

LEBANON THIS WEEK

In This Issue

Economic Indicators.....	1
Capital Markets.....	1
Lebanon in the News.....	2

Housing demand drops to lowest level on record in first quarter of 2020

Agreement on IMF program to support macroeconomic stability

Lebanon receives 9% of IMF regional technical assistance in FY2019/20

Construction activity deteriorates in fourth quarter of 2019

Fiscal deficit equivalent to 40% of expenditures in January 2020

Lebanon ranks 108th globally, seventh in Arab world in budget transparency

Eighty five percent of Treasury securities in Lebanese pounds have five-year maturities or longer

Number of airport passengers down 54% in first four months of 2020

Broad money supply down 3% in first quarter of 2020

Mobility of Lebanese citizens down 43% due to coronavirus-related social distancing measures

Sovereign ratings affirmed, outlook on local-currency rating remains 'negative'

Number of employees in financial sector down 4% to 26,101 at end-2019

Corporate Highlights10

Foreign investments of financial sector at \$2.6bn at end-September 2019

Balance sheet of investment banks down 2% in first quarter of 2020

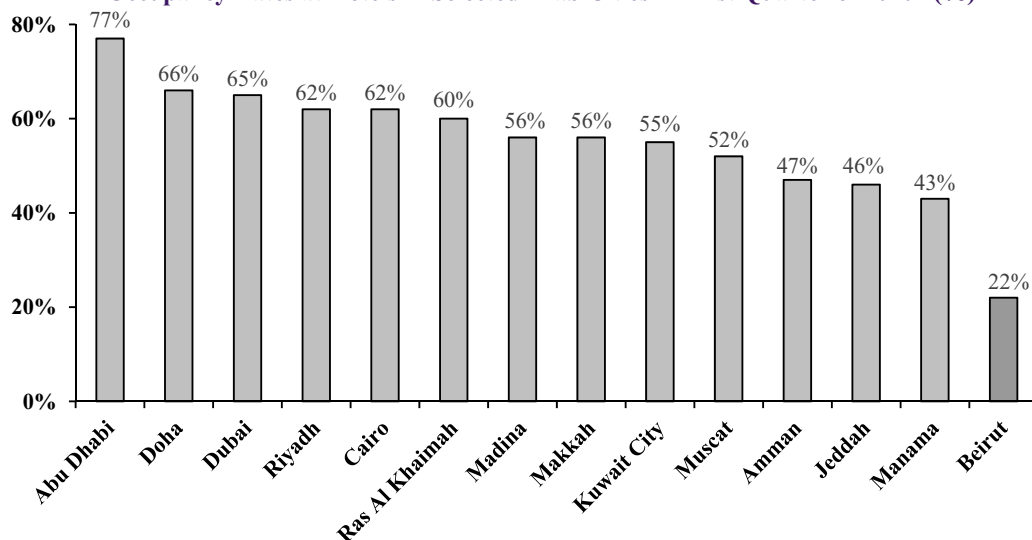
Ratio Highlights.....11

Risk Outlook11

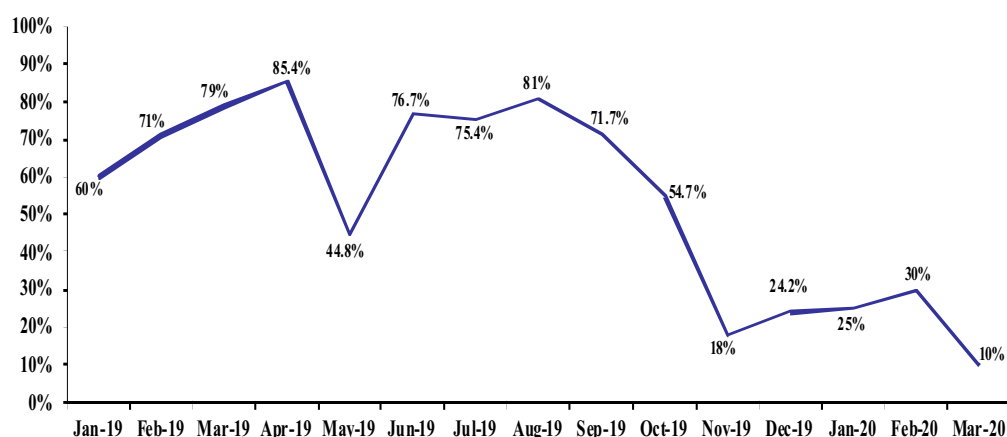
Ratings & Outlook.....11

Charts of the Week

Occupancy Rates at Hotels in Selected Arab Cities in First Quarter of 2020* (%)



Monthly Occupancy Rates at Hotels in Beirut*



*at four- and five-star hotels

Source: EY, Byblos Research

Quote to Note

"The ISG encourages the Government of Lebanon to engage all relevant stakeholders, most importantly the Lebanese people, in consultations on the contents of the plan and on ways to expedite its implementation."

The International support Group for Lebanon, on the importance of generating domestic support for the government's financial recovery plan, given that the latter did not consult key stakeholders when formulating the plan

Number of the Week

\$336: Insurance density in Lebanon, or insurance premiums per capita, at the end of 2019

Lebanon in the News

\$m (unless otherwise mentioned)	2019	Jan-Feb 2019	Jan-Feb 2020	% Change*	Feb-19	Jan-20	Feb-20
Exports	3,731	536	676	26.2	300	333	343
Imports	19,239	2,768	2,105	(24.0)	1,364	1,154	951
Trade Balance	(15,508)	(2,232)	(1,428)	(36.0)	(1,064)	(820)	(608)
Balance of Payments	(4,351)	(1,930)	(505)	(73.8)	(550)	(158)	(347)
Checks Cleared in LBP	22,146	3,638	4,502	23.7	1,782	2,281	2,221
Checks Cleared in FC	34,827	6,117	8,023	31.2	3,072	4,412	3,611
Total Checks Cleared	56,973	9,755	12,525	28.4	4,854	6,693	5,832
Fiscal Deficit/Surplus	(5,837)	(658)	-	-	(585)	(670)	-
Primary Balance	(287)	(89)	-	-	(321)	(326)	-
Airport Passengers	8,684,937	1,131,076	977,524	(13.6)	524,292	522,683	454,841
Consumer Price Index	2.9	3.2	-	-	3.1	10.0	-

\$bn (unless otherwise mentioned)	Dec-18	Feb-19	Nov-19	Dec-19	Jan-20	Feb-20	% Change*
BdL FX Reserves	32.51	31.27	30.15	29.55	28.96	28.34	(9.4)
In months of Imports	20.72	22.92	23.54	21.95	25.10	29.80	30.0
Public Debt	85.14	85.25	89.48	91.64	91.99	92.24	8.2
Bank Assets	249.48	250.24	259.69	216.78**	213.80	210.34	(15.9)
Bank Deposits (Private Sector)	174.28	171.97	162.60	158.86	155.10	151.71	(11.8)
Bank Loans to Private Sector	59.39	57.38	52.48	49.77	47.91	46.08	(19.7)
Money Supply M2	50.96	50.23	43.82	42.11	40.82	39.59	(21.2)
Money Supply M3	141.29	139.86	136.44	134.55	132.56	130.95	(6.4)
LBP Lending Rate (%)	9.97	10.55	9.69	9.09	9.86	9.33	(122)
LBP Deposit Rate (%)	8.30	9.16	9.40	7.36	6.62	5.81	(335)
USD Lending Rate (%)	8.57	8.91	10.64	10.84	10.07	9.11	20
USD Deposit Rate (%)	5.15	5.62	6.31	4.62	4.00	3.22	(240)

*year-on-year **The decline in assets in December 2019 is mainly due to the "netting" on the assets and liabilities' sides of the consolidated balance sheet of commercial banks as part of the implementation of international accounting standard IFRS 7

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
Solidere "A"	10.33	(13.41)	199,565	16.72
Solidere "B"	10.45	(11.89)	57,715	11.00
Audi Listed	1.20	0.00	-	11.43
BLOM Listed	3.28	0.00	-	11.42
Audi GDR	2.00	0.00	-	3.87
Byblos Common	0.75	0.00	-	6.87
BLOM GDR	3.50	0.00	-	4.19
HOLCIM	9.71	0.00	-	3.07
Byblos Pref. 08	60.00	0.00	-	1.94
Byblos Pref. 09	59.90	0.00	-	1.94

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Apr 2021	8.25	18.00	320.05
Oct 2022	6.10	17.25	89.54
Jan 2023	6.00	16.63	79.21
Jun 2025	6.25	17.75	37.23
Nov 2026	6.60	18.00	28.10
Feb 2030	6.65	17.50	18.66
Apr 2031	7.00	16.25	17.34
May 2033	8.20	16.50	14.36
Nov 2035	7.05	17.50	11.60
Mar 2037	7.25	16.63	10.94

Source: Byblos Bank Capital Markets, Refinitiv

	May 11-13	May 4-8	% Change	April 2020	April 2019	% Change
Total shares traded	257,280	1,254,342	(79.5)	10,769,186	689,768	1461
Total value traded	\$2,746,967	\$5,640,963	(51.3)	\$23,969,907	\$4,931,247	386
Market capitalization	\$6.18bn	\$6.43bn	(3.9)	\$6.53bn	\$9.02bn	(27.6)

Source: Beirut Stock Exchange (BSE)

CDS Lebanon	Mar 20, 2020	May 15, 2020	% Change
CDS 1-year*	24,762	0	-
CDS 3-year*	17,668	0	-
CDS 5-year*	14,717	0	-

Source: ICE CMA; *mid-spread in bps

CDX EM 30*	May 8, 2020	May 15, 2020	% Change***
CDS 5-year**	310.86	311.83	0.3

Source: ICE CMA; * CDX Emerging Market CDS Index-Series 30

mid-spread in bps *week-on-week

Housing demand drops to lowest level on record in first quarter of 2020

Demand for residential real estate in Lebanon dropped in the first quarter of 2020 to its lowest level on record, as reflected by the results of the Byblos Bank Real Estate Demand Index. The Index posted a monthly average of 27.3 points in the first quarter of 2020, constituting a decrease of 16.5% from 32.7 points in the fourth quarter of 2019 and a decline of 51.3% from 56.1 points in the first quarter of 2019. This follows the Index's retreat by 22% in the fourth quarter and by 10.2% in the third quarter of 2019. The Index reached 29.5 in January 2020, down by 38.6% from the same month of 2019, while it dropped by 57.2% annually to 28.8 in February and by 55.5% to 23.6 in March 2020, its third lowest level on record.

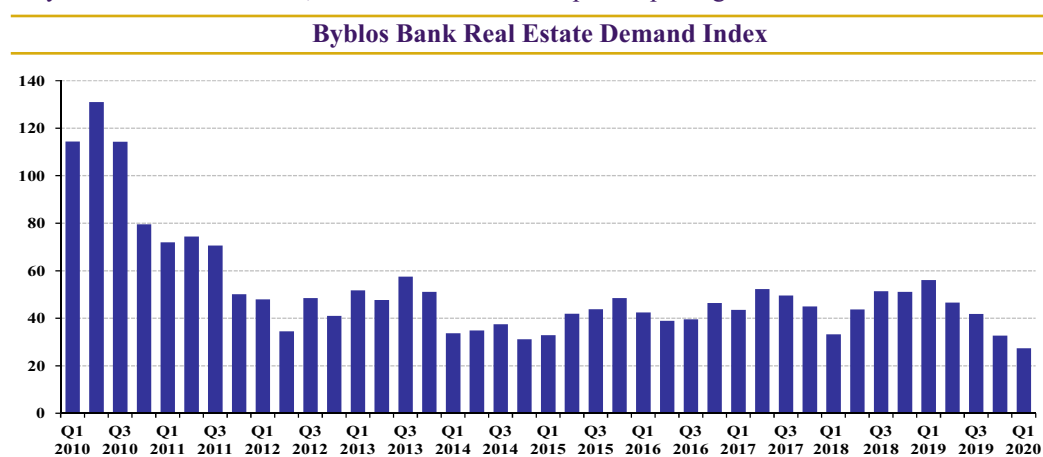
The Index's average monthly score in the first quarter of 2020 came 79.2% lower than the quarterly peak of 131 points registered in the second quarter of 2010, and was 75.2% below the annual peak of 109.8 points posted in 2010. Also, it was 52.7% lower than the Index's monthly trend average score of 57.7 points since the Index's inception in July 2007.

Several factors drove demand for residential real estate to fall to its lowest level since the Index's inception in July 2007. First, the deteriorating socioeconomic conditions that led to the eruption of nationwide protests in October 2019 worsened in the fourth quarter of last year and into the first quarter of this year, which shifted the attention of citizens away from major investment decisions. Second, the jump in consumer prices and in the cost of living resulted in the rapid deterioration of the purchasing power of citizens and a drop in household confidence, which made potential real estate buyers reluctant to build or acquire a residential unit as they have been forced to address more urgent and basic needs. Third, the continued absence of a comprehensive housing policy and of government measures, such as tax incentives, to support demand for any segment of the residential market in Lebanon have deterred demand. Fourth, the migration of some deposits out of the banking sector towards real estate in recent months targeted land and built property, but this did not have a significant impact on the residential market.

The answers of respondents to the Index's survey questions in the first quarter of 2020 show that 3.1% of Lebanese residents had plans to either buy or build a residential property in the coming six months, down from 3.7% in the fourth quarter of 2019 and compared to 6.3% in the first quarter of 2019. In comparison, 6.5% of residents in Lebanon, on average, had plans to buy or build a residential unit in the country between July 2007 and March 2020, with this share peaking at nearly 15% in the second quarter of 2010.

The results of the Index show that demand for housing was the highest in the South in the first quarter of 2020, as 4.3% of its residents had plans to build or buy a house in the coming six months, down from 10.9% in the same quarter of 2019. The Bekaa region followed with 3.7% of its residents planning to build or buy a residential unit in the coming six months, relative to 8.5% in the first quarter of 2019; while 3.4% of residents in Beirut had plans to buy or build a house, down from 3.8% in the first quarter last year. In addition, 2.9% of residents in the North region intend to buy or build a house, compared to 5.7% in the same quarter of 2019, while 2.4% of residents in Mount Lebanon had plans to build or buy a residential unit, down from 4.9% in the first quarter of last year. In parallel, real estate demand decreased across all income brackets from the first quarter of 2019.

The Byblos Bank Real Estate Demand Index is a measure of local demand for residential units and houses in Lebanon. The Index is compiled, implemented and analyzed in line with international best practices and according to criteria from leading indices worldwide. The Index is based on a face-to-face monthly survey of a nationally representative sample of 1,200 males and females living throughout Lebanon, but the March survey was conducted through computer-aided telephone interviews due to the coronavirus outbreak. The data segregates the Index based on age, gender, income, profession, geographic region and religious affiliation. The Byblos Bank Economic Research & Analysis Department has been calculating the Index on a monthly basis since July 2007, with November 2009 as its base month. The survey has a margin of error of 2.83%, a confidence level of 95% and a response distribution of 50%. The monthly field survey is conducted by Statistics Lebanon Ltd, a market research and opinion-polling firm.



Source: Byblos Bank Economic Research & Analysis Department, based on surveys conducted by Statistics Lebanon

Agreement on IMF program to support macroeconomic stability

The Institute of International Finance indicated that an agreement between Lebanese authorities and the International Monetary Fund on a funded program will provide a framework for the needed fiscal consolidation, debt restructuring, and other structural reforms to address deficiencies in the Lebanese economy.

It said that an IMF program supported by an Extended Funded Facility (EFF) can help Lebanon lay the foundation for macroeconomic stability and would lead to the restructuring of the public debt in an orderly way. It estimated that the IMF could provide exceptional access to Lebanon in the range of \$8.5bn, equivalent to 1000% of its quota at the Fund, over a period of three to four years under the EFF arrangement. It said that an IMF-supported program could also catalyze additional financing from multilateral and bilateral sources, in addition to the \$11bn in financing pledged at the CEDRE conference. It noted that this funding will inject foreign currency liquidity in the market, gradually restore confidence, boost public investments and contribute to the resumption of economic growth. It added that proper fiscal consolidation, the recent drop in oil prices, and the depreciation of the exchange rate should contribute to a rapid narrowing of the current and fiscal deficits. It projected Lebanon's external financing needs to exceed \$25bn in the next five years, in addition to the cost of the restructuring of the banking sector. It cautioned that the current account deficit could reach about \$6bn, or 17% of GDP, in 2020 in case authorities fail to curb the smuggling of imported fuel and wheat to Syria.

In parallel, the IIF considered that a gradual reform of the financial sector will be less damaging than the government's financial plan, which is radical and imposes a disproportionate burden on commercial banks. It noted that the government intends to immediately address the large losses of the financial system, which implies a write-off of the banks' claims in foreign currency on Banque du Liban (BdL). In turn, this will entail a haircut on bank deposits under the plan. The IIF said that these measures could make it very difficult for domestic and foreign stakeholders to regain confidence in the banking sector for a long period of time. It added that authorities need to secure a fair and equitable treatment of depositors, in order to promote a viable domestic banking sector and safeguard Lebanon's integration into the international financial system.

It indicated that the IMF could propose a set of measures that ensure that the banking system will be able to support financial intermediation. It pointed out that the proper approach consists of making the public sector assume the majority of the costs of the crisis. It added that the IMF could propose, in addition to using state assets to reduce the size of a haircut on deposits, that Lebanon takes an overdraft against a part of BdL's gold reserves, which are currently valued at \$15.9bn, in order to inject foreign currency liquidity in the banking system. Further, it indicated that the Fund may ask Lebanese authorities, before approving a funded program, to endorse some decrees or laws that are currently before Parliament, including the formation of the Electricity Regulatory Authority and the appointment of a new Board of Directors for Electricité du Liban, as well as enacting the public procurement law. It estimated that Lebanon will reach an agreement with the IMF over a funded program before July 2020.

The IIF warned that the main risk to a potential IMF program is the authorities' failure to implement urgent fiscal measures and structural reforms, in the face of strong resistance from vested political interests represented in Parliament. It added that the timely implementation of structural reforms will be important to establish the credibility of the government's strategy. It also noted that gaps in the Lebanese statistical system will make it difficult for the IMF to monitor economic developments in the country under a funded program. Further, it cautioned that failure to agree with the IMF raises the risk of a collapse of the Lebanese economy.

Medium-Term Macroeconomic Indicators							
	2017	2018	2019	2020f	2021f	2022f	2023f
Nominal GDP in \$bn	53.1	55.0	52.3	33.4	35.7	38.7	41.2
Real GDP Growth, (%)	0.9	-1.9	-6.9	-13.8	1.3	3.5	5.1
CPI Inflation, average, (%)	4.5	6.1	2.9	35.2	21.4	11.5	6.6
Exchange Rate, average*, (LL/\$)	1,508	1,508	1,575	3,102	3,640	3,895	4,090
Current Account Balance, \$bn	-12.1	-13.4	-10.9	-3.8	-4.5	-3.3	-2.3
Nonresident Capital Flows, \$ bn	9.9	4.1	3.1	2.6	4.5	5.3	5.6
Private (mostly FDI beyond 2019)	9.7	3.9	2.9	0.5	0.5	0.7	0.9
Official (IMF+CEDRE)	0.2	0.2	0.2	2.1	4.0	4.6	4.7
Liquid Foreign Assets**, \$bn	29.4	25.0	22.3	19.8	19.8	21.8	25.1
Fiscal Balance, % GDP	-7.3	-11.5	-11.9	-4.5	-2.9	-1.7	-0.4
Government Debt, % GDP	149.7	154.9	175.3	114.7	103.5	99.5	97.6

*Weighted average of the official and parallel rates in 2019 and 2020, with the two rates assumed to be unified before July 2020

**Includes \$18 billion of commercial banks' reserve requirements that the BdL may not spend

Source: Institute of International Finance, May 2020



Lebanon receives 9% of IMF regional technical assistance in FY2019/20

The International Monetary Fund's Middle East Technical Assistance Center (METAC) indicated that Lebanon received 8.9% of the center's overall allocation of technical assistance delivery to member countries during the fiscal year that ended in April 2020. The center provided eight technical assistance projects to Lebanon during FY2019/20, compared to the 10 technical assistance projects that were planned for the country during the fiscal year. METAC provided two projects in public financial management between May and July 2019; one project in revenue administration and another in statistics between August and October 2019; a project in public financial management between November 2019 and January 2020; as well as two projects in public financial management and one in statistics between February and April 2020.

In comparison, it provided 13 technical assistance projects to Egypt during FY2019/20, nine projects to Jordan, eight technical assistance projects to Iraq, seven projects to each of Afghanistan and Tunisia, six projects to Djibouti, five technical assistance projects to each of Libya and Morocco, three projects to each of Algeria and Sudan, and one project to each of the West Bank & Gaza and Yemen.

In terms of public financial management between February and April 2020, METAC advised Lebanon on updating its macro-fiscal framework amid the coronavirus crisis using various scenarios to reflect the uncertain outlook. It said that Lebanese officials also benefited from the experience of staff in the Egyptian macro-fiscal unit in this matter. It also indicated that 11 senior officials from seven government institutions in Lebanon attended a workshop on gender-responsible budgeting, which was co-organized with the Institut des Finances Basil Fuleihan. It noted that activities under this technical assistance project will continue in FY2020/21 through a roadmap that participants jointly developed during the workshop, which aims to assist Lebanon to better promote inclusive growth at ministerial levels. In terms of statistics in the last quarter of the fiscal year, the mission advised the Central Administration of Statistics of Lebanon on developing an independent measure of gross domestic product by expenditures, which led to the establishment of a system to estimate the final consumption expenditures of households.

In addition, it noted that planned activities in the first quarter of FY2020/21, which extends from May to end-July 2020, consist of developing institutional arrangements and capacity to identify and monitor fiscal costs and risks from public-private partnerships; providing training about medium-term budget planning; launching a gender-based budgeting pilot project at the Ministry of Agriculture; and developing a producer price index.

The IMF established METAC in Beirut in October 2004 to serve Afghanistan, Algeria, Djibouti, Egypt, Iraq, Jordan, Lebanon, Libya, Morocco, Palestine, Sudan, Syria, Tunisia, and Yemen. The center's mandate is to assist in capacity-building, facilitate the reform process in member countries, and support the region's integration in the world economy.

Construction activity deteriorates in fourth quarter of 2019

Banque du Liban's quarterly business survey about the opinions of business managers shows that general construction activity deteriorated in the fourth quarter of 2019, with the balance of opinions standing at -57, relative to -46 in the third quarter of 2019 and to -59 in the fourth quarter of 2018. The balance of opinions for the general construction activity in the fourth quarter of 2019 reached its third lowest quarterly level during the 2004-19 period, after posting -59 in the fourth quarter of 2018 and -58 in the first quarter of 2019. The business survey reflects the opinions of enterprise managers about the evolution of their businesses, in order to depict the trend of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an increase in a particular indicator and the proportion of those who reported a decline in the same indicator.

The balance of opinions about construction activity was -58 in the fourth quarter of 2019 compared to -47 in the preceding quarter and to -60 in the fourth quarter of 2018. It reached its third lowest quarterly level during the 2004-2019 period, after posting -60 in the fourth quarter of 2018 and -62 in the first quarter of 2019. The balance of opinions about construction activity was the lowest in the Bekaa at -97, followed by Beirut & Mount Lebanon (-57), the South (-50), and the North (-25). Also, the balance of opinions about public works stood at -57 in the fourth quarter of 2019 compared to -51 in the third quarter of 2019 and to -49 the fourth quarter of 2018, and reached its lowest quarterly level during the 2004-2019 period. Opinions about the level of public works were the lowest in the Bekaa at -100, followed by the South (-80), Beirut & Mount Lebanon (-44), and the North (-25).

In parallel, the balance of opinions about the portfolio of projects was -73 in the fourth quarter of 2019 relative to -61 in the third quarter of 2019 and to -53 in the fourth quarter of 2018, and reached its lowest quarterly level during the 2004-2019 period. The balance of opinions about the portfolio of projects was the lowest in the Bekaa at -98, followed by the South (-93), the North (-67) and Beirut & Mount Lebanon (-60). Further, the balance of opinions about construction costs reached +45 in the fourth quarter of 2019, compared to +11 in the third quarter of 2019 and +4 in the fourth quarter of 2018.

Construction and Public Work Activity: Evolution of Opinions				
Aggregate results	Q4-16	Q4-17	Q4-18	Q4-19
General activity	-33	-40	-59	-57
Construction	-27	-39	-60	-58
Public works	-35	-31	-49	-57
Portfolio of projects	-30	-45	-53	-73
Construction costs	17	1	4	45
Investments (% of yes)	32%	29%	16%	12%

Source: Banque du Liban Business Survey for Fourth Quarter of 2019

Fiscal deficit equivalent to 40% of expenditures in January 2020

Figures released by the Ministry of Finance show that the fiscal deficit reached \$670.4m in January 2020 and widened by 9.2 times from a deficit of \$72.8m in January 2019. The deficit was equivalent to 39.6% of total budget and Treasury expenditures relative to 6% of spending in the same month last year. Government expenditures reached \$1.7bn in January 2020 and rose by 39% from January 2019, while revenues regressed by 10.8% to \$1bn. As such, the widening of the deficit reflects an annual growth of \$474.4m in overall expenditures and a drop of \$123.2m in total revenues in the covered month. The increase in spending is mostly due to a rise of \$452.8m in general expenditures.

On the revenues side, tax receipts decreased by 10.5% year-on-year to \$807.8m in January 2020, of which 27%, or \$217m, were in VAT receipts that dropped by 29% annually. Tax receipts accounted for 85% of budgetary revenues and for 79.1% of Treasury and budgetary income in the covered month. The distribution of other tax revenues shows that receipts from taxes on income, profits & capital gains rose by 12.7% to \$424.6m in January 2020; revenues from customs dropped by 37.8% to \$66.1m; receipts from property taxes declined by 15% to \$46.2m; while proceeds from stamp fees decreased by 2.8% to \$41.7m, and revenues from taxes on goods & services fell by 27.5% to \$12.3m.

The distribution of income tax receipts shows that the tax on interest income accounted for 59.7% of income tax revenues in January 2020, followed by the tax on wages & salaries with 29.5%, the tax on profits with 7.7%, and the capital gains tax with 2.9%. Receipts from the tax on interest income surged by 69.5%, while revenues from the tax on profits dropped by 43.1%, revenues from the tax on capital gains dipped by 33.1% and proceeds from the tax on wages & salaries regressed by 14.6% year-on-year in the covered month. Also, the distribution of property taxes indicates that revenues from real estate registration fees rose by 30.6% year-on-year to \$35.1m, while receipts from the built property tax retreated by 54.6% to \$7.75m and the revenues from the inheritance tax fell by 68% to \$3.3m in January 2020.

Further, non-tax budgetary receipts declined by 20% year-on-year to \$144m in the covered month. They mainly included \$80.1m in revenues generated from government properties that dropped by 33% year-on-year, as well as \$43.5m in receipts from administrative fees and charges that regressed by 5.6% annually. Receipts from telecommunication services decreased by 20.2% year-on-year to \$66.3m in January 2020, and accounted for 82.8% of income from government properties and for 46.1% of non-tax budgetary revenues.

On the expenditures side, total budgetary spending, which includes general expenditures and debt servicing, grew by 44.6% year-on-year to \$1.6bn in January 2020. General spending rose by 56.6% to \$1.25bn in the covered month, and included \$190m in transfers to Electricité du Liban (EdL) that surged by 188.5% year-on-year, and \$629.3m in outlays from previous years that expanded by 101.8% annually, among other general spending items. Also, debt servicing totaled \$344m in January 2020 and increased by 13% from January 2019. Interest payments on Lebanese pound-denominated debt rose by 16.1% year-on-year to \$285m in January 2020, while debt servicing on foreign currency debt regressed by 1.5% to \$41.2m. In addition, Treasury expenditures, excluding transfers to EdL, declined by 16% year-on-year to \$94.2m in the covered month. Further, the primary budget balance posted a deficit of \$301.3m in January 2020, equivalent to 19% of budgetary expenditures, while the overall primary balance registered a deficit of \$326.4m, or 19.3% of spending.

Fiscal Results in January of Each Year			
	2019 (US\$m)	2020 (US\$m)	Change (%)
Budget Revenues	1,082	952	-12.0%
Tax Revenues	903	808	-10.5%
Non-Tax Revenues	180	144	-19.9%
<i>of which Telecom revenues</i>	83	66	-20.2%
Budget Expenditures	1,105	1,597	44.6%
Budget Surplus/Deficit	(23)	(645)	2739%
<i>In % of budget expenditures</i>	<i>-2.1%</i>	<i>-40.4%</i>	
Budget Primary Surplus	282	(301)	
<i>In % of budget expenditures</i>	<i>25.5%</i>	<i>-18.9%</i>	
Treasury Receipts	62	69	11.5%
Treasury Expenditures	112	94	-15.9%
Total Revenues	1,144	1,021	-10.8%
Total Expenditures	1,217	1,691	39.0%
Total Deficit	(73)	(670)	820.4%
<i>In % of total expenditures</i>	<i>-6.0%</i>	<i>-39.6%</i>	
Total Primary Surplus/Deficit	232	(326)	
<i>In % of total expenditures</i>	<i>19.0%</i>	<i>-19.3%</i>	

Source: Ministry of Finance, Byblos Research

Lebanon ranks 108th globally, seventh in Arab world in budget transparency

The International Budget Partnership's Open Budget Index for 2019 ranked Lebanon in 108th place among 117 countries globally and in seventh place among 13 Arab countries included in the survey. Lebanon ranked in 104th place among 115 countries globally and in eighth place among 13 Arab countries in the 2017 survey. It also came in 33rd place among 36 upper middle-income countries (UMICs) included in the current survey.

The Open Budget Index score reflects the timeliness and comprehensiveness of publicly-available budget information in eight key budget documents that countries should make available to the public. The documents are the Pre-Budget Statement, the Executive's Budget Proposal, the Enacted Budget, the Citizens Budget, In-Year Reports, a Mid-Year Review, a Year-End Report and an Audit Report. A country's score ranges between zero and 100, with zero representing the lowest level of budget transparency. The score is based on the simple average of the numerical value of responses to 109 questions that assess the public availability of budget information. Accordingly, the index classifies countries based on their provision of 'extensive', 'substantial', 'limited', 'minimal', or 'scant or no' information. The 2019 index assesses events, activities or developments that occurred throughout 2017 and 2018, and does not cover events that took place in 2019.

Globally, Lebanon's level of budget transparency is higher than the budget transparency of Equatorial Guinea, the Gambia, Somalia, Algeria, Sudan, Qatar, Comoros, Venezuela and Yemen. Lebanon's level of budget transparency reached 6% in the 2019 survey compared to 3% in the 2017 survey, 2% in 2015 and 33% in the 2012 survey. Lebanon's score places it in the category of governments that provide 'scant or no' budgetary information, along with 19 countries worldwide that include eight Arab countries. Lebanon's level of budget transparency came below the global average of 44.6%, the UMICs' average of 48.4%, and the Arab region's average of 17.1%.

The survey indicated that the availability of budget information in Lebanon regressed between the 2012 and 2019 surveys. It said that the government failed to issue the Executive's Budget Proposal to the public, and to publish the Enacted Budget and the In-Year reports in a timely manner. It added that the government did not produce the Pre-Budget Statement, the Mid-Year Review and the Audit Report. But it noted that the government has published the Citizens Budget online starting with the 2018 budget.

Further, it considered that public participation in the budget process is insufficient. It highlighted that the Ministry of Finance should introduce mechanisms to engage the public during the budget preparation, and to monitor the implementation of the budget law. In addition, it considered that the Parliament's oversight during the planning and implementation stages of the budget cycle is weak. As such, it noted that the Executive's Budget Proposal should be submitted to legislators at least two months before the start of the budget year, and that legislative committees should examine the Executive's Budget Proposal and publish their assessment online.

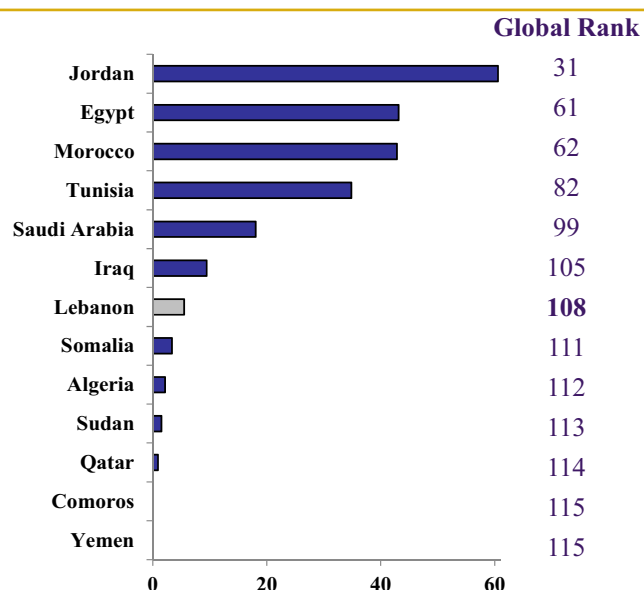
Eighty five percent of Treasury securities in Lebanese pounds have five-year maturities or longer

Figures released by the Association of Banks in Lebanon (ABL) show that the face value of outstanding Treasury securities denominated in Lebanese pounds reached LBP86,142bn, or the equivalent of \$57.1bn, at the end of February 2020, compared to LBP76,370bn, or \$50.7bn, at the end of February 2019. The weighted interest rate on Lebanese Treasury securities denominated in Lebanese pounds was 6.49% in February 2020 compared to 6.18% in February 2019.

The distribution of outstanding Treasury securities denominated in Lebanese pounds at end-February 2020 shows that 15-year Treasury bonds accounted for 1.6%, or LBP1,417bn, of total securities in Lebanese pounds; 12-year Treasury securities represented 3.6% of the total (LBP3,076bn); and 10-year Treasury bonds had a share of 36% (LBP31,008bn). Also, the share of eight-year Treasury securities was 2.1% (LBP1,832bn), seven-year Treasury bonds represented 18.4% (LBP15,825bn), five-year Treasury securities accounted for 23.3% (LBP20,071bn), the share of three-year Treasury bonds was 10.2% (LBP8,804bn), two-year Treasury bills represented 3.4% (LBP2,959bn), one-year T-bills accounted for 1.2% (LBP1,023bn), the share of six-month T-bills was 0.08% (LBP68bn), and three-month T-bills represented 0.07% (LBP59bn) of the total. As such, 61.7% of outstanding Treasury securities have seven-year maturities or longer and 85% have five-year maturities or more.

In parallel, the face value of outstanding Treasury securities denominated in Lebanese pounds that matured in February 2020 was LBP972bn (\$644.8m), of which 36% were two-year Treasury bonds, 27.8% were five-year Treasury securities, 21.2% were three-year Treasury bonds, 12.2% were one-year Treasury bills, 1.6% were six-month T-bills, and 1% were three-month T-bills. According to ABL, LBP9,471bn, or the equivalent to \$6.3bn of outstanding Treasury bonds in Lebanese pounds will mature in the remainder of 2020, while LBP9,250bn (\$6.1bn) will come due in 2021 and LBP9,557bn (\$6.3bn) will mature in 2022.

Open Budget Index for 2019
Scores & Rankings of Arab Countries



Source: International Budget Partnership, Byblos Research

Number of airport passengers down 54% in first four months of 2020

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 1,171,123 passengers utilized the airport (arrivals, departures and transit) in the first four months of 2020, constituting a decline of 54.4% from 2,566,814 passengers in the same period of 2019. The number of arriving passengers decreased by 56.4% to 540,380 in the first four months of 2020, compared to an increase of 2% in the same period last year and to a rise of 11.6% in the first four months of 2018. Also, the number of departing passengers fell by 52.8% to 617,700 in the first four months of 2020, relative to an increase of 5.2% in the same period of 2019 and to a rise of 8% in the first four months of 2018.

In parallel, the airport's aircraft activity regressed by 47.3% to 11,326 take-offs and landings in the covered period, relative to an increase of 1.3% in the same period of 2019 and to a growth of 2.2% in the first four months of 2018. In addition, the HIA processed 17,952 metric tons of freight in the first four months of 2020 that consisted of 9,058 tons of import freight and 8,894 tons of export freight. Middle East Airlines had 4,755 flights in the first four months of 2020 and accounted for 42% of HIA's total aircraft activity.

The significant decline in the number of airport passengers and aircraft activity is mainly due to the closure of the airport since March 18, 2020, as well as to the lockdown measures and the closure of airports in several countries in response to the outbreak of the coronavirus worldwide. The Lebanese government declared on March 15 a general mobilization in response to the outbreak of the coronavirus in the country. It closed the airport, seaports and land crossing points for arrivals, among multiple other measures. As such, the number of passengers that utilized the airport (arrivals, departures and transit) reached 6,029 in April 2020, constituting a drop of 96.8% from 187,570 in March 2020, and a fall of 99.3% from April 2019. Also, the airport's aircraft activity registered 521 take-offs and landings in April, down by 74.1% from 2,013 take-offs and landings in March and by 91.4% from April 2019.

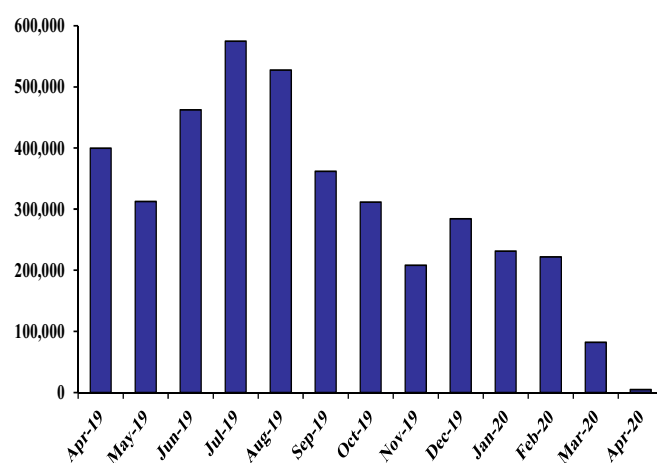
Broad money supply down 3% in first quarter of 2020

Figures released by Banque du Liban show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP21,936bn at the end of March 2020, constituting an increase of 32% from LBP16,620bn at the end of 2019 and a rise of 108% from LBP10,547bn at end-March 2019. Currency in circulation stood at LBP13,213bn at the end of March 2020, up by 34.6% from LBP9,818bn at end-2019 and by 180.4% from LBP4,713bn at end-March 2019. Also, demand deposits in local currency stood at LBP8,724bn at the end of March 2020, constituting an increase of 28.2% from end-2019 and a rise of 49.5% from end-March 2019. Money supply M1 rose by 12.2% in March from LBP19,549bn at end-February 2020, with currency in circulation growing by 10.4% and demand deposits in local currency expanding by 15.1% month-on-month. The increase in money supply largely reflects the migration of term deposits to demand deposits, as well as the shift to a cash based economy.

In addition, money supply M2, which includes M1 and term deposits in Lebanese pounds, reached LBP59,697bn at the end of March 2020, constituting a decrease of 6% from LBP63,484bn at the end of 2019 and a decline of 21.4% from LBP75,983bn a year earlier. Term deposits in Lebanese pounds totaled LBP37,761bn at the end of March 2020, down by 19.4% from LBP46,864bn at end-2019 and by 42.3% from LBP65,436bn at end-March 2019. Money supply M2 was nearly unchanged in March from LBP59,677bn at end-February 2020, with term deposits in local currency declining by 6% month-on-month.

Further, broad money supply M3, which includes M2, deposits in foreign currency and debt securities issued by the banking sector, reached LBP196,483bn at the end of March 2020, constituting a decrease of 3.1% from LBP202,831bn at the end of 2019 and a decline of 7% from LBP211,351bn at end-March 2019. Deposits in foreign currency totaled LBP136,311bn at the end of March 2020, declining by 2% from end-2019 and increasing by 1% from a year earlier. Also, debt securities issued by the banking sector amounted to LBP475bn at the end of March 2020, compared to LBP437bn at the end of 2019 and to LBP320bn at end-March 2019. Money supply M3 regressed by 0.5% from LBP197,405 at the end of February 2020, with deposits in foreign currency declining by 0.7% and debt securities issued by the banking sector expanding by a marginal 0.3% month-on-month. In parallel, M3 regressed by LBP6,348bn in the first quarter of 2020 due to a drop of LBP6,066bn in claims on the private sector, a decline of LBP4,387bn in net claims on the public sector, and a decrease of LBP223bn in the net foreign assets of deposit-taking institutions, which were partly offset by a rise of LBP4,328bn in other net items.

Number of Arriving Passengers



Source: Beirut-Rafic Hariri International Airport

Mobility of Lebanese citizens down 43% due to coronavirus-related social distancing measures

Citi Research's Social Distancing Index shows that, as of May 2, 2020, general mobility in Lebanon contracted by 43% relative to the period extending from January 3 to February 6, 2020, as a result of the social distancing measures amid the outbreak of the COVID-19 pandemic. Citi defines general mobility as the movement of individuals in different locations within a geographic area. In comparison, the mobility of the Lebanese retreated by 56% on April 11 from the January 3-February 6 period, which means that residents were under looser social distancing measures on May 2 than they were three weeks earlier. The mobility level on May 2 shows that residents of Lebanon have been under tighter social distancing measures than countries globally (-36%), but under similarly-tight measures in emerging markets and in the Middle East & Africa (ME&A) region.

The index measures the degree of social distancing implemented across countries and regions worldwide in response to the outbreak of the coronavirus. It is based on the results of the Google COVID-19 Mobility Report, which highlights the percentage change in people's visits to different places, such as retail and recreational areas, groceries and pharmacies, parks, transit stations, workplace, and residential locations. It then compares these trends to the baseline period, which is the median mobility level between January 3 and February 6, 2020. The index is the simple average of four factors that are Retail & Recreation, Transit Stations, Workplace, and Grocery & Pharmacy. A lower score on the index implies more social distancing, while a higher score reflects less social distancing.

The mobility of the residents of Lebanon for the Retail & Recreation category declined by 51% on May 2 from the baseline period, compared to retreats of 50% globally, of 57% among emerging markets, and of 56% in the ME&A region. This category measures the movement of people to places like restaurants, cafés, shopping centers, theme parks, museums, libraries, and movie theaters.

Further, the movement of the residents of Lebanon under the Grocery & Pharmacy category, which includes places like grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies, dropped by 20% from the January 3-February 6 period. In comparison, the movement of residents under this category contracted by 14% worldwide, by 25% in emerging markets, and by 29% in the ME&A region.

Also, the mobility of the residents of Lebanon under the Transit Stations sector, which includes the usage of public transportation, contracted by 68% from the January 3-February 6 period compared to retreats of 48% worldwide, of 53% in emerging markets, and of 58% in the ME&A region. In addition, the mobility of Lebanese residents to the Workplace shrank by 34% from the baseline period, compared to contractions of 33% globally, of 35% in emerging markets, and of 30% in the ME&A region.

In parallel, the mobility of Lebanese residents to parks, including marinas and public gardens, decreased by 19% from the baseline period, relative to contractions of 11% globally, of 39% in emerging markets, and of 49% in the ME&A region. In contrast, the movement of Lebanese residents to places of residence rose by 11% on May 2 from the January 3-February 6 period, compared to increases of 14% globally and of 18% in emerging markets and the ME&A region.

Sovereign ratings affirmed, outlook on local-currency rating remains 'negative'

Capital Intelligence Ratings (CI Ratings) affirmed Lebanon's long- and short-term foreign-currency ratings at 'SD' (Selective Default). It also maintained the long- and short-term local-currency ratings at 'C', with a 'negative' outlook. It attributed the affirmation of the foreign-currency ratings to the government's ongoing suspension of all payments on its outstanding Eurobonds starting in March 2020, as well as to Lebanon's limited progress in addressing the sovereign default. It added that the government's decision to suspend payments on its external debt obligations took place in the context of a decline in foreign currency reserves, heightened funding pressures, a systemic banking crisis, a sharp economic slowdown, and rising political risks. Also, it said that the affirmation of the local-currency ratings reflects the agency's understanding that the authorities are currently servicing local-currency denominated debt and have not yet missed any principal or coupon payments on this debt. It noted that the 'negative' outlook on the local-currency rating reflects the absence of sustainable financing sources and the sovereign's intention to restructure the debt as part of its financial recovery plan.

In parallel, it pointed out that a currency devaluation, should it occur as recommended in the government's recovery plan, will intensify the shortages in fuel and imported items, and will severely undermine the financial stability of the banking sector, which will prompt a large-scale restructuring of banks and the materialization of embedded losses on Banque du Liban's balance sheet. Further, it noted that the banking sector is facing structural challenges, including weakening asset quality and substantial asset/liability maturity mismatches. It considered that the main systemic risks to the banking sector originate from its large exposure to government debt, as banks are anticipated to incur sizeable losses once the debt restructuring takes place. In addition, CI said that the government's financial recovery plan could serve as an anchor for attracting about \$10bn in financial assistance from the International Monetary Fund, as well as for securing the \$11bn in funds that international donors pledged previously at the CEDRE conference. But it considered that reform implementation risks remain high, given ongoing social discontent over worsening conditions and the polarized nature of Lebanese society.

Percentage Change in Mobility of Residents in Lebanon*

	May 2, 2020	April 11, 2020
Social Distancing Index	-43%	-56%
Retail & Recreation	-51%	-65%
Transit Stations	-68%	-78%
Workplace	-34%	-48%
Grocery & Pharmacy	-20%	-31%
Parks	-19%	-45%
Residential	11%	16%

*% change from the January 3-February 6 period

Source: Citi Research, Byblos Bank

Number of employees in financial sector down 4% to 26,101 at end-2019

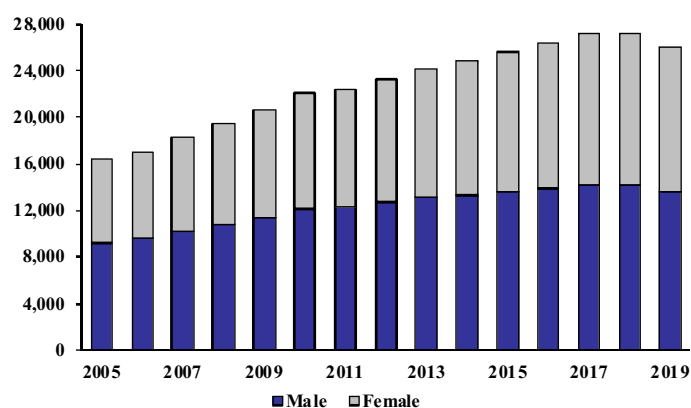
Figures issued by Banque du Liban (BdL) show that there were 26,101 individuals employed in the Lebanese financial sector at the end of 2019, constituting a decrease of 4.3% from 27,267 persons at the end of 2018, the first such decline since 2000, according to available historical data. Also, the number of employees in the financial sector grew by 5% from 24,864 at end-2014 and by 26.2% from 20,680 at the end of 2009. Commercial banks accounted for 91.8% of total employees in the financial sector, followed by financial institutions with 5% and medium- and long-term banks with 3.2%. There were 12,549 females employed in the Lebanese financial sector at the end of 2019, equivalent to 48.1% of the sector's workforce.

Commercial banks had 23,954 employees at the end of 2019, down by 4.5% from 25,071 employees at end-2018, and compared to 22,951 individuals at end-2014 and to 19,248 persons at the end of 2009. They consisted of 16,655 non-executive employees or 69.5% of the total, 7,086 executives (29.6%), and 213 individuals who were either general managers, deputy general managers or assistant general managers (0.9%). In addition, there were 11,682 females employed at banks at end-2019, accounting for 48.8% of the total number of employees at commercial banks. Further, 80.8% of executives and non-executives at commercial banks held a university degree, 11.6% had a baccalaureate and 7.6% held a degree below the baccalaureate level. There were 47 commercial banks operating in Lebanon at the end of 2019, down from 49 banks at end-2018, with 1,058 branches across Lebanon at end-2019 relative to 1,080 branches a year earlier.

Also, financial institutions had 1,318 employees at end-2019, down by 0.6% from 1,326 employees at end-2018, and relative to 1,143 individuals at end-2014 and 971 persons at end-2009. They consisted of 642 executives or 48.7% of the total, 617 non-executive employees (46.8%), and 59 individuals who were either general managers, deputy general managers or assistant general managers (4.5%). In addition, there were 546 female employees at financial institutions at the end of 2019, representing 41.4% of the total. Further, 63.3% of executives and non-executives at financial institutions held a university degree, 26.3% had a baccalaureate and 10.4% held a degree below the baccalaureate level. There were 44 financial institutions operating in Lebanon with 73 branches at the end of 2019, relative to 45 institutions with 73 branches a year earlier.

Finally, medium- and long-term banks employed 829 persons at the end of 2019, down by 4.7% from 870 employees at end-2018, and compared to 770 employees at end-2014 and to 461 individuals at the end of 2009. They consisted of 512 non-executive employees (61.8%), 288 executives (34.7%), and 29 individuals who were either general managers, deputy general managers or assistant general managers (3.5%). In addition, there were 321 female employees at medium- and long-term banks at the end of 2019, or 38.7% of the total. Also, 78.6% of executives and non-executives at medium- & long- term banks held a university degree, 9.3% had a baccalaureate and 12.1% held a degree below the baccalaureate level. There were 16 medium- and long-term banks with 21 branches across Lebanon at the end of 2019, unchanged from a year earlier.

Number of Employees in the Financial Sector



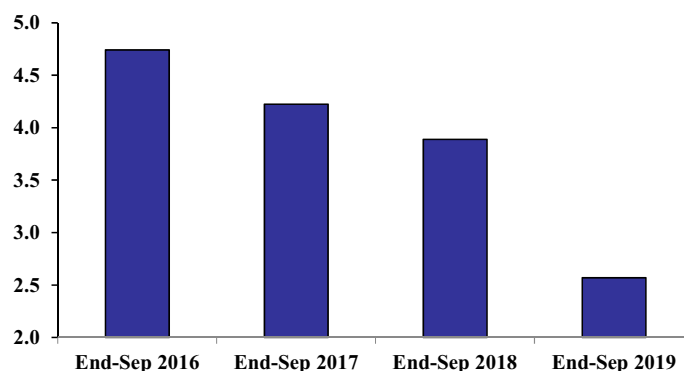
Source: Banque du Liban, Byblos Research

Foreign investments of financial sector at \$2.6bn at end-September 2019

Figures issued by Banque du Liban (BdL) show that the net investment portfolio of Lebanese banks and financial institutions in foreign debt and equity securities totaled \$2.6bn at the end of September 2019, constituting a decrease of 27.8% from \$3.56bn at the end of 2018. Placements in equities reached \$1.51bn at the end of September 2019 and accounted for 58.8% of the total, followed by investments in long-term debt securities at \$1bn (40.6%), and investments in short-term debt securities at \$16.4m (0.6%). The decline was mainly due to lower investments in long-term debt securities by commercial banks and investment banks. The financial sector's foreign investments have gradually decreased since September 2018.

According to BdL, the figures cover the net assets of resident banks and financial institutions in foreign tradable debt and equity instruments. They help provide a clearer picture about the flow of funds from Lebanon and, therefore, about the balance of payments.

Foreign Investments of Financial Sector (US\$bn)



Source: Banque du Liban, Byblos Research

Commercial banks' net portfolio of long-term debt securities, including banks' investments for their own account, on behalf of their clients and on a custodial basis, totaled \$712.8m and accounted for 68.3% of the financial sector's aggregate investments in such securities at end-September 2019. Insurance companies followed with \$136.7m (13.1%), then medium- and long-term banks with \$109.7m (10.5%), and financial institutions with \$83.7m (8%). In parallel, commercial banks accounted for 84.2% of investments in short-term debt securities at the end of September 2019, followed by insurance firms with 15.4%, and medium- and long-term banks with 0.4%. Further, commercial banks' investments in equities reached \$655m and represented 43.4% of the financial sector's investments in such securities at end-September 2019. Medium- and long-term banks followed with \$478m (31.7%), then financial institutions with \$242m (16%), insurers with \$134.1m (8.9%), and financial intermediaries with \$0.3m.

The distribution of investments by destination shows that the United States was the main recipient of equity investments of banks and financial institutions operating in Lebanon with \$500.8m, or 33.2% of the total, at end-September 2019. Luxembourg followed with equity investments worth \$164.7m (10.9%), then France with \$156.1m (10.3%), Switzerland with \$96.3m (6.4%), and Jordan with \$92.7m (6.1%), while other countries accounted for the remaining 33% of equity investments of banks and financial institutions. In parallel, the United States received \$501.1m or 48% of investments in long-term debt securities, followed by France with \$77.9m (7.5%), the United Kingdom with \$39.4m (3.8%), Turkey with \$34.1m (3.3%), and Switzerland with \$33.4m (3.2%), while other countries accounted for the remaining 34.2% of investments in long-term debt securities. Further, Australia was the recipient of 69.2% of investments by Lebanese banks and financial institutions in short-term debt securities, followed by the United States (17.4%), the United Kingdom and the European Union (5.3% each), and Canada (1.2%), while other countries represented the remaining 1.2% of investments in short-term debt securities.

Balance sheet of investment banks down 2% in first quarter of 2020

Figures released by Banque du Liban (BdL) show that the consolidated balance sheet of investment banks in Lebanon reached LBP7,580bn, or \$5bn at the end of March 2020, constituting a decrease of 2.1% from LBP7,745bn or \$5.1bn, at end-2019, and a decline of 7.7% from LBP8,210bn or \$5.45bn at the end of March 2019.

On the assets side, claims on resident customers reached \$1.47bn at end-March 2020, down by 2.2% from the end of 2019 and by 5.8% from end-March 2019; while claims on non-resident customers totaled \$37.4m at the end of March 2020, and grew by 16.6% from end-2019 and by 13% from a year earlier. In addition, claims on the resident financial sector reached \$509.7m at end-March 2020, down by 18.8% from the end of 2019 and by 28.7% from the end of March 2019; while claims on the non-resident financial sector totaled \$68.4m at the end of March 2020, increasing by 9.6% from end-2019 and declining by 14.3% from a year earlier. Also, claims on the public sector totaled \$1.7m at end-March 2020, constituting an increase of 36% from end-2019; while the securities portfolio, which includes Lebanese Treasury bills and Eurobonds, reached \$886.2m at end-March 2020, down by 2.6% from end-2019 and by 7% from end-March 2019. In parallel, currency and deposits at BdL and foreign central banks totaled \$1.64bn at the end of March 2020, increasing by 3.1% in the first quarter of 2020 but regressing by 4.1% from end-March 2019.

On the liabilities side, deposits of resident customers totaled \$1.37bn at the end of March 2020, constituting a decline of 8% in the first quarter of 2020 and a drop of 15.7% from a year earlier; while deposits of non-resident customers reached \$237.6m at the end of March 2020, representing a drop of 7% from end-2019 and a decline of 18.3% from the end of March 2019. Liabilities to the resident financial sector amounted to \$133.9m at end-March 2020, down by 12.5% from end-2019; while those to the non-resident financial sector rose by 6% from end-2019 to \$226.1m. Also, public sector deposits regressed by 13.4% in the first quarter of 2020 to \$54.6m, while debt securities issued totaled \$18m at end-March 2020 and were nearly unchanged from end-2019. Further, the aggregate capital account of investment banks amounted to \$1.8bn at the end of March 2020, constituting a rise of 4% from end-2019 and a marginal increase of 0.5% from end-March 2019.

Ratio Highlights

(in % unless specified)	2017	2018	2019	Change*
Nominal GDP (\$bn)	53.1	55.0	56.8	1.85
Public Debt in Foreign Currency / GDP	57.2	60.9	59.4	(1.54)
Public Debt in Local Currency / GDP	92.5	94.0	101.9	7.94
Gross Public Debt / GDP	149.7	154.9	161.3	6.40
Total Gross External Debt / GDP**	139.2	137.0	128.4	(8.62)
Trade Balance / GDP	(31.5)	(31.0)	(27.3)	3.69
Exports / Imports	14.5	14.8	19.4	4.62
Fiscal Revenues / GDP	21.9	21.0	19.5	(1.53)
Fiscal Expenditures / GDP	28.9	32.4	29.7	(2.62)
Fiscal Balance / GDP	(7.1)	(11.4)	(10.3)	1.09
Primary Balance / GDP	2.7	(1.2)	(0.5)	0.65
Gross Foreign Currency Reserves / M2	68.2	63.8	70.2	6.38
M3 / GDP	260.8	257.1	236.7	(20.33)
Commercial Banks Assets / GDP	413.7	453.9	381.6	(72.37)***
Private Sector Deposits / GDP	317.4	317.1	279.6	(37.48)
Private Sector Loans / GDP****	112.3	108.1	87.6	(20.45)
Private Sector Deposits Dollarization Rate	68.7	70.6	76.0	5.41
Private Sector Lending Dollarization Rate	68.6	69.2	68.7	(0.50)

*change in percentage points 19/18; **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; ***The decline in assets in 2019 is mainly due to the "netting" on the assets and liabilities' sides of the consolidated balance sheet of commercial banks as part of the implementation of international accounting standard IFRS 7; **** in January 2018, Lebanese banks started reporting their financials based on international accounting standard IFRS 9, and revised the 2017 figures accordingly
Source: Association of Banks in Lebanon, Institute of International Finance, Central Administration of Statistics, 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	Feb 2018	Jan 2019	Feb 2019	Change**	Risk Level
Political Risk Rating	55.0	54.0	54.0	▲	High
Financial Risk Rating	33.0	31.5	31.5	▲	Moderate
Economic Risk Rating	28.5	24.0	24.0	▲	Very High
Composite Risk Rating	58.25	54.75	54.75	▲	High

MENA Average*	Feb 2018	Jan 2019	Feb 2019	Change**	Risk Level
Political Risk Rating	58.2	58.1	58.2	➤	High
Financial Risk Rating	37.9	39.1	39.2	▼	Low
Economic Risk Rating	31.4	33.8	33.8	▼	Moderate
Composite Risk Rating	63.8	65.5	65.6	▼	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 Investors Service	Ca	NP	Stable	Ca		Stable
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative
Capital Intelligence Ratings	SD	SD	-	C-	C	Negative

*for downgrade

**CreditWatch negative

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



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