

LEBANON THIS WEEK

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Commercial banks' assets reach \$183bn at end-November 2015

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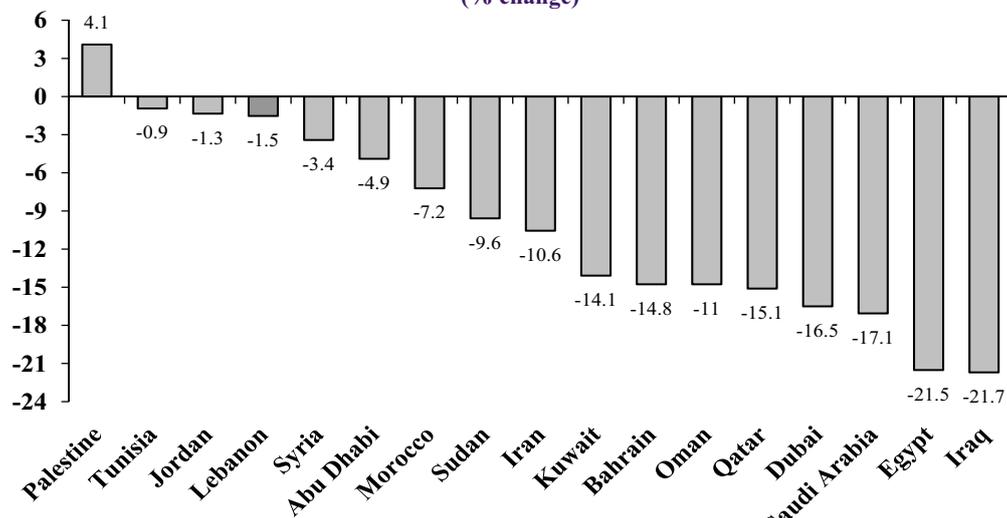
Moody's revises downwards CMA CGM's outlook to 'stable'

Bank of Beirut exercises call option on preferred shares

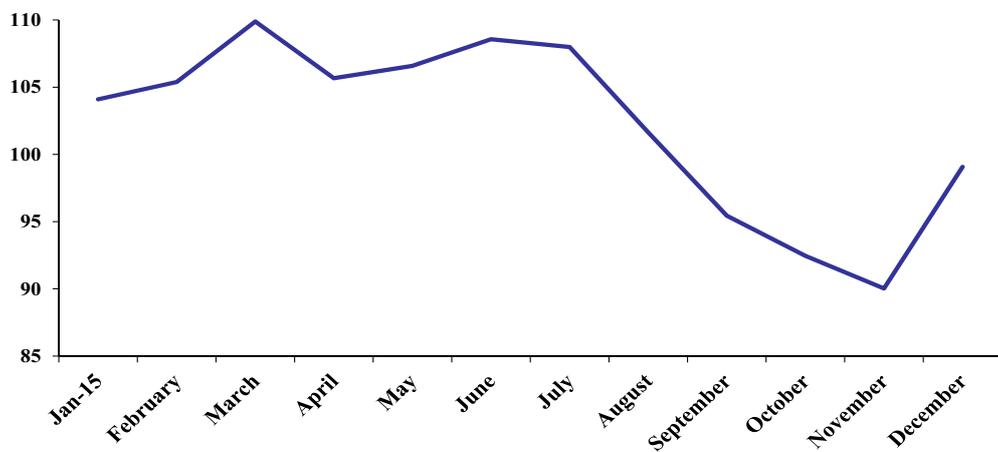
Net profits of insurance sector up 24% to \$142m in 2014, combined ratio at 91.3%

Charts of the Week

Performance of MENA Stock Markets in 2015
(% change)



Performance of the Beirut Stock Exchange*



* Banque du Liban Market Value Weighted Index average monthly values
Source: Local Stock Markets, Dow Jones Indices, Capital Markets Authority, Byblos Bank

Quote to Note

"It is imperative and urgent for policy-makers to address Lebanon's longstanding and worsening structural bottlenecks."

The World Bank, on the need to improve Lebanon's investment climate and business environment

Number of the Week

34: Number of the times the Lebanese Parliament convened and failed to elect a President

Lebanon in the News

\$m (unless otherwise mentioned)	2014	Sep 2014	June 2015	July 2015	Aug 2015	Sep 2015	% Change*
Exports	3,313	282	281	218	219	243	(13.83)
Imports	20,494	1,671	1,690	1,527	1,479	1,434	(14.18)
Trade Balance	(17,181)	(1,389)	(1,409)	(1,309)	(1,260)	(1,191)	(14.25)
Balance of Payments	(1,408)	131	(794)	2	(332)	(122)	-
Checks Cleared in LBP	18,143	1,553	1,593	1,484	1,597	1,587	2.18
Checks Cleared in FC	56,348	4,852	4,504	3,979	4,294	4,151	(14.45)
Total Checks Cleared	74,491	6,405	6,097	5,463	5,891	5,738	(10.42)
Budget Deficit/Surplus	(3,073)	(564.21)	(64.56)	(72.97)	(131.05)	(619.44)	9.79
Primary Balance	1,307	(84.64)	289.34	198.84	119.82	(121.58)	43.65
Airport Passengers***	6,567,647	640,698	594,221	791,162	893,708	750,290	17.11

\$bn (unless otherwise mentioned)	2014	Sep 2014	June 2015	July 2015	Aug 2015	Sep 2015	% Change*
BdL FX Reserves	32.40	32.34	34.11	33.65	32.77	32.02	(0.97)
<i>In months of Imports</i>	<i>18.97</i>	<i>19.35</i>	<i>20.18</i>	<i>22.04</i>	<i>22.15</i>	<i>22.33</i>	<i>15.40</i>
Public Debt	66.58	66.00	69.02	69.19	68.89	68.72	4.12
Net Public Debt	57.31	55.92	59.46	59.56	59.91	60.40	8.02
Bank Assets	175.70	171.34	180.08	179.91	181.62	181.34	5.84
Bank Deposits (Private Sector)	144.43	142.02	148.58	148.39	149.63	149.11	4.99
Bank Loans to Private Sector	50.90	49.95	51.74	52.06	52.41	52.61	5.33
Money Supply M2	48.69	47.90	50.59	50.74	51.08	51.54	7.61
Money Supply M3	117.68	116.07	120.46	120.82	121.52	122.08	5.18
LBP Lending Rate (%)	7.49	7.08	7.12	6.90	6.89	7.08	-
LBP Deposit Rate (%)	5.56	5.51	5.51	5.58	5.61	5.57	6bps
USD Lending Rate (%)	6.97	6.94	7.03	7.09	7.12	7.19	25bps
USD Deposit Rate (%)	3.07	3.04	3.16	3.17	3.19	3.14	10bps
Consumer Price Index**	0.59	1.24	(0.38)	(1.11)	1.02	(0.64)	-

* Year-on-Year ** Year-on-Year percentage change

***includes arrivals, departures, transit

Note: bps i.e. basis points

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

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Audi Listed	6.05	0.00	1,258,331	21.90%
Solidere "A"	9.98	(9.76)	74,656	9.04%
BLOM GDR	9.70	(0.51)	64,700	6.49%
Byblos Common	1.62	0.62	20,000	5.27%
Solidere "B"	9.83	(11.20)	19,895	5.79%
BLOM Listed	9.45	0.53	12,959	18.40%
Audi GDR	6.00	0.00	12,500	6.32%
Byblos Pref. 09	100.60	0.00	270	1.82%
HOLCIM	14.45	(0.48)	265	2.55%
Byblos Pref. 08	101.20	0.00	0	1.83%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Jan 2016	8.500	100.00	8.17
Mar 2017	9.000	105.19	4.46
Nov 2018	5.150	99.60	5.30
May 2019	6.000	100.00	6.00
Mar 2020	6.375	100.75	6.17
Apr 2021	8.250	108.75	6.27
Oct 2022	6.100	98.50	6.38
Jun 2025	6.250	97.50	6.61
Nov 2026	6.600	98.75	6.76
Feb 2030	6.650	97.50	6.93

Source: Byblos Bank Capital Markets

	Jan 4-8	Dec 28-30	% Change	December 2015	December 2014	% Change
Total Shares Traded	1,471,126	363,656	304.54	4,158,263	10,832,896	(61.61)
Total Value Traded	\$9,559,535	\$1,466,223	551.98	\$32,073,440	\$69,469,519	(53.83)
Market Capitalization	\$11.04bn	\$11.1bn	(0.53)	\$11.22bn	\$11.22bn	(0.02)

Source: Beirut Stock Exchange (BSE)



Beirut is the 229th most expensive city in the world, fifth most expensive Arab city

The 2016 Cost of Living survey, produced by crowd-sourced global database Numbeo, ranked Beirut as the 229th most expensive city among 498 cities around the world, as well as the third most expensive among 91 cities in upper middle-income countries (UMICs) and the fifth most expensive among 23 Arab cities. Based on the same cities included in the 2015 and 2016 surveys, Beirut's rank rose by 27 spots from 200th place in 2015 to 173rd place in 2016, reflecting a year-on-year increase in the cost of living in the Lebanese capital. Numbeo assesses the cost of living in each city based on a global Consumer Price Index (CPI) and a Rent Index, and benchmarks both indices against New York City. The CPI is a relative indicator of the prices of consumer goods that cover groceries, restaurants, transportation and utilities. Numbeo relies on residents' inputs and uses data from official sources to compute the indices.

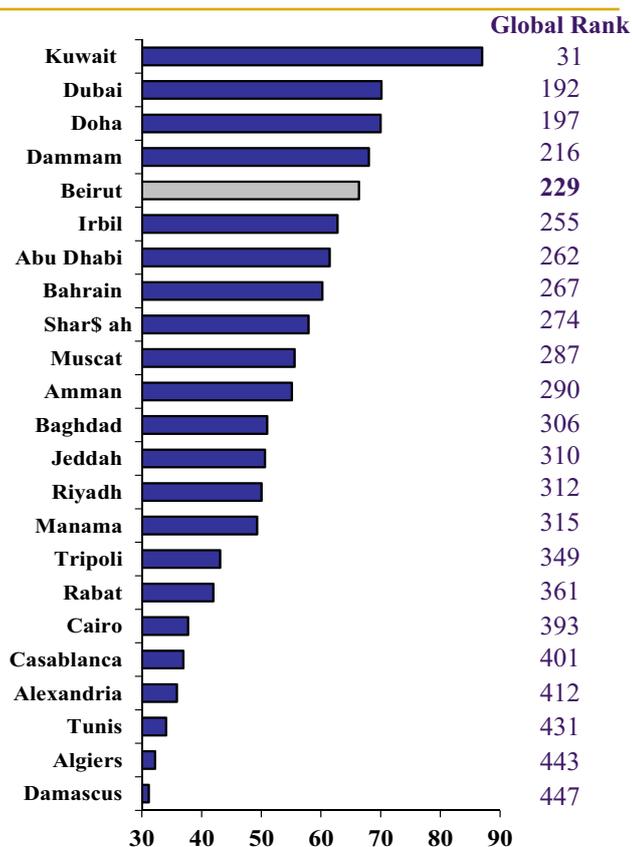
According to the global CPI, consumer goods in Beirut are more expensive than in Berlin, Boise in the U.S. and Bologna in Italy; while they are less costly than in Regina in Canada, Kingston in Jamaica and Ulaanbaatar in Mongolia. Also, the cost of consumer goods in Beirut is the third highest among cities in UMICs, behind Kingston and Ulaanbaatar, while it is the fifth highest in the Arab world, with prices of consumer goods higher only in Kuwait City, Dubai, Doha and Dammam. Hamilton in Bermuda ranked as the most expensive city and Thiruvananthapuram in India as the least expensive city globally. Beirut received a score of 66.37 points, which means that prices in Beirut are 33.6% less expensive than those in New York City.

In parallel, the Rent Index, which is an estimate of the rent for apartments in a given city compared to New York City, ranked Beirut in 63rd place globally, in second place among cities in UMICs and in fifth place among Arab cities. Globally, renting an apartment in Beirut is more expensive than in Anchorage in the U.S., Melbourne in Australia and Oslo in Norway; while it is less expensive than in the city of Canberra in Australia, Nashville in the U.S. and Brisbane in Australia. China's capital Beijing is the only city that has higher apartment rentals than in Beirut among the 91 cities in UMICs; while Dubai, Doha, Abu Dhabi and Kuwait City are the only Arab cities that have more expensive rents than Beirut. San Francisco has the highest apartment rents in the world, while rent in Valenzuela in the Philippines is the lowest globally. Lebanon received a score of 42.84 points on the index, which means that the rent in Lebanon is 57.2% less expensive than in New York City.

Further, the Groceries Index, which is an estimate of grocery prices in a city compared to New York City, ranked Beirut in 288th place globally, in 15th place among cities in UMICs and in ninth place among Arab cities. Globally, groceries in Beirut are more expensive than in Paphos in Cyprus, Lagos in Nigeria and Brunei's Bandar Seri Begawan; while they are cheaper than in Santo Domingo in the Dominican Republic, Palma De Mallorca in Spain and Pattaya in Thailand. In addition, groceries in Beirut are less expensive than in Kuwait City, Dammam, Dubai, Doha, Bahrain, Abu Dhabi, Muscat and Sharjah among Arab cities. Lebanon received a score of 49.1 points, which means that grocery prices in Beirut are 51% lower than they are in New York City.

Finally, the Restaurant Index, which compares the prices of meals and drinks at restaurants and pubs relative to New York City, ranked Beirut in 159th place globally, in first place among cities in UMICs and in second place among Arab cities. Globally, meals and drinks at restaurants and pubs in Beirut are more expensive than in Linz in Austria, Minneapolis in the U.S. and Auckland in New Zealand; while they are cheaper than in Australia's Gold Coast and in Pittsburgh and Houston in the U.S. Also, Doha is the only Arab city with more expensive restaurants than Beirut. The Lebanese capital received a score of 68.66 points on the index, which means that prices at restaurants and pubs in Beirut are 31.3% less expensive than they are in New York City.

Consumer Price Index in Arab Cities



Source: Numbeo, Byblos Research

IMF calls for fiscal consolidation, urges spending reductions and improved tax collection

The International Monetary Fund indicated that Lebanon's fiscal performance has deteriorated in the context of subdued economic activity and the massive influx of Syrian refugees. However, it considered that current domestic and regional conditions should not become an excuse for political inaction. It noted that fiscal reforms could help promote the credibility of fiscal management and put the public debt back on a sustainable path. It said that targeted fiscal adjustment and reforms are crucial, as protracted low growth and increasing global interest rates could worsen Lebanon's weak fiscal position. As such, it called on authorities to take steps towards limiting the deterioration in the fiscal dynamics.

First, the Fund called on authorities to contain spending. It pointed out that the composition of public spending in Lebanon is very rigid given that debt servicing, the public-sector wage bill and Treasury transfers to Electricité du Liban (EdL) account for about 80% of total public expenditures. It noted that the government's ability to contain spending is limited in the absence of reforms. As such, it encouraged authorities to reform EdL subsidies, which would help reduce public expenditures and could create room for spending on more productive and much needed infrastructure projects.

Second, the IMF called on authorities to pass a long-overdue budget. It added that public expenditures under an official budget would promote transparency, as it would eliminate the need to execute spending through Treasury advances.

Third, the Fund said that authorities should strengthen revenue collection, given that tax revenues have declined by about 3% of GDP in the last four years. It attributed the drop in revenues to subdued economic activity, weakening tax compliance, as well as the exemption of gas oil from the value-added tax in 2012. It encouraged the Finance Ministry to build on the progress it made to strengthen revenue collection. It considered that the low oil price environment provides an opportunity to reinstate the taxes on fuel products.

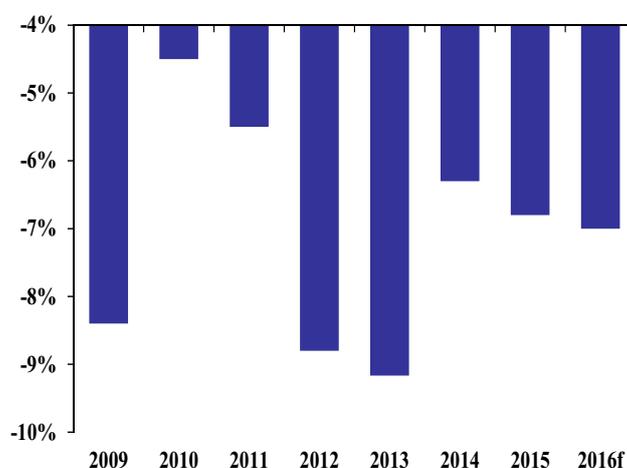
Fourth, the IMF called for more transparency in funding the government, especially in foreign currency financing. It noted that the Finance Ministry and the Central Bank closely coordinate public debt management. But it pointed out that the government has increasingly relied on the Central Bank for its funding in foreign currency, given the ceiling on the government's foreign currency borrowing. As such, it considered that more market-driven funding mechanisms would enhance the transparency of fiscal operations and their cost.

Central Bank's foreign assets down 2% to \$37bn in 2015

The Central Bank's interim balance sheet totaled \$90.9bn at the end of 2015, constituting a decline of 0.8% from \$91.6bn at the end of September 2015 and an increase of 6.1% from \$85.7bn at the end of 2014. Assets in foreign currency reached \$37.1bn at the end of 2015, reflecting decreases of 3% from \$38.2bn at end-September and of 2% from \$37.9bn at end-2014. Assets in foreign currency regressed by \$1.9m in January, by \$410.6m in March, by \$745.1m in April, by \$481.5m in June, by \$45.1m in July, by \$222.8m in August, by \$343m in September, by \$511m in October and by \$720.4m in December; while they increased by \$1bn in February, by \$1.61bn in May and by \$74.2m in November 2015. This resulted in an aggregate decrease of \$771m in 2015. In comparison, the Central Bank's assets in foreign currency increased by \$8.3bn in 2009, by \$2.3bn in 2010, by \$1.63bn in 2011, by \$3.5bn in 2012 and by \$2.6bn in 2014, while they declined by \$445.1m in 2013.

In parallel, the value of the Central Bank's gold reserves contracted by 5% from the end of September 2015 and by 10.1% year-on-year to \$9.85bn, due to lower global gold prices. The value of gold reserves reached a peak of \$16.7bn at the end of August 2011. Also, the securities portfolio of the Central Bank grew by 29% in 2015 to \$18bn. Further, deposits of the financial sector reached \$74.3bn at the end of 2015 and grew by \$196m, or by 0.3%, from the end of September 2015 and by \$6.8bn, or 10.1% from end-2014. In comparison, public sector deposits totaled \$5.4bn at the end of 2015 and increased by \$332m, or 6.5%, from end-September 2015, while they contracted by \$643.2m or 10.6% year-on-year.

Lebanon Fiscal Balance (%GDP)



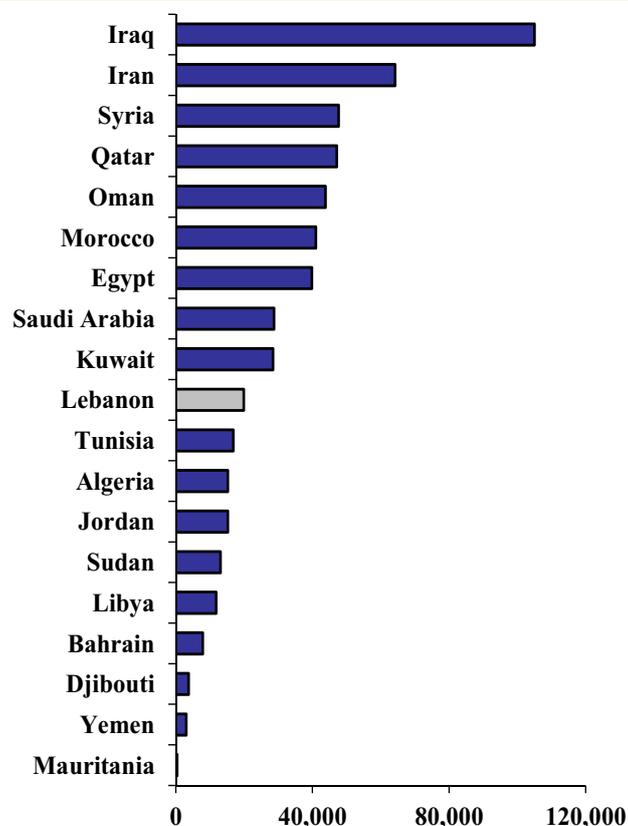
Source: Institute of International Finance, Byblos Research

Illicit financial outflows from Lebanon at \$2bn annually, 54th highest worldwide

Global Financial Integrity, a Washington-based non-profit research and advocacy organization, estimated the cumulative illicit financial flows (IFFs) from Lebanon at \$19.9bn between 2004 and 2013, which is equivalent to an average of \$2bn per year during the covered period. Global Financial Integrity defines IFFs as funds that are illegally earned, transferred or utilized. It includes all unrecorded private financial outflows that drive the accumulation of foreign assets by residents in infringement of applicable laws and regulatory frameworks. It calculates IFFs as the sum of two components that are Gross Excluding Reversals (GER) and Hot Money Narrow (HMN). It noted that GER is a method of calculating gross illicit outflows, defined as the under-invoicing of exports and the over-invoicing of imports, while HMN derives illicit financial flows from leakages in the balance of payments.

The organization's estimates show that cumulative IFFs from Lebanon were the 54th highest among 145 countries globally with available data, the 20th highest among 47 upper middle-income countries (UMICs) and the ninth largest among 18 Arab countries. Globally, IFFs from Lebanon were higher than those from the Bahamas (\$17.7bn), El Salvador (\$17.4bn) and Tunisia (\$16.8bn); and were lower than those from Equatorial Guinea (\$21.8bn), Panama (\$21bn) and Sri Lanka (\$20bn). Further, the annual average of IFFs from Lebanon during the 2004-13 period was lower than the global annual average of \$5.4bn, the UMICs' annual average of \$8.8bn, and the Arab yearly average of \$2.7bn during the covered period. Further, Lebanon accounted for 4.1% of cumulative IFFs from Arab countries, for 0.5% of IFFs from UMICs and for 0.3% of global cumulative IFFs during the 10-year period. Cumulative IFFs from China were the highest worldwide at \$1,392bn between 2004 and 2013.

Illicit Financial Outflows from MENA Region in 2004-13 period (US\$m)



Source: Global Financial Integrity

In parallel, the survey said that illicit outflows from Lebanon on an HMN basis, or those that were channeled through balance-of-payments leakages, totaled \$16.1bn between 2004 and 2013, and averaged \$1.6bn per year during the covered period. It noted that Lebanon's cumulative IFFs from balance-of-payments leakages were the 16th highest worldwide, the seventh highest among UMICs and the third highest among Arab countries with available data. Globally, HMN outflows from Lebanon were higher than those from Algeria (\$14.2bn) and Argentina (\$14bn), and lower than those from Hungary (\$18.8bn) and the Philippines (\$17.2bn). The annual average of HMN outflows from Lebanon during the 2004-13 period was higher than the global annual average outflows of \$944m, the UMICs' annual average HMN outflows of \$1.5bn and the Arab yearly average of \$874m. Lebanon accounted for 11.8% of total HMN outflows from Arab countries, for 2.4% of such outflows from UMICs and for 1.2% of global HMN outflows during the covered period.

The organization added that illicit outflows from Lebanon on a GER basis, or those transferred through the deliberate mis-invoicing of external trade, totaled \$3.8bn between 2004 and 2013 and averaged \$380m per year during the covered period. As such, cumulative GER outflows from Lebanon were the 84th highest worldwide, the 29th highest among UMICs and the 11th highest among Arab countries with available figures. Globally, GER outflows from Lebanon were higher than from Papua New Guinea and Rwanda (\$3.6bn each) and Djibouti (\$3.4bn), but lower than those from Mali (\$4.4bn), Burkina Faso (\$4.3bn) and Madagascar (\$4.1bn). The annual average of GER outflows from Lebanon during the 2004-13 period was lower than the global annual average of \$5.2bn, the UMICs' yearly average of \$7.7bn and the Arab annual average of \$2.1bn. Further, Lebanon accounted for 1.4% of cumulative GER outflows from Arab countries, for 0.11% of such outflows from UMICs and for 0.06% of global GER outflows during the covered period.

Slow economic activity in first 10 months of 2015

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 281.4 points in October 2015 compared to 271.5 in September 2015 and 272.6 in October 2014. The Coincident Indicator, an average of eight weighted economic indicators, increased by 3.6% month-on-month and by 3.2% year-on-year in October 2015. The indicator averaged 274.8 in the first 10 months of 2015, up 1.1% from 271.7 in the same period of 2014. Also, the indicator averaged 275.8 in the 12 months ending October 2015, compared to 275 in the 12 months ending September 2015 and 272 in the 12 months ending October 2014. As a result, the average coincident indicator grew marginally by 0.3% month-on-month and by 1.4% year-on-year. In parallel, the indicator improved 20 times, regressed twice and was unchanged once on a monthly basis in the month of October since 1993. It averaged 249.5 points in 2010, 255.7 points in 2011, 256.6 points in 2012, 264.7 points in 2013 and 273.2 points in 2014.

Occupancy rate at Beirut hotels at 56%, room yields up 12% in first 11 months of 2015

EY's benchmark survey of the hotel sector in the Middle East indicated that the average occupancy rate at hotels in Beirut was 56% in the first 11 months of 2015, up from 51% in the same period of 2014 and compared to an average rate of 62.8% in 14 Arab markets included in the survey. The occupancy rate at Beirut hotels was, along with Amman, the fifth lowest in the region during the covered period; while it was, along with Kuwait City, the third lowest in the first 11 months of 2014. Cairo posted the lowest occupancy rate at 48% in the first 11 months of 2015, followed by Manama and Kuwait City (49% each) and Makkah (50%). Also, the average occupancy rate at hotels in Beirut rose by five percentage points year-on-year, constituting the second highest increase among the 14 Arab markets, behind only Cairo (+12%), and relative to an average rise of 0.4 percentage points for the region. Occupancy rates at Beirut hotels were 50% in January, 55% in February, 54% in March, 56% in April, 61% in May, 57% in June, 56% in July, 61% in August, 53% in September, 54% in October and 56% in November 2015. In comparison, occupancy rates at Beirut hotels were 36% in January, 41% in February, 40% in March, 51% in April, 61% in May, 68% in June, 35% in July, 61% in August, 56% in September, 60% in October and 53% in November 2014.

The average rate per room at Beirut hotels was \$175 in the first 11 months of 2015, ranking the capital's hotels as the fifth least expensive in the region, relative to Abu Dhabi (\$173), Amman (\$155), Ras al-Khaimah (\$146) and Cairo (\$112). The average rate per room at Beirut hotels rose by 2% year-on-year and posted the seventh highest growth rate among all markets in the region, as it underperformed only Makkah (+21.4%), Cairo (+20.9%), Madina (+17.4%), Ras al-Khaimah (+6.8%), Jeddah (+5.4%) and Doha (+2.9%). The average rate per room in Beirut came below the regional average of \$209.1, which rose by 1.8% from the same period of 2014.

Further, revenues per available room (RevPAR) were \$99 in Beirut in the first 11 months of 2015, up from \$89 in the same period of 2014. They were the 10th highest in the region, higher than in Manama (\$98), Ras al-Khaimah (\$93), Amman (\$88) and Cairo (\$54). Beirut's RevPAR surged by 11.5% year-on-year and posted the fourth highest increase among Arab markets, relative to growth rates of 60.7% in Cairo, 19.7% in Madina and 13.9% in Makkah. Hotels in Beirut posted RevPARs of \$92 in January, \$93 in February, \$91 in March, \$99 in April, \$111 in May, \$104 in June, \$113 in July, \$114 in August, \$92 in September, \$87 in October and \$88 in November 2015. In comparison, occupancy rates at Beirut hotels were \$64 in January, \$68 in February, \$57 in March, \$88 in April, \$103 in May, \$125 in June, \$65 in July, \$112 in August, \$95 in September, \$108 in October and \$89 in November 2014. Further, Jeddah posted the highest average rate per room in the region at \$283 and the highest room yield at \$219, while Dubai posted the highest occupancy rate at 80% in the first 11 months of 2015.

Balance of payments posts deficit of \$3bn in first 11 months of 2015

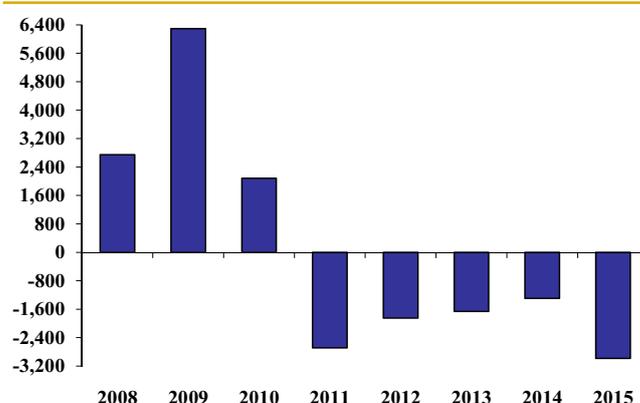
Central Bank figures show that Lebanon's balance of payments posted a deficit of \$2.98bn in the first 11 months of 2015 compared to a deficit of \$1.3bn in the same period of 2014. The balance of payments posted a deficit of \$815.7m in November 2015 compared to deficits of \$395.5m in October 2015 and of \$424.4m in November 2014. The November 2015 deficit was caused by deficits of \$475m in the net foreign assets of the Central Bank and of \$340.7m in those of banks and financial institutions. The cumulative deficit over the first 11 months of 2015 was caused by a deficit of \$3.24bn in the net foreign assets of banks and financial institutions that was partly offset by a surplus of \$255.6m in those of the Central Bank. The balance of payments posted surpluses of \$7.9bn in 2009 and \$3.3bn in 2010, and deficits of \$2bn in 2011, \$1.5bn in 2012, \$1.1bn in 2013 and \$1.4bn in 2014.

Hotel Sector Performance in First 11 Months of 2015

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Jeddah	77	219	7.2
Dubai	80	205	(6.2)
Doha	70	169	1.1
Madina	73	164	19.7
Muscat	67	153	0.0
Riyadh	64	136	(4.8)
Abu Dhabi	77	135	(4.4)
Makkah	50	133	13.9
Kuwait City	49	131	(6.9)
Beirut	56	99	11.5
Manama	49	98	(11.1)
Ras Al-Khaimah	64	93	7.6
Amman	56	88	(14.4)
Cairo	48	54	60.7

Source: EY, Byblos Research

Balance of Payments* (US\$m)



*in the first 11 months of each year

Source: Central Bank of Lebanon

Consumer Price Index down 3.9% year-on-year in November 2015

The Central Administration of Statistics' Consumer Price Index declined by 3.8% in the first 11 months of 2015 from the same period of 2014. Also, the CPI decreased by 3.9% in November 2015 from November 2014. Prices of clothing & footwear grew by 3.5% year-on-year in November, followed by prices of alcoholic beverages & tobacco (+2.7%), imputed rents (+1.7%), actual rent (+1.6%), the cost of education and prices at restaurants & hotels (+1.5% each), miscellaneous goods & services (+1.4%) and the cost of furnishings & household equipment (+0.5%). The distribution of actual rent shows that new rents grew by 1.8% year-on-year in November 2015, while old rents rose by 1.2% annually. In contrast, the prices of water, electricity, gas & other fuels fell by 18% in November 2015, followed by transportation costs (-10.7%), healthcare costs (-6.8%), prices of food & non-alcoholic beverages (-2.1%), recreation & entertainment (-1.1%) and communication costs (-0.3%).

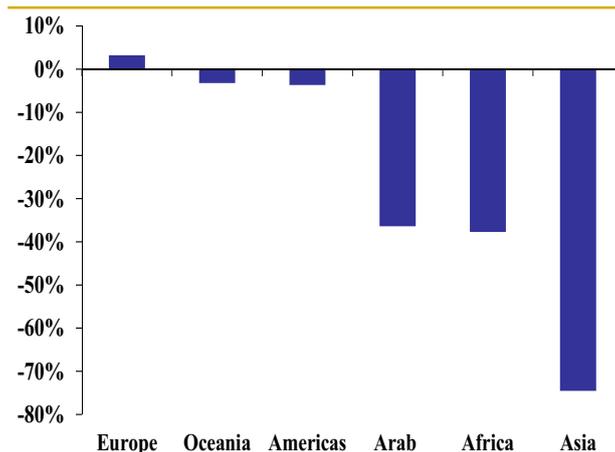
Further, the CPI regressed by 0.2% in November 2015 from the preceding month, relative to a month-on-month growth of 0.8% in October 2015. The cost of clothing & footwear grew by 0.6% month-on-month, followed by the prices of furnishings & household equipment (+0.3%), and actual rents, imputed rents and miscellaneous goods & services (+0.1% each). In contrast, the prices of water, electricity, gas & other fuels and transportation costs regressed by 0.9% each month-on-month, followed by prices of food & non-alcoholic beverages (-0.5%) and communication costs (-0.2%). Prices of alcoholic beverages & tobacco, recreation & entertainment cost, prices at restaurants & hotels, the cost of education and healthcare costs were unchanged month-on-month in November 2015. Further, the Fuel Price Index regressed by 2.3% month-on-month in November 2015, while the Education Price Index was unchanged from October 2015. In parallel, the CPI grew by 0.4% month-on-month in the North, while it regressed by 1.1% in Nabatieh, by 1% in the Bekaa region, by 0.5% in the South and by 0.2% in each of Beirut and Mount Lebanon.

Tourist arrivals up 14% in the first 11 months of 2015

The number of incoming tourists to Lebanon totaled 1,394,340 in the first 11 months of 2015, constituting an increase of 14.1% from 1,221,705 tourists in the same period of 2014 but a drop of 30.8% from 2,015,755 tourists in the same period of 2010. Visitors from Europe accounted for 33.5% of total visitors in the first 11 months of 2015, followed by visitors from Arab countries with 31.6%, the Americas with 17.4%, Asia with 7.9%, Africa with 5.6% and Oceania with 3.9%. Also, tourists from Iraq accounted for 12.7% of total visitors in the first 11 months of 2015, followed by visitors from the U.S. with 8.9%, France with 8.8%, Canada with 6%, Jordan with 5.1%, Germany with 5% and Egypt with 4.9%.

In parallel, the number of visitors from African countries increased by 56.2% in the first 11 months of 2015, followed by visitors from the Americas (+18.9%), Oceania (+17.3%), Europe (+14.2%), Asia (+8.8%) and the Arab region (+7.7%). On a country basis, the number of tourists from Turkey surged by 35.7% year-on-year in the first 11 months of 2015, followed by visitors from the U.S. with a 20.3% rise, England (+18.5%), the UAE (+18.4%), Canada (+17.5%), Brazil (+14.8%), France (+12.5%), Germany (+11.2%), Egypt (+11.1%), Sweden (+9.7%), Venezuela (+8.5%), Iraq (+6.9%), Saudi Arabia (+6.7%), Jordan (+6.6%), Italy (+6.4%) and Kuwait (+2%).

Change in the Number of Tourist Arrivals from Main Sources in First 11 Months of 2015*



* from the same period of 2010

Source: Ministry of Tourism, Byblos Research

Value of real estate transactions down 12% to \$7.1bn in first 11 months of 2015

Figures released by the Ministry of Finance indicate that there were 56,637 real estate transactions in the first 11 months of 2015, constituting a decrease of 11.1% from 63,725 deals in the same period of 2014. In comparison, the number of real estate transactions rose by 2.8% in the first 11 months of 2014 and dropped by 5.4% in the same period of 2013. Also, the aggregate value of real estate transactions reached \$7.1bn in the first 11 months of 2015, constituting a decline of 11.7% from \$8.1bn in the same period of 2014. In comparison, the value of real estate deals totaled \$7.8bn in the first 11 months of 2013 and \$7.1bn in the same period of 2012.

In parallel, the average value per real estate transaction was \$125,490 in the first 11 months of 2015, down by 0.7% from an average value of \$126,378 in the same period of 2014 and relative to \$126,290 in the first 11 months of 2013. Further, there were 1,260 real estate transactions executed by foreigners in the first 11 months of 2015, reflecting an increase of 23.5% from 1,020 deals in the same period of 2014, and compared to annual decreases of 7.7% in the first 11 months of 2014 and 2013. The number of real estate transactions by foreigners accounted for 2.2% of total real estate deals in the first 11 months of 2015 compared to 1.6% of total deals in the same period of 2014 and 1.8% of total deals in the first 11 months of 2013.



Value of cleared checks down 7%, returned checks down 2% in first 11 months of 2015

The value of cleared checks reached \$63.6bn in the first 11 months of 2015, constituting a decrease of 6.9% from the same period of 2014, and compared to increases of 3.4% in the first 11 months of 2014 and of 1.6% in the same period of 2013. The value of cleared checks in Lebanese pounds rose by 2.6% year-on-year to the equivalent of \$17bn, while the value of cleared checks in US dollars declined by 10% annually to \$46.6bn in the first 11 months of 2015. The dollarization rate of cleared checks decreased from 75.8% in the first 11 months of 2014 to 73.3% in the same period of 2015.

Also, the value of returned checks in domestic and foreign currency dropped by 2.2% year-on-year to \$1.4bn in the first 11 months of 2015, relative to increases of 1.6% in the same period of 2014 and 2.4% in the first 11 months of 2013. In parallel, there were 11.4 million cleared checks in the first 11 months of 2015, down by 3.7% from the same period of 2014. Also, there were 214,900 returned checks in the covered period, down by 7.9% from 233,300 in the first 11 months of 2014.

Number of new construction permits drops by 11%, surface area declines by 10% in first 11 months of 2015

The Orders of Engineers & Architects of Beirut and of Tripoli issued 13,742 new construction permits in the first 11 months of 2015, constituting a decrease of 10.5% from 15,355 permits in the same period of 2014 and relative to a drop of 0.4% in the first 11 months of 2014. Mount Lebanon accounted for 41.7% of newly issued construction permits in the first 11 months of 2015, followed by South Lebanon with 17%, Nabatieh with 13.3%, the North with 10.4%, the Bekaa with 10.3% and Beirut with 5.5%. The remaining 1.8% represents permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. The number of new construction permits issued for Mount Lebanon dropped by 14.2% year-on-year in the first 11 months of 2015, followed by the South (-11.1%), the North (-8.8%), Nabatieh (-6.8%), the Bekaa (-5.5%) and Beirut (-1.8%); while permits issued for regions located outside northern Lebanon declined by 2.8% year-on-year.

Further, the surface area of granted construction permits in the first 11 months of 2015 reached 11.3 million square meters (sqm), reflecting a drop of 10.3% from the same period of 2014. In comparison, the surface area of granted construction permits rose by 7.1% year-on-year in the first 11 months of 2014. Mount Lebanon accounted for 5.4 million sqm, or 47.9% of total area, in the covered period. It was followed by the North with 1.5 million sqm (13.1%), the South with 1.4 million sqm (12.3%), Nabatieh with 947,832 sqm (8.4%), the Bekaa with 939,943 sqm (8.3%) and Beirut with 610,363 sqm (5.4%). The remaining 512,731 sqm, or 4.5% of total construction permits, represent the surface area of permits that were issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. The surface area of construction permits issued for Beirut decreased by 33% annually in the first 11 months of the year, followed by the Bekaa (-9.8%), the South (-9%), Mount Lebanon (-8.4%), the North (-7.8%) and Nabatieh (-7.1%); while the surface area issued for regions located outside northern Lebanon declined by 9.9% year-on-year. In parallel, cement deliveries totaled 4.1 million tons in the first 10 months of 2015 and regressed by 12.4% annually, relative to a decrease of 3.1% in the same period of 2014 and an increase of 8.2% in the first 10 months of 2013.

Public-sector personnel cost up 7% in first five months of 2015, absorbs 34% of fiscal spending

Figures issued by the Ministry of Finance show that public-sector personnel cost totaled \$1.9bn in the first five months of 2015, constituting an increase of 7.4% from \$1.8bn in the same period of 2014. Salaries, wages and related benefits accounted for 66.4% of the total in the first five months of the year, followed by retirement benefits (24.4%), transfers to public institutions to cover salaries (5.5%) and end-of-service indemnities (3.7%). The increase in personnel cost reflects a rise in salaries, wages and related benefits, retirement benefits, and transfers to public institutions; while end-of-service indemnities were unchanged year-on-year. Personnel cost represented the largest component of total primary spending and accounted for 66% of such expenditures in the first five months of 2015 compared to 58% in the same period of 2014. Also, personnel cost absorbed 34% of total fiscal spending in the covered period, up from 32% in the same period of 2014.

In parallel, salaries, wages and related benefits paid to public-sector employees totaled \$1.3bn in the first five months of 2015, constituting an increase of 7.5% from the same period of 2014. This category includes basic salaries, employment benefits, allowances, contributions to civil servants' cooperatives, as well as contributions to other mutual funds providing health insurance for specific categories of civil servants, mainly judges, religious judges and employees at the Parliament.

Salaries and benefits of military personnel reached \$857m and accounted for 67% of salaries, wages and related benefits paid in the public sector in the first five months of 2015, followed by educational personnel with \$238.1m (18.6%), civil staff with \$130.7m (10.2%), the government's contribution to the employees' cooperative with \$44.4m (3.5%) and customs employees with \$10m (0.8%). Also, the Lebanese Army's salaries totaled \$540.6m in the first five months of 2015 and represented 63.1% of military personnel's salaries and benefits. They were followed by the salaries of the Internal Security Forces with \$242.1m (28.3%), those of the General Security Forces with \$57m (6.7%) and the State Security Forces with \$17.2m (2%).

The overall increase in salaries, wages and related benefits paid to public-sector employees reflects a rise of \$61.7m in allowances and an expansion of \$31.2m in basic salaries. They were offset in part by a decrease of \$2m in other payments given to non-military bodies, such as bonuses, and a drop of \$0.7m in employment benefits. The increase in allowances was allocated almost in full to military personnel. Overall, basic salaries grew by 3.5% year-on-year to \$910.1m in the first five months of 2015 and allowances increased by 34.1% to \$242.8m, while other payments declined by 3.3% and employment benefits dropped by 1.1% to \$59m each.

Commercial banks' assets reach \$183bn at end-November 2015

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached \$183.2bn at the end of November 2015, constituting an increase of 4.3% from the end of 2014 and a rise of 6.4% from end-November 2014. Private sector deposits totaled \$149.8bn, growing by 3.7% from the end of 2014 and by 4.9% from a year earlier. Deposits in Lebanese pounds reached \$53.1bn and rose by 7.2% from the end of 2014 and by 8.3% from end-November 2014; while deposits in foreign currency totaled \$96.7bn, up by 1.9% from the end of 2014 and by 3.2% from a year earlier. Non-resident foreign currency deposits totaled \$26.6bn at the end of November 2015 and increased by 0.5% from the end of 2014 and by 2.7% from a year earlier. The aggregate amount of non-resident deposits reached \$31bn at the end of November and rose by 2.2% from end-2014 and by 4.3% from a year earlier.

Total private sector deposits regressed by \$274m in January, by \$188.4m in July and by \$514.1m in September, while they increased by \$577.8m in February, by \$731.7m in March, by \$2bn in April, by \$393.4m in May, by \$690m in June, by \$1.2bn in August, by \$240.8m in October and by \$450.4m in November 2015. As such, total private sector deposits grew by \$5.38bn in the first 11 months of 2015 compared to an increase of \$6.54bn in the same period of 2014. Resident private sector deposits rose by \$4.7bn in the covered period relative to a growth of \$5.3bn in the first 11 months of 2014; while non-resident deposits grew by \$662.7m in the first 11 months of 2015 compared to a rise of \$1.2bn in the same period of 2014. In parallel, deposits of non-resident banks reached \$6.4bn at the end of November 2015, constituting increases of 9.2% from end-2014 and of 15.2% from a year earlier. The dollarization rate of deposits reached 64.6% at the end of November 2015, down from 65.7% a year earlier. Further, the average deposit rate in Lebanese pounds was 5.56% in November 2015, up from 5.55% in the same month of 2014, while the same rate in US dollars was 3.17% compared to 3.1% in November 2014.

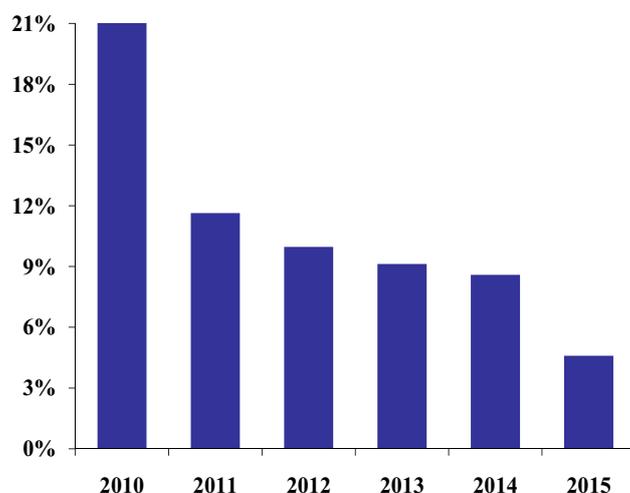
Loans to the private sector reached \$53.2bn at the end of November 2015, constituting increases of 4.6% from the end of 2014 and of 5.4% from a year earlier. Lending to the resident private sector totaled \$47.5bn, up by 4.6% from the end of 2014 and by 5.3% from the end of November 2014; while credit to the non-resident private sector reached \$5.8bn and rose by 4.2% from end-2014 and by 5.9% from the end of November 2014. In nominal terms, credit to the private sector rose by \$2.3bn in the first 11 months of 2015 relative to an increase of \$3.1bn in the same period of 2014. Lending to the resident private sector grew by \$2.1bn in the first 11 months of 2015 relative to a rise of \$3.6bn in the same period of 2014; while credit to the non-resident private sector increased by \$234.2m in the covered period compared to a drop of \$436.5m in the first 11 months of 2014. The dollarization rate in private sector lending regressed to 74.5% at the end of November 2015 from 75.6% a year earlier. The average lending rate in Lebanese pounds was 6.93% in November 2015, down from 6.96% in the same month of 2014, while the same average in US dollars was 7.15% relative to 7.01% in November 2014.

In addition, claims on non-resident banks reached \$10.6bn at the end of November 2015, down by 13% from the end of 2014, while they were nearly unchanged from a year earlier. In parallel, claims on the public sector stood at \$37.9bn at the end of November 2015, up by 1.6% from the end of 2014 and by 1.7% year-on-year. The ratio of private sector loans-to-deposits in foreign currency stood at 41%, well below the Central Bank's limit of 70% and compared to 40.7% a year earlier. In parallel, the same ratio in Lebanese pounds was 25.6% at end-November 2015, up from 25.1% at the end of November 2014. The ratio of total private sector loans-to-deposits was 35.5% relative to 35.4% a year earlier. The banks' aggregate capital base stood at \$16.3bn, up by 3.6% from end-2014 and by 5.3% from \$15.5bn at end-November 2014.

Lebanon & Gulf Bank increases capital through issuance of preferred shares

Lebanon & Gulf Bank sal (LGB Bank) raised its capital by LBP4.1bn (\$2.7m) to LBP212.9bn (\$141.3m) through the issuance of 200,000 Issue 2015 Preferred Shares. The issue price is \$100 per share, of which LBP20,300 (\$13.5) is par value and the remaining \$86.5 constitutes the issue premium. The Issue 2015 Preferred Shares carry an annual dividend of 7% of the issue price paid net of a 10% withholding tax. The shares are non-cumulative, perpetual and subject to a call option by the bank. LGB Bank has the option to call the shares within 60 days after the Ordinary General Assembly meets to approve the financials for fiscal year 2019, and annually thereafter, at a call price of \$103.5 per share plus any declared but unpaid dividends. LGB Bank's share capital currently consists of 9,560,000 nominal shares; 300,000 Issue 2010 Preferred Shares; 230,000 Issue 2013 Preferred Shares, 200,000 Issue 2014 Preferred Shares and 200,000 Issue 2015 Preferred Shares. LGB posted unaudited consolidated net profits of \$23.5m in the first nine months of 2015 relative to \$21.6m in the same period of 2014. Total assets reached \$3.5bn at the end of September 2015, while net loans & advances to customers totaled \$1.35bn and customers' deposits stood at \$3.1bn.

Resident Private Sector Lending Growth* (% Change)



* in the first 11 months of each year

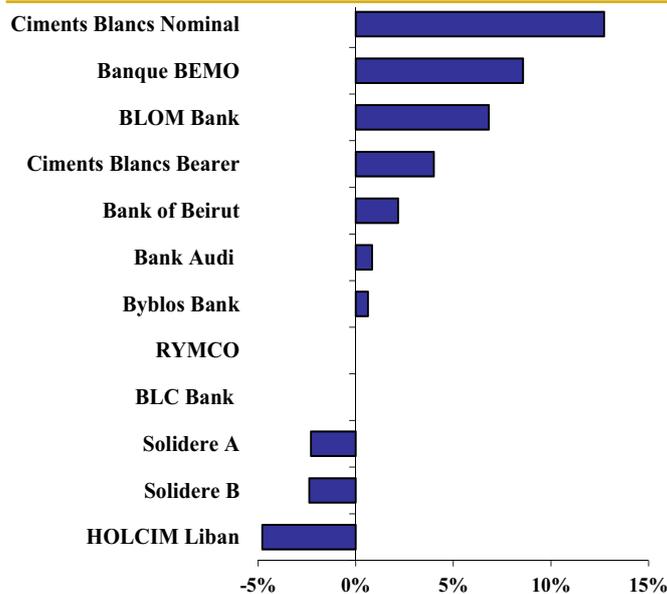
Source: Association of Banks in Lebanon, Byblos Research

Stock market activity down 5% to \$629m in 2015

Figures released by the Beirut Stock Exchange (BSE) indicate that total trading volume reached 74,636,997 shares in 2015, constituting a decrease of 22.9% from 96,790,303 shares traded in 2014; while aggregate turnover amounted to \$629m, down by 4.9% from a turnover of \$661.4m in the previous year. Market capitalization was nearly unchanged from the end of December 2014 at \$11.2bn, with banking stocks accounting for 80.6% of the total, followed by real estate shares (16.3%), industrial firms (2.8%) and trading stocks (0.3%). Market capitalization was equivalent to 24.3% of GDP at end-2015, relative to 23.3% of GDP at end-2014 and 21.2% at end-2013.

The market liquidity ratio was 5.6% last year, compared to 5.9% in 2014. Banking stocks accounted for 89.1% of aggregate trading volume in 2015, followed by real estate equities with 10.4%, industrial shares with 0.4% and trading stocks with 0.1%. Also, banking stocks represented 85.8% of the aggregate value of shares traded, followed by real estate equities with 13.4% and industrial stocks with 0.7%. The average daily traded volume for the period was 309,697 shares for an average daily value of \$2.6m. The figures reflect decreases of 21.3% in volume and of 2.9% in value year-on-year. In parallel, the Market Value-Weighted Index for stocks traded on the BSE decreased by 6.5% in 2015, while the Banks Market Value-Weighted Index improved by 1% last year.

Performance of Companies Listed on the Beirut Stock Exchange*



*Change in stock price in 2015

Source: Beirut Stock Exchange, Byblos Research

Moody's revises downwards CMA CGM's outlook to 'stable'

Moody's Investors Service affirmed the Lebanese-owned and France-based container shipping group CMA CGM's corporate family rating at 'B1', its probability of default rating at 'B1-PD' and its senior unsecured bond ratings at 'B3'. But it revised the outlook on all the ratings from 'positive' to 'stable'. It indicated that its rating actions follows the firm's announcement of a pre-conditional voluntary general cash offer to acquire Neptune Orient Lines (NOL), a Singaporean container liner, for a total of \$2.4bn. It expected the company's business profile to improve following the acquisition of NOL, but it noted that the transaction would result in an initial increase in leverage and would entail execution risks. It added that CMA CGM will fund the acquisition through a mixture of cash and bank financing from a syndicate of international banks, and that it will assume NOL's financial net debt that amounted for \$2.6bn at end-September 2015. It indicated that this would significantly increase CMA CGM's leverage to about 5.5x in 2016 relative to a leverage of 4.2x in the 12-month to June 2015. It anticipated the company to review the combined group's assets and dispose of a least \$1bn in assets. It considered that this would reduce the leverage at a later stage, and would put the firm's leverage ratio in line with the 'B1'-rated companies of about 4.5x within 18 months after closing the deal. It pointed out that execution risks include risks related to asset sales, NOL's weak performance in past years and the challenging environment in the container shipping market, among others.

Moody's said that NOL's acquisition would increase CMA CGM's capacity by one-third, would consolidate its position as the third-largest player in the container shipping segment and would help close the gap with market's leaders. Also, it noted that the acquisition would strengthen the company's position on certain routes, which would increase its geographic diversification. It said that the outlook reflects its expectation that CMA CGM's financial profile will become in line with that of similarly-rated peers within 18 months after the acquisition. Also, it expected the company to maintain an adequate liquidity profile and to be able to refinance the acquisition well in advance of its maturity.

Bank of Beirut exercises call option on preferred shares

Bank of Beirut redeemed and cancelled 2.4 million Series "E" Preferred Shares on December 30, 2015 at a redemption price of \$25 per share. The shares were issued in November 2008, carried an annual dividend rate of 8% per share and were non-cumulative, perpetual and redeemable. The bank converted LBP3.38bn (\$2.2m) from its free reserves to its capital account, representing the nominal value of the cancelled shares. As such, the book value of its shares rose from LBP1,410 to LBP1,460 per share. Bank of Beirut's share capital currently consists of 72,199,400 shares that include 50,467,400 common shares; 4,762,000 Priority Shares Series 2014; 3,570,000 Series "G" Preferred Shares; 5,400,000 Series "H" Preferred Shares, 5,000,000 Series "I" Preferred Shares and 3,000,000 Series "J" Preferred Shares.

Bank of Beirut posted unaudited consolidated net profits of \$138m in the first nine months of 2015. Its assets reached \$15.4bn; while net loans & advances to customers, excluding loans & advances to related parties, totaled \$4.1bn at the end of September 2015. Also, customer deposits, excluding deposits from related parties, stood at \$11.3bn at end-September 2015.



Net profits of insurance sector up 24% to \$142m in 2014, combined ratio at 91.3%

Figures released by the Association of Insurance Companies in Lebanon (ACAL) show that the declared net profits of 45 insurance companies operating in Lebanon reached \$141.6m in 2014, constituting an increase of 24.4% from \$113.8m in 2013. Further, the sector's net investment income totaled \$118.4m in 2014, nearly unchanged from the previous year.

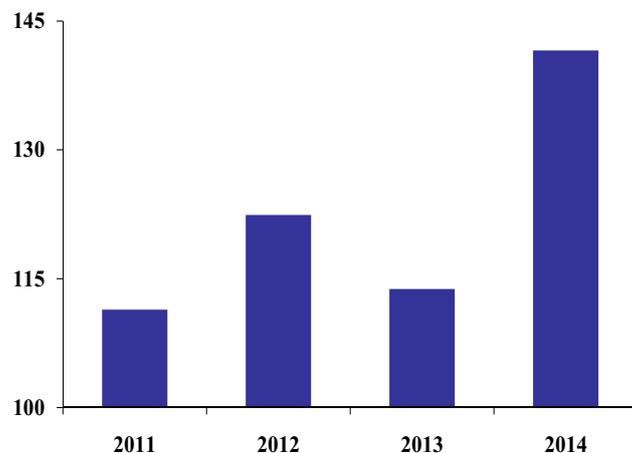
Net income from the life category totaled \$92.3m in 2014 and increased by 6.4% year-on-year, while profits from the non-life category amounted to \$49.3m and rose by 82.2% annually. As such, net profits generated by the life category accounted for 65.2% of the sector's total profits, while those from the non-life segment represented 34.8% of the total. In the non-life branch, the fire category generated profits of \$11.3m, followed by health insurance with \$9.4m, cargo with \$8.2m, civil liabilities with \$2.1m, engineering with \$1.6m and the credit segment with \$0.5m; while other segments posted net earnings of \$16.3m. In contrast, the motor segment generated losses of \$0.06m. The profits generated by the civil segment increased by 5.2 times from the previous year, and those from the engineering segment grew by 39.3% year-on-year; while profits generated from other segments grew by 86% in 2014. In contrast, profits generated by the fire segment dropped by 8.4%, followed by those from the cargo category with a 7.5% contraction and those from the health category with a 0.6% decrease, while the net losses posted by the motor segment dropped by 99.6% in 2014. Also, the credit category shifted from net losses of \$0.04m in 2013 to net profits \$0.5m in 2014.

In parallel, the sector's general expenditures totaled \$434.2m in 2014 and grew by 2.3% from 2013. They included \$214.2m in brokerage expenses that increased by 2.2% from 2013, and \$162m in administrative costs that grew by 2.9% from the previous year. Also, policyholders' dividends reached \$1.2m in 2014 and decreased by 71.2% from 2013; while net reinsurance expenditures totaled \$96.1m and increased by 21.5% year-on-year.

The sector's gross written premiums reached \$1.5bn in 2014 and increased by 4.4% from the previous year. Net premiums rose by 4% to \$1.1bn, policy fees increased by 9.5% year-on-year to \$228m, while the cost of policies regressed by 2.9% to \$92.2m in 2014. Written premiums from the life insurance segment accounted for 29.5% of the sector's aggregate premiums in 2014, followed by the health insurance segment with 29.1% of the total, the motor insurance category with 23% and the fire insurance segment with 7%. Paid claims totaled \$761.3m in 2014 and rose by 5.1% from \$724.3m in 2013.

In parallel, the sector's loss ratio, or the ratio of claims incurred to earned gross premiums, was 54.92% in 2014; the commission ratio, or the ratio of acquisition cost-to-earned gross premiums, reached 17.17% at end-2014; and the expense ratio, or the ratio of other general expenses to earned gross premiums, was 12.57%. Also, the reinsurance ratio, or the ratio of net reinsurance income to earned gross premiums, stood at 6.59% in 2014; the combined ratio, which is the aggregate ratio of the above four ratios, was 91.25%; and the financial income ratio, or the ratio of net investment income to earned gross premiums, stood at 10.76% in 2014. In comparison, the sector's loss ratio stood at 54.69% in 2013; the commission ratio reached 17% at end-2013; and the expense ratio was 13.4%. Further, the reinsurance ratio stood at 5.67% in 2013; the combined ratio was 90.76%; and the financial income ratio reached 10.5% in 2013.

Net Profits of Insurance Companies (US\$m)



Source: ACAL, Byblos Research

Ratio Highlights

(in % unless specified)	2013	2014	2015f	Change*
Nominal GDP (\$bn)	46.1	48.2	49.8	
Public Debt in Foreign Currency / GDP	56.7	53.1	55.2	205
Public Debt in Local Currency / GDP	81.0	85.0	85.0	(1)
Gross Public Debt / GDP	137.7	138.1	140.1	204
Total Gross External Debt / GDP**	163.8	165.1	162.4	(270)
Trade Balance / GDP	(37.5)	(35.6)	(33.5)	217
Exports / Imports	18.5	16.2	15.3	(83)
Fiscal Revenues / GDP	20.4	22.6	20.9	(161)
Fiscal Expenditures / GDP	29.6	28.9	28.5	(43)
Fiscal Balance / GDP	(9.2)	(6.4)	(7.6)	(118)
Primary Balance / GDP	(0.5)	2.7	2.1	(61)
Gross Foreign Currency Reserves / M2	69.5	66.5	66.8	30
M3 / GDP	241.0	244.1	246.9	284
Commercial Banks Assets / GDP	357.4	364.4	368.8	435
Private Sector Deposits / GDP	295.4	299.6	303.2	367
Private Sector Loans / GDP	102.7	105.6	107.2	161
Private Sector Deposits Dollarization Rate	66.1	65.7	64.6	(109)
Private Sector Lending Dollarization Rate	76.5	75.6	74.6	(92)

* Change in basis points 14/15

**Includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks

Source: Association of Banks in Lebanon, Institute of International Finance, International Monetary Fund, World Bank, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Metrics

Lebanon	Feb 2014	Jan 2015	Feb 2015	Change**	Risk Level
Political Risk Rating	52.0	53.5	54.5	▼	High
Financial Risk Rating	38.0	39.0	39.0	▼	Low
Economic Risk Rating	27.0	33.0	33.0	▼	Moderate
Composite Risk Rating	58.5	62.8	63.3	▼	Moderate

MENA Average*	Feb 2014	Jan 2015	Feb 2015	Change**	Risk Level
Political Risk Rating	58.1	57.8	57.9	▲	High
Financial Risk Rating	40.7	40.1	40.1	▲	Very Low
Economic Risk Rating	35.5	35.1	34.8	▲	Moderate
Composite Risk Rating	67.1	66.5	66.4	▲	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	B2	NP	Negative	B2		Negative
Fitch Ratings	B	B	Negative	B		Negative
Standard & Poor's	B-	B	Negative	B-	B	Negative
Capital Intelligence	B	B	Negative	B	B	Negative

Source: Rating agencies

Banking Ratings	Banks' Financial Strength	Banking Sector Risk	Outlook
Moody's	E+		Negative
EIU		CCC	

Source: Rating agencies



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