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**I'VE GOT THE POWER:
MAPPING CONNECTIONS BETWEEN LEBANON'S
BANKING SECTOR AND THE RULING CLASS**

Jad Chaaban

Working Paper No. 1059

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Abstract

This paper explores the extent to which local commercial banks in Lebanon are linked to the country's political class, and how this impacts their efficiency and sovereign risk exposure. By compiling detailed ownership and political affiliation data on the major 20 commercial banks in 2014, the paper shows that as much as 18 out of the 20 banks have major shareholders linked to political elites, and 43% of assets in the sector could be attributed to political control. "Crony capital" within the banking sector is also shown to impact the quality of banks' loans, and their exposure to public debt.

JEL Classification: G2, P1, F5

Keywords: Banking sector, ruling class, Lebanon

ملخص

تستكشف هذه الورقة مدى ارتباط المصارف التجارية المحلية في لبنان بالطبقة السياسية في البلاد، وكيف يؤثر هذا على كفاءتها والتعرض للمخاطر السيادية. من خلال تجميع بيانات الملكية والانتماء السياسي مفصلة عن 20 البنوك التجارية الرئيسية في عام 2014، وتبين الورقة أنه بقدر 18 من أصل 20 بنكا فان المساهمين الرئيسيين مرتبطة بالانخب السياسية، ويمكن أن تعزى 43% من الأصول في هذا القطاع للسيطرة السياسية. يظهر ان "عاصمة المحسوبية" في القطاع المصرفي أيضا تؤثر على نوعية القروض للبنوك، وتعرضهم للدين العام.

1. Introduction

While many consider the Lebanese banking sector as the crown jewel of the national economy, with consolidated assets well over 350% of GDP (US\$ 176 billion in 2014), there are voices being raised against the banks' extraordinary influence on monetary, fiscal, and other political affairs in the country. In fact, Lebanese banks have been quite close to the country's ruling apparatus, often sustaining clientelistic networks (Moore, 1987) and heavily intervening in monetary and exchange rate policy (Hakim & Andary, 1997, Dibeh, 2002). Many of the country's former politicians hold Board of Directors' membership in most commercial banks, and several chairmen of the Board were former ministers or members of Parliament. Clement Moore in the early eighties wrote a poignant analysis on the role of the banking sector in Lebanese politics:

“The banks were almost as much political as financial intermediaries. They help explain not only financial cooperation during Lebanon's war but also a political anomaly, namely why the antediluvian political chiefs – despite a revolution situation in 1975 (Johnson 1983) – could return to power or at least fight over its absence. “Writing large” the banking interests back to their political nexus, Lebanon's multibank system effectively performed a function of elite integration (...). (Moore 1987, pp. 211-212).”

Yet evidence-based empirical research on the extent to which Lebanon's banks are dominated by a crony form of capital is non-existent. This is especially important as Lebanon has been currently witnessing in tandem a growing public debt (which stands at almost 130% of GDP), deterioration in public sector services and political paralysis, yet at the same time an ever growing banking sector with record profits, mostly from investments in public debt. This paper attempts to analyze the impact of elite capture of the banking sector on the efficiency of the country's financial system, with specific focus on the linkages between politically controlled banks and sovereign exposure.

While there has been extensive research on the impact of state-owned banks on political capture in the lending market (Morck et al. 2011), very few studies have explored the more nuanced spectrum of political linkages which go beyond strict governmental ownership (Khwaja and Mian, 2005). This paper contributes to this line of research, by providing bank-level estimates of controlling shares attributable to political elites or persons closely affiliated with them. Moreover, the paper's case study on the Lebanese banking sector contributes to the burgeoning literature on crony capitalism in the Middle East, which has so far tended to focus on larger countries in the region and/or those at the forefront of the Arab Uprisings (Diwan, 2014, Chekir and Diwan, 2015).

2. Research Methodology and Data Sources

The paper focuses on commercial banks in Lebanon with total deposits above US\$ 1 billion, and which are not affiliates of and/or entirely owned by foreign banks. Out of the 54 commercial banks currently operating in the country, 20 fall under this category, constituting more than 99% of consolidated commercial banks' assets in 2014 (Table 1). Lebanon's banking sector is in fact highly concentrated: the top 3 banks in terms of total consolidated assets control 45% of the sector's total assets, and the top 10 banks control almost 90% (Bilan Banques, 2014).

The first part of the empirical research work consists in drawing up a comprehensive list of each bank's ultimate owners, following the methodology in Morck et al. (2011) based on Caprio et al. (2007). Within this framework, ultimate owners are defined as state organs or biological persons, and a threshold of 5% shareholder voting block (as per Lebanese Law) is assumed throughout the process to identify controlling shareholders. Once ultimate owners are identified by backward iteration (examining each corporation's owners), a linkage between these owners and political powers is established. Kinship with politicians, membership in same

political party, and other classifications are used to establish the degree of control exercised by politicians over bank assets. The composition of the banks' Board of Directors is also explored to construct an additional variable for political influence via the bank's management.

Linkages to politicians are ranked in five levels according to the following scale (from highest to lowest):

1. Direct: Person is currently a Member of Parliament (MP) or the Government
2. Indirect1: Person was MP/minister/public official
3. Indirect2: Person's family member is a current or former politician
4. Indirect3: Person has close ties to local or foreign political elites
5. No link: No linkages with politicians

The above corporate governance mapping is augmented by bank-level financial efficiency and performance indicators, which are typically impacted by the ownership structure. These include Non-Performing Loans (a measure of favoritism towards unqualified borrowers) and share of treasury bills held (a measure of exposure to sovereign risk).

2.1 Data sources

The main sources of ownership data are the Bankscope¹ database, Orbis², the Lebanese Official Commercial Register³, and individual banks' websites. The sources of information on political linkages and affiliations are drawn from Lebanese Government and local media websites, through online systematic searches. As for financial data, Bilan banques⁴ provides the main source of information, as it contains extensive information on banking performance, management and the general ownership structure for each bank. All data is for 2014, unless mentioned otherwise.

2.2 Bank ownership mapping: an illustration

The example below details the ownership mapping methodology as applied to Bank Audi. The company is one of the largest commercial banks in the country, and it has a shareholder structure summarized in Table 2. Shareholders were ranked by shares, and those holding above 5% were examined. Out of these, there are 4 ultimate shareholders (families), 1 foreign bank, and two holding companies. Take one of these holding companies, FRH Investment Holding SAL. The company's records in the Lebanese Official Commercial Register reveal that it is owned by 100% by Mr. Fahd Al Hariri, son of the late Prime Minister Rafic Al Hariri. Bank Audi's ownership structure reveals that it has one former minister (Raymond Audi, the bank's founder) and the son of a former prime minister among the controlling shareholders. Three other controlling shareholders have close ties to the ruling monarchies in the Arab Gulf.

Ownership and control data is detailed in the Appendix for all twenty banks under study, including the political linkages scores for the banks' Board of Directors.

3. Key Findings

The empirical mapping exercise has revealed that individuals closely linked to political elites control 43% of assets in Lebanon's commercial banking sector. 18 out of 20 banks have major shareholders linked to political elites (Figure 1). Moreover, four out of the top ten banks in the country have more than 70% of their shares attributed to crony capital. A closer look at the "political families" controlling the banking sector reveals that 8 families control 29% of the sector's total assets, owning together more than 7.3 billion US\$ in equity (Table 3).

¹ <http://www.bvdinfo.com/en-gb/our-products/company-information/international-products/bankscope>

² <http://www.bvdinfo.com/en-gb/our-products/company-information/international-products/orbis>

³ <http://cr.justice.gov.lb/>

⁴ <http://www.bankdata.com/products/FinancialPublications>

The data also reveals substantial control over the banks' Board of Directors, including chairpersons (Figures 2 and 3). 15 out of 20 banks have their chair of the Board linked to politicians. 6 banks have among their management board individuals who currently hold public office, and almost all banks have on their boards former government officials or parliamentarians.

Having examined the state of political linkages within the banking sector, I now focus on trying to quantify the impact elite capture has on the performance of this sector. The literature indicates that politically connected banks tend to be larger than other banks (Braun and Raddatz, 2010); hold more government bonds thus increasing sovereign exposure (De Marco and Macchiavelli, 2016); provide more loans through political favoritism and rent distribution (Dinc, 2005, Khwaja and Mian, 2005); and experience higher default rates on their loans (Khwaja and Mian, 2005, Morck et al. 2011).

The above relationships are examined in the dataset, by resorting to a partial correlation analysis between an indicator of political influence within the bank's shareholder structure and various indicators linked to the bank's performance and asset structure. The ownership control variable is constructed as a weighted average of the political score derived above for each shareholder, and the percentage of shares he/she holds. Table 4 below provides the results of the main correlation relationships⁵.

First the results reveal, as expected, that political control of shares is strongly and positively correlated with a variable for political control in the Board of Directors. Second, there is no evidence of a size effect: larger banks (be it in terms of assets, number of employees or number of branches) are not correlated with more political control⁶. While the results show no correlation between political control and the prevalence of loans (through the loans to deposits ratio), they do reveal a strong and positive correlation (56%) with non-performing loans (defined as the ratio of the sum of substandard loans and doubtful loans, over total gross loans). This result is similar to the one found by Morck et al. (2011) in their cross-country analysis, where they show that banking sectors with more state or family-controlled banks experience a higher incidence of non-performing loans. Favoritism and preferential treatment of companies and persons within one's political party or support base are to blame, as banks with more political control overlook financial soundness markers at the expense of rent distribution.

The absence of correlation between political control and more exposure to public debt in all its forms (treasury bills in local and foreign currency, and Central Bank's certificates of deposits CDs) is seemingly worrying, as there has been growing suspicion that the country's banking sector and its Central Bank have been key stakeholders influencing the size and trajectory of the bloated public debt portfolio (Dibeh, 2005, Chaaban and Gebara, 2007, Salti and Chaaban, 2011). Yet to date empirical evidence on the excessive exposure of politically connected banks to public debt has been missing.

Commercial banks held in December 2014 a total of 37.4 billion US\$ in public debt, with more than half of this amount denominated in local currency (Table 5). This constituted 56% of total Gross Public Debt, which stood at 66.9 billion US\$ in Dec. 2014; and 21% of the banking sector's total assets. Public debt grew by 15.5 billion US\$ since 2009, out of which 8.2 billion US\$, more than half, was purchased by commercial banks. The overall *direct* exposure to sovereign risk thus remained constant at 56% since 2009 (Table 5).

⁵ Note that the analysis here is restricted to a simple correlation analysis which provides no necessary indication of causality (does political control induces inefficiency in the bank or vice versa, for instance). To undertake a causality analysis one needs a larger dataset that spans several years (which would allow to have more variance in ownership structure over time), which is beyond the scope of the present analysis.

⁶ Additional correlations not reported here also reveal no linkages between political control and profitability and banking costs variables.

Yet there is another channel of linking banks' finances to public debt: the Central Bank (BDL). BDL has been offering Certificate of Deposits at attractive rates to "sanitize" excess liquidity in the sector. According to an analysis by Fitch (Fitch Ratings, 2015), between 2009 and 2014, placement by banks in BDL⁷ increased by 28 billion US\$, while private credit increased by 21 billion US\$. Adding the above increase of 8.2 billion US\$ invested in public debt gives a total of 57.2 billion US\$, which sums up the increase in assets in the banking sector over 2009-2014 (of which a staggering 52 billion US\$ were deposits, mostly by non-residents). In turn, BDL used the above 28 billion US\$ increase in funds to 1) purchase government bonds (8.2 billion US\$); 2) purchase foreign reserves (7.1 billion US\$); and 3) invest in a category labeled "unclassified assets" (13.1 billion US\$)⁸. All in all, 16.4 billion US\$ of public debt were subscribed by the commercial banks, either directly through purchasing treasury bonds, or indirectly through BDL's certificates of deposits. What's striking is that neither the Association of Banks in Lebanon nor the Central Bank publish under their "consolidated balance sheet of commercial banks operating in the country" any details on interest-bearing deposits at BDL. Moreover, it is only until July 2016 that BDL published its consolidated balance sheet, which unfortunately remains too general and does not clearly identify BDL's holdings of public debt (other than TBs in local currency) or any liabilities towards interest-bearing commercial banks' accounts.

Within this overall situation, is there any specific linkage between politically affiliated banks and exposure to public debt? To try to answer this question, I select from the data the main politically affiliated banks for which we have data on overall exposure to public debt. The subset is selected based on political control for scores above 2, and constituting overall more than 50% of the bank's shares. The following banks are included: BankMed, SGBL, BLC, Fransabank, BLF and BBAC (no data for Al-Mawarid).

The data reveals two contradicting trends, yet in line with the overall analysis on public debt detailed above. First, the main politically connected banks (with the exception of BankMed) held more treasury papers than the overall banking sector aggregate indicator, but their ratios were relatively stable over 2009-2014, a trend similar to the sector one (Figure 4). Second, and in stark contrast to this trend, the interest-bearing deposits at the Central Bank for the politically connected banks grew at a very fast pace for most of these banks (Figure 5), with some of these banks reaching more than 20% of their assets in CDs. Unfortunately, there is no published sector-wide aggregate for the CDs cumulative account, therefore one cannot establish a comparative perspective for these steep increases. However, the differential evolution between the direct claims on the public sector and the CDs among the politically connected banks shows an appetite for these instruments, which have been offering an average interest rate of 4% since 2009. It is not clear why both the commercial banks and the Central Bank chose to use this indirect funding channel of the Lebanese public debt through an increasingly active role for BDL. The effectiveness and soundness of these operations can only be evaluated if detailed

⁷ Cash and balances with the Central Banks include non-interest bearing balances held by banks at the Central Bank in coverage of the compulsory reserve requirements on deposits in Lebanese Lira as required by the Lebanese banking rules and regulations. This compulsory reserve is calculated on the basis of 25% of sight commitments and 15% of term commitments after taking into account certain waivers related to subsidized loans denominated in Lebanese Lira (which have been proliferating recently in a policy adopted by the Central Bank). In addition to the above, all banks operating in Lebanon are required to deposit with the Central Bank interest-bearing placements at the rate of 15% of total deposits in foreign currencies regardless of their nature.

⁸ According to Fitch (2015, p.5): "The unclassified assets account is the source of the largest growth on the Banque du Liban's balance sheet since 2009. Fitch believes the account reflects the bank's seignorage operations, which include accumulated losses on foreign-currency liability instruments. (...) Insufficient disclosure on the full composition and accounting principles underlying the unclassified account complicates precise analysis, particularly as Banque du Liban should also be collecting seignorage revenue on its holdings of Lebanese government securities, which have grown in recent years. Until Fitch has further clarity, it feels the most appropriate treatment is to view this account as a non-cash accounting identity used to balance the bank's asset and liability accounts".

financial data are published by BDL, especially through annual balance sheets and income and losses statements.

4. Discussion and Conclusion

This paper has sought two principal objectives: 1) To map the ultimate shareholders of the main Lebanese commercial banks and identify their potential linkages with the country's political class; and 2) to analyze the impact of elite capture on the efficiency of the banking sector and its exposure to sovereign risk. By focusing on 20 banks with assets over 1 billion US\$ for the year 2014, the results of the paper show that most of the commercial banks in Lebanon are politically connected. 18 out of the 20 banks have major shareholders linked to political elites, and 43% of assets in the sector could be attributed to individuals and/or families closely linked to politicians. The results also show a high concentration within this political control: Only 8 "political families" control 32% of the commercial banking sector's total assets. The results also show that political influence is high with Board of Directors, with 15 out of 20 banks having their chair of the Board linked to politicians.

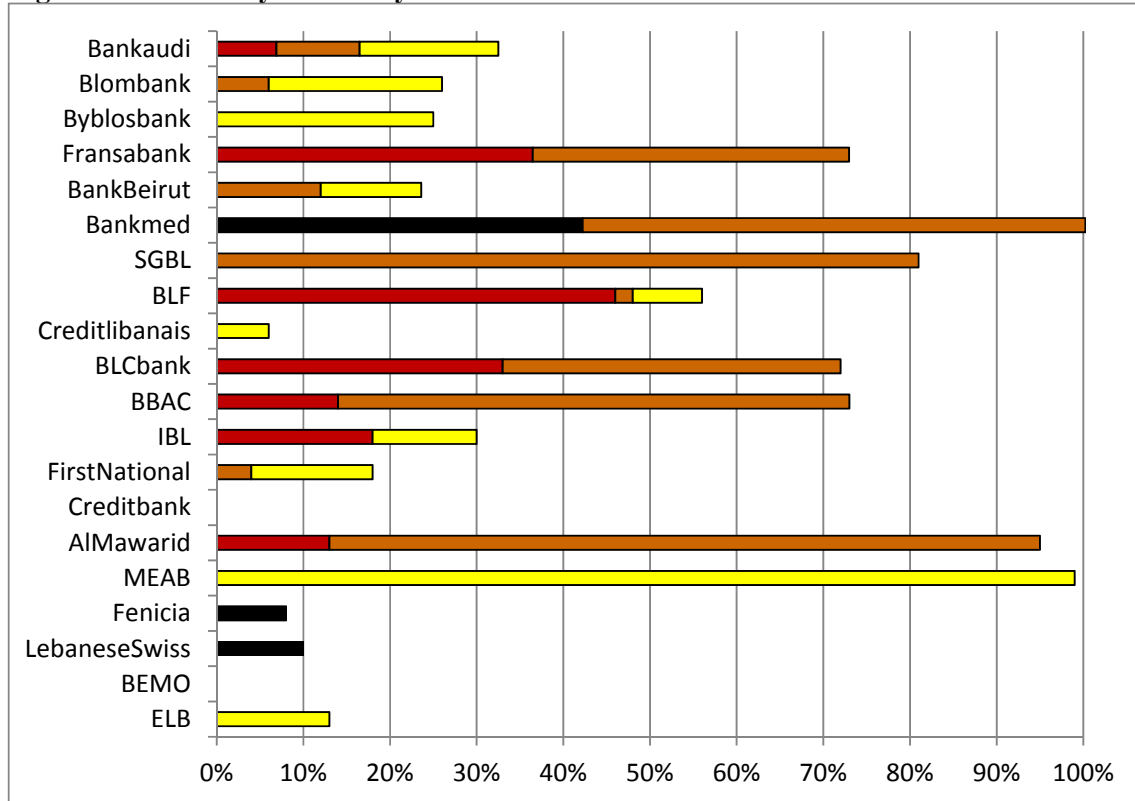
This substantive crony outlook for Lebanon's banks has been shown to have negative impacts on lending quality, as the data has shown a strong and significant negative correlation between political shareholders' control and the ratio of non-performing (or doubtful) loans to total assets. Banks that are more politically controlled tended to experience higher default on their loans, as they seemingly followed a non-rigorous approach in terms of screening customers at the expenses of favoritism and political rent distribution. With regards to their exposure to public debt, this paper has shown that politically controlled banks have maintained a relatively stable sovereign exposure in their assets portfolio, yet this stability hides a substantial increase in subscriptions to the Central Bank's certificates of deposits (CDs). These CDs have been shown to play an indirect role in funding the Government debt, with the Central Bank allocating a large proportion of its assets to buy bonds and treasury bills.

A natural extension of this research would be to gather longer term panel data on Lebanese banks, especially on their asset decomposition, to further establish the dynamics and causality that is driving their decision to allocate investments among the seemingly competing but effectively complementary instruments of CDs and treasury bills. This would require more micro data for individual banks that can be acquired through various banks' annual reports. Another research extension would be to look at time series for public debt composition versus the asset allocation within the Central Bank. This research would particularly help answering recurrent questions among the Lebanese public on whether the Central Bank is functioning as a truly independent institution, or rather continuously accommodating a spiraling public debt by incurring large expenses through interest rate differentials.

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Figure 1: Control by Politically Affiliated Shareholders



	5. Direct: Person is currently a member of Parliament or the Government
	4. Indirect1: Person was MP/minister/public official
	3. Indirect2: Person's family member is a current or former politician
	2. Indirect3: Person has close ties to local or foreign political elites
	1. Nolink: no linkages with politicians

Figure 2: Political Linkages within the Banks' Board of Directors

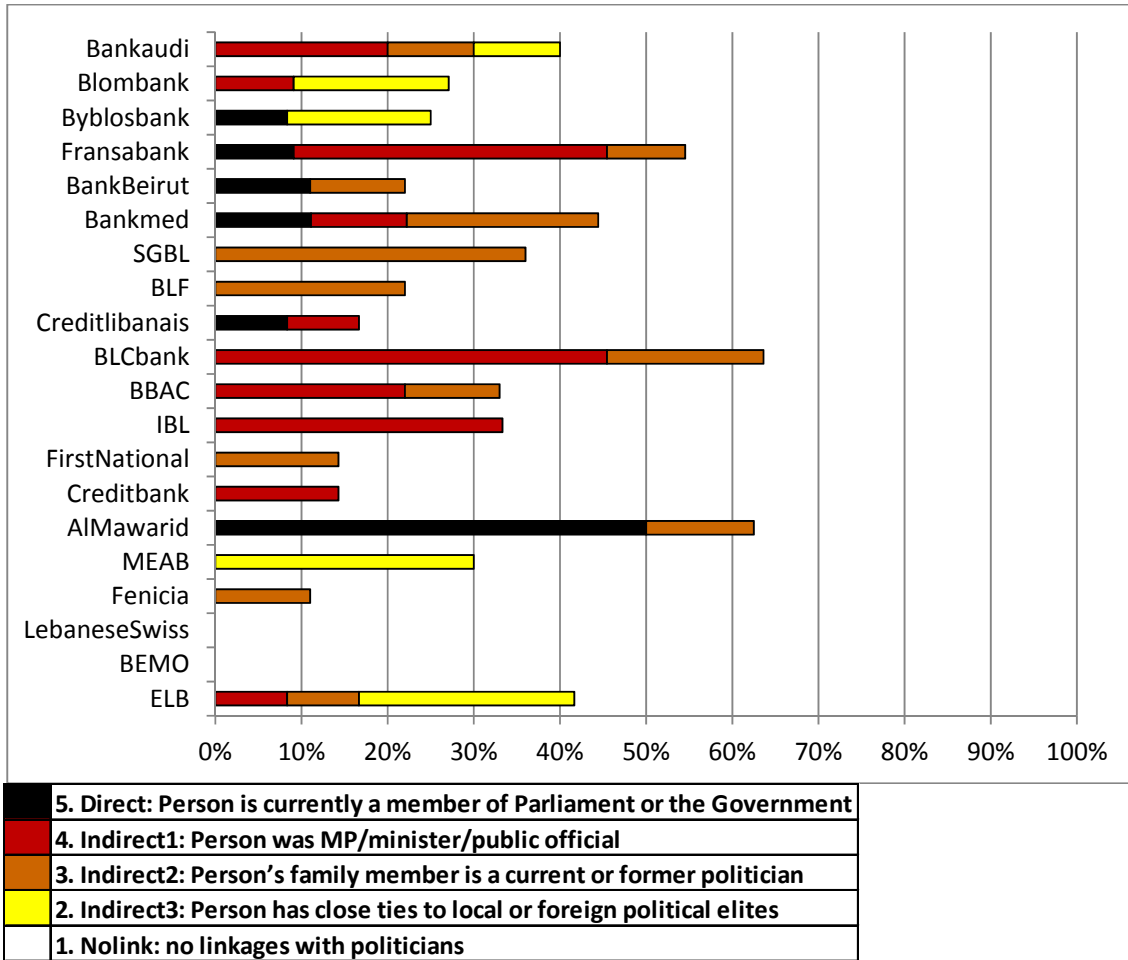
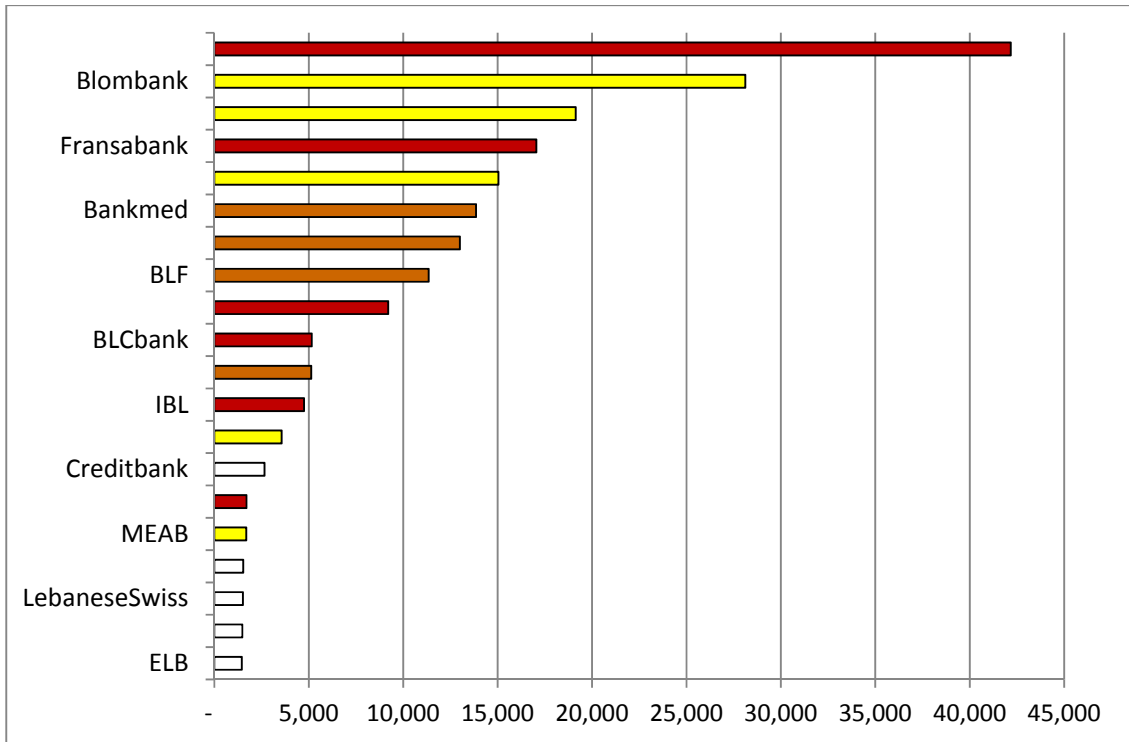
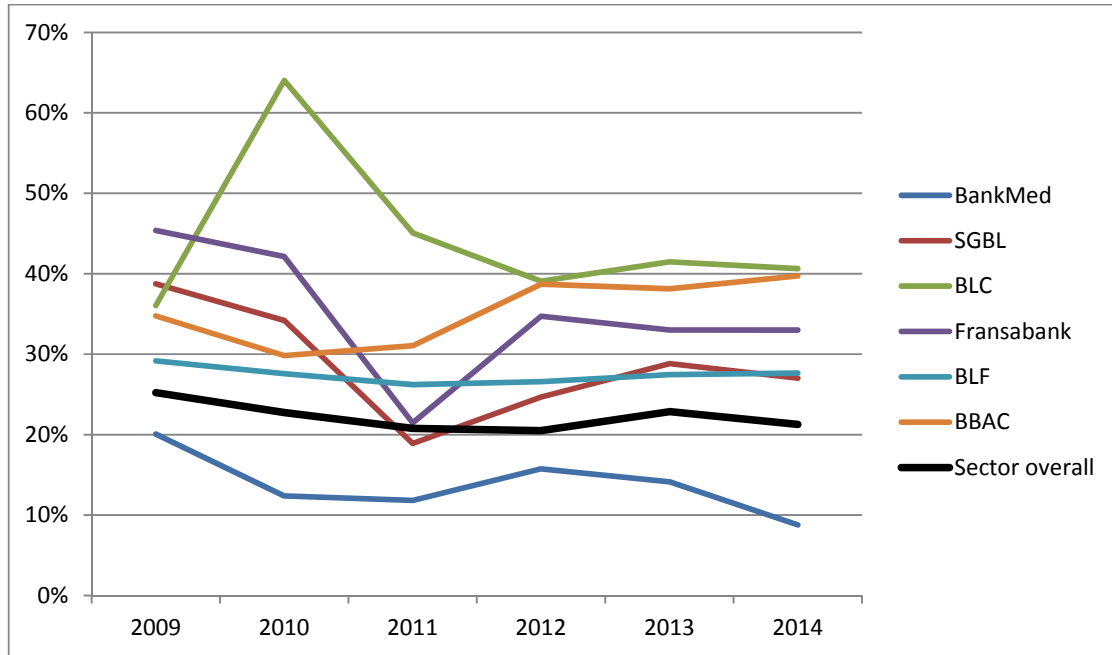


Figure 3: Affiliation of the Chairman of the Board of Directors (by bank assets million US\$)



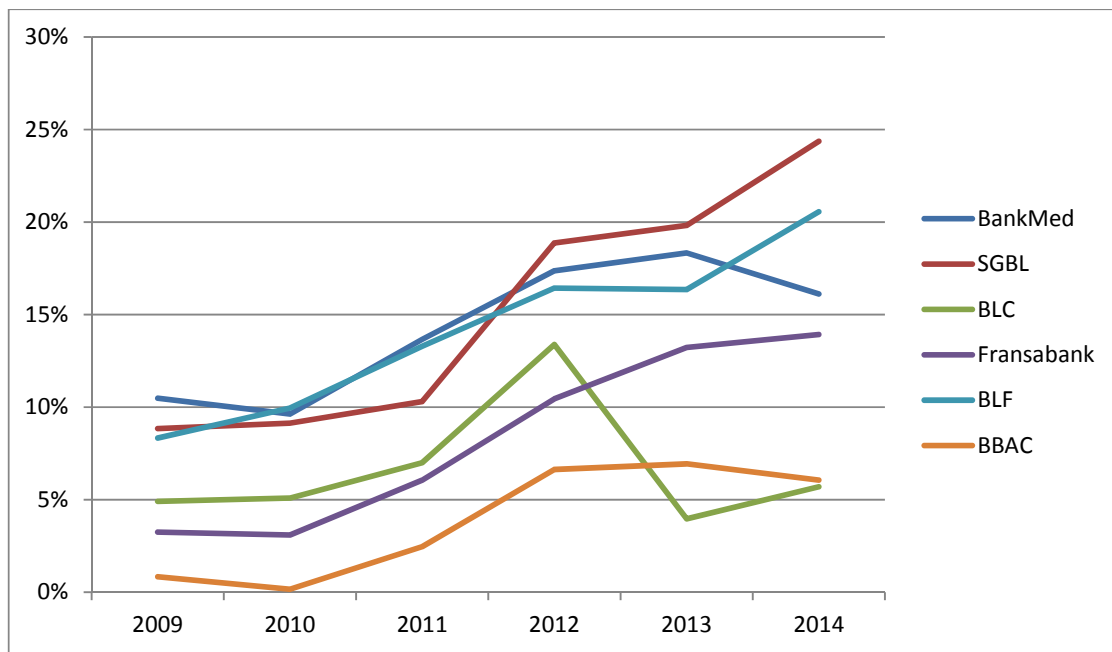
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1. Nolink: no linkages with politicians

Figure 4: Claims on Public Sector as % of total Assets, 2009-2014



Source: Author's calculation based on Bankscope and BilanBanques

Figure 5: Certificates of Deposits at BDL as % of total Assets, 2009-2014



Source: Author's calculation based on Bankscope and BilanBanques

Table 1: List of 20 Main Commercial Banks in Lebanon, 2014

Bank short name	Year established	Listed on Beirut Stock Exchange	Assets USD billion Dec. 2013	Share in total assets
Bankaudi	1930	Y	41.97	0.21
Blombank	1951	Y	27.99	0.14
Byblosbank	1950	Y	19.04	0.10
Fransabank	1921	N	16.97	0.09
BankBeirut	1963	Y	14.97	0.08
Bankmed	1970	N	13.79	0.07
SGBL	1953	N	12.94	0.07
BLF	1967	N	11.30	0.06
Creditlibanais	1961	N	9.17	0.05
BLCbank	1950	Y	5.14	0.03
BBAC	1956	N	5.11	0.03
IBL	1961	N	4.73	0.02
FirstNational	1996	N	3.55	0.02
Creditbank	1981	N	2.64	0.01
AlMawarid	1980	N	1.70	0.01
MEAB	1991	N	1.68	0.01
Fenicia	1959	N	1.52	0.01
LebaneseSwiss	1962	N	1.50	0.01
BEMO	1964	Y	1.48	0.01
ELB	1964	N	1.45	0.01

Sources: Association of Banks in Lebanon, Bankscope, Bilanbanques 2014

Table 2: Ownership Structure of Bank Audi, 2014

Shareholder name	Share	Type	Linkage score
Deutsche Bank Trust Company Americas	29%	Foreign bank	
FRH Investment Holding SAL	10%	Holding LB	3 (Indirect2)
Audi Family	7%	Persons	4 (Indirect1)
Sheikha Suad Hamad Al Saleh Al Homaizi	6%	Persons (GCC)	2 (Indirect3)
Sheikh Dhiab Bin Zayed Al-Nehayan	5%	Persons (GCC)	2 (Indirect3)
Levant Finance 2 Limited	5%	Holding UK	
Al Sabbah Family	5%	Persons (GCC)	2 (Indirect3)
Executives and Employees	4%		
Investment and Business Holding S.A.L.	3%		
Al Hobayeb Family	3%		
International Finance Corporation I.F.C	3%		
Ali Ghassan El Merhebi Family	2%		
Said El-Khoury Family	2%		
Others	17%		

Source: Bankscope. Note that we couldn't find any public record for "Levant Finance 2 Limited".

Table 3: Main “Political Families” in the Banking Sector

Family (+ political link)	Banks	Equity in mill. US\$, 2013
Hariri (former PM, current MP)	BankMed	2,517
Kassar (former minister)	Fransbank, BLC, BBAC	2,382
Sehnaoui (former ministers)	SGBL, BLC	1,380
Raphael (former minister)	BLF	724
Assaf (former minister)	BBAC	211
Habib (former MP)	IBL	58
Kheireddine (former minister)	Al Mawarid	24
Hrawi (son of former President)	FNB	17
Total		7,313

Source: Author estimates based on BankData and ultimate shareholders identification. Equity refers to consolidated equity in the controlled banks as of Dec. 2013.

Table 4: Partial Correlation between Political Shareholders’ Control and Key Banking Variables

	Ownership Control
Board control	0.69*
Size (Assets)	0.03
Size (Nb. Employees)	0.07
Size (Nb. Branches)	0.14
Sovereign Exposure	0.01
Loans to Deposits ratio	0.16
Non-performing Loans	0.56*

Notes: N=20, *significant at 5%. Sovereign exposure: ratio sum (LB treasury bills LL, Eurobonds, BDL certificates deposits in LL and FC) / deposits.

Table 5: Evolution of Public Debt by Holders, 2009-2014

	2009	2014	change
A. Local currency debt	30.0	41.2	11.2
Central Bank	6.9	13.2	6.3
Commercial Banks	18.2	21.0	2.8
Other local debt	4.9	7.0	2.1
B. Foreign currency debt	21.4	25.7	4.3
Eurobonds	18.1	23.2	5.1
o/w Paris I and II rates	3.3	2.5	(0.8)
o/w market issued	14.5	21.7	7.2
Commercial Banks	11.0	16.4	5.4
Other holders	3.5	5.3	1.9
Loans	3.0	2.4	(0.6)
Other debt	0.3	0.1	(0.2)
Gross Public Debt (A+B)	51.4	66.9	15.5

Data sources: Ministry of Finance and Association of Banks

Appendix 1: Banks Control Detailed data

Bank Audi SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
HE Raymond Audi	FM					Former minister
Dr Marwan Ghandour	FS					Former member of BDL
Samir Hanna						
Sheikha Humaizi						
Marc Audi		Son				Son of former minister
Freddie Baz						
Dr Imad Itani						
Sheikha Sabbah			rel			
Abdullah Al Hobayb						
Khalil Bitar						
Controlling Shareholders						
Fahd Hariri			Son		9.6%	Son of former Prime Minister
Audi Family		FM			6.9%	Former minister
Families from GCC				GCC	16%	Political families in GCC

BLOM BANK SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Saad AZHARI						
Samer AZHARI						
H.E. Me. Youssef TAKLA		FM				former minister
H.E. Sheikh Ghassan SHAKER				yes		External political affiliations
Habib RAHAL						
Nicolas Nicolas SAADE						
Fadi OSSEIRAN						
Joseph KHARRAT						
Marwan JAROUDI				yes		
Antoine MERHEB						
Saeb EL ZEIN						
Controlling Shareholders						
Azhari Family				Father minister in Syria	13.9%	http://www.aljournhouria.com/pages/view/59251
Chaker Family				FM	6.1%	Some members of the family were ministers in Oman
MRS. NADA AOUEINI			daughter		6%	

Byblos BANK SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Dr. François S. Bassil				yes		Ran for elections
Mr. Semaan F. Bassil				yes		
H. E. Mr. Arthur G. Nazarian	MP					also former minister
Mr. Des O'Shea						
Baron Guy L. Quaden						
PROPARCO						
Mr. Ahmad T. Tabbara						
Mr. Bassam A. Nassar						
Mr. Faisal M. Ali El Tabsh						
Mr. Abdulhadi A. Shayif						
Mr. Henry T. Azzam						
Mr. Alain C. Tohmé						
Controlling Shareholders						
Bassil Family				yes	25.50%	

FRANSABANK SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
HE Adnan Kassar		FM				Former minister of economy
Adel Kassar			Brother			Brother of former minister
Mr. Antoine Jeancourt Galignani						
Mr. Rafic Charafeddine						
The Public Institution for Social Security - Kuwait						
Mrs. Magda Rizk						
H.E. Mr. Nehmé Tohmé	MP	FM				Current member of parliament
H.E. Mr. Walid Daouk		FM				Former minister
Dr. Walid Naja		FS				Former member of BDL
Mr. Bernd Tümmers						
Mr. Henri Guillemin						
Controlling Shareholders						
Adel Kassar			brother		36.48%	brother of former minister
Adnan Kassar		FM			36.48%	Former minister of economy

BANK of BEIRUT SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Salim G. Sfeir						
Fawaz H. Naboulsi						
Adib S. Millet						
Antoine A. Abdel Massih						
Emirates Bank pjsc						
H.E. Anwar El Khalil	MP					
Architect Rashid Al-Rashid						
Krikor Sadikian						
Antoine Wakim						
Controlling Shareholders						
Nar Khatchadourian					9.1%	
Antoine Abdulmassih					19.8%	
Salim G. Sfeir				yes	11.7%	close to BDL governor
Fawaz H. Naboulsi			yes		4.6%	husband of sister karami
Ghada Joseph Ghorra			yes		7.0%	daughter former mayor zahleh

BANKMED SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Mr. Mohammed Hariri			Cousin			Cousin of Prime Minister R. Hariri
Mrs. Nazek Audi Hariri			Spouse			Spouse of Prime Minister
Mr. Maroun Asmar						
Mr. Stanislas De Hauss Boncza						
Mr. Hani Fadayel						
Mrs. Raya Haffar		FM				Former minister of finance
Mr. Basile Yared						
Dr. Ghazi Youssef	MP					Current member of parliament
GroupMed Holding Sal						
Controlling Shareholders						
Saadeddine Hariri	MP	FPM	Son		42%	
Ayman Hariri			Son		42%	Son of former Prime Minister
Nazek Hariri			Spouse		16%	Spouse of former Prime Minister

Societe Generale de Banque au Liban - SGBL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Antoun Sehnaoui			yes			grandchild of former MP and minister son of former MP and minister, and brother of former minister
Nabil Sehnaoui			yes			
Pierre Frédéric Kamel						
Kafinvest Holding Lebanon						
SAL			yes			
NSKINV Ltd			yes			
Société Générale (France)		FM				
represented by						
Alexandre Maymat						
Jean-Louis Mattei						
Ishak Mazen Hanna						
Jean-Pierre Ducroquet						
Grégoire Lefebvre						
Controlling Shareholders						
Nabil Sehnaoui			yes		81.2%	

Banque Libano-Francaise	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Walid RAPHAËL			son			father is former minister
Elie NAHAS						
Zafer CHAOUI						
Philippe DORÉ						
Habib LETAYF						
Philippe LETTE						
Marwan NSOULI						
Raya RAPHAËL NAHAS			daughter			father former minister
Wafic SAÏD						
Controlling Shareholders						
Raphael Family		FM			46.1%	
Chaoui Family					10.1%	
Said el Khoury Family					10%	
Other Raphael			yes		2.00%	
Gilbert Ramez Chaghouri				yes	8.00%	
Lateyf family					0.66%	
Karam family					0.63%	

Credit Libanais S.A.L	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Dr. Joseph Torbey		yes				Head of Taxes dpt, MOF 1970-1988
Mr. Abdullah Saudi						
H.E. Mr. Marwan Hamade	MP		FM			
Mohamad Wajih El-Bizri						
Sarkis Demerdjian						
Efstratios Georgios Arapoglou						
Mohamad Abdel Halim Arafa						
Arafa						
Dr. Michel Khadige						
Moustapha Nasser						
Fatma Lotfy						
Philip Khoury						
Karim Ali Awad Saleh Salame						
Controlling Shareholders						
Maktoum Family				yes	6.40%	UAE Governor, via EFG Hermes

B.L.C BANK S.A.L	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Maurice SEHNAOU	FM					former minister
Adnan KASSAR	FM					former minister
Adel KASSAR		brother				brother of FM
Nabil KASSAR		nephew				nephew of FM
Walid DAOUK	FM					former minister
Mansour BTEISH						
Nazem EL KHOURY	FM					former minister
Raoul NEHME						
Walid ZIADE						
Ziyad BAROUD	FM					former minister
Henri DE COURTIVRON						
Controlling Shareholders						
Adel Kassar			yes		27.3%	Via Fransabank
Adnan Kassar		FM			27.3%	Via Fransabank
Nicolas Sehnaoui		FM			6.14%	
Charif Sehnaoui			son/brother daughter/sister		6.14%	
Sara Sehnaoui					6.14%	

BBAC SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
GHASSAN ASSAF			yes			
JUDGE ABBAS AL HALABI		yes				
WALID ASSAF						
ALI ASSAF						
ALI GHANDOUR						
MARC MAAMARI						
MICHEL TUENI						Member of the Banking Control Commission of Lebanon
FAROUK MAHFOUZ		yes				
AMINE RIZK						
Controlling Shareholders						
Adnan Kassar		FM			13.5%	Via Fransabank
Adel Kassar			yes		13.5%	Via Fransabank
Ghassan Assaf			yes		11.25%	related to former politician
Walid Assaf			yes		11.25%	related to former politician
Marwan Assaf			yes		11.25%	related to former politician
Randa Assaf Al Halabi			yes		11.25%	related to former politician

IBL Bank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Salim Y. Habib		former MP				
His Excellency Elie N. Ferzli		Former minister				
His Excellency Dr. Mohammad Abdel Hamid Baydoun		former MP and minister				
Kamal A. Abi Ghosn						
Prince Sager Sultan Al Sudairy						
Bicom SAL. Holding						
Mounir Kh. Fathallah						
Tony N. El Choueiri						
Ziad Ch. Fakhoury						
Controlling Shareholders						
Salim Habib		yes			11.50%	former MP
Taraneh Kamangar					7.53%	
Kamal Abi Ghosn					7.34%	
Sheikh Khaled Ibrahim				yes	5.69%	GCC families
Sheikh Abdel Aziz Ibrahim				yes	5.69%	GCC families
His Excellency Dr. Mohammad Abdel Hamid Baydoun		yes			4.43%	former MP and minister

First National Bank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Rami Refaat El Nimer				yes		Relative politicians Jordan
Khaled Abdallah Al Sagar						
Abdallah Saoud Al Humaidhi						
Fawzi Elias Farah						
Arfan Khalil Ayass						
Roland Elias Haraoui		yes				Son of former President
Moustapha El Assaad						
Controlling Shareholders						
Salaheddine Nisam Osseiran					14.76%	
Rami Refaat El Nimer				yes	13.65%	
Tzico Todorof Mounif					10.4%	
Khaled Abdallah Al Sagar					8.05%	
Roland Elias Haraoui		yes			4.49%	
Ziad Al Sahili					4.33%	
<hr/>						
CreditBank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Tarek Joseph Khalife						
Maria Khalife Bazerji						
Holfiban SAL holding						
Financial Trust participation holding SAL						
Financial Profile Holding SAL						
He Dimyanos Fares Kattar		FM				former minister of economy
Dr Henry Joseph Chaoul						
Controlling Shareholders						
Tarek Joseph Khalife					48.1%	
Chamma Sukkar					20.0%	
Ramzi Rachid Haidar					6%	
Paul Jean Mereeb Harb					5.26%	
Maria Khalife Bazerji					4.69%	
Farid Aleksandre Zraik					4.36%	
<hr/>						
MEAB SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Kassem Hejeij				yes		
Hassan Hejeij				yes		
Chebib Moukalled						
Chafic Kobeissi						
Nasri Victor Malhame						
Michel Cordahi						
Controlling Shareholders						
Hassan Hejeij				yes	58.75%	
Kassem Hejeij				yes	40.00%	
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Fenicia Bank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Abdul Razzak ACHOUR						
Abdallah ACHOUR						
Aziz MAACARON			yes			brother of ambassador
Dr. Mohamad CHEAIB						
Youssef MERHI						
Mohsen NAAMANI						
Dr. Assaad KHOICHEICH						
Dr. Georges Khalil NAJJAR						
Michel FERNAYNI						
Controlling Shareholders						
HATEM ACHOUR					15.76%	
ABDUL ILAH MAHMOUD ACHOUR					14.56%	
ABDUL RAZZAK MAHMOUD ACHOUR					14.56%	
ABDULLAH MAHMOUD ACHOUR					14.56%	
ABDULSATTAR MAHMOUD ACHOUR					14.56%	
AZIZ MAACARON					7.50%	
JEAN MAACARON	yes				7.50%	Ambassador to Armenia
MOHAMMED MERHI					5.00%	

Lebanese Swiss Bank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Dr. Tanal Sabbah						
Mr. Ibrahim Fouad Kombargi						
Mr. Hadi Kaban						
Mr. Amer Kowatly						
Mr. Issa Elias Sahyoun						
Mr. Jirayr Habibian						
Mr. Louis Abi Habib						
Mr. Mounir Seifedine Karam						
Mr. Nabil Khairallah						
Controlling Shareholders						
Dr. Tanal Sabbah					64.80%	
Hussein ali Hab allah					12.0%	
Khater habib ai habib	yes				10%	Chair of NIGD
Abdallah Alazl					4.95%	

Banque BEMO Sal	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Riad Bechara Obegi						
Samih Halim Saadeh						
Sharikat Al Istismarat Al						
Oropia Lil Shark Al Aousat						
(Holding) sal						
Dr. Ara Ohannes Hrechdakian						
Jean Victor Hajjar						
Antoine Youssef Mansour						
Wakim						
Sheikh Hassan Isam Mohamad						
Kabbani						
Georges Bechara Obegi						
Emir Karim Samir Abillama						
Controlling Shareholders						
Yordan Bchara Obeigi					17.6%	
George Bchara Obeigi					17.4%	
Maroun Antanos Semaan	yes				12.38%	
Riyad Bchara Obeigi					5%	

Emirates Lebanon Bank SAL	Direct	Indirect1	Indirect2	indirect3	%Shares	Notes
Board of Directors						
Mr. Varouj Nerguizian						
H.E. Sheikh Seif Bin						
Mohamed Bin Butti Al Hamid				yes		
Mr. Abdulaziz Mubarak						
AlHasawi						
H.E. Sheikh Mohammed Bin						
Saud AlQasimi representing						
Bank of Sharjah PSC				yes		
H.E. Khalid Bin Sultan						
AlQasimi				yes		
M. Salah Al Noman						
H.E. Selim Jreissati		FM				former minister
Mr. Karim Souaid						
Dr. Bassel Salloukh			son			son of former minister
Mr. Fadi Ghosn						
Mr. Mario Tohmé						
Mr. Aram Nerguizian						
Controlling Shareholders						
Bank Of Sharjah					80%	