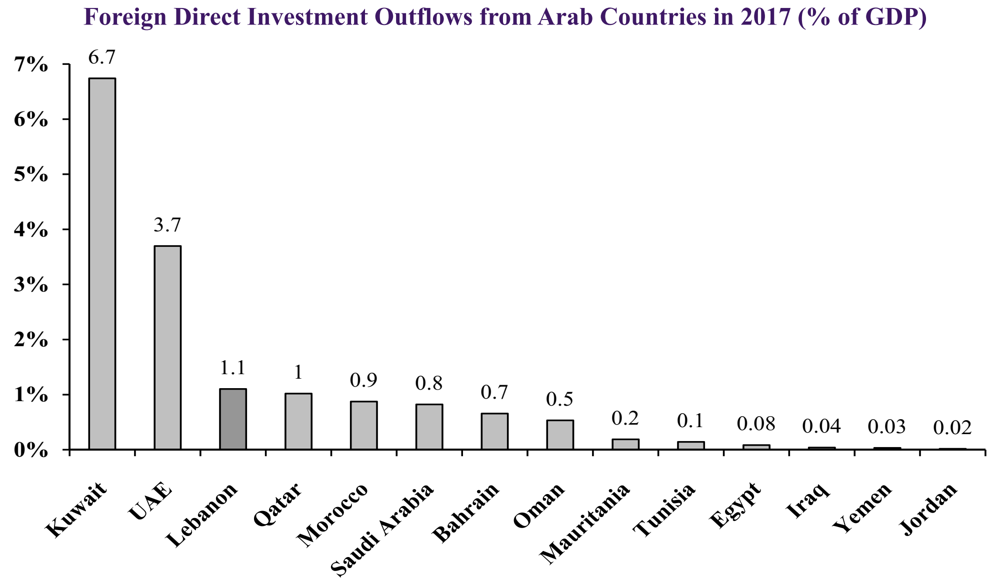
Issue 541 | June 11-23, 2018

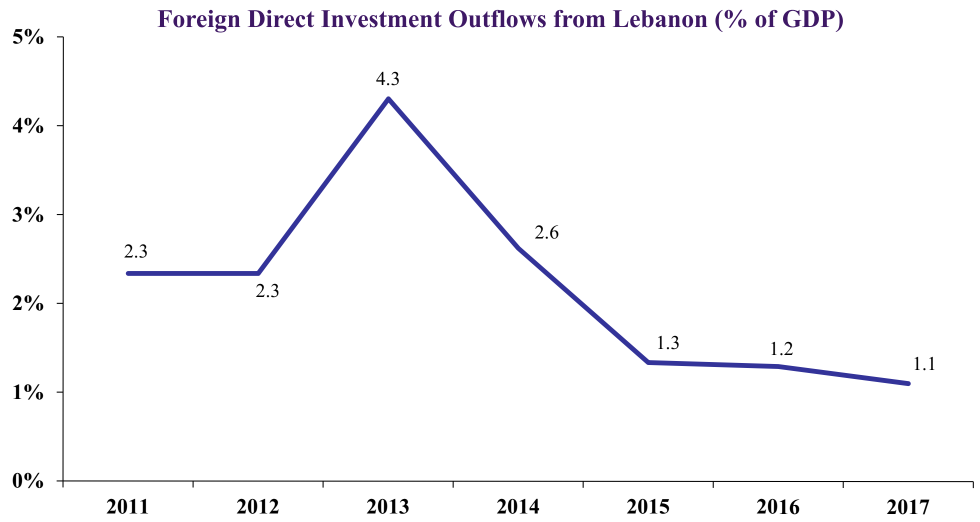
BYBLOS BANK SAL
Economic Research & Analysis Department

LEBANON THIS WEEK

In This Issue

Charts of the Week





Source: UNCTAD, International Monetary Fund, Byblos Bank

Quote to Note

"The pace of implementation of policy reforms by the incoming government will help assess the latter's effectiveness going forward."

Moody's Investor Services, on the key performance indicator of the upcoming government

Number of the Week

30%: Size of the informal economy as a share of the Lebanese economy, according to estimates by the Central Administration of Statistics

Lebanon in the News

$m *(unless otherwise mentioned)*	2017	Dec 2016	Sep 2017	Oct 2017	Nov 2017	Dec 2017	% Change*
Exports	2,844	244	210	251	229	251	2.70
Imports	19,582	1,536	1,297	1,690	1,726	2,278	48.3
Trade Balance	(16,739)	(1,292)	(1,087)	(1,439)	(1,497)	(2,027)	56.88
Balance of Payments	(156)	910	457	(888)	68	854	(6.16)
Checks Cleared in LBP	21,677	1,879	1,475	1,993	1,880	2,131	13.41
Checks Cleared in FC	46,578	3,880	3,010	4,147	3,687	4,127	6.37
Total Checks Cleared	68,255	5,759	4,485	6,140	5,567	6,258	8.67
Budget Deficit/Surplus	(3,300.82)	(513.35)	(651.25)	(273.18)	(865.19)	(350.41)	(31.74)
Primary Balance	1,882.86	(111.56)	(145.72)	166.63	(119.74)	15.77	-
Airport Passengers***	8,235,845	598,001	861,828	616,742	592,890	626,866	4.83

$bn *(unless otherwise mentioned)*	2017	Dec 2016	Sep 2017	Oct 2017	Nov 2017	Dec 2017	% Change*
BdL FX Reserves	35.80	34.03	35.06	36.77	35.69	35.80	5.21
In months of Imports	18.57	22.15	27.03	21.76	20.68	6.15	(72.25)
Public Debt	79.52	74.90	78.16	78.47	79.37	79.52	6.17
Bank Assets	219.86	204.31	213.42	215.79	216.21	219.86	7.61
Bank Deposits (Private Sector)	168.67	162.50	169.09	169.40	166.81	168.67	3.80
Bank Loans to Private Sector	60.32	57.18	58.93	59.13	59.55	60.32	5.49
Money Supply M2	52.48	54.68	55.50	55.07	51.96	52.48	(4.02)
Money Supply M3	138.38	132.80	138.87	138.68	136.99	138.38	4.20
LBP Lending Rate (%)****	8.09	8.23	8.31	8.24	7.98	8.09	(14bps)
LBP Deposit Rate (%)	6.41	5.56	5.53	5.56	5.88	6.41	85 bps
USD Lending Rate (%)	7.67	7.35	7.53	7.39	7.32	7.67	32 bps
USD Deposit Rate (%)	3.89	3.52	3.65	3.72	3.80	3.89	37 bps
Consumer Price Index**	4.40	3.10	4.10	4.60	4.80	5.00	190 bps

** Year-on-Year ** Year-on-Year percentage change ***includes arrivals, departures, transit*

***** Starting January 2016, lending rates in Lebanese pounds are reported before any subsidy or facility from reserve requirements according to Intermediate Circular No 389, and as such they are not comparable year-on-year*

Note: bps i.e. basis points

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE	Last Price ($)	% Change*	Total Volume	Weight in Market Capitalization
Audi Listed	5.25	(3.85)	405,572	19.83%
BLOM Listed	10.50	0.00	249,771	21.33%
BLOM GDR	10.55	(0.09)	105,351	7.37%
Solidere "A"	7.96	(0.75)	104,408	7.52%
Byblos Common	1.45	(2.03)	31,352	7.75%
Audi GDR	5.01	(4.57)	24,973	5.68%
HOLCIM	15.77	4.92	21,163	2.91%
Solidere "B"	8.00	(2.08)	20,970	4.91%
Byblos Pref. 09	91.95	(2.18)	4,000	1.74%
Byblos Pref. 08	90.90	(0.11)	635	1.72%

*Source: Beirut Stock Exchange (BSE); *Week-on-week*

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Nov 2018	5.15	99.750	5.786
May 2019	6.00	98.375	7.890
Mar 2020	6.38	96.500	8.615
Oct 2022	6.10	87.875	9.625
Jun 2025	6.25	81.500	10.000
Nov 2026	6.60	80.625	10.064
Feb 2030	6.65	78.125	9.841
Apr 2031	7.00	79.250	9.887
Nov 2035	7.05	77.375	9.783
Mar 2037	7.25	78.000	9.841

Source: Byblos Bank Capital Markets

	Jun 18-22	Jun 11-14	% Change	May 2018	May 2017	% Change
Total shares traded	1,013,223	357,652	183.3	3,629,854	18,564,676	(80.4)
Total value traded	$8,203,074	$3,539,933	131.7	$28,799,512	$157,326,100	(81.7)
Market capitalization	$10.58bn	$10.73bn	(1.32)	$10.97bn	$11.72bn	(6.4)

Source: Beirut Stock Exchange (BSE)

Greenfield foreign direct investments down 12% to $97m in 2017

Figures compiled by fDi Markets and released by the United Nations Conference on Trade and Development (UNCTAD) show that Lebanon attracted 11 Greenfield foreign direct investment projects for a total of $97.1m in 2017, relative to 10 projects worth $110.4m in 2016. The number of Greenfield projects increased by 10% year-on-year, while the amount of Greenfield FDI dropped by 12% in 2017. In comparison, Lebanon attracted seven projects in 2015 worth $74.9m, 10 projects in 2014 for a total of $1.2bn, and 16 projects in 2013 valued at $105.7m.

Globally, Lebanon was the 11th smallest recipient of Greenfield FDI in nominal terms among 129 economies with a nominal GDP of $10bn or more, and when excluding tax haven islands, as well as the fourth smallest recipient of Greenfield FDI among 16 Arab countries. Also, Lebanon attracted the 63rd lowest number of Greenfield projects globally and the fifth lowest number of projects among Arab countries last year, ahead of only Iraq (10 projects), Syria (three projects), Mauritania (two projects), and Djibouti (one project).

The FDI figures cover cross-border Greenfield projects that lead to the direct creation of jobs and capital investment. They include joint ventures when these transactions lead to a new physical Greenfield operation. The figures exclude mergers and acquisitions and other equity investments. fDi Markets is a database that tracks cross-border Greenfield investments across the world, and is owned by the Financial Times Group.

Lebanon was one of 78 countries globally and 13 Arab economies that saw a decrease in inward Greenfield FDI in 2017. Also, Lebanon was one of 69 countries worldwide that posted a double-digit decline in Greenfield FDI inflows last year. In comparison, the amount of inward Greenfield FDI projects to Arab economies decreased by 24.6% year-on-year, while Greenfield FDI to developing economies dropped by 28.7% and global Greenfield FDI regressed by 13.6%.

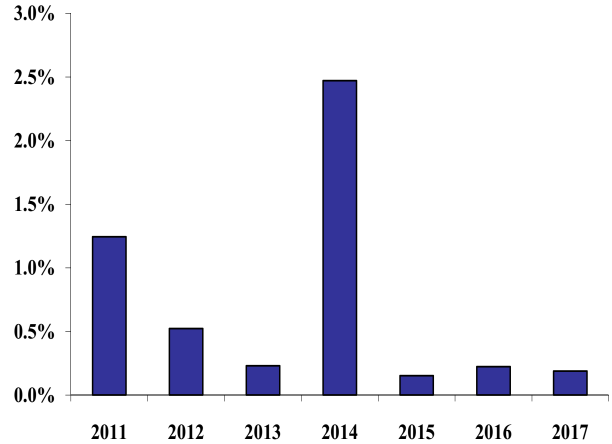
The amount of Greenfield FDI in Lebanon accounted for 0.14% of total Greenfield FDI in Arab countries last year, nearly unchanged from 0.12% in 2016. It also represented 0.03% of total flows to developing economies and 0.01% of global Greenfield FDI in 2017. Further, the amount of Greenfield FDI in Lebanon was equivalent to 0.2% of GDP in 2017, the lowest such ratio in the Arab world.

Greenfield FDI in Arab Countries (US$m)

	2017	2016	Change (%)
Egypt	37,622	40,914	-8.0%
UAE	9,204	9,808	-6.2%
Saudi Arabia	7,081	11,775	-39.9%
Oman	4,509	3,422	31.8%
Morocco	3,960	6,562	-39.6%
Iraq	2,838	3,951	-28.2%
Algeria	1,390	7,429	-81.3%
Bahrain	1,276	3,807	-66.5%
Jordan	1,090	3,323	-67.2%
Tunisia	831	311	167.1%
Qatar	438	744	-41.2%
Kuwait	266	1,286	-79.3%
Lebanon	**97**	**110**	**-12.0%**
Syria	46	1	5638%
Mauritania	18	24	-24.3%
Djibouti	11	235	-95.3%
Other Arab Countries	-	48	-
Total	70,678	93,749	-24.6%

Source: fDi Markets,UNCTAD, IMF, Byblos Research

Greenfield FDI in Lebanon (% of GDP)



Source: fDi Markets,UNCTAD, IMF, Byblos Research

Consumer Price Index up 5.7% in first five months of 2018

The Central Administration of Statistics' Consumer Price Index increased by 5.7% year on-year in the first five months of 2018 compared to a growth of 4.6% in the same period of 2017. The CPI increased by 6.5% in May 2018 from the same month of 2017. The prices of clothing & footwear grew by 13.8% year-on-year in May 2018, followed by transportation costs (+9.9%), the prices of water, electricity, gas & other fuels (+9.2%), recreation & entertainment costs (+7.9%), healthcare costs (+7.4%), actual rents (+6.7%), the cost of food & non-alcoholic beverages (+6%), prices of furnishings & household equipment (+4.6%), the cost of education (+4.2%), imputed rents (+3.9%), prices at restaurants & hotels (+3.3%), miscellaneous goods & services (+3%), prices of alcoholic beverages & tobacco (+1.9%), and communication costs (+1%). The distribution of actual rents shows that old rents grew by 11.4% annually in May 2018, while new rents increased by 3.5% year-on-year.

Further, the CPI grew by 0.6% in May 2018 from the preceding month compared to a month-on-month increase of 0.5% in April 2018. The prices of clothing & footwear increased by 2.1% month-on-month in May 2018, followed by transportation costs (+1.6%), the cost of water, electricity, gas & other fuels (+1.3%), the prices of furnishings & household equipment and actual rents (+0.7% each), the cost of food & non-alcoholic beverages and imputed rents (+0.3% each), prices at restaurants & hotels, miscellaneous goods & services and recreation & entertainment costs (+0.2% each), and communication costs (+0.1%). In contrast, healthcare costs regressed by 0.3% month-on-month in May 2018, while the prices of alcoholic beverages & tobacco and education costs were nearly unchanged in the covered month. The CPI increased by 1.5% month-on-month in May 2018 in the North, by 1% in Nabatieh, by 0.5% in each of Beirut and the Bekaa, by 0.4% in Mount Lebanon and by 0.2% in the South. In parallel, the Fuel Price Index increased by 3.9% month-on-month in May 2018, while the Education Price Index was unchanged from the preceding month.

Lebanon more resilient than other emerging markets to increase in U.S. rates

In the monthly meeting between Banque du Liban (BdL), the Banking Control Commission of Lebanon (BCCL) and the Association of Banks in Lebanon (ABL), Governor Riad Salamé indicated that U.S. interest rates are on an upward trend, with direct implications for the Middle East region and for Lebanon. He added that this trend has affected the yields on 10-year Lebanese Eurobonds, which reached 9.5% in the secondary market. But he noted that the volume of traded Lebanese Eurobonds, whose yields are driven by external factors, is low. He also said that the spreads on five-year Credit Default Swaps are linked to the fluctuation in the prices of Lebanese Eurobonds, and that fund managers have historically maintained a 2% margin, similar to the current margins. Further, Governor Salamé pointed out that Lebanon has been more resilient to the increase in U.S. interest rates than other emerging markets such as Argentina, Russia and Turkey, which suffered from fluctuations in both their local currencies and sovereign bonds. He added that the impact of higher U.S. interest rates on Lebanon has been limited to the prices of Eurobonds, as the exchange rate is stable under the BdL's policy of monetary stability. He noted that BdL has the necessary resources to maintain its policy of exchange rate stability over the short and long terms.

In parallel, Governor Salamé considered that BdL's proactive decision to raise interest rates, in coordination with commercial banks, has shielded the Lebanese banking sector from the repercussions of higher U.S. rates. He noted that interest rates on Lebanese pound deposits are lower and more favorable than the rates on deposits in the Turkish lira and Egyptian pound.

Further, Governor Salamé indicated that Lebanon does not face a balance-of-payments problem, unlike many countries that have resorted to financial agreements with the International Monetary Fund, with Lebanon's balance of payments posting a surplus of $437m in May 2018. He pointed out that the Lebanese government paid the principal of the $700m Eurobond that matured in June 2018 and will pay the principals on the $1bn Eurobond and the €445m Eurobond, which mature in November 2018. He noted that aggregate deposits at commercial banks increased by 4.4% year-on-year at the end of May 2018, with deposits in foreign currency growing by 6.8% annually. He added that deposits increased by 2.3% in the first five months of 2018, which would be equivalent to an annualized growth in deposits of 5.7% for 2018. He considered that the expected growth in deposits for 2018 would be sufficient to cover the financing needs of the government and the private sector. However, he indicated that the banks' lending decelerated by 2.7% year-on-year at the end of May, while it increased by just 0.5% from the end of 2017, which means that lending is expected to grow by 2.3% in 2018 on an annualized basis.

In parallel, the ABL indicated that the tax that the Lebanese government imposed on the banks' interbank operations and on their deposits at BdL is draining the banks' profitability at unprecedented rates, at a time when the banks need to further strengthen their capital. It added that the taxes resulted in a drop in profits of over 50% at some banks. Governor Salamé indicated that the relevant authorities had pledged to include a clause in the 2018 budget to cancel these taxes, but they did not fulfill their promise. He noted that he will follow up on this issue after the formation of the government.

Finally, Governor Salamé indicated that BdL will allocate only LBP500bn in subsidies for housing loans under its stimulus package for 2019. He noted that banks have already approved LBP800bn in housing loans this year, which means that they would have to bear the cost of the subsidy on interest rates on the balance of LBP300bn for 2018. He reiterated that BdL's main duty is to manage liquidity and not to provide support to the housing sector and subsidize interest rates on mortgages. He added that the latter task is the responsibility of the executive branch, which pledged in May LBP1,000bn from the Treasury to cover interest subsidies on housing loans. In addition, he said that the government is creating abundant liquidity in the market through the wide fiscal deficit. He noted that such conditions led BdL to avoid additional increases in liquidity through subsidized loans, which would be hard to manage. He reiterated that BdL's financial support in previous years has been part of its quantitative easing program to stimulate growth, similar to policies adopted by other central banks worldwide.

Association of Banks increases reference rate on US dollar lending, Lebanese pound rate unchanged

The Association of Banks in Lebanon (ABL) recommended to its member banks to increase the Beirut Reference Rate (BRR) in US dollars to 7.5% in July 2018. The rate, considered as the reference rate for lending in foreign currency, replaced the London Interbank Offered Rate (LIBOR) in 2009, as the ABL decided that the LIBOR does not reflect the cost of funding and lending in Lebanon. In addition, the ABL recommended to its member banks to maintain the BRR in Lebanese pounds at 10.7% in July 2018. The BRR in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL considers that the BRR does not replace the Beirut Prime Lending Rate in each currency, but constitutes the basis to calculate the prime rate after adding the cost of liquidity and refinancing, credit risk and the profitability of banks.

Economic growth potential dependent on structural reforms

In the concluding statement of its Article IV Consultation with Lebanon, the Executive Board of the International Monetary Fund encouraged Lebanese authorities to take advantage of the current political momentum and financial pledges secured at the CEDRE donor conference, which was held in Paris on April 6, to implement ambitious policies and reforms to address internal and external imbalances, improve investor confidence and raise growth prospects. It pointed out that Lebanon has significant upside potential for economic growth. It considered that international support at the CEDRE conference for Lebanon's Capital Investment Program (CIP) constitutes an opportunity to implement growth-enhancing reforms and investment. The CIP is the $23bn capital expenditures plan that the Council of Ministers approved on March 21 to upgrade the country's infrastructure. The Fund indicated that the implementation of structural reforms would help remove growth bottlenecks and support external rebalancing. In this context, the IMF called on authorities to reform the electricity sector, as well as to improve governance, reduce corruption and enhance the country's statistical system, among others.

In parallel, the Fund urged authorities to proceed immediately with substantial fiscal adjustment, which will require a strong and sustained political commitment, in order to improve debt sustainability. It considered that a well-defined fiscal strategy, which includes a combination of revenue measures and spending cuts, equivalent to about 5% of GDP, is ambitious but necessary over the medium term to stabilize and then reduce the public debt level. It recommended that authorities raise the value-added tax rate, gradually eliminate the electricity subsidies, and contain the public sector wage bill. In addition, the Fund called on authorities to strengthen the public investment management framework in order to ensure the successful implementation of the Capital Investment Program. Further, the IMF welcomed Lebanon's request for a public investment management assessment (PIMA) from the Fund, and encouraged authorities to quickly address any weaknesses identified in the PIMA before increasing public investment.

In parallel, the IMF commended Banque du Liban's (BdL) critical role in attracting deposit inflows and in effectively managing difficult economic conditions in the country. Still, it called on BdL to take a long-term view in its policy-making and to use more conventional monetary policy tools. It encouraged BdL to increase interest rates as needed, but to take into account the impact of higher rates on debt dynamics. In addition, it called on banks to strengthen their buffers and address the increase in credit risks, in order to reduce vulnerabilities in the financial sector. Also, it considered that authorities should strengthen their crisis management and anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks.

In parallel, the Fund considered that the country's economic conditions are difficult, and that the public debt level is elevated, the fiscal and current account deficits are wide, and financial conditions are tightening. It added that spillovers from the Syrian conflict, including the large number of refugees in Lebanon, have adversely affected the country's economic growth, increased the pressure on its infrastructure and reduced the quality of its public services. It noted that Lebanon needs continued international support to cope with the large number of Syrian refugees present on its territory. It added that an early resolution of the conflict in Syria would benefit Lebanon. However, it said that large vulnerabilities and downside risks persist from regional political developments and domestic events, which could negatively affect deposit inflows.

The IMF projected Lebanon's real GDP growth to remain subdued at about 1.5% in 2018. It noted that weak activity in the construction and real estate sectors, which are traditional growth engines, prevent a strong economic rebound in the near term. It expected real GDP growth to accelerate gradually to around 3% over the medium term under current policies. Further, the IMF projected the fiscal deficit to widen from 7.3% of GDP in 2017 to 10.6% of GDP in 2018, which would raise the public debt level from 153% of GDP at the end of 2017 to 157% of GDP at end-2018. Under current policies, it anticipated the fiscal deficit to remain in double digits over the medium term and to reach 13% of GDP by 2023, while it forecast the public debt level to maintain its upward trend and reach 178% of GDP by the end of 2023.

Revenues through Port of Beirut up 9% to $84m in first four months of 2018

Figures released by the Port of Beirut show that the port's overall revenues were $83.6m in the first four months of 2018, up by 9% from $76.7m in the same period of 2017. The Port of Beirut handled 2.7 million tons of freight during the covered period, down by 6.1% from 2.9 million tons in the same period of 2017. Imported freight amounted to 2.4 million tons in the first four months of 2018 and accounted for 88.2% of the total, while the remaining 317,000 tons, or 11.8%, consisted of export cargo. A total of 618 ships docked at the port in the covered period compared to 617 vessels in the first four months of 2017.

In parallel, revenues generated through the Port of Tripoli reached $5.5m in the first four months of 2018, constituting a decrease of 10.4% from $6.2m in the same period of 2017. The Port of Tripoli handled 566,684 tons of freight in the covered period, constituting a decrease of 13.8% from 657,090 tons in the first four months last year. Imported freight amounted to 455,340 tons and accounted for 80.4% of the total, while the remaining 111,344 tons, or 19.6%, were export cargo. A total of 1,339 vessels docked at the port in the first four months of 2018, constituting a drop of 24% from 1,763 ships in the same period of 2017.

Number of real estate transactions down 21% in first five months of 2018

Figures released by the Ministry of Finance indicate that there were 22,707 real estate transactions in the first five months of 2018, constituting a decrease of 21.1% from 28,768 deals in the same period of 2017. In comparison, the number of real estate transactions grew by 14.7% year-on-year in the first five months of 2017 and increased by 8.4% in the same period of 2016. There were 4,378 real estate transactions in the Baabda area in the first five months of 2018, representing 19.3% of the total. The North followed with 3,617 deals (15.9%), then the Zahlé region with 3,009 transactions (13.3%), the South with 2,643 deals (11.6%), the Metn district with 2,483 transactions (10.9%), the Keserwan area with 2,153 deals (9.5%), the Nabatieh region with 2,096 transactions (9.2%) and Beirut with 1,695 deals (7.5%).

Also, the aggregate value of real estate transactions reached $3.2bn in the first five months of 2018 and decreased by 15.6% from $3.8bn in the same period of 2017. In comparison, the value of real estate deals increased by 11.4% in the first five months of 2017 from the same period of 2016, and grew by 17.8% year-on-year in the first five months of 2016. Further, the value of real estate transactions in Beirut reached $913m and accounted for 28.3% of the total in the first five months of 2018. The Baabda district followed with $588.2m (18.2%), then the Metn region with $566.5m (17.6%), the Keserwan area with $426.7m (13.2%), the South with $236.8m (7.3%), the North with $212.1m (6.6%), the Zahlé area with $142.2m (4.4%) and the Nabatieh region with $88.7m (2.8%).

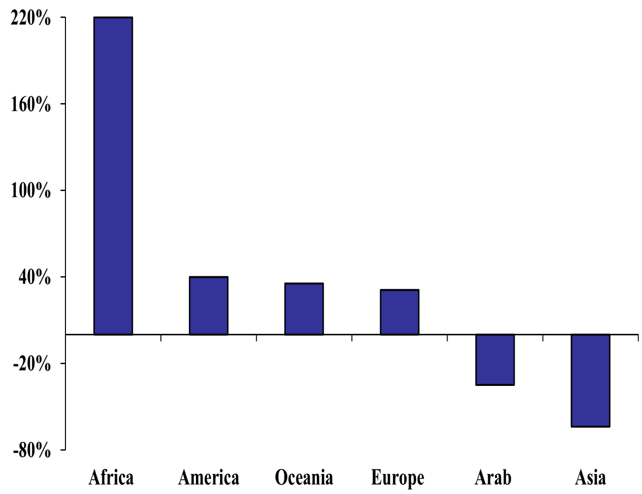
In parallel, the average value per real estate transaction was $142,039 in the first five months of 2018, up by 7% from an average of $132,757 in the same period of 2017 and relative to $136,648 in the first five months of 2016. Further, there were 477 real estate transactions executed by foreigners in the first five months of 2018, down by 4.6 % from 500 deals in the same period of 2017, and compared to 412 deals in the first five months of 2016 and to 545 transactions in the same period of 2015. The number of real estate deals executed by foreigners accounted for 2.1% of total real estate transactions in the covered period compared to 1.7% of deals in the same period of 2017 and to 1.6% of deals in the first five months of 2016. Further, 22.2% of the real estate transactions executed by foreigners were in the Baabda district in the first five months of 2018, followed by Beirut (20.3%), the South (13.6%), the Metn region (12.4%), the North (10.7%), the Zahlé region (10.3%), the Keserwan area (8.8%) and the Nabatieh region (1.7%).

Tourist arrivals up 1% in first five months of 2018

The number of incoming visitors to Lebanon totaled 656,444 in the first five months of 2018, constituting an increase of 1% from 649,841 tourists in the same period of 2017 and a drop of 10.4% from 732,855 visitors in the first five months of 2010, the record year for tourism activity in Lebanon. Also, the number of incoming visitors reached 134,859 in May 2018, down by 15.3% from 159,187 visitors in April 2018 and by 7.7% from 146,036 tourists in May 2017. Visitors from European economies accounted for 35.9% of the total in the first five months of 2018, followed by those from Arab countries with 30.1%, the Americas with 15.6%, Asia with 7.9%, Africa with 6.4% and Oceania with 4%. Further, tourists from Iraq accounted for 12.6% of total visitors in the covered period, followed by visitors from France (9.6%), the U.S. (7.9%), Egypt (5.2%), Canada (5.1%), Jordan (4.7%), Germany (4.6%), England (3.9%) and Saudi Arabia (2.6%).

In parallel, the number of visitors from Europe increased by 12.3% year-on-year in the first five months of 2018, followed by those from Oceania (+11.6%), the Americas (+8.6%) and Africa (+4.7%), while the number of visitors from the Arab region regressed by 13% year-on-year and the number of tourists from Asia declined by 4.2%. On a country basis, the number of tourists from Brazil grew by 27.5% year-on-year in the covered period, followed by visitors from France (+17.1%), Germany (+11.6%), Sweden (+11.5%), Turkey (+8.8%), the U.S. (+8.5%), Egypt and England (+7.3% each), Italy (+6.8%), Canada (+5.2%) and Venezuela (+3%). In contrast, the number of visitors from the UAE dropped by 39.3% year-on-year in the first five months of 2018, followed by visitors from Saudi Arabia (-30.7%), Kuwait (-18.8%), Iraq (-18.7%) and Jordan (-4.2%).

Change in the Number of Tourist Arrivals from Main Sources in First Five Months of 2018*



**from same period of 2010*
Source: Ministry of Tourism, Byblos Research

Market accessibility of Beirut Stock Exchange needs improvement in several areas

In its annual assessment of the market accessibility of 84 developed, emerging and frontier equity markets, global portfolio analytics and indices provider MSCI, Inc. maintained Lebanon in its Frontier Markets category. It evaluated the country's stock market based on five accessibility criteria that are openness to foreign ownership, ease of capital inflows and outflows, efficiency of the operational framework, the competitive landscape and the stability of the institutional framework. It said that the five criteria reflect the views of international institutional investors, which generally put a strong emphasis on the equal treatment of investors, the free flow of capital, the cost of investment, anti-competitive practices and country-specific risks.

In terms of openness to foreign ownership, MSCI said that there are no constraints on foreign ownership in the Beirut Stock Exchange, except for Israeli nationals who are formally prohibited from investing in Lebanese companies. It noted that Lebanon could improve equal rights to foreign investors, as company-related information is not always readily available in English. As such, Lebanon was, along with Sri Lanka, the only frontier market with a "no major issues" rating in terms of investor qualification requirements, as the remaining countries have a "no issues" rating. Also, it was one of 15 markets with a "no major issues" rating in terms of equal economic and voting rights to foreign investors. Further, Lebanon was one of 23 frontier markets with a "no issues" rating in terms of foreign room level, which is mainly the proportion of shares still available to foreign investors. It was also one of 20 markets with a "no issues" rating in terms of foreign ownership limit.

Regarding capital inflows and outflows, MSCI said that there are no restrictions on capital flows to and from Lebanon. But it noted that there is no offshore currency market and that there are constraints on the onshore currency market, as foreign investors are not allowed to hold Lebanese pound balances. As such, Lebanon was among 19 frontier markets with a "no issues" rating in terms of capital flow restrictions, and one of eight markets with an "improvements needed" rating in terms of the liberalization level of the foreign exchange market.

Regarding the efficiency of the operational framework, MSCI considered that the market entry process needs to improve, as registration is mandatory and may take up to five days. Further, it said that not all market regulations are available in English, and that the flow of information can be improved, as detailed stock market information is not always disclosed in English. Lebanon was among 11 frontier markets that received a "no major issues" rating in terms of market regulations, and one of five markets to get the same rating in terms of information flow. In addition, MSCI said that almost all market infrastructure indicators need improvement, except for trading where Lebanon has a "no issues" ratings. In terms of clearing and settlement procedures, MSCI noted that there is no nominee status as well as no omnibus structures, while overdraft facilities are prohibited. In terms of custody, it indicated that there is no formal segregation between custody and trading accounts for transactions on the Beirut bourse. It added that there is an absence of global custodians accessible to foreign investors. In terms of registry and depository, it stated that not all listed shares are dematerialized, few securities are registered at the issuer level and that, in most instances, the central depository acts as a central registry. In terms of transferability, it said that in-kind transfers and off-exchange transactions are prohibited.

Finally, MSCI found "no major issues" in the stability of the institutional framework in Lebanon, similar to the ratings of 20 other frontier markets. But it did not rate Lebanon's competitive landscape. Lebanon is one of 24 countries worldwide that fall under MSCI's definition of Frontier Markets. The other Arab markets in the same category are Bahrain, Jordan, Kuwait, Morocco, Oman and Tunisia. In November 2007, MSCI included Lebanon in its MSCI Frontier Markets Index, a fully investable index for frontier equity markets. The index contains stocks from 27 developing markets in Asia Pacific, Emerging Europe, the Middle East & Africa, and the Americas.

Industrial exports up 5% to $629m in first quarter of 2018

Figures released by the Ministry of Industry show that industrial exports totaled $628.8m in the first quarter of 2018, constituting an increase of 5.4% from $596.6m in the same quarter of 2017. Industrial exports reached $238.4m in March 2018, up by 17.2% from $203.4m in the preceding month, and by 6.5% from $223.9m in March 2017.

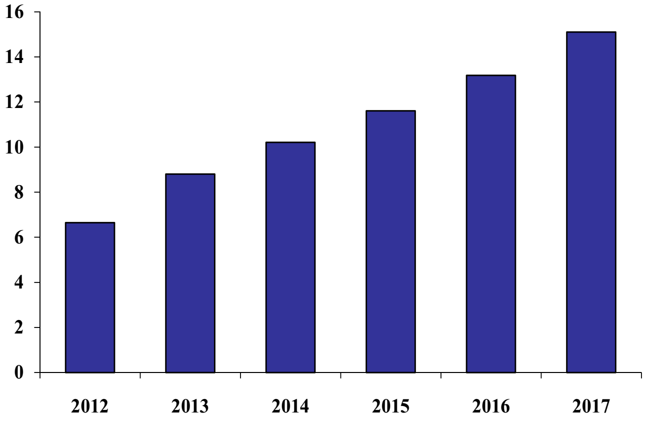
Base metal exports totaled $117.9m and accounted for 18.8% of aggregate industrial exports in the first quarter of 2018, followed by exports of chemical products with $113.9m (18.1%), foodstuffs & tobacco with $110.4m (17.6%), machinery & mechanical appliances with $102.8m (16.4%), plastics & rubber with $40.9m (6.5%) and paper & paperboard with $30.9m (4.9%). Arab countries were the destination of 48.1% of Lebanese industrial exports in the first quarter of 2018, followed by European economies with 20.6%, Asian countries with 12.8%, African economies with 10.8%, countries in the Americas with 6.4%, and markets in Oceania with 0.7%.

On a country basis, the UAE was the main destination of Lebanese industrial exports and accounted for 8.2% of the total in the covered period, followed by Saudi Arabia with 8.1%, Turkey with 7.7%, Iraq with 7.3%, and Qatar and Syria with 5.2% each. In March 2018, 13 Arab states, 12 European economies, 10 African countries, three Asian economies, two countries in the Americas and one country in Oceania imported $1m or more each of Lebanese industrial products.

In parallel, imports of industrial equipment and machinery reached $71m in the first quarter of 2018, up by 36.8% from $51.9m in the same period of 2017. Italy was the main source of such imports and accounted for 35.2% of the total in the first quarter of 2018, followed by Germany with 17.8% and China with 13.9%. Further, imports of industrial equipment and machinery amounted to $28.2m in March 2018, up by 39.5% from $20.2m in the same month of 2017. Italy was the main source of such imports with $13.1m and accounted for 46.7% of the total in the covered month, followed by Germany with $3.5m (12.5%) and China with $3.4m (12.1%).

ADIR's net profits up 14% to $15m in 2017

ADIR's Net Profits (US$m)



Source: ADIR, Byblos Research

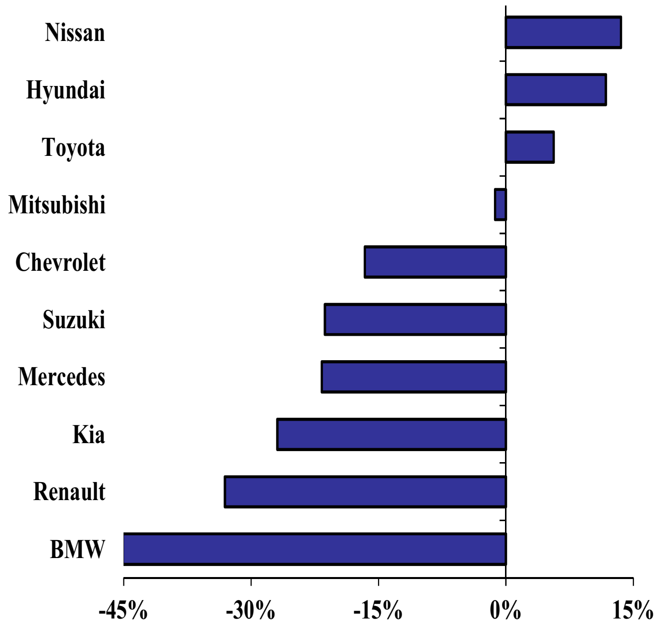
Adonis Insurance and Reinsurance Co. (ADIR sal), the insurance affiliate of the Byblos Bank Group, announced audited net profits of $15.1m in 2017, constituting an increase of 14.3% from net earnings of $13.2m in 2016. Its audited balance sheet shows total assets of $329.8m at the end of 2017, constituting a growth of 13.7% from $290m a year earlier. On the assets side, general company investments reached $136.1m at end-2017 and increased by 11% from $122.6m at the end of 2016. They included $56.2m in fixed income investments, $9.3m in cash & cash equivalents and $64.6m in blocked bank deposits and deposits with maturity of more than three months, of which $2.2m in bank deposits blocked in favor of the Economy Ministry as guarantees.

Also, unit-linked contract investments totaled $154.4m at the end of 2017 and rose by 16.7% from $132.3m a year earlier. They included $75.4m in fixed income investments, $59.7m in cash & similar investments, and $19.3m in placements in mutual funds. Unit-linked investments in fixed income instruments grew by 10.3%, cash & similar investments improved by 27.7%, and placements in mutual funds increased by 15.7% year-on-year. Reinsurance share in technical reserves for the life and non-life categories amounted to $26.3m and $4.3m, respectively, constituting year-on-year increases of 13.6% and 26.1%, respectively. On the liabilities side, unit-linked technical reserves reached $154.4m at the end of 2017, reflecting a rise of 16.7% from $132.3m at end-2016. Also, technical reserves for the life segment grew by 11.1% year-on-year to $38.5m, while technical reserves for the non-life category reached $32.4m at end-2017, up by 4.5% from $31m at end-2016. In parallel, the firm's shareholders' equity totaled $62.75m at the end of 2017 and rose by 15.6% from $54.27m a year earlier.

Al-Bayan magazine's annual survey of the insurance sector in Lebanon ranked ADIR in fifth and 17th place in 2017 in terms of life and non-life premiums, respectively. The firm's life premiums grew by 9.3% year-on-year to $49.5m, while its non-life premiums increased by 6.2% to $23.4m in 2017. It had a 9.5% share of the life market and a 2.1% share of the local non-life market. Overall, ADIR ranked in 11th place in terms of life and non-life premiums in 2017, and had a 4.4% share of total life and non-life premiums.

New car sales down 6% in first five months of 2018

Sales of Top 10 Car Brands in First Five Months of 2018 (% change*)



* *year-on-year*
Source: AIA, Byblos Research

Figures released by the Association of Automobile Importers in Lebanon show that dealers sold 13,047 new passenger cars in the first five months of 2018, constituting a decrease of 5.7% from 13,836 cars sold in the same period of 2017. Individuals and institutional clients purchased 2,489 new cars in January, 2,256 new vehicles in February, 2,901 automobiles in March, 2,539 new cars in April and 2,862 vehicles in May 2018.

Japanese cars accounted for 39% of total car sales in the first five months of 2018, followed by Korean vehicles with a 30.7% share, European automobiles (20%), American cars (7.6%) and Chinese vehicles (2.8%). The sales of new Chinese cars jumped by 2.5 times in the covered period and demand for Japanese automobiles grew by 3.9% year-on-year. In contrast, demand for European automobiles regressed by 14.5%, the sales of Korean vehicles decreased by 13.4% and the number of American cars sold declined by 11.8% year-on-year in the covered period.

Kia is the leading brand in the Lebanese market with 2,195 vehicles sold in the first five months of 2018, followed by Hyundai with 1,805 new cars sold, Toyota (1,708), Nissan (1,376) and Suzuki (543). In parallel, car dealers sold 884 new commercial vehicles in the covered period, down by 25.5% from 1,186 commercial vehicles purchased in the first five months of 2017. Overall, car dealers sold 13,931 new passenger cars and commercial vehicles in the first five months of 2018, down by 7.3% from 15,022 cars sold in the same period of 2017.

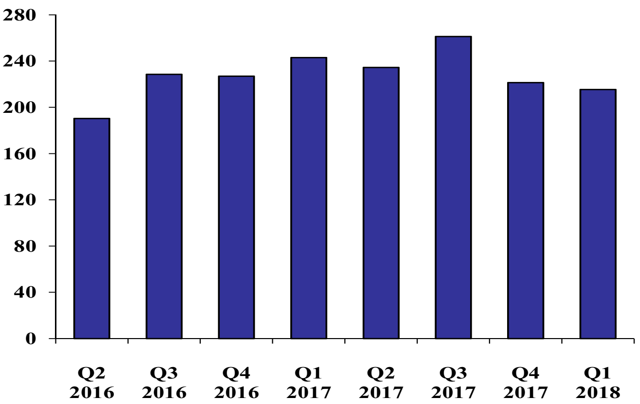
In parallel, Lebanon's top five distributors sold 8,740 vehicles in the first five months of 2018 and accounted for 62.7% of new car sales. NATCO sal sold 2,206 vehicles, equivalent to 15.8% of the total, followed by Rasamny Younis Motor Co. sal with 1,954 automobiles (14%), Boustany United Machineries sal with 1,850 cars and Century Motor Co. sal with 1,849 vehicles (13.3% each), and Bassoul Heneiné sal with 881 cars (6.3%).

Insurance premiums up 7% to $478m in first quarter of 2018, claims down 11% to $215m

Figures released by the Association of Insurance Companies in Lebanon (ACAL) indicate that insurance premiums generated in Lebanon totaled $478.2m in the first quarter of 2018, constituting an increase of 7% from $446.9m in the same quarter of 2017.

Medical insurance premiums totaled $188.2m in the first quarter of 2018 and accounted for 39.4% of the sector's aggregate premiums. Life insurance premiums followed with $116.7m (24.4%), then motor insurance with $95.2m (19.9%), fire premiums with $35.8m (7.5%), workmen compensation premiums with $15.5m (3.2%), cargo premiums with $8m (1.7%), public liability premiums with $5.7m (1.2%), engineering premiums with $2m (0.4%) and credit insurance premiums with $1.5m (0.3%), while premiums from other categories amounted to $9.6m and accounted for 2% of the total.

Paid Claims (US$m)



Source: ACAL, Byblos Research

ACAL noted that medical insurance premiums paid by Lebanese citizens grew by 10% to $184.7m in the first quarter of 2018, while premiums paid by Lebanese expatriates decreased by 3% year-on-year to $3.6m. Also, non-compulsory motor premiums increased by 5% to $75.8m in the covered quarter, while compulsory motor premiums grew by 47% year-on-year to $19.4m. The report shows that motor premiums grew by 12% in the first three months of 2018, posting the largest increase among all categories, followed by premiums for medical insurance (+10%), public liability (+9%), life insurance (+4%) and workmen compensation (+1%). In contrast, engineering premiums dropped by 34% and cargo premiums decreased by 3%, while fire premiums were unchanged year-on-year in the first quarter of 2018.

Further, ACAL indicated that total benefits and claims paid by insurance companies stood at $215.4m in the first quarter of 2018, constituting a decrease of 11% from $243m in the same quarter of 2017. Benefits and claims paid for the non-life categories reached $163.4m in the covered quarter, constituting an increase of 3% from $158.6m in the first quarter of 2017, while claims disbursed for the life insurance category amounted to $52m and decreased by 38.3% year-on-year from $84.4m in the first quarter of 2017.

Medical claims accounted for 42.6% of total claim payments in the first quarter of 2018, followed by life insurance claims (24.2%), motor claims (23.5%), workmen compensation claims (3.5%), fire claims (2.5%), cargo claims (1.2%), public liability claims (0.6%) and engineering claims (0.3%). Public liability claims surged by 75% in the first quarter of 2018, cargo claims expanded by 23% and medical claims increased by 13%. In contrast, life insurance claims declined by 38% in the covered quarter, fire claims decreased by 26%, engineering claims fell by 12%, and claims related to other categories dropped by 59% year-on-year; while motor and workmen compensation claims were each unchanged year-on-year. Further, protection with savings policies accounted for 56% of total life insurance premiums and for 23.6% of the number of life insurance contracts in the first quarter of 2018, while life protection plans represented 44% of total life insurance premiums and 76.4% of the total number of life contracts during the covered quarter.

Holcim's net profits down 12% to $43m in 2017

Cement producer Holcim (Liban) sal posted unaudited net profits of $43.3m in 2017, constituting a decrease of 12.1% from net earnings of $49.2m in 2016. The decrease in profits is mainly due to lower net sales and higher general and administrative expenses, as well as to significantly higher provisions for risk and charges. The firm's sales totaled $159.8m in 2017, down by 2.3% from $163.5m in the previous year; and its gross profit margin reached 51.3% last year relative to 50.8% in 2016. Also, its general and administrative expenses grew by 26.8% from $13.4m in 2016 to $17m in 2017, while provisions for risk and charges rose by 8.2 times to $3.5m in 2017. Holcim's assets reached $264.3m at the end of 2017, constituting an increase of 3% from $256.5m at end-2016. The firm's current ratio, which is a measure of the company's ability to meet its short-term obligations, was 1.38x at the end of 2017, nearly unchanged from 1.40x at end-2016.

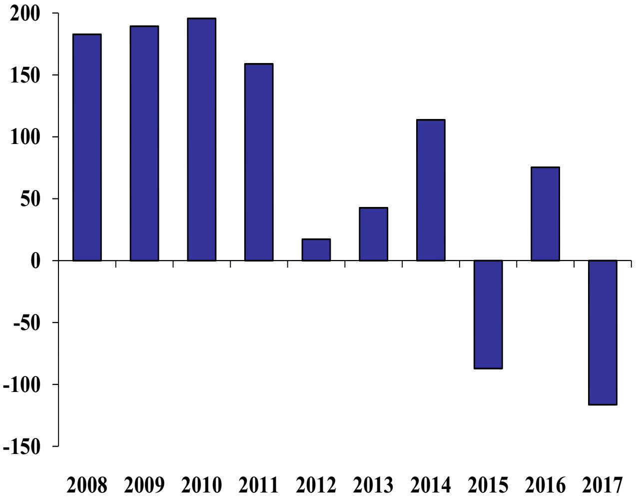
In parallel, Holcim's shareholders' equity was $176.1m at the end of 2017, down by 3.3% from $182.2m at end-2016. The company's debt-to-equity ratio was 50.1% at end-2017 relative to 40.8% at the end of 2016. The firm produces and sells cement and other related products. Holcim's share price closed at $15.77 on June 22, 2018, up by 9.1% from $14.46 at end-2017.

Solidere's consolidated net losses at $116m in 2017

Solidere, The Lebanese Company for the Development and Reconstruction of Beirut Central District sal, announced consolidated audited net losses of $116.4m in 2017 relative to net profits of $75.3m in 2016. The consolidated results reflect Solidere's standalone financials and those of its subsidiaries (the Group), which mainly include Solidere International Limited, and other subsidiaries such as Solidere Management Services sal, BCD Cinemas sal, Beirut Waterfront Development sal and Beirut Hospitality Company Holding sal. In parallel, Solidere's standalone financials showed net losses of $118.5m last year compared to net profits of $63.1m in 2016.

The Group's consolidated revenues from land sales decreased from $203.3m in 2016 to $94,500 in 2017, while revenues from rented properties increased by 6.2% to $59.9m last year. Also, consolidated revenues from services rendered grew by 14.1% to $7.44m last year, while receipts from hospitality services declined by 32% to $239.4m. In parallel, the firm's total cost of revenues regressed by 60.7% to $31.4m in 2017, while its total net operating revenues reached $40.1m in 2017, down by 78.8% from 2016. Also, the general and administrative expenses of the Solidere Group increased marginally by 0.9% to $35.1m in 2017. In parallel, Solidere's non-consolidated net operating revenues dropped by 79.8% to $37.9m in 2017, while its general and administrative expenditures grew by 0.5% to $32.8m last year.

Solidere Net Profits* (US$m)



**on a consolidated basis*
Source: Solidere Financial Statements

Further, Solidere stated that its consolidated assets reached $2.71bn at the end of 2017 and decreased by 5.8% from $2.88bn at end-2016, with the inventory of land and projects in progress totaling $1.2bn. In parallel, the firm's non-consolidated assets totaled $2.57bn at the end of 2017, down by 6.1% from end-2016. The firm's consolidated liabilities, including bank overdrafts, term bank loans and accounts payable, regressed by 5.8% from end-2016 to $811.9m at the end of 2017. The Group's consolidated shareholders' equity was $1.9bn at the end of 2017, down by 5.8% from $2bn at end-2016.

Solidere is Lebanon's fourth largest listed firm on the Beirut Stock Exchange in terms of market capitalization as at the end of 2017. The prices of Solidere A closed at $7.96 per share on June 22, 2018, down by 0.6% from $8.01 per share at the end of 2017, while Solidere B shares closed at $8 per share, up by 0.3% from $7.98 per share at end-2017.

Venture capital fund invests in banking software firm

The Beirut-based venture capital fund Berytech Fund II announced that it has invested $5m in Capital Banking Solutions (CBS). The fund did not disclose the stake it acquired in the firm.

Established in 2007 in Beirut, CBS provides solutions in core banking, business intelligence, risk management and compliance, and mobile banking, among other services. CBS serves more than 250 banks and financial institutions in over 60 countries. Berytech Fund II's investment, its largest investment to date, will allow CBS to improve its specialized banking solutions and tools, and to expand its services to more banks and financial institutions worldwide.

The $51m Berytech Fund II's objective is to invest in small and medium-sized Lebanese enterprises with high growth potential in the fields of information & communication technology (ICT), digital content, fashion design, industrial & product design and renewable energies. In 2015, Berytech Fund II invested $20m in 12 startup firms in cloud-based computing, transportation, health and fitness, online media and gaming, as well as digital e-business technology and solutions, among others. The fund raised money from major banks in Lebanon to invest in the knowledge economy sector, in line with Circular 331 issued by Banque du Liban.

Fransabank distributes dividends for 2017

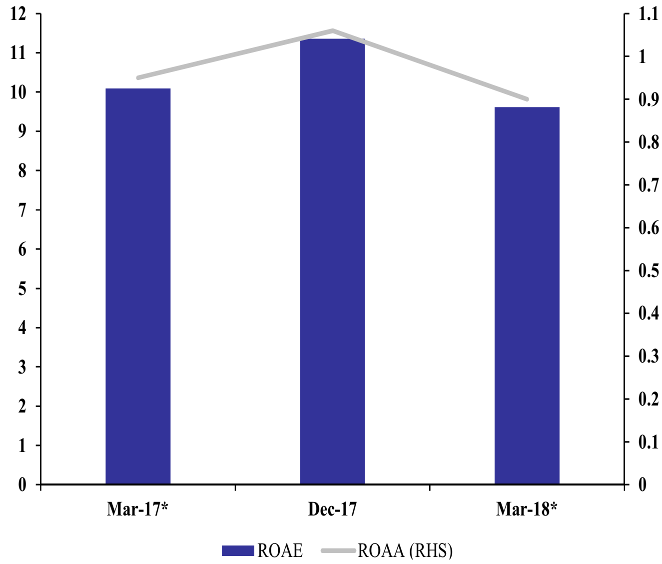
Fransabank sal announced that its Ordinary General Assembly held on May 30, 2018 approved the distribution of dividends on its preferred shares for 2017. The bank disbursed $13.5 per share, or the equivalent of LBP20,351 per share, to the holders of each of the Series "C" and Series "E" Preferred Shares. Also, the bank paid $13 per share (LBP19,598) to the holders of Series "D" Preferred Shares. Further, it allocated a gross dividend payment of about $0.31 per share (LBP462.6) to the holders of Series "F" Preferred Shares, as it was adjusted on a pro-rata basis to reflect the period between the shares' issuance on December 22, 2017 until the end of 2017.

The bank paid the dividends on June 12, 2018 net of a 10% withholding tax. The bank's share capital currently consists of 21,925,000 common shares, 375,000 Series "C" Preferred Shares, 425,000 Series "D" Preferred Shares, 525,000 Series "E" Preferred Shares and 375,000 Series "F" Preferred Shares. Fransabank posted unaudited consolidated net profits of $179.5m in 2017. Its assets reached $22.07bn at the end of 2017; while loans & advances to customers, excluding loans & advances to related parties reached $6.5bn at end-2017. Also, customer deposits, excluding deposits from related parties, totaled $15.35bn at the end of 2017.

Net profits of top 15 banks up 2% to $529m in first quarter of 2018, ROAA at 0.9% and ROAE at 9.62%

The unaudited consolidated net profits of the Alpha Group of banks reached $529.2m in the first quarter of 2018, constituting an increase of 1.8% from net earnings of $519.8m in the same quarter of 2017. The Alpha Group consists of 15 banks with deposits in excess of $2bn each. The growth in the banks' net profits in the first quarter of the year reflects an annual increase of $105.9m in net interest income that was partly offset by a decrease of $18.1m in net gains on financial assets, a drop of $14.9m in net gains on financial investments, a decline of $24.9m in other operating income and a rise of $28.8m in total operating expenses. Aggregate net operating income increased by 3.1% to $1.4bn in the first quarter of 2018, with net interest income increasing by 11% to $1.1bn and net fees & commissions remaining nearly unchanged from end-2017 at $224.1m. In addition, net gains on financial assets at fair value decreased by 17.2% year-on-year to $86.9m in the first quarter of 2018, with net interest income from financial assets dropping by 29.5% to $44.5m and net profits on foreign exchange declining by 11.3% to $32.4m. Also, net gains on financial investments decreased by 88.1% year-on-year to $2m in the first quarter of 2018. Non-interest income accounted for 22.4% of total income in the first three months of 2018, down from 26.1% in the same period last year; with net fees & commissions representing 69.7% of non-interest income, up from 61.8% in the first quarter of 2017. Also, the net interest spread was 1.9% in the first quarter of 2018 relative to 1.87% in the same quarter last year.

Profitability Metrics of Top 15 Banks (%)



**on an annualized basis*
Source: Bankdata Financial Services, Byblos Research

In parallel, total operating expenditures increased by 4% to $741m year-on-year in the first quarter of 2018, with staff expenses growing by 3.3% to $419.8m and administrative & other operating expenses increasing by 6.3% to $272.6m. Further, the cost-to-income ratio was 51.5% in the first three months of this year, up from 51.2% in the first quarter of 2017. The banks' return on average assets was 0.9% in March 2018 on an annualized basis relative to 0.95% in March 2017, while their return on average equity was 9.62% in March 2018 on an annualized basis compared to 10.09% in March 2017.

The banks' total assets reached $236.8bn at the end of March 2018, constituting an increase of 1.7% from end-2017 and a rise of 7.3% from the end of March 2017. Net loans & advances to customers totaled $64.7bn, down by 1.8% from end-2017 and up by 0.4% from the end of March 2017; while credit extended to related parties grew by 1.5% from end-2017 to $536.7m at end-March 2018. Customer deposits reached $178.8bn at the end of March 2018, nearly unchanged from end-2017, and up by 2.7% from a year earlier; while deposits from related parties totaled $3.5bn at end-March 2018, down by 2.8% from end-2017 and by 6.9% from a year earlier. The banks' shareholders equity reached $22.2bn at the end of March 2018 and increased by 2% from end-2017.

In parallel, the banks' loans-to-deposits ratio decreased from 36.7% at the end of March 2017 to 35.8% at end-March 2018. The loans-to-deposits ratio in local currency was 28.8% compared to 25.2% at end-March 2017, while the ratio in foreign currency was 38.6% at the end of March 2018 relative to 41.6% a year earlier. Further, the primary liquidity-to-assets ratio was 42.2% at the end of March 2018, up from 35.2% at end-March 2017. In addition, the banks' gross doubtful loans-to-gross loans ratio increased from 5.46% at end-March 2017 to 6.27% at the end of March 2018. Also, the loan-loss reserves on doubtful loans covered 71.7% of gross doubtful loans at end-March 2018, down from a coverage of 73.2% a year earlier. Further, the ratio of collective provisions-to-net loans decreased from 1.68% at the end of March 2017 to 1.23% at end-March 2018.

Ratio Highlights

(in % unless specified)	2015	2016	2017e	Change*
Nominal GDP ($bn)	49.5	49.7	52.5	
Public Debt in Foreign Currency / GDP	54.7	56.6	57.9	1.30
Public Debt in Local Currency / GDP	87.4	94.1	93.6	(0.54)
Gross Public Debt / GDP	142.1	150.7	151.5	0.76
Total Gross External Debt / GDP	175.8	183.9	185.6	1.70
Trade Balance / GDP	(31.6)	(32.5)	(31.9)	0.60
Exports / Imports	15.9	15.6	14.5	(1.04)
Fiscal Revenues / GDP	19.3	20.0	22.1	2.17
Fiscal Expenditures / GDP	27.3	29.9	29.3	(0.62)
Fiscal Balance / GDP	(8.0)	(9.9)	(7.2)	2.79
Primary Balance / GDP	1.5	0.0	2.7	2.68
Gross Foreign Currency Reserves / M2	58.7	62.2	68.2	5.98
M3 / GDP	249.7	267.2	263.6	(3.61)
Commercial Banks Assets / GDP	375.7	411.1	418.8	7.69
Private Sector Deposits / GDP	306.2	327.0	321.3	(5.69)
Private Sector Loans / GDP	109.5	115.0	114.9	(0.16)
Private Sector Deposits Dollarization Rate	64.9	65.8	68.7	2.88
Private Sector Lending Dollarization Rate	74.8	72.6	71.0	(1.61)

**Change in percentage points 16/17*
***Includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks*
Source: Association of Banks in Lebanon, Institute of International Finance, International Monetary Fund, World Bank, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Metrics

Lebanon	Nov 2016	Oct 2017	Nov 2017	Change**	Risk Level
Political Risk Rating	54.5	55.5	54.5	↔	High
Financial Risk Rating	36.5	33.0	33.0	▲	Moderate
Economic Risk Rating	30.5	27.5	27.5	▲	High
Composite Risk Rating	60.75	58.0	57.5	▲	High

MENA Average*	Nov 2016	Oct 2017	Nov 2017	Change**	Risk Level
Political Risk Rating	57.6	57.9	58.0	▼	High
Financial Risk Rating	38.1	38.6	38.5	▼	Low
Economic Risk Rating	29.6	30.9	31.0	▼	Moderate
Composite Risk Rating	62.6	63.7	63.8	▼	Moderate

**excluding Lebanon*
***year-on-year change in risk*
Source: The PRS Group, Byblos Research
Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)
Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's	B3	NP	Stable	B3		Stable
Fitch Ratings	B-	B	Stable	B-		Stable
Standard & Poor's	B-	B	Stable	B-	B	Stable
Capital Intelligence Ratings	B	B	Stable	B	B	Stable

Source: Rating agencies

Banking Ratings	Outlook
Moody's	Stable

Source: Moody's Investor Services

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