrower who has not a number at Centrale des Risques

For companies: an identification card, and a copy of the Trade Register for companies that have not a number at Centrale des Risques

(\*\*) the loan category must be specified according to the following codes inserted in Table IN13: PRDB, RDEV, ENVE, ENVB, EIBE, AFDE, WBEV, IN09

(\*\*\*) the loan type must be specified according to the loan type code that is given to each loan category and inserted in Table IN13: "a3", "a11", "a12", "a35", "ev2", "rd", "n09", "n19"

**BDL- Financing Unit**

Statement of Decision No 6116 of March 7, 1996-Basic Circular No 23

**Form IN13-B-CF****Cash flows of loans against which credits shall be granted by BDL**

(as of .../.../...)

<b>Name of the Bank:</b>	<b>Name of Officer in charge:</b>
<b>No of the Bank:</b>	<b>His/her phone number:</b>

<b>No of Central Council Decision:</b>	<b>Facilities granted pursuant to the Decision:</b>
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<b>Code of loan type*:</b>	<b>Code of loan currency:</b>	<b>1<sup>st</sup> installment maturity date:</b>
<b>Number of benefiting customers:</b>	<b>Total loans granted to customers:</b>	<b>Last installment maturity date:</b>

**Cash flows according to the maturity date of installments of loans granted to customers**

<b>Serial number</b>	<b>Maturity date (day/month/year)</b>	<b>Total amounts due by customers out of loans principal (in the currency of loans)</b>	<b>Of which: amount due by the bank to Banque du Liban (in the currency of loans)</b>
1			
2			
3			
4			
5			
6			
7			
...			
<b>Total</b>			

**Signature of the bank**

(\*\*) the loan category must be specified according to the following codes inserted in Table IN13: IN09, KAFB, HIN9, HEPH, HMLT, HJUR, HDPL, HFSI, HDSG, EDUS, EVES, EVER, ENTP, HABT

(\*\*\*) the loan type must be specified according to the loan type code that is given to each loan category and inserted in Table IN13: "n09", "q2", "n29", "p", "m1", "jr", "dp", "fs", "sg", "u", "ev2", "cin", "a7"