



LEBANON THIS WEEK

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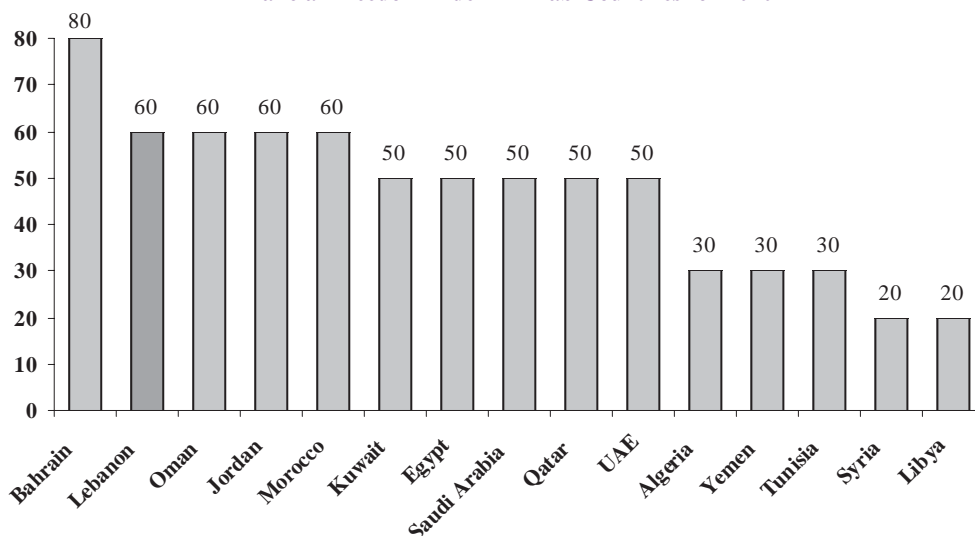
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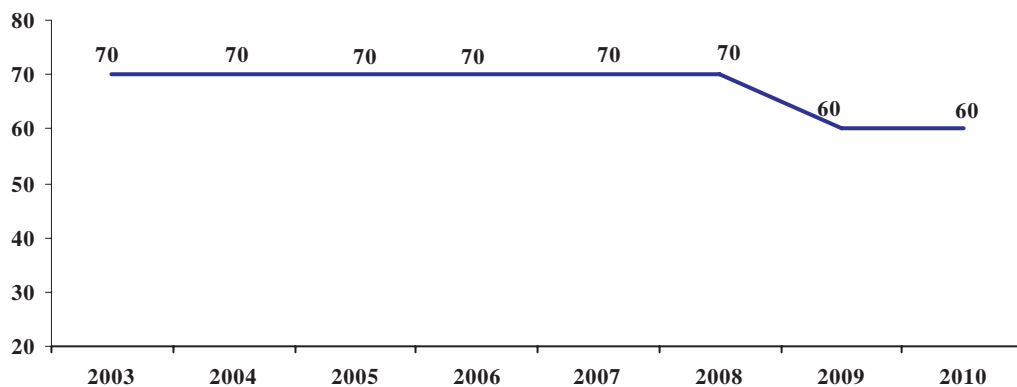
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Charts of the Week

Financial Freedom Index in Arab Countries for 2010



Financial Freedom Index for Lebanon



Source: Heritage Foundation/Wall Street Journal, 2010

Quote to Note

“A lack of visibility on the nature and timing of measures to reduce Electricité du Liban losses, including the much-needed electricity tariff reforms, will keep EdL’s losses weighing heavily on public finances for a while.”

Barclays Capital, on the lack of clear reforms at the electricity utility and the resulting burden on the budget

Number of the Week

952,000: Number of households in Lebanon that have television sets at end-2009, according to media firm Informa TM

Economic Indicators

\$m (unless otherwise mentioned)	2008	Jan 09	2009	Nov 09	Dec 09	Jan 10	% Change*
Exports	3,478	281	3,486	339	364	313	11.39
Imports	16,133	1,067	16,241	1,581	1,380	1,245	16.68
Trade Balance	(12,655)	(786)	(12,755)	(1,242)	(1,016)	(932)	18.57
Balance of Payments	3,462	364	7,899	280	1,610	(44)	(112.09)
Checks Cleared in LBP	9,350	927	11,122	850	1,061	1,088	17.37
Checks Cleared in FC	43,174	3,434	45,270	3,752	4,756	4,444	29.41
Total Checks Cleared	52,524	4,361	56,392	4,602	5,817	5,532	26.85
Budget Deficit/Surplus	(2,921)	(305)	(2,960)	(179)	(368)	(18)	94.10
Primary Balance	597	(7)	1,078	101	72	202	(2,985.71)
Airport Passengers	4,085,334	307,127	4,986,544	380,342	738,211	369,694	20.37

\$bn (unless otherwise mentioned)	Dec 2008	Jan 09	Oct 09	Nov 09	Dec 09	Jan 10	% Change*
BdL FX Reserves	17.06	17.59	24.12	24.81	25.66	26.78	52.24
<i>In months of Imports</i>	<i>15.03</i>	<i>16.48</i>	<i>18.68</i>	<i>15.69</i>	<i>18.59</i>	<i>21.50</i>	<i>30.46</i>
Public Debt	47.02	46.99	49.90	50.46	51.09	51.65	9.92
Net Public Debt	41.49	41.43	43.74	44.01	44.11	43.92	6.01
Bank Assets	94.25	93.79	111.57	113.57	115.25	116.52	24.23
Bank Deposits (Private Sector)	77.78	77.74	92.44	94.06	95.77	95.99	23.47
Bank Loans to Private Sector	25.04	24.96	28.09	28.81	28.37	29.36	17.63
Money Supply M2	24.76	25.41	32.36	33.19	34.16	34.77	36.83
Money Supply M3	68.66	68.62	79.71	81.04	82.08	82.43	20.12
LBP Lending Rate (%)	9.95	10.07	9.15	9.13	9.04	8.91	(116b.p.)
LBP Deposit Rate (%)	7.22	7.22	6.86	6.81	6.75	6.61	(61b.p.)
USD Lending Rate (%)	7.47	7.35	7.28	7.25	7.28	7.26	(9b.p.)
USD Deposit Rate (%)	3.33	3.31	3.18	3.07	3.05	3.04	(27b.p.)
%* Change in CPI**	6.36	4.03	1.66	4.47	4.20	4.96	93b.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"	22.79	(3.80)	128,743	17.24%
Solidere "B"	22.8	(5.00)	38,652	11.21%
Byblos Common	2.13	(0.47)	4,725,724	3.50%
Byblos Priority	2.16	0.00	378,528	3.37%
Byblos Pref. 08	104.2	0.00	0.00	1.58%
BLOM GDR	99.0	(0.30)	1,891	5.53%
BLOM Listed	94.0	(6.00)	15,572	15.28%
Audi GDR	90.90	(0.05)	1,195	6.98%
Audi Listed	88.20	0.34	3,150	22.96%
HOLCIM	12.05	(3.91)	2,903	1.78%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Nov. 2010	6.875	103.25	1.61
May 2011	7.875	105.50	2.90
Mar. 2012	7.500	107.63	3.46
Sep. 2012	7.750	109.50	3.62
June 2013	8.625	112.88	4.28
Apr. 2015	10.000	120.50	5.31
Jan. 2016	8.500	115.25	5.39
May 2016	11.625	130.50	5.62
Mar. 2017	9.000	118.88	5.68
Apr. 2021	8.250	113.94	6.46

Source: Byblos Capital Markets

	Mar 22-26, 2010	Mar 15-19, 2010	% Change	February 2010	February 2009	% Change
Total Shares Traded	3,767,498	236,184	1495.15	55,216,126	54,105,555	2.05
Total Value Traded	\$8,526,471	\$2,290,223	272.30	\$158,807,366	\$115,261,712	37.78
Market Capitalization	\$13.22bn	\$13.52bn	(2.17)	\$12.89bn	\$8.55bn	50.76

Source: Beirut Stock Exchange (BSE)



Lebanon among 118 countries where men and women have equal ownership rights, but is one of four countries that discriminate in terms of personal income tax liabilities

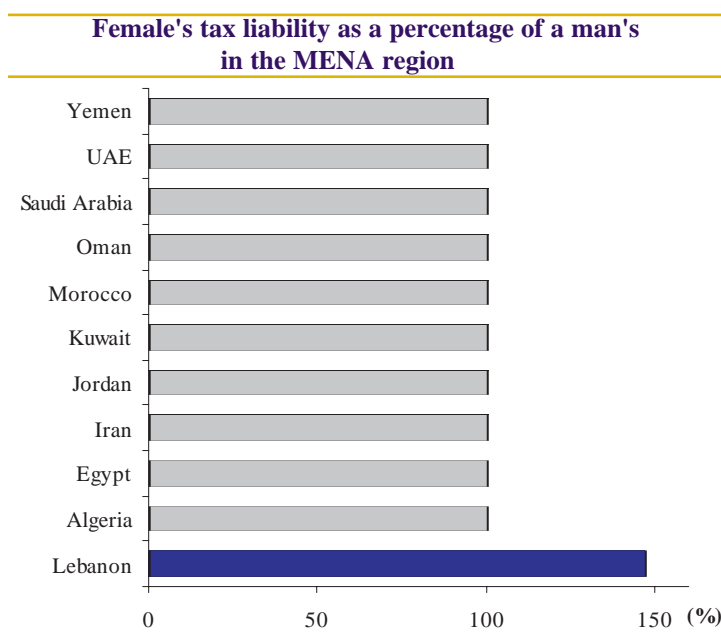
A report by the World Bank on gender differentiations in legal treatment affecting women's prospects as entrepreneurs and employees in 128 economies gave Lebanon a mixed track record. The World Bank used 6 indicators to assess gender differentiation, but did not measure all aspects that matter for women's economic opportunities like access to childcare, education, or personal security. The report estimated Lebanon's female population at about 2.11 million, or nearly half of the total population, while it estimated the female labor force participation at nearly 27% of the country's working population.

Lebanon was one of 12 countries in the MENA region and one of 42 countries globally where men and women do not have equal capacity by law in terms of accessing institutions. The accessing institutions indicator covers women's legal ability to interact with public authorities and the private sector in the same ways as men. Further, Lebanon was one of 12 MENA countries and one of 30 countries globally where married women do not have the same rights as married men in this category.

In parallel, Lebanon was among 118 countries worldwide where men and women have equal ownership rights over movable and immovable property, and in terms of using property. The indicator analyzes women's ability to access and use property based on their capacity to own, manage, control and inherit it. However, Lebanon has gender-differentiated inheritance rights, with male descendants receiving larger shares than similarly-situated female descendants. As such, Lebanon was one of 12 economies in the MENA region and one of 31 countries globally where women do not have the same inheritance rights as men.

The World Bank found that Lebanese laws impose few restrictions on women's work. Lebanon is among 98 economies worldwide where women can work the same night hours as men. Further, Lebanon is among 67 countries where pregnant and nursing mothers can work the same hours and in the same industries as men and other women. But Lebanon is one of 11 MENA countries and among 51 countries worldwide where women cannot work in all industries. Also, Lebanon is among 8 countries in the MENA region and 58 countries around the world where women are expected by law to retire at an earlier age than men. The statutory retirement age for men in the Lebanese private sector is at 64 years, while the retirement age for women is at 60 years.

However, Lebanese laws discriminate in terms of personal income tax liabilities, which take into account tax credits and deductions available to women relative to men. Lebanon, along with Burkina Faso, Côte d'Ivoire and Indonesia, are the only economies in the world where women face higher personal income tax liabilities than men. In Lebanon, men whose wives are not employed receive an extra tax deduction, while women whose husbands are unemployed do not have the same benefit. As such, the tax liability of a female as a percentage of a man's tax liability is 147% in the country.



Source: World Bank, Byblos Research

Lebanon's advertising market to grow by 6% during 2009-13 to \$280m, Internet segment to post fastest growth and newspapers the slowest

A survey by consulting firm Value Partners and media services company Zenith Optimedia estimated total advertising revenues in Lebanon at \$225m in 2009, accounting for 5% of aggregate ad revenues in the Arab world. It forecast advertising spending in Lebanon to grow by a compound annual growth rate (CAGR) of 5.7% during the 2009-13 period to reach \$280m in 2013, or 4.4% of Arab ad revenues during that year, compared to growth of 8.4% for ad revenues in Arab economies in the covered period. The survey said TV advertising revenues reached \$99m in Lebanon in 2009, or 44% of the total, followed by out-of-home advertising with \$39m (17.3%), newspaper ads with \$37m (16.4%), magazines with \$32m (14.2%), radio with \$14m (6.2%), and Internet with \$3m (1.3%).

The survey forecast television advertising expenditures in Lebanon to post a CAGR of 4.8% during the 2009-13 period and reach \$119m in 2013, compared to growth of 30% for TV ad spending in the Arab world during the same period. It also expected out-of-home ad spending to post a CAGR of 3.7% between 2009 and 2013 and total \$46m by 2013, compared to growth of 6.2% in the Arab world. Further, it projected the market for newspaper ads to grow by 2.9% over the 2009-13 period and reach \$41m in 2013, relative to growth of 49% in the Arab world for the same period. In addition, it forecast ad spending in magazines to expand by 7.4% during 2009-13 and reach \$43m in 2013, compared to a CAGR of 8% for such spending in Arab economies. Value Partners expected Internet advertising in Lebanon to jump by a CAGR of 47% in the five-year period and total \$14m in 2013, significantly higher than the projected growth rate of 4.2% in the Arab world, due to growth from a low base. Finally, it estimated advertising revenues from radio to post a CAGR of 3.8% during 2009-13 to reach \$16m by 2013, compared to growth of 2.6% in the Arab world.

The survey said that there are 14 daily newspapers in Lebanon, resulting in a concentration of 4.8 titles per one million adult inhabitants, fourth highest in the Arab world behind Bahrain with a ratio of 15.2, Qatar with 10.9 and Kuwait with 8.9, and compared to a concentration ratio of 1.1 titles per million residents in the Arab world. It indicated that most newspapers in Lebanon are politically affiliated, which leads them to generally reflect their respective political party's point of view. It noted that newspaper preferences among readers are more linked to political affiliations than to population demographics. It said newspapers remain the dominant form of news consumption in Lebanon, with 46% of survey respondents saying they use print newspapers only. But nearly 35% of respondents read news online, with 11% preferring the Internet to the print version.

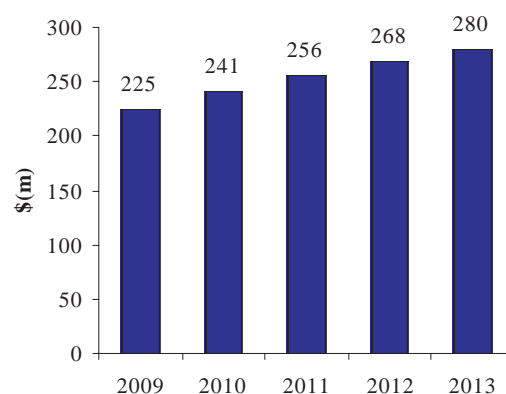
In parallel, the survey found that 55% of respondents cited 'best news coverage' and 47% identified 'opinions and analysis' as the top two reasons for choosing newspapers in Lebanon, which is a trend unique to the Lebanese market in the region. Also, 34% of respondents said they read a specific newspaper out of habit, and 16% read because of specific journalists. In terms of topics, the survey noted that Lebanese readers show a much higher interest in political and current affairs than any other market in the region, with sports ranking much lower. Nearly three quarters, or 72% of respondents said politics is the topic they read the most, 56% said current affairs is their favorite subject, 38% look at classified ads, 33% read celebrity news, 24% read about arts & culture, while 22% identified sports and business & economic news as their most read subjects.

Tourism Ministry unveils plan to promote tourism

Tourism Minister Fadi Abboud unveiled a four-year plan to promote tourism in Lebanon. He considered that the sector's main challenges are the limited prerogatives of the ministry, its low budget, a large number of vacancies at the ministry, a lack of supervision, concentration of tourism activity in Beirut, tourism seasonality, and Lebanon's inadequate image abroad. He stated that the plan consists of four main segments that cover reviewing existing rules and legislations and re-organizing the ministry, promoting tourism, encouraging domestic and sustainable tourism, and initiating cooperation with the private sector. The plan's key points include expanding and strengthening the tourism police, reviving the Higher Tourism Authority, establishing a board to promote Lebanon's image abroad, and developing specific industry segments such as religious, cultural and health tourism. The minister indicated that he requested an increase of \$5m to the ministry budget that would be earmarked to promote Lebanon abroad. He expected tourism activity to grow between 10% and 20% this year.

The World Travel & Tourism Council estimated that the travel & tourism industry would contribute directly \$4.4bn to the Lebanese economy in 2010, equivalent to 13.3% of GDP, and direct industry employment will reach 199,000, representing 13.7% of total employment in Lebanon this year. It added that, since travel & tourism touches all sectors of the economy, its real direct and indirect impact is even greater, and forecast it will generate \$12.4bn, or 37.6% of overall economic activity in Lebanon, including 553,000 jobs, representing 38% of total employment in 2010. Lebanon's travel & tourism economy ranks 11th among 181 countries in terms of its contribution to GDP.

Advertising Revenues in Lebanon (\$m)



Source: Value Partners, Zenith Optimedia

Hotels sector offers opportunities due to enormous tourism potential, needs branded budget and mid-scale hotels

Global hotel and hospitality consulting firm HVS indicated that the hotel and tourism industry in Lebanon exceeded all expectations and had its best year ever in 2009 due to the relatively stable political situation in the country. It noted that upscale and luxury hotels in Beirut posted an occupancy rate of 70% in 2009, an increase of around 15% from 2008. Also, average room rates exceeded \$300 per room, implying that some leading luxury properties in Beirut achieved rates of more than \$400 per night. Also, revenues per available room (RevPAR) grew by 60% last year to almost \$220. HVS noted that mid-market hotels were able to increase their average room rates to \$155 last year, a rise of almost 40% year-on-year, implying that such hotels increased their rates at the expense of occupancy to improve their profits, since occupancy rose by only 3% to 56% last year.

In parallel, HVS estimated that more than 2,000 hotel rooms of confirmed, branded supply are scheduled to open from 2010 onwards, with about 938 new rooms coming onto the market in 2013. It added that developers and investors are considering a wide array of brands for the Lebanese market, as international hotel firms with a presence in Beirut are keen on expanding their position in Lebanon, while new chains are likely to deliver their entire portfolio of budget, mid-market, upscale and luxury brand in the country. In addition, hotel companies plan to add residences to be sold on a freehold basis. Such branded residences are maintained by the firm running the hotel, while residents benefit from luxury living and access to the hotel's facilities.

HVS indicated that several factors have kept the hotel industry outside Beirut underdeveloped. These factors include modest joint marketing efforts, low investments, lack of branded supply, an underdeveloped tourism infrastructure, and lack of interest from the government. It added that the greater Beirut area currently has over 3,000 branded hotel rooms and, despite the recent opening of some luxury hotels, Lebanon still lacks branded supply across this segment as well as in the commercial five-star, midscale and budget markets. It noted that many lifestyle and fashion hotel brands are seeing the benefits of opening in Beirut to take advantage of a trendy local market and the city's position as a fashion and cultural capital. It expected that internationally-branded budget hotels, which are under-supplied in the country, would cater to a forgotten market that is willing to pay an average rate of more than \$100 per night. It added that such hotels maintain a standardized product to meet basic needs and benefit from lower development cost and higher profit margins. HVS noted that Beirut is increasingly becoming a market with high barriers to entry, as prime land is becoming scarce and development costs are increasing. It expected investments in the hotel sector to pick up considerably in Beirut and beyond during 2010, but cautioned that the key condition for the sector's development remains long-term political stability.

Consumer Price Index up 2.9% annually in February 2010

The Central Administration of Statistics' Consumer Price Index indicates that inflation increased by 2.9% in February 2010 from February 2009. Prices of transportation increased by 14.6%, followed by prices of education (+9.6%), alcoholic beverages & tobacco (+7.7%), housing (+6.1%), water, electricity, gas & other fuels (+5.5%), restaurants & hotels (+3.6%), recreation & entertainment (+2.6%), health care (+2.4%), furniture & household equipment (+0.4%), miscellaneous goods & services (+0.1%), and food & non-alcoholic beverages (+0.1%). Prices of communication regressed by 13.1%, followed by clothing & footwear (-12.4%). Imported inflation accounts for about 70% of inflation in the country. Lebanon has an import-based economy and imports most of its energy needs, as the value of imports historically has been equivalent to about five times that of exports.

The Consumer Price Index increased by 0.5% in February 2010 from January 2010. Prices of clothing & footwear increased by 9.1%, followed by food & non-alcoholic beverages (+1.1%), alcoholic beverages & tobacco (+0.1%), furniture & household equipment (+0.1%) and restaurants & hotels (+0.1%). Prices of health care regressed by 1.5% month-on-month, followed by water, electricity, gas and other fuels (-1.3%) and transportation (-0.1%). Housing prices remained unchanged month-to-month as well as prices of communication, recreation & entertainment, education, and miscellaneous goods & services.

Cleared checks up 29.6% to \$10.4bn in first two months of 2010

The value of cleared checks increased by 29.6% to \$10.4bn in the first two months of 2010 compared to the same period of 2009. The value of cleared checks in Lebanese pounds rose by 18% to the equivalent of \$2.1bn, while the value of cleared checks in U.S. dollar rose by 32.8% to \$8.4bn. The dollarization rate of cleared checks increased from 78.4% to 80.3% year-on-year.

Customs receipts up 2.8% to \$283m in the first two months of 2010

Customs revenues reached \$283.2m in the first two months of 2010, up 2.8% from \$275.2m in the same period of 2009. Custom revenues reached \$137m in February 2010 compared to \$147m in January and to \$129m in February 2009. The Port of Beirut continues to be the main point of customs receipts, accounting for 86.6% of the total in February 2010, and was followed by the Hariri International Airport with 6.46%, the Port of Tripoli with 3.4%, and the Masnaa crossing point with 1.6%. Overall customs receipts reached \$500m in the first two months of 2010 when including revenues from the value-added tax that totaled \$217m in the same period.

Trade deficit up 24.2% to \$1.8bn in first two months of 2010

Imports increased by 16.6% to \$2.45bn in the first two months of 2010 and exports declined marginally by 0.3% to \$655m, leading to a trade deficit of \$1.8bn, up 24.2% year-on-year. The coverage ratio reached 26.7% year-to-February compared to 34.7% in the same period of 2009. The trade deficit reached \$864m in February 2010, up 31.1% from February 2009.

China was the main source of imports with \$222m or 9% of the total, followed by Italy with \$192m (8%), France with \$179m (7%), Germany with \$159m (6%) and the United States with \$146m (6%). Switzerland was the main export destination with \$93m or 14% of the total, followed by the UAE with \$66m (10%), Iraq with \$49m (7%), Saudi Arabia with \$37m (6%) and Syria with \$36m (5%). Lebanon's main export was jewelry at \$202m or 31% of total exports, followed by machinery and mechanical appliances with \$103m (16%), base metals with \$72m (9%), prepared foodstuff with \$46m (7%) and paper and paperboard articles with \$46m (7%). Re-exports totaled \$27m in the first two months of 2010, up 12.5% from \$24m in the same period of 2009.

Overdrafts account for 33% of bank credits, share of trade & services at 38% of utilized credits

Figures issued by the Central Bank about the distribution of bank credits by type show that overdrafts accounted for \$10.3bn, or 33.2% of total private sector credits at the end of September 2009. They were followed by advances against real estate with \$7bn (22.6%), advances against personal guarantees \$5.2bn (16.6%), advances against cash collateral or bank guarantees \$4.7bn (15.2%), advances against other real guarantees \$2.2bn (7.2%), and advances against financial values \$1.6bn (5.1%). In parallel, utilized credits by the private sector totaled \$31bn at the end of September 2009, with the trade & services sector accounting for \$11.8bn, or 38% of such credits. It was followed by personal credits with \$6.3bn (20%), construction with \$5.2bn (16.8%), industry with \$3.7bn (12%), financial intermediaries with \$2.7bn (8.6%) and agriculture with \$284m (1%), while other sectors accounted for the remaining \$1bn (3.5%). Also, wholesale trade represented 44% of trade & services credits, followed by retail trade with 15%, real estate services with 18.6%, transport & storage with 13%, hotels & restaurants with 6.2% and educational services with 0.3%.

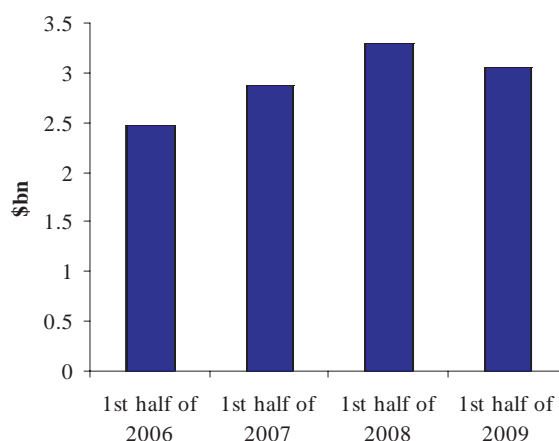
Personal credits accounted for 75.4% of loan beneficiaries, followed by trade & services with 13% of beneficiaries, industry with 3.6%, construction with 1.7%, financial intermediaries with 1%, agriculture with 0.9%, while other sectors accounted for 3.5%. Further, the aggregate number of loan beneficiaries grew by 28.6% year-on-year to 269,652, while 86% of beneficiaries had loans ranging from LBP 5 million to LBP 100 million by September 2009. Beirut and its suburbs accounted for 81.5% of bank credits and for 58% of beneficiaries. It was followed by Mount Lebanon with 8% of credits and 15.7% of beneficiaries; South Lebanon with 3.8% of credits and 8% of beneficiaries; North Lebanon with 3.6% of credits and 12% of beneficiaries; and the Bekaa with 3.1% of deposits and 6.4% of beneficiaries.

Money dealers exported \$3.1bn in cash in first half of 2009

Figures released by the Central Bank show that there was 388 money dealers in Lebanon at the end of June 2009, up from 385 at end-2008 and 355 at year-end 2000. Mount Lebanon had 106 money dealers, accounting for 27.3% of the total, followed by Beirut with 100 dealers (25.8%), the Bekaa with 74 (19.1%), the North with 66 (17%), and the South with 42 (10.8%). There were 48 money dealers with paid in capital of LBP250m and 340 dealers with paid in capital of LBP100m at end-June 2009. In addition to their normal activities, money dealers are authorized to export and import cash bank notes.

The total value of bank notes exported from Lebanon by money dealers totaled \$3.1bn in the first half of 2009, constituting a decrease of 7.3% from \$3.3bn in the first half of 2008. Exported bank notes totaled \$7.22bn in 2008, \$6bn in 2007, and \$4.5bn in each of 2006 and 2005. In parallel, imported bank notes by money dealers totaled \$68m in the first half of 2009, down 23.6% from \$89m in the first half of 2008. Imported bank notes totaled \$164m in 2008, \$118m in 2007, \$111m in 2006, and \$158m in 2005. US dollar bank notes accounted for 48.3% of total exported bank notes in the first half of 2009. They were followed by European currencies with 31.1% and Arab currencies with 20.4%.

Exported Bank Notes from Lebanon (\$bn)



Source: Central Bank, Byblos Research

SGBL raises \$100m in Preferred Shares

Société Générale de Banque au Liban sal (SGBL) announced that it raised \$100m from the issuance of 10,000 Preferred Shares. The shares are non-cumulative, non-convertible, redeemable and subject to a call option by the bank starting in 2015 and for each subsequent year. The issue price is \$10,000 per share. Holders of the Preferred Shares will receive a dividend of 7.75% annually per share. Following the issuance, SGBL's private funds reached \$438m, an increase of 21.3% from end-2009 and 41.3% from end-2008. SGBL had total assets of \$4.8bn, total deposits of \$3.6bn, and loans of \$1.4bn at end-2009. It posted net profits of \$70m in 2009, up by 60% from the previous year. SGBL recently acquired a majority stake in Société Générale Bank - Cyprus (SGBCy) from Société Générale France. The acquisition is part of SGBL's regional expansion plan.

BLOM Bank to distribute LBP 6,000 per common share for 2009

The Board of Directors of BLOM Bank sal called for an Ordinary General Assembly to be held April 9, 2010 to propose dividends of LBP 6,000 (\$4) per common share, net of a 5% distribution tax. It noted that the last day of trade of common shares that are entitled to receive dividends is April 14, 2010. The proposed dividend is a 4% return on the share price that reached \$99.55 on March 16, 2010. Earning per share reached \$12.88 and return on equity was 12.94%. BLOM Bank posted net profits of \$293m in 2009, up 16.5% from the previous year. It had total assets of \$20.7bn, loans of \$4bn and deposits of \$17.8bn at end-2009.

Intra's profits at \$13m in 2008, assets total \$243m

Intra Investment Company sal, the government-controlled investment firm, posted net profits of \$12.8m in 2008, compared to \$5.2m in 2007 and \$6.1m in 2006. Intra owns the Finance Bank, 51% of Casino du Liban, as well as prime real estate properties in Lebanon. Income from affiliated companies totaled \$8.5m in 2008 and constituted the largest source of Intra's revenues. It was followed by revenues from real estate rentals with \$1.78m, interest income with \$721.5m, revenues from financial securities with \$703m, while other revenues totaled \$0.4m. The rise in net profits for 2008 is attributed mainly to a one-time recollection of provisions of \$4.8m and to revenues from financial securities that totaled just \$57,000 in 2007. Income from affiliated companies rose 22% in 2008, revenues from real estate rentals increased by 6.8% year-on-year, and interest income improved by 82.4% annually. In parallel, salaries increased by 43% to \$2.7m in 2008 and constituted the biggest expenditures item, while other operating expenses increased by 71% to \$0.9m. The firm also posted \$94,000 on investment losses in 2008 compared to profits of \$361,400 in the previous year.

Intra's total assets reached \$243.3m at the end of 2008, unchanged from end-2007 and compared to \$234m at end-2006. Real estate assets totaled \$136m, unchanged from end-2007, but up from \$132m at end-2006. They constituted the largest item on the asset side, and were followed by investment in affiliated companies at \$67.8m, unchanged from the previous two years; securities available for sale at \$10.8m relative to \$13.1m at end-2007 and 10.6m at end-2006; and financial securities held to maturity at \$24,000. Further, management buildings and furniture were valued \$8.5m at end-2008 after depreciation, similar to end-2007 but down from \$12.9m at end-2006. The firm had \$18m in cash and bank deposit at end-2008, up from \$9.1m a year earlier and \$2.3m at end-2006.

On the liabilities side, Intra owed \$0.5m to its affiliated firms, up from \$0.38m a year earlier. Further, it had \$825m in provisions for end-of-service indemnities and \$97,200 in provisions for risks and charges at end-2008. The firm repaid \$1.5m in short-term loans and \$2.2m in short-term bills in 2008. It also planned to pay \$4m in dividends for 2008. Intra's shareholders' equity reached \$237m at end-2008, similar to a year earlier and compared to \$164m at end-2006. Special reserves amounted to \$30.6m, legal reserves totaled \$3.1m, and accumulated reserves from the change in the fair value of securities available for sale reached \$0.8m, while retained earnings totaled \$16.6m. The Central Bank has a 34% stake in Intra, making it the largest shareholder in the holding firm. The Finance Ministry owns an additional 10%, Qatar has a 22% stake, while private investors account for the remaining 19%. The Kuwaiti government used to have a 19% stake in Intra, but it sold it to BLOM Bank in 2006.

Ratio Highlights

(in % unless specified)	2007	2008	2009	Change*
Nominal GDP ⁽¹⁾ (\$bn)	25.0	29.3	32.7	
External Debt / GDP	84.9	72.2	65.0	(720)
Local Debt / GDP	83.2	88.3	91.2	290
Total Debt / GDP	168.1	160.5	156.2	(430)
Trade Balance / GDP	(36.0)	(43.2)	(39.0)	420
Exports / Imports	23.8	21.6	21.5	(10)
Budget Revenues / GDP	23.2	24.0	25.8	180
Budget Expenditures / GDP	33.4	33.9	34.8	90
Budget Balance / GDP	(10.2)	(10.0)	(9.0)	100
Primary Balance / GDP	2.9	2.0	3.3	130
BdL FX Reserves / M2	59.4	68.9	75.1	620
M3 / GDP	239.3	234.3	251.0	1,670
Bank Assets / GDP	329.0	321.7	352.4	3,070
Bank Deposits / GDP	269.1	265.5	292.9	2,740
Private Sector Loans / GDP	81.7	85.5	86.8	130
Dollarization of Deposits	77.3	69.6	64.5	(510)
Dollarization of Loans	86.4	86.6	84.0	(260)

* Change in basis points 08/09

(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 2008	Nov 2009	Dec 2009	Change*	Risk Level
Political Risk Rating	57.5	57.0	57.0	▼	High
Financial Risk Rating	28.0	28.0	28.0	↔	High
Economic Risk Rating	30.0	35.5	35.5	▲	Low
Composite Risk Rating	57.7	60.2	60.2	▲	Moderate

Regional Average	Dec 2008	Nov 2009	Dec 2009	Change*	Risk Level
Political Risk Rating	65.6	64.9	64.7	▼	Moderate
Financial Risk Rating	41.8	42.0	42.1	▲	Very Low
Economic Risk Rating	39.5	34.8	35.2	▼	Low
Composite Risk Rating	73.4	70.8	70.9	▼	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	Positive	B2		Positive
Fitch	B-	B	Stable	B-		
S&P	B	B	Positive	B	B	Positive
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



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.lb

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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
Abu Roummaneh Head Office
Al Chaalan - Amine Loutfi Hafez Str.
P.O.Box: 5424 Damascus - Syria
Phone: (+ 963) 11 9292 - 3348240 / 1 / 2 / 3 / 4
Fax: (+ 963) 11 3348207
E-mail: byblosbanksyria@byblosbank.com

SUDAN

Byblos Bank Africa Ltd.
Khartoum - Sudan
El Amarat -Street 21
P.O.Box: 8121 El Amarat - Khartoum - Sudan
Phone: (+249) 183 566 444
Fax: (+249) 183 566 454
E-mail: byblosbankafrica@byblosbank.com

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60,
Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457 / 9
Fax: (+ 964) 66 2233458
E-mail: iraqbranch@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street
Yerevan, 37500 - Republic of Armenia
Phone: (+374) 10 530 362
Fax: (+374) 10 535 296

NIGERIA

Byblos Bank Nigeria Representative Office
10-14 Bourdillon Road
Ikoyi, Lagos - Nigeria
Phone: (+ 234) 1 6653633
(+ 234) 1 8990799
E-mail: melamm@byblosbank.com.lb

BELGIUM

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

ENGLAND

London Branch
Berkeley Square House - Suite 5
Berkeley Sq.
GB - London W1J 6BS - United Kingdom
Phone: (+44) 207 493 35 37
Fax: (+44) 207 493 12 33
E-mail: byblos.europe@byblosbankeur.com

FRANCE

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

CYPRUS

Limassol Branch
1, Arch. Kyprianou / St. Andrew Street
P.O.Box 50218
3602 Limassol - Cyprus
Phone: (+357) 25 341433 / 4 / 5
Fax: (+357) 25 367139
E-mail: bybloscyprus@byblosbank.com

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 6336400
Fax: (+971) 2 6338400
E-mail: byblosbankuae@byblosbank.com