

## LEBANON THIS WEEK

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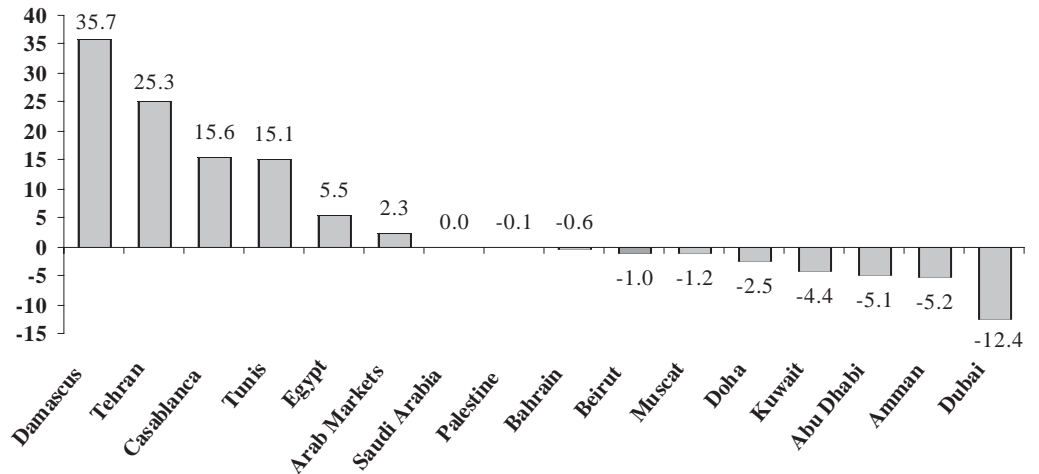
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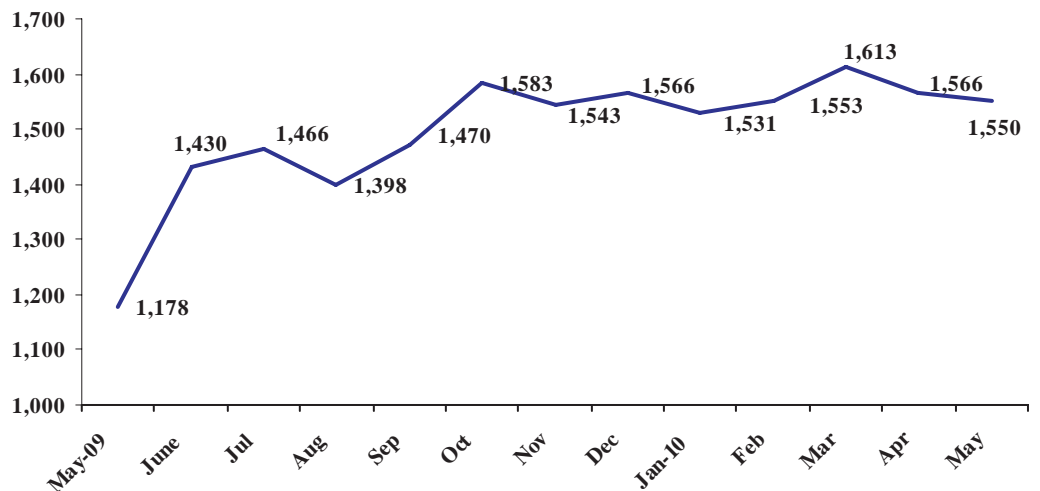
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### Charts of the Week

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



Performance of Beirut Stock Market\*



\*BLOM Stock Index  
Source: Local Stock Markets

### Quote to Note

“Privatization improves quality and brings in new technologies and massive revenues.”

*Naguib Sawiris, Chairman of Orascom Telecom Holding, on the benefits of liberalizing and privatizing Lebanon's telecommunications sector.*

### Number of the Week

**7.8%:** Telecom receipts as a share of overall fiscal revenues in the first four months of 2010

## Economic Indicators

<b>\$m (unless otherwise mentioned)</b>	<b>2008</b>	<b>Mar 09</b>	<b>2009</b>	<b>Jan 10</b>	<b>Feb 10</b>	<b>Mar 10</b>	<b>% Change*</b>
Exports	3,478	270	3,486	313	342	374	38.52
Imports	16,133	1,138	16,241	1,245	1,206	1,934	69.95
Trade Balance	(12,655)	(868)	(12,755)	(932)	( 864)	(1,560)	79.72
Balance of Payments	3,462	(367)	7,899	(44)	759	264	(171.93)
Checks Cleared in LBP	9,350	899	11,122	1,088	966	1,187	32.04
Checks Cleared in FC	43,174	3,294	45,270	4,444	3,929	5,302	60.96
Total Checks Cleared	52,524	4,148	56,392	5,532	4,895	6,489	56.44
Budget Deficit/Surplus	(2,921)	(508)	(2,960)	( 18)	( 176)	(377)	25.79
Primary Balance	597	(110)	1,078	202	123	62	(156.36)
Airport Passengers	4,085,334	302,709	4,986,544	369,694	339,237	363,742	20.16
<b>\$bn (unless otherwise mentioned)</b>	<b>Dec 2008</b>	<b>Mar 09</b>	<b>Dec 09</b>	<b>Jan 10</b>	<b>Feb 10</b>	<b>Mar 10</b>	<b>% Change*</b>
BdL FX Reserves	17.06	18.66	25.66	26.78	26.88	27.17	45.61
<i>In months of Imports</i>	<i>15.03</i>	<i>16.40</i>	<i>18.59</i>	<i>21.50</i>	<i>22.29</i>	<i>14.04</i>	<i>(14.39)</i>
Public Debt	47.02	47.85	51.09	51.65	51.98	51.46	7.54
Net Public Debt	41.49	42.34	44.11	43.92	44.20	44.40	4.87
Bank Assets	94.25	97.94	115.25	116.52	118.27	119.91	22.43
Bank Deposits (Private Sector)	77.78	80.50	95.77	95.99	97.07	98.14	21.91
Bank Loans to Private Sector	25.04	25.45	28.37	29.36	29.87	30.71	20.67
Money Supply M2	24.76	26.86	34.16	34.77	35.42	36.23	34.88
Money Supply M3	68.66	70.52	82.08	82.43	83.75	84.96	20.48
LBP Lending Rate (%)	9.95	10.10	9.04	8.91	8.83	8.69	(141b.p.)
LBP Deposit Rate (%)	7.22	7.10	6.75	6.61	6.42	6.11	(99b.p.)
USD Lending Rate (%)	7.47	7.32	7.28	7.26	7.26	7.01	(31b.p.)
USD Deposit Rate (%)	3.33	3.26	3.05	3.04	2.99	2.86	(40b.p.)
%* Change in CPI**	6.36	2.10	4.20	4.96	9.04	8.73	663b.p.

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

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

Sources: ABL, BdL

## Capital Markets

<b>Most Traded Stocks on BSE</b>	<b>Last Price (\$)</b>	<b>% Change*</b>	<b>Total Volume</b>	<b>Weight in Market Capitalization</b>
Solidere "A"	23.25	0.04	215,803	18.07%
Solidere "B"	23.28	0.78	63,173	11.76%
Byblos Common	1.86	0.54	97,548	3.14%
Byblos Priority	1.81	(3.21)	37,844	2.90%
Byblos Pref. 08	100.00	0.00	1,566	1.55%
BLOM GDR	92.90	(0.05)	12,712	5.34%
BLOM Listed	92.00	(1.60)	1,772	15.38%
Audi GDR	8.73	(0.80)	28,230	6.90%
Audi Listed	8.35	1.71	105,297	22.34%
HOLCIM	13.11	(1.13)	4,251	1.99%

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

<b>Sovereign Eurobonds</b>	<b>Coupon %</b>	<b>Mid Price \$</b>	<b>Mid Yield %</b>
Nov. 2010	6.875	102.25	1.54
May 2011	7.875	104.63	2.89
Mar. 2012	7.500	107.00	3.41
Sep. 2012	7.750	109.25	3.43
June 2013	8.625	113.13	4.00
Apr. 2015	10.000	120.50	5.19
Jan. 2016	8.500	115.50	5.22
May 2016	11.625	128.50	5.86
Mar. 2017	9.000	118.00	5.75
Apr. 2021	8.250	113.13	6.54

Source: Byblos Capital Markets

	<b>May 31-June 4, 10</b>	<b>May 24-28, 10</b>	<b>% Change</b>	<b>May 2010</b>	<b>May 2009</b>	<b>% Change</b>
<b>Total Shares Traded</b>	601,461	4,780,434	(87.42)	16,963,146	4,526,493	274.75
<b>Total Value Traded</b>	\$10,400,591	\$109,279,891	(90.48)	\$149,074,321	\$70,679,281	110.92
<b>Market Capitalization</b>	\$12.86bn	\$12.86bn	0.07	\$12.85bn	\$9.27bn	38.59

Source: Beirut Stock Exchange (BSE)



### Economic growth to continue in 2010-11, current global and regional conditions provide window of opportunity for reforms

HSBC Bank Middle East projected economic growth in Lebanon at 6.9% in 2010 and 6.4% in 2011, compared to 8.7% in 2009 and 9.3% in 2008. It attributed the strong counter-cyclical performance, relative to the slow growth in the MENA region, to specific Lebanese drivers such as relative political stability that is fueling tourism and construction activity, an increase in bank deposit inflows, credit growth, and investments from the Diaspora. It estimated that per capita GDP increased by a cumulative 50% in the 2007-10 period, constituting the most sustained increase in wealth since the immediate aftermath of the 1975-1990 conflict. It cautioned, however, about the accuracy of GDP growth figures due to the limited data-gathering capabilities of local authorities.

HSBC noted that the positive economic performance is not a reflection of policy action, adding that substantial structural obstacles could limit the scope of the recovery. However, it expected the upturn in economic activity to continue during the 2010-11 period, but for economic growth to slow down as the recovery matures. It noted that Lebanon has yet to fully restore the output lost during the recent years of political turmoil. HSBC considered that the transition from a cyclical recovery to a period of sustained economic growth is likely to be challenging. It cited a serious deterioration in security conditions, as well as in the regional and domestic political environments, as the most obvious challenges to Lebanon's economic prospects. It noted that, even without a return to conflict, the current political environment limits how far the economy can expand, as progress on well-known and much-needed reforms has been held back by the fragility of the political consensus, while the imbalances in public finances remain substantial. It expected the government to post a fiscal deficit of more than 9% of GDP in each of 2010 and 2011, and to add at least \$7bn to its stock of debt.

It expected economic growth to outpace the increase in the public debt in 2010 and 2011, which will further reduce the debt-to-GDP ratio. But it expressed concern that the cyclical pick-up in economic growth would decline and that global interest rates would rise, which would offset the recent improvements in public finances. It noted that the current environment is as good as it is likely to get for Lebanese authorities, as the improvement in public finances will be reversed if authorities do not seize the current window of opportunity to implement structural reforms.

It estimated that receipts from the privatization of telecom assets and of Middle East Airlines would lead to a reduction of the debt level by an additional 15% of GDP by the end of 2011 through retiring part of the debt and a fall in debt servicing costs. It noted, however, the lack of political consensus to move ahead with such reforms. It added that the 2010 budget draft reflects the weakness of political support for reforms, as it did not include any of the needed tightening measures, while it included, instead, a rise in spending that is almost twice as high as that of revenues. Further, the Cabinet has yet to approve the budget which, almost half-way through the fiscal year, has not yet been submitted to parliament for approval, reflecting the limits of policy-making. It expected the debt dynamic to become increasingly difficult and costly to sustain over the long term without reforms.

Country Forecast Summary				
	2008	2009	2010f	2011f
Growth (real, % change)	9.3	8.7	6.9	6.4
Inflation (%)	5.5	3.4	1.5	3.0
Gross public debt (% GDP)	161	158	154	150
Fiscal balance (% GDP)	-10.0	-9.2	-9.4	-9.9
Primary balance (% GDP)	2.0	3.3	2.4	1.8
Current-account balance (% of GDP)	-3.06	-2.01	-3.14	-2.87
Trade balance (\$bn)	-11.2	-11.3	-12.8	-13.2
Reserves excluding gold (\$bn)	20.2	29.1	33.1	36.6

Source: HSBC Middle East

### Industrial exports up 25% to \$866m in first quarter of 2010

Figures released by the Ministry of Industry show that industrial exports reached \$866m in the first quarter of 2010, constituting an increase of 24.6% from \$695m in the same period last year. Industrial exports reached \$336m in March 2010, up by 16.7% from February 2010 and by 55.6% from March 2009. Machinery and mechanical appliances accounted for \$163m, or 18.8% of total industrial exports in the first quarter of 2010, followed by pearls & precious or semi-precious stones at \$156m (17.7%), and base metals & articles of base metals at \$124m (14.3%). In parallel, imports of industrial equipment and machinery reached \$57.8m in the first quarter of 2010, up 6.8% from the same period last year. Italy was the main source of imports of industrial equipments, accounting for 26.3% of total, followed by Germany with 16.5% and China with 13%.



### Beirut ranks 200th globally, 23rd in MENA region in ecological sustainability

The 2010 survey on the ecological sustainability of 221 cities around the world by Mercer Human Resource Consulting ranked Beirut in 200th place globally and in 23rd place among 24 cities in the Middle East and North Africa region on its Eco-City Index. Also Beirut ranked in 29th place among 33 Upper Middle Income Countries (UMIC) included in the survey. The index is based on the assessment of water availability and drinkability, waste removal, quality of sewage systems, air pollution, and traffic congestion in each city. New York City served as the benchmark for other cities with a score of 100 points.

Beirut received a score of 53.2 points, below the global average of 92.6 points as well as below the MENA and Arab averages of 84.9 points and 84.8 points, respectively. On a global basis, Beirut ranked ahead of St. Petersburg, Chennai in India, and Moscow; and came immediately behind Conakry in Guinea Republic, Bengaluru in India, and Kiev in Ukraine. It also ranked ahead of St. Petersburg, and behind Conakry, Monterrey in Mexico, and Santo Domingo in the Dominican Republic among UMICs. Regionally, Beirut ranked ahead of Baghdad, and behind Sanaa, Nouakchott and Khartoum. The survey indicated that a high-ranking eco-city, or sustainable city, optimizes its use of renewable energy sources and generates the lowest possible quantity of pollution, particularly air, water and noise pollution. It added that a city's eco-status, or attitude towards sustainability, can have a significant impact on the quality of living of its inhabitants. Mercer noted that a certain standard of sustainability is essential for city living and forms a very important part of its inhabitants' quality of living. Last month, Mercer ranked Beirut in 172nd place globally and in 16th place in the MENA region for its overall quality of living in 2010.

Eco-City Rankings & Scores			
City	Score	MENA Rank	Global Rank
Muscat	124.2	1	48
Abu Dhabi	116.6	2	65
Dubai	116.6	2	65
Manama	108.4	4	80
Tel Aviv	108.0	5	81
Doha	106.2	6	85
Tunis	105.9	7	87
Kuwait City	105.6	8	88
Rabat	97.2	9	102
Casablanca	88.6	10	113
Riyadh	88.3	11	114
Amman	87.4	12	117
Tripoli	82.9	13	129
Jeddah	82.5	14	130
Damascus	77.0	15	142
Algiers	71.8	16	156
Cairo	71.0	17	158
Djibouti	70.9	18	160
Tehran	62.9	19	171
Khartoum	59.2	20	184
Nouakchott	56.8	21	192
Sanaa	55.1	22	194
<b>Beirut</b>	<b>53.2</b>	<b>23</b>	<b>200</b>
Baghdad	40.5	24	214

Source: Mercer Human Resource Consulting 2010

Muscat was the only Arab city to rank among the top 50 eco-cities globally and came in 48th place, while five Arab cities were among the bottom 50 and included Khartoum, Nouakchott, Sanaa, Beirut and Baghdad. Calgary in Canada ranked first globally with a score of 145.7 points, while Port-au-Prince in Haiti was the lowest ranked city with a score of 27.8 points. The data for the survey was collected between September and November 2009 and has been regularly updated to take account of changing circumstances.

### Treasury transfers to Electricité du Liban down 46% year-on-year

Figures released by the Finance Ministry show that Treasury transfers to Electricité du Liban totaled \$431.2m in the first four months of 2010, constituting a decrease of 46% from \$800m in the same period last year. It said that reimbursements to the Kuwait Petroleum Corporation (KPC) and to Algerian energy conglomerate Sonatrach accounted for \$410m, or 95% of transfers year-to-April, while EdL's debt servicing represented the remaining 5%. It attributed the decline to a drop of \$352m, or 46%, in payments to KPC and Sonatrach during the covered period, and to a decrease in debt servicing by \$12.6m or 36% year-on-year. It added that the size of reimbursement of KPC and Sonatrach implies that any fluctuations in international oil prices are bound to have an impact on Treasury transfers to EdL. It attributed the decline in payments to KPC and Sonatrach to a significant drop in the average oil price according to which the 2010 payments were made. It noted that the decline also reflects a lower quantity of imported fuel and oil in the covered period. It added that EdL contributed just 13.3% of repayments to the two oil suppliers year-to-April. EdL transfers constitute the third largest expenditures item after debt servicing and salaries & wages in overall fiscal spending. Transfers to EdL were equivalent to 4.3% of GDP in 2009 and to 5.4% of GDP in 2008.

### Occupancy at Beirut hotels at 69%, room yields up 22.4% in first quarter of 2010

Ernst & Young's benchmark survey of the Middle East hotel sector indicated that the average occupancy rate at hotels in Beirut was 69% in the first quarter of 2010, unchanged from the same period last year. The occupancy rate at Beirut hotels was the 14th highest among 18 markets in the region, and posted the same rank in the first quarter of 2009. The survey said the average rate per room at Beirut hotels was \$249 in the first three months of 2010, ranking the capital's hotels as the fifth most expensive in the region behind Dubai-Beach, Doha, Abu Dhabi and Kuwait City.

The average rate per room at Beirut hotels increased by 22.7% to \$249 year-on-year and posted the second highest increase among all markets in the region behind Riyadh. The average rate per room in Beirut came above the regional average of \$198, which declined by 5.7% from \$210 in the same period of 2009. Occupancy rates at Beirut hotels were 64% in January, 76% in February and 68% in March 2010, compared to 85% in January, 76% in February, and 74% in March 2009. Beirut hotels had an occupancy rate of 73% for all of 2009.

Further, revenues per available room (RevPAR) were \$174 in Beirut in the first quarter of 2010, up from \$142 in the same period last year, ranking it in fifth place in the region after Dubai-Beach, Doha, Abu Dhabi and Dubai Overall. Beirut's RevPAR was up 22.4% year-on-year, posting the highest rise in the Middle East, and compared to a decline of 5.3% across the region. Beirut posted RevPARs of \$160 in January, \$209 in February and \$155 in March 2010. Dubai-Beach posted the highest average room rate in the region at \$358 and the highest REvPAR at \$300, while Sharm El Shaikh posted the highest occupancy rate at 87% in the first quarter of the year.

### Fiscal deficit down 44% to \$681m in first four months of 2010

Figures released by the Finance Ministry show that the fiscal deficit reached \$681.4m in the first four months of 2010, down 43.7% from \$1.2bn in the same period last year. The deficit was equivalent to 19.5% of total budget and Treasury expenditures compared to 30.4% in the first four months of 2009. Overall government expenditures reached \$3.5bn, down 12% year-on-year, while total revenues increased by 1.8% to \$2.82bn in the covered period. Budgetary expenditures increased by 1.7% to \$2.8bn and included \$339m in outlays from previous years, while budget revenues rose by 1.2% to \$2.68bn. Tax revenues improved by 16.5% year-on-year to \$2.2bn, of which 35.3%, or \$771m, were in VAT receipts that posted a 14.6% annual rise. Tax revenues accounted for 81.5% of budgetary revenues and for 77.3% of total Treasury and budget receipts.

The distribution of other tax revenues shows that customs revenues rose 6.3% year-on-year to \$589.5m, income tax receipts grew by 10.3% to \$390m, real estate registration fees improved by 94% to \$174.3m, stamp fees increased by 39% to \$114.3m, and income from taxes on goods & services rose by 13.6% to \$76.4m. Also, revenues from built property taxes increased by 23.6% to \$48.5m and revenues from inheritance tax grew by 22.3% to \$16.9m. Further, the distribution of income tax revenues shows that the tax on interest accounted for 35% of total income tax receipts, followed by taxes on wages & salaries with 32%, taxes on profits with 24.4%, and the capital gains tax with 7.2%. Receipts from the capital gains tax increased by 35.4% year-on-year, income from tax on interest grew by 22%, while tax receipts on wages & salaries improved by 2.3% and revenues from profit taxes rose by 1.6%. In parallel, non-tax budgetary revenues contracted by 36% to \$496.6m, with revenues from government properties dropping by 43.5% to \$358m and administrative fees & charges remaining unchanged at \$114m. Receipts from telecommunications services, which account for 61% of income from government properties and for 44% of non-tax revenues, dropped by 56.4% to \$220m in the first four months of the year.

Debt servicing regressed by 1.7% year-on-year to \$1.32bn, accounting for 37.8% of total expenditures and for 47.5% of budgetary spending. It absorbed 46.8% of overall revenues and 49.4% of budgetary receipts. Repayment of principal on foreign debt rose by 27.8% to \$36.5m. Excluding debt servicing, the primary surplus reached \$1.25bn, or 44.9% of budget expenditures compared to a surplus of \$1.3bn, or 46.7% a year earlier. The overall primary surplus reached \$677.6m, or 19.3% of total spending compared to a surplus of \$164.3m, or 4.1% of total expenditures a year earlier.

#### Hotel Performance in first quarter of 2010

	Occupancy Rate (%)	RevPAR (US\$)	RevPAR % change
Sharm El Sheikh	87	50	21.3
Hurghada	85	34	17.9
Dubai - Beach	83	300	(3.3)
Dubai - Overall	82	204	(8.4)
Dubai-City	81	171	(11.3)
Cairo- City	78	90	9.8
Cairo - Overall	78	89	9.5
Abu Dhabi	75	210	(29.4)
Muscat	75	172	(22.5)
Makkah	75	144	17.4
Jeddah	73	151	8.1
Doha	71	219	(21)
Al Ain	70	126	(1.4)
<b>Beirut</b>	<b>69</b>	<b>174</b>	<b>22.4</b>
Madina	62	88	17.4
Riaydh	61	150	12.2
Kuwait	58	156	(15.9)
Amman	58	85	16.2

Source: Ernst & Young, Byblos Research

## Corporate Highlights

### Stock market activity at \$1.4bn in first five months of 2010

Figures released by the Beirut Stock Exchange indicate that total trading volume reached 119 million shares in the first five months of 2010, an increase of 81% from the same period last year, while aggregate turnover amounted to \$1.4bn, up 369% from a turnover of \$301.2m in the same period last year. Market capitalization increased by 39% to \$12.8bn in the first five months of 2010, of which 67.6% was in banking stocks and 29.7% 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 11% compared to 3.2% for the same period of 2009. Bank stocks accounted for 91.7% of aggregate trading volume in the first five months of the year, followed by real estate stocks with 8.2%. In terms of value of shares traded, banking stocks accounted for 83.9% of aggregate value, followed by real estate stocks with 15.9%. The average daily traded volume for the period was 1,202,514 shares for an average daily value of \$14.3m. The figures reflect increases of 79% in volume and 365% in value year-on-year.

### Car sales up 6.3% year-on-year in first four months of 2010

Figures released by the Association of Automobile Importers in Lebanon indicate that a total of 9,221 new passenger cars were sold in the first four months of 2010, constituting an increase of 6.3% from the 8,671 cars sold in the same period of 2009. Japanese cars accounted for 36.6% of total sales, followed by Korean cars with a 29.3% market share, European automobiles with 25.6%, American vehicles with 7.2%, and Chinese vehicles with 1.3%. Chinese cars posted the biggest growth in sales with a 1,080% jump year-on-year, followed by Korean cars with an 84.8% rise, American cars with a 5.9% increase and European cars with a 0.8% growth. In parallel, Japanese cars recorded a 20.21% decrease in sales year-on-year. Kia is the leading brand in the Lebanese market with 1,712 cars sold in the first four months of 2010, followed by Nissan with 1,322 cars sold, Hyundai with 991, Toyota with 714, Mitsubishi with 449, Chevrolet with 428, and Renault with 330 cars.

### Solidere's net income up 3.6% to \$189m in 2009

Solidere, the Lebanese Company for the Development and Reconstruction of the Beirut Central District and Lebanon's largest firm in terms of market capitalization, announced net profits of \$182.2m in 2009, down 0.8% from \$183.6m in 2008. When including the profits of its Dubai-based affiliate Solidere International (SI), Solidere's consolidated net income becomes \$189.2m, up 3.6% from \$182.7m in 2008. Solidere owns 38.2% of SI, which is developing several projects in Saudi Arabia, the UAE and Egypt.

Net consolidated revenues from land and real estate sales rose by 17.7% to \$241.6m in 2009 while net revenues from rental properties increased by 25.3% to \$27.2m, resulting in total net operating revenues of \$234m for the year, up 14.7% year-on-year. Gross consolidated revenues from land and real estate sales totaled \$305.1m while those from real estate rentals totaled \$27.3m.

Solidere stated that its consolidated assets totaled \$2.34bn and declined by 2.7% from end-2008, as inventory of land and projects in progress totaled \$1.11bn at end-2009 down from \$1.26bn at end-2008. Bank overdrafts and short term facilities reached \$203m compared to \$177m at the end of 2008. Solidere's earnings per share reached \$1.1467 compared to \$1.1781 a year earlier.

Solidere Results (US\$m)		
	2009	2008
Total Assets	2,335	2,400
Loans from banks	0	2.34
Total Equity	1,735	1,791
Net revenues from operations	234	204.1
Net income	189.2	182.7
Earnings per share (\$)	1.15	1.18

Source: Company statements

### Solidere announces General Assembly

The Board of Directors of Solidere sal invited its shareholders to its Ordinary General Assembly to be held on June 24, 2010. The agenda of the meeting includes hearing the Board of Directors and the auditors' reports for 2009, approving the financial statements of 2009 and granting clearance to the Chairman and Board members for their administrative duties during 2009.

### **Gaz de France - Suez submits proposal to help produce 200 MW of electricity**

French energy conglomerate Gaz de France - Suez expressed its willingness to help Lebanon produce 200 Megawatts of electricity from renewable energy sources over four phases of 50 MW each, and at a cost of less than \$0.10 per kilowatt compared to the current cost of \$0.175 per KW. It also pledged to fully finance the first phase of the project. The company said that it does not intend to produce or distribute electricity in Lebanon, as it abides by all rules and regulations regarding the monopoly of Electricité du Liban over production and distribution. Gaz de France - Suez is one of the leading energy providers in the world and is active across the entire energy value chain, in electricity and natural gas, upstream to downstream. It is involved in the exploration and production of natural gas, power production, procurement and energy trading, energy supply, and infrastructure management. It is the fifth largest producer and seller of electricity in Europe. It posted net profits of €4.5bn on turnover of €80bn in 2009.

GDF Suez is the leading private power developer in the GCC region with approximately 17,000 MW power capacity and more than 2.8 million m<sup>3</sup> of water per day of desalination capacity in operation or under construction. It recently won the tender to build two greenfield gas-fired power plants in Oman with a total capacity of approximately 1,500 MW. The company will own 46% of the project that will cost around \$1.7bn. It also won a tender to build a greenfield gas-fired power plant in Saudi Arabia.

### **RYMCO announces General Assembly**

The Board of Directors of Rasamny Younis Motor Co. sal (RYMCO) invited its shareholders to its Ordinary General Assembly to be held on June 28, 2010. The agenda of the meeting includes hearing the Board of Directors and the auditors' reports for 2009, approving the financial statements of 2009, granting clearance to the Chairman and Board members for their administrative duties during 2009, electing a new Board of Directors for the financial year 2010, approving dividend payments for 2009, as well as other issues. RYMCO declared net profits of \$3.3m in 2009, down 68% from \$10.4m in 2008. Its total assets and total equity amounted to \$127.7m and \$53m at the end of 2009 respectively, compared to \$138.4m and \$51.9m at the end of 2008. RYMCO is the only car retailer listed on the Beirut bourse.

## Ratio Highlights

(in % unless specified)	2007	2008	2009	Change*
Nominal GDP <sup>(1)</sup> (\$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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