

LEBANON THIS WEEK

In This Issue

Economic Indicators.....1
Capital Markets.....1
Lebanon in the News.....2

Lebanon ranks 71th globally, eighth in Arab region in terms of talent competitiveness

IMF discussions with Lebanese authorities focusing on four dimensions

Start of forensic audit of Banque du Liban

Banque du Liban's foreign assets at \$18.8bn, gold reserves at \$16.6bn at mid-October 2021

Number of new construction permits up 87% in first eight months of 2021

Economic activity to contract by 10.5% in 2021, nominal GDP at \$20.5bn

Utilized credits by private sector at \$41bn at end-March 2021, advances against real estate at 47% of total

Amount of cleared checks down 30%, returned checks down 47% in nine months of 2021

Commercial activity deteriorates in first quarter of 2021

Consumer Price Index up 144% year-on-year in September 2021

Gross public debt at \$98bn at end-June 2021 at official exchange rate

Corporate Highlights11

Gross written premiums up 12% to \$929m in first half of 2021, claims at \$535m

Holcim posts net losses of \$5m in 2020

Ciments Blancs' net income down 38% to \$1.3m in 2020

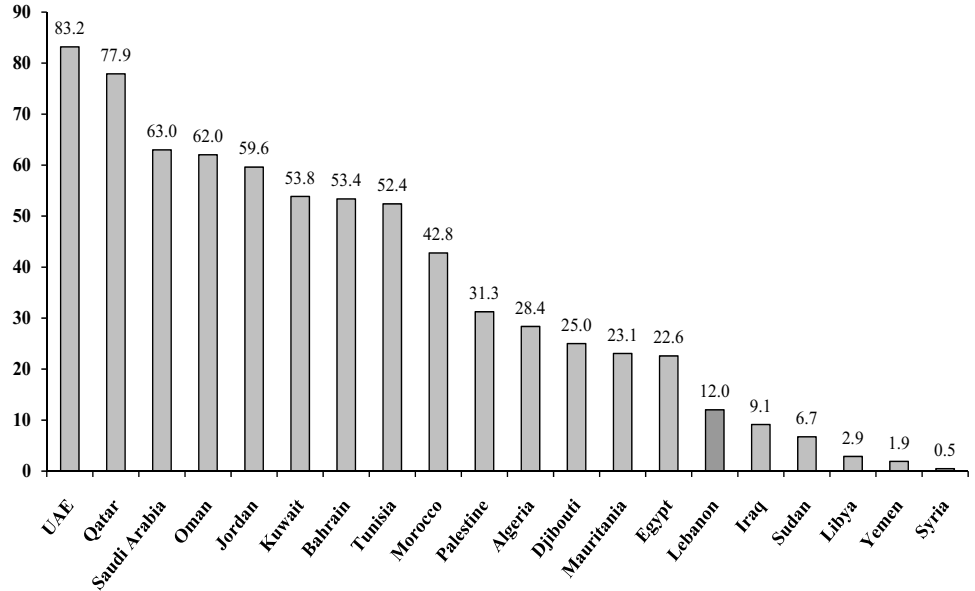
Capital Intelligence withdraws ratings on four banks

Ratio Highlights.....13

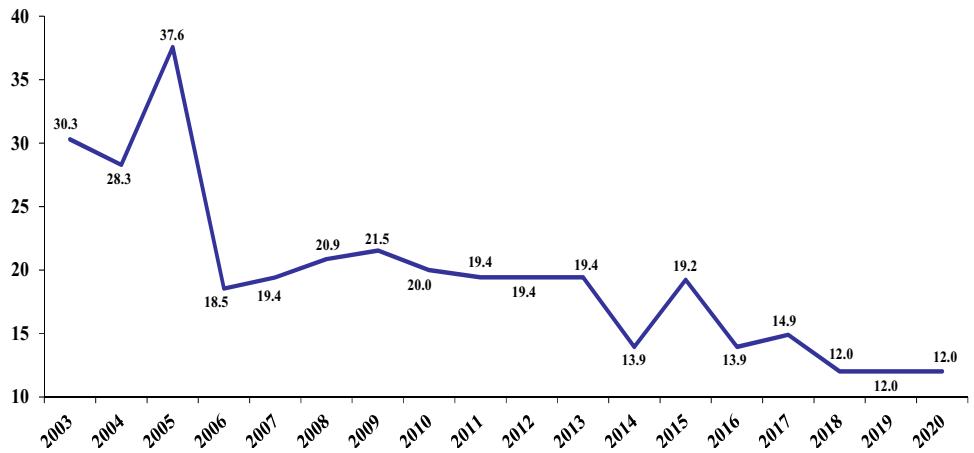
National Accounts, Prices and Exchange Rates13
Ratings & Outlook.....13

Charts of the Week

Percentile Rank of Arab Countries in terms of Control of Corruption in 2020 (%)



Percentile Rank of Lebanon on the Control of Corruption Indicator (%)



Source: World Bank Governance Indicators for 2020, Byblos Research

Quote to Note

"Lifting Lebanon out of its current crisis and moving forward on reforms requires the efficient functioning of the State's legislative, executive and judicial institutions."

Ms. Joanna Wronecka, the United Nations' Special Coordinator for Lebanon, on a key component for the implementation of structural reforms

Number of the Week

68.6%: Compensation of public sector personnel as a share of primary public expenditures in the first quarter of 2021, according to the Ministry of Finance

Lebanon in the News

\$m (unless otherwise mentioned)	2020	Jan-May 2020	Jan-May 2021	% Change*	May-20	Apr-21	May-21
Exports**	3,544	914	699	-23.6%	251	-	-
Imports**	11,310	2,931	3,329	13.6%	674	-	-
Trade Balance**	(7,765)	(2,017)	(2,631)	30.5%	(423)	-	-
Balance of Payments	(10,551)	(2,191)	(1,574)	-28.2%	(888)	(546)	(181)
Checks Cleared in LBP	19,937	7,748	7,481	-3.5%	1,105	1,719	1,611
Checks Cleared in FC	33,881	13,845	9,456	-31.7%	1,467	2,108	1,501
Total Checks Cleared	53,828	21,597	16,941	-21.6%	2,572	3,828	3,112
Fiscal Deficit/Surplus	(2,535)	(1,998)	-	-	(247)	-	-
Primary Balance	(1,136)	(716)	-	-	(120)	-	-
Airport Passengers	2,501,975	1,191,376	1,052,191	-11.7%	20,253	216,344	286,371
Consumer Price Index	84.9	28.6	138.0	10940	56.5	121.7	119.8

\$bn (unless otherwise mentioned)	Dec-20	May-20	Feb-21	Mar-21	Apr-21	May-21	% Change*
BdL FX Reserves	18.60	26.44	17.49	16.75	16.23	15.71	(40.6)
In months of Imports	15.10	39.24	16.94	-	-	-	-
Public Debt	95.59	93.15	96.83	-	-	-	-
Bank Assets	188.04	203.84	188.13	186.26	184.53	183.35	(10.1)
Bank Deposits (Private Sector)	139.14	146.30	138.85	136.95	136.02	135.11	(7.6)
Bank Loans to Private Sector	36.17	42.91	35.49	34.20	33.11	32.53	(24.2)
Money Supply M2	44.78	38.78	47.50	47.96	48.59	49.30	27.1
Money Supply M3	132.70	129.67	134.60	134.11	134.34	134.49	3.7
LBP Lending Rate (%)	7.77	8.45	7.59	8.02	8.00	7.86	(59)
LBP Deposit Rate (%)	2.64	4.63	2.11	1.96	2.01	1.85	(278)
USD Lending Rate (%)	6.73	7.90	6.92	7.14	6.88	6.61	(129)
USD Deposit Rate (%)	0.94	1.99	0.54	0.52	0.49	0.42	(157)

*year-on-year; **figures for the period reflect the first quarter of each year

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	Sovereign Eurobonds	Coupon %	Mid Price \$	Mid Yield %
Byblos Common	0.90	3.4	175,473	5.0%	Oct 2022	6.10	15.25	344.47
Solidere "B"	30.88	1.2	133,378	19.6%	Jan 2023	6.00	15.75	218.22
Solidere "A"	30.02	0.6	83,664	29.3%	Apr 2024	6.65	15.25	91.81
BLOM Listed	3.60	0.0	10,000	7.6%	Jun 2025	6.25	15.25	59.18
Audi Listed	2.45	6.5	6,798	14.1%	Nov 2026	6.60	15.25	40.61
Audi GDR	2.24	(9.7)	2,719	2.6%	Feb 2030	6.65	15.25	23.89
BLOM GDR	3.55	0.0	1,317	2.6%	Apr 2031	7.00	15.25	20.83
Byblos Pref. 08	34.99	0.0	-	0.7%	May 2033	8.20	15.25	16.95
Byblos Pref. 09	37.99	0.0	-	0.7%	Nov 2035	7.05	15.25	13.88
HOLCIM	18.03	0.0	-	3.4%	Mar 2037	7.25	15.25	12.59

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

Source: Refinitiv

	Oct 19-22	Oct 11-14	% Change	September 2021	September 2020	% Change
Total shares traded	430,749	908,009	(52.6)	3,142,850	5,962,048	(47.3)
Total value traded	\$7,281,338	\$4,080,347	78.4	\$52,497,394	\$26,011,896	101.8
Market capitalization	\$10.23bn	\$10.11bn	1.16	\$10.04bn	\$6.25bn	60.6

Source: Beirut Stock Exchange (BSE)



Lebanon ranks 71th globally, eighth in Arab region in terms of talent competitiveness

INSEAD's Global Talent Competitiveness Index (GTCI) for 2021 ranked Lebanon in 71st place among 134 countries around the world and in eighth place among 13 countries in the Arab region. Lebanon was not included in the 2020 index.

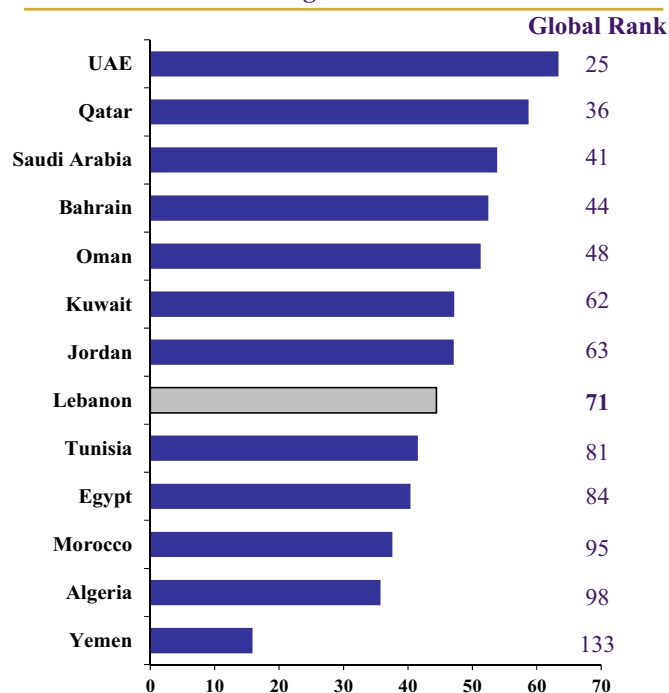
The index measures a country's ability to attract, develop and retain talent. It assesses the steps and decisions that countries take to develop and acquire talented individuals, as well as a country's ability to provide the set of skills required to have a productive, innovative and competitive economy. It is a composite of six pillars grouped in two sub-indices that are the Talent Competitiveness Input Sub-Index and the Talent Competitiveness Output Sub-Index. A country's score is the simple average of its scores on the six pillars, with a higher score reflecting a better performance in terms of talent competitiveness. The countries included in the GTCI represent 94% of the world's population and 98% of global GDP.

Globally, the talent level in Lebanon is more competitive than talent in Colombia, Albania and Namibia, and is less competitive than talent in Thailand, Jamaica and the Philippines. Regionally, Lebanon ranked ahead of Tunisia, Egypt and Morocco, and came behind Oman, Kuwait and Jordan among Arab countries. Also, Lebanon received a score of 44.42 points in the 2021 survey compared to the global average score of 47.26 points and the Arab region's average score of 45.35 points. Further, Lebanon's score came lower than the Gulf Cooperation Council's (GCC) average score of 54.5 points, but was higher than the non-GCC countries' average score of 37.5 points.

Lebanon preceded Kyrgyzstan, Moldova and Morocco, while it trailed Vietnam, Tunisia and North Macedonia globally on the Talent Competitiveness Input Sub-Index. This category covers the policies, resources and efforts that a country can use to promote its talent competitiveness. It includes four pillars that show how much the regulatory, market, and business environments support a favorable climate for talent to develop and thrive. It also focuses on what countries are doing to attract, grow and retain talented individuals. Regionally, Lebanon ranked ahead of Morocco, Egypt, and Algeria, and came behind Kuwait, Jordan and Tunisia.

Also, Lebanon preceded Romania, Brunei Darussalam and Ukraine, while it trailed Belarus, Saudi Arabia and Armenia worldwide on the Talent Competitiveness Output Sub-Index. This category measures the quality of talent in a country that results from domestic policies, resources and efforts. It is composed of two pillars that assess the current situation of a particular country in terms of vocational and technical skills, as well as in terms of global knowledge skills. Lebanon ranked ahead of Egypt, Bahrain and Oman, and came behind the United Arab Emirates, Qatar and Saudi Arabia in the Arab world.

Global Talent Competitiveness Index for 2021 Scores & Rankings in Arab Countries



Source: INSEAD, Byblos Research

Components of the 2021 Talent Competitiveness Index

	Global Rank	Arab Rank	Lebanon Score
Talent Competitiveness Input	87	9	
Enablers	71	8	44.2
Attract	88	10	45.3
Grow	84	8	36.0
Retain	69	7	38.6
Talent Competitiveness Output	51	4	
Vocational & Technical Skills	98	11	55.1
Global Knowledge Skills	60	7	47.3

Source: INSEAD, Byblos Research

IMF discussions with Lebanese authorities focusing on four dimensions

The International Monetary Fund (IMF) indicated that the Lebanese government, through a letter that Prime Minister Najib Mikati sent, has requested to reengage with the IMF in the context of potential support to Lebanon. It noted that the team at the IMF has been in contact with local authorities, such as the Ministry of Finance, Banque du Liban, the Ministry of Economy & Trade, and other public sector agencies in order to start discussions. It added that the IMF team is currently at the stage of updating the macroeconomic, financial and monetary figures, as well as hearing from the Lebanese government about its reform priorities and about the content of the government's plan. It noted that consultations are ongoing, technical discussions are progressing, and that the IMF will extend assistance to Lebanon based on the reforms program that the Lebanese authorities will submit.

In parallel, Mr. Mahmoud Mohieldin, an Executive Director at the IMF and the representative of Arab States at the IMF's Executive Board, indicated that technical discussions between the IMF and Lebanese authorities are focusing on four dimensions: First, he cited public finances, their various aspects and the management of the public debt, as well as giving priority to social spending. He noted that the government's program aims to address the social pressures that citizens are facing, with a clear trend for the related social spending to account for a large share of public expenditures. Second, he stated that monetary policy and the exchange rate system and the related legislation, such as the capital controls law, constitute the second dimension.

Third, he said that another dimension consists of the financial sector, particularly Banque du Liban and the banking sector. He added that this constitutes a technical issue and that there will be different suggestions about the future of the banking sector and about various measures to restore confidence in the banking system. Fourth, he cited structural and sectorial reforms as a key dimension, with prioritizing reforms in the vital energy and electricity sector. He expressed hope that Lebanese authorities would finalize soon their reforms program in cooperation with local stakeholders, and receive the necessary political support, and that the pace would move fast towards signing a program with the IMF. He considered that the program would yield benefits to Lebanon and restore confidence in the economy, which would trigger capital inflows and investments, increase the flow of expatriates' remittances, and restore the jobs that were lost from the spread of the COVID-19 virus and from the explosion at the Port of Beirut.

Start of forensic audit of Banque du Liban

The U.S.-based financial services firm Alvarez & Marsal Middle East Limited (A&M) started on October 21 its forensic audit of Banque du Liban (BdL), as per the agreement that the Ministry of Finance (MoF) signed with A&M last September. The ministry said that the firm will submit its preliminary report within 12 weeks of the start of its work.

In July 2020, the Council of Ministers approved the proposal of the Ministry of Finance to retain A&M, KPMG and Oliver Wyman, in order to audit BdL. At the time, it indicated that the three firms may take between three to six months to complete the audit. In August 2020, A&M signed a \$2.1m contract with the MoF and began its work, but in November of the same year it informed the ministry that it decided to terminate its contract. The firm attributed its decision at the time to the fact that it did not receive all the needed information and documents to carry out the forensic audit and that it does not expect to receive them within the additional three-month extension that the Finance Ministry gave to BdL to submit the documents. The forensic audit of BdL has been subject to a public debate between BdL, government officials, political parties and experts, mostly about BdL's ability to submit the requested documents to A&M without breaching laws, particularly the banking secrecy law.

As a result, the Lebanese Parliament passed on December 21, 2020 Law 200 that lifts banking secrecy on the accounts of all ministries, public institutions and administrations, as well as of public bodies, agencies, councils and funds, and of all accounts at BdL. The law lifted the banking secrecy on these accounts for one year starting from the effective date of the law. On February 12, 2021, BdL announced that, in accordance with legal principles, it sent a letter to the MoF confirming its compliance with the full provisions of Law 200 and affirmed its cooperation with A&M on the questions that the firm addressed to BdL. In addition, it stressed the need for A&M to comply with the laws about data protection and the privacy of information, as well as with the European Union's General Data Protection Regulation (GDPR) in order to avoid any leakage of data or information, similar to the previous leakage to an international newspaper.

Under its contract agreement with the Finance Ministry, A&M will conduct a preliminary forensic audit of BdL's activities and accounts. It will validate that the funds related to the financial transactions that occurred in or through BdL's accounts in the last five years have been used for their intended purposes. It will also examine if there were any amounts in these transactions that were inflated or unsubstantiated, and if any payments were made to 'fictitious' companies. Further, it will assess, review and analyze any potential "red flags that could indicate inappropriate financial reporting schemes, misappropriations, embezzlement, or the inappropriate use of funds". In addition, it will examine how the assets and liabilities of BdL have accumulated over time, as well as the composition of BdL's foreign currency reserves. It will also assess the conditions surrounding the issuance of government debt and BdL's subscription to debt instruments, and will examine the financial engineering transactions of the last five years, among other tasks.

Banque du Liban's foreign assets at \$18.8bn, gold reserves at \$16.6bn at mid-October 2021

Banque du Liban's (BdL) interim balance sheet reached \$161.1bn on October 15, 2021, constituting increases of 8.4% from \$148.6bn at end-2020 and of 4.1% from \$154.8bn a year earlier. Assets in foreign currency totaled \$18.8bn at mid-October 2021, representing a decrease of \$5.3bn, or of 22%, from the end of 2020 and a drop of \$6.9bn (-27%) from \$25.7bn at mid-October 2020. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier.

BdL's assets in foreign currency, excluding Lebanese Eurobonds, stood at \$13.74bn on October 15, 2021 and regressed by \$20.8m, or by 0.15%, from \$13.7bn at end-September 2021. They dropped by \$5.3bn (-28%) from the end of 2020 and by \$6.9bn (-33.5%), from \$20.7bn at mid-October 2020. The cumulative decline in BdL's assets in foreign currency, excluding Lebanese Eurobonds, is largely due to the financing of the imports of hydrocarbons, wheat, medicine, medical equipment, a large number of food and non-food items, and raw materials for agriculture and industry. It is also due to the steep drop in capital flows to Lebanon since September 2019, and to the near halt of inflows after the government decided to default on its Eurobonds obligations in March 2020. However, the decline in BdL's assets foreign currency was offset in part by the allocation of about \$1.13bn in Special Drawing Rights that the IMF transferred to BdL's account on September 16 of this year.

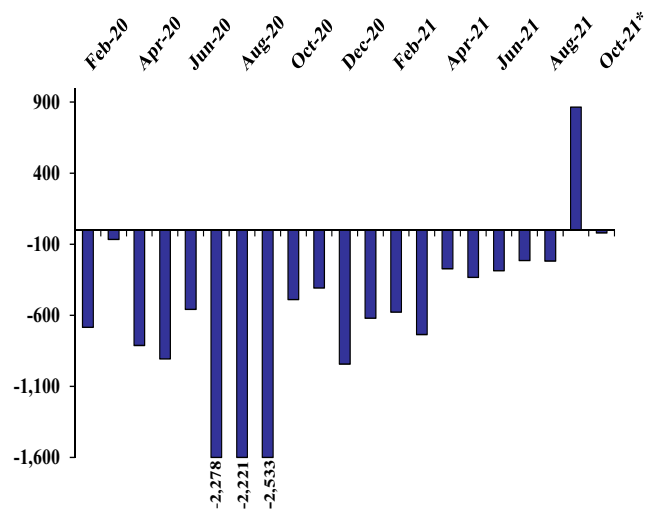
In parallel, the value of BdL's gold reserves amounted to \$16.6bn at mid-October 2021, constituting decreases of \$744m (-4.3%) from the end of 2020 and of \$870.6bn (-5%) from \$17.4bn at mid-October 2020. The value of gold reserves reached a peak of \$18.13bn at mid-September 2020. Also, the securities portfolio of BdL totaled \$40.9bn on October 15, 2021, increasing by \$958.5m (+2.4%) from the end of 2020 and by \$1.1bn (+2.8%) from \$39.8bn from a year earlier. In addition, loans to the local financial sector totaled \$13.8bn, regressing by 3.3% from the end of 2020 and by 5.2% from mid-October 2020. Further, the deposits of the financial sector stood at \$106.5bn on October 15, 2021 and declined by \$1.2bn from a year earlier. In addition, public sector deposits at BdL reached \$6.7bn at mid-October 2021, increasing by \$2.2bn from the end of 2020 and by \$1.9bn from a year earlier.

Number of new construction permits up 87% in first eight months of 2021

The Orders of Engineers & Architects of Beirut and of Tripoli issued 12,119 new construction permits in the first eight months of 2021, constituting a surge of 87% from 6,478 permits in the same period of 2020. The jump in the number of construction permits in the covered period is due in part to low base effects related to activity in the first eight months of 2020, amid the lockdown measures and the closure of public sector departments during extended periods of time due to the outbreak of COVID-19 in the country. In comparison, the number of newly-issued construction permits declined by 17.7% in the first eight months of 2020 from the same period of the preceding year. Also, the orders of engineers issued 1,822 permits in August 2021, representing a decrease of 11.5% from 2,059 permits in July 2021 and a rise of 40% from 1,302 permits in August 2020. Mount Lebanon accounted for 31.8% of the number of newly-issued construction permits in the first eight months of 2021, followed by the South with 24.2%, the Nabatieh area and the North with 16.5% each, the Bekaa region with 7.6%, and Beirut with 1.4%. The remaining 2% were permits issued by the Order of Engineers & Architects of Tripoli for regions located outside northern Lebanon. The number of new construction permits issued for the Nabatieh region surged by 113% in the first eight months of 2021 from the same period last year, followed by permits in the South (+94.6%), the Bekaa region (+88.4%), the North (+85%), Mount Lebanon (+81.5%), and regions outside northern Lebanon (+74.3%). In contrast, the number of permits issued for Beirut decreased by 14.3% in the covered period.

Further, the surface area of granted construction permits reached 6.37 million square meters (sqm) in the first eight months of 2021, constituting a rise of 135% from 2.71 million sqm in the same period of 2020. In comparison, the surface area of granted construction permits decreased by 41% in the first eight months of 2020 from the same period of the preceding year. Also, the surface area of granted construction permits reached 896,621 sqm in August 2021, decreasing by 8.3% from 977,723 sqm in July 2021 and rising by 64% from 547,189 sqm in August 2020. Mount Lebanon accounted for 2.02 million sqm, or 31.8% of the total in the first eight months of 2021. The North followed with 1.4 million sqm (22%), then the South with 1.31 million sqm (20.5%), the Nabatieh area with 783,742 sqm (12.3%), the Bekaa region with 632,342 sqm (10%), and Beirut with 82,811 sqm (1.3%). The remaining 138,806 sqm, or 2.2% of the total, represent the surface area of permits that the Order of Engineers & Architects of Tripoli issued for regions located outside northern Lebanon. The surface area of new construction permits issued for the Bekaa region jumped by 166.3% in the first eight months of 2021 from the same period last year, followed by surface areas in the North (+155.3%), the Nabatieh region (+146.3%), Mount Lebanon (+138.5%), the South (+120.7%), Beirut (+75%), and regions located outside northern Lebanon (+18.2%). In parallel, the latest available figures show that cement deliveries totaled 819,621 tons in the first half of 2021, constituting an increase of 9.5% from 748,324 tons in the same period of 2020.

Change in Gross Foreign Currency Reserves (US\$m)



* at mid-October 2021

Source: Banque du Liban, Byblos Research

Economic activity to contract by 10.5% in 2021, nominal GDP at \$20.5bn

The World Bank anticipated that the Lebanese economy will remain in recession in 2021 and projected real GDP to retreat by 10.5% this year, following an estimated contraction of 21.4% in 2020. It expected nominal GDP to shrink from \$55bn in 2018 to \$20.5bn in 2021, and for real GDP per capita to drop by 37% in the 2018-21 period. It indicated that high frequency indicators support a sustained contraction in economic activity, but anticipated the decline in real GDP to decelerate.

It said that monetary and financial turmoil continues to drive the crisis in the country. It indicated that the exchange rate of the Lebanese pound to the US dollar on the parallel market depreciated by 68% to LBP19,800 per dollar during the March to August 2021 period, relative to a depreciation of 18% in the preceding six months. It noted that a key distortion to official fiscal data on both the revenues and expenditures sides is the prevailing exchange rate. It pointed out that the official exchange rate continues to be the basis for customs duties and for the value-added tax, which is resulting in lower public revenues. It added that authorities are using the official rate for Treasury transfers to Electricité du Liban, which the latter uses mainly for fuel imports.

Further, it considered that the poverty rate among Lebanese households is on the rise, as the share of the Lebanese population that is living under the international poverty line of \$5.50 per day is estimated to have risen by 13 percentage points (ppts) by the end of 2020 and is expected to further increase by 28 ppts by end-2021. Also, it said that the regressive inflationary pressures are disproportionately affecting the poor and the middle class. It added that Lebanon has witnessed a dramatic collapse in basic services, due to the sustained depletion of foreign currency reserves at Banque du Liban (BdL) and the elevated cost of import subsidies in foreign currency on food, fuel and medicine.

In parallel, the World Bank expected BdL to lift most of its subsidies on imports. It anticipated that the impact of this decision will depend on the new exchange rate that will be used for imports, as well as on the source of the supply of foreign currency for importers. It added that BdL will offer credit lines for fuel imports based on the market exchange rate. However, it said that it is still not clear what BdL considers as the market exchange rate, but expected it to be the rate of the BdL-administered Sayrafa platform. Also, it anticipated that the supply of foreign currency will originate from BdL's foreign currency reserves. As such, it expected BdL to reduce subsidies based on the gap between the exchange rates on the Sayrafa platform and on the parallel market. Also, it anticipated a surge in the prices of formerly subsidized goods and, in turn, a significant drop in the demand for such products. It also expected a sustained but slower depletion of BdL's foreign currency reserves.

However, it noted that importers could completely resort to the parallel market for the purchase of foreign currency. In this case, it anticipated BdL to lift subsidies completely, which would lead to a more pronounced "first-degree" spike in the prices of formerly subsidized goods and a drop in their demand. It added that this could lead to a further depreciation of the pound against the dollar, as well as to an additional "second-degree" increase in prices and a further decline in demand.

Select Macroeconomic Indicators for Lebanon				
	2018	2019	2020f	2021f
Real GDP Growth (% Change)	-1.9	-6.7	-21.4	-10.5
Consumer Prices (avge, % Change)	6.1	2.9	84.3	130.0
Current Account Balance (% of GDP)	-24.3	-21.2	-6.9	-10.1
Net Foreign Direct Investment (% of GDP)	3.7	3.4	9.6	7.2
Fiscal Balance (% of GDP)	-11.0	-10.5	-3.3	-3.0
Government Debt (% of GDP)	155.0	171.0	179.1	197.5

Source: World Bank, October 2021

Utilized credits by private sector at \$41bn at end-March 2021, advances against real estate at 47% of total

Figures issued by Banque du Liban show that utilized credits by the private sector totaled \$41.1bn at the end of March 2021, constituting a decline of \$1.6bn, or 3.8%, from \$42.7bn at end-2020 and a decrease of \$11.3bn (-21.5%) from \$52.36bn at end-March 2020. The drop in lending is mostly due to clients' decision to settle their loans prior to their maturity, to limited demand for new loans amid political and economic uncertainties, and to the risk aversion of lenders amid the challenging conditions in the country.

Utilized personal credits reached \$14.4bn and accounted for 35% of the total at the end of March 2021, followed by credits for trade & services with \$13bn (31.7%), for construction with \$6.1bn (14.8%), industry with \$4.1bn (10%), financial intermediaries with \$1.8bn (4.4%), and agriculture with \$570.7m (1.4%), while other sectors represented the remaining \$1.1bn (2.7%).

The distribution of utilized credits by type of collateral shows that advances against real estate totaled \$19.4bn and accounted for 47.1% of the collateral for utilized credits at the end of March 2021. Advances against personal guarantees followed with \$5.93bn (14.5%), then advances against cash collateral or bank guarantees with \$2bn (4.9%), advances against financial values with \$961m (2.3%) and advances against other real guarantees with \$753.2m (1.8%); while overdrafts totaled \$12.1bn or 29.4% of the total.

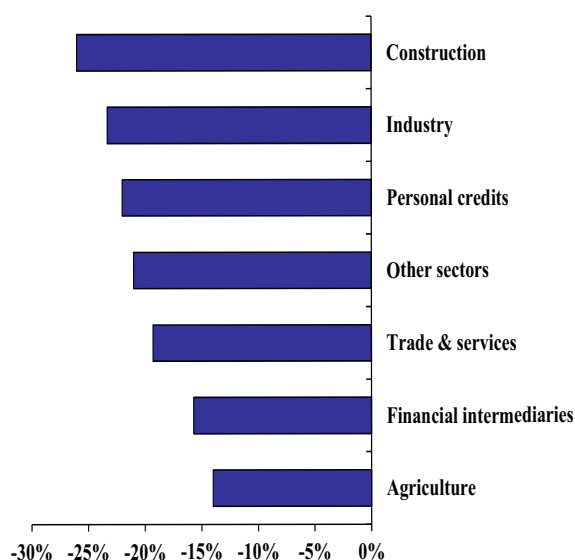
Also, the distribution of utilized credits in trade & services shows that wholesale trade accounted for 47.2% of loans to trade & services, followed by retail with 17%; real estate, rent & employment services with 13.5%; transport & storage with 9.2%; hotels & restaurants with 8.3%; and educational services with 4.7%.

In addition, utilized credits for agriculture increased by 2.5% in the first quarter of 2021, followed by utilized credits for financial intermediaries (+1.3%). In contrast, utilized credits for personal loans declined by 5.2%, and included mortgages that decreased by 4.8% in the first quarter of 2021. Also, utilized credits for industry regressed by 4.9% in the covered quarter, followed by utilized credits for construction (-3.3%), and for trade & services (-2.9%), while utilized credits for other sectors contracted by 5.8% from the end of 2020. Also, personal loan beneficiaries represented 35% of total loan beneficiaries, followed by trade & services with 31.7% of beneficiaries, construction with 14.8%, industry with 10%, financial intermediaries with 4.4%, and agriculture with 1.4%, while other sectors accounted for the remaining 2.7% of loan beneficiaries.

Further, the aggregate number of loan beneficiaries reached 410,539 at the end of March 2021 and declined by 25,923 (-6%) in the first quarter of the year. Also, 44.8% of beneficiaries had loans that range from LBP5m to LBP25m at the end of March, followed by beneficiaries with loans of less than LBP5m (20%), those benefiting from credits in the LBP25m to LBP100m range (17.6%), beneficiaries with loans ranging from LBP100m to LBP500m (15.6%), those with credits between LBP500m and LBP1bn (1.1%), beneficiaries with loans ranging from LBP1bn to LBP5bn (0.7%) and beneficiaries with credits in the LBP5bn to LBP10bn bracket and those with loans that exceed LBP10bn (0.2% each). Beirut and its suburbs accounted for 74.4% of bank credits and for 54.4% of beneficiaries. Mount Lebanon followed with 13.2% of credits and 17.9% of beneficiaries, then North Lebanon with 4.8% of credits and 11.1% of beneficiaries, South Lebanon with 4.2% of credits and 9.5% of beneficiaries, and the Bekaa region with 3.5% of credits and 7.2% of beneficiaries.

In parallel, the off-balance sheet liabilities of banks and financial institutions totaled \$79.8bn at the end of March 2021, constituting declines of 4.3% in the first quarter of the year and of 20.5% from a year earlier. They included endorsement & guarantees of \$76.3bn, or 95.6% of the total, followed by letters of undertaking with \$1.7bn (2.1%), commitments on notes with \$1.4bn (1.8%), and financing commitments with \$177m and forward operations \$174m (0.2% each), while other commitments accounted for \$78m of the total (0.1%).

Change in Utilized Credits at End of March 2021* (%)



*from end-March 2020

Source: Banque du Liban

Amount of cleared checks down 30%, returned checks down 47% in nine months of 2021

The amount of cleared checks reached \$28.6bn in the first nine months of 2021, constituting a drop of 29.6% from \$41bn in the same period of 2020. In comparison, the amount of cleared checks decreased by 4% in the first nine months of 2020 and declined by 14.6% in the same period of 2019 from the corresponding periods of the preceding year. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The amount of cleared checks in Lebanese pounds reached LBP20.7bn, or the equivalent of \$13.8bn, in the first nine months of 2021 and regressed by 4.7% from the same period last year, while the amount of cleared checks in foreign currencies was \$14.9bn and contracted by 43.3% in the covered period. Also, there were 2.6 million cleared checks in the first nine months of 2021, down by 43% from 4.5 million checks in the same period last year. The dollarization rate of cleared checks regressed from 64.4% in the first nine months of 2020 to 51.4% in the same period of 2021, while the number of checks denominated in foreign currencies accounted for 52.8% of total cleared checks in the covered period compared to 50.4% a year ago.

In addition, the amount of cleared checks totaled \$2.5bn in September 2021, constituting an increase of 1.3% from \$2.2bn in the preceding month and a decrease of 45.3% from \$4.6bn in September 2020. Also, the amount of cleared checks in Lebanese pounds reached LBP2.2bn, or the equivalent of \$1.4bn, in September 2021, as it rose by 13.2% from \$1.3bn in August 2021 and regressed by 12.7% from \$1.6bn in September 2020. Further, the amount of cleared checks in foreign currencies was \$1.08bn in September 2021, as it grew by 12.8% from the previous month and dropped by 63.5% from September 2020. There were 204,595 cleared checks in September 2021 relative to 192,282 cleared checks in the preceding month and to 511,370 cleared checks in September 2020.

In parallel, the amount of returned checks in local and foreign currencies was \$407.3m in the first nine months of 2021 compared to \$766.2m in the same period of 2020 and to \$1.05bn in the first nine months of 2019. This constituted a drop of 47% in the first nine months of 2021 relative to decreases of 27% and 9.5% in the first nine months of 2020 and 2019, respectively. The amount of returned check in Lebanese pounds reached LBP184m, or the equivalent of \$122m, in the first nine months of 2021 and declined by 51% from the same period last year, while the amount of returned checks in foreign currencies was \$286m and decreased by 44.8% in the covered period. Also, there were 20,709 returned checks in the first nine months of 2021, down by 78.5% from 96,435 checks in the same period of 2020. The number of returned checks in foreign currencies reached 12,584 in the first nine months of 2021 and dropped by 75.7% from the first nine months of 2020, while the number of returned checks in Lebanese pounds totaled 8,125 and retreated by 81.8% year-on-year.

Further, the amount of returned checks in domestic and foreign currencies stood at \$76.3m in September 2021 compared to \$23.9m in the previous month and to \$65m in September 2020. Also, there were 1,950 returned checks in September 2021, relative to 1,535 returned checks in August 2021 and to 5,389 checks in September 2020.

Commercial activity deteriorates in first quarter of 2021

Banque du Liban's quarterly business survey about the opinions of business managers shows that the balance of opinions for the volume of commercial sales reached -71 in the first quarter of 2021, relative to -55 in the fourth quarter of 2020 and to -63 in the first quarter of 2020. The balance of opinions for the first quarter of 2021 reflects the impact of the strict lockdown measures that the authorities imposed in the first three months of the year to contain the outbreak of the COVID-19 pandemic, as well as disruptions to economic activity following the worsening of economic and financial conditions in the country and the impact of the explosion at the Port of Beirut on August 4, 2020. The balance of opinions for the volume of commercial sales in the first quarter of 2021 reached its third lowest quarterly level since 2004, after posting -74 in the second quarter of 2020, and -73 in the third quarter of 2006 due to the Israeli war on Lebanon.

The survey covers the opinions of enterprise managers about their business activity in order to depict the evolution of a number of key economic variables. The balance of opinions is the difference between the proportion of surveyed managers who consider that there was an improvement in an indicator and the proportion of those who reported a decline in the same indicator. The balance of opinions was the lowest in the South at -91, followed by the Bekaa (-82), Beirut & Mount Lebanon (-80), and the North (-29). The survey shows that the balance of opinions about the sales of food items was -52 in the first quarter of 2021 relative to -21 in the preceding quarter and to -20 in the first quarter of 2020. Also, the balance of opinions about the sales of non-food products was -82 in the covered quarter, compared to -72 in the previous quarter and to -84 in the first quarter of 2020; while it was -72 for inter-industrial goods, unchanged from the first quarter of 2020 and relative to -66 in the fourth quarter of 2020. Further, the balance of opinions for inventory levels in all commercial sub-sectors was -57 in the first quarter of 2021, compared to -54 in the previous quarter and to -34 in the first quarter of 2020. Opinions about the level of inventories were the lowest in the South region as they reached -88, followed by the North (-69), the Bekaa area (-67) and Beirut and Mount Lebanon (-31).

Commercial Activity: Year-on-Year Evolution of Opinions				
Aggregate results	Q1-18	Q1-19	Q1-20	Q1-21
Sales volume	-36	-39	-63	-71
Number of employees	-8	-11	-38	-46
Inventories of finished goods	0	-10	-34	-57
Q1-21 Regional results	Beirut / Mount Lebanon	North	South	Bekaa
Sales volume	-80	-29	-91	-82
Inventories of finished goods	-31	-69	-88	-67

Source: Banque du Liban business survey for first quarter of 2021

Consumer Price Index up 144% year-on-year in September 2021

The Central Administration of Statistics' Consumer Price Index increased by 132% in the first nine months of 2021 from the same period of 2020. In comparison, it grew by 66.2% and by 2.6% in the first nine months of 2020 and 2019, respectively.

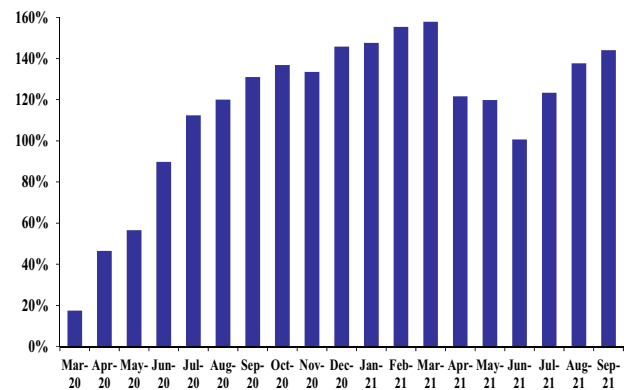
The CPI rose by 144% in September 2021 from the same month of 2020, while it registered its 15th consecutive triple-digit increase since July 2020. The cumulative surge in inflation is due in part to the inability of authorities to monitor and contain retail prices, as well as to the deterioration of the Lebanese pound's exchange rate on the parallel market, which has encouraged opportunistic wholesalers and retailers to raise the prices of consumer goods disproportionately. In addition, the smuggling of subsidized imported goods has resulted in shortages of these products locally, which contributed to the rise in prices. Further, the recent emergence of an active black market for gasoline has put upward pressure on prices and on inflation. According to the International Monetary Fund, the CPI averaged 487.2% in 1987 and ended the year at 741.2%, constituting the highest inflation rates on record.

The prices of food & non-alcoholic beverages and transportation costs surged by 4.6 times in September 2021 from the same month last year, followed by rates at restaurants & hotels (+3.9 times), the cost of alcoholic beverages & tobacco and healthcare costs (+3.1 times each), the prices of water, electricity, gas & other fuels (+2.8 times), the prices of clothing & footwear (+2.7 times), and prices of furnishings & household equipment (+2.4 times). In addition, the prices of miscellaneous goods & services jumped by 125% year-on-year in September 2021, followed by the cost of recreation & entertainment (+107%), communication costs (+32.4%), the cost of education (+10.6%), actual rent (+4.7%), and imputed rent (+3%). Also, the distribution of actual rent shows that new rent grew by 6.5% and old rent increased by 2.2% in September 2021 from the same month last year.

In parallel, the CPI increased by 8.2% in September 2021 from the previous month, compared to a month-on-month rise of 10.2% in August 2021 and of 24% in July 2021. Transportation costs surged by 31.3% month-on-month in September 2021, followed by prices of water, electricity, gas and other fuels (+19%), prices of food & non-alcoholic beverages (+9.3%), alcoholic beverages & tobacco (+7.1%), rates at restaurants & hotels (5.8%), healthcare costs (+3%), prices of furnishings & household equipment (+2%), the cost of recreation & entertainment (+1.6%), the cost of miscellaneous goods & services (+1.5%); while prices of clothing & footwear and communication costs decreased by 3.1% and 1.1%, respectively. Also, the cost of education, actual rent and imputed rent were unchanged in September 2021 from the preceding month.

Further, the CPI increased by 11.5% in Nabatieh, by 9.6% in the Bekaa, by 9% in the South, by 8.5% in Beirut, by 7.6% in the North, by 7.4% in Mount Lebanon, during September 2021 from the previous month. In parallel, the Education Price Index was unchanged, while the Fuel Price Index increased by 61.6% month-on-month in September 2021.

Annual Change in CPI (%)



Source: Central Administration of Statistics, Byblos Research

Gross public debt at \$98bn at end-June 2021 at official exchange rate

Figures issued by the Ministry of Finance show that Lebanon's gross public debt reached \$97.75bn at the end of June 2021, constituting an increase of 2.3% from \$95.6bn at the end of 2020 and a rise of 4.6% from \$93.4bn at the end of June 2020. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The gross public debt grew by \$2.2bn in the first half of 2021 relative to an increase of \$1.8bn in the same period of 2020. The gross public debt would reach \$42.6bn when the portion of the debt denominated in Lebanese pounds is converted to US dollars at the exchange rate of LBP 17,175 per dollar that prevailed on the parallel market at the end of June 2021. Conversely, the public debt becomes LBP731.3bn when the dollar-denominated debt is converted to Lebanese pounds at the same parallel market rate.

Debt denominated in Lebanese pounds totaled LBP91,169bn, or the equivalent of \$60.5bn, at the end of June 2021, and expanded by 1.6% in the first half of 2021 and by 3.2% from a year earlier; while debt denominated in foreign currency stood at \$37.3bn and grew by 3.4% from end-2020 and by 7% from end-June 2020. On March 7, 2020, the Lebanese government decided to default on the \$1.2bn Eurobond that was due on March 9, 2020.

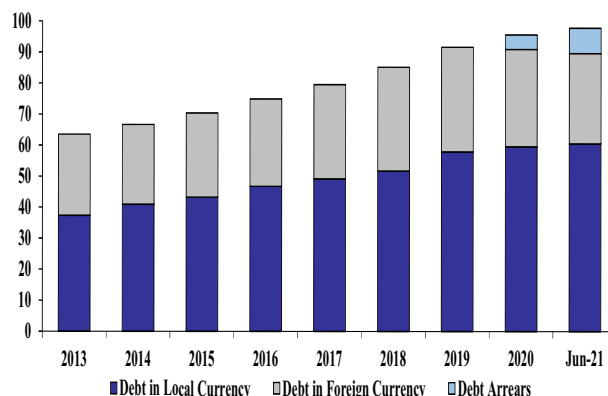
It also announced on March 23, 2020 that Lebanon will discontinue payments on all of its outstanding Eurobonds. According to the Finance Ministry, about \$8.1bn of the debt stock denominated in foreign currency were in arrear as at end-June 2021.

Local currency debt accounted for 62% of the gross public debt at the end of June 2021 and foreign currency-denominated debt represented the balance of 38%, compared to 62.7% and 37.3%, respectively, a year earlier. The weighted interest rate on outstanding Treasury bills was 6.6% in June 2021, while the weighted life of Treasury bills and bonds was 1,633 days. BdL held 38% of the public debt at end-June 2021, followed by commercial banks (15.5%), and non-bank resident financial institutions (8.2%); while other investors, including foreign investors, held 36% of the debt, and multilateral institutions and foreign governments accounted for the remaining 2%.

BdL held 61.6% of the Lebanese pound-denominated public debt at the end of June 2021 compared to 59.2% a year earlier, while commercial banks accounted for 25% of the local debt relative to 27.8% at end-June 2020. Also, public agencies, financial institutions and the public held 13.3% of the local debt at the end of June 2021, compared to 13% a year earlier. Further, investors in Eurobonds and special T-bills in foreign currencies held 94.6% of the foreign currency-denominated debt at the end of June 2021, followed by multilateral institutions with 4%, and foreign governments with 1.4%.

In addition, the net public debt, which excludes public sector deposits at BdL and at commercial and investment banks from overall debt figures, stood at \$86.4bn at the end of June 2021 and grew by 1% in the first half of the year. Also, the gross market debt accounted for about 52% of the public debt. The gross market debt is the total public debt less the portfolios of BdL, the National Social Security Fund, as well as bilateral and multilateral loans.

Lebanon's Gross Public Debt (US\$bn)



Source: Ministry of Finance, Byblos Research

Gross written premiums up 12% to \$929m in first half of 2021, claims at \$535m

Figures released by the Insurance Control Commission show that the gross written premiums of 46 licensed insurance companies in Lebanon reached \$928.8m in the first half of 2021, constituting an increase of 12.1% from \$828.8m in the same period of 2020. Gross premiums reached \$475.3m in the first quarter of 2021 and \$453.4m in the second quarter of the year. They improved by 11.2% in the first three months of 2021 from the same quarter of 2020 and grew by 13% in the second quarter of the year from the same quarter of 2020.

Medical insurance premiums totaled \$400m in the first half of 2021 and accounted for 43% of the sector's aggregate premiums. Motor insurance premiums followed with \$206.3m (22.2%), then life insurance premiums with \$183m (19.7%), and property & casualty premiums with \$139.4m (15%). Further, motor insurance premiums surged by 42.4%, medical insurance premiums grew by 16%, and property & casualty insurance premiums increased by 10% annually in the first half of 2021, while life insurance premiums declined by 13.7% in the covered period.

Further, gross claims settled by insurance companies stood at \$535.4m in the first half of 2021 and increased by 7.3% from \$499m in the same period of 2020. Gross claims reached \$246.2m in the first quarter of 2021 and \$289.2m in the second quarter of the year. They declined by 5% in the first three months of 2021 from the same quarter of 2020 and expanded by 20.6% in the second quarter of 2021 from the same quarter of last year. Gross claims paid for the life insurance segment amounted to \$173m and accounted for 32.3% of total claims settled by the insurance sector in the covered period. Claims disbursed for the medical insurance category followed at \$158m (29.5%), then the property & casualty segment at \$106.8m (20%), and the motor segment at \$97.4m (18.2%). Also, property & casualty claims surged by 166.8%, motor insurance claims rose by 30% and life insurance claims expanded by 1% in the first half of 2021, while medical claims declined by 25.6% annually.

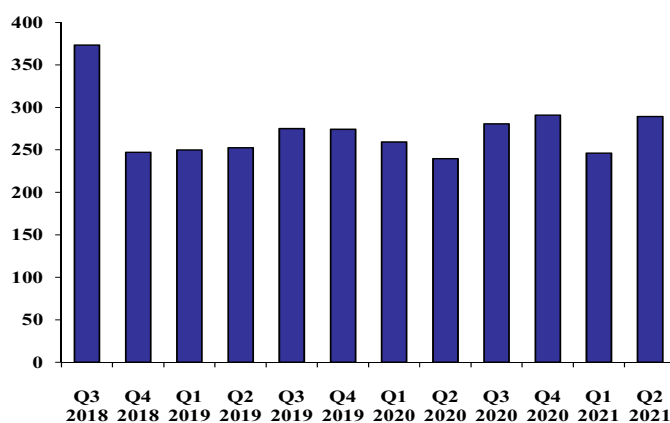
In parallel, the sector's acquisition expenses reached \$142.7m relative to \$127.4m in the first half of 2020, while administrative costs totaled \$112m in the first half of 2021 compared to \$93.5m in same period of 2020. Also, the insurance sector registered net investment income of \$46.5m in the covered period relative to net investment losses of \$134.2m in the first half of 2020. In addition, the ratio of gross claims settled to gross written premiums stood at 58% in the covered period, down from 60% in the first half of 2020. Further, the ratio of expenditures for acquisition and administration to gross written premiums reached 27%, unchanged from the first half of 2020; and the ratio of net investment income to gross written premiums stood at 5% in the covered period compared to -16% in the first half of 2020.

Holcim posts net losses of \$5m in 2020

Cement producer Holcim (Liban) sal posted audited net losses of LBP7.57bn, equivalent to \$5m in 2020, compared to net losses of LBP1.29bn or \$0.85m in 2019. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The firm's sales reached LBP98.1bn, or \$65.1m in 2020, constituting a decline of 35% from LBP150.7bn, or \$100m, in 2019; while its cost of goods sold totaled \$50.3m last year and decreased by 33.3% from \$75.5m in 2019. This resulted in gross profits of \$14.8m in 2020 relative to \$24.5m in 2019. As a result, the firm's gross profits margin was 22.7% in 2020 relative to 24.5% in 2019. Further, the company's total assets reached LBP404.3bn or \$268.2m at the end of 2020, compared to LBP374.4bn or \$248.4m at the end of 2019. Also, the firm's current ratio, which is a measure of the company's ability to meet its short term obligations, was 4.6x at the end of 2020 relative to 2.8x at end-2019. Moreover, Holcim's shareholders equity reached LBP209.3bn or \$138.9m at the end of 2020, down by 2.7% from LBP215.1bn or \$142.7m a year earlier. As such, the company's debt-to-equity ratio was 93.2% at the end of 2020 compared to 74.1% at end-2019. The firm produces and sells cement and other related products. Holcim's share price closed at \$18.03 on October 22, 2021, up by 24.3% from \$14.5 at end-2020.

In parallel, the external auditors indicated that "the accompanying separate financial statements do not present fairly the financial position of the company as at December 31, 2020, and its financial performance and its cash flows for the year that ended in accordance with International Financial Reporting Standards", since the financial statements do not take into account the impact of hyperinflation on the revenues stream. It said that "the company has translated transactions and assets and liabilities denominated in foreign currencies, using multiple exchange rates prevailing at the date of the transactions and at the reporting date, and has not translated transactions and assets and liabilities at a single exchange rate prevailing at the date of the transactions and at the reporting date."

Paid Claims (US\$m)



Source: ACAL, Byblos Research

Ciments Blancs' net income down 38% to \$1.3m in 2020

Société Libanaise des Ciments Blancs sal, an affiliate of Holcim (Liban) sal, posted audited net profits of LBP1.9bn, or the equivalent of \$1.3m in 2020, constituting a decrease of 38.2% from net earnings of LBP3.1bn, or \$2.06m, in 2019. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The company generated sales of LBP12.4bn, or \$8.2m, in 2020 compared to LBP14.4bn, or \$9.6m, in 2019. Its cost of goods sold reached LBP9.1bn, or \$6.04m, in 2020 and declined by 14.6% from LBP10.7bn, or \$7.07m, in 2019; resulting in gross profits of LBP3.3bn, or \$2.2m, in 2020 relative to LBP3.8bn, or \$2.5m, in 2019. As such, the firm's gross profit margin was 26.6% in 2020 relative to 26.1% in 2019. In addition, the firm's gross financial income fell by 42.5% to \$0.41m in 2020.

Further, the assets of Ciments Blancs totaled LBP37.4bn, or \$24.8m, at the end of 2020 and regressed by 1.8% from LBP38.1bn, or \$25.3m, at end-2019. Also, the firm's current ratio, which is a measure of the company's ability to meet its short-term obligations, was 3.5x at the end of 2020, compared to 2.2x at the end of 2019.

The company's total equity reached LBP31.8bn, or \$21.1m, at the end of 2020, constituting an increase of 7.1% from LBP29.7bn, or \$19.7m at the end of 2019, while its debt-to-equity ratio was 17.6% at the end of 2020 relative to 28.4% a year earlier. The price of Ciments Blancs' nominal shares closed at \$5.75 on October 22, 2021, up by 40.2% from \$4.1 at end-2020.

In parallel, the external auditors indicated that "the accompanying separate financial statements do not present fairly the financial position of the company as at December 31, 2020, and its financial performance and its cash flows for the year that ended in accordance with International Financial Reporting Standards", since the financial statements do not take into account the impact of hyperinflation on the revenues stream. It said that "the company has translated transactions and assets and liabilities denominated in foreign currencies, using multiple exchange rates prevailing at the date of the transactions and at the reporting date, and has not translated transactions and assets and liabilities at a single exchange rate prevailing at the date of the transactions and at the reporting date."

Capital Intelligence withdraws ratings on four banks

Capital Intelligence Ratings (CI) withdrew the credit ratings and discontinued its analytical coverage of Bank Audi sal, BLOM Bank sal, Byblos Bank sal and Crédit Libanais sal. It attributed the withdrawal of the ratings of Bank Audi, BLOM Bank and Byblos Bank to business reasons, and added that Crédit Libanais requested the withdrawal of its ratings. CI indicated that, at the time of the ratings' withdrawal, it had long- and-short term foreign currency ratings of Selective Default 'SD' on the four banks. It pointed out that the 'SD' ratings reflect the restrictions applied by all Lebanese banks on the withdrawal of deposits and, in particular, the changes to the terms and conditions of certain types of foreign currency deposits. Also, it had a Core Financial Strength (CFS) rating of 'c+' and a Bank Stand-alone Ratings (BSR) of 'c' on Bank Audi, BLOM bank and Byblos Bank, and a rating of 'c' on the CFR rating and the BSR of Crédit Libanais. It added that the Operating Environment Risk Anchor of the four banks stood at 'c-', while their Extraordinary Support Level was 'Uncertain' at the time of the ratings' withdrawal.

CI downgraded in March 2020 Lebanon's long- and short-term foreign-currency ratings at 'SD', and maintained the long-term local-currency rating at 'C-' and the short-term local-currency rating at 'C', with a 'negative' outlook on the foreign currency ratings. It attributed its downgrade at the time to the government's decision to suspend all payments on its outstanding Eurobonds starting in March 2020.

Ratio Highlights

(in % unless specified)	2019	2020	2021	Change*
Nominal GDP (\$bn)	51.3	22.6	23.2	0.60
Public Debt in Foreign Currency / GDP	63.0	58.1	-	-
Public Debt in Local Currency / GDP	108.1	95.9	-	-
Gross Public Debt / GDP	171.1	154.0	299.4	145.5
Trade Balance / GDP	(29.0)	(12.5)	(22.2)	(9.71)
Exports / Imports	19.4	31.3	47.7	16.40
Fiscal Revenues / GDP	20.7	16.4	10.0	(6.37)
Fiscal Expenditures / GDP	31.6	20.8	14.7	(6.09)
Fiscal Balance / GDP	(10.9)	(4.4)	(4.7)	(0.29)
Primary Balance / GDP	(0.5)	(1.0)	(2.3)	(1.22)
Gross Foreign Currency Reserves / M2	70.2	41.5	-	-
M3 / GDP	251.2	213.7	-	-
Commercial Banks Assets / GDP	404.8	302.9	-	-
Private Sector Deposits / GDP	296.6	224.1	-	-
Private Sector Loans / GDP	92.9	58.3	-	-
Private Sector Deposits Dollarization Rate	80.3	80.4	-	-
Private Sector Lending Dollarization Rate	68.7	59.6	-	-

*change in percentage points 21/20;

Source: Banque du Liban, Central Administration of Statistics, Institute of International Finance, Byblos Research Estimates & Calculations

Note: M2 includes money in circulation and deposits in LBP, M3 includes M2 plus Deposits in FC and bonds

National Accounts, Prices and Exchange Rates

	2019	2020e	2021f
Nominal GDP (LBP trillion)	80.8	93.6	182.3
Nominal GDP (US\$ bn)	51.6	22.6	23.2
Real GDP growth, % change	-6.7	-26.2	-8.3
Private consumption	-7.3	-20.2	-10.0
Public consumption	2.5	-67.0	-60.0
Gross fixed capital	-11.1	-31.3	-21.5
Exports of goods and services	-4.0	-35.8	1.1
Imports of goods and services	-4.9	-38.0	-21.0
Consumer prices, %, average	2.9	84.9	140.2
Official exchange rate, average, LBP/US\$	1,507.5	1,507.5	1,507.5
Parallel exchange rate, average, LBP/US\$	1,625	5,549	13,569
Weighted average exchange rate LBP/US\$	1,566	4,142	7,865

Source: Institute of International Finance- September 2021

Ratings & Outlook

Sovereign Ratings	Foreign Currency			Local Currency		
	LT	ST	Outlook	LT	ST	Outlook
Moody's Investors Service	C	NP	-	C		-
Fitch Ratings	RD	C	-	CC	C	-
S&P Global Ratings	SD	SD	-	CC	C	Negative
Capital Intelligence Ratings	SD	SD	-	C-	C	Negative

*for downgrade

**CreditWatch negative

Source: Rating agencies

Banking Sector Ratings	Outlook
Moody's Investors Service	Negative

Source: Moody's Investors Service



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
www.byblosbank.com

Lebanon This Week is a research document that is owned and published by Byblos Bank sal. The contents of this publication, including all intellectual property, trademarks, logos, design and text, are the exclusive property of Byblos Bank sal, and are protected pursuant to copyright and trademark laws. No material from Lebanon This Week may be modified, copied, reproduced, repackaged, republished, circulated, transmitted, redistributed or resold directly or indirectly, in whole or in any part, without the prior written authorization of Byblos Bank sal.

The information and opinions contained in this document have been compiled from or arrived at in good faith from sources deemed reliable. Neither Byblos Bank sal, nor any of its subsidiaries or affiliates or parent company will make any representation or warranty to the accuracy or completeness of the information contained herein.

Neither the information nor any opinion expressed in this publication constitutes an offer or a recommendation to buy or sell any assets or securities, or to provide investment advice. This research report is prepared for general circulation and is circulated for general information only. Byblos Bank sal accepts no liability of any kind for any loss resulting from the use of this publication or any materials contained herein.

The consequences of any action taken on the basis of information contained herein are solely the responsibility of the person or organization that may receive this report. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies that may be discussed in this report and should understand that statements regarding future prospects may not be realized.

BYBLOS BANK GROUP

LEBANON

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

IRAQ

Erbil Branch, Kurdistan, Iraq
Street 60, Near Sports Stadium
P.O.Box: 34 - 0383 Erbil - Iraq
Phone: (+ 964) 66 2233457/8/9 - 2560017/9
E-mail: erbilbranch@byblosbank.com.lb

Sulaymaniyah Branch, Kurdistan, Iraq
Salem street, Kurdistan Mall - Sulaymaniyah
Phone: (+ 964) 773 042 1010 / (+ 964) 773 041 1010

Baghdad Branch, Iraq
Al Karrada - Salman Faeq Street
Al Wahda District, No. 904/14, Facing Al Shuruk Building
P.O.Box: 3085 Badalat Al Olwiya – Iraq
Phone: (+ 964) 770 6527807 / (+ 964) 780 9133031/2
E-mail: baghdadbranch@byblosbank.com.lb

Basra Branch, Iraq
Intersection of July 14th, Manawi Basha Street, Al Basra – Iraq
Phone: (+ 964) 770 4931900 / (+ 964) 770 4931919
E-mail: basrabranch@byblosbank.com.lb

UNITED ARAB EMIRATES

Byblos Bank Abu Dhabi Representative Office
Al Reem Island - Sky Tower - Office 2206
P.O.Box: 73893 Abu Dhabi - UAE
Phone: (+ 971) 2 6336050 - 2 6336400
Fax: (+ 971) 2 6338400
E-mail: abudhabirepoffice@byblosbank.com.lb

ARMENIA

Byblos Bank Armenia CJSC
18/3 Amiryan Street - Area 0002
Yerevan - Republic of Armenia
Phone: (+ 374) 10 530362 Fax: (+ 374) 10 535296
E-mail: infoarm@byblosbank.com

NIGERIA

Byblos Bank Nigeria Representative Office
161C Rafu Taylor Close - Off Idejo Street
Victoria Island, Lagos - Nigeria
Phone: (+ 234) 706 112 5800
(+ 234) 808 839 9122
E-mail: nigeriarepresentativeoffice@byblosbank.com.lb

BELGIUM

Byblos Bank Europe S.A.
Brussels Head Office
Boulevard Bischoffsheim 1-8
1000 Brussels
Phone: (+ 32) 2 551 00 20
Fax: (+ 32) 2 513 05 26
E-mail: byblos.europe@byblosbankeur.com

UNITED KINGDOM

Byblos Bank Europe S.A., London Branch
Berkeley Square House
Berkeley Square
GB - London W1J 6BS - United Kingdom
Phone: (+ 44) 20 7518 8100
Fax: (+ 44) 20 7518 8129
E-mail: byblos.london@byblosbankeur.com

FRANCE

Byblos Bank Europe S.A., 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

CYPRUS

Limassol Branch
256 Archbishop Makariou III Avenue, Eftapaton Court
3105 Limassol - Cyprus
Phone: (+ 357) 25 341433/4/5
Fax: (+ 357) 25 367139
E-mail: byblosbankcyprus@byblosbank.com.lb

ADIR INSURANCE

Dora Highway - Aya Commercial Center
P.O.Box: 90-1446
Jdeidet El Metn - 1202 2119 Lebanon
Phone: (+ 961) 1 256290
Fax: (+ 961) 1 256293