

LEBANON THIS WEEK

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Commercial banks' assets reach \$198bn at end-September 2016

Stock market index up 18% in first 10 months of 2016

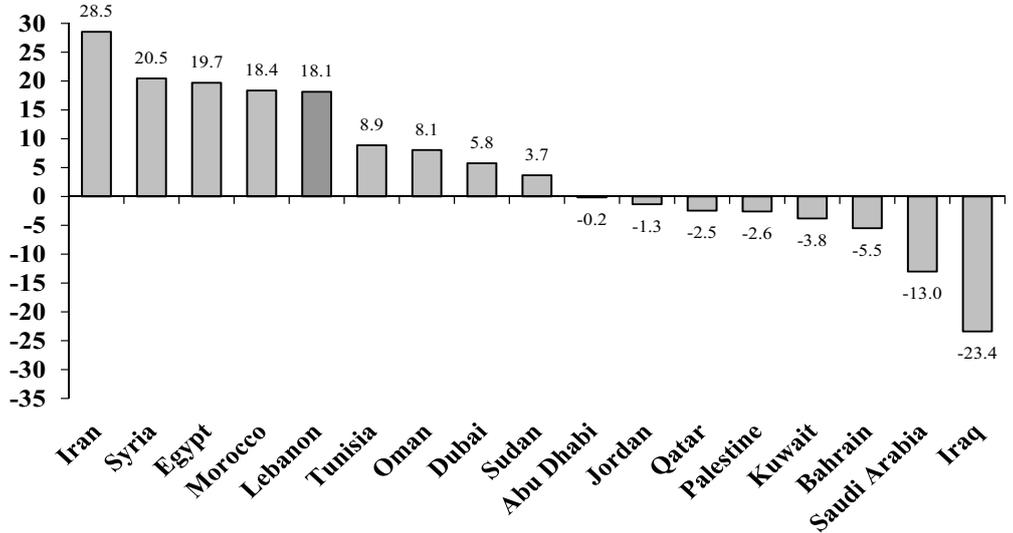
Aggregate net profits of listed banks up 12% in first nine months of 2016

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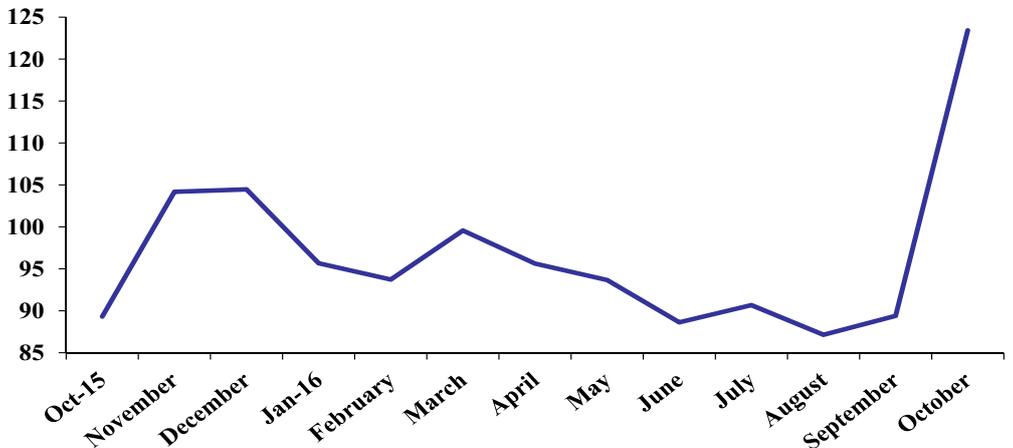
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Charts of the Week

Performance of MENA Stock Markets in the First 10 Months of 2016 (% change)



Performance of the Beirut Stock Exchange*



* Capital Markets Authority Value Weighted Index end of month values
 Source: Local Stock Markets, Dow Jones Indices, Capital Markets Authority, Byblos Bank

Quote to Note

"Lebanon needs to grow by at least 5% annually to absorb new entrants into the labor force and reduce unemployment."

The Institute of International Finance, on the need to implement the structural reforms that would improve the economy's competitiveness and growth potential

Number of the Week

46: Number of times since May 2014 that the Lebanese Parliament had to convene in order to elect a President

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>	20.35	20.18	17.35	19.36	19.66	21.65	7.29
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	-
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

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

Note: bps i.e. basis points

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

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Byblos Common	1.65	(1.20)	1,003,417	5.02%
Solidere "A"	11.84	(5.13)	439,585	10.03%
BLOM Listed	10.00	0.00	253,143	18.21%
Solidere "B"	11.74	(3.93)	137,441	6.46%
BLOM GDR	10.50	1.45	102,250	6.57%
Audi GDR	6.44	0.00	64,737	6.27%
Audi Listed	6.30	0.96	2,967	21.33%
Byblos Pref. 09	101.60	0.20	1,822	1.72%
Byblos Pref. 08	101.50	0.40	1,000	1.72%
HOLCIM	15.80	0.00	-	2.61%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Mar 2017	9.00	101.38	5.15
Nov 2018	5.15	98.75	5.82
May 2019	6.00	99.25	6.32
Mar 2020	6.38	100.25	6.29
Apr 2021	8.25	107.00	6.41
Oct 2022	6.10	97.75	6.57
Jun 2025	6.25	95.75	6.91
Nov 2026	6.60	97.13	7.00
Feb 2030	6.65	96.25	7.09
Nov 2035	7.05	99.00	7.15

Source: Byblos Bank Capital Markets

	Oct 31 - Nov 4	Oct 24-28	% Change	October 2016	October 2015	% Change
Total Shares Traded	2,051,885	10,659,880	(80.8)	22,970,630	3,521,768	552.3
Total Value Traded	\$14,607,381	\$41,517,531	(64.8)	\$169,756,567	\$28,446,467	496.8
Market Capitalization	\$11.81bn	\$11.88bn	(0.57)	\$11.87bn	\$10.89bn	9.0

Source: Beirut Stock Exchange (BSE)



Financial institutions cautious about immediate economic impact of presidential elections

Fitch Ratings considered that the election of a new President in Lebanon, after a vacuum of more than two years, is an important step towards improving the country's political effectiveness. It added that the end to the presidential deadlock would improve the prospects for policy-making and could support economic activity in case it leads to greater political consensus and results in the formation of a functioning government. It estimated that additional signs of greater political consensus would be positive for consumer confidence and for investment and deposit growth. It said that bank deposits have been resilient to political risks, but it noted that the accumulation of deposits has decelerated in recent years, with the annual expansion of deposits regressing to about 5% currently. However, it indicated that the country's very weak public finances and the ongoing Syrian conflict could limit the economic benefits of the positive political developments.

Further, Fitch pointed out that risks to a more effective political environment persist. It said that political parties need to agree on the distribution of ministerial portfolios, form a functioning government and, at a later stage, reach an agreement on whether to base the long-delayed parliamentary elections on the existing electoral law or to ratify a new one. It added that the presidential elections could lead to shifts in domestic political alliances ahead of the parliamentary elections, after which a second government will have to be formed. As such, it considered that a sustainable return to a more effective policy-making process cannot be factored in at this stage.

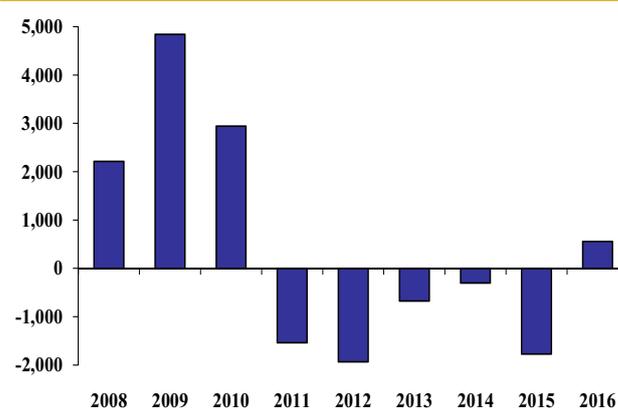
In parallel, the Dubai-based Emirates NBD Bank anticipated that the presidential elections would likely support economic activity through stronger business and consumer sentiment, which could lead to higher private consumption over the near term. It added that private-sector investment could increase because of the more stable political environment, which could reverse the decline in recent years of the construction sector. However, it cautioned from excessive optimism related to the economic impact of the presidential elections. It said that many of Lebanon's challenges are external, including the ongoing Syrian conflict that has weakened the tourism sector, disrupted external trade and resulted in massive refugee inflows. Also, it noted that the economic slowdown in the Gulf Cooperation Council countries has contributed to the steady decline in non-resident deposit growth at banks in Lebanon. Further, it indicated that Lebanon's fiscal space is limited, given the country's wide fiscal deficit and elevated public debt level, which restrains an increase in public spending. As such, Emirates NBD maintained its forecast for real GDP growth at 2.6% in 2017, as it did not expect the economic momentum to significantly accelerate as long as the conflict in Syria and the economic slowdown in GCC countries persist.

Also, regional investment bank EFG Hermes considered that the election of a President is positive for sentiment, but it did not anticipate a lasting rally in Lebanese equities, as the outlook for the domestic economy remains weak due to the prevailing Syrian conflict. It said that authorities need to address Lebanon's chronic fiscal deficit through reforms in order to make room for capital spending. Further, it pointed out that the Central Bank's foreign assets are equivalent to about 100% of GDP, which helps support the currency peg to the US dollar. But it noted that authorities need to continue to attract foreign capital in order to avoid an increase in macroeconomic risks. EFG Hermes did not expect a rebound in lending activity, because of the potential uncertainty related to the upcoming parliamentary elections.

Balance of payments posts surplus of \$555m in first nine months of 2016

Figures issued by the Central Bank show that Lebanon's balance of payments posted a surplus of \$554.9m in the first nine months of 2016 compared to a deficit of \$1.77bn in the same period of 2015. The surplus, which is the first since 2010, is due to the Central Bank's recent financial operations that helped attract foreign funds to the country. The balance of payments posted a surplus of \$188.7m in September 2016 compared to a surplus of \$1.8bn in August 2016 and a deficit of \$121.8m in September 2015. The September 2016 surplus was caused by an increase of \$334.4m in the net foreign assets of banks and financial institutions, which was partly offset by a decrease of \$145.7m in those of the Central Bank. The cumulative surplus over the first nine months of 2016 was caused by a rise of \$3.9bn in the net foreign assets of the Central Bank, which was offset by a decline of \$3.4bn in those of banks and financial institutions. 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, \$1.4bn in 2014 and \$3.4bn in 2015.

Balance of Payments* (US\$m)



*in the first nine months of each year

Source: Central Bank of Lebanon

Goldman Sachs classifies Lebanon's Eurobonds as 'undervalued'

In its valuation of the sovereign credits of 52 emerging market countries, global investment bank Goldman Sachs indicated that Lebanon's Eurobonds that have a maturity of three to seven years are 'undervalued'. The bank used a model that estimates which sovereign bonds are 'undervalued', 'fair' or 'expensive' by comparing the difference between the actual spreads and its model-implied spreads. The difference between the actual spread of 458 basis points (bps) on Lebanon's Eurobonds and the Goldman Sachs' model-implied spread of 328 bps shows that the undervaluation is at 131 bps. The model-implied valuation metric is based on the current level of investor risk appetite, as well as on the current and expected future path of macroeconomic fundamentals in emerging markets.

Lebanon's Eurobonds, along with those of Slovenia (68 bps), Jamaica (197 bps) and Ghana (206 bps), are the only 'undervalued' bonds among 17 'B'-rated sovereigns included in Goldman Sachs' universe. The bank noted that the actual spread on Lebanese Eurobonds is the ninth widest spread across 17 'B'-rated countries and the 11th widest among the 52 emerging markets. In addition, Goldman Sachs considered as 'undervalued' the Eurobonds of seven sovereigns in other rating categories. They consist of one 'A'-rated country, one 'BBB'-rated sovereigns, four 'BB'-rated countries, and one 'CCC'-rated sovereign.

In parallel, Goldman Sachs classified Lebanon's Eurobonds that have a maturity of seven to 12 years as 'highly undervalued'. The difference between the actual spread of 514 bps on Lebanon's Eurobonds and the Goldman Sachs' model-implied spread of 354 bps shows that the undervaluation is at 160 bps. Further, Lebanon's long-term Eurobonds, along with those of Ghana (146 bps), Jamaica (99 bps), Sri Lanka (82 bps) and Ethiopia (35 bps), were the only 'undervalued' bonds among 17 'B'-rated sovereigns. Goldman Sachs indicated that the actual spread on long-term Lebanese Eurobonds constituted the ninth widest spread across 17 B-rated countries and the 10th widest among 48 emerging markets. In addition, Goldman Sachs considered as 'undervalued' the Eurobonds of nine sovereigns in other rating categories. They consist of two 'BBB'-rated sovereigns, three 'BB'-rated countries and four 'B'-rated sovereigns.

Details of new law on exchange of tax information

The Cabinet issued on October 27, 2017 Law 55 about the exchange of tax information. The law, which was ratified by Parliament on October 19, 2016, replaced Law 43 dated November 24, 2015.

The law stipulates that the Finance Minister, or an authorized representative who acts on behalf of the minister, would execute the request for tax information in case the request falls within the treaty or the agreement signed with the country asking for the information. It added that the Finance Minister would directly respond to the inquiry if the information requested is not protected by the Lebanese Banking Secrecy Law.

However, the law indicates that if the requested information is protected by the Banking Secrecy Law, then the Special Investigation Commission (SIC) against money laundering and terrorism financing would provide the Finance Minister with the requested information. Also, the law stipulates that Lebanese authorities cannot provide the information delivered by the SIC to external parties without informing the concerned person about the request. The latter has 15 days from the notice date to appeal to the Shuraa Council the authorities' decision to deliver the requested information. In turn, the Council has up to three months to rule on the validity and availability of the legal conditions for the exchange of information. Further, the law stipulates that urgent requests for tax information, or those that could be compromised if the concerned person is informed about the inquiry, could be executed directly without informing the concerned person as per prior standards and conditions agreed upon with the country asking for the information. In terms of the automatic exchange of information, the law stipulates that the Central Bank and the SIC would ask financial institutions to submit the requested information in a timely manner. In parallel, the law allowed the government to adhere to the Multilateral Convention on Mutual Assistance in tax Matters (MAC) and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA).

Value of financial cybercrimes at \$8.5m in first nine months of 2016

The Special Investigation Commission (SIC) against money laundering and terrorism financing indicated that banks and financial institutions in Lebanon reported 137 executed and attempted financial cybercrime operations in the first nine months of 2016, up from 84 reports in full year 2015. It estimated the total value of financial cybercrimes in Lebanon at \$8.5m in the first nine months relative to \$12m in full year 2015.

The SIC said that there were 86 operations of piracy executed by e-mail in the first nine months of 2016, or 62.8% of total reported cybercrime operations, with the value of the resulting losses amounting to about \$2.9m. It added that banks managed to recover \$740,000, or 25.5% of the embezzled funds, while they were not able to retrieve any of the stolen funds in 2015. In parallel, it pointed out that banks and financial institutions reported that there were 51 unsuccessful financial cybercrime attempts, where the value of the money that would have been stolen was estimated at about \$4.7m. It added that there may have been many other cases that were not reported by banks and financial institutions in order to maintain their reputation, or given that it was impossible to recover the money.



Cost of living in Beirut is ninth highest in the world in 2016, highest in the Middle East

EuroCost International's 2016 cost-of-living survey for expatriates ranked Beirut in ninth place globally, compared to 11th place in 2015 and 14th place in 2014. It had the 19th highest cost-of-living in 2009, the 13th highest in 2010, the 22nd highest in 2011 and the 14th highest in 2012 and 2013. Regionally, Beirut continued to have the highest cost of living for expatriates in the Middle East since the 2010 survey. The survey attributed the elevated cost of living in Beirut to the high rental rates in the capital. The survey compares the cost of living for expatriates in major locations worldwide. It includes rental costs, but it excludes healthcare and education costs. The rankings are based on prices collected in June 2016 and were updated based on the exchange rates during the month of August.

The survey shows that the cost of living in Beirut is higher than in Zurich, New York City and London, and lower than in Shanghai, Seoul and Beijing. Beirut is the only city from the Middle East among the 15 most expensive cities globally for expatriates, while Abu Dhabi was the second most expensive Middle Eastern city and ranked in 19th place worldwide.

The rankings of 12 cities increased, 10 declined and four remained unchanged among the 30 most expensive cities in the world, while four new cities joined the top 30 in the 2016 survey. EuroCost International attributed the significant changes in the rankings to exchange rate fluctuations. Tokyo regained its place as the most expensive city in the world for expatriates in 2016. EuroCost International specializes in cost of living services for expatriates in over 250 locations worldwide.

Most Expensive Cities in the World		
	2016	2015
Tokyo	1	8
Hong Kong	2	2
Luanda	3	1
Geneva	4	4
Singapore	5	9
Shanghai	6	3
Seoul	7	10
Beijing	8	6
Beirut	9	11
Zurich	10	13
New York City	11	14
London	12	5
San Francisco	13	19
Guangzhou	14	12
Lausanne	15	15
Kinshasa	16	7
Honolulu	17	23
Mumbai	18	20
Abu Dhabi	19	30
Wuhan	20	17

Source: EuroCost, Byblos Research

Gross public debt at \$75bn at end-September 2016

Lebanon's gross public debt reached \$74.7bn at the end of September 2016, constituting an increase of 6.3% from \$70.3bn at end-2015 and a rise of 8.7% from \$68.7bn at the end of September 2015. In nominal terms, the gross public debt grew by \$4.4bn in the first nine months of 2016 relative to an increase of \$2.16bn in the same period of 2015. Debt denominated in Lebanese pounds totaled \$45.63bn at end-September 2016, growing by 5.5% from the end of 2015 and by 7.3% from end-September 2015; while debt denominated in foreign currency stood at \$29.1bn, constituting a rise of 7.4% from end-2015 and an increase of 11.1% from a year earlier. Local currency debt accounted for 61.1% of gross public debt at the end of September 2016 compared to 61.9% a year earlier, while foreign currency-denominated debt represented the balance of 38.9% relative to 38.1% at end-September 2015. The weighted interest rate on outstanding Treasury bills was 6.94% and that on Eurobonds was 6.42% in September 2016. Further, the weighted life on Eurobonds was 6.28 years, while that on Treasury bills was 1,281 days.

The Central Bank held 43.9% of the Lebanese pound-denominated public debt at the end of September 2016, up from 35.7% a year earlier, followed by commercial banks with 40.3% of the local debt, down from 47.5% at end-September 2015. Also, public agencies, financial institutions and the public held 15.8% of local debt at end-September 2016, down from 16.8% a year earlier. In parallel, Eurobond holders and special T-bills in foreign currencies accounted for 92.8% of foreign-currency denominated debt at the end of September 2016, followed by multilateral institutions with 3.6%, foreign governments with 3.4% and Paris II loans with 0.1%. Commercial banks held about 47.3% of the total public debt as at end-September 2016 relative to 53.3% of the total at the end of 2015. Also, the gross market debt accounted for about 64% of total public debt. Gross market debt is the total public debt less the portfolios of the Central Bank, the National Social Security Fund, bilateral and multilateral loans, as well as Paris II and Paris III related debt.

In parallel, S&P Global Ratings rates Lebanon's long- and short-term foreign currency sovereign credit ratings at 'B-'. But the Credit Default Swap Market Derived Signals, an indicator of risk appetite by foreign investors, show that Lebanon's sovereign debt is considered by the market to have a 'B' risk level, which is one notch higher than the S&P rating as at November 3, 2016.



Lebanon ranks 105th globally, 10th in Arab region on prosperity index

The Legatum Institute's 2016 Prosperity Index ranked Lebanon in 105th place among 149 countries globally, in 35th place among 42 upper middle-income countries (UMICs) and in 10th place among 18 Arab countries. Based on the same set of countries since 2007, Lebanon's rank regressed by one spot from 104th place in the 2015 survey, but was unchanged from the 2014 survey. Also, it regressed by five spots from 100th place in the 2013 survey, by seven spots from 98th place in the 2012 report and by 19 spots from 86th place in the 2007 survey. The survey attributed the deterioration in Lebanon's ranking since 2007 to the weakening of the country's social and political environment.

The Legatum Institute assesses the prosperity of citizens based on their material wealth and social well-being. The data covers 104 variables grouped in nine sub-indices that are the Economy, the Business Environment, Governance, Education, Health, Safety & Security, Personal Freedom, Social Capital and the Natural Environment, each identified as a foundation of prosperity. The rankings are based on the simple average of the scores of the nine sub-indices for each country.

Globally, Lebanon had a higher level of prosperity than Senegal, Ukraine and Zambia, and a lower level than Laos, Azerbaijan and India among economies with a GDP of \$10bn or more. Also, it was more prosperous than only Algeria, Iran, Gabon, Venezuela, Libya, Angola and Iraq among UMICs. The survey noted that Lebanon has maintained a higher level of safety and security than its neighboring countries.

Lebanon ranked ahead of Gabon, Cameroon and Iraq, and came behind Azerbaijan, Ukraine and Zimbabwe on the Governance Sub-Index. This category measures a country's performance on the effectiveness and accountability of the government, democracy and political participation, and the rule of law. Lebanon ranked ahead of only Gabon, Iraq, Belarus, Iran, Angola, Libya and Venezuela among UMICs. The survey indicated that Lebanon posted its worst performance on the Governance and Social Capital categories in 2016, as they both have been affected by a series of domestic and international disruptions, including the repeated postponement of the parliamentary elections and the ongoing Syrian conflict.

Also, Lebanon ranked ahead of Guatemala, Ukraine and the Dominican Republic, and came behind El Salvador, Bolivia and Mexico on the Economy Sub-Index. This category measures a country based on the openness of its economy, macroeconomic indicators, foundations for growth, economic opportunity and financial sector efficiency. Lebanon also ranked ahead of the Dominican Republic and Jordan, and came behind Argentina and Mexico among UMICs. Regionally, Lebanon came behind the UAE, Qatar, Bahrain, Oman, Kuwait, Morocco and Saudi Arabia.

Further, Lebanon came ahead of Egypt, Serbia and Ecuador, and ranked behind Ukraine, Uganda and the Dominican Republic on the Business Environment Sub-Index. This category measures a country's entrepreneurial environment, its business infrastructure, barriers to innovation, and its labor market flexibility. Lebanon also ranked ahead of Serbia and Ecuador, and came behind Argentina and the Dominican Republic among UMICs; while it ranked ahead of Egypt and Jordan, and came behind Kuwait and Tunisia in the Arab region.

Finally, Lebanon ranked ahead of Venezuela, the Democratic Republic of Congo and Chad, and came behind Lithuania, Mexico and Serbia on the Social Capital Sub-Index. This category measures the strength of support from social networks, social norms and civic participation in a country. Lebanon also ranked ahead of only Venezuela, Azerbaijan, Algeria, Georgia, China and Angola among UMICs; while it came ahead of only Egypt, Tunisia, Algeria, Morocco and Yemen regionally.

Prosperity Index for 2016		
	Arab Rank	Global Rank
UAE	1	41
Qatar	2	46
Bahrain	3	67
Oman	4	70
Kuwait	5	71
Saudi Arabia	6	85
Jordan	7	89
Tunisia	8	93
Morocco	9	101
Lebanon	10	105
Algeria	11	111
Djibouti	12	113
Egypt	13	117
Libya	14	136
Mauritania	15	142
Iraq	16	143
Sudan	17	146
Yemen	18	149

Source: Legatum Institute, Byblos Research

Components of the 2016 Prosperity Index for Lebanon

Sub-Index	Global Rank	Change in Rank	Arab Rank	UMICs Rank
Economy	82	-	8	21
Business Environment	100	-	9	29
Governance	131	-	13	35
Education	101	-	11	37
Health	83	-	11	27
Safety & Security	80	-2	12	22
Personal Freedom	120	-	9	32
Social Capital	129	-	13	36
Natural Environment	82	-	7	27

Source: Legatum Institute, Byblos Research



Number of internet subscribers up 30% between 2010 and 2015

The Ministry of Telecommunication indicated that Lebanon had 1,012,849 fixed telephone line subscribers at the end of 2015, constituting an increase of 4.9% from 965,723 a year earlier. The number of fixed telephone line subscribers in Lebanon increased by a compound annual growth rate (CAGR) of 3.9% between 2010 and 2015. The ministry noted that there were a total of 142,849 new fixed telephone line subscribers over the 2014-15 period, compared to 15,000 new subscribers during the 2012-13 period.

Also, it pointed out that the number of Internet subscribers reached 1,244,384 at the end of 2015, up by 10% from 1,132,139 users at end-2014. It indicated that the number of Internet subscribers in Lebanon rose by a CAGR of 30.3% between 2010 and 2015. It said that there were a total of 764,384 new Internet subscribers during the 2014-15 period, compared to 77,671 new subscribers over the 2012-13 period. It added that the number of DSL subscribers totaled 537,135 at the end of 2015, up by 11.9% from 480,011 subscribers a year earlier. It also pointed out that the number of DSL subscribers in Lebanon rose by a CAGR of 24.7% during the 2010-15 period.

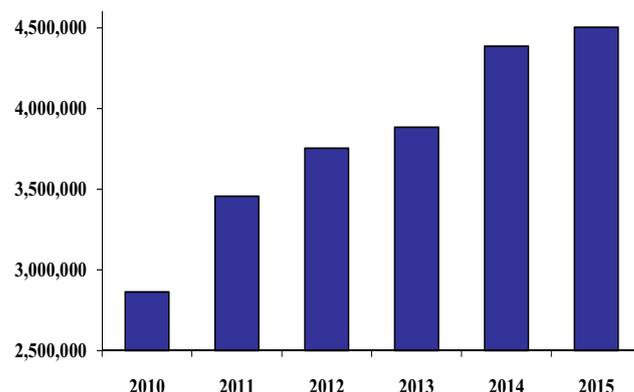
Further, the ministry indicated that there were 4,504,631 mobile subscribers in Lebanon at end-2015, constituting a rise of 2.7% from 4,387,275 in 2014. It noted that the number of mobile subscribers in Lebanon rose by 9.5% between 2010 and 2015, with a total of 339,183 new mobile subscribers in the 2014-15 period. Also, it said that government revenues from the mobile industry reached \$1.16bn in 2015, up by 5.9% from \$1.1bn in 2013.

Number of new construction permits up 15%, surface area down 4% in first nine months of 2016

The Orders of Engineers & Architects of Beirut and of Tripoli issued 12,873 new construction permits in the first nine months of 2016, constituting an increase of 14.6% from 11,237 permits in the first nine months of 2015, and relative to a drop of 12.4% in the same period of 2015. Mount Lebanon accounted for 36% of newly-issued construction permits in the first nine months of 2016, followed by the South with 19%, Nabatieh with 14.1%, the North with 13.2%, 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 46.2% year-on-year in the first nine months of 2016, followed by permits for the South (+31%), Nabatieh (+21.8%) and the Bekaa (+1.8%). In contrast, the number of new construction permits issued for Beirut dropped by 16.9% year-on-year in the first nine months of 2016 and those issued for Mount Lebanon fell by 2.3%, while permits issued for regions located outside northern Lebanon grew by 77.5% year-on-year.

Further, the surface area of granted construction permits reached 8,954,876 square meters (sqm) in the first nine months of 2016, representing a decrease of 4.4% from the first nine months of 2015. In comparison, the surface area of granted construction permits regressed by 11.3% year-on-year in the first nine months of 2015. Mount Lebanon accounted for 3,888,213 sqm, or 43.4 % of the total in the first nine months of 2016. The South followed with 1,314,687 sqm (14.7%), then the North with 1,175,737 sqm (13.1%), the Bekaa with 927,255 sqm (10.4%), Nabatieh with 922,869 sqm (10.3%) and Beirut with 369,487 sqm (4.1%). The remaining 356,628 sqm, or 4% 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 21.5% year-on-year in the covered period, followed by Nabatieh (+21.4%) and the Bekaa (+18.7%). In contrast, the surface area of construction permits issued for Beirut decreased by 27%, followed by Mount Lebanon (-15%) and the North (-2.2%). The surface area of granted construction permits for regions located outside northern Lebanon declined by 22.1% year-on-year. In parallel, cement deliveries totaled 3.4 million tons in the first eight months of 2016, constituting an increase of 7.6% from 3.2 million tons in the same period of 2015 and relative to a drop of 14.5% in the first eight months of 2015.

Number of Mobile Subscribers in Lebanon



Source: Ministry of Telecommunication, Byblos Research

Airport passengers up 5% in first 10 months of 2016

Figures released by the Hariri International Airport (HIA) show that there were 6,456,29 airport passengers (arrivals, departures and transit) in the first 10 months of 2016, constituting an increase of 5.4% from 6,122,935 passengers in the same period last year. The number of arriving passengers grew by 7.3% year-on-year to 3,192,685 in the first 10 months of 2016, compared to an increase of 9.4% in the same period of 2015 and to a rise of 5.9% in the first 10 months of 2014. Also, the number of departing passengers grew by 4.3% year-on-year to 3,255,769 in the first 10 months of 2016, relative to a rise of 10% in the same period of 2015 and to an increase of 2.6% in the first 10 months of 2014. In parallel, the airport's aircraft activity grew by 4% year-on-year to 59,779 take-offs and landings in the first 10 months of 2016 compared to an increase of 6% in the same period of 2015 and to a rise of 2.6% in the first 10 months of 2014. In addition, the HIA processed 70,395 metric tons of freight in the covered period that consisted of 42,937 tons of import freight and 27,458 tons of export freight. Middle East Airlines had 20,382 flights in the first 10 months of 2016 and accounted for 34.1% of HIA's total aircraft activity.

Trade deficit widens by 9% to \$12bn in first nine months of 2016

The total value of imports reached \$14.2bn in the first nine months of 2016, constituting an increase of 7.7% from the same period of 2015; while the aggregate value of exports was nearly unchanged at \$2.2bn in the covered period. As such, the trade deficit widened by 9.3% year-on-year to \$12bn in the first nine months of 2016 due to an increase of \$1bn in imports. The increase in imports mainly reflects a rise of \$828.5m, or 36.5%, in the value of imported oil & mineral fuels to \$3.1bn in the first nine months of 2016. The value of oil & mineral fuels accounted for 21.8% of total imports in the covered period compared to a share of 17.2% in the first nine months of 2015. The coverage ratio was 15.6% in the first nine months of 2016 compared to 16.9% in the same period of 2015, while it reached 17.6% in September 2016 relative to 17% in the same month of 2015.

In volume terms, imports reached 13.7 million tons in the first nine months of 2016 compared to 11.42 million tons in the same period of 2015, while exports regressed by 21% annually to 1.17 million tons in the covered period. Imports of oil & mineral fuels increased by 36.8% year-on-year to 7.1 million tons, while non-hydrocarbon imports grew by 4.9% annually to 6.5 million tons. Also, imported oil & mineral fuels accounted for 52.3% of total imports in the covered period relative to a 45.6% share in the first nine months of 2015. The increase in the imports of oil & mineral fuels is mainly due to the discrepancy in the data reported by Electricité du Liban, as EDL's imports' schedule varies from year to year.

China was the main source of imports with \$1.6bn, or 11.2% of the total, in the first nine months of 2016, followed by Italy with \$1.05bn (7.4%), the United States with \$932.6m (6.5%), Germany with \$865.2m (6.1%), Greece with \$753.9m (5.3%) and Russia with \$605.2m (4.3%). Imports from Greece increased by 29.1%, those from the United States grew by 24.8%, imports from Italy rose by 5.5% and those from China expanded by 0.8%; while imports from Russia fell by 7.7% and those from Germany declined by 3.6% year-on-year. In parallel, the Port of Beirut was the entry point for 73.5% of Lebanon's imports in the first nine months of 2016, followed by the Hariri International Airport (19.2%), the Port of Tripoli (5.1%), the Port of Saida (1.3%), the Masnaa and the Arida crossing points (0.3% each) and the Abboudieh and Tyre crossing points (0.1% each). Further, South Africa was the main export destination for Lebanese merchandise with \$517.6m, or 23.2% of total exports, followed by Saudi Arabia with \$206.6m (9.3%), the UAE with \$181.6m (8.1%), Syria with \$127.7m (5.7%), Iraq with \$124.9m (5.6%) and Jordan with \$71.6m (3.2%). Exports to South Africa grew by 3.5 times year-on-year in the first nine months of 2016, while those to Iraq contracted by 27%, exports to Saudi Arabia dropped by 25%, those to the UAE regressed by 21%, exports to Syria declined by 19% and those to Jordan decreased by 14.2%.

Lebanon's main exports were jewelry with \$652.7m, which accounted for 29.3% of the total. They were followed by prepared foodstuff at \$325.9m (14.6%), machinery & mechanical appliances at \$247.6m (11.1%), chemical products at \$232.5m (10.4%), base metals at \$178.1m (8%), vegetable products at \$128.4m (5.8%) and plastics & rubber at \$98.8m (4.4%). In parallel, the Port of Beirut was the exit point for 46.9% of Lebanon's total exports in the first nine months of the year, followed by the Hariri International Airport (40.2%), the Port of Tripoli (6.9%), the Masnaa crossing point (2.9%), the Arida crossing point (1.8%), the Abboudieh crossing point (0.7%) and the Port of Saida (0.4%). Re-exports totaled \$368.1m in the first nine months of 2016 compared to \$366m in the same period of 2015.

Value of cleared checks down 2%, returned checks down 5% in first nine months of 2016

The value of cleared checks reached \$50.6bn in the first nine months of 2016, constituting a decrease of 2.3% from \$51.8bn in the same period of 2015. In comparison, the value of cleared checks regressed by 7.8% in the first nine months of 2015 and increased by 4.5% in the same period of 2014. The value of cleared checks in Lebanese pounds grew by 5.4% year-on-year to the equivalent of \$14.5bn in the first nine months of 2016, while their value in US dollars declined by 5.1% to \$36.1bn in the covered period. The dollarization rate of cleared checks decreased to 71.3% from 73.4% in the first nine months of 2015. Further, there were 9.2 million cleared checks in the first nine months of 2016, down by 0.7% from 9.3 million in the same period last year.

In parallel, the value of returned checks in domestic and foreign currency was \$1.08bn in the first nine months of 2016 compared to \$1.14bn in the same period of 2015 and \$1.13bn in the first nine months of 2014. This constituted a drop of 5.2% year-on-year in the first nine months of 2016 relative to a rise of 1.1% in the same period of 2015 and a decline of 1.4% in the first nine months of 2014. Also, there were 170,300 returned checks in the covered period, down by 2.4% from 174,400 checks in the first nine months of 2015.

Lebanon ranks 135th globally, 11th among Arab countries in gender gap

The World Economic Forum ranked Lebanon in 135th place among 144 countries and in 11th place among 15 Arab countries on its Global Gender Gap Index for 2016. It also ranked Lebanon in 40th place among 41 upper middle-income countries (UMICs) included in the survey. Lebanon's global rank improved by three spots from 138th place in 2015, constituting the first time that Lebanon's rank has improved since it was first included in the index in 2010 where it came in 116th place globally. The index ranks countries according to their proximity to gender equality rather than on the degree of female empowerment. It aims to capture the magnitude and scope of gender-based disparities in each country and to track their progress over time. The index is based on four sub-indices that measure Economic Participation & Opportunity, Educational Attainment, Health & Survival, and Political Empowerment.

Globally, Lebanon had a narrower gender gap than Côte d'Ivoire, Morocco, Mali, Iran, Chad, Saudi Arabia, Syria, Pakistan and Yemen. It also ranked ahead of only Iran among UMICs, and came ahead of only Morocco, Saudi Arabia, Syria and Yemen among Arab countries. Lebanon received a score of 0.598 points, which means that Lebanon closed about 60% of the gender gap. Still, Lebanon's score was lower than the global average of 0.683 points, the UMICs' average of 0.680 points, and the Arab average of 0.602 points. Lebanon's score was unchanged from the 2015 survey, while it increased by 1.7% from the 2014 survey, was almost unchanged from 0.603 in each of the 2012 and 2013 surveys, and regressed by 1% from each of 2010 and 2011.

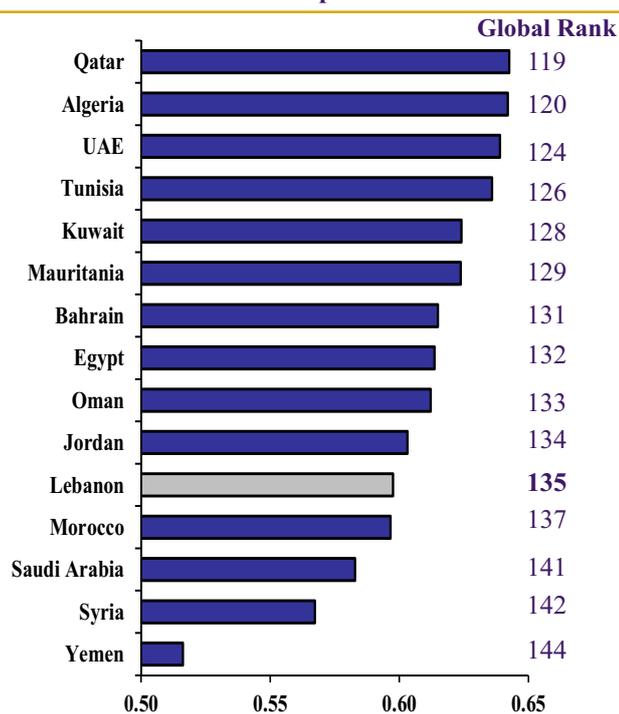
Lebanon closed about 44% of the gap between women and men in terms of the participation, remuneration, and advancement in the work place, relative to 59% globally. As such, Lebanon ranked ahead of Algeria, Bangladesh, India, Timor-Leste, Jordan, Morocco, Iran, Yemen, Saudi Arabia, Pakistan and Syria worldwide on the Economic Participation & Opportunity Sub-Index.

Also, Lebanon closed about 96% of the gap in educational attainment, slightly better than the global average of about 95%. This category captures the gap between females' and males' current access to education through ratios of women to men in primary-, secondary- and tertiary-level education. As such, Lebanon ranked ahead of Turkey, Rwanda and Malta, and came behind Saudi Arabia, Tunisia and Guatemala on the Educational Attainment Sub-Index. Lebanon ranked ahead of only Turkey and Angola among UMICs, and came ahead of only Egypt, Morocco, Mauritania and Yemen in the Arab world.

Further, Lebanon closed about 97% of the gap in health outcomes between women and men, slightly better than the global average of about 96%. The health and survival category measures the differences between females and males' health as reflected by the gap between women's and men's healthy life expectancy and by the sex ratio at birth.

Finally, Lebanon closed about 2% of the gap between women and men in terms of political empowerment, while countries worldwide closed about 23% of the political gender gap. This category captures the ratio of females to males in ministerial-level positions and in parliamentary seats, in addition to the number of years that females serve in executive office. Lebanon ranked ahead of only Qatar on the Political Empowerment Sub-Index.

Global Gender Gap Index for 2016



Source: World Economic Forum, Byblos Research

Components of the 2016 Global Gender Gap Index for Lebanon

	Global Rank	Arab Rank	UMICs Rank	Lebanon Score	Global Average	Arab Average	UMICs Average
Economic Participation & Opportunity	133	9	38	0.440	0.586	0.406	0.638
Educational Attainment	108	11	39	0.959	0.955	0.934	0.975
Health & Survival	102	6	32	0.970	0.957	0.969	0.946
Political Empowerment	143	14	41	0.021	0.233	0.100	0.161

Source: World Economic Forum, Byblos Research

Commercial banks' assets reach \$198bn at end-September 2016

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached \$198.1bn at the end of September 2016, constituting an increase of 6.5% from the end of 2015 and a rise of 9.2% from end-September 2015. Loans extended to the private sector reached \$56.7bn at the end of September 2016, reflecting an increase of 4.5% from the end of 2015 and a rise of 7.7% from end-September 2015. Loans to the resident private sector totaled \$50.2bn and grew by 4.5% from the end of 2015 and by 7.2% year-on-year; while credit to the non-resident private sector reached \$6.5bn, expanding by 4.5% from end-2015 and by 11.6% from end-September 2015. In nominal terms, credit to the private sector rose by \$2.43bn in the first nine months of 2016 relative to a growth of \$1.71bn in the same period of 2015. Lending to the resident private sector grew by \$2.15bn in the first nine months of 2016 relative to an increase of \$1.46bn in the same period of 2015, while credit to the non-resident private sector expanded by \$280.6m in the first nine months of the year compared to an increase of \$256.1m in the same period of 2015. The dollarization rate in private sector lending regressed to 73.61% at the end of September 2016 from 74.64% a year earlier. In addition, claims on non-resident banks reached \$9.1bn at the end of September 2016, down by 21.3% from the end of 2015, while claims on the public sector stood at \$35.3bn at the end of September, down by 6.6% from end-2015. The average lending rate in Lebanese pounds was 8.44% in September 2016, while the same rate in US dollars stood at 7.20%. Further, the deposits of commercial banks at the Central Bank totaled \$85bn at the end of September 2016, reflecting an increase of 20.5% from the end of 2015 and a rise of 23% from the end of September 2015.

In parallel, private sector deposits totaled \$158.1bn at the end of September 2016, constituting an increase of 4.3% from the end of 2015 and a rise of 6.1% from end-September 2015. Deposits in Lebanese pounds reached \$55.4bn and grew by 4% from end-2015 and by 5% from a year earlier; while deposits in foreign currencies totaled \$102.8bn and increased by 4.5% from the end of 2015 and by 6.7% from end-September 2015. Aggregate non-resident deposits reached \$33bn at the end of September and expanded by 3.7% from end-2015 and by 7.4% from a year earlier.

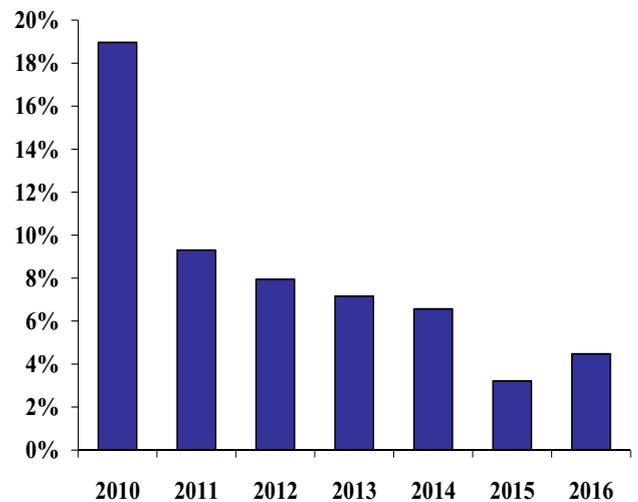
In nominal terms, private sector deposits regressed by \$88.9m in January and by \$80.9m in February; while they increased by \$1bn in March, by \$486.2m in April, by \$959.2m in May, by \$768.8m in June, by \$409.3m in July, by \$2bn in August and by \$1.05bn in September 2016. As such, total private sector deposits rose by \$6.6bn in the first nine months of 2016 compared to an increase of \$4.7bn in the same period of 2015. Resident private sector deposits grew by \$5.4bn in the first nine months of 2016 relative to a rise of \$4.25bn in the same period of 2015, while non-resident deposits jumped by \$1.17bn in the first nine months of the year compared to a rise of \$436.5m in the same period of 2015. Further, deposits of non-resident banks reached \$6.6bn at the end of September 2016, up by 0.9% from end-2015 and by 4.6% from a year earlier.

The dollarization rate of deposits was 64.98% at the end of September 2016 relative to 64.62% a year earlier. Further, the average deposit rate in Lebanese pounds was 5.58% in September 2016 compared to 5.57% a year earlier, while the same rate in US dollars was 3.43% relative to 3.14% in September 2015. In addition, the ratio of private sector loans-to-deposits in foreign currency stood at 40.6%, well below the Central Bank's limit of 70% and compared to 40.8% a year earlier. The same ratio in Lebanese pounds was 27% at end-September 2016 relative to 25.3% at the end of September 2015. The ratio of total private sector loans-to-deposits was 35.8% relative to 35.3% a year earlier. The banks' aggregate capital base stood at \$17.47bn, up by 4.8% from \$16.7bn at end-2015.

Stock market index up 18% in first 10 months of 2016

Figures released by the Beirut Stock Exchange (BSE) indicate that trading volume reached 96.3 million shares in the first 10 months of 2016, constituting an increase of 49.3% from 64.5 million shares traded in the same period of 2015; while aggregate turnover amounted to \$801.2m, up by 48.7% from a turnover of \$538.9m in the first 10 months of 2015. Market capitalization grew by 9% from the end of October 2015 to \$11.87bn, with banking stocks accounting for 79.7% of the total, followed by real estate shares (17.2%), industrial firms (2.8%) and trading stocks (0.3%). The market liquidity ratio was 6.8% in the covered period compared to 5% in the first 10 months of 2015. Banking stocks accounted for 92.2% of the aggregate trading volume in the first 10 months of the year, followed by real estate equities with 7.7% and industrial shares with 0.1%. Also, banking stocks represented 90.2% of the aggregate value of shares traded, followed by real estate equities with 9.7% and industrial stocks with 0.1%. The average daily traded volume for the period was 476,651 shares for an average daily value of \$4m. The figures reflect an increase of 49.3% in volume and a rise of 48.7% in value year-on-year. In parallel, the Capital Markets Authority's Market Value-Weighted Index for stocks traded on the BSE increased by 18.1% in the first 10 months of 2016, while the Capital Markets Authority's Banks Market Value-Weighted Index rose by 8.7% from end-2015.

Resident Private Sector Lending Growth* (% Change)



* in the first nine months of each year

Source: Association of Banks in Lebanon, Byblos Research

Aggregate net profits of listed banks up 12% in first nine months of 2016

Financial results issued by the six banks listed on the Beirut Stock Exchange show that their aggregate net profits reached \$995.9m in the first nine months of 2016, constituting an increase of 12.1% from net earnings of \$888.2m in the same period last year. The banks' unaudited net profits reached \$309m in the first quarter, \$335m in the second quarter and \$352.1m in the third quarter of 2016. Further, the banks' aggregate pre-tax profits grew by 40% year-on-year to \$1.33bn in the covered period. The aggregate net interest income of the six banks totaled \$1.75bn in the first nine months of 2016, up by 7% from \$1.64bn in the same period of 2015; while their receipts from net fees & commissions increased 2.44 times year-on-year to \$1.1bn. The total operating income of the listed banks reached \$3.3bn in the first nine months of 2016 and grew by 37.4% from \$2.4bn in the same period last year, supported by the Central Bank's recent financial engineering operations. The banks' collective cost-to-income ratio regressed from 48.9% in the first nine months of 2015 to 44.9% in the first nine months of 2016.

In parallel, the aggregate assets of the publicly-listed banks grew by 4.3% from end-2015 to \$119.7bn at the end of September 2016; while total loans, including those to related parties, expanded by 4.8% to \$38.67bn. Also, total deposits, including those from related parties, improved by 2.4% from end-2015 to \$97.77bn at end-September 2016. In parallel, the banks' aggregate shareholders' equity increased by 7.3% from end-2015 to \$11.1bn at the end of September 2016.

The six banks' aggregate loans-to-deposits ratio stood at 39.6% at the end of September 2016, up from 38.6% at end-2015. BLOM Bank had the lowest loans-to-deposits ratio at 29.3% compared to 28.7% at end-2015; followed by Byblos Bank with a ratio of 29.9% at end-September 2016 relative to 29.6%, Bank of Beirut with 38.5%, up from 34.9% at the end of 2015; BLC Bank with 40.7% at end-September compared to 41.6%; Bank Audi with 50.9% at end-September 2016, up from 50.3% at end-2015; and Banque BEMO with 51.4% compared to 49.9% at the end of 2015.

Results of Listed Banks in First Nine Months of 2016						
	Audi	BLOM	Byblos	BoB	BEMO	BLC
Net Profits (\$m)	350.3	344.1	113.7	149.65	10.39	27.75
% Change*	15.2%	18.7%	0.5%	8.4%	0.6%	-15.3%
Total Assets (\$bn)	45.27	30.13	20.57	16.52	1.71	5.47
% Change**	7.1%	3.5%	3.5%	2.3%	5.5%	-4.7%
Loans (\$bn)	18.81	7.51	5.14	4.65	0.71	1.84
% Change**	4.9%	4.4%	4.2%	9.4%	4.9%	-3.4%
Deposits (\$bn)	36.96	25.64	17.17	12.09	1.38	4.52
% Change**	3.8%	2.2%	3.2%	-0.8%	1.8%	-1.3%

*Year-on-year

**Change from end-2015

Source: Banks' financial statements, Byblos Research

RYMCO's consolidated net income up 143% to \$6m in 2015

Automobile dealer Rasamny Younis Motor Co. sal (RYMCO) announced audited net profits of \$5.9m in 2015, constituting an increase of 143% from net earnings of \$2.4m in 2014. The results reflect RYMCO's standalone financials and those of its subsidiaries, which include RYMCO MENA Holding sal, RYMCO Europe Holding sal, Lebanese Auto Agency sal, Quick Fix sal and Clean and Gleam sal. The firm's net sales totaled \$229.4m last year, up by 29.5% from 2014; while its cost of sales grew by 30.5% year-on-year to \$201.4m. Also, RYMCO's other revenues reached \$3m in 2015, reflecting a rise of 39.8% from the preceding year. On the expenditures side, RYMCO's general and administrative expenses decreased by 0.6% in 2015 to \$7.2m, while advertising & selling expenses declined by 2.2% year-on-year to \$3.1m. In addition, salaries, wages and related charges amounted to \$9.1m last year, constituting a marginal increase of 0.7% from the preceding year. The firm's gross profit margin reached 12.2% in 2015 relative to 12.9% in 2014. Also, the firm's return on assets was 2.8% in 2015 relative to 1.4% in 2014, while its return on equity was 11.2% last year relative to 4.8% in 2014.

RYMCO's total assets amounted to \$208.2m at the end of 2015, constituting an increase of 16.4% from \$178.8m a year earlier. The company's inventory, which mostly consists of cars and spare parts, reached \$54.6m at end-2015, down by 2.2% year-on-year. In parallel, the firm's current assets was \$146.7m at end-2015, equivalent to 70.5% of its total assets, while current liabilities amounted to \$152.4m or 97.9% of total liabilities. As such, the firm's current ratio, which is a measure of the company's ability to meet its short-term obligations, was 0.96 times at end-2015 relative to 0.98 times at end-2014. The firm's shareholders' equity totaled \$52.5m at end-2015, reflecting an increase of 4% from a year earlier. RYMCO is the only car retailer listed on the Beirut bourse. Its share price closed at \$3.25 on November 4, 2016, up by 0.6% from \$3.23 per share at the end of 2015.

Ratio Highlights

(in % unless specified)	2013	2014	2015	Change*
Nominal GDP (\$bn)	47.7	50.0	51.1	
Public Debt in Foreign Currency / GDP	54.8	51.2	53.0	176
Public Debt in Local Currency / GDP	78.3	81.9	84.6	271
Gross Public Debt / GDP	133.1	133.1	137.6	447
Total Gross External Debt / GDP**	167.1	170.0	174.7	470
Trade Balance / GDP	(36.3)	(34.4)	(29.5)	481
Exports / Imports	18.5	16.2	16.6	41
Fiscal Revenues / GDP	19.7	21.8	18.7	(302)
Fiscal Expenditures / GDP	28.6	27.9	26.5	(143)
Fiscal Balance / GDP	(8.8)	(6.1)	(7.7)	(159)
Primary Balance / GDP	(0.5)	2.6	1.4	(120)
Gross Foreign Currency Reserves / M2	69.5	66.5	58.7	(780)
M3 / GDP	233.0	235.4	241.9	657
Commercial Banks Assets / GDP	345.5	351.4	364.0	1258
Private Sector Deposits / GDP	285.5	288.9	296.6	779
Private Sector Loans / GDP	99.3	101.8	106.1	432
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
www.byblosbank.com

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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

