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BYBLOS BANK SAL

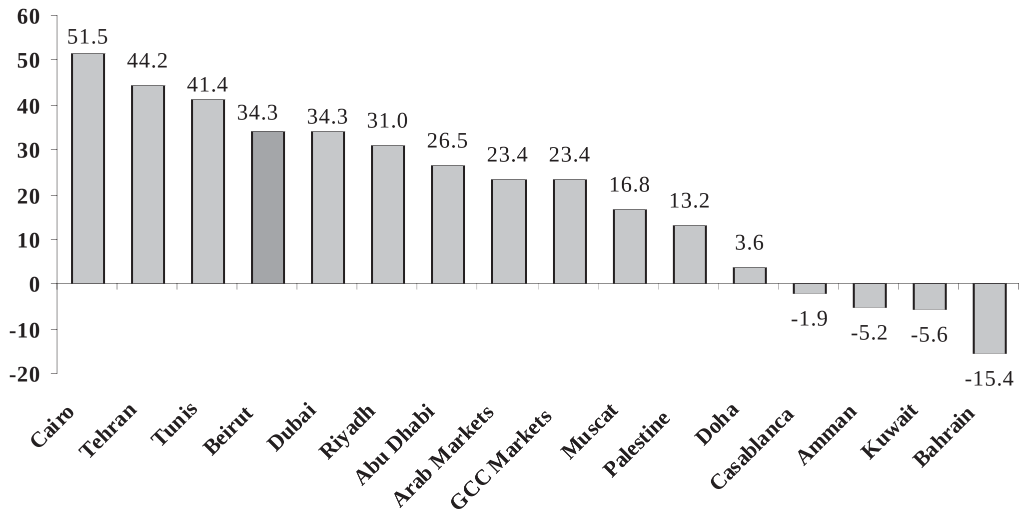
Economic Research & Analysis Department

LEBANON THIS WEEK

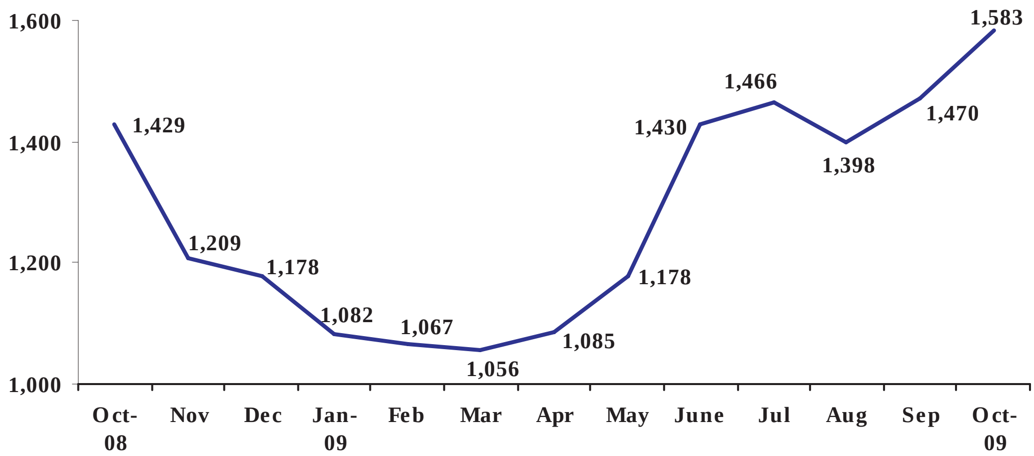
In This Issue

Charts of the Week

Performance of MENA Stock Markets in First 10 Months of 2009 (%)



Performance of the Beirut Stock Market*



**BLOM Stock Index*

Source: Local Stock Markets

Quote to Note

"Privatization of the telecom companies could ultimately provide a vehicle to reduce the debt and help spur the development of the technology sectors, which remain relatively underdeveloped."

The Institute of International Finance, on some of the benefits of liberalizing Lebanon's telecommunications sector

Number of the Week

171 : Number of draft laws waiting for a Cabinet to be formed in order to be discussed and ratified by Parliament

Economic Indicators

$m *(unless otherwise mentioned)*	**2007**	**Aug 08**	**2008**	**June 09**	**July 09**	**Aug 09**	**% Change***
Exports	2,816	283	3,478	249	230	239	(15.55)
Imports	11,815	1,417	16,133	1,551	1,470	1,439	1.55
Trade Balance	(8,999)	(1,134)	(12,655)	(1,302)	(1,240)	(1,200)	5.82
Balance of Payments	2,036	402	3,462	443	1,246	1,020	153.73
Checks Cleared in LBP	8,409	773	9,350	873	1,028	937	21.22
Checks Cleared in FC	29,893	4,282	43,174	3,658	4,115	4,233	(1.14)
Total Checks Cleared	38,302	5,055	52,524	4,531	5,143	5,170	2.27
Budget Deficit/Surplus	(2,546)	(247)	(2,921)	(151)	(157)	(127)	(48.58)
Primary Balance	731	(26)	597	161	136	121	(565.38)
Airport Passengers	3,408,834	547,237	4,085,334	460,223	621,522	612,956	12.01

$bn *(unless otherwise mentioned)*	**Dec. 2007**	**Aug 2008**	**May 09**	**June 09**	**July 09**	**Aug 09**	**% Change***
BdL FX Reserves	9.78	15.13	20.22	20.62	22.01	22.82	50.83
In months of Imports	*9.19*	*10.67*	*16.28*	*13.29*	*14.97*	*15.86*	*48.64*
Public Debt	42.03	45.35	47.75	47.33	47.92	48.51	6.97
Net Public Debt	39.03	40.69	42.79	42.98	43.05	43.24	6.27
Bank Assets	82.26	90.70	101.65	103.62	105.38	107.37	18.38
Bank Deposits (Private Sector)	67.29	75.00	84.35	85.78	87.69	89.30	19.07
Bank Loans to Private Sector	20.42	24.77	26.07	26.07	26.98	27.11	9.45
Money Supply M2	16.47	20.28	28.15	29.07	30.11	30.91	52.42
Money Supply M3	59.83	66.14	73.58	74.68	76.17	77.22	16.75
LBP Lending Rate (%)	10.10	9.96	9.79	9.76	9.43	9.27	(69b.p.)
LBP Deposit Rate (%)	7.40	7.23	7.06	6.96	7.02	7.00	(23b.p.)
USD Lending Rate (%)	8.02	7.17	7.28	7.24	7.24	7.05	(12b.p.)
USD Deposit Rate (%)	4.69	3.55	3.22	3.18	3.19	3.18	(37b.p.)
%* Change in CPI**	5.92	13.52	1.88	3.31	2.42	1.52	(1,200b.p.)

** Year-on-Year; ** Consumer Price Index*
Note: b.p. i.e. basis point
Sources: ABL, BdL

Capital Markets

Most Traded Stocks on BSE	Last Price ($)	% Change*	Total Volume	Weight in Market Capitalization
Solidere "A"	26.99	2.43	655,127	21.20%
Solidere "B"	26.99	3.17	405,478	13.78%
Byblos Common	2.04	(0.49)	35,126	3.48%
Byblos Priority	2.02	(0.49)	215,819	3.27%
Byblos Pref. 08	99.50	(0.50)	4,000	1.56%
BLOM GDR	88.60	0.85	7,740	5.14%
BLOM Listed	85.00	0.00	10,000	14.36%
Audi GDR	87.00	1.93	4,640	6.72%
Audi Listed	75.00	0.27	5,620	20.14%
HOLCIM	13.50	3.77	2,300	2.07%

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

Sovereign Eurobonds	Coupon %	Mid Price $	Mid Yield %
Mar. 2010	7.125	102.25	0.73
May 2011	7.875	106.25	3.72
Mar. 2012	7.500	106.75	4.49
Sep. 2012	7.750	108.00	4.72
June 2013	8.625	111.50	5.12
Apr. 2015	10.000	116.50	6.39
Jan. 2016	8.500	110.50	6.42
May 2016	11.625	125.00	6.82
Mar. 2017	9.000	115.00	6.42
Apr. 2021	8.250	110.00	6.97

Source: Byblos Capital Markets

	This Week	Last Week	% Change	October 2009	October 2008	% Change
Total Shares Traded	1,370,795	1,573,247	(12.87)	4,968,999	14,251,997	(65.13)
Total Value Traded	$31,779,627	$16,121,650	97.12	$103,486,832	$129,604,201	(20.15)
Market Capitalization	$12.73bn	$12.60bn	1.05	$12.60bn	$11.69bn	7.77

Source: Beirut Stock Exchange (BSE)

World Bank ranks Lebanon in 76th place globally and 9th in the MENA region on readiness for Knowledge Economy

The World Bank ranked Lebanon in 76th place among 146 countries worldwide and 9th among 18 countries in the Middle East & North Africa region on the Knowledge Economy Index (KEI). Lebanon ranked in 65th place globally and in 7th place regionally in the base survey, which covered 1995. Also, Lebanon ranked in 24th place among 25 upper middle-income countries (UMICs) included in the survey, down from 21st place in the base survey. The index represents the overall level of development of a country towards the Knowledge Economy. It takes into account whether a country's environment is conducive for knowledge to be used effectively for economic development. The index is based on 83 structural and qualitative variables grouped into four categories that constitute the pillars of the Knowledge Economy. The four pillars are Economic Incentive & Institutional Regime, Education & Human Resources, the Innovation System, and Information & Communication Technology (ICT). The survey calculated the scores of individual countries on a population-weighted basis, with scores ranging from zero to 10, with 10 being the best score an economy can receive.

MENA Countries Rankings & Scores

Country	Score	MENA Rank	Global Rank
Israel	8.01	1	26
Qatar	6.73	2	44
UAE	6.73	3	45
Bahrain	6.04	4	49
Kuwait	5.85	5	52
Jordan	5.54	6	62
Oman	5.36	7	66
Saudi Arabia	5.31	8	68
Lebanon	**4.81**	**9**	**76**
Tunisia	4.42	10	82
Egypt	4.08	11	90
Iran	3.75	12	98
Morocco	3.54	13	99
Algeria	3.22	14	105
Syria	3.09	15	108
Yemen	2.20	16	121
Sudan	1.78	17	130
Djibouti	1.47	18	139

Source: World Bank, Byblos Research

Globally, Lebanon ranked ahead of Peru, Mongolia and Bosnia & Herzegovina and came behind Belarus, Jamaica and Colombia. It came ahead of Venezuela and ranked behind Panama among UMICs. Lebanon received a score of 4.81 points, below the global average of 5.95 points, the UMICs' average of 5.66 points but above the MENA average of 4.55 points.

Lebanon ranked in 75th place globally, down from 62nd place in the base survey, on the Economic Incentives Sub-Index. This category represents the ability to provide incentives for the efficient use of existing and new knowledge and the flourishing of entrepreneurship. Globally, Lebanon ranked ahead of Moldova and came behind Madagascar. It ranked ahead of Argentina and behind Mexico among UMICs, and came ahead of Morocco and behind Saudi Arabia in the MENA region.

Lebanon ranked in 77th place globally, up from 85th place, on the Innovation Sub-Index. This category reflects whether a country has an efficient innovation system of firms, research centers, universities, consultants and other organizations to tap into the growing stock of global knowledge, assimilate and adapt it to local needs, and create new technology. Globally, Lebanon ranked ahead of Colombia and came behind Macedonia. It ranked ahead of Dominica and behind Panama among UMICs, while it came ahead of Egypt and behind Iran in the MENA region.

Lebanon ranked in 77th place globally, down from 59th place, on the Education & Human Resources Sub-Index. This category reflects the level of an educated and skilled population to create, share, and use knowledge effectively. Globally, Lebanon ranked ahead of Bolivia and came behind Albania. It ranked ahead of Panama and behind Costa Rica among UMICs, and it came ahead of the UAE and behind Kuwait in the MENA region.

Lebanon ranked in 68th place globally, same place as in the base survey, on the ICT Sub-Index. This category reflects the available level of information and communication technology to facilitate the effective creation, dissemination, and processing of information. Globally, Lebanon ranked ahead Bosnia & Herzegovina and came behind Colombia. It ranked ahead of Panama and behind Venezuela among UMICs, while it came ahead of Jordan and behind Iran in the MENA region.

Components of the Knowledge Economy Index for Lebanon

Sub-Index	Global Rank	MENA Rank	UMICs Rank	Lebanon Score	Global Average Score	MENA Average Score	UMIC Average Score
Economic Incentives	75	9	22	4.42	5.21	4.47	5.08
Innovation	77	8	23	4.53	8.11	4.38	6.03
Education & HR	77	6	17	4.92	4.24	4.04	5.63
ICT	68	8	21	5.35	6.22	5.18	5.89

Source: World Bank, Byblos Research

Lebanon in the News

E-Aley proposes solution for electricity production

The Electricity utility of Aley, E-Aley, has proposed to adopt wind and other environmentally-sound and cost-effective solutions to generate electricity in Lebanon, and is looking to collaborate with the government in this area. Lebanon's power generation needs are estimated at about 2,300 MW, of which 1,600 MW are currently produced by state monopoly Electricite du Liban (EDL). E-Aley is a private company that has a concession from the government to sell and distribute electricity to the public. It has been managing electricity distribution and payment collections in the Aley region and the regions of Souk el-Gharb, Bmekkin, Qmatiyeh, Ain Saadeh and Ain el-Remmaneh since 2005. It caters to about 12,000 subscribers and distributes about 10 megawatts (MW). The company has developed four years ago a detailed billing system that uses the geographic information system (GIS) technology and which has been adopted recently by EDL.

Banks selected to manage upcoming Eurobond issue

The Ministry of Finance announced that Citibank, Société Générale and Bank of Beirut sal will manage the upcoming $500m Eurobond issue. The ministry said the size of the Eurobond is limited by what the government is authorized to issue without new legislation.The Eurobond will have two tranches with maturities in 2015 and 2024. The coupon rate on the 2015 maturity is projected to vary between 6% and 6.25%, while the rate on the 2024 maturity is expected to be in the 7.25%-7.35% range. The planned Eurobond will constitute the second issue in 2009, as the Finance Ministry successfully completed a voluntary debt swap for around $2.3bn of maturing Eurobonds last March, with demand reaching 82.8% of the maturing bonds. Proceeds of the upcoming Eurobond will be mainly earmarked towards servicing the debt and for Treasury transfers to the money-losing state-owned Electricité du Liban. Lebanon has a total of $17.7bn in outstanding Eurobonds, with a weighted interest rate of 7.36% and a weighted life of 4.76 years as at August 2009.

Net public debt at $43.6bn at end-September 2009

Lebanon's gross public debt reached $49.2bn at the end of September 2009, constituting an increase of 4.6% from end-2008 and a rise of 7.7% from end-September 2008. Domestic debt increased by 14.8% to $27.8bn, while external debt decreased by 0.3% annually to $21.3bn. Local currency debt accounted for 56.6% of gross public debt at end-September 2009 compared to 53.1% a year earlier, while foreign currency-denominated debt represented 43.4% of the total at the end of September relative to 46.9% a year earlier. Market-issued Eurobonds account for about 67% of external debt.

Commercial banks accounted for 58.5% of the local public debt at the end of September 2009 compared to 60.8% a year earlier. They were followed by the Central Bank with 24.8%, up from 23.4% at end-September 2008; while public agencies, financial institutions and the general public accounted for 16.7% of local debt relative to 15.8% a year earlier. Eurobond holders, foreign private sector loans and special T-bills in foreign currencies accounted for 85.7% of the external debt, followed by multilateral institutions with 7.3%, foreign governments with 4.9% and Paris II loans with 2%. 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 6.6% to $43.6bn. In parallel, the gross market debt accounted for about 65% 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.

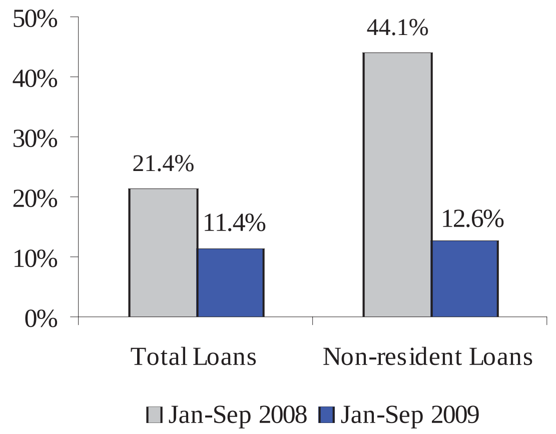
Coincident Indicator down 4.3% month-to-month in September

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 211.1 points in September 2009 compared to 220.6 points in August 2009 and 191 points in September 2008. The Coincident Indicator, an average of 8 weighted economic indicators, regressed by 4.3% month-on-month and rose by 0.7% in the first 8 months of 2009 and by 10.5% on an annual basis. The indicator averaged 217.8 in the 12-months ending September 2009 compared to 216.1 in the 12-months ending August 2009 and to 193.4 points in the 12-months ending September 2008. As a result, the average coincident indicator rose by 12.6% year-on-year. The indicator posted its lowest performance in September during the first 9 months of this year, tying with March, after posting its best performance ever in April 2009 with 236.5 points when it surpassed the previous peak of 215.3 points reached in January of this year. Also, the September results reflect the second consecutive monthly drop in activity, leaving January and April as the only two months with a monthly pick up in activity this year. Further, the month-to-month decline in September constitutes the highest drop ever for the indicator for the covered month. The end of the summer season and political uncertainties are likely to have contributed to the slowdown. The indicator improved 6 times and regressed 10 times in the month of September since 1993. The indicator averaged 198.4 points in 2008, 180 points in 2007 and 171.6 points in 2006.

Commercial banks' assets reach $110bn at end-September 2009

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached $109.9bn at the end of September 2009, up 16.6% from end-2008 and up 19.8% from end-September 2008. Private sector deposits totaled $91.2bn, up 17.2% from end-2008 and up 21.6% from end-September 2008. Deposits increased by $1.89bn in September, $1.62bn in August, $1.91bn in July, $1.43bn in June, $1.73bn in May, $2.12bn in April, $1.63bn in March and $1.14bn in February, after declining by $42m in January 2009. Deposits in Lebanese pounds rose by 31.5% from end-2008 and by 47.8% year-on-year, while deposits in foreign currencies increased by 11% from the end of last year and by 11.1% from end-September 2008. Non-resident foreign currency deposits reached $13.4bn at end-September 2009, increasing by 26% from end-2008 and by 31.8% year-on-year. In parallel, deposits of non-resident banks reached $4.8bn, up 11.6% from end-2008 and up 6.3% from end-September 2008. The dollarization rate of deposits reached 65.9% at end-September 2009, down from 69.6% at end-2008 and from 72% a year earlier. Further, the average deposit rate in Lebanese pounds reached 6.94% compared to 7.18% a year earlier, while the same rate in US dollars was 3.16%, down from 3.57% in September 2008.

Growth in Private Sector Loans (%)



Source: Association of Banks in Lebanon

Loans to the private sector amounted to $27.9bn, up 11.4% from end-2008 and up 12.5% year-on-year. Non-resident foreign currency loans reached $4.5bn at end-September 2009, increasing by 12.6% from end-2008 and by 16.3% year-on-year. The dollarization rate in private sector lending reached 85% compared to 86.6% at end-2008 and 87.3% a year earlier. The average lending rate in Lebanese pounds was 9.22% in September 2009 compared to 9.98% a year earlier, while the same average in US dollars was 7.24% compared to 7.37% in September 2008. Claims on the public sector stood at $27.4bn, up 7.7% from end-2008 and up 12.7% year-on-year, and accounted for 49.5% of the banking sector's total loans but for just 25% of the sector's asset base. The ratio of private sector loans to deposits in foreign currencies stood at 39.5%, well below the Central Bank's limit of 70%, and down from 40% a year earlier. In parallel, the same ratio in Lebanese pounds was 13.4% compared to 15% a year earlier. The ratio of total private sector loans to deposits stood at 30.6%, down from 33% a year earlier. The banks' aggregate capital base stood at $7.58bn, up 6.8% from end-2008 and 7.3% from $7bn in September 2008.

Occupancy at Beirut hotels at 69%, room yields up 82% in first 9 months of 2009

Deloitte & Touche's survey of hotel performance in the Middle East indicated that occupancy rates at Beirut hotels reached 69% in the first 9 months of 2009, up 41% compared to the same period last year. The occupancy rate at Middle East hotels reached 60.9% in the first 9 months of 2009, down 11% compared to the first 9 months of 2008. Further, revenues per available room (RevPAR) in Beirut increased by 82% to $146.7 in the first 9 months of 2009, while RevPAR at hotels in the Middle East decreased by 18% to $119.4 year-to-September.

Aggregate profits of listed banks rise 11.3% in first 9 months of 2009, Byblos posts biggest increase at 21.3%

Financial results issued by five banks listed on the Beirut Stock Exchange show that their aggregate net profits reached $571.4m in the first 9 months of 2009, constituting an increase of 11.3% from $513.3m in the same period last year. The average growth of the net profits of the five banks reached 11.8% in the first 9 months of 2009, constituting an increase from the average growth in net profits of 1.5% in the first half of 2009, and a slowdown from the average growth in net profits of 34% in the first 9 months of 2008. Byblos Bank's profits increased by 21.3% year-on-year, posting the highest increase among Lebanon's 5 listed banks.

Banque Audi's net trading income reached $51.8m in the first three quarters of 2009, up 24.6% from the same period last year. Bank Byblos' net trading income reached $20.7m year-to-September, up 92.3% year-on-year, while BLOM Bank's net trading income increased by 144.3% to $19.1m and Banque Bemo's net trading income increased by 428.3% to $2.9m. In parallel, Bank of Beirut's net trading income fell by 3.7% in the first 9 months of 2009 to $4.9m.

The aggregate assets of the five banks rose by 16.5% from end-2008 and by 18.9% from end of September 2008 to $65.5bn, while their total loans increased by 8.8% from end-2008 and by 12.2% from end-September 2008 to $15.2bn. Also, the banks' deposits increased by 19.4% from end-2008 and by 22.3% from end-September 2008 to $53.9bn. BLOM Bank posted the lowest loans-to-deposit ratio at 21.9% compared to 23.8% at the end of September 2008, followed by Byblos Bank with a ratio of 30% relative to 34% at end-September 2008, Bank Audi with 30.7% from 33.2% a year earlier, Bank of Beirut with 34.5% from 38% a year earlier, and Banque Bemo with a 45.5% ratio compared to 50% at end-September 2008.

Results of Listed Banks for First 9 months of 2009

	Byblos	BLOM	Audi	BoB	BEMO
Net Profits	$95.9m	$205m	$212.8m	$50.9m	$6.8m
% Change*	21.3%	3.5%	17.8%	4.0%	12.3%
Total Assets	$13.04bn	$20.26bn	$24.67bn	$6.42bn	$1.13bn
% Change**	16.1%	13.2%	20.9%	15.3%	24.7%
Loans (1)	$2.94bn	$3.81bn	$6.54bn	$1.53bn	$0.40bn
% Change**	5.7%	9.7%	9.8%	6.2%	11.7%
Deposits (1)	$9.82bn	$17.41bn	$21.3bn	$4.44bn	$0.88bn
% Change**	18.5%	15.9%	23.8%	16.5%	23.9%

**Year-on-year*
***Change from end-2008*
(1) Customer Loans and Deposits

Librairie Antoine and Hachette to establish joint-venture publishing firm

Librairie Antoine, one of the largest bookstore chains in Lebanon, and French publishing house Hachette Livre signed an agreement to establish a joint-venture publishing company, where each company would hold 50% share. The new company named Hachette Antoine sal will be a publishing group for Arabic books. It is expected to be established by mid-December and become operational in January 2010. Hachette Antoine sal will be based in Beirut and headed by the actual sales director of the Librairie Antoine. It will publish academic books, books for young people, general literature and books that focus on subjects such as health, well-being and trips. Hachette Livre, the largest publisher in France, is a wholly-owned subsidiary of Lagardère, a company that is active worldwide in the areas of communications and media. Librairie Antoine is one of the largest bookstores and book distributors in Lebanon.

Solar energy firm to start operations in Lebanon

Millennium Energy Industries (MEI) announced plans to launch its operations in Lebanon, using a grant provided by the European Union and in cooperation with Jordan Enterprise Development Corporation (JEDCO). MEI, an international solar energy solutions company operating in the MENA region, will start offering the industrial, commercial, and residential sectors in Lebanon its fuel saving solar space heating and water heating solutions. MEI will provide solar hot water and space heating solutions that are supposed to save up to 85% on traditional fuel bills such as gas, Diesel and electricity.

Central Bank supports sale of 25% of MEA

Central Bank Governor Riad Salameh endorsed the idea of selling a 25% stake in national flag carrier Middle East Airlines (MEA) through a listing on the Beirut Stock Exchange. The Central Bank owns a 99% stake in the carrier. According to MEA's chairman, the carrier is expected to post net profits in excess of $100m in 2009 due to the record tourism season. In parallel, the government recently extended the exclusive rights of MEA on certain routes, as the rights were about to expire in 2011. It is not possible to independently verify the actual financial state of the national flag carrier, as it does not publish its balance sheet or income statement.

Byblos Bank posts biggest rise in Tier One capital among Lebanese banks included in top 100 Arab banks, has highest capital-to-assets ratio

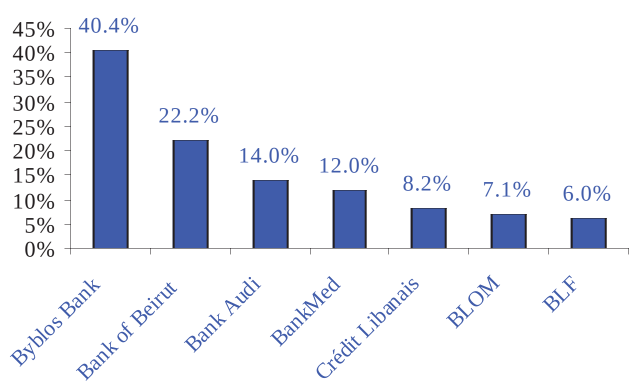
In its 2009 survey of the Top 100 Arab commercial banks, *The Banker* magazine included 11 Lebanese banks on the list, none of which ranked in the top 20 banks in the Middle East. The rankings are based on Tier One capital at year-end 2008 as defined by the Basel Bank for International Settlements. *The Banker* said the definition is stricter than total shareholders' equity and covers only the core of a bank's strength, namely the shareholders' equity available to cover actual or potential losses. Three Lebanese banks did not report end-2008 figures so their rankings were based on end-2007 results.

Three Lebanese banks posted double-digit growth in their Tier One capital in 2008, with Byblos Bank posting the highest rise among all Lebanese banks and the 14th highest among Arab banks. Also, four Lebanese banks improved their ranking in the 2009 survey, with Byblos Bank posting the best year-on-year improvement in the standings among the top 3 Lebanese banks.

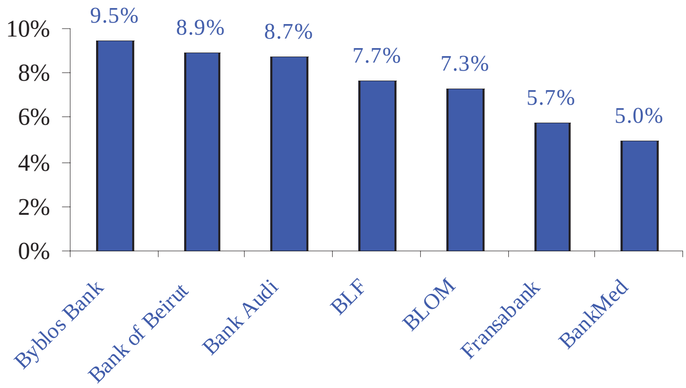
Byblos Bank posted the biggest annual increase in Tier One capital with a 40.4% rise, followed by Bank of Beirut with 22.2%, Bank Audi with 14%, BankMed with 12%, Crédit Libanais with 8.2%, BLOM Bank with 7.1%, and Banque Libano-Française with 6%. The figures issued by *The Banker* also indicate that Byblos Bank's Tier One capital-to-assets ratio reached 9.53% at end-2008, posting the highest such ratio among the 11 Lebanese banks included in the survey. It was followed by Bank of Beirut with 8.88%, Bank Audi with 8.67%, Banque BEMO with 8.24%, Banque Libano-Française with 7.67%, BLOM Bank with 7.32%, BBAC with 7%, Fransabank with 5.74%, BankMed with 5% and SGBL with 4.2%.

Among banks that reported end-2008 figures, Bank of Beirut's rank increased by 6 spots to 57th place, Crédit Libanais rose by 6 spots to 73rd place, Byblos Bank improved by two spots and came in 42nd place, and Bank Audi increased by one position to 25th place. In parallel, BankMed's came in 62nd place, unchanged year-on-year, while BLOM Bank regressed by one position to 35th place and Fransbank declined by 3 spots to 69th place.

Rise in Tier-One Capital in 2008*



Capital-to-Assets ratio (end-2008)*



**Banks reporting end-2008 Tier-one capital*
Source: The Banker magazine, Byblos Research

Ratio Highlights

(in % unless specified)	2006	2007	2008	Change*
Nominal GDP*(1)* ($bn)	22.7	24.6	28.8	
External Debt / GDP	89.9	86.4	73.4	(1,300)
Local Debt / GDP	88.1	84.6	89.8	520
Total Debt / GDP	178.4	171.0	163.2	(780)
Trade Balance / GDP	(31.3)	(36.6)	(43.9)	(730)
Exports / Imports	24.3	23.8	21.6	(220)
Budget Revenues / GDP	19.4	23.6	24.4	80
Budget Expenditures / GDP	30.8	33.9	34.5	60
Budget Balance / GDP	(11.5)	(10.3)	(10.1)	20
Primary Balance / GDP	0.4	2.9	2.1	(80)
BdL FX Reserves / M2	65.6	59.6	68.9	930
M3 / GDP	234.4	243.2	238.4	(480)
Bank Assets / GDP	327.2	334.4	327.3	(710)
Bank Deposits / GDP	267.4	273.5	270.1	(340)
Private Sector Loans / GDP	67.4	72.2	86.9	1,470
Dollarization of Deposits	76.2	77.3	69.6	(770)
Dollarization of Loans	84.0	84.3	86.6	230

** Change in basis points 07/08*
(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	July 2008	July 2009	Aug 2009	Change*	Risk Level
Political Risk Rating	57.0	57.5	57.5	▲	High
Financial Risk Rating	31.5	28.0	27.5	▼	High
Economic Risk Rating	28.5	30.0	27.5	▼	High
Composite Risk Rating	58.5	57.7	56.2	▼	High

Regional Average	July 2008	July 2009	Aug 2009	Change*	Risk Level
Political Risk Rating	65.6	65.1	65.1	▼	Moderate
Financial Risk Rating	41.2	41.6	41.7	▲	Very Low
Economic Risk Rating	39.8	34.4	34.3	▼	Moderate
Composite Risk Rating	73.3	70.5	70.5	▼	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	B2	NP	Stable			
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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