CONSUMER CONFIDENCE IN LEBANON

THE BYBLOS BANK/AUB CONSUMER CONFIDENCE INDEX

Second Half 2015 Results and Analysis

Slight Drop in Consumer Confidence in Second Half of 2015

CONTENTS

HIGHLIGHTS

- The Byblos Bank/AUB Consumer Confidence Index posted a monthly average of 39.5 in the third quarter of 2015, nearly unchanged from the second quarter of 2015. The index reached 36.9 in the fourth quarter of 2015 and dropped by 6.7% from the preceding three months.

- The Byblos Bank/AUB Consumer Confidence Index recorded a monthly average of 38.2 in the second half of 2015, down by 0.9% from the first half of 2015, and constituting the index's seventh-lowest level on a semi-annual basis.

- The outbreak of the waste management crisis, public discontent, as well as the ongoing political stalemate and spillovers from the Syrian conflict kept sentiment at low levels.

- The results of the Byblos Bank/AUB Consumer Confidence Index in the third and fourth quarters of 2015 remained consistent with the ongoing trend of low household confidence since the first quarter of 2012.

- The results of the third quarter of 2015 were the 16th lowest since the index's inception in July 2007, while the outcome of the fourth quarter was the 11th lowest in 34 quarters.

- The near-term expectations of households were higher than their views of their current conditions during the second half of 2015.

- The Byblos Bank/AUB Present Situation Index posted its fifth lowest semi-annual reading, and the Byblos Bank/AUB Expectations Index posted its seventh lowest reading in the covered period since the index's inception.

- Nearly 78% of the surveyed Lebanese said that their financial situation was "worse off" in the fourth quarter of 2015 than it was six months earlier.

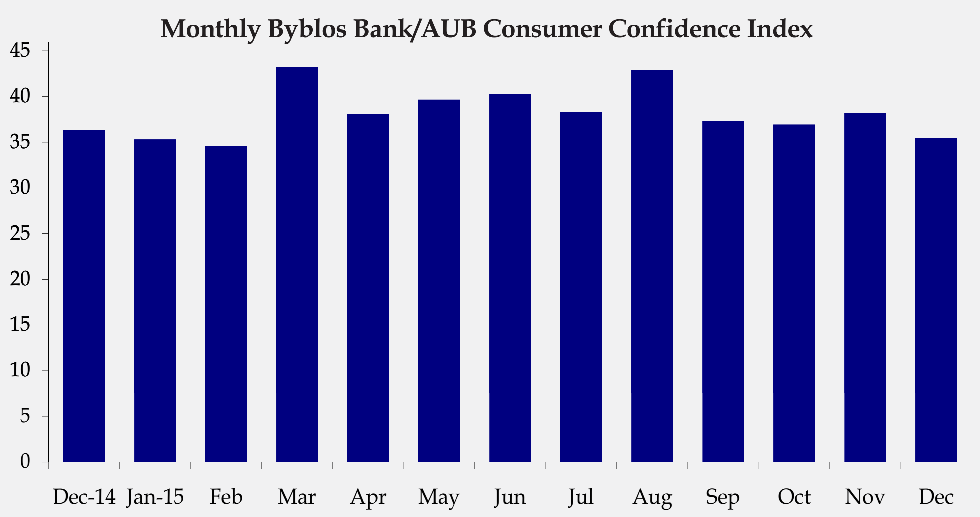
- The Byblos Bank/AUB Consumer Confidence Index posted a monthly average of 38.4 in 2015, constituting an increase of 12.4% from an average of 34.1 in 2014. Still, the level of consumer sentiment in 2015 reflected a drop of 60% from the 2009 base year and a decline of 31% from the index's monthly trend average since its inception.

I - Analysis of Results

A - ANALYSIS ON A CALENDAR BASIS

Consumer confidence in Lebanon remained at low levels during the third and fourth quarters of 2015, as reflected by the results of the Byblos Bank/AUB Consumer Confidence Index. The index reached 38.3 in the July 2015 survey, down by 4.9% from 40.3 in June. It then increased by 12.1% to 42.9 in August, but regressed by 13.1% to 37.3 in September and by another 1% to 36.9 in October 2015. Further, the index registered 38.2 in the November 2015 survey and grew by 3.4% from the previous month, while it declined by 7.2% to 35.4 in December 2015.

Consumer sentiment was highest in August during the second half of 2015



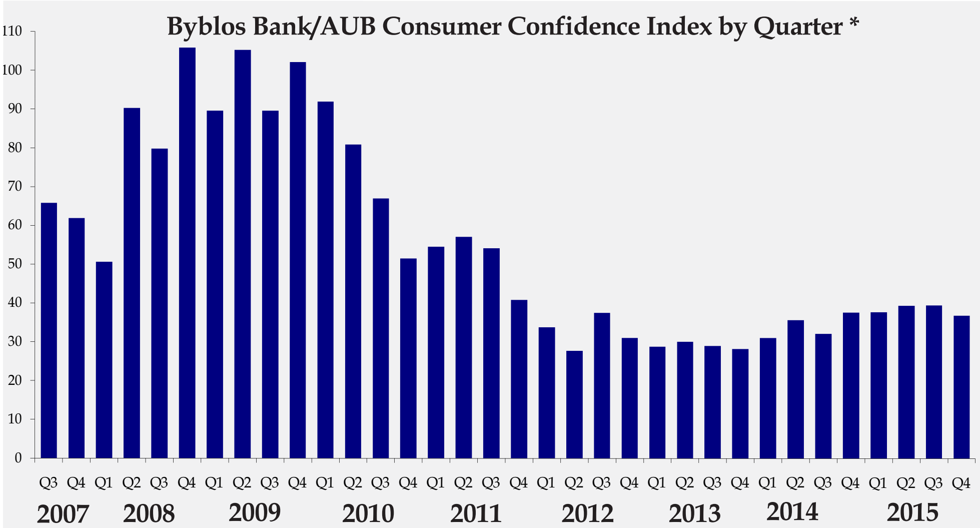
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

The Byblos Bank/AUB Consumer Confidence Index averaged 39.5 in the third quarter, nearly unchanged from the second quarter of 2015, and decreased by 6.7% to an average of 36.9 in the fourth quarter of 2015. This was due in part to the outbreak of the waste management crisis in July and to the inability of the government to solve it throughout the second half of the year, as well as to the repeated failure of the Lebanese Parliament to elect a President and the resulting uncertain political outlook. The results of the fourth quarter of 2015 were the 11th lowest since the index's inception in July 2007, while the third quarter posted the 16th lowest quarterly reading in 34 quarters.

The results of the third and fourth quarters of 2015 extended the low confidence level that has prevailed since the fourth quarter of 2010 and that deteriorated since the fourth quarter of 2011. Overall, the results of the Byblos Bank/AUB Consumer Confidence Index remained at very low levels despite the relative improvement from a record-low of 27.7 registered in the second quarter of 2012.

The index posted an average monthly value of 38.2 during the second half of 2015, constituting a decrease of 0.9% from the first half of 2015. The index's decline in the second half of the year was cushioned by the generally stable security conditions in the country and by the positive impact of the substantial pass through of the drop in global oil prices.

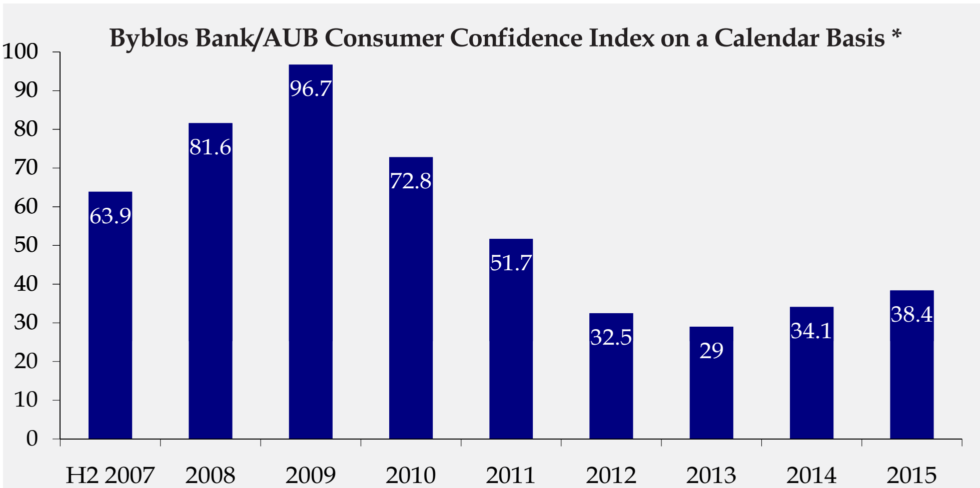
Consumer confidence dropped slightly in the fourth quarter of 2015



** monthly average index by quarter*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

The second-half results constituted the index's seventh-lowest level in 17 semi-annual readings. Also, the average monthly score of the second half of 2015 represented a decline of 60.8% from the peak of 97.5 registered in the first half of 2009. It was also 30.8% lower than the index's trend average score of 55.2 since July 2007. Further, sentiment toward the end of the year was reflected in the answers of consumers to the index's survey questions, as 79% of the surveyed Lebanese said that their financial situation is "worse off" than it was six months earlier, and 18.3% stated that their financial situation remained the same. In contrast, only 2.7% of the surveyed Lebanese in the covered month said that their financial situation is "better off" than it was six months earlier.

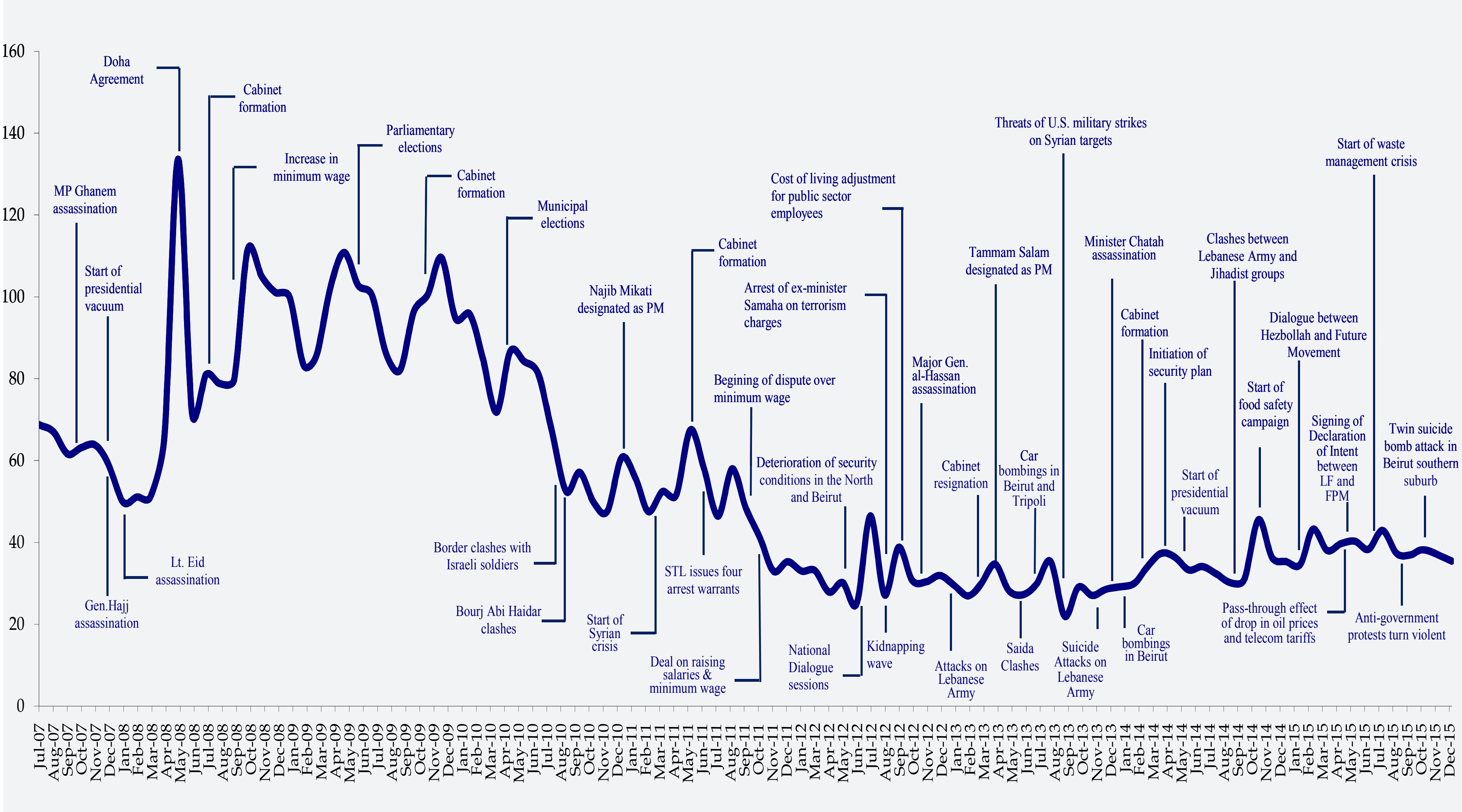
Household sentiment remained at low levels in 2015 despite improving from 2012, 2013 and 2014



** monthly average index for the period*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

The results of the full year show that consumer sentiment improved slightly in 2015. Indeed, the Byblos Bank/ AUB Consumer Confidence Index posted a monthly average of 38.4 in 2015, constituting an increase of 12.4% from an average of 34.1 in 2014. Still, the level of consumer sentiment in 2015 reflected a drop of 60.3% from the index's peak score of 96.7 in 2009 and a decline of 31.1% from the index's monthly trend average since inception. The results continue to reflect the prevailing uncertainties and the ensuing anxieties of Lebanese households.

Evolution of the Byblos Bank/AUB Consumer Confidence Index (July 2007 - December 2015)



Source: Byblos Research, based on surveys conducted by Statistics Lebanon

Results of the Byblos Bank/AUB Consumer Confidence Index, the Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index

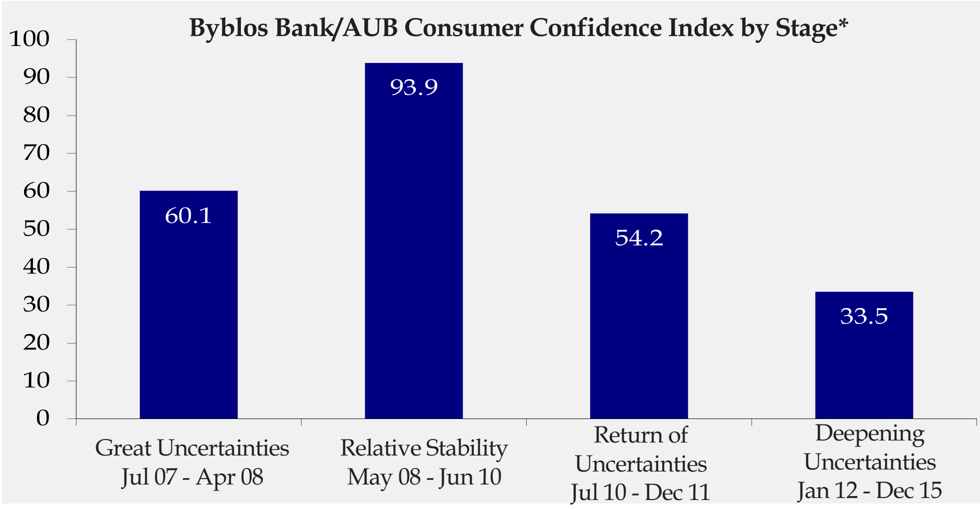
	Q3 2015			Q4 2015		
	Jul-15	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**
CCI*	**38.3**	**42.9**	**37.3**	**36.9**	**38.2**	**35.4**
Month-on-month change (%)	-4.9%	12.1%	-13.1%	-1%	3.4%	-7.2%
Year-on-year change (%)	12.3%	33%	23.8%	19.2%	-16.1%	-2.4%
PSI**	**34.5**	**39.1**	**35.5**	**34.4**	**32.5**	**32.1**
Month-on-month change (%)	-8.2%	13.3%	-9.2%	-3.1%	-5.4%	-1.4%
Year-on-year change (%)	-2%	9%	7%	6.2%	-30.6%	-13.1%
EI***	**40.8**	**45.5**	**38.5**	**38.7**	**42.0**	**37.7**
Month-on-month change (%)	-3%	11.4%	-15.3%	0.3%	8.6%	-10.1%
Year-on-year change (%)	22.4%	52.2%	37%	28.6%	-6.1%	4.9%

** CCI: Byblos Bank/AUB Consumer Confidence Index*
*** PSI: Byblos Bank/AUB Present Situation Index*
**** EI: Byblos Bank/AUB Expectations Index*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

B -TIMELINE ANALYSIS

The period of deepening uncertainties extended into the second half of 2015

The results of the third and fourth quarters of 2015 upheld the trend in consumer confidence that started in January 2012. We have identified four distinct periods in the history of the Byblos Bank/ AUB Consumer Confidence Index: a period of Great Uncertainties, one of Relative Stability, a Return of Uncertainties phase, and a fourth of Deepening Uncertainties. The first period started in July 2007 and ended in April 2008, with the index averaging 60.1 during this timeframe. It was a “high risk” period dominated by political and security uncertainties. The second period extended from May 2008 to June 2010 and was characterized by a significantly higher level of confidence, as the index averaged 94 during the 26-month span. This timeframe was a “low risk” period that saw several positive political events that helped revive consumer confidence. The third period, which stretched from July 2010 to December 2011, saw the return of uncertainties and an increase in political risks, as the index averaged 54.2 during the 18-month period. The fourth period started in January 2012, with the index averaging 32.8 during the 42 months ending in June 2015. It was a “very high risk” period where political and institutional paralysis increased, while security conditions deteriorated, which helped worsen consumer sentiment. The results of the third and fourth quarters of 2015 extended and confirmed the Deepening Uncertainties period as the index averaged 33.5 over the January 2012-December 2015 period, constituting the lowest level of consumer confidence over the four periods.



** monthly average index for the period*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

C - ANALYSIS OF PRESENT SITUATION & EXPECTATIONS INDICES

The Expectations Index was higher than the Present Situation Index during the second half of 2015

The Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index moved in the same direction during each of the three months of the third quarter of 2015. As such, the Present Situation Index decreased by 8.2% in July, improved by 13.2% in August and dropped by 9.2% in September, while the Expectations Index regressed by 2.9% in July, grew by 11.3% in August and declined by 15.3% in September 2015. In contrast, the two indices moved in different directions in two out of the three months of the fourth quarter of 2015. The Present Situation Index posted decreases of 3.1% in October, 5.4% in November and 1.4% in December 2015, while the Expectations Index improved by 0.3% in October and by 8.6% in November, but regressed by 10.1% in December. The Byblos Bank/AUB Expectations Index posted higher values than the Present Situation Index during the last six months of the year, in line with the first half of 2015. Also, the gap between the Expectations Index and the Present Situation Index posted a positive spread of +16.9% in the second half of 2015, down from a spread of +19.5% in the first half of the year.

The Present Situation Index improved by 2.2% in the third quarter but regressed by 9.3% in the fourth quarter of 2015, while the Expectations Index decreased by 0.5% in the third quarter of 2015 and by 5.2% in the fourth quarter of the year. In addition, the Present Situation and Expectations indices averaged 36.4 and 41.6, respectively, in the third quarter of 2015, constituting their 13th- and 15th-lowest quarterly readings, respectively, in 34 quarters. Further, the Present Situation and Expectations indices posted averages of 33 and 39.4 in the fourth quarter of the year, constituting their ninth- and 13th-lowest quarterly readings, respectively, since the start of the index's calculation.

Generally, Lebanese consumers are more optimistic about future conditions over the near term than they are about their current situation. Indeed, Lebanese consumers were more optimistic about the future than they were about present circumstances in 24 out of 34 quarters and in 71 out of 102 months between July 2007 and December 2015.

D - GENERAL TRENDS

Consumer sentiment in Lebanon deteriorated during the second half of 2015, as the Byblos Bank/AUB Consumer Confidence Index was nearly flat in the third quarter of the year and declined in the fourth quarter of 2015. Political and security issues continued to be the main reasons for the low level of consumer confidence in the country. But socioeconomic developments also took their toll on household sentiment in the second half of the year. The deterioration in sentiment in the fourth quarter of 2015 was reflected in the answers of consumers to the index's survey questions, as only 2.5% of the surveyed Lebanese in the covered quarter said that their financial situation is "better off" than it was six months earlier, the lowest such quarterly percentage since the index's inception in July 2007. In contrast, 78.2% of the surveyed Lebanese said that their financial situation is "worse off" than it was six months earlier, and 19.3% stated that their financial situation remained the same.

The waste management crisis and political paralysis weighed negatively on household sentiment in the second half of 2015

The outbreak of the waste management crisis in July had a significant impact on consumer sentiment during the second half of 2015, as it highlighted the inability of the government and political parties to properly manage and deliver basic public services. The start of peaceful protests to demand an end to the waste management crisis supported consumer sentiment in August 2015. However, sentiment regressed when demonstrations turned violent, causing damages to public and private properties, and leading to confrontations with security forces. The demonstrators' escalating demands, which reached calls for regime change, along with the increasing number of opportunists who tried to ride the wave of citizens' discontent and the refusal of politicians to agree on a solution to the crisis, took their toll on consumer confidence in the last four months of the year.

In fact, the index's historical results show that Lebanese consumers need to see concrete results that improve their economic conditions in order to maintain their level of optimism, as they are generally skeptical about the immediate concrete impact of an event or a government decision. As such, the failure of the protestors and of the government to bring about a tangible solution to the crisis led to a retreat in consumer sentiment over the fourth quarter of the year. Moreover, the protracted waste management crisis raised environmental and health concerns among consumers and exacerbated households' anxieties during the covered period.

In parallel, the confidence of Lebanese consumers remained very sensitive to political and security developments during the covered period, in line with trends since the index's inception in July 2007.

On the security front, two suicide bombers detonated their explosive belts in the area of Burj al-Barajneh in the southern suburbs of Beirut on November 13, leaving 43 dead and more than 200 injured citizens. This renewed the concerns of households about terrorist attacks in the country after a period of relative calm, which, in turn, weighed on confidence.

On the political front, the repeated failure of the Lebanese Parliament to elect a President and the paralyzed decision-making process within public institutions, which has reached the Council of Ministers, maintained household confidence at low levels.

Households remain deeply skeptical about political initiatives

In fact, Lebanese households met with deep skepticism the revelations in early December of a potential breakthrough in the presidential elections stalemate through a high profile endorsement that crosses the political divide. Indeed, the Byblos Bank/AUB Consumer Confidence Index regressed by more than 7% in December, constituting the most significant drop in the second half of 2015 and the second steepest decline of the year. It was also the fifth steepest drop since the beginning of the presidential vacuum in May 2014. The December retreat was driven by a 1.4% decline in the Present Situation Index and, more importantly, by a 10% drop in the Expectations Index, the seventh steepest drop since the start of the presidential vacuum. Indeed, Lebanese consumers have developed throughout the years, and particularly since May 2014, a solid dose of doubt and skepticism about political initiatives, as they have repeatedly seen most politicians put their personal or partisan agendas ahead of the national interest.

As such, the persistent failure of the legislative and executive branches to fulfill their constitutional duties throughout the second half of 2015 plunged the already fractious political process into disarray and raised the level of political uncertainties, which took its toll on sentiment.

The relatively stable security environment in the second half of 2015 limited the drop in household sentiment

In parallel, several developments contributed positively to consumer confidence over the second half of 2015. On the political and security fronts, generally stable security conditions across the country, the ongoing countrywide crackdown on suspected terrorists by security forces, and the continued dialogue between various political parties prevented consumer sentiment from deteriorating further during the second half of the year. On the economic front, the drop in local gasoline retail prices, and the fading away of imported inflation, gave some reprieve to the stretched budgets of households.

Moreover, the Byblos Bank/AUB Expectations Index posted higher values than the Byblos Bank/AUB Present Situation Index during each of the last six months of 2015, in line with the first half of the year. The results do not reflect a shift in households' attitudes, as only 7.6% of Lebanese polled in the fourth quarter of 2015 expected their financial conditions to improve in the coming six months, while 69% of them believed their financial situation will deteriorate, and 21% stated that their financial conditions will remain the same. In addition, only 3.7% of the surveyed Lebanese during the fourth quarter expected business conditions in the country to improve in the following six months, the lowest such quarterly percentage since the index's inception, while 78.2% anticipated that the business environment would deteriorate and 15% forecast business conditions in Lebanon to remain the same.

Looking at the full year, consumer confidence remained at very low levels despite its relative improvement from the previous year. The results of the Byblos Bank/AUB Consumer Confidence Index for 2015 clearly reflect the Lebanese citizens' low confidence in the seriousness of the government and of political parties to bring about real stability and change, as well as to improve their living standards and to provide a credible framework for economic opportunities. Further, other powerful issues such as the inability of authorities to satisfy citizens' basic needs, decaying public services, the weak rule of law, job insecurity, and economic stagnation dominated consumers' concerns during the year.

Consumer confidence needs a positive political shock to significantly improve

Overall, the level of the Byblos Bank/AUB Consumers Confidence Index in the second half of 2015 does not bode well for a substantial resurgence of economic activity in the near term. In fact, consumer sentiment remained at such low levels that we reiterate that Lebanese consumers require a positive political shock of the magnitude of the Doha Accord of May 2008, and not just the election of a new President, in order to restore their confidence to levels reached in 2008, 2009 and 2010. Therefore, we expect economic growth to remain subdued in the absence of any lasting positive political or economic shocks.

E - CONSUMERS' NEAR-TERM OUTLOOK

The level of consumer confidence deteriorated in 13 out of the 26 sub-categories of the Byblos Bank/AUB Consumer Confidence Index during the third quarter and regressed in 22 out of 26 sub-categories in the fourth quarter of 2015. On a semi-annual basis, the level of consumer sentiment worsened in 14 out of 26 sub-categories in the second half of 2015 from the first half of the year.

Female consumers were more optimistic than their male counterparts in the third and fourth quarters of 2015

Female consumers had a relatively less pessimistic near-term outlook in the third and fourth quarters of 2015 than their male counterparts. The average monthly reading of the Expectations Index was 44.9 for females compared to 38.3 for males in the third quarter of 2015, and reached 40.5 for females relative to 39.9 for males in the fourth quarter of the year. Overall, female consumers were more optimistic than their male counterparts over the short term during the second half of 2015.

Public sector employees were most pessimistic about the near term

Also, consumers who are 60 years or older were less pessimistic over the near term than consumers in younger age brackets during the third quarter of 2015; while those in the 21 to 29 year-old bracket were less pessimistic than consumers in older age brackets over the fourth quarter of the year. In contrast, consumers in the 50 to 59 year-old bracket were the most pessimistic during the third and fourth quarters of the year. Students were the least pessimistic about economic prospects among occupational sub-categories in the third quarter of 2015, as the Expectations Index for this segment averaged 49 in the covered quarter, followed by housewives and private sector employees with readings of 48.6 and 44.5, respectively. Moreover, students were the least pessimistic in the fourth quarter of the year with an average Expectations Index of 53.2, followed by private sector employees and freelancers with readings of 43.2 and 41.1, respectively. Conversely, public sector employees were the most pessimistic about the near future among all occupational categories during the third and fourth quarters of 2015.

Higher income consumers were the least pessimistic in the second half of 2015

Consumers with a monthly household income of $2,500 or higher were less pessimistic about future prospects during the second half of 2015 relative to other income brackets, with an average Expectations Index for this segment of 44.4. During the third quarter of 2015, consumers earning $2,500 or higher per month were less pessimistic than other income brackets, followed by consumers with a monthly income of $750 or less and households earning between $1,500 and $2,499 per month. Moreover, during the fourth quarter of the year, consumers with a monthly income of $1,500 to $2,499 were the least pessimistic about future prospects relative to other income sub-categories, followed by consumers with a monthly income of $2,500 or higher and those with earnings of $750 or less per month.

Consumers in the South had the least pessimistic outlook among the country's five administrative districts during the third quarter of 2015, as the Expectations Index for this segment averaged 49.4 in the covered quarter. In addition, consumers in Mount Lebanon were the least pessimistic about the near future during the fourth quarter of the year. In contrast, consumers who reside in Beirut were more pessimistic about future prospects than those in other administrative districts during the third and fourth quarters of 2015.

In terms of religious affiliation, Shiite consumers were the least pessimistic about the country's near-term economic outlook in the third quarter of 2015, followed by Christian and Druze consumers. In parallel, Christian consumers were the least pessimistic during the fourth quarter of the year, followed by Shiites and Druze. Conversely, Sunni consumers were the most pessimistic about future prospects during the third and fourth quarters of 2015.

METHODOLOGY

The Byblos Bank/AUB Consumer Confidence Index is a measure of the sentiment and expectations of Lebanese consumers towards the economy and their own financial situation. The index is compiled, implemented and analyzed in line with international best practices and according to criteria from leading consumer confidence indices worldwide. It is composed of two sub-indices, the Byblos Bank/AUB Present Situation Index and the Byblos Bank/AUB Expectations Index. The first sub-index covers the current economic and financial conditions of Lebanese consumers, and the second one addresses their outlook over the coming six months. In addition, the data segregates the index based on age, gender, income, profession, administrative district, and religious affiliation. The Byblos Bank Economic Research & Analysis Department has been calculating the index on a monthly basis since July 2007, with January 2009 as its base month. 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. 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.

II - Results by Category

A - CONSUMER CONFIDENCE BY GENDER

Females had a higher level of confidence than males in the second half of 2015

The results of the Byblos Bank/ AUB Consumer Confidence Index show that female consumers recorded a relatively higher level of confidence than their male counterparts during the second half of 2015. Females were more confident than males in five out of six months in the second half of 2015. Also, the confidence level of males and females reached 34.2 and 36.7, respectively, in December 2015, the lowest levels posted in the second half of 2015. Further, male and female consumers posted lower levels of confidence in the fourth quarter of 2015 than in the preceding quarter. Indeed, male and female consumers posted average confidence levels of 37.3 and 41.7, respectively, during the third quarter of 2015 and confidence levels of 36.6 and 38, respectively, in the fourth quarter of the year. The third quarter results represent males' 12th-lowest level of confidence in 34 quarters, while females posted the 17th-lowest confidence level ever in the same quarter of 2015. Moreover, male and female consumers posted their 10th- and 13th-lowest quarterly results, respectively, in the fourth quarter of 2015.

The results show that the confidence level of female consumers exceeded that of males in all four quarters of 2015, which is the second such instance since the index's inception. Female consumers had a higher confidence level than their male counterparts in seven out of the first eight quarters following the index's inception in July 2007, but the trend reversed with males having a higher confidence level than females in 21 of the following 22 quarters until the fourth quarter of 2014. On a semi-annual basis, male and female consumers posted average confidence levels of 37 and 39.9, respectively, during the second half of 2015, relative to confidence levels of 37.3 and 39.7, respectively, in the first half of the year. On an annual basis, female consumers had a higher level of confidence than their male counterparts in 10 out of the 12 months of 2015, representing the first such instance since the start of the index's calculation. However, male consumers were more confident than females in 65 out of 102 months, representing a 63.7% frequency of occurrence since the index's inception in July 2007.

Byblos Bank/AUB Consumer Confidence Index by Gender

Month	Male	Female
Jul-15	36.4	40.2
Aug-15	39.3	46.6
Sep-15	36.3	38.3
Av. Index Q3 2015*	37.3	41.7
Oct-15	37.3	39.2
Nov-15	38.3	38.0
Dec-15	34.2	36.7
Av. Index Q4 2015*	36.6	38.0

** average monthly index*

Source: Byblos Research, based on surveys conducted by Statistics Lebanon

B - CONSUMER CONFIDENCE BY AGE

Consumers in the 21 to 29 year-old bracket posted a higher level of confidence in the second half of 2015 than other age groups. This is consistent with the general trend since the index's inception, where consumers in this age bracket have posted the highest confidence level on a semi-annual basis, with the exception of the first and second halves of 2012.

Younger consumers were the least pessimistic in the second half of 2015

Consumers who are 60 years or older had the highest level of confidence among age segments in August, September, October and November. In addition, consumers in the 21 to 29 year-old bracket posted a higher level of confidence in July and December than those in other age brackets. In contrast, consumers in the 50 to 59 year-old bracket posted the lowest level of confidence among other age brackets in July, August, October and November.

Consumers who are 60 years or older were more optimistic than other age brackets in the third quarter of 2015, the fifth such instance since the index's inception in July 2007. In parallel, consumers between 21 and 29 years old registered the highest confidence level during the fourth quarter of 2015, in line with the results of the July 2007-December 2015 period. The only exceptions to this trend were the third quarter of 2008, the first, second and fourth quarters of 2012, and the third quarter of 2015.

Overall, consumers in the 21 to 29 year-old bracket were more confident in 2015 than other age groups, in line with the results of 2008, 2009, 2010, 2011, 2013 and 2014. The only exception was in 2012, when consumers who are 60 years or older had the highest level of confidence among all age groups. Consumers between 21 and 29 years old had the highest confidence level in 69 out of 102 months, representing a 67.6% frequency of occurrence.

Byblos Bank/AUB Consumer Confidence Index by Age

Month	21-29 yrs	30-39 yrs	40-49 yrs	50-59 yrs	≥60 yrs
Jul-15	47.5	31.6	35.5	29.9	45.7
Aug-15	49.9	37.9	40.8	30.5	54.5
Sep-15	40.7	32.2	38.8	33.0	44.0
Av. Index Q3 2015*	46.0	33.9	38.4	31.1	48.1
Oct-15	44.3	31.5	42.1	27.3	45.6
Nov-15	42.1	35.5	41.0	25.9	44.6
Dec-15	48.5	27.9	34.6	28.7	33.2
Av. Index Q4 2015*	44.9	31.6	39.2	27.3	41.1

** average monthly index*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

C - CONSUMER CONFIDENCE BY OCCUPATION

Students posted a higher level of confidence relative to other occupational categories in the second half of 2015, constituting the 13th such occurrence in 17 semi-annual periods since the index's inception. Students were more optimistic than other occupational groups in five out of the last six months of 2015. Also, students posted an average monthly confidence reading of 50.1 during the second half of 2015 compared to 47.2 in the first half of the year.

Public sector employees were the most pessimistic in the second half of 2015

On a quarterly basis, students were relatively more confident than other occupational categories during the third quarter of 2015, as the index for this segment averaged 50.3 in the covered period. Housewives followed with an average confidence level of 45.4, then private sector employees, the self-employed, the unemployed and public sector employees. Also, students had the highest level of confidence during the fourth quarter of 2015 as the index averaged 49.9 for this segment. The self-employed followed with an average reading of 38.2, then private sector employees, housewives, the unemployed and public sector employees.

The confidence level of unemployed consumers reached its second lowest level ever during the fourth quarter of 2015, which reflects the mounting challenges that citizens are facing to secure a job amid the ongoing economic stagnation in the country. In addition, public sector employees were the most pessimistic during the second half of 2015.

On an annual basis, students posted the highest level of confidence among occupational categories, in line with the general annual trend since 2008. In contrast, the unemployed had the lowest level of confidence among occupational categories in 2015. Students' sentiment was highest in 60 out of 102 months, representing a 58.8% frequency of occurrence. In parallel, the unemployed posted their lowest level of confidence in July 2015 over the 102-month period.

Byblos Bank/AUB Consumer Confidence Index by Occupation

Month	Private Sector Employee	Public Sector Employee	Self-employed	Student	Housewife	Unemployed
Jul-15	39.9	25.5	37.0	51.0	43.3	20.4
Aug-15	43.3	22.0	40.7	58.3	49.8	30.4
Sep-15	37.0	24.7	37.1	41.8	42.9	25.7
Av. Index Q3 2015*	40.1	24.1	38.3	50.3	45.4	25.5
Oct-15	39.1	26.9	38.0	45.0	42.6	23.8
Nov-15	37.8	22.5	40.8	49.8	38.1	23.5
Dec-15	37.1	20.2	35.7	55.0	32.7	24.6
Av. Index Q4 2015*	38.0	23.2	38.2	49.9	37.8	24.0

** average monthly index*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

D - CONSUMER CONFIDENCE BY INCOME

The results of the Byblos Bank/AUB Consumer Confidence Index show that consumers with an income of $2,500 or more per month were more optimistic than consumers in other income brackets in each of the last six months of 2015. Consumer sentiment for this category posted an average reading of 54.2 in the covered period, down from a confidence level of 56 in the first half of 2015.

Middle-income consumers were the most pessimistic citizens in the second half of 2015

The index shows that consumers with an income of $2,500 or more per month recorded the highest level of confidence among income brackets in the third and fourth quarters of 2015, with average readings of 54.8 and 53.5, respectively. Conversely, consumers with an income between $750 and $1,499 per month had the lowest level of confidence among all income brackets in the third and fourth quarters of the year.

We have adopted in January 2014 four new income sub-categories for the Byblos Bank/AUB Consumer Confidence Index to reflect more accurately the monthly income distribution of Lebanese citizens. Respondents were selected from a random population sample of 5,474 and were questioned about their monthly income. The results show that 29.23% of individuals earn below $750 per month, 36.54% of Lebanese have incomes between $750 and $1,499 per month, 23.86% of citizens earn between $1,500 and $2,499 per month, while 10.38% of individuals reported earnings at $2,500 or higher per month.

In parallel, consumers earning $2,500 or more per month posted their third highest level of confidence in August 2015 since the adoption of the four new income sub-categories at the beginning of 2014. Consumers with a monthly household income of $2,500 or higher held the highest level of confidence in 23 out of 24 months, representing a 95.8% frequency of occurrence.

Byblos Bank/AUB Consumer Confidence Index by Income*

Month	<$750	$750-$1,499	$1,500-$2,499	≥$2,500
Jul-15	42.6	29.3	39.0	59.4
Aug-15	44.5	34.5	46.5	60.2
Sep-15	33.7	35.0	40.9	44.7
Av. Index Q3 2015**	40.2	32.9	42.1	54.8
Oct-15	41.0	31.8	40.3	51.6
Nov-15	35.5	31.8	45.3	56.2
Dec-15	34.7	27.7	42.4	52.8
Av. Index Q4 2015**	37.1	30.4	42.7	53.5

** monthly household income*
*** average monthly index*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

E - CONSUMER CONFIDENCE BY ADMINISTRATIVE DISTRICT

Consumers in the South registered the highest level of confidence among administrative districts in the second half of 2015 with an average index reading of 44.1, constituting the fifth time since the index's inception that the district posts the highest level of confidence on a semi-annual basis. Further, the confidence level of consumers in the South grew by 13% from an average monthly score of 39 in the first half of the year.

Households in the South were the most optimistic in the second half of 2015

The results of the second half of 2015 show that consumers in the South posted the highest level of confidence among administrative districts in the July, August, September and October polls. In addition, residents of Mount Lebanon posted the highest confidence level in November and December 2015.

Moreover, consumers in the South were the least pessimistic among all administrative districts in the third quarter of 2015, with an average reading of 47.5. There were only seven other instances during the July 2007-June 2015 period when consumers in the South recorded the highest confidence level on a quarterly basis among administrative districts. In parallel, households in Mount Lebanon were the least pessimistic in the fourth quarter of 2015, with an average index reading of 42.3, reflecting the 12th quarterly instance since the index's inception.

In parallel, consumers in Mount Lebanon posted in 2015 the highest level of confidence among administrative districts, constituting the second such annual instance since 2008. In contrast, households in Beirut posted the lowest level of confidence in 2015, constituting the first such occurrence over eight years since the index's inception.

Overall, consumers in Mount Lebanon held the highest level of confidence in 29 out of 102 months, representing a 28.4% frequency of occurrence, followed by consumers in the North with an incidence of 27.5%, households in the South with 25.5%, Beirut consumers with 17.6% and households in the Bekaa with a frequency of 1%.

Byblos Bank/AUB Consumer Confidence Index by Administrative District

Month	Beirut	Mount Lebanon	North	Bekaa	South
Jul-15	29.1	40.8	39.0	32.7	45.6
Aug-15	30.6	48.2	41.7	33.7	52.8
Sep-15	28.9	40.7	33.7	35.1	44.0
Av. Index Q3 2015*	29.5	43.2	38.1	33.8	47.5
Oct-15	31.5	42.0	36.5	29.6	46.6
Nov-15	31.5	43.8	34.2	34.2	40.2
Dec-15	29.5	41.2	37.2	25.1	35.3
Av. Index Q4 2015*	30.8	42.3	35.9	29.6	40.7

** average monthly index*
Source: Byblos Research, based on surveys conducted by Statistics Lebanon

F - CONSUMER CONFIDENCE BY RELIGIOUS AFFILIATION

The results of the Byblos Bank/AUB Consumer Confidence Index show that Christian consumers had the highest level of confidence among all religious affiliations in the second half of 2015, constituting the eighth such occurrence since the start of the survey's calculation. However, Christian consumers had a lower level of confidence in the second half of 2015 than in the first half of the year. In contrast, Druze consumers were the most pessimistic during the second half of the year with an average index reading of 32.6, their fourth lowest level in 17 semi-annual periods.

Christian households were the most optimistic in the second half of 2015

Christian consumers had the highest level of confidence among religious affiliations in September, November and December 2015. Moreover, Shiite consumers posted the highest level of confidence in July, August and October.

Shiite consumers were the least pessimistic among all religious affiliations during the third quarter of 2015, with an average index level of 41.5. Also, Christian consumers had the highest level of confidence relative to their religious counterparts in the fourth quarter of the year with an average index reading of 39.6, the seventh-lowest quarterly result since inception.

On an annual basis, Christian consumers posted the highest level of confidence among all religious affiliations in 2015, the fifth time since 2008. They were followed by Shiites, Sunnis and Druze consumers. In addition, Druze consumers posted their second lowest level of confidence in 2015 when compared to previous years, nearly unchanged from their record-low level of 30.7 in 2014.

Overall, Christians held the highest level of confidence in 47 out of 102 months since the index's inception, representing a 46.1% frequency of occurrence, followed by Druze consumers with an incidence of 23.5%, Shiite households with 16.7% and Sunni consumers with a frequency of 13.7%.

Byblos Bank/AUB Consumer Confidence Index by Religious Affiliation

Month	Christians	Sunnis	Shiites	Druze
Jul-15	40.3	35.0	40.9	28.7
Aug-15	44.1	39.0	45.1	41.6
Sep-15	38.8	34.8	38.4	33.5
Av. Index Q3 2015*	41.1	36.3	41.5	34.6
Oct-15	38.7	34.8	40.9	37.7
Nov-15	40.4	35.2	39.9	29.6
Dec-15	39.8	35.3	31.6	24.4
Av. Index Q4 2015*	39.6	35.1	37.5	30.6

** average monthly index*

Source: Byblos Research, based on surveys conducted by Statistics Lebanon

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