

## LEBANON THIS WEEK

### In This Issue

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

Level of economic freedom regresses significantly in five years

Spending by Syrian refugee households at \$459 per month in 2016

Mobile phone operators reduce Internet data tariffs

Lebanon takes measures to protect agricultural sector

Lebanon ranks sixth in the Middle East & Africa in expected visitor spending for 2016

Number of new construction permits up 15%, surface area down 3% in first eight months of 2016

Weak government support, physical infrastructure are drag on entrepreneurship ecosystem

Retail activity indicators down 16.5% since 2012

Coincident Indicator up 4% year-on-year in first seven months of 2016

Consumer Price Index down 2% in first eight months of 2016

Fiscal deficit widens by 8% to \$1.9bn in first half of 2016, equivalent to 27% of expenditures

### Corporate Highlights .....8

Profits of Syrian affiliates of Lebanese banks at \$5.6m in first half of 2016 when excluding foreign exchange gains on structural positions

Association of Banks amends reference rates on US dollar and Lebanese pound lending

CMA CGM posts net losses of \$217m in first half of 2016

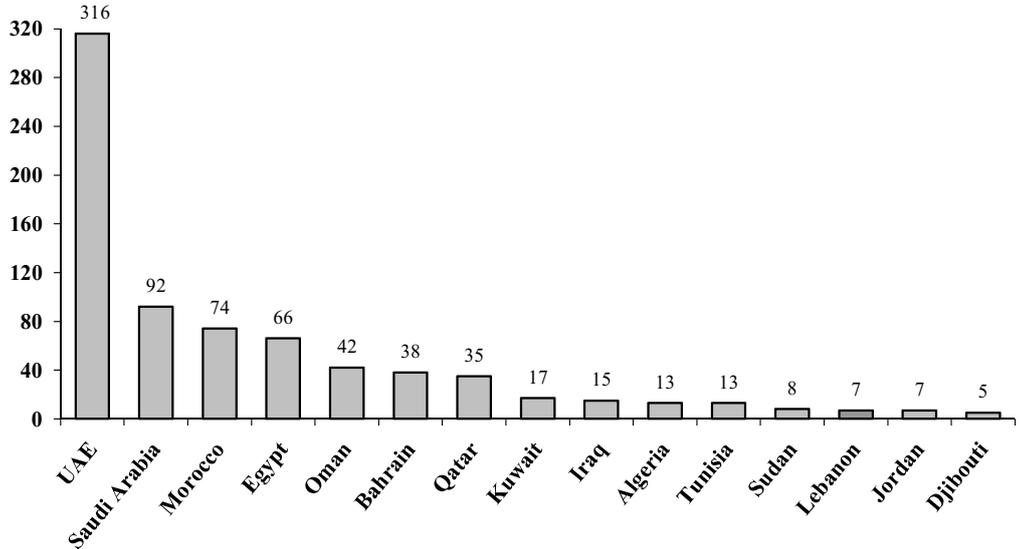
Moody's affirms AXA's ratings, outlook at 'stable'

SGBL's net earnings at \$81m in first half of 2016

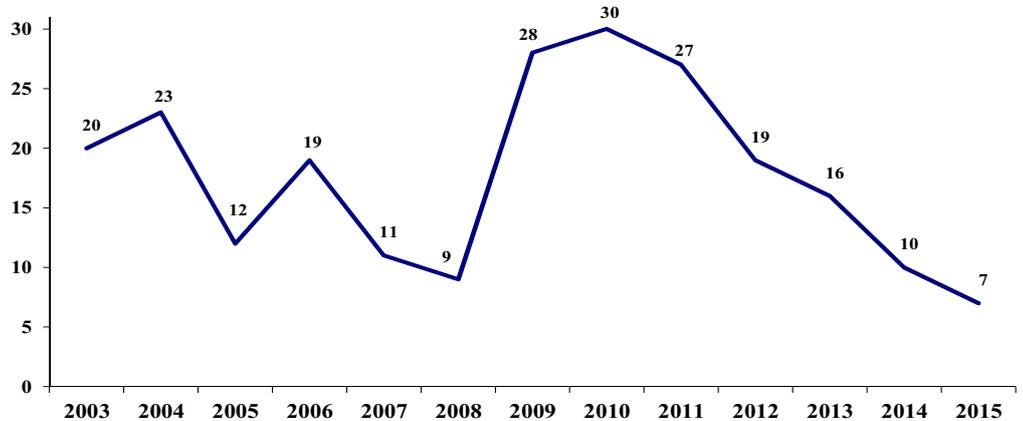
**Ratio Highlights.....10**  
**Risk Outlook .....10**  
**Ratings & Outlook.....10**

### Charts of the Week

Number of New Greenfield Foreign Direct Investment projects in Arab Countries in 2015



Number of Greenfield Foreign Direct Investment Projects in Lebanon



Source: United Nations Conference on Trade and Development, Byblos Bank

### Quote to Note

"There are substantial shortcomings and material gaps in the dissemination of macro-economic data and reporting delays."

*S&P Global Ratings, on the need to upgrade Lebanon's statistical system*

### Number of the Week

**\$2.96bn:** Increase in the Central Bank of Lebanon's gross foreign currency reserves in August 2016, following its swap operations with commercial banks

## Lebanon in the News

\$m (unless otherwise mentioned)	2015	Jun 2015	Mar 2016	Apr 2016	May 2016	Jun 2016	% Change*
Exports	2,952	281	220	237	237	274	(2.49)
Imports	18,069	1,690	1,750	1,610	1,629	1,533	(9.29)
Trade Balance	(15,117)	(1,409)	(1,530)	(1,373)	(1,392)	(1,259)	(10.65)
Balance of Payments	(3,354)	(794)	(288)	(225)	(862)	(13)	(98.36)
Checks Cleared in LBP	18,714	1,593	1,609	1,698	1,591	1,577	(1.00)
Checks Cleared in FC	50,845	4,504	3,983	3,959	4,018	4,076	(9.50)
Total Checks Cleared	69,559	6,097	5,592	5,657	5,609	5,653	(7.28)
Budget Deficit/Surplus	(3,952)	(64.56)	(713.34)	(192.17)	(40.18)	(263.20)	307.7
Primary Balance	724.40	289.34	(156.28)	249.64	542.95	103.48	(64.24)
Airport Passengers***	7,241,463	594,221	534,954	557,763	618,581	572,461	(3.66)

\$bn (unless otherwise mentioned)	2015	Jun 2015	Mar 2016	Apr 2016	May 2016	Jun 2016	% Change*
BdL Gross FX Reserves	30.64	34.11	30.37	31.16	32.03	33.20	(2.68)
<i>In months of Imports</i>	<i>20.35</i>	<i>20.18</i>	<i>17.35</i>	<i>19.36</i>	<i>19.66</i>	<i>21.65</i>	<i>7.29</i>
Public Debt	70.31	69.03	71.05	71.68	71.49	72.89	5.59
Bank Assets	185.99	180.08	187.66	187.92	188.63	190.36	5.70
Bank Deposits (Private Sector)	151.59	148.58	152.44	152.93	153.89	154.66	4.09
Bank Loans to Private Sector	54.22	51.74	55.06	55.20	55.52	55.88	8.00
Money Supply M2	52.15	50.59	52.52	52.79	52.98	53.25	5.25
Money Supply M3	123.62	120.44	124.51	125.11	125.65	126.38	4.94
LBP Lending Rate (%)	7.45	7.12	8.62	8.40	8.53	8.31	119bps
LBP Deposit Rate (%)	5.56	5.51	5.59	5.60	5.58	5.56	5bps
USD Lending Rate (%)	7.06	7.03	7.36	7.17	7.29	7.20	17bps
USD Deposit Rate (%)	3.17	3.16	3.27	3.29	3.26	3.31	15bps
Consumer Price Index**	(3.75)	(3.37)	(3.57)	(2.35)	(2.45)	(0.98)	239bps

\* 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, Central Administration of Statistics, Byblos Research

## Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Audi Listed	6.25	0.81	4,975,019	22.57%	Mar 2017	9.00	101.13	6.66
BLOM Listed	10.00	0.00	417,474	19.43%	Nov 2018	5.15	98.50	5.90
Solidere "A"	9.01	(1.53)	68,821	8.14%	May 2019	6.00	100.13	5.95
Solidere "B"	9.13	0.33	42,258	5.36%	Mar 2020	6.38	100.50	6.21
BLOM GDR	10.30	1.48	35,203	6.88%	Apr 2021	8.25	107.75	6.27
Byblos Common	1.61	0.00	9,659	5.23%	Oct 2022	6.10	99.00	6.30
Audi GDR	6.20	0.00	7,174	6.44%	Jun 2025	6.25	96.25	6.83
HOLCIM	14.50	(2.68)	3,075	2.56%	Nov 2026	6.60	97.50	6.95
Byblos Pref. 09	100.00	(0.30)	1,250	1.81%	Feb 2030	6.65	96.38	7.07
Byblos Pref. 08	100.60	(0.40)	250	1.82%	Nov 2035	7.05	99.00	7.15

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

Source: Byblos Bank Capital Markets

	Sep 19-23	Sep 14-16	% Change	August 2016	August 2015	% Change
<b>Total Shares Traded</b>	5,609,813	699,964	701.44	8,672,726	2,758,726	214.39
<b>Total Value Traded</b>	\$37,593,230	\$7,460,068	403.93	\$86,998,154	\$36,050,573	141.32
<b>Market Capitalization</b>	\$11.07bn	\$11.06bn	0.06	\$10.98bn	\$11.17bn	(1.64)

Source: Beirut Stock Exchange (BSE)



### Level of economic freedom regresses significantly in five years

The Fraser Institute's 2016 Index of Economic Freedom ranked Lebanon in 76th place among 159 countries globally and in seventh place among 16 Arab economies. It also ranked Lebanon in 17th place among 39 Upper-Middle Income Countries (UMICs) included in the survey. Lebanon's global rank regressed by three spots from 73rd place among 157 countries in the 2015 survey, while its regional rank was unchanged year-on-year. Further, Lebanon's global rank regressed by 35 spots from 38th place in the 2012 survey to 73rd place globally in 2016, based on the same set of countries in both years, constituting the second steepest decline globally behind Cyprus (-41 spots). The deterioration in Lebanon's rank from 2012 was due to a drop in its performance across four of the five sub-indicators from the index.

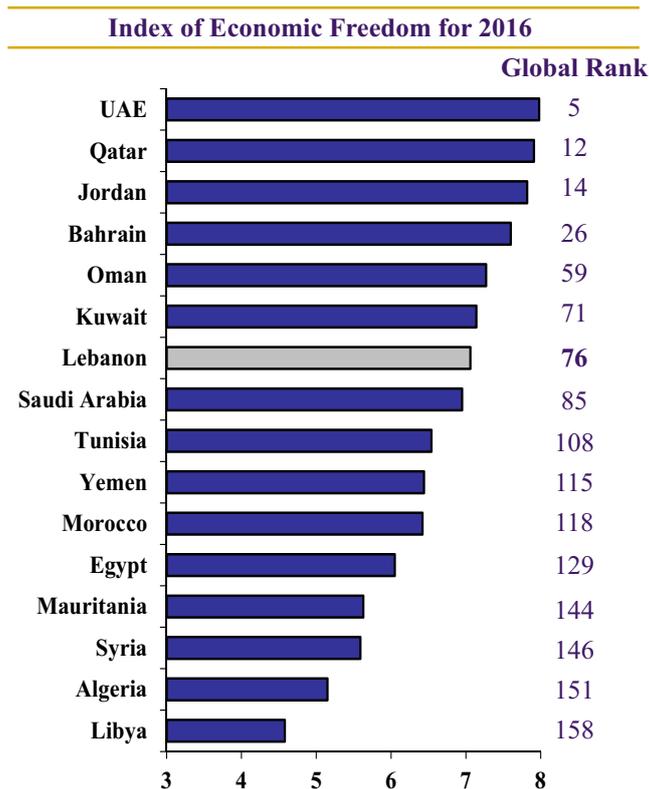
The index measures the extent that a country's policies and institutions are supportive of economic freedom. It includes 42 variables that are distributed into five broad factors of economic freedom that are the Size of Government, the Legal System & Property Rights, Access to Sound Money, Freedom to Trade Internationally, and the Regulation of Credit, Labor & Business.

Globally, Lebanon had a similar level of economic freedom than Iceland, a higher level of freedom than Zambia, Indonesia and the Philippines, and a lower level than the Gambia, Uruguay and Bhutan. It also ranked ahead of Fiji and came behind Jamaica among UMICs. Lebanon received a score of 7.06 points on a scale of zero to 10, unchanged from the preceding year, but down from 7.36 points in the 2012 survey.

Lebanon's score was below the average score of the Gulf Cooperation Council (GCC) economies of 7.48 points, but it was higher than the global average of 6.85 points, the UMICs' average score of 6.77 points, the Arab average of 6.63 points, and the non-GCC Arab countries' score of 6.13 points. Lebanon's score on the Size of the Government dropped by 8.4% from the 2012 survey, that on the Freedom to Trade Internationally fell by 8%, its score on Legal System & Property Rights decreased by 6.4% and its outcome on the Regulation of Credit, Labor & Business regressed by 3.3%; while the country's score on the Access to Sound Money improved by 4.1% from 2012.

Further, Lebanon ranked ahead of Denmark and behind Belgium on the Access to Sound Money category, which reflects the consistency of monetary policy with long-term price stability, as well as the ease of using other currencies via domestic and foreign bank accounts. Lebanon came first among UMICs and among Arab countries on this category. Lebanon ranked ahead of El Salvador and behind Laos on the Size of Government category, which indicates the level of the country's reliance on the political process to allocate resources, goods and services. Lebanon came in first place among UMICs and Arab countries.

In parallel, Lebanon ranked ahead of the Dominican Republic and behind Mali on the Legal System & Property Rights category. This category assesses the judicial independence, the protection of property rights, the degree of military interference in the rule of law and politics, the integrity of the legal system and the legal enforcement of contracts, among other factors. Also, Lebanon ranked ahead of the Dominican Republic and behind Suriname among UMICs; while it ranked ahead of only Mauritania, Yemen and Libya in the Arab world. The survey noted that countries with major deficiencies in this category are unlikely to prosper, regardless of their performance in the other four categories. The Fraser Institute is a Canada-based independent research organization whose mission is to study and measure the impact of competitive markets and government intervention on the welfare of individuals.



Source: Fraser Institute, Byblos Research

### Components of the 2016 Economic Freedom Index for Lebanon

	Global Rank	Arab Rank	UMIC Rank	Lebanon Score	Global Avg Score	Arab Avg Score	UMIC Avg Score
Size of Government	10	1	1	8.44	6.42	5.93	6.54
Access to Sound Money	11	1	1	9.71	8.25	8.05	8.17
Regulation of Credit, Labor & Business	137	10	33	6.18	7.03	6.78	6.99
Freedom to Trade Internationally	108	9	30	6.58	7.00	6.61	6.96
Legal System & Property Rights	121	13	30	4.39	5.54	5.79	5.18

Source: Fraser Institute, Byblos Research



### **Spending by Syrian refugee households at \$459 per month in 2016**

Preliminary results of a survey commissioned by the United Nations High Commissioner for Refugees (UNHCR), the World Food Program (WFP) and the United Nations Children's Fund (UNICEF) show that Syrian refugee households in Lebanon are spending on average \$459 per month in 2016, down from \$493 in 2015. It indicated that spending on food accounts for 44.6% of total expenditures in 2016, followed by spending on rent (17.5%) and on healthcare (12%). In comparison, it noted that spending on food absorbed 45% of Syrian refugee households' spending in 2015, followed by rent (19%) and healthcare (10%). Also, it said that a Syrian refugee spends an average of \$106 per month in 2016, almost unchanged from \$107 in 2015. Further, the survey showed that 90% of households stated that they have reduced their spending on food to cope with the depletion of their assets, up from 79% in 2015; while 82% said that they bought food on credit. It added that 72% noted that they reduced essential non-food spending to cope with their financial stress, 36% indicated that they sold their household goods to generate income, and 34% acknowledged that they spent from their savings.

In addition, the survey estimated that 70.5% of Syrian refugee households currently live below the poverty line, slightly up from 69.5% in 2015. It pointed out that 72% of Syrian refugee households said that they received official financial assistance over the last three months, while the remaining 28% noted that they did not receive any kind of assistance. It attributed the limited deterioration in economic conditions of Syrian refugees to the international assistance provided to them. In parallel, the survey pointed out that 58% of Syrian refugee households are living in apartments and in independent houses, while 18% are living in informal settlements and 24% of households are living in sub-standard buildings, such as garages, sheds, industrial sites and unfinished buildings. It noted that 54% of Syrian refugee households need continuous financial support to upgrade their shelters in order to meet the minimum requirements of livelihood. In addition, 20% of households indicated that all their members have a legal residency in Lebanon, relative to 28% in 2015 and 58% in 2014. Also, 28.4% of households stated that none of their members has a legal residency, up from 18% in 2015.

The results are part of the 2016 Vulnerability Assessment for Syrian Refugees in Lebanon study. The data was collected from 4,950 Syrian refugee households across Lebanon. The survey was conducted between May and June 2016 for quantitative analysis, and discussion groups were held to gather qualitative information.

### **Mobile phone operators reduce Internet data tariffs**

Mobile operators Alfa and Touch announced in September 2016, in coordination with the Ministry of Telecommunications, a series of tariff reductions for Internet data services. Touch indicated that it reduced its tariffs on data services by up to 40%, while Alfa noted that it lowered its data prices by 10% to 20%. The decision to reduce tariffs will allow users in Lebanon to benefit from higher data capacities at lower prices, and is expected to become effective in October 2016. The tariff reductions are in line with the Ministry of Telecommunications' \$600m digital telecom vision that was launched in July 2015 to modernize the telecommunication sector by 2020. In 2014, the ministry doubled or tripled subscribers' mobile 3G capacity, but maintained prices unchanged, which effectively consisted in a reduction in rates.

Orascom Telecom and Zain Group have been managing the state-owned mobile phone networks Mobile Interim Company 1 (MIC 1) and Mobile Interim Company 2 (MIC 2), since 2009 and 2004, respectively. Touch currently has about 2.1 million mobile phone subscriptions, representing a 53% market share; while Alfa has two million subscriptions, equivalent to a 47% share.

### **Lebanon takes measures to protect agricultural sector**

The Ministry of Agriculture issued a decree to restrict the imports of apples, pears and frozen potatoes to Lebanon, as part of its efforts to protect the country's agricultural sector. The decision requires importers to apply for a license and receive the government's authorization prior to importing apples, pears and frozen potatoes, among a previously-issued list of other restricted imports that include olive oil and dairy products. It also stipulates that the government's import restriction of these products is not seasonal and is effective throughout the year. According to the Centre de Recherche & d'Etudes Agricole Libanais (CREAL), the production of apples in Lebanon grew by 59.5% to \$124.7m in 2014, the latest available figures; while the value of pear production rose by 28.6% to \$19.8m in the same year.

In parallel, the Association of Farmers in Lebanon noted that the import restrictions on some agricultural products would only solve part of the problem, given that the major challenge is related to the export of their harvest. It noted that the closure of the Nassib border crossing on the Syrian-Jordanian border in April 2015 is a major issue, given that it was the only remaining open land route for the transport of goods from Lebanon and Syria to Jordan and Gulf Cooperation Council countries. The government currently subsidizes part of the additional costs that Lebanese exporters incur when shipping their products by sea rather than via traditional land routes. The subsidies, disbursed through the Investment Development Authority of Lebanon, allocate between LBP4.5m (\$2,985) and LBP6m (\$3,900) per truck filled with Lebanese-made goods, depending on the nature of the vessel and the maritime route it adopts. However, the Association noted that exporters are encountering obstacles related to their exports by sea. As such, the Ministry of Agriculture vowed to facilitate the export procedures of agricultural products from the Port of Beirut, as well as to follow up on the outstanding issues with the Investment Development Authority of Lebanon.

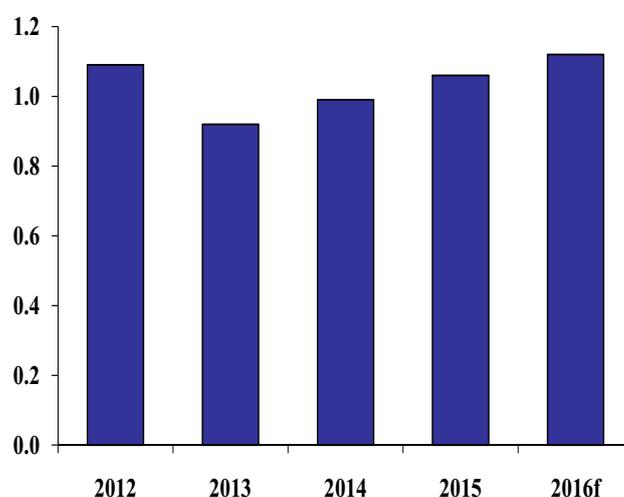


### Lebanon ranks sixth in the Middle East & Africa in expected visitor spending for 2016

The 2016 MasterCard Worldwide Index of Global Destination Cities ranked Beirut in sixth place among 21 cities in the Middle East & Africa (ME&A) region in terms of expected spending by visitors in the current year. The survey ranks destination cities in terms of the total number of international overnight arrivals and cross-border spending. It defines international overnight arrivals as visitors who stay in a particular city for at least one night, while it refers to visitors' expenditures as the total amount that visitors spend in the destination city, excluding spending on airline tickets.

The survey projected total spending by visitors in Beirut at \$1.12bn in 2016, constituting an increase of 5.3% from \$1.06bn in 2015 and compared to an average annual spending of \$1.02bn between 2012 and 2015. The level of spending by visitors in Beirut this year would be lower than that in Dubai (\$31.3bn), Abu Dhabi (\$2.65bn), Johannesburg (\$1.73bn), Riyadh (\$1.69bn) and Tel Aviv (\$1.31bn). Beirut would post the fourth highest growth rate in visitor spending in 2016 among the top 10 destination cities in the ME&A region, behind Abu Dhabi (+18%), Casablanca (+15.3%) and Dubai (+11%). On a global basis, the survey indicated that the level of spending by visitors in Beirut this year would be the 68th highest among 132 cities.

Spending by Visitors in Lebanon (US\$bn)



Source: MasterCard, Byblos Research

In parallel, the survey forecast the number of overnight visitors to Beirut at 1.16 million in 2016, the eighth highest number in the ME&A region in 2016. In comparison, Dubai would receive 15.27 million visitors in 2016, highest among ME&A cities, followed by Riyadh with 4.59 million and Johannesburg with 3.6 million. The number of overnight visitors in Lebanon would grow by 4.6% this year, constituting the third lowest increase among the top 10 destination cities by overnight visitors in the ME&A region, better than only Tehran (+3.1%) and Cairo (+1.5%). Abu Dhabi would post the highest annual growth at 15%, followed by Casablanca (+14.5%) and Dubai (+7.5%). Further, the number of overnight visitors to Beirut would grow by a compound annual growth rate (CAGR) of 0.2% between 2009 and 2016, the second lowest rate among the top 10 destination. Cairo is forecast to post the lowest CAGR of -2.5%, while Abu Dhabi would register the highest CAGR at 19.8%, followed by Riyadh (+16.5%) and Dubai (+13%). The survey indicated that 1.9% of total arrivals to Beirut are for business, while the remaining 98.1% are for leisure in addition to other purposes. Further, the survey ranked Beirut in 77th place among 132 cities in terms of the expected number of overnight visitors in 2016.

### Number of new construction permits up 15%, surface area down 3% in first eight months of 2016

The Orders of Engineers & Architects of Beirut and of Tripoli issued 11,282 new construction permits in the first eight months of 2016, constituting an increase of 14.9% from 9,823 permits in the first eight months of 2015, and relative to a drop of 13.2% in the same period of 2015. Mount Lebanon accounted for 36.4% of newly-issued construction permits in the first eight months of 2016, followed by the South with 18.7%, the North with 15.1%, Nabatieh with 13.9%, the Bekaa with 9.1% and Beirut with 4%. The remaining 2.9% represent permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. The number of new construction permits issued for the North rose by 68.7% year-on-year in the first eight months of 2016, followed by permits for the South (+30.7%), Nabatieh (+22.9%) and the Bekaa (+3%). In contrast, the number of new construction permits issued for Beirut dropped by 19.5% year-on-year in the first eight months of 2016, followed by a decline of 1.7% in permits issued for Mount Lebanon, while permits issued for regions located outside northern Lebanon grew by 66.5% year-on-year.

Further, the surface area of granted construction permits reached 8,017,943 square meters (sqm) in the first eight months of 2016, representing a decrease of 3.1% from the first eight months of 2015. In comparison, the surface area of granted construction permits regressed by 13% year-on-year in the first eight months of 2015. Mount Lebanon accounted for 3,506,014 sqm, or 43.7% of the total in the first eight months of 2016. The South followed with 1,167,398 sqm (14.6%), then the North with 1,063,768 sqm (13.3%), the Bekaa with 816,921 sqm (10.2%), Nabatieh with 812,146 sqm (10.1%) and Beirut with 323,273 sqm (4%). The remaining 328,423 sqm, or 4.1% of the total, 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 the South region grew by 26.6% year-on-year in the covered period, followed by Nabatieh (+21.8%), the Bekaa (+17.9%) and the North (+0.5%). In contrast, the surface area of construction permits issued for Beirut decreased by 30.2% and that of permits issued for Mount Lebanon regressed by 13%. The surface area of granted construction permits for regions located outside northern Lebanon declined by 25% year-on-year. In parallel, cement deliveries totaled 2.9 million tons in the first seven months of 2016, constituting an increase of 8% from 2.7 million tons in the same period of 2015 and relative to a drop of 16.7% in the first seven months of 2015.



### Weak government support, physical infrastructure are drag on entrepreneurship ecosystem

A National Expert Survey about the entrepreneurship ecosystem in 62 economies worldwide shows that Lebanon ranked among the top 10 countries on three out of 12 entrepreneurship indicators, while it came among the bottom 10 countries on two indicators. Lebanon's rank on the remaining seven indicators ranged between 13th and 44th place. The 12 indicators are based on expert ratings from one to nine points, with a score of nine points reflecting the highest rating.

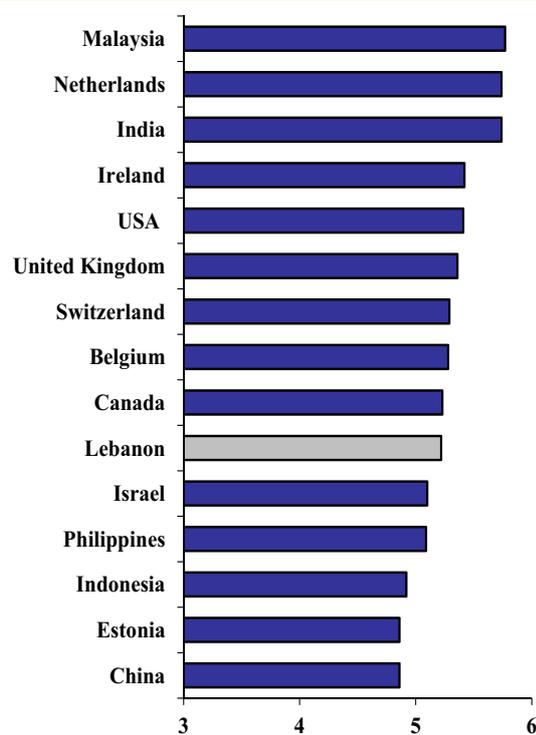
First, Lebanon ranked in third place globally on the cultural & social norms indicator, behind Israel and the United States. It received a rating of 6.34 points, higher than the global average rating of 4.7 points and the average rating of 4.5 points among countries with a similar level of economic development. Second, Lebanon came in sixth place on the entrepreneurship education at school indicator, behind Portugal, the Philippines, the Netherlands, Switzerland and Indonesia. Lebanon's rating of 4.28 points on this category was higher than the global average of 3.1 points and the rating of 2.8 points among similarly-developed economies. Third, Lebanon ranked in 10th place globally on the access to finance for entrepreneurs indicator, behind the United States, the United Kingdom, and Switzerland, among others. Lebanon received a rating of 5.22 points, higher than the global average of 4.2 points and the average rating of 3.9 points among countries with a similar level of economic development.

In contrast, Lebanon ranked in 61st place on the physical infrastructure indicator, behind only Portugal. Its rating of 4.43 points was below the global average rating and the average among similarly-developed economies of 6.3 points each. Further, Lebanon came in 53rd place on government policies that support the entrepreneurship ecosystem, with a score of 3.28 points that is at the lower end of the rating scale. Globally, Lebanon came ahead of Peru, Italy and Argentina, and ranked behind Morocco, Uruguay and Egypt on government policies that support the entrepreneurship ecosystem.

In parallel, an Adult Population Survey of working adults in 60 economies globally shows that 45.7% of working-age adults in Lebanon see good opportunities in the country to start a business, the 29th highest share globally. But it noted that 17.4% of those who detect business opportunities are constrained by the fear of failure, the third lowest share globally. In addition, 69.8% of working-age adults in Lebanon believe they have the ability to start a business, the seventh highest share worldwide. In terms of types of entrepreneurial activity in Lebanon, the survey noted that 30.1% of activity is at the early stage of development, the fourth highest share globally, while 18% have established business ownership, the sixth highest share globally. Further, the survey indicated that 10.6% of the adult population discontinued their businesses because the business was unprofitable (34.2%), for personal reasons (16.1%) and because of another opportunity (16%).

The surveys are part of the Global Entrepreneurship Monitor, which provides data and information on entrepreneurship activity globally. The Adult Population Survey covered at least 2,000 randomly selected adults between the age of 18 and 64 years in each economy in 2015.

### Availability of Entrepreneurial Finance\*



\* top 15 countries

Source: GEM, Byblos Research

### Entrepreneurial Ecosystem in Lebanon

	Global Rank	Lebanon Score	Global Avg Score	Similarly-Dev.* Avg Score
Entrepreneurial Finance	10	5.22	4.2	3.9
Governmental support and policies	53	3.28	4.2	3.9
Taxes and bureaucracy	26	4.14	3.9	3.6
Governmental entrepreneurship programs	31	4.41	4.3	4.1
Entrepreneurial education at school	6	4.28	3.1	2.8
Entrepreneurial education post-school	18	4.93	4.5	4.5
R&D Transfer	15	4.21	3.8	3.6
Commercial & legal infrastructure	13	5.62	4.9	4.8
Internal market dynamics	44	4.35	5.1	5
Internal market openness	31	4.15	4.1	3.9
Physical infrastructure	61	4.43	6.3	6.3
Cultural and social norms	3	6.34	4.7	4.5

\* similarly-developed economies

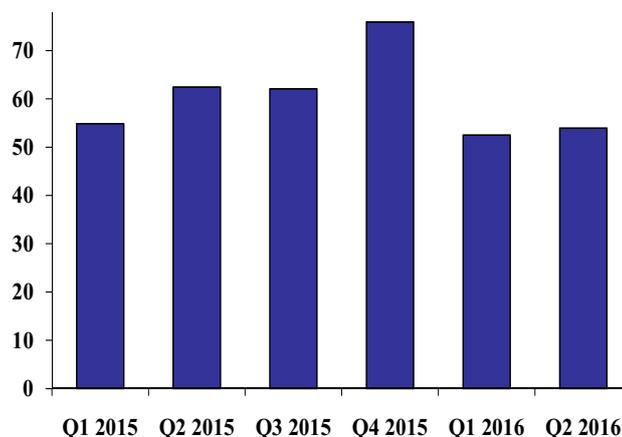
Source: Global Entrepreneurship Monitor, Byblos Research

### Retail activity indicators down 16.5% since 2012

Figures released by the Retail Observatory of the Lebanese Franchise Association (LFA) show that the LFA's Retail Sales Indicator of consumer goods & services in Lebanon decreased by 0.5% in the first half of 2016 from the same period last year and regressed by 7.5% from the second half of 2015. The indicator declined by 14.4% in the first quarter of 2016 from the fourth quarter of 2015 and grew by 4.8% in the second quarter from the first quarter of 2016. Also, the index regressed by 16.5% from 2012, which is the base year that the LFA uses to calculate the index. The consumer goods category covers clothing, cosmetics, household goods, sports & hobbies items, food & beverages, and luxury items; while the consumer services segment consists of hospitality, tourism, and medical services.

The retail sales indicator for consumer goods shows that the luxury items category regressed by 9.3% year-on-year in the first half of 2016 and the indicator for clothing declined by 7.5%, while the indicator for the food & beverages category increased by 16.5%, followed by sports & hobbies items (+4.9%), households goods (+2.2%), and cosmetics (+1.2%). The retail sales indicator for five out of six categories of consumer goods were lower than their base year level by margins ranging from 12.1% to 46.8%. In parallel, the retail sales indicator for consumer services shows that sales of medical services grew by 4% in the first half of 2016 from the same period last year, while the sales indicator of hospitality services regressed by 8% and that of tourism services declined by 6.6%. The retail sales indicator of hospitality services dropped by 12.1% from its 2012 base year level, the only category among consumer services to post a contraction in activity.

Sales of Luxury Items Indicator



Source: Lebanese Franchise Association, QuantAnalysts

### Coincident Indicator up 4% year-on-year in first seven months of 2016

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 272.2 points in July 2016 compared to 273.5 in June 2016 and 264.6 in July 2015. The Coincident Indicator, an average of 8 weighted economic indicators, regressed by 0.5% month-on-month but increased by 2.9% year-on-year in July 2016. The indicator averaged 287.3 in the first seven months of 2016, up 4.3% from 275.5 in the same period of 2015. Also, the indicator averaged 285.5 in the 12 months ending July 2016, compared to 284.9 in the 12 months ending June 2016 and 274.3 in the 12 months ending July 2015. As a result, the average coincident indicator was nearly unchanged month-on-month, while it improved by 4.1% year-on-year. In parallel, the indicator regressed 16 times and improved eight times on a monthly basis in the month of July since 1993. It averaged 249.5 in 2010, 255.7 in 2011, 256.6 points in 2012, 264.7 points in 2013, 273.2 points in 2014 and 278.6 in 2015.

### Consumer Price Index down 2% in first eight months of 2016

The Central Administration of Statistics' Consumer Price Index regressed by 2.1% year-on-year in the first eight months of 2016. Also, the CPI decreased by 0.8% in August 2016 from August 2015. The prices of actual rents increased by 4% year-on-year in August 2016, followed by imputed rents (+3.1%), prices of clothing & footwear (+3%), those at restaurants & hotels (+2.6%), recreation & entertainment (+2.5%), miscellaneous goods & services (+1.6%), the cost of education (+1.5%) and the prices of alcoholic beverages & tobacco (+0.6%). The distribution of actual rent shows that old rents grew by 6.2% annually in August 2016, while new rents increased by 2.5% from the same month of 2015. In contrast, transportation costs fell by 6.4% year-on-year in the first eight months of the year, followed by the price of water, electricity, gas & other fuels (-5.6%), the prices of furnishings & household equipment and healthcare costs (-1% each), the cost of food & non-alcoholic beverages (-0.8) and communication costs (-0.1%).

Further, the CPI regressed by 0.8% in August 2016 from the preceding month, relative to a month-on-month increase of 0.2% in July 2016. Prices of imputed rents grew by 0.6% month-on-month, followed by actual rents (+0.5%), healthcare costs (+0.4%), and the prices of food & non-alcoholic beverages and at restaurants & hotels (+0.1% each). In contrast, the prices of clothing & footwear declined by 7.3% from the preceding month, followed by the cost of water, electricity, gas & other fuels (-2.5%), transportation costs (-2%), furnishings & household equipment (-0.7%), and miscellaneous goods & services (-0.2%). Further, prices of alcoholic beverages & tobacco, the cost of education and recreation & entertainment and communication costs were nearly unchanged month-on-month in August 2016. The CPI fell by 1.5% month-on-month in the Bekaa, by 1.4% in Beirut, by 0.9% in Nabatieh, by 0.8% in the North, by 0.6% in Mount Lebanon and by 0.1% in the South. In parallel, the Fuel Price Index regressed by 4.9% month-on-month in August 2016, while the Education Price Index was unchanged from the preceding month.



### Fiscal deficit widens by 8% to \$1.9bn in first half of 2016, equivalent to 27% of expenditures

Figures released by the Finance Ministry show that the fiscal deficit reached \$1.94bn in the first half of 2016 and widened by 8.5% from \$1.78bn in the same period of 2015. The deficit was equivalent to 26.6% of total budget and Treasury expenditures compared to 26.3% in the first half of 2015. Government expenditures reached \$7.3bn and increased by 7.1% from the same period last year, while revenues grew by 6.6% annually to \$5.3bn. As such, the widening of the deficit reflects a rise of \$482.6m in overall expenditures that was partly offset by an increase of \$330.7m in total revenues during the first half of 2016.

On the revenues side, tax receipts grew by 2.6% year-on-year to \$3.85bn, of which 27.4%, or \$1.05bn, were in VAT receipts that increased by 1.8% year-on-year. Tax receipts accounted for 77.2% of budgetary revenues and for 72.1% of total Treasury and budgetary receipts. The distribution of other tax revenues shows that receipts from taxes on income, profits & capital gains grew by 4.6% year-on-year to \$1.4bn in the first half of 2016; revenues from customs increased by 1.3% to \$674.2m; receipts from property taxes rose by 3.7% to \$421.7m; revenues from taxes on goods & services improved by 1.1% to \$177.7m; while receipts from stamp fees regressed by 3.1% to \$155.1m.

The distribution of income tax receipts shows that the tax on profits accounted for 51.3% of income tax revenues in the first half of 2016, followed by the tax on interest deposits with 19.8%, the tax on wages & salaries accounted with 18.1% and the capital gains tax with 9.4%. Receipts from the tax on interest deposits increased by 9.3% in the covered period, those from capital gains grew by 7.1%, revenues from taxes on wages & salaries improved by 4.1% and receipts from taxes on profits rose by 3.1% annually in the first half of 2016. Also, the distribution of property taxes shows that revenues from real estate registration fees rose by 5.5% to \$248.2m in the first half of the year, while receipts from the built property tax regressed by 1.1% to \$114.8m and revenues from the inheritance tax grew by 6.5% to \$58.8m. Further, non-tax budgetary receipts increased by 9.5% year-on-year to \$1.1bn. They included \$791.8m in revenues generated from government properties that rose by 11.5% year-on-year, as well as \$260.7m in receipts generated from administrative fees and charges that decreased by 0.8% year-on-year. Receipts from telecom services increased by 12.3% to \$617.5m and accounted for 78% of income from government properties and for 54.5% of non-tax budgetary revenues.

On the expenditures side, budgetary spending, which includes general expenditures and debt servicing, increased by 5% to \$6.2bn in the first half of 2016. General budgetary spending grew by 3.4% to \$3.8bn. It included \$883.7m in outlays from previous years that rose by 41.5% year-on-year and \$334.4m in transfers to Electricité du Liban that declined by 46.7% year-on-year, among others. Also, debt servicing totaled \$2.4bn in the first half of 2016 and grew by 7.6% from the same period last year. Debt servicing accounted for 33.4% of total expenditures and for 39% of budgetary spending, while it absorbed 45.6% of overall revenues and 48.8% of budgetary receipts. Interest payments on Lebanese pound-denominated debt grew by 8.5% to \$1.5bn in the first half of the year, while debt servicing on foreign currency debt rose by 8.8% to \$819.5m. Also, the repayment of principal on foreign debt, including concessional loans earmarked for project financing, regressed by 11.4% to \$100.5m in the first half of 2016. Excluding debt servicing, the primary budget balance posted a surplus of \$1.18bn in the first half of 2016, or 19% of budgetary expenditures, relative to a surplus of \$1.1bn, or 18.7% of budgetary spending, in the same period of 2015. The overall primary balance posted a surplus of \$495.2m, or 6.8% of spending, and compared to a surplus of \$475.2m, or 7% of total expenditures, in the same period of 2015.

Comparative Fiscal Results in First Half of the Year			
	2015	2016	Change
	(US\$m)	(US\$m)	(%)
Budget revenues	4,786	4,982	4.1
Tax revenues	3,751	3,848	2.6
Non-tax revenues	1,035	1,134	9.5
<i>of which Telecom revenues</i>	550	618	12.3
Budget expenditures	5,936	6,231	5
<b>Budget Surplus/Deficit</b>	<b>(1,150)</b>	<b>(1,249)</b>	<b>8.7</b>
<i>In % of budget expenditures</i>	<i>(19.4%)</i>	<i>(20%)</i>	
<b>Budget Primary Surplus</b>	<b>1,110</b>	<b>1,182</b>	<b>6.5</b>
<i>In % of budget expenditures</i>	<i>18.7%</i>	<i>19%</i>	
Treasury Receipts	220	355	61.3
Treasury Expenditures	855	1,042	21.9
Total Revenues	5,006	5,337	6.6
Total Expenditures	6,790	7,273	7.1
<b>Total Deficit</b>	<b>(1,784)</b>	<b>(1,936)</b>	<b>8.5</b>
<i>In % of total expenditures</i>	<i>(26.3%)</i>	<i>(26.6%)</i>	
<b>Total Primary Surplus/Deficit</b>	<b>475</b>	<b>495</b>	<b>4.2</b>
<i>In % of total expenditures</i>	<i>7%</i>	<i>6.8%</i>	

Source: Ministry of Finance, Byblos Research

### Profits of Syrian affiliates of Lebanese banks at \$5.6m in first half of 2016 when excluding foreign exchange gains on structural positions

Financial results issued by the affiliates of six out of seven Lebanese banks operating in Syria show that their aggregate unaudited net profits reached SYP39.4bn in the first half of 2016, constituting a rise of 72.6% from SYP22.8bn in the same period of 2015. The rise in profits was mainly due to SYP37bn in unrealized foreign exchange gains on structural positions in the first half of 2016 compared to SYP21.6bn in the same period last year. In US dollar terms, the net profits of the six banks decreased by 15.1% from \$107.9m in the first half of 2015 to \$91.6m in the same period of 2016. The US dollar figures reflect the prevailing official exchange rates that more than doubled from an average of SYP211.6 per US dollar in the first half of 2015 to an average of SYP430.17 per US dollar in the first half of 2016. The aggregate net profits of the six banks become SYP2.4bn, or \$5.6m, in the first half of 2016 when excluding foreign exchange gains on structural positions, compared to gains of SYP1.2m, or \$5.8m, in the first half of 2015. The profits of Bank Audi Syria improved by SYP4.5bn, followed by an increase of SYP3.63bn in those of Fransabank Syria, a rise of SYP2.87bn in those of Banque BEMO Saudi Fransi, a growth of SYP2.54bn in the profits of Bank of Syria & Overseas, an improvement of SYP1.7bn in those of Byblos Bank Syria and an increase of SYP1.32bn in the profits of Bank Al-Sharq, the affiliate of Banque Libano-Française sal. The figures exclude the results of Syria Gulf Bank, the affiliate of First National Bank sal, as it did not disclose its financials.

The net interest income of the six banks totaled SYP6.11bn in the first half of 2016, up 53.96% from SYP3.97bn in the same period last year; while their net fees & commission income increased by 13.4% to SYP2.38bn. In US dollar terms, the banks' net interest income totaled \$14.2m in the first half of the year, down 24.3% from \$18.8m in the first half of 2015; while their net fees & commission income stood at \$5.5m, reflecting a drop of 44.2% from \$9.9m in the same period last year. The six banks' total operating income reached SYP47.2bn in the first half of 2016, a year-on-year increase of 62.3%, while total operating expenses reached SYP6.2bn in the first half of the year, up 22.8% from the same period last year. In US dollar terms, the banks' operating income totaled \$109.6m in the first half of the year relative to \$137.3m in the same period last year; while their operating expenses stood at \$14.4m, down 39.6% from \$23.8m in the first half of 2015. The banks' operating income becomes SYP10.15bn in the first half of the year when excluding foreign exchange gains on structural positions, relative to SYP7.5bn in the same period last year.

In parallel, the banks' aggregate assets reached SYP726.2bn at the end of June 2016 and increased by 22.1% from SYP594.9bn at end-2015. In US dollar terms, the assets of the six banks dropped by 39% from \$2.54bn at the end of 2015 to \$1.55bn at the end of June 2016. This significant decrease in US dollars is explained by the substantial devaluation of the Syrian pound which nearly doubled the exchange rate. Also, the banks' total loans reached SYP83.6bn at end-June 2016, reflecting a drop of 5.3% from SYP88.2bn the end of 2015. In US dollar terms, the aggregate loans of the six banks reached \$178.3m at the end of June 2016 and regressed by 52.3% from \$376.3m at the end of 2015.

Further, the banks' customer deposits totaled SYP418.8bn at the end of June 2016 and grew by 18.33% from SYP353.9bn at the end of 2015. In US dollar terms, customer deposits at the six banks reached \$893.2m at the end of June 2016, constituting a drop of 40.8% from \$1.5bn at the end of 2015. The ratio of the banks' loans-to-customer deposits stood at 20% at the end of June 2016 compared to 24.9% at end-2015. Also, the aggregate shareholders' equity of the banks reached SYP124.8bn, or \$266.2m, at the end of June 2016, constituting an increase of 46.5% from SYP85.2bn at end-2015.

#### Results of Affiliates of Lebanese Banks in Syria for First Half of 2016 (in US\$)

	Banque BEMO Saudi Fransi	Bank of Syria & Overseas	Fransabank Syria	Bank Audi Syria	Byblos Bank Syria	Bank Al-Sharq
Net Profits	\$17.15m	\$13.34m	\$19.97m	\$21.29 m	\$11.45m	\$8.42
Total Assets	\$458.22m	\$400.47m	\$254.95m	\$214.53m	\$146.30m	\$74.42
% Change*	25.0%	31.2%	33.7%	22.9%	-6.9%	-0.1%
Loans	\$64.58m	\$9.55m	\$38.45m	\$25.59m	\$26.38m	\$13.75
% Change*	13.8%	-23.6%	12.5%	-10.7%	-25.2%	-34.2%
Customer Deposits	\$352.19m	\$227.47 m	\$99.20m	\$99.42m	\$70.00m	\$44.97
% Change*	19.4%	26.7%	41.3%	3.8%	5.4%	-6.5%

\*Change from end-2015

Source: Banks' financial statements

### Association of Banks amends reference rates on US dollar and Lebanese pound lending

The Association of Banks in Lebanon (ABL) recommended to its member banks to increase the Beirut Reference Rate (BRR) in US dollars to 6.36% starting in October 2016 from 6.3% in August. The rate, considered as the reference rate for lending in foreign currency, replaced the London Interbank Offered Rate (LIBOR) in 2009, as the ABL considered that the LIBOR does not reflect the cost of funding and lending in Lebanon. Additionally, the ABL recommended to its member banks to raise the BRR in Lebanese pounds to 8.68% in October from the August rate of 8.67%. The BRR in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL considers that the BRR does not replace the Beirut Prime Lending Rate in each currency, but constitutes the basis to calculate the prime rate after adding the cost of liquidity and refinancing, credit risk and the profitability of banks to the prime lending rate.

### **CMA CGM posts net losses of \$217m in first half of 2016**

The Lebanese-owned and France-based container shipping firm CMA CGM declared consolidated net losses of \$217.3m in the first half of 2016 relative to net profits of \$573.6m in the same period of 2015, due in part to low freight rates. The firm's core earnings before interest and taxes (EBIT), excluding disposals and impairment charges, posted losses of \$77.5m in the first half of 2016 relative to profits of \$731m in the same period of 2015. Also, the company's revenues dropped by 14.6% to \$6.94bn in the first half of 2016, mainly due to a 15.3% decrease in receipts from the company's container shipping segment. In parallel, the firm's operating expenses regressed by 5.7% to \$6.82bn in the first half of 2016.

CMA CGM indicated that its semi-annual results include its acquisition of a 93% share in the Singapore-based Neptune Oriental Lines (NOL) as at end-June 2016. The company transported 3.5 million twenty-foot equivalent units (TEUs), including NOL's contribution, in the second quarter of 2016 relative to 3.3 million TEUs in the same quarter of 2015. Also, CMA CGM's return on invested capital, which measures how well the company is using its money to generate returns, regressed from 14% in the second quarter of 2015 to -0.4% in the second quarter of 2016.

Further, the firm's consolidated assets reached \$20.42bn at the end of June 2016, up by 43.1% from end-2015, mainly due to the substantial increase in intangible assets that include goodwill, and a rise in property & equipment, as a result of the NOL acquisition. The value of its property and equipment rose by 47.7% from end-2015 to \$11.26bn at the end of June 2016, with vessels accounting for \$9.3bn or 82.5% of the total, followed by containers at \$1bn (9.2%), land and buildings at \$523.8m (4.7%), and other properties and equipment at \$418.6m (3.7%). The company's gearing ratio, which measures financial leverage, increased from 65% at end-2015 to 147% at the end of June 2016. CMA CGM is the one of the largest container shipping company in the world. It operates a fleet of 532 vessels and serves over 420 commercial ports around the world.

### **Moody's affirms AXA's ratings, outlook at 'stable'**

Moody's Investors Service affirmed at 'A2' the senior unsecured debt rating of insurance group AXA and at 'A3/A3(hyb)' its subordinated debt rating. It kept at 'Aa3' the Insurer Financial Strength rating of the main AXA subsidiaries. It noted that all the ratings have a 'stable' outlook. AXA Middle East sal, one of Lebanon's insurance firms, is a subsidiary of the group.

The agency indicated that the affirmation of the ratings reflects the group's strong business profile and resilient operating performance despite the challenges from the very low global interest rate environment. It added that the ratings take into account AXA's strong asset-liability management and prudent reserving practices. However, it noted that AXA faces the challenges of protecting its investment margin within its life business. Moody's said that the 'stable' outlook reflects its expectations that AXA's operating performance will remain resilient and relatively stable in the coming quarters. It anticipated AXA to address the low interest rate environment through its diversified income streams, its continued focus on capital light life & savings products, such as non-guaranteed unit-linked savings, at the expense of its traditional general account products, and by further improving its combined ratio. It expected the group's capitalization to remain at good level.

AXA Middle East generated total premiums of \$96.4m in 2015, including \$81.8m in non-life and \$14.6m in life premiums. It ranked in third and ninth place in the Lebanese insurance market in terms of non-life and life premiums, respectively, in 2015, as well as in sixth place in terms of total premiums generated in the country.

### **SGBL's net earnings at \$81m in first half of 2016**

Société Générale de Banque au Liban (SGBL) sal, one of Lebanon's top 14 banks in terms of assets, announced unaudited consolidated net profits of \$81.5m in the first half of 2016, nearly unchanged from \$81.4m in the same period of last year. Net operating income increased by 3.1% year-on-year to \$192.2m in the first half of the year, with net interest income rising by 8.6% to \$144.1m and net fee & commission receipts growing by 2.2% year-on-year to \$21.9m. Non-interest income accounted for 25.24% of total income, down from 30.57% in the same period last year; with net fees & commissions representing 44.61% of non-interest earnings relative to 36.3% in the first half of 2015. Further, the bank's interest margin was 1.84% in the first half of 2016 relative to 1.85% in the same period last year; while its spread was unchanged at 1.76% year-on-year in the first half of 2016. Total operating expenditures increased by 5.8% to \$92.8m, with staff expenses growing by 7.6% to \$44.4m and general & administrative expenses increasing by 4.5% to \$43.7m. The cost-to-income ratio increased to 47.76% in the first half of the year from 45.46% in the same period of 2015. Also, the bank's return on average assets was 0.99% in June 2016 on an annualized basis relative 1.07% in June 2015; while its return on average equity was 12.65% on an annualized basis compared to 14.16% in June 2015.

In parallel, the bank's total assets reached \$16.44bn at the end of June 2016, constituting a decrease of 0.4% from end-2015 and a rise of 6.7% from a year earlier. Loans & advances to customers, excluding those to related parties, grew by 4.9% from end-2015 and by 16.2% from a year earlier to \$4.3bn at end-June. Also, customer deposits, excluding those from related parties, totaled \$12.7bn at the end of June 2016, and increased by 1.4% from end-2015 and by 9.4% from a year earlier. The loans-to-deposits ratio was 34.31% at end-June 2016 relative to 32.29% a year earlier. In parallel, total shareholders' equity rose by 4.5% from the end of 2015 to \$1.32bn at end-June 2016.

## Ratio Highlights

(in % unless specified)	2013	2014	2015	Change*
Nominal GDP (\$bn)	47.2	49.4	50.9	
Public Debt in Foreign Currency / GDP	55.3	51.9	53.2	134
Public Debt in Local Currency / GDP	79.1	83.0	85.0	203
Gross Public Debt / GDP	134.4	134.8	138.2	337
Total Gross External Debt / GDP**	163.8	165.1	162.4	(270)
Trade Balance / GDP	(36.6)	(34.8)	(29.7)	512
Exports / Imports	18.5	16.2	16.6	41
Fiscal Revenues / GDP	19.9	22.0	18.8	(322)
Fiscal Expenditures / GDP	28.9	28.3	26.6	(167)
Fiscal Balance / GDP	(8.9)	(6.2)	(7.8)	(154)
Primary Balance / GDP	(0.5)	2.6	1.4	(122)
Gross Foreign Currency Reserves / M2	69.5	66.5	58.7	(780)
M3 / GDP	235.4	238.4	243.0	462
Commercial Banks Assets / GDP	349.0	355.9	365.6	968
Private Sector Deposits / GDP	288.4	292.6	298.0	540
Private Sector Loans / GDP	100.3	103.1	106.6	348
Private Sector Deposits Dollarization Rate	66.1	65.7	64.9	(83)
Private Sector Lending Dollarization Rate	76.5	75.6	74.8	(73)

\* 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	Oct 2014	Sep 2015	Oct 2015	Change**	Risk Level
Political Risk Rating	52.0	54.5	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	63.25	63.25	▼	Moderate

MENA Average*	Oct 2014	Sep 2015	Oct 2015	Change**	Risk Level
Political Risk Rating	57.1	57.6	57.7	▼	High
Financial Risk Rating	40.6	39.2	39.3	▲	Low
Economic Risk Rating	35.6	31.3	31.2	▲	Moderate
Composite Risk Rating	66.6	64.0	64.1	▲	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	Stable	B-		Stable
Standard & Poor's	B-	B	Stable	B-	B	Stable
Capital Intelligence	B	B	Negative	B	B	Negative

Source: Rating agencies

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



---

**Economic Research & Analysis Department**  
**Byblos Bank Group**  
**P.O. Box 11-5605**  
**Beirut – Lebanon**  
**Tel: (961) 1 338 100**  
**Fax: (961) 1 217 774**  
**E-mail: [research@byblosbank.com.lb](mailto:research@byblosbank.com.lb)**  
**[www.byblosbank.com](http://www.byblosbank.com)**

---

---

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

---

# BYBLOS BANK GROUP

## LEBANON

---

Byblos Bank S.A.L  
Achrafieh - Beirut  
Elias Sarkis Avenue - Byblos Bank Tower  
P.O.Box: 11-5605 Riad El Solh - Beirut 1107 2811- Lebanon  
Phone: (+ 961) 1 335200  
Fax: (+ 961) 1 339436

## SYRIA

---

Byblos Bank Syria S.A.  
Damascus Head Office  
Al Chaalan - Amine Loutfi Hafez Street  
P.O.Box: 5424 Damascus - Syria  
Phone: (+ 963) 11 9292 - 3348240/1/2/3/4  
Fax: (+ 963) 11 3348205  
E-mail: byblosbanksyria@byblosbank.com

## IRAQ

---

Erbil Branch, Kurdistan, Iraq  
Street 60, Near Sports Stadium  
P.O.Box: 34 - 0383 Erbil - Iraq  
Phone: (+ 964) 66 2233457/8/9 - 2560017/9  
E-mail: erbilbranch@byblosbank.com.lb

Baghdad Branch, Iraq  
Al Karrada - Salman Faeq Street  
Al Wahda District, No. 904/14, Facing Al Shuruk Building  
P.O.Box: 3085 Badalat Al Olwiya - Iraq  
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2  
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq  
Intersection of July 14th, Manawi Basha Street, Al Basra - Iraq  
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919  
E-mail: basrabranch@byblosbank.com.lb

## UNITED ARAB EMIRATES

---

Byblos Bank Abu Dhabi Representative Office  
Intersection of Muroor and Electra Streets  
P.O.Box: 73893 Abu Dhabi - UAE  
Phone: (+ 971) 2 6336050 - 2 6336400  
Fax: (+ 971) 2 6338400  
E-mail: abudhabirepoffice@byblosbank.com.lb

## ARMENIA

---

Byblos Bank Armenia CJSC  
18/3 Amiryan Street - Area 0002  
Yerevan - Republic of Armenia  
Phone: (+ 374) 10 530362  
Fax: (+ 374) 10 535296  
E-mail: infoarm@byblosbank.com

## CYPRUS

---

Limassol Branch  
1, Archbishop Kyprianou Street, Loucaides Building  
P.O.Box 50218  
3602 Limassol - Cyprus  
Phone: (+ 357) 25 341433/4/5  
Fax: (+ 357) 25 367139  
E-mail: byblosbankcyprus@byblosbank.com.lb

## BELGIUM

---

Byblos Bank Europe S.A.  
Brussels Head Office  
Rue Montoyer 10  
Bte. 3, 1000 Brussels - Belgium  
Phone: (+ 32) 2 551 00 20  
Fax: (+ 32) 2 513 05 26  
E-mail: byblos.europe@byblosbankeur.com

## UNITED KINGDOM

---

Byblos Bank Europe S.A., London Branch  
Berkeley Square House  
Berkeley Square  
GB - London W1J 6BS - United Kingdom  
Phone: (+ 44) 20 7518 8100  
Fax: (+ 44) 20 7518 8129  
E-mail: byblos.london@byblosbankeur.com

## FRANCE

---

Byblos Bank Europe S.A., Paris Branch  
15 Rue Lord Byron  
F- 75008 Paris - France  
Phone: (+33) 1 45 63 10 01  
Fax: (+33) 1 45 61 15 77  
E-mail: byblos.europe@byblosbankeur.com

## SUDAN

---

Byblos Bank Africa  
Khartoum Head Office  
Intersection of Mac Nimer and Baladiyya Streets  
P.O.Box: 8121 - Khartoum - Sudan  
Phone: (+ 249) 1 56 552 222  
Fax: (+ 249) 1 56 552 220  
E-mail: byblosbankafrica@byblosbank.com

## NIGERIA

---

Byblos Bank Nigeria Representative Office  
161C Rafu Taylor Close - Off Idejo Street  
Victoria Island, Lagos - Nigeria  
Phone: (+ 234) 706 112 5800  
(+ 234) 808 839 9122  
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

## DEMOCRATIC REPUBLIC OF CONGO

---

Byblos Bank RDC S.A.R.L  
Avenue du Marché No. 4  
Kinshasa-Gombe, Democratic Republic of Congo  
Phone: (+ 243) 81 7070701  
(+ 243) 99 1009001  
E-mail: byblosbankrdc@byblosbank.com

## ADIR INSURANCE

---

Dora Highway - Aya Commercial Center  
P.O.Box: 90-1446  
Jdeidet El Metn - 1202 2119 Lebanon  
Phone: (+ 961) 1 256290  
Fax: (+ 961) 1 256293