

LEBANON THIS WEEK

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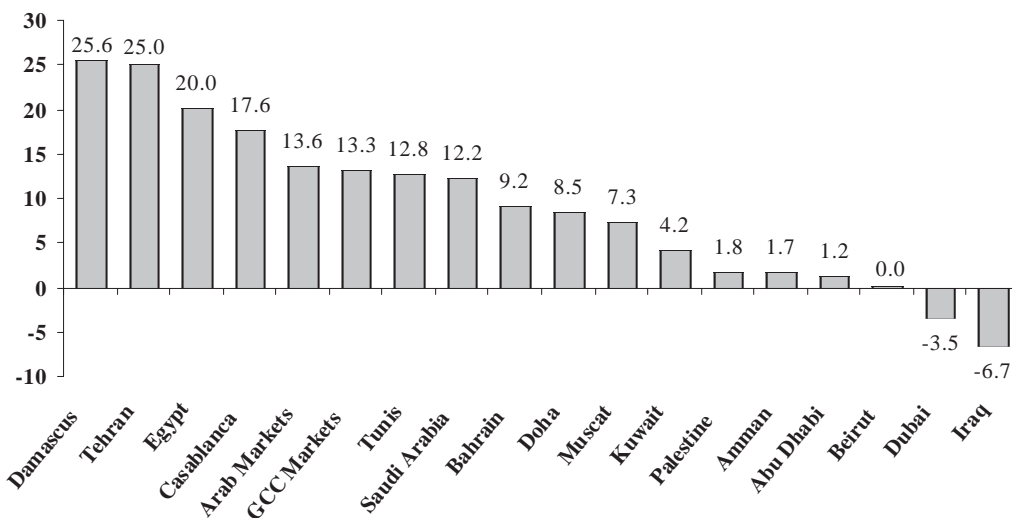
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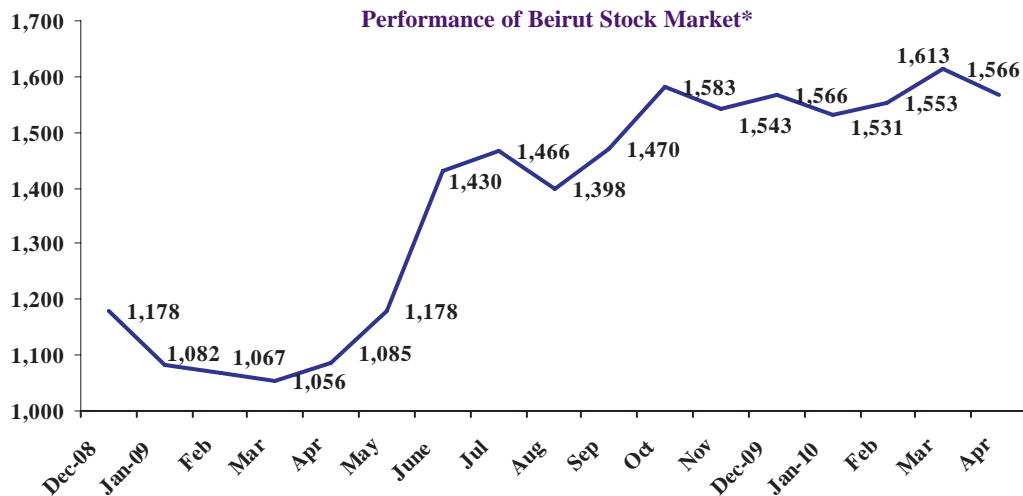
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Charts of the Week

Performance of MENA Stock Markets in First Four Months of 2010 (%)



Performance of Beirut Stock Market*



*BLOM Stock Index
Source: Local Stock Markets

Quote to Note

“This must be weighed against the longer-term benefits of improved service, lower costs and higher growth.”

Fitch Ratings, on the argument that privatizing telecommunications assets would result in the decline of government revenues in the short term.

Number of the Week

LBP 21,768bn: Aggregate Certificates of Deposits issued by the Central Bank of Lebanon as at the end of February 2010

Economic Indicators

\$m (unless otherwise mentioned)	2008	Feb 09	2009	Dec 09	Jan 10	Feb 10	% Change*
Exports	3,478	376	3,486	364	313	342	(9.04)
Imports	16,133	1,035	16,241	1,380	1,245	1,026	(0.87)
Trade Balance	(12,655)	(659)	(12,755)	(1,016)	(932)	(864)	31.11
Balance of Payments	3,462	300	7,899	1,610	(44)	759	153
Checks Cleared in LBP	9,350	815	11,122	1,061	1,088	966	18.53
Checks Cleared in FC	43,174	2,872	45,270	4,756	4,444	3,929	36.80
Total Checks Cleared	52,524	3,687	56,392	5,817	5,532	4,895	32.76
Budget Deficit/Surplus	(2,921)	(325)	(2,960)	(368)	(18)	(176)	45.85
Primary Balance	597	(826)	1,078	72	202	123	(114.89)
Airport Passengers	4,085,334	276,825	4,986,544	738,211	369,694	339,237	22.55

\$bn (unless otherwise mentioned)	Dec 2008	Feb 09	Nov 09	Dec 09	Jan 10	Feb 10	% Change*
BdL FX Reserves	17.06	18.24	24.81	25.66	26.78	26.88	47.37
<i>In months of Imports</i>	<i>15.03</i>	<i>17.62</i>	<i>15.69</i>	<i>18.59</i>	<i>21.50</i>	<i>26.20</i>	<i>48.69</i>
Public Debt	47.02	47.21	50.46	51.09	51.65	51.98	10.10
Net Public Debt	41.49	41.89	44.01	44.11	43.92	44.20	5.51
Bank Assets	94.25	95.12	113.57	115.25	116.52	118.27	24.34
Bank Deposits (Private Sector)	77.78	78.88	94.06	95.77	95.99	97.07	23.06
Bank Loans to Private Sector	25.04	24.94	28.81	28.37	29.36	29.87	19.77
Money Supply M2	24.76	26.23	33.19	34.16	34.77	35.42	35.04
Money Supply M3	68.66	69.41	81.04	82.08	82.43	83.75	20.66
LBP Lending Rate (%)	9.95	10.03	9.13	9.04	8.91	8.83	(120b.p.)
LBP Deposit Rate (%)	7.22	7.13	6.81	6.75	6.61	6.42	(71b.p.)
USD Lending Rate (%)	7.47	7.28	7.25	7.28	7.26	7.26	(2b.p.)
USD Deposit Rate (%)	3.33	3.25	3.07	3.05	3.04	2.99	(26b.p.)
%* Change in CPI**	6.36	2.80	4.47	4.20	4.96	9.04	624b.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"	22.96	(0.30)	146,614	17.65%
Solidere "B"	22.74	(1.13)	42,363	11.36%
Byblos Common	2.00	(7.41)	130,911	3.34%
Byblos Priority	2.01	(6.94)	37,078	3.18%
Byblos Pref. 08	100.00	(4.76)	4,270	1.54%
BLOM GDR	95.50	0.21	6,466	5.42%
BLOM Listed	92.00	(2.13)	35,280	15.20%
Audi GDR	88.55	(0.51)	2,221	6.92%
Audi Listed	86.00	0.00	0	22.75%
HOLCIM	12.95	4.10	3,500	1.94%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Nov. 2010	6.875	102.50	2.02
May 2011	7.875	104.75	3.16
Mar. 2012	7.500	107.50	3.32
Sep. 2012	7.750	109.50	3.46
June 2013	8.625	113.13	4.08
Apr. 2015	10.000	120.50	5.24
Jan. 2016	8.500	115.50	5.30
May 2016	11.625	129.75	5.68
Mar. 2017	9.000	118.50	5.71
Apr. 2021	8.250	113.50	6.50

Source: Byblos Capital Markets

	Apr 26-30, 10	Apr 19-23, 10	% Change	April 2010	April 2009	% Change
Total Shares Traded	2,972,661	22,007,211	(86.49)	26,726,767	2,614,635	922.20
Total Value Traded	\$11,743,109	\$48,770,116	(75.92)	\$84,719,626	\$42,197,348	100.77
Market Capitalization	\$13.01bn	\$13.17bn	(1.18)	\$13.01bn	\$8.61bn	51.12

Source: Beirut Stock Exchange (BSE)



Delay in reforms and large fiscal deficits are burden on economy, to increase public debt

Standard & Poor's estimated Lebanon's real GDP growth at 6.5% in 2009 and projected it to rise to an annual average rate of 7.3% between 2010 and 2012, adding that the lack of data impedes a detailed analysis of the country's economic infrastructure and performance. It expected that the robust performance of the financial services sector and tourism, combined with increased consumer and investor confidence, to continue to support economic activity over the medium term. It added that Lebanon's liberal and open business environment, along with improved political stability, should improve prospects for increased investment inflows from the GCC. It noted, however, that the economy continues to be affected by high operating costs such as high social security contributions, energy prices, tariffs on raw materials, and the poor state of the electricity sector. It added that large fiscal and current account imbalances will remain a constraint on economic growth over the next few years.

In parallel, the agency said the country continues to suffer from heavy fiscal burdens due to the high public debt and related debt servicing costs, together with current and capital spending and transfers to the power sector. It stated that Lebanese authorities have made only modest progress on fiscal reforms in recent years due to the prevailing political deadlock. It noted that consensus for far-reaching structural adjustment has yet to be tested, even though a new government of national unity was formed in November 2009. It indicated that urgent progress on structural reforms will be critical to improving fiscal flexibility by 2012. S&P added that high spending will continue to limit the government's ability to run primary surpluses over the next few years. It said that debt service payments equivalent to 47% of fiscal revenues and 11% of GDP, civil service wage payments and other current spending remain key burdens on public finances. It noted that higher tax revenues from stronger VAT and customs receipts, as well as from gasoline tariffs, have only partially offset the fiscal deficit in 2009. Further, massive subsidies to the government-owned Electricité du Liban (EdL) are a major drain on the Treasury to the equivalent to 20% of government revenues or 5% of GDP, as poor bill collection and over-staffing are key problems for EdL, but have yet to be tackled.

S&P expected continued heavy public spending, lower-than-expected Paris III disbursements, and the absence of privatization to result in a further rise of the public debt, which it estimated at around 148% of GDP at end-2009. It considered that Lebanon would need to generate large primary surpluses and push ahead with privatization to cut its debt stock. It noted that, as long as such a large debt burden exists, there is little scope for much countercyclical fiscal policy. It considered that the privatization of the electricity sector should be implemented urgently, but added that a political consensus on how to proceed is not apparent, while the divestiture of the state's telecoms assets has been talked about of for some time but without concrete results and is likely to remain on hold. It pointed out the government's high dependency on the domestic banking sector to finance its deficits, adding that this dependence reduces the rollover risk associated with debt instruments. It noted that the banks' willingness to roll over public debt should not be taken for granted.

Comparative Indicators for 2009		
	Lebanon	Median of 'B' rated countries
GDP per capita (\$)	\$8,009	\$2,013
Real GDP (% change)	6.5%	2.1%
Real GDP per capita (% change)	5.6%	(0.2%)
Fiscal Balance (% of GDP)	(8.8%)	(4.1%)
Public Debt (% of GDP)	147.7%	39.1%
Net Public Debt (% of GDP)	131.3%	33.8%
Debt Servicing (% of revenues)	42.8%	4.5%

Source: Standard & Poor's

Financial stability is opportunity for debt consolidation

Business Monitor International indicated that Lebanon looks very stable financially, and the recent upgrades from Moody's Investors Service and Fitch Ratings reflect a generally positive view. It noted that, despite the upgrades, Lebanon is still rated significantly below investment grade, as it has a \$51bn public debt and is unlikely to attract risk averse investors with such ratings. It added, however, that the upgrades represent positive news for Lebanon's ability to roll over and consolidate its debt, and will increase its appeal for more risk-friendly foreign investors, with signs that investors are reassessing their outlook. It said developed markets like Greece and some of the other European sovereigns look more precarious than many emerging markets in the post-recession global economy, and Lebanon has some arguments in its favor with the 5-year credit default swaps (CDS) trading at about 245bps, much tighter than Greece, while the government successfully placed last March a \$1.2bn Eurobond at favorable terms. It pointed out to the Central Bank's foreign asset accumulation, with gold and foreign currency reserves increasing significantly, while the ongoing de-dollarization process demonstrates faith in the country's recovery. It said there is upside pressure on the peg of the Lebanese pound to the US dollar, although it did not expect a revaluation in the foreseeable future as the country seeks to increase exports and continues to accumulate reserves. It noted that Lebanon posted a trade deficit of 40% of GDP in 2009, and strength against the euro will help to partly redress this imbalance.

Cost of sending remittances to Lebanon drops in first quarter of 2010

Figures issued by the World Bank show that the cost of sending remittances from the United States to Lebanon reached 13.2% in the first quarter of 2010 for a \$200 transfer, constituting a decline from 14.3% in the third quarter of 2009, but up from 12.8% in the first quarter of 2009. In comparison, the global average cost to send remittances reached 8.72% for a \$200 transfer in the first quarter of 2010, down from 9.4% in the third quarter of 2009, 9.7% in the first quarter of 2009 and 9.8% in 2008. Also, the cost of sending \$500 from the US to Lebanon reached 5.74% in the first quarter of 2010, down from 5.9% in the third quarter of 2009, but up from 5.34% in the first quarter of 2009. The cost includes the transaction fee and exchange rate margin, and represents the average cost of transferring money through commercial banks and money transfer operators (MTOs). In parallel, the cost of sending remittances from Germany to Lebanon reached 13.1% in the first quarter of 2010 for €40 transfer, constituting a decline from 13.78% in the third quarter of 2009, but up from 11% in the first quarter of 2009. Also, the cost of sending €350 from Germany to Lebanon reached 6.23% in the first quarter of 2010, down from 6.55% in the third quarter of 2009, but up from 5.36% in the first quarter of 2009.

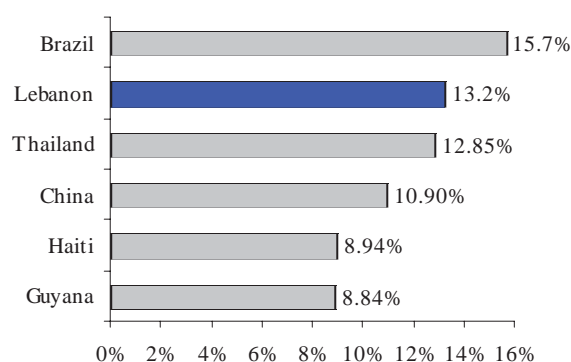
In parallel, Lebanon ranked as the second most expensive destination for remittances from the US among 22 countries with available data. The data covered 9 countries in Latin & Central America, seven countries in East and Southeast Asia, three countries in the Caribbean, and two countries in Africa, in addition to Lebanon in the Middle East. The United States is the fifth largest source of inward electronic cash transfers to Lebanon, accounting for 6.3% or \$30.6m of such transfers in the first half of 2009.

The World Bank indicated that the global average cost for sending remittances through commercial banks was 12.4% in the first quarter of 2010 for a \$200 transfer, making them the costliest channel, while the average cost at post offices and money transfer operators (MTOs) was the cheapest at 6.72% and 7.1%, respectively. In comparison, the average cost to send remittances through commercial banks to Lebanon was 19.2% and the average cost through MTOs was 12.1% in the first quarter of this year. MTOs account for 73.5% of all cash electronic transactions to Lebanon, followed by money dealers with 19% and commercial banks with 7.2%. The World Bank noted that the average total cost of sending remittances to countries in South Asia, Latin America, and Europe and Central Asia is lower than the global average cost. In parallel, the average total cost of sending remittances to East Asia & the Pacific, Sub Saharan Africa and the Middle East & North Africa is higher than the global average. It noted that transferring remittances to South Asia and Latin America is the least costly among all regions. It said that the costliest corridor for remittances is from Australia to Papua New Guinea at 43.32% for a \$200 transfer, followed by Tanzania to Rwanda at 40%, while the cheapest channel is from Singapore to Bangladesh at 4.48% followed by the UAE to Pakistan at 4.87%.

Launch of "Beyond Beirut" to support rural tourism

The United States Agency for International Development (USAID) launched "Beyond Beirut", a non-governmental organization initiated to strengthen cooperation between the public and private sectors in the tourism industry. It plans to provide a marketing platform for tourism enterprises outside central Beirut that will expand media plans, create tourism packages, and provide information on the sector through the "Beyond Beirut" web portal. The project is part of the USAID's \$4.5m Lebanon Business Linkages Initiative program that supports the development of small and medium sized enterprises and is being implemented by the Academy for Educational Development (AED), in partnership with ACDI/VOCA and Action for Enterprise (AFE).

Costliest destinations of remittances from the U.S.



Source: World Bank, Byblos Research

Lebanon faces decision on liberalizing maritime services sector

The Ministry of Economy & Trade indicated that, during accession negotiations to the World Trade Organization, Lebanon received a bilateral request to liberalize its maritime services sector. It said the request aims to allow foreign firms to establish a direct presence in Lebanon without the need to have a Lebanese partner. More specifically, the request seeks to eliminate the Lebanese nationality requirement for maritime transport companies to use a local agent for cross-border services, as well as for the commercial establishment of foreign shipping agencies in the country. The request addresses a decision by the Ministry of Transportation dating back to June 1994 stipulating that Lebanese individuals or Lebanese-owned companies must own at least 50% of a shipping company's share. The ministry added that a similar request extends to maritime agency services, cargo-handling, storage & warehousing, container stations & depot services, and customs clearance services. Further, Lebanon's trading partners have also requested a commitment for port services to be made "available for foreign vessels on a reasonable and non-discriminatory basis." It noted that the arguments to liberalize the sector focus on costs, efficiency and quality of services delivered. It noted that, in compliance with the 1994 decision, some of the world's biggest shipping lines have already established a presence in Lebanon in partnership with a domestic firm.

The ministry stated that an impact assessment carried out by consulting firm Booz & Co found that competition in Lebanon among freight forwarding and hauling companies is fierce, which is already keeping prices low. However, this has not yet positively impacted overall reliability, speed, and quality of service, which have fallen behind peer countries. It said the impact of liberalization would be felt at the levels of service providers, service users, and domestic labor. It noted that the direct presence of foreign firms in the domestic market would increase competition. It added that local firms are not expected to make the types of investments needed to compete to international standards in other areas, and that they lack much of the technology, infrastructure, managerial capacity and know-how to meet these standards. However, users may stand to benefit significantly from the presence of foreign firms.

The Economy Ministry indicated that it favors a more integrated solution beyond allowing complete foreign ownership in freight forwarding and freight transports, since the local market is highly competitive and international shipping agents already operate in Lebanon. It said such a solution would include the upgrading of facilities, expanding free zone space, streamlining port operations, and maintaining open trade routes. It suggested that Lebanon should maintain the June 1994 decision, while also seeking to leverage "aid for trade" support to facilitate investments and upgrades.

Lebanon ranks 115th globally, first in Arab world in press freedoms

In its annual report on press freedoms in 196 countries, independent think tank Freedom House ranked Lebanon in 115th place globally and first among 19 Arab countries in 2010. Lebanon also came in 28th place among the upper middle-income countries (UMICs) included in the survey. Lebanon came in 118th place globally and in second place regionally in the 2009 survey. The survey assesses the degree of print, broadcast, and Internet freedom across the world. The 2010 ratings are based on an assessment of the legal, political and economic environments in which journalists worked in 2009. It provides a numerical rating from zero as most free to 100 as least free for each country, and categorizes each country's level of press freedom as 'Free,' 'Partly Free,' or 'Not Free' based on its numerical rating. Lebanon, along with Kuwait, Mauritania and Egypt, were the only Arab countries where the media was considered to be 'Partly Free', while the media in the remaining 15 countries came in the 'Not Free' category.

Globally, Lebanon tied with Kuwait and Sierra Leone, ranked immediately ahead of Bangladesh, Malawi, and Mauritania, and came behind Congo, Fiji, Guinea-Bissau, Nigeria, and Uganda. Lebanon also came ahead of Seychelles and Mexico and behind Turkey and Argentina among UMICs. Lebanon received a score of 55 points in the 2010 survey, better than the 56 points it received in 2009 but similar to the 55 points received in 2008. Lebanon's score was also better than the Arab average of 80 points but worst than the global and UMICs' averages of 47.2 points and 39.1 points, respectively. The report said that the global level of media freedom declined in 2009, with setbacks registered in almost every region of the world. Freedom House noted that only one in six persons around the world lives in countries with a free press. It said free press plays a key role in sustaining and monitoring a healthy democracy, as well as in contributing to greater accountability, good government, and economic development.

Press Freedom Index Rankings & Scores for 2010

	Rating	MENA Rank	Global Rank
Israel	29	1	63
Lebanon	55	2	115
Kuwait	55	2	115
Mauritania	56	4	118
Egypt	60	5	130
Jordan	63	6	140
Algeria	64	7	141
Iraq	65	8	144
Qatar	66	9	146
Morocco	66	9	146
Bahrain	71	11	153
Oman	71	11	153
UAE	71	11	153
Sudan	76	14	165
Yemen	80	15	173
Syria	83	16	178
Saudi Arabia	83	16	178
Palestine	84	18	181
Tunisia	85	19	186
Iran	89	20	187
Libya	94	21	192

Source: Reporters without Borders 2010



Aggregate profits of listed banks rise 25% in the first quarter of 2010

Financial results issued by five banks listed on the Beirut Stock Exchange show that their aggregate net profits reached \$207.3m in the first quarter of 2010, constituting an increase of 25.1% from \$165.7m in the first quarter of 2009. The average growth of the net profits of the five banks reached 22.2% in the first quarter of 2010, relative an average growth in net profits of 13.9% in the first quarter of 2009. The aggregate net interest income of the five banks reached \$316.9m in the first quarter of 2010, up 11.5% from \$284.1m in the first quarter of 2009, while their total net fees and commission income increased by 21.5% to \$93.4m year-on-year. Total operating income of the listed banks reached \$520.1m in the first quarter of 2010, up 20.8% from \$430.5m in the first quarter of 2009.

In parallel, the aggregate assets of the five banks rose by 2.6% from end-2009 and by 22.5% from end-March 2009 to \$70.7bn, while their total loans, excluding loans to related parties, increased by 8.2% from end-2009 and by 24.6% from end-March 2009, to \$15.9bn. Also, the banks' deposits increased by 2.7% from end-2009 and by 24.2% from end-March 2009 to \$58bn. BLOM Bank posted the lowest loans-to-deposits ratio at 23.6% compared to 22.2% at end-March 2009, followed by Byblos Bank with a ratio of 30.9% relative to 31.7% at end-March 2009, Bank Audi with 32% from 33.5% a year earlier, Bank of Beirut with 35.5% from 33.4% a year earlier, and Banque Bemo with a 44.2% ratio compared to 45% at end-March 2009. BLOM Bank had the lowest cost-to-income ratio at 43.4%, down from 45.3% in the first quarter of 2009.

Results of Listed Banks for First Quarter of 2010					
	Byblos	BLOM	Audi	BoB	BEMO
Net Profits	\$31.4m	\$73.5m	\$80.2m	\$19.9m	\$2.3m
% Change*	25.8%	15.6%	31.6%	46.6%	(8.8%)
Total Assets	\$14.37bn	\$21.12bn	\$26.83bn	\$7.16bn	\$1.18bn
% Change**	5.8%	1.9%	1.3%	2.8%	(1.2%)
Loans (1)	\$3.39bn	\$4.29bn	\$7.38bn	\$1.72bn	\$0.42bn
% Change**	6.4%	6.7%	12.0%	1.5%	8.1%
Deposits (1)	\$10.97bn	\$18.18bn	\$23.05bn	\$4.85bn	\$0.95bn
% Change**	7.7%	2.1%	1.1%	1.8%	1.5%

*Year-on-year

**Change from end-2009

(1) Customer Loans and Deposits, excluding related parties' Loans and Deposits

Stock market activity at \$1.3bn in first four months of 2010

Figures released by the Beirut Stock Exchange indicate that total trading volume reached 102.1 million shares in the first four months of 2010, an increase of 66% from the same period last year, while aggregate turnover amounted to \$1.3bn, up 448.5% from a turnover of \$230.5m in the same period last year. Market capitalization increased by 1.3% to \$13bn in the first four months of 2010, of which 68.4% was in banking stocks and 29% in real estate stocks. The bourse's activity was artificially inflated in January due to the sale of regional investment bank EFG-Hermes of its entire stake in Bank Audi sal during the month. It was also boosted this year due the sale of Byblos Bank of 47.6 million common shares to the International Finance Corporation and of 13.6 million common shares to Société de Promotion et de Participation Pour La Cooperation Economique S.A. (PROPARCO). The market liquidity ratio was 9.7% compared to 2.7% for the same period of 2009. Bank stocks accounted for 95.8% of aggregate trading volume in the first four months of the year, followed by real estate stocks with 4.1%. In terms of value of shares traded, banking stocks accounted for 92.2% of aggregate value, followed by real estate stocks with 7.6%. The average daily traded volume for the period was 1,292,224 shares for an average daily value of \$16m. The figures reflect an increase of 62% in volume and an increase of 435% in value year-on-year.

Summerland Kempinski Hotel to be completed in 2012

The Summerland Kempinski Hotel & Resort, being built in the Jnah area of Beirut, is expected to be completed in 2012. The project will cost \$200m and create 300 jobs. It includes 151 rooms with surface areas ranging from 50 sqm to 300 sqm each, in addition to 56 apartments ranging between 100 sqm and 635 sqm each. The resort will have swimming pools, gardens, restaurants, a beach, a spa, a ballroom and a marina that could fit 65 yachts. The project benefited from tax and other incentives provided by the Investment Development Authority in Lebanon. More than 2,000 hotel rooms of confirmed, branded supply are scheduled to open in Lebanon from 2010 onwards, with about 938 new rooms coming onto the market in 2013. Lebanon has more than 300 hotels, about 16,000 hotel rooms and 30,000 hotel beds. Clients stayed an average of 2.54 nights per person last year at hotels and furnished apartments compared to 2.29 nights in 2008, and spent \$203.4m on lodging, up 134.5% from \$87m in 2008.

Hotel occupancy at 63% in first quarter

Figures released by Deloitte and STR Global show that the occupancy rate at Beirut hotels reached 62.6% in the first quarter of 2010 compared to 65.7% in the same period last year. Also, the city's revenues per available room (RevPAR) totaled \$137.47 during the first three months of the year, constituting an increase of 25.6% from the corresponding period in 2009. In comparison, occupancy rates at hotels in the Middle East was 62.4% during the covered period relative to 63.1% in the first quarter of 2009, while the region's RevPAR was \$134.90, down 10.4% from \$150.56 in the same period last year.

Bank of Beirut to distribute dividends for 2009

Bank of Beirut sal announced that its Ordinary General Assembly held on April 6, 2010 approved the distribution of dividends for 2009. The bank will pay \$43.1m to the holders of common shares and preferred shares, equivalent to a 56.5% payout ratio. The bearers of Common Shares will receive \$0.41 per share, holders of Preferred Shares Series C will get \$2.27 per share, and the holders of Preferred Shares Series D will receive \$2.25 per share. Also, holders of Preferred Shares Series E will get \$2 per share and holders of Preferred Shares Series F will receive \$0.58 per share.

BLC Bank joins IFC's trade finance program

The International Finance Corporation, the private sector arm of the World Bank, announced that BLC Bank sal has become an issuing bank as part of the IFC Global Trade Finance Program, which supports trade with emerging markets and promotes the flow of goods and services between developing countries. BLC Bank, a subsidiary of the Fransabank Group, is the fourth bank in Lebanon to join the program after Banque Libano-Française, Bank of Beirut, and Fransabank. The IFC said the decision is in line with its strategy in Lebanon to expand access of finance to the corporate sector, and especially to small and medium-size enterprises. The IFC provides partial or full guarantees against underlying trade instruments and covers the payment risk of participating issuing banks. This helps issuing banks expand their trade finance transactions within an extensive network of countries and banks. The IFC has provided trade guarantees worth more than \$482m to Lebanese banks since the program's inception in 2006, and committed over \$184 million in trade finance to Lebanese banks in 2009.

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	Feb 2009	Jan 2010	Feb 2010	Change*	Risk Level
Political Risk Rating	57.0	57.0	57.5	▲	High
Financial Risk Rating	28.0	28.0	28.0	↔	High
Economic Risk Rating	30.0	35.5	35.5	▲	Low
Composite Risk Rating	57.5	60.2	60.5	▲	Moderate

Regional Average	Feb 2009	Jan 2010	Feb 2010	Change*	Risk Level
Political Risk Rating	65.7	64.8	64.7	▼	Moderate
Financial Risk Rating	41.1	42.0	42.1	▲	Very Low
Economic Risk Rating	38.9	35.3	35.7	▼	Low
Composite Risk Rating	72.8	71.0	71.2	▼	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	B1	NP	Stable	B2		Stable
Fitch	B	B	Stable	B		Stable
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



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