



LEBANON THIS WEEK

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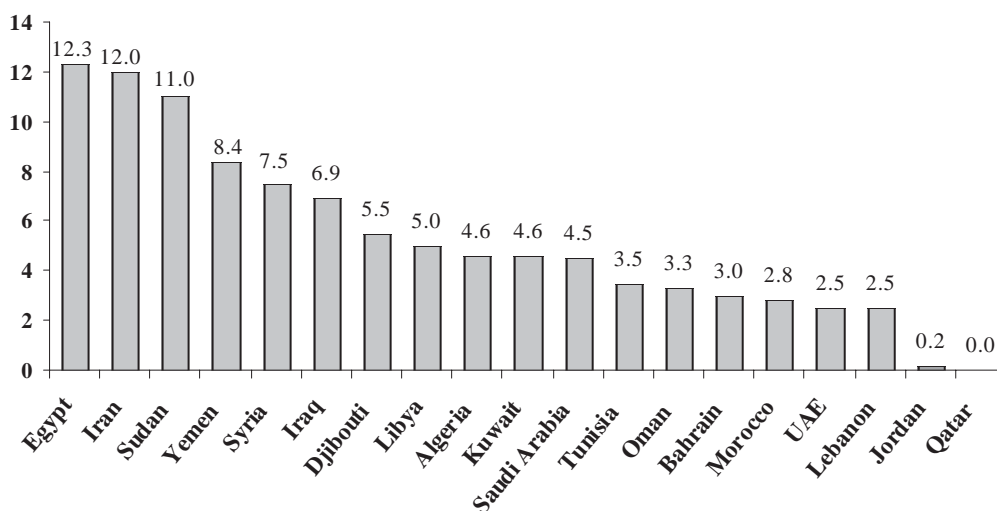
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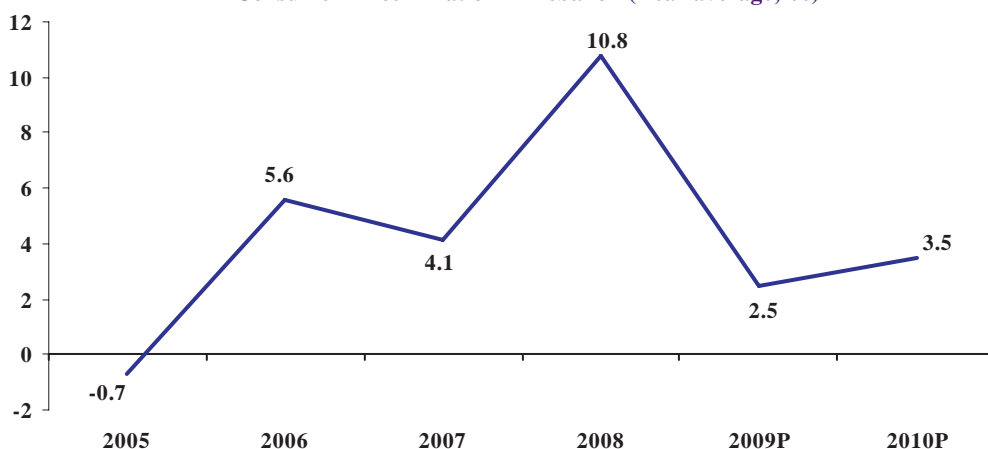
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Charts of the Week

Projected Consumer Price Inflation in MENA Countries for 2009 (Year average; %)



Consumer Price Inflation in Lebanon (Year average; %)



Source: International Monetary Fund

Quote to Note

“In a certain way, the entire world will converge towards Lebanese regulations.”

Christian Noyer, Governor of Banque de France, on Lebanon's strict banking regulations that helped the banking sector avoid the direct repercussions of the global financial crisis

Number of the Week

95.3%: Percentage of members of Parliament who gave a vote of confidence to the new government of Prime Minister Saad Hariri

Economic Indicators

\$m (unless otherwise mentioned)	2007	Sep 08	2008	July 09	Aug 09	Sep 09	% Change*
Exports	2,816	307	3,478	230	239	298	(2.93)
Imports	11,815	1,470	16,133	1,470	1,439	1,250	(14.97)
Trade Balance	(8,999)	(1,163)	(12,655)	(1,240)	(1,200)	(952)	(18.14)
Balance of Payments	2,036	200	3,462	1,246	1,020	475	137.50
Checks Cleared in LBP	8,409	757	9,350	1,028	937	900	18.89
Checks Cleared in FC	29,893	4,062	43,174	4,115	4,233	3,882	(4.43)
Total Checks Cleared	38,302	4,819	52,524	5,143	5,170	4,782	(0.77)
Budget Deficit/Surplus	(2,546)	(319)	(2,921)	(157)	(127)	(381)	19.43
Primary Balance	731	33	597	136	122	47	42.42
Airport Passengers	3,408,834	365,205	4,085,334	621,522	612,956	463,919	27.03

\$bn (unless otherwise mentioned)	Dec 2007	Sep 2008	Dec 2008	July 09	Aug 09	Sep 09	% Change*
BdL FX Reserves	9.78	15.32	17.06	22.01	22.82	23.21	51.50
<i>In months of Imports</i>	<i>9.19</i>	<i>10.43</i>	<i>15.03</i>	<i>14.97</i>	<i>15.86</i>	<i>18.57</i>	<i>78.04</i>
Public Debt	42.03	45.64	47.02	47.92	48.52	49.18	7.76
Net Public Debt	39.03	40.89	41.49	43.05	43.24	43.61	6.65
Bank Assets	82.26	91.74	94.25	105.38	107.37	109.90	19.80
Bank Deposits (Private Sector)	67.29	75.13	77.78	87.69	89.30	91.19	21.38
Bank Loans to Private Sector	20.42	24.79	25.04	26.98	27.11	27.89	12.50
Money Supply M2	16.47	22.13	24.76	30.11	30.91	31.57	42.66
Money Supply M3	59.83	66.45	68.66	76.17	77.22	78.73	18.48
LBP Lending Rate (%)	10.10	9.98	9.95	9.43	9.27	9.22	(76b.p.)
LBP Deposit Rate (%)	7.40	7.18	7.22	7.02	7.00	6.94	(24b.p.)
USD Lending Rate (%)	8.02	7.37	7.47	7.24	7.05	7.24	(13b.p.)
USD Deposit Rate (%)	4.69	3.57	3.33	3.19	3.18	3.16	(41b.p.)
%* Change in CPI**	5.92	11.76	6.36	2.42	1.52	1.99	(977b.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	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Solidere "A"	24.81	(2.78)	216,898	19.85%	Mar. 2010	7.125	101.00	2.77
Solidere "B"	24.70	(3.10)	52,852	12.85%	May 2011	7.875	106.00	3.57
Byblos Common	2.08	0.48	96,847	3.61%	Mar. 2012	7.500	106.50	4.46
Byblos Priority	2.09	1.46	132,588	3.45%	Sep. 2012	7.750	108.00	4.60
Byblos Pref. 08	100.00	0.00	0	1.60%	June 2013	8.625	111.13	5.13
BLOM GDR	86.50	(0.23)	5,473	5.11%	Apr. 2015	10.000	116.88	6.25
BLOM Listed	84.95	0.00	0	14.61%	Jan. 2016	8.500	111.38	6.23
Audi GDR	82.60	0.12	4,000	6.50%	May 2016	11.625	125.88	6.61
Audi Listed	73.00	0.69	7,479	20.10%	Mar. 2017	9.000	115.00	6.39
HOLCIM	13.01	4.00	13,100	2.03%	Apr. 2021	8.250	110.63	6.88

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

Source: Byblos Capital Markets

	This Week	Last Week	% Change	November 2009	November 2008	% Change
Total Shares Traded	536,930	1,020,605	(47.39)	4,512,808	4,098,570	10.11
Total Value Traded	\$9,303,310	\$15,347,978	(39.38)	\$106,395,792	\$68,636,890	55.01
Market Capitalization	\$12.50bn	\$12.58bn	(0.69)	\$12.55bn	\$9.88bn	27.03

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 127th globally, 91st among developing economies for its economic growth environment

Global investment bank Goldman Sachs ranked Lebanon in 127th place among 179 countries globally on its Growth Environment Scores index (GES) for 2008, up from 130th place in the previous survey but down from 78th place in 1997. It also ranked Lebanon in 91st place among developing countries, up from 94th place in the previous survey but down from 42nd place in 1997. Lebanon also ranked in 15th place among 20 countries in the Middle East & North Africa region, unchanged from the previous year and down from 9th place in 1997. Additionally, Lebanon came in 34th place among 36 Upper Middle Income Countries (UMICs) included in the survey, unchanged from 2006, but down from 25th place in 1997.

The GES is a composite measure of economic growth conditions in 179 countries that summarizes the overall growth environment and that ranks countries according to their ability to achieve their growth potential. The GES consists of 13 indicators grouped in five broad categories of growth criteria that are equally weighted. The categories are Macroeconomic Stability that covers inflation, government deficit and external debt as a percentage of GDP; Macroeconomic Conditions such as investment rates and openness of the economy; Human Capital, including life expectancy and the level of education; Technological Capabilities such as penetration of personal computers, phones and the Internet; and Political Conditions as reflected by political stability, the rule of law and corruption.

Globally, Lebanon tied with Turkmenistan, Tajikistan, Laos and Kyrgyzstan; ranked ahead of Mauritania, Papua New Guinea and Tanzania; and came behind Namibia, Nicaragua and Uzbekistan. It also ranked ahead of Venezuela and Equatorial Guinea, and behind Gabon and Trinidad & Tobago among UMICs. Lebanon received a score of 4.3 points, slightly up from 4.2 the previous year but down from 4.5 points in 1997, and compared to an average improvement of 0.2 points globally. Lebanon's score was lower than the global average score of 5.4 points, the UMICs' average of 5.9 points, developing economies' average of 4.8 points, the MENA average score of 5.33 points and the Arab average score of 5.29 points. The scores of 16 countries in the region improved year-on-year, 3 declined and one remained unchanged, while the ranks of 10 countries improved, 9 declined and one was unchanged. Norway posted the highest score in the world and Barbados had the best score across developing countries.

Fitch considers Lebanese banking sector has low vulnerability level

In its risk assessment of 86 banking systems in advanced and emerging economies, Fitch Ratings indicated that Lebanon's banking sector was among 25 banking systems that came in the 'low strength' category on its Banking System Indicator (BSI). The BSI is a measure of intrinsic banking system quality or strength, derived from Fitch's long-standing and current Individual Ratings for banks. It deliberately excludes potential support from shareholders or governments since the objective is to highlight systemic weakness that might trigger the need for such support. The BSI measures system quality or strength on a scale ranging from 'A' representing very high quality or strength, through 'B' (high), 'C' (adequate), 'D' (low) and 'E' (very low). Lebanon came in the 'D' category along with Egypt, Tunisia, Morocco, Benin and Nigeria in the Middle East & Africa region, as well as with other countries such as China, Croatia, Ecuador, Hungary, the Philippines, Venezuela, Ireland and Russia among others. Fitch said that 75% of emerging markets banking systems came in the 'C' and 'D' category and 25% in the 'E' segment.

In parallel, the agency placed Lebanon's banking sector among 25 bank systems with a 'low level of potential vulnerability', coming in the highest category on Fitch's Macro-prudential Indicator (MPI). The MPI highlights the existence and severity of a set of macroeconomic circumstances that has been shown to anticipate a majority of past episodes of banking system distress and in some cases full-blown systemic crises. The MPI identifies instances of rapid credit growth that bring the ratio of private sector credit-to-GDP and the real exchange rate or real equity prices above long-run trend values by certain trigger amounts. An MPI score of '1' denotes low potential vulnerability, while a score of '2' reflects moderate vulnerability and a score of '3' denotes a high level of vulnerability to potential systemic stress. The assessment is based on three years of annual data with a trigger in any of the three years being relevant to a country's MPI score. Lebanon received a score of '1', along with Benin, Egypt and Tunisia in the Middle East & Africa region. Other countries in this category included China, Croatia, El Salvador, Indonesia and Sri Lanka among others. Also, Lebanon was one of 13 countries whose banking system has a 'low level of potential vulnerability' despite the 'low strength' of their banking sectors. This category included Benin, China, Croatia, Dominican Republic, Ecuador, Egypt, El Salvador, Hungary, Indonesia, the Philippines, Sri Lanka and Tunisia.

Growth Environment Scores 2008

Country	Score	MENA	Global
		Rank	Rank
UAE	7.3	1	29
Qatar	7.2	2	31
Kuwait	6.9	3	35
Bahrain	6.6	4	40
Israel	6.5	5	45
Saudi Arabia	6.4	6	48
Oman	6.3	7	50
Algeria	5.7	8	64
Jordan	5.7	9	65
Tunisia	5.5	10	75
Libya	5.4	11	79
Morocco	5.2	12	85
Iran	4.7	13	112
Egypt	4.4	14	123
Lebanon	4.3	15	127
Djibouti	4.2	16	133
Syria	4.2	17	135
West Bank & Gaza	3.6	18	161
Sudan	3.5	19	164
Yemen	2.9	20	172

Source: Goldman Sachs, Byblos Research

Incoming government pledges to maintain financial and monetary stability, plans to support economic growth and development within available resources

The Council of Ministers' Ministerial Statement indicated that the new government's objective is to achieve economic growth and implement sustainable development for all Lebanese within the limits of available resources to the Treasury. It added that the government will have a realistic approach to economic policy to achieve sustainable growth and development, as well as to reach its other objectives. It noted that the Lebanese economy overcame a difficult period and showed resilience, as it attracted capital inflows, and managed to post growth that exceeded 8% in 2008 and is likely to exceed 7% in 2009, which has helped reduce the debt-to-GDP ratio and interest rates.

The government pledged in its statement to complete the physical, institutional and legislative infrastructure needed to support sustained economic growth, job creation and reducing the brain drain. It also aims to maintain financial and monetary stability through reducing the burden of public debt servicing on the national economy and its share of GDP. Further, it pledged to implement the economic reform policies that Lebanon submitted at the Paris III donor conference and work to release the rest of the grants and loans promised by donors, as well as to implement privatization and encourage the Lebanese to take part in this process. It highlighted the need to develop and improve Lebanon's competitive advantages and encourage public-private partnerships. It also pledged to support the growth and development of rural areas, to improve the investment climate, liberalize the telecommunications sector in order to better support productive sectors, develop the knowledge economy, develop a plan to reform the electricity sector, support the agricultural and industrial sectors and increase agricultural and industrial exports, and modernize the tax system with particular emphasis on the income tax and on improving tax collection, among others.

The government also plans to give high priority to the Lebanese Diaspora by transforming the links between Lebanon and its emigrants from seasonal to permanent links, intensifying diplomatic activity to engage the Diaspora, engaging the Diaspora's resources as part of the country's investment strategy, and allowing emigrants to vote in local elections from their country of residence.

Further, the government plans to put together an economic strategy that covers all productive sectors, support small and medium-size enterprises, improve the supervisory capacity of the Insurance Control Commission, and endorse a new insurance reform law. It also pledged to continue implementing and upgrading intellectual property protection laws. The statement stressed the need to reform the social security system by modernizing the National Social Security Fund through the automation of the Fund's operations, recruiting qualified personnel and simplifying administrative procedures. It also pledged to work on a draft law about retirement to replace the end-of service system currently in place. Further, it highlighted the need to implement the healthcare reform plan that was adopted by the previous government, particularly the health card for non-insured citizens, as well as modernize and develop public hospitals and establish new ones.

New government formation to support capital inflows, reforms to remain elusive

Regional investment bank EFG Hermes maintained its economic growth forecast for Lebanon at 6% in 2009 and 4% for 2010. It said growth slowed slightly in September 2009, with the Central Bank's coincident indicator of real economic activity rising 10.5% year-on-year, against an average of 13.6% in the first 9 months of the year. It noted that the annual slowdown was expected following the rebound in economic activity in the second half of 2008 after the election of President Michel Sleiman. It added that double-digit growth so far this year supports expectation that the economy will continue to grow in 2010 due to pent-up demand and abundant liquidity. EFG Hermes indicated that capital flows remain strongly positive, supported by favorable interest rate differentials on Lebanese pound and US dollar deposits, as well as a seemingly more stable political environment. It added that the implied balance of services exports, remittances and capital flows rose 25% year-on-year to \$14.3bn in the first 9 months of the year, equivalent to 45% of GDP, and reflecting the record tourism season as well as inflows from non-resident Lebanese.

According to EFG Hermes, the formation of a new Lebanese government in early November may further encourage capital inflows, lifting real estate prices and supporting general economic growth. But it considered that there is little prospect of the national unity government tackling the large fiscal deficit and debt burden. It noted that the major potential reforms include cutting the public sector wage bill, privatizing the two mobile phone licenses, restructuring the loss-making Electricité du Liban, and increasing tax revenues. It considered that such reforms are politically difficult, particularly with the delicate balance inside the new government.

EU to extend €1m for various projects

The European Commission announced it is expected to approve next year €9m to finance infrastructure projects in the water, energy and transport sectors in Lebanon. The program is projected to be completed over a four-year period. In addition, the European Union will extend €14m to help improve the competitiveness of the private sector and €10m to modernize the justice system, while it will grant €8m to support the development of Northern Lebanon. In parallel, the Italian Cooperation will grant €5m for the reconstruction of the Nahr El-Bared Camp. Moreover, Italy and the Ministry of Interior and Municipalities signed a €50,000 cooperation agreement to support local development. Finally, Switzerland will grant \$286,000 as part of an \$800,000 project that aims to provide technical assistance to manage disasters in Lebanon.

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

The Association of Banks in Lebanon (ABL) recommended to its member banks to decrease the Beirut Reference Rate in US dollars to 5.19% from 5.18% previously. The rate, considered as the reference rate for lending in foreign currency, replaced earlier this year the London Inter-Bank Offering Rate (LIBOR) since the ABL considered that the LIBOR no longer accurately reflects the cost of funding and lending in Lebanon. Additionally, the ABL recommended to its member banks to decrease the Beirut Reference Rate in Lebanese pounds to 8.66% from 8.78% previously. The Beirut Reference Rate in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL indicated that the BRR does not replace the Beirut Prime Lending Rate in each currency, but constitutes the basis to calculate the prime rate after adding the cost of liquidity and refinancing, credit risks, and the profitability of banks to the prime lending rate. The prime lending rate for US dollar and Lebanese pounds are 8.25% and 10% respectively.

Subsidized interest loans reach \$2.55bn at end-June 2009

Figures released by the Central Bank show that the cumulative amount of subsidized interest loans to productive sectors in Lebanon reached \$2.55bn at end-June 2009. The industrial sector accounted for \$1.52bn, or 59.7% of the total, followed by tourism with \$744m (29.1%), agriculture with \$234m (9.2%), specialized technology with \$50m (1.9%) and handicrafts with \$1m (0.1%). Subsidized interest loans extended in 2008 totaled \$473m relative to \$248m in 2007.

Subsidized medium & long-term loans reached \$1.69bn, equivalent to 66.1% of the total at end-June 2009. Industry accounted for 60.4% of the total, followed by tourism with 34.5%, agriculture with 4.1% and specialized technologies with 1%. The program was established in the first quarter of 1997 and consists of a 5% to 7% subsidy on the interest for loans extended in foreign currencies to productive sectors. Also, subsidized interest loans guaranteed by the Kafalat Corporation totaled \$571.8m, or 22.4% of the total. Industry accounted for 53.6% of Kafalat-backed subsidies, followed by agriculture with 27.6%, tourism with 15.6%, special technologies with 3% and handicrafts with 0.2%. Kafalat provides financial guarantees for loans of up to \$400,000 for small and medium-sized enterprises in productive sectors.

Further, interest subsidized under the protocol signed with the European Investment Bank totaled \$146.3m, or 5.7% of the total, with industry accounting for 53.3% of the total, followed by tourism with 34.4%, specialized technologies with 10.9%, and agriculture with 1.4%. In addition, subsidized interest loans granted by leasing companies totaled \$78.1m at the end of June-2009, or 3.1% of the total, with industry accounting for 97.1%, tourism with 2.8% and specialized technologies with 0.1% of such subsidies. Finally, subsidized interest loans granted by the International Finance Corporation totaled \$56.2m, or 2.2% of the total, with industry accounting for 72.8%, tourism for 18.6% and agriculture for 8.6%, while subsidized interest loans to finance working capital totaled \$10.3m, or 0.4% of the total with tourism accounting for 100% of the total.

Industrial and commercial activity up in second quarter of 2009

The Central Bank's business sentiment survey indicates that industrial production increased during the second quarter of 2009, with a balance of opinions standing at +27, compared to +4 during the same quarter of 2008. The business survey reflects the opinions of enterprise managers on the evolution of their businesses in order to depict the evolution of a number of key economic variables. The balance of opinions for overall demand for industrial goods increased from -3 in the second quarter of 2008 to 21 in the same quarter of 2009.

In parallel, commercial activity improved, as the volume of sales increased during the second quarter of 2009 with a balance of opinions standing at +30 compared with +10 during the same quarter of 2008. Moreover, overall activity in the construction and public works sectors improved in the second quarter of 2009, with a balance of opinions standing at +16, compared with +7 in the same quarter of 2008. Surveyed managers for ongoing projects in the construction and public works sectors reported a balance of opinion of +12 at the end of the second quarter of 2009 compared with +5 a year earlier.

Year-on-year Evolution of Opinions		
Aggregate Results	Q2-09	Q2-08
Industrial production	+27	+4
Total demand for industrial goods	+21	-3
Commercial sales volume	+30	+10
Overall activity in construction and public works	+16	+7
Ongoing projects in construction and public works	+12	+5

Source: Central Bank Business Survey

Kafalat loan guarantees at \$127m in first 11 months of 2009

Figures released by the Kafalat Corporation show that loans extended to small- and medium-size companies under the guarantee of Kafalat reached \$127.4m in the first 11 months of 2009, up 8.7% from \$117.2m in the same period last year. The number of loan guarantees totaled 949 in the first 11 months of 2009 compared to 842 in the same period last year. The average loan size reached \$134,220 compared to \$139,131 in the first 11 months of 2008. Mount Lebanon accounted for 46.3% of guarantees, followed the South & Nabatieh with 19.9%, the Bekaa with 14.2%, the North with 14% and Beirut with 5.6%. The agriculture sector accounted for 43.2% of total guarantees, followed by industries with 39.3%, tourism with 12.6%, and handicraft with 2.5%. Kafalat is a state-sponsored organization that provides financial guarantees for loans up to \$400,000 earmarked for the set up and expansion of small and medium size companies in productive sectors. It guarantees up to 75% of the loan amount and a similar percentage of the interest that accrues during the grace period.

Holcim's net profits at \$20.8m in first 9 months of 2009

Cement producer Holcim Liban sal posted net profits of \$20.79m in the first 9 months of 2009, up 6.5% from \$19.53m in 2008. The firm's net sales reached \$128m, down 23.1% from end 2008. Holcim's total assets and total equity amounted to \$301.2m and \$201.1m respectively as at end-September 2009, compared to \$312.7m and \$197.8m as at end-December 2008. The company's total loans and borrowings reached \$46.9m at end-September 2009 compared to \$52.9m at end 2008, while its banks balance and cash reached \$2.5m compared to \$10m at end 2008. The company is engaged in the production and sale of cement and other related services. Holcim Liban is majority-owned by the Swiss-based Holcim Ltd. and its shares are listed on the Beirut Stock Exchange.

Ciments Blancs posts net profits of \$1.8m year-to-September

Société Libanaise des Ciments Blancs sal, an affiliate of Holcim Liban sal, declared net profits of \$1.8m in the first 9 months of 2009 compared to \$3.2m in 2008. The company generated sales worth \$9.98m at end-September 2009 compared to \$13.2m at end-December 2008. The firm's total assets reached \$19.4m as at end-September 2009, almost unchanged from end-2008. Total equity amounted to \$14.5m as at end-September 2009 compared to \$15.6m at end-2008.

Solidere International and Sodic launch two projects in Egypt

Solidere International (SI) and Sodic, an Egyptian real estate development company, announced plans for two large scale mixed use real estate projects as part of the Westown project located in Cairo's eastern and western suburbs. The two developments are fully funded with investments amounting to EGP500m (\$2.74bn) and EGP 600m (\$3.3bn) respectively. Construction of the two projects will begin in March 2010 and delivery is due in 2013. Westown is master-planned to be the urban city of west Cairo, offering residential units, offices, over 7 hotels, as well as retail and entertainment spaces. Located on the Cairo-Alexandria road, it will be built on 1.2 million square meters of land, and will have a built-up area of approximately 1.8 million square meters. Solidere, the Lebanese Company for the Development of the Beirut Central District, established SI in July 2007 to undertake real estate projects outside Lebanon and has a 37.2% stake in the firm.

Lebanese companies get \$10m incentives to participate in Hong Kong fairs

The Hong Kong Trade Development Council (HKTDTC) offered incentives worth \$10.3m to Lebanese companies to participate in trade fairs held in Hong Kong up till March 2010. The incentives consist of subsidized air ticket and hotel stay packages. The purpose of this sponsorship is to increase business cooperation and trade between Lebanon and Hong Kong. The HKDTC is the official trade promotion government body of Hong Kong and was established in 1966. It is the global marketing arm and service hub for Hong Kong-based manufacturers, traders and service exporters with more than 40 offices around the world. Hong Kong is considered the largest trading market in the world with an estimated trade volume of \$700bn.

Balance sheet of financial institutions posts 7.5% annual growth in June

Figures released by the Central Bank show that the consolidated balance sheet of financial institutions in Lebanon reached LBP1,255bn, or \$832.6m, at the end of June 2009, constituting an increase of 2.2% from end-2008 and a rise of 7.5% from end-June 2008. Liabilities to the private sector reached \$137.7m, down 8.7% from end-2008 and down by 17.6% year-on-year. Commitments to the financial sector reached \$365m at the end of June, representing an increase of 4.2% from end-2008 and an increase of 15.4% year-on-year.

On the assets' side, financial institutions' operations with commercial banks reached \$262m at end-June 2009, up 5.4% from end-2008 and up by 16% from end-June 2008. Lending to the private sector reached \$413m, constituting an increase of 1.8% from end-2008 and a rise of 1.1% year-on-year. Investments in government securities totaled \$128m at end-June 2009, down by 2% from end-2008 but up by 16.2% from end-June 2008. Further, the aggregate capital account of financial institutions reached \$246.4m at the end of June, up 8.5% from the end of 2008 and up by 16.2% from \$212m at the end of June 2008. There were 46 financial institutions operating in Lebanon a at mid-2008.

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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