



## LEBANON THIS WEEK

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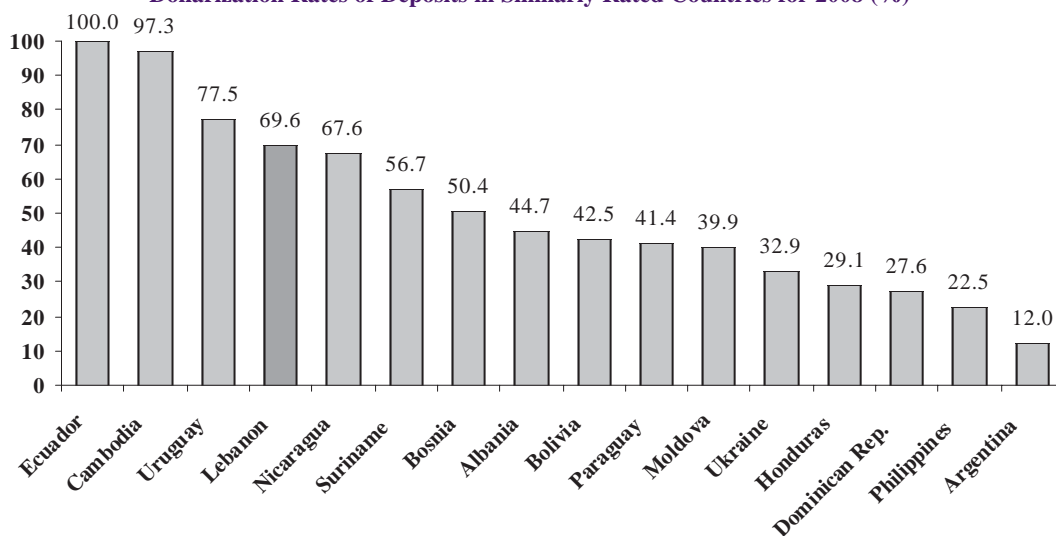
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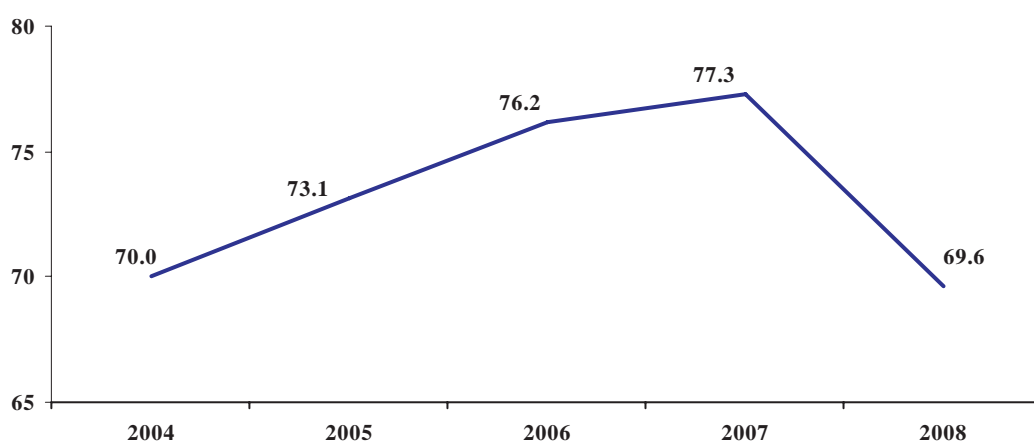
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### Charts of the Week

Dollarization Rates of Deposits in Similarly Rated Countries for 2008 (%)



Dollarization Rate of Deposits in Lebanon (%)



Source: Moody's Investors Service

### Quote to Note

"I am very optimistic that the sale of the telecom mobile licenses will take place sooner rather than later."

*Denise Herbol, Mission Director of the United States Agency for Development in Lebanon*

### Number of the Week

**150,000:** Number of passports to be issued to Lebanese expatriates so they can participate in the upcoming Parliamentary elections scheduled for June 7th

## Economic Indicators

<b>\$m (unless otherwise mentioned)</b>	<b>Nov. 2007</b>	<b>Jan-Nov. 07</b>	<b>2007</b>	<b>Oct. 2008</b>	<b>Nov. 2008</b>	<b>Jan-Nov. 08</b>	<b>% Change*</b>
Exports	293	2,575	2,816	254	330	3,228	25.36
Imports	1,054	10,751	11,815	1,490	1,664	14,998	39.50
Trade Balance	(761)	(8,176)	(8,999)	(1,236)	(1,334)	(11,770)	43.96
Balance of Payments	547	1,172	2,036	231	303	2,747	134.38
Checks Cleared in LBP	778	7,727	8,409	847	782	8,536	10.46
Checks Cleared in FC	2,902	27,124	29,883	3,938	3,519	39,964	47.34
Total Checks Cleared	3,680	34,851	38,292	4,785	4,301	49,500	42.03
Budget Deficit/Surplus	314	(2,391)	(2,546)	(68)	(511)	(2,589)	8.28
Primary Balance	(30)	639	731	297	(246)	646	1.09
Airport Passengers	225,571	3,074,348	3,408,834	351,753	299,175	3,666,005	19.24

<b>\$bn (unless otherwise mentioned)</b>	<b>Dec. 2006</b>	<b>Nov. 2007</b>	<b>Dec. 2007</b>	<b>Sep. 2008</b>	<b>Oct. 2008</b>	<b>Nov. 2008</b>	<b>% Change*</b>
BdL FX Reserves	10.21	9.75	9.78	15.32	16.17	16.42	68.41
<i>In months of Imports</i>	<i>11.30</i>	<i>9.25</i>	<i>9.19</i>	<i>10.42</i>	<i>10.85</i>	<i>9.87</i>	<i>6.70</i>
Public Debt	40.37	41.61	42.03	45.68	46.19	46.86	12.61
Net Public Debt	37.42	38.71	39.03	40.89	40.85	41.18	6.38
Bank Assets	74.27	80.11	82.26	91.73	90.43	91.76	14.54
Bank Deposits (Private Sector)	60.69	65.93	67.29	75.13	74.80	75.65	14.74
Bank Loans to Private Sector	17.02	17.65	20.42	24.80	24.61	24.69	39.88
Money Supply M2	15.57	16.27	16.47	22.13	23.10	23.87	46.71
Money Supply M3	53.23	58.75	59.83	66.44	66.38	67.08	14.18
LBP Lending Rate (%)	10.37	10.24	10.10	9.98	9.90	10.08	(16b.p.)
LBP Deposit Rate (%)	7.49	7.42	7.40	7.18	7.28	7.27	(15b.p.)
USD Lending Rate (%)	8.55	8.22	8.02	7.37	7.53	7.54	(68b.p.)
USD Deposit Rate (%)	4.76	4.84	4.69	3.57	3.54	3.47	(137b.p.)
%* Change in CPI**	7.04	5.07	5.92	11.76	11.13	9.78	(471b.p.)

\* Year-on-Year; \*\* Consumer Price Index

Note: b.p. i.e. basis point

Sources: ABL, BdL

## Capital Markets

<b>Most Traded Stocks on BSE</b>	<b>Last Price (\$)</b>	<b>% Change*</b>	<b>Total Volume</b>	<b>Weight in Market Capitalization</b>
Solidere "A"	16.45	2.36	99,439	18.54%
Solidere "B"	16.32	1.75	38,360	11.96%
Byblos Common	1.71	(4.47)	5,385	4.18%
Byblos Priority	1.68	1.82	10,000	3.90%
BLOM GDR	66.50	(0.52)	6,300	5.54%
BLOM Listed	66.00	0.00	0	15.99%
Audi GDR	43.98	2.73	5,710	4.87%
Audi Listed	43.49	3.06	2,260	16.76%
HOLCIM	11.91	(8.10)	63	2.62%

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

<b>Sovereign Eurobonds</b>	<b>Coupon %</b>	<b>Mid Price \$</b>	<b>Mid Yield %</b>
Oct.2009	10.250	102.50	6.66
Dec.2009	7.000	100.25	6.71
Mar.2010	7.125	99.88	7.23
May 2011	7.875	99.13	8.29
Sep.2012	7.750	96.50	8.89
June 2013	8.625	97.75	9.25
Apr.2015	10.000	102.75	9.41
Jan.2016	8.500	94.50	9.60
May 2016	11.625	108.50	9.96
Apr.2021	8.250	90.50	9.39

Source: Byblos Capital Markets

	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>	<b>Jan. 2009</b>	<b>Jan. 2008</b>	<b>% Change</b>
<b>Total Shares Traded</b>	169,437	615,991	(72.49)	2,561,252	4,272,183	(40.05)
<b>Total Value Traded</b>	\$3,231,844	\$10,862,936	(70.25)	\$40,944,751	\$77,621,174	(47.25)
<b>Market Capitalization</b>	\$8.87bn	\$8.79bn	0.85	\$8.76bn	\$10.70bn	(18.11)

Source: Beirut Stock Exchange (BSE)



### Occupancy at Beirut hotels at 57%, room yields up 98% in 2008

The benchmark survey of the Middle East hotel sector by Ernst & Young indicated that occupancy rate at hotels in Beirut was 57% in 2008, up 19% from 38% in 2007. The occupancy rate in Beirut was the lowest among 22 markets in the region, as it was in 2007. Beirut posted the highest growth in occupancy rates the region, but this was largely due to starting from a low base in the first months of the year, to significant improvement in the summer months, as well as to the fact that occupancy rates are already very high in most regional markets. The survey said average rate per room at Beirut hotels was \$175 in 2008, ranking the capital's hotels as the 13th most expensive in the region along with Jeddah in Saudi Arabia, ahead of Al Ain in the UAE, Amman in Jordan and all markets in Egypt. The average rate per room in local currency at Beirut hotels increased by 32.9% year-on-year and posted the 3rd highest increase among all markets in the region. The average rate per room in Beirut came below the regional average of \$199, which jumped by 18.9% from \$168 in 2007. But the average room rate in Beirut in December jumped by 52.2% from December 2007, the highest such rise in the region.

Occupancy rates at Beirut hotels were 43% in January, 32% in February, 34% in March, 44% in April and dropped to 29% in May 2008 due to the hostilities that took place in the capital and other areas of the country. But occupancy jumped to 61% in June 2008, following the Doha Agreement and the reduction of political tensions in the country, which helped improve confidence and revive the tourism sector. Occupancy continued to improve to 69% in July and soared to 91% in August, the peak month for tourism in Lebanon, and declined to 50% in September and picked up again to 82% in October and slightly decreased to 79% in December. In comparison, hotel occupancy was 21% in June, 41% in July, 46% in August, 37% in September, 41% in October and 47% in December 2007. Beirut hotels had an occupancy rate of 35% for all of 2007.

Further, revenues per available room (RevPAR) were \$100 in Beirut in 2008, up from \$51 in the same period last year, ranking it in 15th place in the region, ahead of Cairo-Pyramids, Alexandria, Sharm El-Sheikh, Hurghada and Cairo in Egypt. Beirut's RevPAR was up 98.3% in local currency year-on-year, posting the highest rise in the region, and compared to an average rise of 21.9% across the region. Beirut posted RevPARs of \$59 in January, \$40 in February, \$38 in March, \$59 in April, \$44 in May, \$103 in June, \$202 in August, \$70 in September, \$89 in October, and \$181 in December 2008.

Hurghada posted the highest occupancy rate in the Middle East at 87%, Makkah had the region's highest average room rate at \$314 and Abu Dhabi the highest RevPAR at \$254 in 2008, while Beirut posted the highest growth in RevPAR at 98.3% in local currency. Dubai-Beach posted the highest average room rate at \$402 and the highest RevPAR at \$348 among sub-markets.

In parallel, a report by business advisory firm Deloitte indicated that Beirut posted the lowest hotel occupancy rate in the region at 57% for 2008, the 9th highest average room rate at \$171, the 11th highest RevPAR at \$95, and the highest yearly increase in RevPAR at 101.1%.

### Central Bank stresses on maintaining high liquidity at banks

Central Bank Governor Riad Salameh indicated that aggregate deposits at commercial and investment banks in Lebanon reached \$82.6bn at the end of 2008, constituting an increase of 15% from 2007, while their combined capital base rose by 13.4% to \$7.2bn over the same period, and their total profits reached \$1.08bn in 2008. He called on commercial banks to maintain a high level of liquidity, even if it has to be at the expense of profits, as 2009 is shaping to be a challenging year regionally and internationally. He noted that banks around the world are still cautious in dealing with each other and in lending to companies and financing projects, despite the massive sums that governments and central banks have already injected in their capital. He warned about the impact of reducing interest rates in Lebanon, as this might lead to the outflow of deposits to banking sectors in the region that are paying rates varying between 5% and 7%. He also encouraged banks to take advantage of their high profits in 2008 to strengthen their capital base and distribute dividends no exceeding 25% of profits, adding that the capital adequacy ratio of banks in Lebanon reached 12% according to Basel II criteria.

Hotel Performance in 2008			
	Occupancy Rate (%)	RevPar (US\$)	RevPar % change
Dubai - Apartments	88	161	6.6
Hurghada	87	45	18.1
Dubai - Beach	86	348	11.4
Sharm El Sheikh	85	50	24.4
Dubai - Overall	82	233	6.5
Abu Dhabi	81	254	34.3
Dubai - City	80	195	3.5
Cairo - Pyramids	79	77	15.5
Cairo - Overall	76	87	14.0
Cairo - City	75	90	13.7
Doha	74	223	25.3
Alexandria	72	60	14.4
Jeddah	72	128	18.1
Manama	71	172	20.4
Riyadh	70	140	19.4
Al Ain	69	87	19.5
Amman	66	90	24.6
Muscat	66	203	30.3
Madina	64	125	17.0
Makkah	62	196	21.5
Kuwait	59	156	11.7
<b>Beirut</b>	<b>57</b>	<b>100</b>	<b>98.3</b>

Source: Ernst & Young, Byblos Research

### **Government unveils plan to counter the impact of the global crisis**

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The government released a two-year plan intended to mitigate the impact of the financial crisis on the Lebanese economy. The plan proposes injecting liquidity in the market, stimulating public and private investment and supporting employment. In terms of liquidity injection, the plan indicates that the retroactive salary increases in the public sector should generate \$800m in the 2009-10 period, while the decrease of international commodity prices would yield an additional \$600m. In addition, the salary raise implemented in the private sector, along with the payments of the indemnities for the July 2006 war and the government's payment to hospitals and contractors would help generate total liquidity equivalent to 10% of GDP and support local consumption without leading to massive inflation.

The plan's public investment component indicates that the government intends to accelerate public projects and infrastructure works that are implemented by the Council of Development & Reconstruction and financed through foreign soft loans. It also pledged to accelerate the ratification of draft laws to release soft loans of about \$600m earmarked to finance public projects. The plan's private investment component proposes to accelerate the disbursement of loans pledged at the Paris III donor conference that are earmarked to support the private sector. It also intends to improve the business climate through the cancellation of certain taxes that do not provide significant income to the government. Further, it suggests expanding the number of beneficiaries of subsidized loans to include firms in productive sectors established in 2009 and loans to Lebanese firms that want to relocate to Lebanon, among others. The plan also includes supporting and encouraging the formation of private equity and venture capital funds and upgrading the legal framework to stimulate such funds.

In terms of employment support, the plan proposes to exempt employers from National Social Security fees for jobs created in 2009 and 2010, and for the government to cover these fees for two years only. It also proposes to provide funding facilities and tax exemptions for businesses that create high value added and new job opportunities. Moreover, it proposes the creation of three industrial and economic zones located in Tripoli, Rayak and Zahrani along with a review and overhaul of the Export Plus Program so it covers exports that can compete internationally.

### **Lebanon Recovery Fund approves \$10m funding for five projects**

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The Lebanon Recovery Fund, which was set up by the Lebanese Government with the assistance of the United Nations Development Group to implement donor-funded projects for Lebanon's recovery after the July 2006 war, approved \$10m in funding for several projects. The funds include \$1.5m for economic recovery in war-affected areas; and \$1.5m for socio-economic development of war-affected areas in the South. In addition, \$2.5m were allocated for the recovery and rehabilitation of the dairy sector in the Bekaa Valley and Hermel-Akkar uplands; \$2m for hydro-agricultural development in the Marjeyoun area; and, \$2.5m in support of Lebanese communities near the Nahr el Bared area that were affected by the 2006 and 2007 conflicts. The various projects will be implemented by the relevant ministries, with support from the UNDP, as well as the International Labor Organization, the Food & Agriculture Organization and the United Nation Industrial Organization.

### **Telecommunication Regulatory Authority to address customer service**

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The Ministry of Economy & Trade signed a Memorandum of Understanding with the Telecommunications Regulatory Authority (TRA) to coordinate between both parties in order to improve customer service in the telecommunications sector. The memorandum mandates the TRA to address any customer complaint and to use its technical expertise in order to solve any issues arising between telecom service providers and their customers. In parallel, the TRA signed a Memorandum of Understanding with the United States Agency for International Development (USAID). The MoU stipulates that the USAID will fund the technical assistance, training, procurement and establishment of the basis for an automated national Spectrum Management System for Lebanon's telecommunication system. The USAID said this will support Lebanon's economic reforms for the privatization of the telecom sector.

### **Beirut port revenues up 48% in January 2009**

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Figures released by the Port of Beirut Authority show that port revenues amounted to \$14.1m in January 2009, up 12.9% from December 2008 and up 48.2% from January 2008. Freight activity reached 501,000 tons in January 2009, up by 9.9% compared to January 2008. The number of ships reached 187, up 22.2% compared to a year earlier.

### **Airport passengers up 9.6% in January 2009**

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Figures released by the Hariri International Airport (HIA) show that the number of airport passengers (arrivals, departures, transit) amounted to 307,127 in January 2009, up 9.6% year-on-year. Passengers from the UAE come in the first place with 22.7% of total passengers, followed by French passengers with 11.3%, Saudi Arabian passengers with 9.4% and Kuwaiti passengers with 7%. The total number of flights reached 3,997 in January 2009, up 23% year-on-year. Also, the HIA processed 5,158 metric tons of cargo in January 2009, of which 5,067 tons of freight and 91 tons of mail.

### **Net public debt at \$41.5bn at the end of 2008**

Lebanon's gross public debt reached \$47bn at the end of 2008, constituting an increase of 11.9% year-on-year. Domestic debt increased by 24.3% to \$25.9bn, while external debt decreased by 0.4% annually to \$21.1bn. Local currency debt accounted for 55% of gross public debt at end-December 2008 compared to 49.5% at end-December 2007, while foreign currency-denominated debt represented 45% of the total at end-December 2008 relative to 50.5% a year earlier.

Commercial banks accounted for about 62.3% of the local public debt at the end of 2008 compared to 53.7% at the end of 2007. The Central Bank held 22.5% of the local public debt at the end of 2008, down from 28.9% at the end of 2007. Public agencies and financial institutions accounted for 15.1% of the local public debt compared to 17.4% at end-2007. Eurobond holders, foreign private sector loans and special T-bills in foreign currencies accounted for 85.6% of the external debt, while multilateral institutions accounted for 7.3%, foreign governments for 4.7% and Paris II loans for 2.4%. Net public debt, which excludes the public sector's deposits at the Central Bank and at commercial banks from overall debt figures, increased annually by 6.3% to \$41.5bn.

### **Trade deficit up 41% to \$12.6bn in 2008**

Imports rose by 36.5% to \$16.1bn in 2008, while exports grew by 23.5% to \$3.5bn in the same period, leading to a trade deficit of \$12.6bn, up 40.6% year-on-year. The coverage ratio reached 21.6% in 2008 compared to 23.8% in 2007. The trade deficit reached \$885m in December 2008, up 7.5% from December 2007. Exports averaged \$290m per month in 2008 compared to \$235m in 2007, \$190m in 2006 and \$157m in 2005, while imports averaged \$1.3bn per month in 2008 compared to \$985m in 2007, \$783m in 2006 and \$778m in 2005.

The United States was the main source of imports with \$1.85bn or 11% of the total, followed by China with \$1.4bn (9%), France with \$1.3bn (8%), Italy with \$1.1bn (7%) and Germany with \$1.03bn (6%). The UAE was the main export destination with \$346m or 10% of the total, followed by Switzerland with \$329m (9%), Iraq with \$269m (8%), Syria with \$224m (6%) and Saudi Arabia with \$209m (6%). Lebanon's main export was jewelry at \$574m or 17% of total exports, followed by machinery & appliances with \$536m (15%), base metals with \$530m (15%), chemical products with \$435m (13%), and food & beverages with \$281m (8%). Re-exports totaled \$185m in 2008, down 1.6% from \$188m in 2007.

### **Customs receipts up 27.5% to \$1.1bn in 2008**

Figures released by the Higher Customs Council show that customs revenues reached \$1.1bn in 2008, up 27.5% from the previous year. The Port of Beirut continues to be the main point of customs revenues, accounting for 89.7% of the total, and was followed by the Hariri International Airport with 6.3%, the Port of Tripoli with 2.4% and the Masnaa crossing point with 1.6%. Overall customs receipts reached \$2.4bn in 2008 when including revenues from the value-added tax that totaled \$1.3bn over that period of time

### **Most tourist spending in Lebanon originates from Saudi Arabia and the UAE**

According to Global Refund, the cash refund operator for international shoppers, tourists from Saudi Arabia spent the most in Lebanon over the year-to-January 2009, equivalent to 17% of total tourist spending, followed by tourists from UAE (15%), Kuwait (10%), Egypt (8%) and Qatar (5%). Beirut attracted 81% of total spending over the covered period, followed by the Metn area with 14% and the Keserwan region with 3%. Fashion & clothing accounted for 65% of total spending, followed by watches with 14%, perfume & cosmetics with 5%, home & garden with 4% and department stores with 4%.

### **Byblos Bank launches Global Depository Receipts exchange program**

Byblos Bank sal, one of Lebanon's top 3 banks, announced the launch of a Global Depository Receipts (GDRs) program that consists of giving shareholders of common shares the option to exchange every 50 shares for one GDR. The GDRs will be equivalent to a maximum of 23% of the Bank's common shares that total 217,112,557 shares. Byblos Bank intends to list the GDRs on the London Stock Exchange as well as on the Beirut Stock Exchange. As such, the program does not consist of raising new capital, therefore the GDRs are unlikely to be affected by the re-pricing of assets and fluctuations of equity markets related to the global financial crisis. GDR holders will have the same rights as holders of common shares, including all voting rights, dividend payments and participation in future capital increase, among other rights. Listing on the LSE will appeal to a larger investor base and create more liquidity for the GDRs, as institutional investors prefer to invest in emerging market equities and conduct related transactions on the London market. The listing requirements also fall in line with Byblos Bank's added emphasis on transparency, governance and disclosure.

Byblos Bank posted net profits of \$122m in 2008, up 23% from the previous year and constituting the highest profit growth among Lebanon's top 3 banks. Its assets reached \$11.2bn, increasing by 18.5% from end-2007 and representing the highest growth in assets among the top 3 banks, while its deposits reached \$8.3bn and grew by 15.2% from end-2007. Last August, Byblos Bank sal raised \$200m through the offering of 2 million Series 2008 Preferred Shares, and it raised \$200m in November 2007 from the issuance of a 5-year convertible bond. The two successful issues took place despite the adverse political conditions in the country in 2007 and the global financial turmoil in 2008. The Byblos Bank Group operates in Iraq, Syria, the United Arab Emirates, Sudan, Nigeria and Armenia, as well as in Belgium, France, the United Kingdom and Cyprus.

### **Byblos Bank, Crédit Libanais and Credit Suisse to lead-manage Eurobonds exchange**

During the monthly meeting of the Association of Banks in Lebanon with the Central Bank of Lebanon and the Banking Control Commission, Governor Riyad Salameh noted that the Ministry of Finance mandated Byblos Bank sal, Crédit Libanais sal and global investment bank Credit Suisse to jointly lead-manage the exchange of Lebanese sovereign Eurobonds maturing in 2009. A total of about \$2.3bn in Eurobonds mature this year, with a 5-year €225m issue maturing in May, a 3-year \$352m bond due in August, a 10-year \$636m bond maturing in October, a 5-year \$625m issue due in November, and a 5-year \$425m issue maturing in December. Lebanon has a total of \$17.5bn in outstanding Eurobonds, with a weighted interest rate of 7.21% and a weighted life of 4.7% as at end-December 2008.

Merrill Lynch has a 'Market Weight' recommendation on Lebanon's external debt in its model portfolio of emerging markets debt due to the performance of Lebanese Eurobonds, specifically since the spread of financial turmoil to emerging markets in September. Lebanon's 'Market Weight' compares well with the 'Under Weight' recommendation on the Europe, the Middle East & Africa (EMEA) region and to the 'Under Weight' recommendation for similarly-rated countries. Also, Lebanon's external debt posted the second highest return at 5.76% among 19 countries in the EMEA region in 2008, as well as the second best return after Latvia among the 29 emerging markets included in Merrill Lynch's Sovereign Plus Debt Index. Lebanon outperformed the EMEA returns of -9.84% and the overall emerging market returns of -10.7% in 2008. Also, Lebanon posted the best performance at 6.13% in the EMEA region as well as among emerging markets in US dollar terms last year. It outperformed the EMEA returns of -10.24% and the overall emerging market returns of -10.19% during the same period.

### **Car sales down 0.9% year-on-year in January 2009**

Figures released by the Association of Automobile Importers in Lebanon indicate that a total of 2,003 new passenger cars were sold in January 2009, constituting a decrease of 0.9% from the 2,021 cars sold in January 2008. Japanese cars accounted for 46.3% of total sales, followed by European automobiles with a 30.8% market share, Korean cars with 15.1%, American vehicles with 7.7%, and Chinese vehicles with 0.1%. European cars posted the biggest growth in sales with a 23% jump year-on-year, followed by Korean cars with a 6.7% rise. But Japanese cars recorded a 13.3% decrease in sales year-on-year, while American car sales declined by 6.1%. Nissan is the leading brand in the Lebanese market with 357 cars sold in January 2009, followed by Toyota with 308 cars sold, Kia with 198, Peugeot with 133, BMW with 123, Honda with 114 and Hyundai with 105 cars.

## Ratio Highlights

(in % unless specified)	2006	2007	Change*	Q3-2008
Nominal GDP <sup>(1)</sup> (\$bn)	22.7	24.6		27.75
External Debt / GDP	89.9	86.4	(350)	77.4
Local Debt / GDP	88.1	84.6	(350)	87.3
Total Debt / GDP	178.4	171.0	(740)	164.7
Trade Balance / GDP	(31.3)	(36.6)	(530)	(33.2)
Exports / Imports	24.3	23.8	(50)	22.3
Budget Revenues / GDP	19.4	23.6	420	18.2
Budget Expenditures / GDP	30.8	33.9	310	25.4
Budget Balance / GDP	(11.5)	(10.3)	120	(7.2)
Primary Balance / GDP	0.4	2.9	250	2.1
BdL FX Reserves / M2	65.6	59.6	(600)	69.3
M3 / GDP	234.4	243.2	880	239.4
Bank Assets / GDP	327.2	334.4	720	330.6
Bank Deposits / GDP	267.4	273.5	610	270.7
Private Sector Loans / GDP	67.4	72.2	480	89.4
Dollarization of Deposits	76.2	77.3	110	72.0
Dollarization of Loans	84.0	84.3	30	87.2

\* Change in basis points 06/07

(1) Based on Ministry of Finance Estimations and the International Monetary Fund

Source: Association of Banks in Lebanon, Byblos Research Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

## Risk Outlook

Lebanon	Dec 2007	Nov 2008	Dec 2008	Change*	Risk Level
Political Risk Rating	56.5	57.5	57.5	▲	High
Financial Risk Rating	31.5	28.0	28.0	▼	High
Economic Risk Rating	29.0	30.0	30.0	▲	Moderate
Composite Risk Rating	58.5	57.7	57.7	▼	High

Regional Average	Dec 2007	Nov 2008	Dec 2008	Change*	Risk Level
Political Risk Rating	65.6	65.6	65.6	↔	Moderate
Financial Risk Rating	41.3	41.5	41.8	▲	Very Low
Economic Risk Rating	40.0	39.0	39.5	▼	Low
Composite Risk Rating	73.5	73.0	73.4	▼	Low

\*year-on-year

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	B3	NP	Positive			
Fitch	B-	B	Stable	B-		
S&P	B-	C	Stable	B-	C	Stable
Capital Intelligence	B-	B	Stable	B-	B	Stable

Source: Rating agencies

Banking Ratings	Banks' Financial Strength	Banking Sector Risk	Outlook
Moody's	D-		Stable
EIU		B	Stable

Source: Rating agencies



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