



LEBANON THIS WEEK

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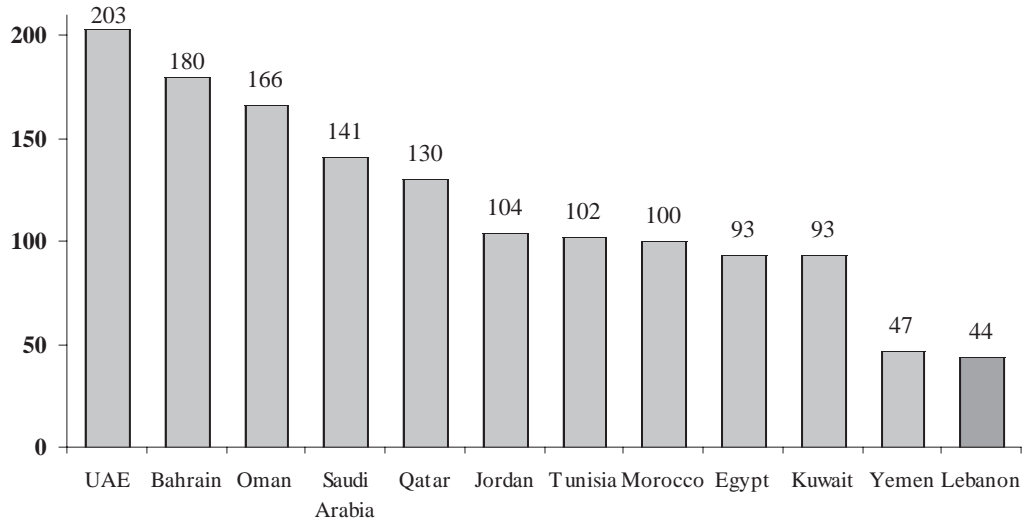
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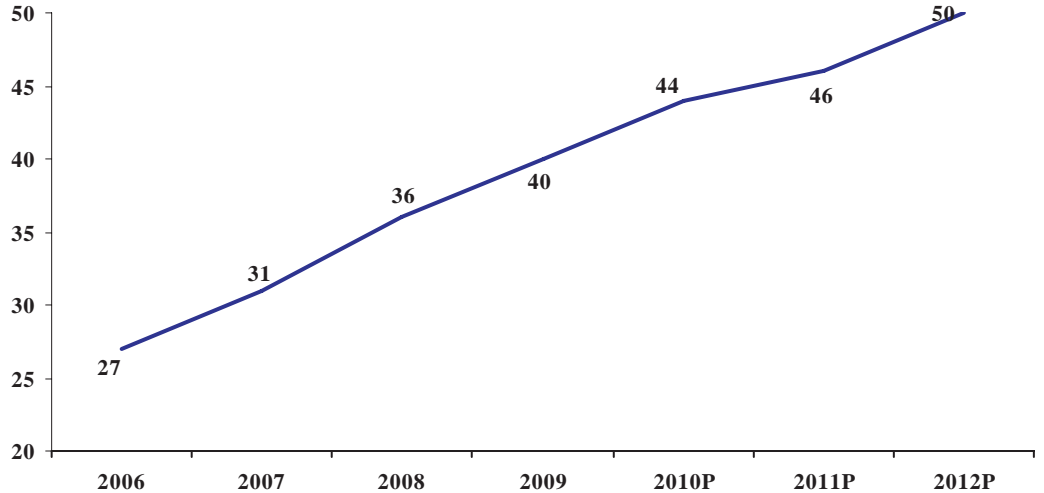
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Charts of the Week

Estimated Mobile Subscribers Penetration in Arab Countries at end-2010 (% of population)



Estimated Mobile Subscribers Penetration in Lebanon (% of population)



Source: PricewaterhouseCoopers

Quote to Note

"The inability of Lebanon's political factions to agree on the formation of a new government since January is starting to weigh on the country's economic outlook."

Barclays Capital, on the increasing impact of political uncertainty on the economy

Number of the Week

98: Lebanon's rank out of 139 countries in terms of policy rules and regulations related to the travel and tourism industry, according to the World Economic Forum

Economic Indicators

\$m (unless otherwise mentioned)	2008	Dec 09	2009	Oct 10	Nov 10	Dec 10	% Change*
Exports	3,478	364	3,486	435	316	487	33.79
Imports	16,133	1,380	16,241	1,486	1,811	1,470	6.52
Trade Balance	(12,655)	(1,016)	(12,755)	(1,051)	(1,495)	(983)	(3.25)
Balance of Payments	3,462	1,610	7,899	(185)	(673)	1,243	(22.80)
Checks Cleared in LBP	9,350	1,061	11,122	1,227	1,079	1,278	20.45
Checks Cleared in FC	43,174	4,756	45,270	4,526	4,048	4,370	(8.12)
Total Checks Cleared	52,524	5,817	56,392	5,753	5,127	5,648	(2.91)
Budget Deficit/Surplus	(2,921)	(368)	(2,960)	(460)	(352)	(62)	(83.15)
Primary Balance	597	72	1,078	(118)	(32)	276	283.33
Airport Passengers	4,085,334	738,211	4,986,544	417,378	467,131	369,735	(49.91)

\$bn (unless otherwise mentioned)	Dec 2008	Dec 09	Sep 10	Oct 10	Nov 10	Dec 10	% Change*
BdL FX Reserves	17.06	25.66	28.46	28.20	27.74	28.60	11.46
<i>In months of Imports</i>	<i>15.03</i>	<i>18.59</i>	<i>21.7</i>	<i>18.9</i>	<i>15.3</i>	<i>19.4</i>	<i>4.36</i>
Public Debt	47.02	51.09	50.85	51.13	51.77	52.59	2.94
Net Public Debt	41.49	44.11	44.64	44.93	44.92	45.01	2.04
Bank Assets	94.25	115.25	126.74	126.65	127.57	128.93	11.87
Bank Deposits (Private Sector)	77.78	95.77	103.85	104.18	105.02	107.20	11.93
Bank Loans to Private Sector	25.04	28.37	33.82	34.39	34.92	34.93	23.12
Money Supply M2	24.76	34.16	39.32	39.31	39.31	39.40	15.34
Money Supply M3	68.66	82.08	90.06	90.57	91.00	92.15	12.27
LBP Lending Rate (%)	9.95	9.04	8.11	8.15	7.98	7.91	(113b.p.)
LBP Deposit Rate (%)	7.22	6.75	5.70	5.72	5.68	5.68	(107b.p.)
USD Lending Rate (%)	7.47	7.28	7.24	7.08	6.96	6.74	(54b.p.)
USD Deposit Rate (%)	3.33	3.05	2.78	2.81	2.80	2.80	(25b.p.)
%* Change in CPI**	6.36	4.20	7.15	8.69	10.82	10.65	645b.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"	18.26	(0.22)	757,109	15.16%
Solidere "B"	18.26	(0.65)	1,002,896	9.85%
Byblos Common	1.89	(0.53)	332,123	5.67%
Byblos Priority	1.89	(0.53)	15,635,261	3.23%
Byblos Pref. 08	104.00	0.00	0	1.73%
BLOM GDR	9.64	(2.53)	19,857	5.91%
BLOM Listed	9.05	1.69	1,462,520	16.15%
Audi GDR	7.40	(7.50)	21,178	5.76%
Audi Listed	7.50	0.00	0	21.70%
HOLCIM	17.05	(2.24)	1,000	2.76%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
May 2011	7.875	100.45	4.09
Mar. 2012	7.500	103.75	3.46
Sep. 2012	7.750	105.00	4.06
June 2013	8.625	108.63	4.44
Apr. 2014	7.375	107.75	4.58
Apr. 2015	10.00	117.75	5.07
Jan. 2016	8.500	112.63	5.45
Mar. 2017	9.000	115.75	5.83
Nov. 2018	5.150	97.00	5.64
Apr. 2021	8.250	114.50	6.27

Source: Byblos Capital Markets

	Mar. 28-Apr. 2	March 21-24	% Change	March 2011	March 2010	% Change
Total Shares Traded	19,312,396	418,428	4,515.46	12,555,873	8,084,842	55.30
Total Value Traded	\$76,467,878	\$4,027,352	1,798.70	\$72,891,528	\$59,053,649	23.43
Market Capitalization	\$12.05bn	\$12.10bn	(0.45)	\$12.09bn	\$12.25bn	(8.73)

Source: Beirut Stock Exchange (BSE)



Economic growth to slow to 3%, fiscal deficit to widen in 2011

HSBC Bank projected real GDP growth in Lebanon to slow down to 3.2% in 2011 compared to 7.1% in 2010. It attributed the expected deceleration in growth to domestic factors mainly, but added that increased regional political risks are exacerbating the trend. It said the turning point came with the collapse of the Hariri government last January, as the successive Hariri governments provided a fragile political order. It noted, however, that the recovery that took place in recent years was a cyclical pick-up rather than the result of any fundamental improvement, adding that heightened political risks will add to a correction that was already underway, particularly in the real estate sector. It indicated that Lebanon's boom took place during the global slowdown; while its downturn, after four years of growth averaging 8%, is coinciding with the global recovery.

HSBC noted that public finances improved even though the government did not implement any of the much-needed economic reforms over the last few years. It said the budget deficit declined in absolute terms and fell to its lowest level since the start of political turmoil relative GDP, as it declined from 13.5% of GDP in 2006 to 7.5% of GDP in 2010. It added that the debt level also fell due to strong economic growth, as the public debt declined from 180% of GDP in 2006 to 141.6% of GDP at end-2010.

However, HSBC expected the fiscal balance to deteriorate to 8.1% of GDP this year due to political risks, high commodity prices and a weaker revenue outlook. It also anticipated some reversal in the increased foreign participation in Lebanese debt markets. It expected foreign deposits in the banking sector to remain resilient but to increase at a slower pace. It considered that the banking sector will remain well positioned to meet the government's expanding funding needs in the absence of a sharp reversal in capital flows and deposits. It added that the high level of the Central Bank reserves suggest that political risks are unlikely to jeopardize the currency peg.

Key Macroeconomic Indicators				
	2009	2010E	2011F	2012F
Activity				
GDP (% yoy)	8.9	7.1	3.2	3.6
CPI (% end-year)	3.4	4.5	5.0	5.0
Public Sector				
Public sector balance (% of GDP)	(8.5)	(7.5)	(8.1)	(7.8)
Gross public debt (% of GDP)	146.4	141.6	135.8	129.5
External Sector				
Trade Balance (% of GDP)	(36.5)	(35.4)	(35.4)	(34.1)
Current account balance (% of GDP)	(22.7)	(20.7)	(20.8)	(17.3)
Gross external debt (% of GDP)	83.9	77.2	70.4	64.5

Source: HSBC

Barclays downgrades Lebanon's external debt to 'Underweight'

Barclays Capital downgraded its recommendation on Lebanon's external debt to 'Underweight' in its emerging markets credit portfolio in March 2011 from 'Neutral' in December 2010. It also reduced Lebanon's allocation to 1.3% in the portfolio from 2.6% in March. Lebanon's external debt rating of 'Underweight' placed it in the same category as the Philippines, Lithuania, Egypt, Croatia, Tunisia, Brazil, Mexico, Colombia, Peru, Panama and El Salvador. Also, Lebanon's 'Underweight' recommendation is similar to that on the Europe, the Middle East & Africa (EMEA) region. Lebanon is represented in the portfolio by the March 2017 Eurobond. Lebanon accounted for 3.3% of the allocations in the EMEA region, down from 7.2% in December. Lebanon's allocation was the 18th highest among 28 sovereigns in the portfolio and the seventh highest among 13 credits in the EMEA region.

In parallel, Lebanon's external debt posted returns of -0.8% in the first quarter, one of only three credits with negative returns in the EMEA region and one of 9 credits to have negative returns among the 28 emerging markets included in Barclays Capital's portfolio. Lebanon underperformed the EMEA returns of 2.3% and the overall emerging market returns of 1.9% in the covered period. Further, Lebanon's external debt posted the second steepest decline in returns among 6 countries in the Middle East & Africa region during the covered period, as it came ahead of Egypt with -8.1%, but behind Tunis with -0.5%, Qatar with -0.2%, Abu Dhabi with 0.6, and South Africa with 2%.

Lebanon covered by OPIC plan to provide \$2bn for private sector investment in MENA region

The Overseas Private Investment Corporation (OPIC) announced that Lebanon is included in an initiative that will provide up to \$2bn in financial support for private sector investment in the Middle East & North Africa. The initiative will give priority to investment in small- and medium-sized enterprises (SMEs), infrastructure and other key sectors, especially the promotion of renewable resources. Lebanon, along with Egypt, Tunisia, Morocco, Iraq, Jordan and the Palestinian Territories are covered by the initiative. OPIC's financial support will include direct loans, guarantees and political risk insurance for investors, as well as financing support for private equity investment funds. OPIC will also expand its existing risk insurance product, which protects investors from losses sustained due to currency inconvertibility, expropriation, breach of contract, as well as political violence and terrorism, to specifically protect investments in private equity funds investing throughout the MENA region. Further, it will support 'fast-track' approval for OPIC-supported projects to ensure rapid deployment of capital; and plans to develop partnerships with banks, investment funds, Diaspora entrepreneurs, and others interested in investing in MENA projects. An agency of the U.S. government, OPIC manages risks associated with foreign direct investments in developing countries.

Electricity tender attracts 41 local and foreign companies

The Ministry of Energy & Water announced that 41 local and international companies applied for the April tender to increase electricity production by 700 Megawatts. Last year, the ministry retained the Swiss firm AF-Colenco and Germany's MVV-Decon to assist and consult in the bid by companies to build a 450 Megawatts electricity production unit at Deir Amar and to install Diesel generators at Jieh and Zouk with total production capacity of 250 Megawatts. AF-Colenco signed a four months €440,000 contract to organize the prequalification rounds and bids for the Deir Amar gas turbines and combined cycle unit, while MVV-Decon signed a three month €293,000 contract to oversee the bidding for the Diesel generators at Jieh and Zouk. The contracts are part of a plan approved by the Cabinet that aims at increasing the production capacity of electricity in the country. The plan, which costs \$4.9bn, aims at providing 24 hours of electricity by 2014 by increasing electricity production capacity from 1,685 Megawatts currently to 4,000 Megawatts by 2014 and 5,000 Megawatts by 2015.

Export Plus program extended for four months

The Investment Development Authority of Lebanon (IDAL) announced the extension of the Export Plus program that subsidizes certain agricultural exports for a four-month period until the end of July 2011, as the program was about to expire at the end of March 2011. It also extended for the same period the contracts of the quality control companies. It said that the program will adopt last year's terms and criteria used in the calculation of agricultural subsidies to exporters. The Investment Development Authority of Lebanon launched the Export Plus program in August 2001 to support agricultural exports. The program consists of a subsidy for the transport of agricultural goods based on the quantity exported and the destination. In April 2006, the government approved a 20% annual reduction in the subsidies until they are gradually phased out over a five-year period. The subsidies under the program average about \$30m per year.

Central Bank foreign assets down 1% to \$30.4bn in first quarter of 2011

The Central Bank's interim balance sheet reached \$60.4bn at the end of March 2011 compared to \$62.6bn at the end of 2010 and to \$56.1bn at end-March 2010. Assets in foreign currencies decreased by 0.6% in the first quarter of the year to \$30.4bn from \$30.6bn at the end of 2010. Assets in foreign currencies increased by \$118.7m in March, while they declined by \$247.8m in February and by \$64.6m in January 2011. This resulted in an aggregate decrease of nearly \$193.6m in the first quarter of 2011. Further, assets in foreign currencies rose by \$312m, or 1.04%, year-on-year.

The value of the Central Bank's gold reserves increased by 1.6% in the first quarter of 2011 and by 29.2% year-on-year to \$13.2bn, reaching a new all-time high due to the rise in global gold prices. Its securities portfolio increased by 7.3% in the first quarter and by 33.1% annually to \$10.3bn. Further, deposits of the financial sector rose by \$1.5bn, or 3.5%, in the first 3 months of the year and by \$4.2bn or 10.6% annually to \$44.2bn reflecting the slowdown in capital inflows into the banking sector; while deposits of the public sector declined by 12.3% year-to-March and by 10% year-on-year to \$5.4bn. Assets in foreign currencies increased by \$2.3bn in 2010, \$28.3bn in 2009 and \$7.34bn in 2008.

Fiscal deficit at 6% of expenditures in January 2011

Figures released by the Finance Ministry show that the fiscal deficit reached \$48.3m in January 2011, up 173% from \$18m in the same month last year. The deficit was equivalent to 5.6% of total budget and Treasury expenditures compared to 2.3% in January 2010. Overall government expenditures reached \$858.5m, up 11.4% year-on-year, while total revenues increased by 7.7% to \$810m. Budgetary expenditures rose by 13% to \$821m and included \$266.3m in outlays from previous years, while budget revenues grew by 7% to \$741.3m. Tax revenues improved by 5.2% year-on-year to \$680m, of which 41%, or \$277m, were in VAT receipts that posted a 3.7% annual rise. Tax revenues accounted for 91.7% of budgetary revenues and for 84% of total Treasury and budget receipts.

The distribution of other tax revenues shows that customs revenues declined by 7.4% year-on-year to \$130.7m, income & capital gains tax receipts grew by 17.6% to \$174m, revenues from property taxes improved by 14.2% to \$50m, and other tax receipts, mainly stamp fees, increased by 12.3% to \$33.3m. Further, the distribution of income tax revenues shows that taxes on wages & salaries accounted for 43.8% of total income tax receipts, followed by the tax on interest deposits with 27.4%, taxes on profits with 22.8%, and capital gains tax with 4.7%. Tax receipts on wages & salaries improved by 19.8% year-on-year, revenues from taxes on profits increased by 16.3%, income from the tax on interest rose by 14.8%, and revenues from capital gains tax grew by 2.6%. Also, the distribution of property taxes shows that revenues from real estate registration fees rose by 2.3% to \$40m, built property taxes increased by 115% to \$4.9m and revenues from inheritance tax grew by 106% to \$5.4m. In parallel, non-tax budgetary revenues increased by 31.5% to \$61.5m, with revenues from government properties rising by 95% to \$63m and administrative fees & charges increasing by 7% to \$29.5m. There were no receipts from telecommunications services in January.

Debt servicing increased by 8.9% year-on-year to \$231.3m, and accounted for 27% of total expenditures and for 28.2% of budgetary spending. It absorbed 28.6% of overall revenues and 31.2% of budgetary receipts. Interest payment on domestic debt rose by 4.8% to \$178.5m, while interest disbursement on foreign debt jumped by 25.3% to \$52.8m. Repayment of principal on foreign debt increased by 167.5% to \$19m. Excluding debt servicing, the primary surplus reached \$170.6m, or 20.8% of budget expenditures compared to a surplus of \$186m, or 25.6% of budget spending in the same month last year. The overall primary surplus was unchanged at \$202m in nominal terms, but declined to 23.5% of total spending in January relative to 26.2% of total expenditures in January 2010.

Treasury transfers to Electricité du Liban down 1% in January 2011

Figures released by the Finance Ministry show that Treasury transfers to Electricité du Liban totaled \$630m in January 2011, constituting a decrease of 1% from \$623m in the same month last year. It said that reimbursements to the Kuwait Petroleum Corporation (KPC) and to Algerian energy conglomerate Sonatrach accounted for \$613m, or 97.4% of transfers in January, while EdL's debt servicing represented 2.6%. The ministry said that January's energy bill reflects higher oil prices and lower quantities compared to January 2010. It noted that January's payments reflect a 41% drop in the volume of imported gas and an 87% increase in the quantities of imported fuel oil. EdL transfers accounted for 7.3% of primary expenditures in January, unhinged from the same period last year. EdL transfers constitute the third largest expenditures item after debt servicing and salaries & wages in overall fiscal spending. Transfers to EdL were equivalent to 3% of GDP in 2010 compared to 4.3% of GDP in 2009 and to 5.4% of GDP in 2008. The ministry considered that any fluctuation in international oil prices as well as an increase in consumed oil quantities are expected to affect Treasury transfers to EdL.

Byblos Bank has best long-term funding, second best short-term funding in MENA region

The New York-based research firm Alembic Global Advisors (AGA) and regional investment bank HC Securities & Investments indicated that Byblos Bank has the highest level of long-term liquidity funding in the Middle East & North Africa region, as well as the second highest short-term liquidity coverage ratio among MENA banks. Byblos Bank's Net Stable Funding Ratio came at 710% and the Bank's Liquidity Coverage Ratio at 619%. The two ratios are part of Basel III regulations introduced in the wake of the global financial crisis. AGA and HC compared the ratios of 27 main banks in Saudi Arabia, Qatar, the UAE, Egypt and Lebanon.

AGA & HC said the Basel Committee on Banking Supervision introduced the Net Stable Funding Ratio (NSFR) to address long-term structural liquidity mismatches in banks' balance sheets. The ratio is calculated as the available funding relative to required funding based on the banks' asset and liability maturity profiles. Byblos Bank's NSFR is nearly three times higher than the ratios of Bank Audi (252%) and BLOM Bank (240%), and 3.5 times higher than SAMBA's ratio of 202%, its closest Arab peer. Further, Byblos Bank's NSFR is almost 6 times higher than the ratio of U.S. banks, 6.3 times higher than that of banks in Asia, and 8 times higher than the ratio of European banks. AGA & HC said the increased liquidity requirements have been triggered by the outflows experienced by some of the largest American and European banks during the global financial crisis. It noted that funding suddenly dried up during the crisis and remained in short supply for many banks for a very long period of time.

In addition, the Basel Committee introduced the 30 day Liquidity Coverage Ratio (LCR) to make banks more resilient to potential short-term disruptions in access to funding. According to Basel III regulations, the short-term LCR identifies the amount of unencumbered, high quality liquid assets a bank needs to have in order to offset the net cash outflows it would face under an acute short-term stress scenario. As such, the LCR will require banks to have sufficient high quality liquid assets to withstand a stressed funding scenario. Byblos Bank's LCR of 619% is significantly higher than those of its Lebanese peers, and is second only in the region to the Housing & Development Bank in Egypt. The Basel rules stipulate that banks have until 2015 to meet the LCR standard and until 2018 to meet the NSFR standard, but Central Banks will begin monitoring the ratios earlier.

Stock market activity down 87% to \$150m in first quarter of 2011

Figures released by the Beirut Stock Exchange indicate that total trading volume reached 25.2 million shares in the first quarter of 2011, constituting a decrease of 67% from the same period last year; while aggregate turnover amounted to \$149.8m, down 87.3% from a turnover of \$1.2bn in the first three months of 2010. Market capitalization decreased by 9% end-March 2010 to \$12.1bn, of which 71.6% was in banking stocks and 25.7% in real estate stocks. The market liquidity ratio was 1.2% compared to 8.9% in the same period last year. Bank stocks accounted for 83% of aggregate trading volume in the first quarter of the year, followed by real estate stocks with 16.8%. In terms of value of shares traded, real estate stocks accounted for 52.5% of aggregate value, followed by banking stocks with 45.7%. The average daily traded volume for the period was 426,403 shares for an average daily value of \$2.5m. The figures reflect decreases of 66.6% in volume and 87.3% in value year-on-year.

Saudi Oger plans to raise \$2bn syndicated loan

Saudi Oger Group, the conglomerate owned by the family of the late Prime Minister Rafiq Hariri, reportedly plans to raise a syndicated loan of \$2bn to finance the construction of police training facilities in Saudi Arabia. The syndication will be led by Deutsche Bank, where a group of banks would contribute \$200m each to provide the loan. The recent political instability in the region is not expected to affect the banks' decision to participate in the transaction, as Saudi Oger is expected to be one of the key beneficiaries of Saudi Arabia's \$400bn investment in infrastructure over the next five years. The syndicated loan will help the group diversify its financing beyond domestic banks. Last August, Saudi Oger contracted a \$250m syndicated loan that matures in 2014. Prime Minister Saad Hariri has a 50% stake in the firm.

Net Stable Funding Ratio (%)

Byblos Bank	710
USA	127
Asia	112
Europe	87

Source: Alembic Global Advisors

Liquidity Coverage Ratio (%)

Byblos Bank	619
Crédit Libanais	542
Bank Audi	498
BLOM Bank	267

Source: Alembic Global Advisors

EFG Hermes' revenues boosted by acquisition of Crédit Libanais

Regional investment bank EFG Hermes declared consolidated net income of EGP700.4m, or \$117.6m, in 2010, constituting an increase of 27% from 2009; and operating revenues of nearly EGP2.5bn in 2010, up 72% year-on-year. The firm attributed the jump in profits and revenues in part to its acquisition of Crédit Libanais last August and the consolidation of the results of both institutions starting in the third quarter of 2010. As such, Crédit Libanais accounted for 51.4% and 54% of consolidated revenues in the third and fourth quarters, respectively.

In parallel, EFG Hermes indicated that revenues generated from capital markets and treasury operations reached EGP1bn in 2010, including EGP716.6m in realized capital gain from the sale of its stake in Bank Audi in January 2010. It added that the acquisition of Crédit Libanais has further expanded its balance sheet, with total consolidated assets reaching EGP46.7bn, or \$7.84bn as at the end of 2010, and Crédit Libanais contributing EGP37.7bn or 80.7% of the total. Also, consolidated shareholders' equity stood at EGP9.86bn, with Crédit Libanais contributing EGP2.6bn or 29% of the total.

Last August, EFG Hermes Holding SAE announced the acquisition of a 65% stake in Crédit Libanais for \$542m. It has a call option for an additional 25% interest in the bank, and will have the right to exercise the call option over the next two years at its sole discretion and at the same terms, including pricing, as those applicable to the acquisition of the initial 65% stake. EFG Hermes said the transaction transforms it from an investment company with an investment banking platform into a universal bank. Crédit Libanais, one of Lebanon's top 10 banks, posted net profits of \$79.1m in 2010, up 50.3% from the same period last year. Its total assets reached \$6.5bn and its customer deposits totaled \$5.65bn at end- 2010.

Averda wins contract in Abu Dhabi

The Beirut-based Averda Group, an integrated waste and resource management company, won a contract to assist the city of Abu Dhabi reach its goal as one of the world's top five cleanest cities. The five-year contract includes solid waste collection and transportation services, manual sweeping, unscheduled services, as well as cleaning and street sweeping services. Last November, the Center of Waste Management of Abu Dhabi awarded Averda a five-year contract to deliver a complete range of environmental services to several projects in the Emirate. The contract stipulated the establishment of solid waste collection and transportation services, cleaning and street sweeping services, pest control, and on-call services for the Yas Island, Al Raha Beach, Al Raha Gardens and Al Gurm projects. The Averda Group's subsidiaries include Sukleen, the manager of municipal waste water, street sweeping and maintenance of public, residential and commercial areas in Beirut and Mount Lebanon. Another subsidiary, Sukom International (Sukomi), handles the treatment and sanitary disposal of municipal solid waste.

Ratio Highlights

(in % unless specified)	2007	2008	2009	Change*
Nominal GDP ⁽¹⁾ (\$bn)	25.0	29.9	34.9	
External Debt / GDP	84.9	70.7	60.9	(980)
Local Debt / GDP	83.2	86.5	85.5	(100)
Total Debt / GDP	168.1	157.3	146.4	(1,090)
Total External Debt / GDP	194	172	169.2	(280)
Trade Balance / GDP	(36.0)	(42.3)	(36.5)	580
Exports / Imports	23.8	21.6	21.5	(10)
Budget Revenues / GDP	23.2	21.7	22.9	120
Budget Expenditures / GDP	33.4	24.5	24.8	30
Budget Balance / GDP	(10.2)	(2.7)	(1.9)	80
Primary Balance / GDP	2.9	2.0	3.1	110
BdL FX Reserves / M2	59.4	67.5	71.2	370
M3 / GDP	239.3	229.6	235.2	560
Bank Assets / GDP	329.0	315.2	330.2	1,500
Bank Deposits / GDP	269.1	260.1	274.4	1,430
Private Sector Loans / GDP	81.7	83.7	81.3	(240)
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	Nov 2009	Oct 2010	Nov 2010	Change*	Risk Level
Political Risk Rating	57.0	58.5	58.5	▲	High
Financial Risk Rating	28.0	28.0	28.0	↔	High
Economic Risk Rating	35.5	35.5	35.5	↔	Low
Composite Risk Rating	60.2	61.0	61.0	▲	Moderate

Regional Average	Nov 2009	Oct 2010	Nov 2010	Change*	Risk Level
Political Risk Rating	64.9	64.5	64.4	▼	Moderate
Financial Risk Rating	42.0	42.3	42.3	▲	Very Low
Economic Risk Rating	34.8	38.2	38.0	▲	Low
Composite Risk Rating	70.8	72.5	72.3	▲	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	Stable	B	B	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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