

LEBANON THIS WEEK

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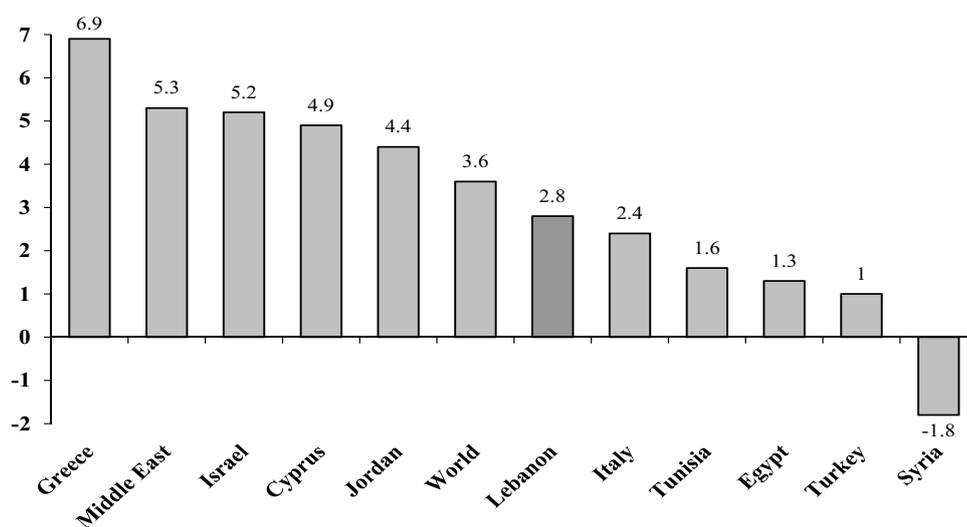
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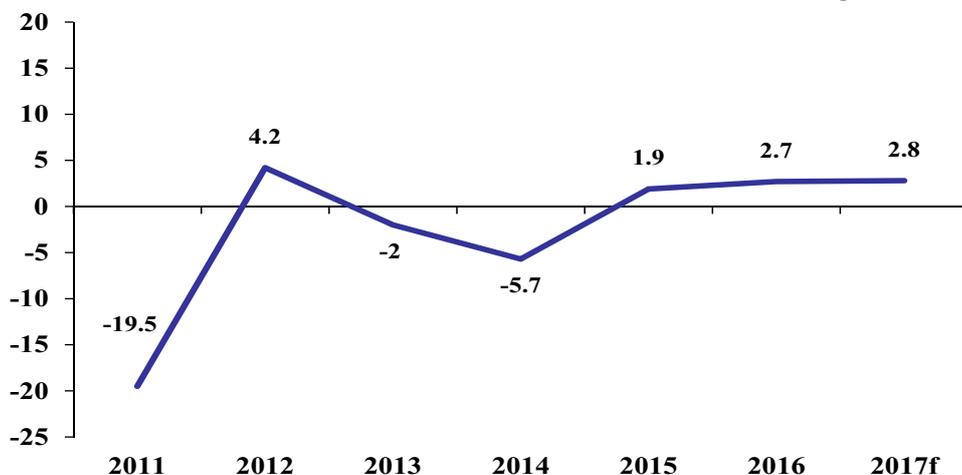
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Charts of the Week

Projected Travel & Tourism's Total Contribution to GDP in 2017 (% real growth)



Travel & Tourism's Total Contribution to GDP in Lebanon (% real growth)



Source: World Travel & Tourism Council, Byblos Bank

Quote to Note

"Banks remain the economy's chief source of funding."

The International Monetary Fund, on the stabilizing role of commercial banks in Lebanon

Number of the Week

87%: Average annual share of household consumption in Lebanon's Gross Domestic Product between 2007 and 2015, according to the Central Administration of Statistics' National Accounts

Lebanon in the News

\$m (unless otherwise mentioned)	2015	Dec 2015	Sep 2016	Oct 2016	Nov 2016	Dec 2016	% Change*
Exports	2,952	236	254	257	247	244	3.4
Imports	18,069	1,841	1,448	1,479	1,450	1,536	(16.6)
Trade Balance	(15,117)	(1,605)	(1,194)	(1,222)	(1,203)	(1,292)	(19.5)
Balance of Payments	(3,354)	(372)	189	(680)	453	910	-
Checks Cleared in LBP	18,714	1,709	1,722	1,780	1,684	1,879	10.0
Checks Cleared in FC	50,845	4,265	4,054	4,216	3,968	3,880	(9.0)
Total Checks Cleared	69,559	5,974	5,776	5,996	5,652	5,759	(3.6)
Budget Deficit/Surplus	(3,952)	(711.58)	(548.00)	(163.91)	(706.12)	(513.35)	(27.86)
Primary Balance	724.40	(338.61)	(29.21)	281.60	(40.58)	(111.56)	(67.05)
Airport Passengers***	7,240,397	616,258	819,886	554,122	555,931	598,009	(3.0)

\$bn (unless otherwise mentioned)	2015	Dec 2015	Sep 2016	Oct 2016	Nov 2016	Dec 2016	% Change*
BdL Gross FX Reserves	30.64	30.64	34.17	34.74	34.38	34.03	11.06
<i>In months of Imports</i>	20.35	16.64	23.60	23.49	23.71	22.15	33.1
Public Debt	70.33	70.33	74.73	74.52	74.55	74.89	6.48
Bank Assets	185.99	185.99	198.07	199.67	200.95	204.3	9.85
Bank Deposits (Private Sector)	151.59	151.59	158.15	157.66	159.19	162.5	7.20
Bank Loans to Private Sector	54.22	54.22	56.65	56.69	56.49	57.18	5.45
Money Supply M2	52.15	52.15	54.17	53.83	54.12	54.68	4.84
Money Supply M3	123.62	123.62	129.12	128.74	130.04	132.8	7.42
LBP Lending Rate (%)****	7.45	7.45	8.44	8.35	8.26	8.23	78bps
LBP Deposit Rate (%)	5.56	5.56	5.58	5.53	5.54	5.56	-
USD Lending Rate (%)	7.06	7.06	7.20	7.06	7.16	7.35	29bps
USD Deposit Rate (%)	3.17	3.17	3.43	3.43	3.48	3.52	35bps
Consumer Price Index**	(3.75)	(3.40)	1.03	1.13	1.78	3.14	-

* Year-on-Year ** Year-on-Year percentage change ***includes arrivals, departures, transit

**** Starting January 2016, lending rates in Lebanese pounds are reported before any subsidy or facility from reserve requirements according to Intermediate Circular No 389, and as such they are not comparable year-on-year

Note: bps i.e. basis points

Source: Association of Banks in Lebanon, Banque du Liban, Ministry of Finance, Central Administration of Statistics, Byblos Research

Capital Markets

Most Traded Stocks on BSE	Last Price (\$)	% Change*	Total Volume	Weight in Market Capitalization
Byblos Common	1.69	(2.87)	2,448,979	7.70%
BLOM Listed	12.00	(0.83)	102,150	20.78%
BLOM GDR	12.68	(0.94)	99,108	7.55%
Audi GDR	6.80	(1.16)	52,259	6.57%
Solidere "A"	9.07	0.89	47,895	7.31%
Audi Listed	6.90	0.00	4,120	22.22%
Solidere "B"	8.72	(0.91)	3,017	4.57%
HOLCIM	11.71	1.83	1,000	1.84%
Byblos Pref. 08	103.00	0.00	100	1.66%
Byblos Pref. 09	103.50	0.00	-	1.67%

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

Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Dec 2017	4.00	99.88	4.26
Nov 2018	5.15	101.38	4.24
May 2019	6.00	102.88	4.55
Mar 2020	6.38	104.50	4.70
Apr 2021	8.25	110.88	5.21
Oct 2022	6.10	102.75	5.51
Jun 2025	6.25	100.13	6.23
Nov 2026	6.60	101.63	6.37
Feb 2030	6.65	99.93	6.69
Nov 2035	7.05	100.25	7.03

Source: Byblos Bank Capital Markets

	April 3-7	Mar 27-31	% Change	March 2017	March 2016	% Change
Total shares traded	2,758,778	1,163,688	137.1	2,874,774	24,416,630	(88.2)
Total value traded	\$7,555,099	\$16,260,615	(53.5)	\$30,759,441	\$222,416,319	(86.2)
Market capitalization	\$12.42bn	\$12.47bn	(0.47)	\$12.47bn	\$11.34bn	10.0

Source: Beirut Stock Exchange (BSE)



Cost of sending remittances from the U.S., Canada and Germany declines year-on-year in first quarter of 2017

Figures issued by the World Bank show that the cost of sending \$500 in remittances from the United States to Lebanon reached 5.9% in the first quarter of 2017, nearly unchanged from 5.93% in the fourth quarter of 2016 and down from 6.53% in the first quarter of 2016. 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 nominal terms, the cost of sending \$500 from the U.S. to Lebanon was \$29.48 in the first quarter of 2017 relative to \$29.65 in the preceding quarter and \$32.66 in the same quarter last year. Lebanon is the seventh most expensive destination for sending \$500 from the U.S. among 42 countries with available data.

Further, the cost of sending remittances from Canada to Lebanon was 7.58% in the first quarter of 2017 for a transfer of CAD500, down from 8.11% in the preceding quarter and relative to 6.72% in the first quarter of 2016. In nominal terms, the cost of sending CAD500 from Canada to Lebanon was CAD37.92 in the first quarter of 2017 relative to CAD40.53 in the previous quarter and to CAD33.58 in the same period of 2016. Lebanon is the second most expensive destination for sending CAD500 from Canada among 15 countries with available data.

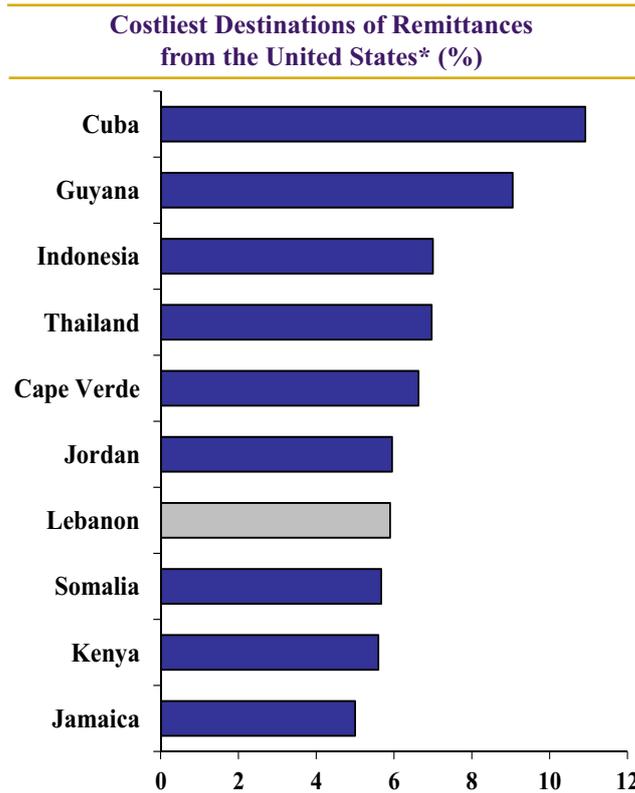
Also, the cost of sending remittances from Australia to Lebanon reached 7.33% in the first quarter of 2017 for a transfer of AUD500, up from 7.28% in the previous quarter and relative to 7.99% in the first quarter of 2016. The cost of sending AUD500 from Australia to Lebanon was AUD36.64 in the first quarter of 2017 relative to AUD36.42 in the preceding quarter and to AUD39.95 in the first three months of 2016. Lebanon is the seventh most expensive destination for sending AUD500 from Australia among 16 countries with available data.

In addition, the cost of sending remittances from France to Lebanon was 6.62% in the first quarter of 2017 for a transfer of EUR345, up from 6.06% in the preceding quarter and relative to 8.11% in the first quarter of 2016. In nominal terms, the cost of sending EUR345 from France to Lebanon was EUR22.84 in the first quarter of 2017 relative to EUR20.92 in the previous quarter and to EUR27.97 in the first quarter of 2016. Lebanon is the fourth most expensive destination for sending EUR345 from France among 16 countries with available data.

Further, the cost of sending remittances from the United Kingdom to Lebanon reached 10.55% in the first quarter of 2017 for a transfer of GBP300, up from 10.52% in the preceding quarter. In nominal terms, the cost of sending GBP300 from the UK to Lebanon was GBP31.66 in the first quarter of 2017 relative to GBP31.57 in the previous quarter. Lebanon is the third most expensive destination for sending GBP300 from the UK among 33 countries with available data.

Also, the cost of sending remittances from Germany to Lebanon was 8.16% in the first quarter of 2017 for a transfer of EUR345, down from 8.24% in the preceding quarter and relative to 7.38% in the first quarter of 2016. In nominal terms, the cost of sending EUR345 from Germany to Lebanon was EUR28.14 in the first quarter of 2017 relative to EUR28.42 in the previous quarter and EUR25.46 in the first quarter of 2016. Lebanon is the second most expensive destination for sending EUR345 from Germany among 24 countries with available data.

Finally, the cost of sending remittances from Saudi Arabia to Lebanon reached 1.83% in the first quarter of 2017 for a transfer of SAR1,870, equivalent to \$500, unchanged from the preceding quarter. In nominal terms, the cost of sending SAR1,870 from Saudi Arabia to Lebanon was SAR34.29 in each of the first quarter of 2017 and fourth quarter of 2016. Lebanon is the third least expensive destination for sending SAR1,870 from Saudi Arabia among 17 countries with available data.



* Cost of sending \$500 from the U.S.

Source: World Bank, Byblos Research

Merrill Lynch maintains Lebanon's external debt at Marketweight, Eurobonds post 14th highest return in EMs

Figures issued by Merrill Lynch indicate that Lebanon's external debt posted a return of 5.7% in the first quarter of 2017, constituting the eighth highest return among 44 markets in the Central & Eastern Europe and the Middle East & Africa (CEEMEA) region, as well as the 14th highest return among 76 emerging markets included in Merrill Lynch's External Debt EM Sovereign Index. Lebanon outperformed the overall emerging markets' return of 3.54% during the covered period. Further, Lebanon's external debt posted the eighth highest return among 27 countries in the Middle East & Africa region in the first quarter of the year, behind only Iraq (+7.99%), Egypt (+7.71%), Cameroon (+7.5%), Angola (+7.31%), Zambia (+6.55%), Kenya (+6.04%) and Gabon (+5.85%).

In parallel, Merrill Lynch maintained its recommendation for Lebanon's external debt at "Marketweight" in its emerging markets portfolio of external debt. It attributed its decision to the strong performance of Lebanese Eurobonds and to the improved economic outlook in case structural reforms are implemented. It indicated that the successful presidential elections, the relatively stable domestic conditions, the completion of the Banque du Liban's swap operations and a potential de-escalation of the conflict in Syria would all support Lebanon's outlook and credit fundamentals.

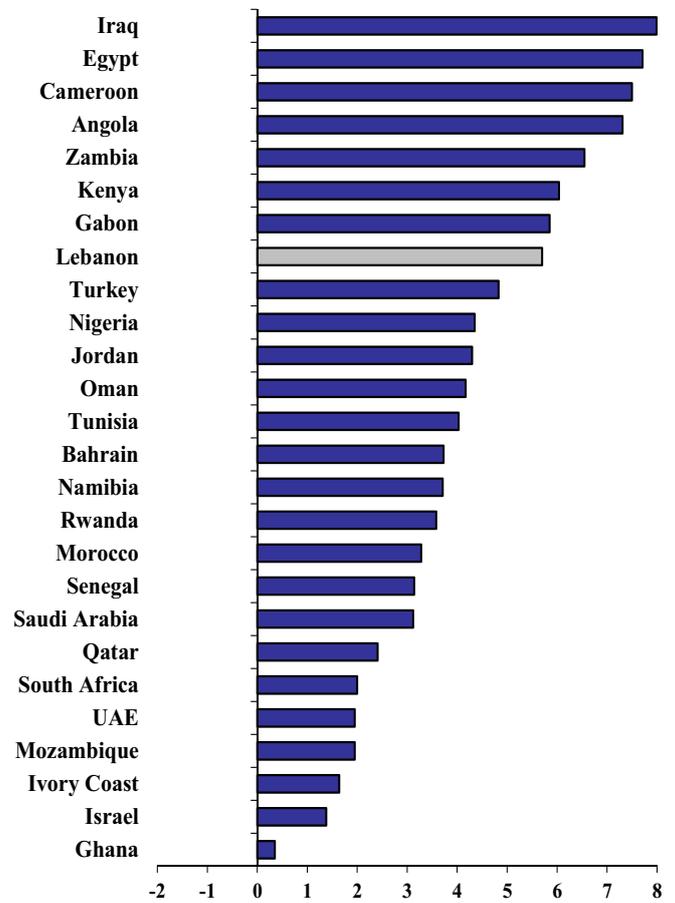
Further, Lebanon's external debt posted a return of 1.37% in March 2017, constituting the ninth highest return in the CEEMEA region and the 18th highest in emerging markets during the covered month. Lebanon outperformed the emerging markets' return of 0.38% in March 2017. In parallel, Lebanon's external debt posted the eighth highest return in the Middle East & Africa region in March 2017. It underperformed Mozambique (+3.85%), Cameroon (+2.6%), Oman (+2.43%), Angola (+2.08%), Gabon (+1.53%), Kenya (+1.44%) and Turkey (+1.4%).

In parallel, Merrill Lynch indicated that the option-adjusted spread on Lebanese Eurobonds was 384 basis points at the end of March 2017 compared to 500 basis points at end-March 2016, constituting the 17th widest spread in the CEEMEA region and the 25th widest among emerging markets. The spread on Lebanese Eurobonds was wider than the emerging markets' overall spread of 274 basis points at the end of March 2017. Lebanon has a weight of 2.97% on Merrill Lynch's External Debt EM Sovereign Index, the fourth largest weight in the CEEMEA universe and the 10th largest among emerging economies. Lebanon accounted for 5.7% of allocations in the CEEMEA region.

Association of Banks amends reference rate on US dollar and Lebanese pound lending

The Association of Banks in Lebanon (ABL) recommended to its member banks to increase the Beirut Reference Rate (BRR) in US dollars to 6.72% in May 2017 from 6.65% in April 2017. The rate, considered as the reference rate for lending in foreign currency, replaced the London Interbank Offered Rate (LIBOR) in 2009, as the ABL decided that the LIBOR does not reflect the cost of funding and lending in Lebanon. Additionally, the ABL recommended to its member banks to raise the BRR in Lebanese pounds to 8.67% in May 2017 from the April 2017 rate of 8.65%. The BRR in US dollars and Lebanese pounds were adopted in March and May 2009, respectively. The ABL considers that the BRR does not replace the Beirut Prime Lending Rate in each currency, but constitutes the basis to calculate the prime rate after adding to the prime lending rate the cost of liquidity and refinancing, credit risk and the profitability of banks.

External Debt Performance in the Middle East & Africa in First Quarter of 2017 (%)



Source: Merrill Lynch, Byblos Research

Lebanon ranks 96th globally, 10th in Arab region in travel & tourism competitiveness

The World Economic Forum ranked Lebanon in 96th place among 136 countries globally and in 10th place among 14 Arab countries on its Travel & Tourism Competitiveness Index (TTCI) for 2017. Also, Lebanon came in 30th place among 36 upper middle-income countries (UMICs) included in the survey. The TTCI measures the set of factors and policies that enable the sustainable development of the Travel & Tourism (T&T) sector, which contribute to the development and competitiveness of a country. The index is the simple average of four sub-indices that are the Enabling Environment Sub-Index, the T&T Policy and Enabling Conditions Sub-Index, the Infrastructure Sub-Index and the Natural & Cultural Resources Sub-Index. The World Economic Forum enhanced its methodology in calculating some of the indicators used in the TTCI and revised the historical data accordingly to ensure comparability.

Globally, Lebanon's travel & tourism sector is considered to be more competitive than that of Rwanda, Albania and Bolivia, and less competitive than the T&T sector in Iran, Lao PDR and Serbia. It also ranked ahead of only Albania, Venezuela, Paraguay, Bosnia & Herzegovina, Algeria and Gabon among UMICs. Lebanon received a score of 3.37 points, lower than the global average score of 3.81 points, the UMICs' average score of 3.8 points and the Arab average score of 3.54 points.

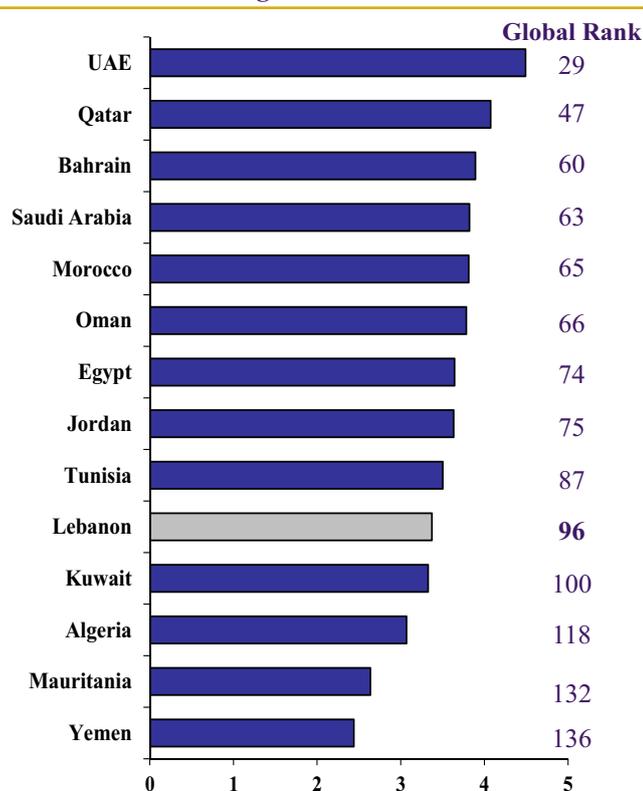
Lebanon ranked ahead of Paraguay and Namibia, and came behind South Africa and Algeria on the Enabling Environment Sub-Index, which captures the general settings that are necessary for operating in a country, such as the business environment, safety and security, health & hygiene, and human resources & labor market. It ranked ahead of only Paraguay, Namibia, the Dominican Republic, Gabon, Colombia and Venezuela among UMICs; while it came ahead of only Egypt, Mauritania and Yemen regionally.

Also, Lebanon ranked ahead of Turkey and Morocco, and came behind Peru and the United Kingdom on the T&T Policy & Enabling Conditions Sub-Index, which assesses specific policies or strategic aspects that have a direct impact on the T&T industry. It ranked ahead of Turkey and came behind Peru among UMICs; while it ranked behind Egypt, Tunisia, the UAE and Jordan in the Arab region.

Further, Lebanon ranked ahead of Romania and Georgia, and came behind Sri Lanka and Peru on the Infrastructure Sub-Index, which evaluates the availability and quality of physical infrastructure in a country. It ranked ahead of Romania and came behind Peru among UMICs; while it came ahead of Tunisia, Egypt, Algeria, Mauritania and Yemen among Arab countries.

Finally, Lebanon ranked ahead of Gambia and Macedonia, and came behind Sierra Leone and Jordan on the Natural & Cultural Resources Sub-Index, which assesses a country's natural and cultural resources, as well as facilities for business travel. It ranked ahead of only Macedonia, Albania and Bosnia & Herzegovina among UMICs; while it came ahead of only Mauritania, Qatar, Yemen, Kuwait and Bahrain among Arab countries.

Travel & Tourism Competitiveness Index Scores & Rankings in Arab countries for 2017



Source: World Economic Forum, Byblos Research

Components of the 2017 Travel & Tourism Competitiveness Index

Sub-Index	Global Rank	Arab Rank	UMIC Rank	Lebanon Score	Global Average Score	Arab Average Score	UMIC Average Score
Enabling Environment	94	11	30	4.36	4.77	4.74	4.71
T&T Policy and Enabling Conditions	74	5	18	4.18	4.18	3.97	4.16
Infrastructure	74	9	21	3.19	3.51	3.38	3.37
Natural & Cultural Resources	122	9	33	1.76	2.79	2.05	2.94

Source: World Economic Forum, Byblos Research



Market risk perception slightly improves

Moody's Investors Service indicated that Lebanon's five-year sovereign Expected Default Frequency (EDF) reached 1.64% on March 24, 2017 relative to 1.83% at the end of 2016 and 1.13% on March 24, 2016. As such, Lebanon's EDF reached its lowest level since the end of September 2016 when it stood at 1.58%. Moody's sovereign EDF measures forward-looking probabilities of sovereign default that are extracted from credit default swap (CDS) spreads. Lebanon's five-year sovereign EDF has been gradually rising from 0.98% at the start of 2016 and peaked at 2.03% on January 6, 2017. It fluctuated between a low of 1.64% and a high of 1.83% since then. Moody's pointed out that Lebanon's latest EDF figure reflects an implied sovereign rating of 'B2', which is aligned with the agency's current rating for Lebanon.

Lebanon's five-year sovereign EDF on March 24, 2017 was the sixth highest among 71 sovereigns with available figures, and came lower than Venezuela (19.76%), Greece (3.93%), Ukraine (2.80%), Iraq (2.37%) and El Salvador (1.75%). In comparison, Lebanon's five-year sovereign EDF was 1.13% on March 24, 2016, the seventh highest globally. Lebanon's five-year sovereign EDF rose by 51 basis points between March 24, 2016 and March 24, 2017, constituting the fourth biggest increase among the 71 covered countries, relative to Venezuela (+353 basis points), Greece (+81 basis points) and El Salvador (+74 basis points).

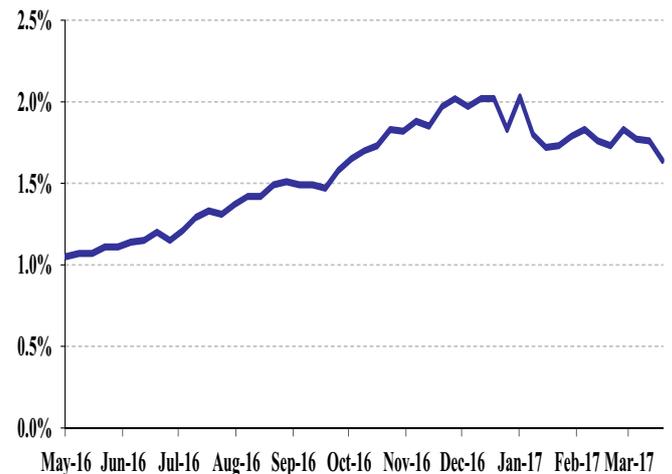
Further, Lebanon's one-year sovereign EDF was 0.27% on March 24, 2017 compared to 0.38% at the end of 2016 and 0.20% a year earlier, and reached its lowest level since the end of July 2016 when it stood at 0.25%. It was the seventh highest among the 71 covered countries on March 24, 2017, while it was the 10th highest a year earlier. Lebanon's one-year sovereign EDF rose by seven basis points year-on-year, the fourth largest increase globally behind El Salvador (+19 basis points), Guatemala (+10 basis points) and Greece (+9

Gross public debt at \$76.1bn at end-February 2017

Lebanon's gross public debt reached \$76.1bn at the end of February 2017, constituting an increase of 1.7% from \$74.9bn at end-2016 and a rise of 6.9% from \$71.2bn at the end of February 2016. In nominal terms, the gross public debt grew by \$1.24bn in the first two months of 2017 relative to an increase of \$894.2m in the same period of 2016. Debt denominated in Lebanese pounds totaled \$47.8bn at end-February 2017, growing by 2.1% from the end of 2016 and by 8.6% from end-February 2016; while debt denominated in foreign currency stood at \$28.3bn, constituting an increase of 0.9% from end-2016 and a rise of 4.1% from a year earlier. Local currency debt accounted for 62.8% of the gross public debt at the end of February 2017 compared to 61.8% a year earlier, while foreign currency denominated debt represented the balance of 37.2% relative to 38.2% at end-February 2016. The weighted interest rate on outstanding Treasury bills was 6.87% and that on Eurobonds was 6.46% in February 2017. Further, the weighted life on Eurobonds was 6.03 years, while that on Treasury bills was 1,308 days.

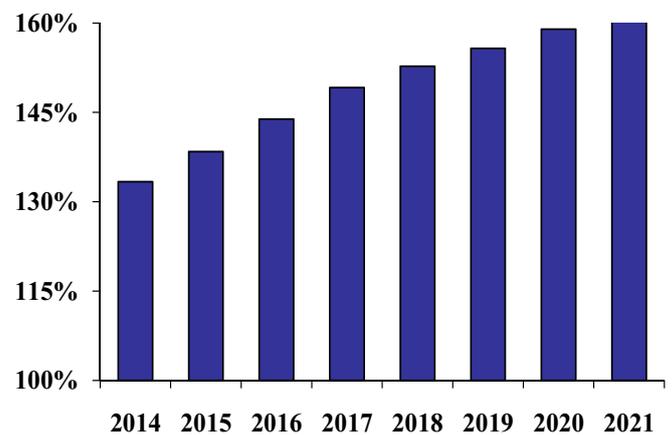
Commercial banks held about 47.8% of the total public debt as at end-February 2017 relative to 53.7% of the total at the end of February 2016. Commercial banks held 44.7% of the Lebanese pound-denominated public debt at the end of February 2017, relative to 44.4% a year earlier; followed by Banque du Liban with 40.1% of the local debt, up from 38.8% at end-February 2016. Also, public agencies, financial institutions and the public held 15.2% of local debt at end-February 2017, down from 16.7% a year earlier. In parallel, Eurobond holders and special T-bills in foreign currencies accounted for 92.6% of foreign-currency denominated debt at the end of February 2017, followed by multilateral institutions with 4.1%, foreign governments with 3.2% and Paris II loans with 0.1%. Also, the gross market debt accounted for about 62% of the total public debt. Gross market debt is the total public debt less the portfolios of the Banque du Liban, the National Social Security Fund, bilateral and multilateral loans, as well as Paris II and Paris III related debt. In parallel, S&P Global Ratings rates Lebanon's long- and short-term foreign currency sovereign credit ratings at 'B-'. But the agency's Credit Default Swap Market Derived Signal Score, an indicator of risk appetite by foreign investors, show that Lebanon's sovereign debt is considered by the market to have a 'B+' risk level, which is two notches higher than the S&P rating as at April 6, 2017.

Lebanon's Five-Year Sovereign Expected Default Frequency



Source: Moody's Investors Service, Byblos Research

Lebanon's Gross Public Debt (% of GDP)



Source: International Monetary Fund, Byblos Research

Capital Intelligence revises outlook to 'stable', affirms Lebanon's sovereign ratings

Capital Intelligence Ratings affirmed at 'B' Lebanon's long- and short-term foreign and local currency sovereign ratings, and revised from 'negative' to 'stable' the outlook on the long-term ratings. It attributed its outlook revision to the stabilization of domestic political risks following the presidential elections and the formation of a new government, to easing tensions with Saudi Arabia and other members of the Gulf Cooperation Council (GCC), to improvements in the policy-making environment, as well as to the country's stable buffer of foreign currency reserves that provides adequate coverage to the country's external debt. It noted that Lebanon's ratings are supported by the country's adequate international liquidity, supportive investor base and strong donor support, as well as the government's perfect track record of public debt repayment. But it said that the ratings are constrained by Lebanon's elevated public debt level, large financing needs, weak budget structure, limited fiscal flexibility, socio-economic challenges, the slow pace of economic and fiscal reforms, as well as persistent local and regional political risks.

The agency estimated economic activity to have picked up in 2016, mainly supported by domestic consumption, and it expected real GDP to grow by 2% in 2017. It considered that the country's short- to medium-term outlook has improved slightly due to the government's efforts to restore relations with GCC countries in order to attract tourism, inward investment and encourage expatriate employment. However, it said that the Syrian conflict continues to weigh heavily on the Lebanese economy, with the large presence of refugees placing significant pressure on the country's limited resources and creating significant social challenges.

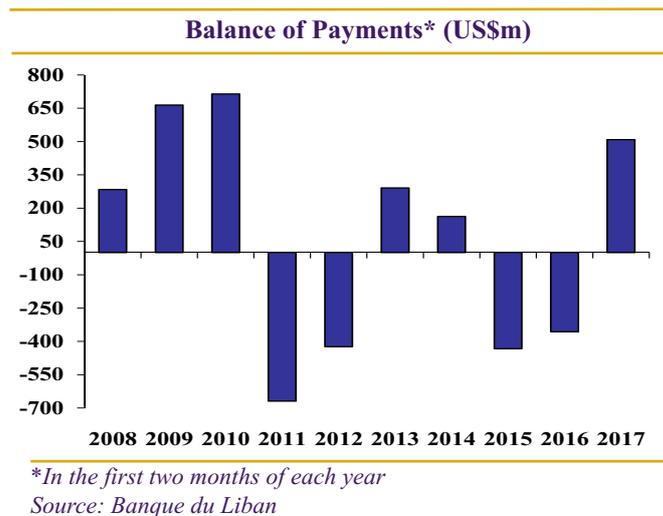
Further, it noted that the country's public finances remain weak, and estimated the fiscal deficit to have widened from 7.3% of GDP in 2015 to 8.1% of GDP in 2016, mainly due to higher spending, especially on Treasury transfers to municipalities. It anticipated the public debt level to remain elevated and to exceed 149% of GDP at the end of 2017.

In parallel, Capital Intelligence expected the government's gross financing requirements to exceed 35% of GDP in 2017. It indicated that Lebanon's refinancing risks are elevated, adding that the government's reliance on the domestic banking system to finance most of its needs in local and foreign currency makes the economy vulnerable to a shock that would adversely affect the risk appetite of local banks or the confidence of depositors. However, it considered that the government's gross financing needs are manageable in the short term in the absence of such a shock, given the soundness of the banking system and the sustained deposit growth. It added that the government could borrow from the Banque du Liban in case of a funding gap over the short term.

In addition, the agency expected Lebanon's current account deficit to remain wide at about 20% of GDP during the 2017-18 period. But it anticipated remittance inflows and tourism receipts from Lebanese expatriates, mainly in the GCC region, to increase as a result of the improving domestic political climate and slightly higher oil prices. It said that non-resident deposit inflows increased by 6.6% in 2016, and expected them to continue to grow in the short to medium term. Finally, it noted that foreign currency reserves remain adequate as they stood at \$39.6bn at the end of 2016, following the financial swap operations that Banque du Liban conducted in 2016.

Balance of payments posts surplus of \$508.5m in first two months of 2017

Figures issued by Banque du Liban show that Lebanon's balance of payments posted a surplus of \$508.5m in the first two months of 2017 compared to a deficit of \$356.3m in the same period of 2016. The balance of payments posted a surplus of \$341.8m in February 2017 compared to surpluses of \$166.7m in January 2017 and of \$362.6m in February 2016. The February 2017 surplus was caused by an increase of \$306m in the net foreign assets of the Banque du Liban and a rise of \$35.8m in those of banks and financial institutions. The cumulative surplus over the first two months of 2017 was caused by an increase of \$605.3m in the net foreign assets of the Banque du Liban that was partly offset by a decrease of \$96.8m in those of banks and financial institutions. The balance of payments posted surpluses of \$7.9bn in 2009, \$3.3bn in 2010 and \$1.2bn in 2016, and deficits of \$2bn in 2011, \$1.5bn in 2012, \$1.1bn in 2013, \$1.4bn in 2014 and \$3.4bn in 2015.



Unemployment increases likelihood of young Lebanese to emigrate

A report by the Lebanese American University about the emigration of youth from Lebanon indicates that 16.5% of young Lebanese are willing to emigrate. The results show that 66.6% of young Lebanese who want to emigrate are male, 41.3% have a university degree, 38.4% of them have received financial support from their parents, and 10.6% are unemployed, while 88.4% of youth who want to emigrate have voiced socio-economic concerns. In addition, 24.4% of youth who want to emigrate are from Mount Lebanon, 22.2% are from the North, 12.8% come from the South, 12.2% are from the Bekaa, 7.8% are from the Baalbek area, 7.5% come from the Nabatieh district, 6.9% are from Beirut and 6.3% are from the Akkar region. Overall, 71.6% of youth who are willing to emigrate are from urban areas across Lebanon.

The report's empirical results show that being unemployed increases the propensity of young Lebanese to emigrate by about 14 percentage points, being a male raises the tendency to emigrate by around 10 percentage points, having explicit socio-economic concerns amplifies the propensity to emigrate by about 5 percentage points, while having a university degree increases the tendency of youth to emigrate by about 4.4 percentage points. In contrast, young Lebanese who receive financial support from their parents have a lower propensity to emigrate by about 8 percentage points than those who do not receive support from their parents. Also, Lebanese youth who live in less crowded households have a lower tendency to emigrate by about 5 percentage points than their peers who live in crowded households. The study defines the size of a household as the number of rooms in a residential unit relative to the number of inhabitants. In addition, the tendency to emigrate of young persons whose father is self-employed and employs others decreases by about 4 percentage points relative to peers. Overall, the study revealed that Lebanese youth from non-wealthy backgrounds and who live in small households have a higher propensity to emigrate than other segments of the Lebanese population. In addition, it said that Lebanese youth's propensity to emigrate increases if they originate from the poorest regions in Lebanon, such as the North and the Bekaa.

The data in the report is based on the SAHWA Youth Survey, which is a nationally representative survey of 2,000 young Lebanese respondents between 15 and 29 years old. The survey was conducted by the Department of Economics at the Lebanese American University. The SAHWA Project, which is funded by the European Union, aims to study youth prospects and perspectives in Algeria, Egypt, Lebanon, Morocco and Tunisia.

Banque du Liban's foreign assets down 1.5% to \$40bn in first quarter of 2017

Banque du Liban's (BdL) interim balance sheet totaled \$101.9bn at the end of March 2017, constituting a marginal decrease of 0.4% from \$102.3bn at end-2016 and a rise of 7.8% from \$94.6bn at the end of March 2016. Assets in foreign currency reached \$40.1bn at the end of March 2017, reflecting a contraction of 1.5% from \$40.7bn at end-2016 and an increase of 9.6% from \$36.6bn at the end of March 2016. Assets in foreign currency rose by \$335.2m in January and by \$362.2m in February, while they declined by \$1.3bn in March 2017. This resulted in an aggregate decrease of \$617.2m in the first quarter of 2017. In comparison, the BdL's assets in foreign currency increased by \$612.4m in the first quarter of 2015, while they declined by \$499.5m in the first quarter of 2016.

In parallel, the value of BdL's gold reserves rose by 7.1% from the end of 2016 and by 0.7% year-on-year to \$11.5bn. The value of gold reserves reached a peak of \$16.7bn at the end of August 2011. Also, the securities portfolio of the BdL grew by 23.1% year-on-year to \$24.2bn in the first quarter of 2017. Further, deposits of the financial sector reached \$81.4bn at the end of March 2017 and decreased by \$2.75bn, or by 3.3%, from the end of 2016, while they grew by \$5.7bn, or 7.5% from end-March 2016. In comparison, public sector deposits totaled \$6.7bn at the end of March 2017 and increased by \$1.16bn, or 21%, from end-2016, and by \$1.7bn or 34.1% year-on-year.

Value of cleared checks down 3.3%, returned checks down 14.5% in first two months of 2017

The value of cleared checks reached \$10.9bn in the first two months of 2017, constituting a decrease of 3.3% from \$11.3bn in the same period of 2016. In comparison, the value of cleared checks increased by 2.2% in the first two months of 2016 and decreased by 7.6% in the same period of 2015. The value of cleared checks in Lebanese pounds grew by 5% year-on-year to the equivalent of \$3.4bn in the first two months of 2017, while their value in US dollars declined by 6.6% to \$7.5bn in the covered period. The dollarization rate of cleared checks regressed to 68.8% from 71.3% in the first two months of 2016. Further, there were 1.9 million cleared checks in the first two months of 2017, down by 4.2% from two million in the same period last year.

In parallel, the value of returned checks in domestic and foreign currency was \$200m in the first two months of 2017 compared to \$234m in the same period of 2016 and \$297m in the first two months of 2015. This constituted a drop of 14.5% year-on-year in the first two months of 2017 relative to a decrease of 21.2% in the same period of 2016 and an increase of 28% in the first two months of 2015. Also, there were 34,800 returned checks in the covered period, down by 4.1% from 36,300 returned checks in the first two months of 2016.

Proposed tax increase to hurt investment climate

In the monthly meeting between Banque du Liban (BdL) and the Association of Banks in Lebanon (ABL), Governor Riad Salamé considered that the recent successful placement of the Lebanese Eurobond issuance reflects the positive aspect of the monetary situation in the country, which has caused Lebanon's credit default swap spreads to narrow by about 4%. He added that the recent triple-tranche Eurobond issuance also reflected positively on the Lebanese-pound denominated Treasury bond market. Governor Salamé pointed out that the balance of payments in Lebanon posted a surplus in the first two months of 2017, which supports BdL's policy of interest rate stability. Also, the BdL and the ABL discussed the 2017 budget and the legal opinion issued by the Committee of Legislation & Consultations at the Ministry of Justice, which came against imposing taxes with a retroactive effect and/or a windfall tax on previously realized profits by banks.

Further, Governor Salamé highlighted the adverse implications of the proposed tax increases on banks, given their wide and unfair impact on banks of different size, especially that the average corporate tax rate of 14 small- to mid-sized banks could increase to between 20% and 76%, as demonstrated in a study conducted by the ABL and submitted to the Council of Ministers and the BdL. Also, the ABL noted that Arab investors have raised concerns about Lebanon's proposed tax measures and their adverse impact on the business environment and the investment climate in the country. It said that Arab investors noted that the return on average assets and on average equity of Lebanese banks are lower than their Arab counterparts. Finally, Governor Salamé pointed out that the proposed taxes on banks would gradually lead to an increase in the cost of borrowing for the sovereign, which, in turn, would erode or offset the projected increase in tax receipts.

In parallel, Governor Salamé indicated that the Organization for Economic Co-operation and Development (OECD) is currently conducting an assessment to evaluate the extent of the confidentiality of tax information that its member countries would send to Lebanon. He added that it is unclear if the countries that account for the majority of private banking operations in the OECD would agree to exchange tax information with Lebanon. Further, the ABL called on the BdL to swiftly issue the circulars about the related measures in order to provide banks the needed time to implement them by 2018.

Nine new companies interested in offshore oil & gas exploration and production

The Ministry of Energy & Water and the Lebanese Petroleum Administration (LPA) announced that nine oil and gas companies have submitted their applications by the March 31, 2017 deadline to participate in Lebanon's first licensing round for offshore oil and gas exploration and production. The firms are India's ONGC Videsh Limited, Russia's PJSC Lukoil, Malaysia's Sapurakencana Energy SDN BHD, Algeria's Sonatrach International Petroleum Exploration & Production Corporation, Qatar Petroleum International Ltd, Egypt's Advanced Energy Systems SAE, Iran's Petropars Ltd, Russia's JSC Novatek and the Lebanese consortium Vega Petroleum Limited/Edgo Energy Limited/Petroleb sal.

In addition, the ministry noted that 14 out of the 46 companies that were pre-qualified in 2013 have updated their files in order to participate in the bid round. It said that the results of the prequalification round would be announced on April 13, 2017 as the LPA gave applicants until April 12, 2017 to submit their finalized documents.

In parallel, the LPA pointed out that the pre-qualified companies will have until September 15, 2017 to submit their bids on the five blocks that are open for bidding. It added that three of the open blocks are located in the South, one in the North of Beirut and another in the North of the country. The LPA expects to publish the list of applicants for each block on September 22, 2017 and it will have until October 16, 2017 to evaluate the companies' filings and submit a report to the Minister of Energy & Water who, in turn, will refer it to the Council of Ministers for discussion. The Council of Ministers would then select the winning firms and will mandate the Minister of Energy & Water to sign the exploration and production agreements (EPA) with the selected companies starting on November 15, 2017. The EPA is an agreement between the government and pre-qualified oil companies that provides the petroleum right holders the exclusive right to explore, develop and produce oil and gas in Lebanon's offshore Exclusive Economic Zone. The ministry anticipated the exploration process to take between 18 months and up to five years from the contracts' signing date.

In January 2017, the Cabinet approved two decrees related to the development of the offshore oil & gas industry in Lebanon. The first decree divides the Lebanese Exclusive Economic Zone into 10 blocks and delimits their coordinates, while the second presents the tender protocol that defines the conditions for participation in the bid round, the criteria used in the evaluation of the bids, and the model EPA between the government and the consortia of oil and gas companies.

Trade deficit widens by 14% to \$2.8bn in first two months of 2017

The total value of imports reached \$3.25bn in the first two months of 2017, constituting an increase of 13.2% from the same period of 2016; while the aggregate value of exports grew by 10.1% to reach \$455.5m in the covered period. As such, the trade deficit widened by 13.8% to \$2.8bn in the first two months of 2017 due to an increase of \$380m in imports, given that exports grew by \$41.7m. The rise in imports mainly reflects a surge of \$221.5m, or 32%, in the value of imported oil & mineral fuels to \$913.1m in the first two months of 2017, an increase of \$80.4m, or 56%, in the value of imported jewelry and a growth of \$22.4m, or 8.7%, in the value of imported machinery & mechanical appliances. The value of oil & mineral fuels accounted for 28.1% of total imports in the covered period compared to a share of 24.1% in the first two months of 2016. In addition, the rise in exports reflects a growth of \$39.7m, or 56.7%, in the value of jewelry exports in the first two months of the year, a rise of \$11.2m, or 28.1%, in the value of base metals exports and an increase of \$9.55m, or 5.2 times, in the value of exported mineral products. The export of mineral products was mainly to Syria, as it accounted for 81% of total mineral exports in the first two months of 2017. Further, the coverage ratio was 14% in the first two months of 2017 compared to 14.4% in the same period of 2016, while it reached 13.7% in February 2017 relative to 16.6% in the same month of 2016.

In volume terms, imports reached 3.62 million tons in the first two months of 2017 compared to 2.89 million tons in the same period last year, while exports rose by 40.8% annually to 321,239 tons in covered period. Imports of oil & mineral fuels increased by 49.7% year-on-year to 2.24 million tons, while non-hydrocarbon imports regressed by 1.1% annually to 1.37 million tons. Also, imported oil & mineral fuels accounted for 62% of total imports in the first two months of 2017 relative to a 52% share in the same period last year.

China and Greece were the main sources of imports with \$285.6m and \$284.8m, respectively, or 8.8% each of the total, in the first two months of 2017, followed by Russia with \$222.6m (6.8%), the United States with \$210m (6.5%), Kuwait with \$202.6m and Italy with \$200.8m (6.2% each), and Germany with \$172.2m (5.3%). Imports from Kuwait jumped by 2.86 times year-on-year in the first two months of 2017, those from Greece grew by 2.5 times, imports from Russia increased by 38.4%, those from the United States improved by 27.3% and imports from Germany rose by 11.5%; while imports from China decreased by 13.4% and those from Italy regressed by 7.5% year-on-year. In parallel, the Port of Beirut was the entry point for 70.9% of Lebanon's imports in the first two months of 2017, followed by the Hariri International Airport (18.2%), the Port of Tripoli (7.8%), the Port of Saida (2.1%), the Arida crossing point (0.5%), the Masnaa crossing point (0.3%), the Tyre crossing point and the Abboudieh crossing point (0.1% each).

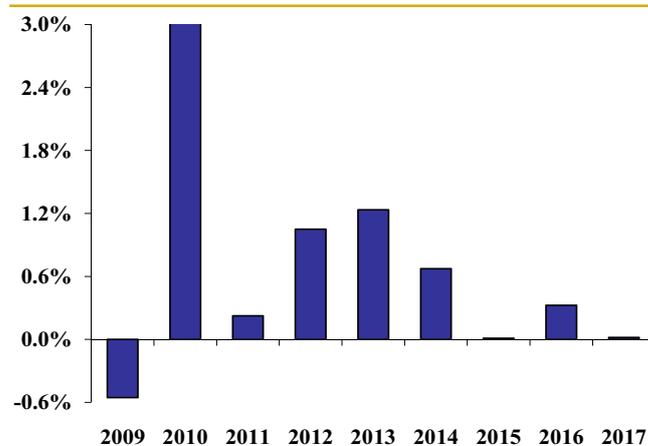
In parallel, South Africa was the main export destination of Lebanese merchandise with \$62.4m, or 13.7% of total exports in the first two months of 2017, followed by Syria with \$52.2m (11.5%), the UAE with \$35.5m (7.8%), Switzerland with \$35.1m (7.7%), Saudi Arabia with \$33.1m (7.3%), Iraq with \$24.6m (5.4%) and Turkey with \$17.3m (3.8%). Exports to Switzerland jumped by 8.7 times in the first two months of 2017, those to Turkey grew by two times, exports to Syria grew by 84.2% and those to South Africa increased by 38.4%; while exports to Saudi Arabia dropped by 22%, those to the UAE regressed by 13.2% and exports to Iraq declined by 2.5%.

Lebanon's main exports were jewelry at \$109.7m in the first two months of 2017 and accounted for 24.1% of the total. They were followed by prepared foodstuff at \$71m (15.6%), base metals at \$51.1m (11.2%), machinery & mechanical appliances at \$50.3m (11%), chemical products at \$47.3m (10.4%), vegetable products at \$26.4m (5.8%), paper products at \$23.4m (5.1%) and plastics & rubber at \$20m (4.4%). In parallel, the Port of Beirut was the exit point for 46.9% of Lebanon's total exports in the first two months of 2017, followed by the Hariri International Airport (32.9%), the Port of Tripoli (8%), the Masnaa crossing point (5.7%), the Arida crossing point (4.5%), the Abboudieh crossing point (1.1%) and the Port of Saida (0.9%). Re-exports totaled \$131.3m in the first two months of 2017 compared to \$71.5m in the same period of 2016.

Commercial banks' assets reach \$205bn at the end of February 2017

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets reached \$204.9bn at the end of February 2017, constituting a marginal increase of 0.3% from the end of 2016 and a rise of 9.8% from end-February 2016. Loans extended to the private sector totaled \$57bn at the end of February 2017, reflecting a decline of 0.3% from the end of 2016 and an increase of 4.5% from a year earlier. Loans to the resident private sector totaled \$51bn, nearly unchanged from end-2016 and up by 5.9% year-on-year; while credit to the non-resident private sector reached \$6bn at end-February 2017 and regressed by 3% from end-2016 and by 6.3% from a year earlier. In nominal terms, credit to the private sector contracted by \$171.8m in the first two months of 2017 relative to an increase of \$333m in the same period of 2016. Lending to the resident private sector increased by \$9.3m in the first two months of 2017 relative to a rise of \$155.9m in the same period of 2016, while credit to the non-resident private sector regressed by \$181.8m in the first two months of the year compared to an increase of \$177.1m in the same period of 2016. The dollarization rate in private sector lending regressed to 72.1% at end-February 2017 from 74.8% a year earlier.

Resident Private Sector Lending Growth* (% Change)



* in the first two months of each year

Source: Association of Banks in Lebanon, Byblos Research

In addition, claims on non-resident banks reached \$11.7bn at the end of February 2017, and grew by 4.2% from the end of 2016, while claims on the public sector stood at \$36.4bn at end-February 2017, up by 4.9% from end-2016. The average lending rate in Lebanese pounds was 8.37% in February 2017, while the same rate in US dollars stood at 7.14%. Further, the deposits of commercial banks at the Banque du Liban totaled \$87.9bn at end-February 2017, constituting a decline of 1.6% from end-2016 and an increase of 23.6% from a year earlier.

In parallel, private sector deposits totaled \$163.9bn at the end of February 2017, increasing by 0.8% from end-2016 and by 8.2% from a year earlier. Deposits in Lebanese pounds reached \$55.9bn at end-February 2017 and grew by 0.6% from end-2016 and by 4.5% year-on-year; while deposits in foreign currencies totaled \$108bn and increased by 1% from end-2016 and by 10.2% from end-February 2016. Aggregate non-resident deposits reached \$34.2bn at the end of February 2017, up by 0.6% from end-2016 and by 7.7% from a year earlier. In nominal terms, private sector deposits grew by \$239.5m in January and by \$1.12bn in February 2017. As such, total private sector deposits rose by \$1.36bn in the first two months of 2017 compared to a contraction of \$169.8m in the same period of 2016. Resident private sector deposits grew by \$1.17bn in the first two months of 2017 relative to a decrease of \$13.9m in the same period of 2016, while non-resident deposits rose by \$195m in the first two months of the year compared to a contraction of \$155.9m in the same period of 2016.

In parallel, deposits of non-resident banks reached \$6.4bn at the end of February 2017 and increased by 2.2% from end-2016 and by 2.3% from a year earlier. The dollarization rate of deposits was 65.9% at the end of February 2017 relative to 64.7% a year earlier. Further, the average deposit rate in Lebanese pounds was 5.56% in February 2017 compared to 5.57% a year earlier, while the same rate in US dollars was 3.57% relative to 3.22% in February 2016.

The ratio of private sector loans-to-deposits in foreign currency stood at 38%, well below the Banque du Liban's limit of 70% and compared to 41.6% a year earlier. The same ratio in Lebanese pounds was 28.5% at end-February 2017 relative to 25.8% at the end of February 2016. The ratio of total private sector loans-to-deposits was 34.8%, down from 36% at end-February 2016. The banks' aggregate capital base stood at \$18.5bn at end-February 2017, up by 1.3% from \$18.2bn at the end of 2016.

M1 Group acquires electronic payment and card services business

M1 Financial Technologies (Holding) sal, a subsidiary of the Beirut-based M1 Group, reached an agreement with Bank Audi sal to acquire its electronic payment and card services business for \$185m, in addition to contingent deferred consideration of up to \$35m. The transaction stipulates that M1 Financial Technologies would purchase all of the shares of Areeba sal, to which Bank Audi transferred its electronic payment and card services business, and with which the bank entered into a service level agreement for the delivery of these services. The sale is expected to be finalized following the final approval of Banque du Liban and after the relevant scheme providers, including MasterCard and Visa, consent to the deal.

Established in 2007, M1 Group is a conglomerate that has and manages investments in the telecommunications, real estate, aviation, fashion & retail, energy and industrial sectors, among others, in Europe, the United States and Africa.



Number of employees in industrial sector up by 4.5% between 2011 and 2015

Figures issued by the Association of Lebanese Industrialists (ALI) show that there were 77,678 persons employed at manufacturing firms in Lebanon at the end of 2015 relative to 76,095 employees at end-2014 and 65,186 individuals at end-2011. As such, the labor force in the industrial sector expanded at a compound annual growth rate (CAGR) of 4.5% between 2011 and 2015. The ALI pointed out that the number of individuals employed grew from an average of 27.5 employees per firm in 2011 to 39.3 employees per company in 2015, constituting a CAGR of 9.3% in the covered period.

In parallel, the figures show that the aggregate personnel cost in manufacturing companies reached \$807,600 in 2015 and posted a CAGR of 6.6% during the 2011-15 period. Also, the average cost per employee grew from \$9,600 in 2011 to \$10,400 in 2015, reflecting a CAGR of 2% during the covered period. The distribution of the labor force in the industrial sector shows that 33% of individuals were employed in the food manufacturing industry in 2015 relative to 31% in 2011, followed by the chemicals and plastic segment with 13% of total employees in the sector, unchanged from 2011, then the paper and cardboard segment with 12%, the mining industry with 11%, the machinery business with 9%, and the furniture sector with 6%.

The ALI indicated that food manufacturing added 5,255 employees between 2011 and 2015, making it the largest contributor to employment growth. The plastics industry followed with 1,668 new employees and the paper and cardboard sector with 1,376 new workers. As such, the number of employees in food manufacturing grew by a CAGR of 5.9% during the covered period, followed by the plastics industry (+4.7%) and the paper and cardboard sector (+4%).

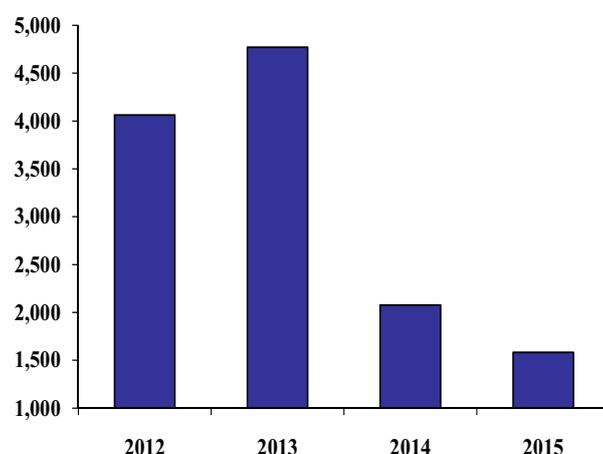
In parallel, industrial firms in Mount Lebanon added 9,375 employees between 2011 and 2015, followed by Beirut (1,102 employees), the Bekaa (724 employees), the North (620 employees), the South (265 employees), the Hermel area (180 employees), the Nabatieh district (131 employees) and the Akkar region (95 employees). Also, the number of new jobs created grew by a CAGR of 9.7% in Akkar, followed by Nabatieh and Hermel (+6.1% each), Mount Lebanon (+4.8%), the North (+4.1%), Beirut (+3.7%), the Bekaa (+3.5%) and the South (+2.3%).

Banque Libano-Française's net earnings at \$111m in 2016

Banque Libano-Française sal, one of Lebanon's top 10 banks, announced unaudited consolidated net profits of \$110.8m in 2016, constituting an increase of 5.8% from net earnings of \$104.7m in 2015. Net operating income grew by 6.8% year-on-year to \$252.1m in 2016, with net interest income increasing by 22.1% to \$174m and net fees & commissions receipts declining by 13.1% year-on-year to \$38.7m. Non-interest income accounted for 24.5% of total income, down from 31% a year earlier; with net fees & commissions representing 62.6% of non-interest earnings relative to 57.4% in 2015. Further, the bank's interest margin was 1.62% in 2016 relative to 1.56% a year earlier; while its spread reached 1.57% in 2016 compared to 1.51% in 2015. Total operating expenditures increased by 5.8% to \$126.3m in 2016, with staff expenses rising by 6% to \$78.2m and administrative & other operating expenditures growing by 6.5% to \$39.5m. Also, the bank's return on average assets was 0.91% in 2016 relative to 0.9% in 2015, while its return on average equity regressed to 9.79% from 9.96% in 2015. The cost-to-income ratio increased from 47.7% in 2015 to 49.9% in 2016.

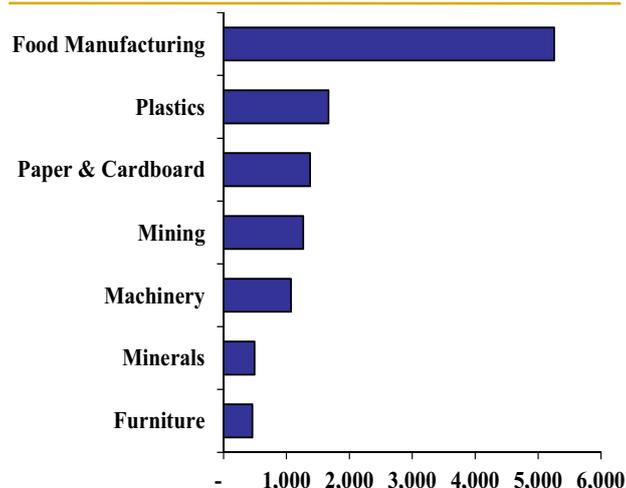
In parallel, total assets reached \$12.7bn at the end of 2016, constituting an increase of 9.7% from a year earlier. Loans & advances to customers, excluding those to related parties, grew by 0.6% from end-2015 to \$4.2bn. Also, customer deposits, excluding those from related parties, totaled \$10.2bn at the end of 2016, and expanded by 6.5% from end-2015. The loans-to-deposits ratio fell to 40.3% at end-2016 from 42.6% a year earlier. In parallel, the bank's shareholders' equity stood at \$1.2bn at the end of 2016, up by 5.4% from end-2015.

Net Job Creation in Lebanese Industrial Sector (number of employees)



Source: Association of Lebanese Industrialists, Byblos Research

Number of New Jobs created in Industrial Sub-Sectors between 2011 and 2015



Source: Association of Lebanese Industrialists, Byblos Research

Ratio Highlights

(in % unless specified)	2014	2015	2016e	Change*
Nominal GDP (\$bn)	50.0	51.1	52.0	
Public Debt in Foreign Currency / GDP	51.2	53.0	54.2	1.26
Public Debt in Local Currency / GDP	81.9	84.6	89.6	4.98
Gross Public Debt / GDP	133.1	137.6	144.0	6.42
Total Gross External Debt / GDP**	170.0	174.7	176.6	1.90
Trade Balance / GDP	(34.4)	(29.5)	(30.0)	(0.47)
Exports / Imports	16.2	16.6	16.1	(0.49)
Fiscal Revenues / GDP	21.8	18.7	19.1	0.30
Fiscal Expenditures / GDP	27.9	26.5	28.6	2.1
Fiscal Balance / GDP	(6.1)	(7.7)	(9.5)	(1.8)
Primary Balance / GDP	2.6	1.4	0.04	(1.4)
Gross Foreign Currency Reserves / M2	66.5	58.7	62.7	3.94
M3 / GDP	235.4	241.9	250.0	8.11
Commercial Banks Assets / GDP	351.4	364.0	392.9	28.9
Private Sector Deposits / GDP	288.9	296.6	312.5	15.8
Private Sector Loans / GDP	101.8	106.1	108.7	3.85
Private Sector Deposits Dollarization Rate	65.7	64.9	65.0	0.10
Private Sector Lending Dollarization Rate	75.6	74.8	73.6	(1.23)

*Change in percentage points 15/16

**Includes portion of public debt owed to non-residents, liabilities to non-resident banks, non-resident deposits (estimated by the IMF), Bank for International Settlements' claims on Lebanese non-banks

Source: Association of Banks in Lebanon, Institute of International Finance, International Monetary Fund, World Bank, Byblos Research Estimates & Calculations
Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

Risk Metrics

Lebanon	Mar 2015	Feb 2016	Mar 2016	Change**	Risk Level
Political Risk Rating	54.5	54.5	54.5	↔	High
Financial Risk Rating	39.0	36.5	36.5	▲	Low
Economic Risk Rating	33.0	30.5	30.5	▲	Moderate
Composite Risk Rating	63.25	60.75	60.75	▲	Moderate

MENA Average*	Mar 2015	Feb 2016	Mar 2016	Change**	Risk Level
Political Risk Rating	57.9	57.7	57.7	▲	High
Financial Risk Rating	39.6	40.2	40.0	▼	Very Low
Economic Risk Rating	34.4	31	31.6	▲	Moderate
Composite Risk Rating	65.9	64.4	64.6	▲	Moderate

*excluding Lebanon

**year-on-year change in risk

Source: The PRS Group, Byblos Research

Note: Political & Composite Risk Ratings range from 0 to 100 (where 100 indicates the lowest risk)

Financial & Economic Risk ratings range from 0 to 50 (where 50 indicates the lowest risk)

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's	B2	NP	Negative	B2		Negative
Fitch Ratings	B-	B	Stable	B-		Stable
Standard & Poor's	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	E+		Negative



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