

## LEBANON THIS WEEK

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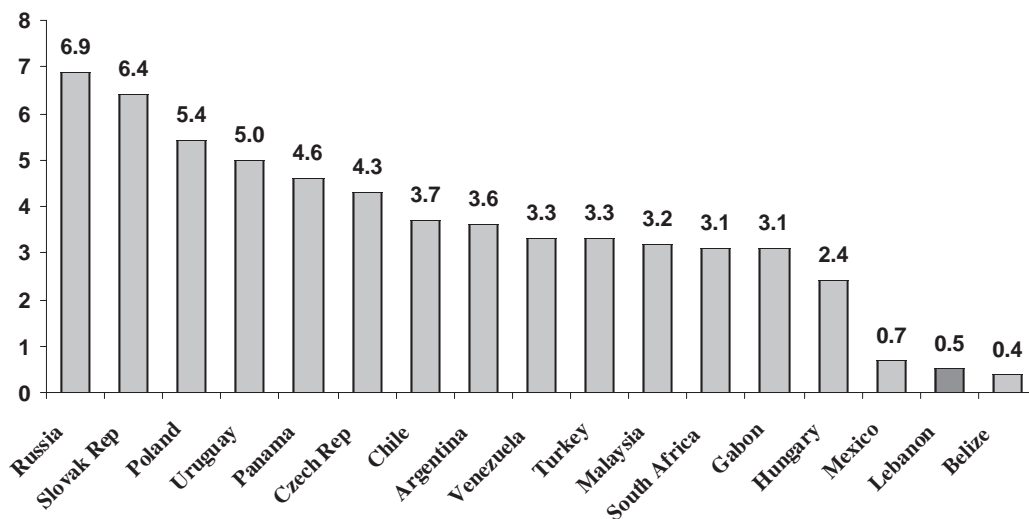
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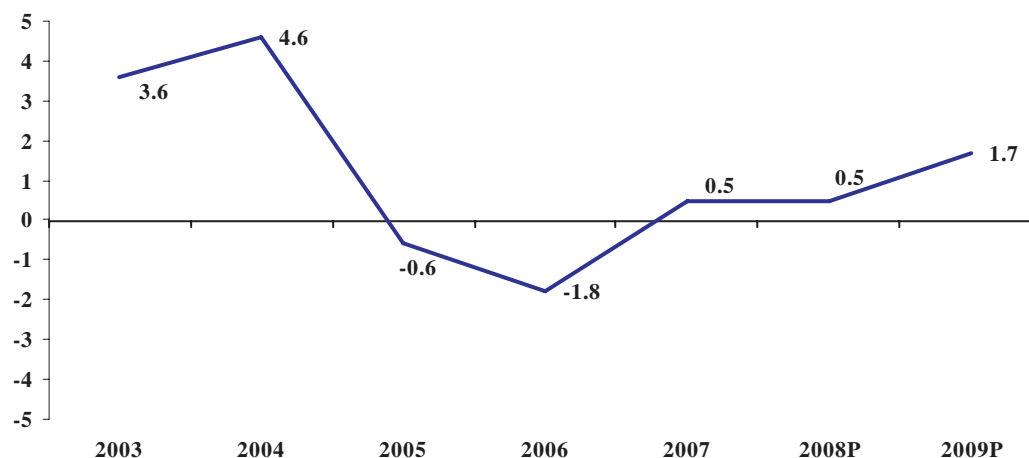
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### Charts of the Week

Upper-Middle Income Countries' Real GDP Per Capita Growth for 2008 (%)



Lebanon's Real GDP Per Capita Growth (%)



Source: Standard & Poor's

### Quote to Note

“We expect the exchange rate as well as interest rates to remain stable in 2008, with the possibility of a reduction in interest rates in case the political situation improves.”

*Central Bank Governor Riad Salameh, on the monetary outlook for the current year.*

### Number of the Week

**36%:** percentage of employees in Lebanon who are ‘very satisfied’ with their current job, the highest such rate in the Middle East, according to a survey conducted by research firm YouGovSiraj.

## Economic Indicators

<b>\$m (unless otherwise mentioned)</b>	<b>Feb.2006</b>	<b>2006</b>	<b>Feb. 2007</b>	<b>2007</b>	<b>Jan.2008</b>	<b>Feb.2008</b>	<b>% Change*</b>
Exports	167	2,282	219	2,816	262	311	42.0%
Imports	768	9,398	830	11,815	1,107	1,212	46.0%
Trade Balance	(601)	(7,116)	(611)	(8,999)	(845)	(901)	47.5%
Balance of Payments	(38)	2,795	147	2,036	(259)	543	269.4%
Checks Cleared in LBP	557	7,219	627	8,409	766	718	14.5%
Checks Cleared in FC	2,197	25,268	1,998	29,883	3,109	2,873	43.8%
Total Checks Cleared	2,754	32,487	2,625	38,292	3,875	3,591	36.8%
Budget Deficit	244	3,039	333	2,546	77	283	(15.0%)
Primary Balance	(46)	(17)	(93)	731	180	(22)	(76.4%)
Airport Passengers	205,252	2,825,138	183,507	3,408,834	275,128	212,231	15.6%

<b>\$bn (unless otherwise mentioned)</b>	<b>Feb.2006</b>	<b>Dec.2006</b>	<b>Feb.2007</b>	<b>Dec.2007</b>	<b>Jan.2008</b>	<b>Feb.2008</b>	<b>% Change*</b>
BdL FX Reserves	11.84	10.21	9.91	9.78	9.79	10.78	8.78%
<i>In months of Imports</i>	<i>15.42</i>	<i>11.30</i>	<i>11.93</i>	<i>9.19</i>	<i>8.84</i>	<i>8.89</i>	<i>(25.48%)</i>
Public Debt	38.58	40.37	40.85	42.06	42.31	42.74	4.63%
Net Public Debt	35.06	37.42	38.18	39.02	39.16	39.32	2.98%
Bank Assets	69.28	74.27	73.77	82.25	83.07	84.17	14.10%
Bank Deposits to Private Sector	57.48	60.69	60.61	67.29	68.08	69.18	14.14%
Bank Loans to Private Sector	14.56	15.32	17.26	17.75	21.38	21.82	26.42%
Money Supply M2	16.73	15.57	15.56	16.47	16.55	16.90	8.61%
Money Supply M3	49.76	53.23	53.78	59.83	60.28	61.11	13.63%
LBP Lending Rate (%)	10.33	10.37	10.27	10.10	10.04	9.94	(3.21%)
LBP Deposit Rate (%)	7.64	7.49	7.46	7.40	7.35	7.26	(2.68%)
USD Lending Rate (%)	8.40	8.55	8.64	8.02	7.93	7.71	(10.76%)
USD Deposit Rate (%)	4.12	4.76	4.84	4.69	4.57	4.20	(13.22%)
%* Change in CPI**	0.03	7.04	5.49	5.92	5.68	10.14	84.70%

\* 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"	25.00	11.56%	766,429	20.00%
Solidere "B"	25.21	12.75%	337,132	13.11%
Byblos Common	2.48	8.30%	142,719	4.31%
Byblos Priority	2.58	12.17%	76,000	4.25%
BLOM GDR	97.00	4.81%	11,245	5.74%
BLOM Listed	89.55	7.89%	900	5.14%
Audi GDR	98.50	6.26%	21,261	7.75%
Audi Listed	90.10	0.11%	0	23.72%
HOLCIM	21.00	9.26%	1,880	3.28%

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

<b>Sovereign Eurobonds</b>	<b>Coupon %</b>	<b>Mid Price \$</b>	<b>Mid Yield %</b>
Oct.2009	10.250	104.00	7.22
Dec.2009	7.000	99.13	7.58
Mar.2010	7.125	98.88	7.79
May 2011	7.875	99.00	8.25
Sep.2012	7.750	97.25	8.52
June 2013	8.625	99.38	8.78
Apr.2015	10.000	105.25	8.97
Jan.2016	8.500	97.50	8.95
May 2016	11.625	114.50	9.04
Apr.2021	8.250	93.00	9.19

Source: Byblos Capital Markets

	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>	<b>April 2008</b>	<b>April 2007</b>	<b>% Change</b>
<b>Total Shares Traded</b>	1,380,084	1,371,721	0.61%	3,953,335	2,279,689	73.42%
<b>Total Value Traded</b>	\$32,600,576	\$16,818,507	93.84%	\$75,774,862	\$43,651,004	73.59%
<b>Market Capitalization</b>	\$12.50bn	\$11.99bn	4.27%	\$12.3bn	\$8.61bn	42.96%

Source: Beirut Stock Exchange (BSE)



### Lebanon is second most vulnerable sovereign among 40 emerging market economies

Standard & Poor's Liquidity Vulnerability Index (LVI) indicated that, in case the global credit crisis worsens, Lebanon would be the second most vulnerable sovereign in terms of external financing needs among 40 emerging economies in Europe, the Middle East, Africa, Asia and Latin America. The agency said the level of a country's vulnerability relates directly to its degree of dependence on foreign capital inflows to finance external imbalances and avert balance-of-payments crises. The LVI is a non-weighted average of a sovereign's rank in five different variables considered to be meaningful indicators of sovereign external financing risk and that are relevant in emerging debt crises. The variables are sovereign debt rollover needs as a share of GDP; gross external financing requirements as a share of current account receipts; gross external financing requirements net of foreign direct investment inflows as a share of usable official foreign exchange reserves; the share of a current account deficit financed through foreign direct investment; and the estimated government's contingent liability for a systemic banking crisis, as a percentage of GDP. This variable is used to assess leverage and asset quality in the economy.

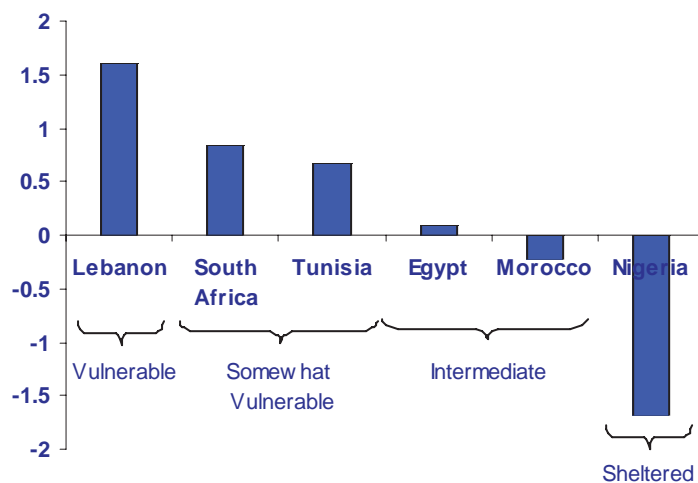
Lebanon came in the 'vulnerable' category, along with Iceland, Romania, Latvia, Turkey and Kazakhstan. Iceland was the only country to be considered more vulnerable than Lebanon. Seven countries belonged to the 'somewhat vulnerable' category, 15 were in the 'intermediate' category, five came in the 'somewhat sheltered' group and seven were considered 'sheltered'. The LVI was launched in September 2007 with 15 countries from Emerging Europe, the Middle East and Africa region. Lebanon ranked as the seventh most vulnerable sovereign at the time, behind Lithuania and ahead of the Slovak Republic. It also came in the 'intermediate' category.

Six countries from the Middle East and Africa region were included in the index. Lebanon was the only country in the 'vulnerable' category, followed by South Africa and Tunisia in the 'somewhat vulnerable' category, Egypt and Morocco in the 'intermediate' category, and Nigeria in the 'sheltered' group. Also, Standard & Poor's said Lebanon, Kazakhstan, South Africa and Tunisia are the only non-European economies to be among the most vulnerable countries.

Standard & Poor's said recent changes in sovereign rating and outlook correlate directly with the degree of vulnerability to tightening credit as measured by the index. It added that a total of 13 economies from the 40 included in the index have been subject to at least one negative rating or outlook action (downgrade, change in outlook from stable to negative, or from positive to stable) since January 2006. Also, a total of 9 countries among the 13 are in the 'vulnerable' or 'somewhat vulnerable' categories.

Last January, Standard & Poor's downgraded Lebanon's long-term sovereign foreign currency rating to 'CCC+' from 'B-' and maintained its 'stable' outlook. The agency attributed the downgrade to the increase in political instability that has raised tensions in the country and that could shake confidence in the financial sector and delay reforms crucial to putting Lebanon's public finances on a more sustainable path. Lebanon's rating is now seven notches below investment grade, the lowest among the 40 countries included in the Liquidity Vulnerability Index.

Liquidity Vulnerability Index for the Middle East & Africa



Source: Standard & Poor's

### Privatization of cellular-phone networks postponed

The Telecommunications Ministry postponed once again the auction of two mobile phone licenses due to take place at the beginning of May. The auction was first scheduled to take place on February 22 before it was postponed till May. The Higher Privatization Council attributed the delay to the ongoing political stalemate over the election of a president. It did not specify a new date, adding that the auction may be postponed indefinitely until a president is elected and a new government is formed. Credit Suisse estimated that the sale of the two licenses would generate about \$7bn in revenues to the Treasury. The two licenses are currently managed under contract by Kuwait's Zain and the German DeteCon firms in exchange for a monthly fee, with the four-year contracts expiring in June 2008. Lebanon has about one million mobile-phone users who generate more than \$750m annually in net revenue for the government, making it the second biggest source of income after the value-added tax. Saudi Telecom, Emirates Telecom, Qatar Telecom, Bahrain Telecom, Orascom Telecom and Zain, the Kuwaiti telecom operator formerly known as Mobile Telecommunications Co., have expressed interest in taking part in the auction.

### Ministry of Finance closes issuance of \$882m Eurobonds

The Ministry of Finance announced it has successfully closed the issuance of \$882m in Eurobonds with a six year maturity and a 9% yield. A total of \$732m in Eurobonds were exchanged in addition to the issuance of new Eurobonds for \$150m. The exchanged bonds represent 58.5% of the remaining Eurobonds that mature in 2008. According to the Finance Minister, the transaction will cover 80% of Lebanon's outstanding debt in foreign currency for this year. It will also help to stabilize the financial situation of the country.

### USAID disburses Paris III contribution for debt relief

The United States Agency for International Development (USAID) paid on behalf of Lebanon €831,007 and \$3.4m to the World Bank in April to cover Lebanon's debt and debt service to the Bank. The payments bring total disbursements made by the United States to \$119m, out of a total grant of \$125m. The grant is part of the \$250m in budgetary support that the US pledged at the Paris III donor conference.

### Net public debt at \$39.7bn at end of March 2008

Figures issued by the Central Bank show that Lebanon's gross public debt reached \$43.1bn at the end of March, constituting an increase of 2.5% from the end of 2007 and a rise of 4.6% from \$41.2bn at end-March 2007. Domestic debt increased by 3.7% in the first quarter of the year and rose by 3.8% year-on-year to \$21.6bn, while external debt rose by 1.4% from end-2007 and by 5.5% annually to \$21.51bn.

Commercial banks accounted for 55.1% of domestic debt, followed by the Central Bank with 27.6%, and public agencies, financial institutions and individual investors with 17.2%. Multilateral institutions accounted for 6.8% of external debt, foreign governments for 4.6%, while Eurobond holders, foreign private sector loans, Paris II loans and special T-bills in foreign currencies accounted for the other 88.6%. Net public debt, which excludes the public sector's deposits at the Central Bank and at commercial banks from overall debt figures, increased annually by 3 % to \$39.7bn.

Foreign currency-denominated debt accounted for 49.9% of gross public debt, while local currency debt represented 50.1% of the total. Gross public debt was equivalent to 171% of GDP at end-2007, down from 178% at end-2006, while gross market debt represented 103.3% of GDP. Gross market debt excludes the portfolios of the Central Bank, the National Social Security Fund, bilateral and multilateral loans, and Paris II and Paris III-related debt from overall debt figures.

### Fiscal deficit down 18.2% in first quarter of 2008

Figures released by the Finance Ministry show that the fiscal deficit reached \$538.6m in the first quarter of 2008, down 18.2% from \$658.7m in the same period last year. The deficit was equivalent to 24.7% of total budget and Treasury expenditures compared to 31.88% in the same period of 2007. Overall government expenditures reached \$2.18bn, up 5.6% year-on-year, while total revenues increased by 16.7% to \$1.64bn over the covered period. Tax revenues improved by 11% year-on-year to \$997m, of which 40%, or \$398m, were in VAT receipts that posted a 20.3% annual rise. Tax revenues accounted for 68.9% of budgetary revenues and for 60.7% of total Treasury and budget receipts. The fiscal deficit was 23.2% of expenditures in March compared to 38.8% in February and 36.4% in March 2007.

Debt servicing increased by 2.2% year-on-year and totaled \$724.5m, accounting for 33% of total expenditures and 44.8% of budgetary spending. It absorbed 44% of overall revenues and 50% of budgetary receipts. Excluding debt servicing, the primary surplus reached \$628m, or 38.82% of budget expenditures compared to a surplus of \$357m, or 20.95% a year earlier. The overall primary surplus reached \$258m, or 11.84% of total spending compared to a surplus of \$80m, or 3.86% of total expenditures, a year earlier.

### Consumer Price Index up 1.8% in March 2008

The Central Administration of Statistics' new Consumer Price Index indicates that inflation rose by nearly 1.8% in March 2008 from the previous month. Prices at restaurants & hotels rose by 5.2%, constituting the biggest price rise among all categories in March on a monthly basis. They were followed by clothes & shoes with a 4.3% rise, transport (3.1%), food & non-alcoholic beverages (2.3%), water, electricity & fuel (1.8%), furniture, household equipment & maintenance (1.1%), health (+0.8%), and alcoholic beverages & tobacco (0.6%). The Consumer Price Index rose by 2.6% in the first quarter of the year. Prices of food & non-alcoholic beverages increased by 10.7%, followed by prices at restaurants and hotels with a 7.5% rise, transport (5.1%), and furniture, household equipment & maintenance (1.6%).

The Central Administration of Statistics launched recently the new monthly consumer price index with a base month of December 2007. The new CPI replaced the one developed in 1997 and is based on the national survey of household living conditions covering 2004 and 2005.

CPI Change by Category		
	Monthly Change (March 08)	Change in first quarter 08
Food & non alcoholic beverages	+2.3%	+10.7%
Alcoholic beverages & tobacco	+0.6%	-13.1%
Clothes & shoes	+4.3%	-13.1%
Lodging	0.0%	0.0%
Water, electricity & fuel		+1.3%
Furniture, household equipment & maintenance	+1.1%	+1.6%
Health	+0.8%	+1.2%
Transport	+3.1%	+5.1%
Telecommunications	+0.1%	-0.1%
Entertainment & culture	+0.2%	+1.5%
Education	0.0%	0.0%
Restaurants & hotels	+5.2%	+7.5%
Other	+1.1%	+1.4%
<b>Price Index</b>	<b>1.8%</b>	<b>2.6%</b>

Source: Central Administration of Statistics

### Trade deficit up 26% to \$2.6bn in first quarter of 2008

Imports rose by 30% to \$3.5bn while exports grew by 41% to \$875m in the first three months of 2008, leading to a trade deficit of \$2.6bn, up 26% year-on-year. The coverage ratio reached 25% in the first three months of 2008 compared to 23% in the same period last year. The trade deficit reached \$877m in March 2008, up 13.9% from March 2007.

The United States was the main source of imports with \$482m or 14% of the total, followed by Italy with \$221m (10%), France with \$297m (8%) and China with \$275m (8%). Switzerland was the main export destination with \$144m or 16% of the total, followed by the UAE with \$76m (9%), Syria with \$51m (6%) and Iraq with \$49m (6%). Lebanon's main export was jewelry at \$198m or 23% of total exports, followed by mineral products with \$153m (17%), machinery & appliances with \$119m (14%), chemical products with \$99m (11%), and food & beverages with \$73m (8%). Re-exports totaled \$45m in the first quarter of 2008, up 25% from \$36m in the same period of 2007. Part of the rise in overall imports is attributed to the jump of global oil prices and of food prices, as well as to the weakening of the US dollar.

### Customs receipts at \$213m in first quarter of 2008

Figures released by the Higher Customs Council show that customs revenues reached \$213m in the first quarter of 2008, down 2% from the previous year. Customs revenues totaled \$76m in March 2008 compared to \$67m in February 2008 and \$84m in March 2007. The Port of Beirut continues to be the main point of customs revenues, accounting for 84.3% of the total, and was followed by the Hariri International Airport with 11.3%, the Masnaa crossing point with 2.3% and the Port of Tripoli with 1.0%. Overall customs receipts totaled \$180m when including revenues from the value-added tax that totaled \$104m in March 2008.

### Coincident Indicator rises by 10.4% year-on-year in February

The Central Bank's Coincident Indicator, an index of economic activity in Lebanon, reached 194 points in February 2008 compared to 192.6 points in January and 175.7 points in February 2007. The Coincident Indicator, an average of 8 weighted economic indicators, rose by 0.7% month-on-month and by 10.4% on an annual basis. The indicator averaged 182.8 points in the 12 months ending February 2008 compared to 181.2 for the same period ending January 2008 and to 171.3 points for the 12 months ending February 2007. As a result, the average coincident indicator rose by 6.7% year-on-year. Further, the coincident indicator posted its highest value ever in February 2008, surpassing the 193.7 mark of May 2006. Economic activity picked up in the fourth quarter of last year, peaking during the holiday season, but it continued to improve in 2008 with the indicator increasing for three consecutive months. The indicator averaged 180 points in 2007 compared to 171.6 points in 2006 and 172.6 points in 2005.

## Corporate Highlights

### Banks issue results for the first quarter of 2008: Average growth in profits up 24.1% year-on-year

The five listed banks on the Beirut Stock Exchange announced their results for the first quarter of 2008. The year-on-year average percentage change in net profits of the five banks reached 24.1%. The average increases in total assets, total loans and total deposits were 19.4%, 44% and 18.7% respectively. Bank Audi sal recorded the higher increase in total assets with 27.3%, followed by Byblos Bank sal with 19.5% and BLOM Bank sal with 18.6%.

	Byblos	BLOM	Audi	BoB	BEMO
Net Profits	\$21.04m	\$56.49m	\$54.64m	\$13.53m	\$1.95m
% Change*	5.6%	21.1%	14.4%	50.5%	28.8%
Total Assets	\$10.07bn	\$17.46bn	\$17.55bn	\$5.37bn	\$0.83bn
% Change*	19.5%	18.6%	27.3%	17.2%	14.5%
Loans (1)	\$2.35bn	\$3.09bn	\$5.70bn	\$1.19bn	\$0.33bn
% Change*	26.1%	50.7%	60.8%	47.4%	34.8%
Deposits (1)	\$7.58bn	\$14.40bn	\$14.49bn	\$3.78bn	\$0.62bn
% Change*	17.1%	18.9%	27.2%	18.3%	12.1%

\*Year-on-year

(1) Customer Loans and Deposits

### Seven Lebanese firms among Top 1000 Arab companies

Al-Iktissad Wal-Aamal magazine's annual survey of the Top 1000 Arab publicly traded firms included 7 Lebanese institutions, none of which ranked in the top 50 in the region. Solidere was the highest ranked Lebanese company coming in 73rd place, down from 63rd place in the previous survey. It was followed by Banque Audi (112th), BLOM Bank (135th), Byblos Bank (225th), Bank of Beirut (308th), HOLCIM Liban (350th), and BEMO Bank (802nd). All seven Lebanese institutions saw their rankings decline in the 2007 survey, with BEMO Bank posting the steepest drop in the standings among Lebanese firms, dropping 159 places, and was followed by HOLCIM (-79), Bank of Beirut (-73), Byblos (-39), Bank Audi (-20), Solidere (-10) and BLOM Bank (-5).

The rankings are based on market capitalization at the end of 2007, as 4 Lebanese institutions posted annual growth in their capitalization and 3 showed declines. BLOM registered the biggest rise in market capitalization at 56.5%, followed by Solidere (43.1%), Byblos Bank (24.8%) and Bank Audi (24.2%). BEMO posted a year-on-year decline of 3.9%, followed by HOLCIM (-2.9%) and Bank of Beirut (-0.4). Lebanese institutions' market capitalization totaled nearly \$10bn, accounting for 0.8% of the \$1,300bn in aggregate capitalization of the Top 1000 Arab firms. The overall growth rate in the market capitalization of Lebanese institutions was 32.8% compared to 48.7% for the Top 1000 Arab companies in 2007.

Lebanese institutions in Top 1000 publicly traded Arab firms				
	Sector	Rank	Mkt Cap (US\$m)	Growth % 07/06
Solidere	Real Estate	73	3779	73.1
Bank Audi	Banking	112	2365	24.2
BLOM Bank	Banking	135	1939	56.5
Byblos Bank	Banking	225	928	24.8
Bank of Beirut	Banking	308	518	-0.4
HOLCIM Liban	Industrial	350	405	-2.9
BEMO Bank	Banking	802	54	-3.9

Source: Al Iqtissad Wal Aamal

### BLOM Bank obtains license to establish a subsidiary in Qatar

The BLOM Bank Group, Lebanon's largest bank by assets and profits, has received a license by the Qatar Financial Center Regulatory Authority (QFCRA) to operate a subsidiary in Qatar. BLOM Bank Qatar, a subsidiary 99% owned by BLOM Bank, will offer various conventional corporate and private banking services in the Qatari market and other GCC countries. In compliance with QFCRA requirements, BLOM Bank Qatar has a paid-in capital of \$10m. The move falls within BLOM Bank Group's regional expansion strategy. The Group is already present in Syria, Jordan, Egypt, the UAE, Cyprus and Romania, in addition to Switzerland and France. Earlier this year, it received a license to open an investment bank in Saudi Arabia.

## Corporate Highlights

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### **ABC opens a 4,200 square-meter department store in Jordan**

ABC Group, Lebanon's largest retail developer, opened a 4,200 square-meter department store in Amman, as part of its regional expansion strategy. ABC Group already opened a 1,500 square-meter store in Bahrain, for an investment of about \$6m. The ABC Group could open branches in Kuwait, Qatar and Syria next year. The ABC Group has estimated assets of more than \$100m. The Fadel family owns 80% of ABC Group, with the remaining equity dispersed among 100 shareholders. ABC covers the domestic market through outlets in Beirut, Tripoli, Zahle and Kaslik.

### **European Investment Bank extends €20m credit facility to Banque Libano-Française**

The European Investment Bank extended €20m of medium and long-term credit facility to Banque Libano-Française. The facility is earmarked to the financing of small- and medium-size enterprises in the industrial sector, as well as in tourism, healthcare, education and information technology.

### **BBAC to open representative office in Abu Dhabi**

Bank of Beirut and the Arab Countries obtained the approval of the monetary authorities in the United Arab Emirates to open a representative office in the emirate of Abu Dhabi. The establishment of a representative office in the UAE is part of BBAC regional expansion plan.

### **Bank Audi announces dividends**

Bank Audi announced that the Ordinary General Assembly held on April 23, 2008 approved dividends distribution of \$2.1875 per share for shareholders carrying Preferred Shares Class C, \$7.75 per share for shareholders carrying Preferred Shares Class D, and LP3,015 (\$2) per share for shareholders carrying common shares. Dividends will be paid starting May 6, 2008 net of a 5% tax.

## Ratio Highlights

	2005	2006	2007	Change*
Nominal GDP <sup>(1)</sup> (\$bn)	21.5	22.7	24.6	
External Debt / GDP	89.3	89.9	86.4	(350)
Local Debt / GDP	89.8	88.1	84.6	(350)
Total Debt / GDP	179.1	178.4	171.0	(740)
Trade Balance / GDP	(34.9)	(31.3)	(36.6)	(530)
Exports / Imports	20.1	24.3	23.8	(50)
Revenues / GDP	22.8	19.4	23.6	420
Expenditures / GDP	31.6	30.8	33.9	310
Budget Balance / GDP	(8.8)	(11.5)	(10.3)	120
Primary Balance / GDP	2.3	0.4	2.9	250
BdL FX Reserves / M2	60.7	65.6	59.6	(600)
M3 / GDP	229.8	234.4	243.2	880
Bank Assets / GDP	318.8	327.2	334.4	720
Bank Deposits / GDP	265.1	267.4	273.5	610
Private Sector Loans / GDP	67.3	67.4	72.2	480
Dollarization of Deposits	73.1	76.2	77.3	110
Dollarization of Loans	84.5	84.0	84.3	30

\* Change in basis points 06/07

(1) Based on Ministry of Finance Estimations

Source: 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	Mar.2007	Feb.2008	Mar.2008	Change*	Risk Level
Political Risk Rating	56.0	55.5	55.5	▼	High
Financial Risk Rating	31.5	31.5	31.5	↔	Moderate
Economic Risk Rating	29.0	28.5	28.5	▼	High
Composite Risk Rating	58.2	57.7	57.7	▼	High

Regional Average	Mar.2007	Feb.2008	Mar.2008	Change*	Risk Level
Political Risk Rating	66.1	65.8	65.5	▼	Moderate
Financial Risk Rating	41.8	41.2	40.9	▼	Very Low
Economic Risk Rating	41.1	40.3	40.3	▼	Very Low
Composite Risk Rating	74.5	73.6	73.3	▼	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	B3	NP	Stable			
Fitch	B-	B	Stable	B-		
S&P	CCC+	C	Stable	CCC+	C	Negative
Capital Intelligence	B-	B	Negative	B-	B	Negative

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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**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](mailto:research@byblosbank.com.lb)**  
**[www.byblosbank.com.lb](http://www.byblosbank.com.lb)**

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# BYBLOS BANK GROUP

## LEBANON

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Byblos Bank S.A.L  
Achrafieh Beirut,  
Elias Sarkis Avenue- Byblos Bank Tower  
P.O.Box: 11-5605  
Riad El Solh Beirut 1107 2811  
Phone: (+961) 1 335200  
Fax: (+961) 1 339436

## 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

## SYRIA

---

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

## ENGLAND

---

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

## 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

## 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

## 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

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Byblos Bank Abu Dhabi Representative Office  
Intersection of Muroor and Electra Streets  
P.O.Box: 73893 - Abu Dhabi  
Phone: (+ 971) 2 6336400  
Fax: (+971) 2 6338400  
E-mail: byblosbankuae@byblosbank.com

## ARMENIA

---

Byblos Bank Armenia CJSC  
18/3 Amiryan Street  
Yerevan, 375002, Republic of Armenia  
Phone: (+374) 10 530 362  
Fax: (+374) 10 535 296