

### Lebanon's Access to Foreign Markets

#### Part IV: Trade with Russia

Lebanon is working on strengthening its economic and commercial relations with Russia, where imports and exports of goods and services available to and from the Russian market present an opportunity that should be explored. As such, the Ministry of Economy and Trade's next Economic Diplomacy analysis will focus on examining the potential for enabling economic and trade cooperation with Russia.

With a population of over 143 Million people, a combined GDP of over USD 2.5 Trillion, and an International trade profile that is dominated by a combination of a rich diversion of natural resources that have kept Trade Surplus at over USD 208 Billion in 2013, expanding trade agreements with Russia could therefore be beneficial to the Lebanese economy.

With regards to its international trade profile, Russia is the second-largest producer of natural gas, holds the world's largest natural gas reserves, the second-largest coal reserves and the eighth-largest crude oil reserves. Russia is also a top producer of metals such as steel and primary aluminum. As such, top Russian exports in 2013 included Crude petroleum oils (33%), Petroleum oils, not crude (21%), Iron and Steel (4%) and Coal (2%). Furthermore, the top 5 countries that Russia exported to in 2013 include Netherlands (13%), Italy (7%), Germany (7%), China (7%) and Turkey (5%).

With regards to Imports in the same year, Russia mainly imported Machinery (18%), Vehicles (13%), Electrical equipment (11%), Pharmaceutical products (5%) and Plastics (4%). Furthermore, the top 5 countries that Russia imported from include China (17%), Germany (12%), USA (5%), Ukraine (5%) and Italy (5%).

In terms of Russia's trade with Lebanon, aggregate trade reached USD 908.1 Million in 2013, of which USD 901 Million was imported from Russia to Lebanon and USD 7.1 Million was exported from Lebanon to Russia. Table 1 and 2 below shows the 2013 percentage shares of Imports and Exports respectively for trade between Lebanon and Russia.

Country	Imports	
	(000s of USD)	% Share of Total
Russia	901,009	4.2%
Total Imports	21,234,206	100%

Country	Exports	
	(000s of USD)	% Share of Total
Russia	7,130	0.2%
Total Exports	3,937,066	100%

As the imports table shows, Russian imports represent 4.2% of total imports to Lebanon. On the other hand, the percentage of exports to Russia is relatively negligible.

Top Imports from Russia to Lebanon in 2013			
Country	Product	(000s of USD)	% Share of Total
Russia	Mineral fuels, oils, distillation products, etc, of which:	729,736	81%
	<i>Petroleum oils, not crude</i>	679,756	93%
	<i>Petroleum gases</i>	42,861	6%
	<i>Coal; briquettes, ovoids &amp; similar solid fuels manufactured from coal</i>	7,093	1%
	Cereals	66,479	7%
	<i>Wheat and meslin</i>	11,126	17%
	<i>Maize (corn)</i>	4,371	7%
	<i>Barley</i>	314	0%
	Wood and articles of wood, wood charcoal	25,638	3%
	<i>Wood sawn/chipped lengthwise, sliced/peeled</i>	23,095	90%
	<i>Plywood, veneered panels and similar laminated wood</i>	2,522	10%
	<b>Total Imports from Russia</b>	<b>901,009</b>	<b>100%</b>

In terms of imports, the following points can be made from the above Table 3:

- The main imported product from Russia is mineral fuels, which makes up 81% of total imports. In turn, petroleum oils, petroleum gases and coal are the main types of mineral fuels imported with a 93%, 6% and 1% respective percentage.
- Lebanon also imports a) cereals and b) wood and articles of wood. These however, remain negligible relative to mineral fuels, comprising a respective 7% and 3% of total imports.

Top Exports from Lebanon to Russia in 2013			
Country	Product	(000s of USD)	% Share of Total
Russia	Electrical, electronic equipment, of which:	1,757	25%
	<i>Insulated wire/cable</i>	1,756	100%
	Plastics and articles thereof, of which:	1,626	23%
	<i>Plastic packing goods or closures stoppers, lids, caps, closures, plas</i>	1,117	69%
	Edible vegetables and certain roots and tubers, of which:	1,161	16%
	<i>Potatoes</i>	1,155	99%
	<b>Total Exports to Russia</b>	<b>7,130</b>	<b>100%</b>

In terms of exports, the following points can be made about Table 4 for the year 2013:

- The In terms of top products, electrical and electronic equipment makes up a quarter of Lebanese exports to Russia.
- Other types of exports include a) plastics and articles thereof and b) vegetable products, mainly potatoes.

The recent ban on agricultural products from the USA, Canada and the EU has allowed Russia to step up food imports from non-sanctioned countries. This therefore presents a significant opportunity for Lebanon to expand its agricultural exports to Russia, specifically fruits and vegetables, as well as develop existing markets and identify prospective opportunities.

With the regards to agricultural products, the Ministry of Economy and Trade has already set a list of export products in which Lebanon has a special interest with most economies, and the products categories where it would like to have significant preferential treatment including:

- Traditional Lebanese products, such as labneh and shankleesh
- Preparations of vegetables, fruits and nuts
- Animal and vegetable fats and oils such as olive oil
- Wine

In 2013, exports of vegetable products, fruit products, prepared foods and oil products to Russia stood at USD 1.16 Million, USD 281,000, USD 633,000 and USD 25,000 respectively. Dairy products and wine were negligible, but could prove to be successful exports if appropriately marketed. In addition to the food products listed, suggested industries with significant business opportunities include the pharmaceuticals, detergents, paper, cosmetics, clothing, electrical transformers and specialized machines.

As such, Lebanon's significant trade potentials with Russia has persuaded the Ministry of Economy and Trade, along with the Ministry of Foreign affairs, the Ministry of Agriculture, the Ministry of Industry and the Chambers of Commerce, Industry and Agriculture in Lebanon, to discuss a preliminary plan of action that aims to kick start economic diplomacy between the two nations, which includes:

- Identify the goods demanded by the Russian market, specifically regarding fruits and vegetables
- Determine the potential and the ability of the Lebanese companies to meet these needs and communicate with these companies
- Identify Lebanese companies that are exporting to Russia to establish links
- Develop existing agreements with Russia as well as signing new agreements Other types of exports include a) plastics and articles
- Identify appropriate modes of transportation for the efficient export of goods to Russia

With that being said, the significant trade potentials with Russia are an encouragement for the Ministry of Economy and Trade to continue making progress in negotiating Economic and Trade agreements and to put such developments at the forefront the Ministry's priorities.

### MONTHLY ECONOMIC TRENDS:

#### • GDP Growth and Economic Forecasts:

— Although growth in the **Coincident Indicator** — a compound index of a number of economic indicators published by BDL that acts as an estimate of economic performance— registered a negative growth in its figure in the first eight months of 2014, it also improved to reach 265.0 and recorded a lower YTD relative to the 6.7% decrease attained in the same period in 2013.

#### • Real Estate:

— Figures show that the Real Estate sector has generally seen improved activity in 2014. The **Value of Real Estate Sales** rose by 10.4% YTD by end of August 2014 relative to the same period in 2013, while the total **Number of Sale Transactions** rose 3.0%.

#### • Tourism:

— For the first time in four years, the **Number of Tourists** witnessed an increase in figures from the low attained in August 2013. The number of tourists continuously fell from a high of 1,492,133 in the first eight months of 2010 down to 891,079 in the same period in 2013, before shooting up to 897,106 by end of August 2014.

Furthermore, Tourism in the month of August reached 150,650, the figure being the highest number of tourists attained in the month of August since 2010. In fact, the month of August in 2014 registered a 9.7% increase compared to the month of August in 2013. This turnaround continues to confirm that the lifting of the unofficial ban on travels to Lebanon by the governments of Saudi Arabia and other Gulf states has had a positive effect on summer tourism.

— Furthermore, **Number of Airport Passengers** saw a rise in the first eight months of 2014. This 2.2% increase relative to the first eight months of 2013 comes with the greatest increase in their number for the longest period ever.

#### • Trade

Trade began to witness negative results by the end of August 2014. Port of Beirut saw a slowdown in Container Activity and Revenues while the trade deficit showed a continued decline in figures. Although the trade deficit continued to increase, the rise in capital inflows was able to offset the trade deficit and keep the Balance of Payments in a surplus position.

— With regards to **Maritime Statistics**, Beirut Port Statistics began to show a reversal of fortune as most port indicators witnessed declining activity. **TEU Container Activity** at the local level, for instance, fell for the first time this year. The fall was a meagre 0.3%, reaching 511,756 TEU in the first eight months of 2014 relative to the same period in 2013. Moreover, **Port of Beirut Revenues** also registered a fall in the first eight months of 2014- reaching -2.8%-demonstrating the slowdown in activity at the Port of Beirut.

— With regards to **Imports**:

- **In terms of value**, imports witnessed a 2.0% fall by end of August

2014 relative to August 2013, to reach USD 14,057 Million. The Fall in the value of imports is the result of a YoY decrease in value of Gold (-26.1%) and Motor cars and other motor vehicles (-7.8%). However, imports of Oil, Medicaments and Alloy Products rose by 5.4%, 5% and 15.6% respectively. Removing the effects of value of petroleum imports, which represent just over a fifth of the total value of imports leads to an even larger increase in the value of imports, reaching by -4.0%.

- **In terms of volume**, imports witnessed an 6.4% increase in the first eight months of 2014 relative to the previous year. The Rise in volume of imports is the result of a YoY increase in the volume of Petroleum oils (22.7%), Calcium Phosphates (68.2%), Petroleum coke (22.7%), Alloy products (23.5%) and Wheats and Meslin (14.2%). However, volume of Glazed ceramics fell by 3%. Removing the effects of oil imports, which represents almost a third of the total volume of imports however, leads to a smaller fall in the volume of imports, amounting to 5.6%.

— With regards to **Exports**:

- **In terms of value**, exports witnessed a 22.7% decline in the first eight months of 2014, reaching USD 2,219 Million relative to the USD 2,875 Million attained a year earlier. This fall in value of exports is the result of a YoY decrease in value of Gold (-39.5%), Ferrous waste and scrap (-35.0%) , Copper waste and scrap (-54.8%) and Electric Generating Set and Converters (-30.2%). Value of printed books and brochures however saw a 52.8% rise.

- **In terms of volume**, total exports fell by 30.1%. This Fall in volume of exports is the result of a YoY decrease in volume of Ferrous waste and scrap (-34.1%), Potatoes (-4.8%) and Mineral waters and aerated water products (-2.9%). Volume of Diphosphorus chemicals or phosphatic acid, Citrus fruits and Mineral or chemical fertilisers however, saw an increase in volume of 131.9%, 8.0% and 0.5% respectively.

— As such, the Year to Date **value of the Trade Deficit** in the first eight months of 2014 showed a rise of 3.3% compared to the same period in 2013, when oil products are included in the equation. Removing oil products leads to a smaller year on year increase in the deficit, amounting to 2.5%.

— The **Balance of Payments** saw a net improvement in the first eight months of 2014, as it registered a deficit of USD 433 Million in 2014 relative to the USD 1,532 Million deficit attained in the same period in 2013. Despite the above mentioned rise in the trade deficit, this improvement came about due to the 10.9% increase in **Capital Inflows** over the said period.

### • Banking and Financial

On the whole, Commercial Banking figures grew during the first eight months of the 2014, but for some indicators, at a slower pace than in 2013.

- **Loans to the private sector** continued to witness a rise in the first eight months of the year, growing by 5.6% since the start of 2014. This represents an improvement relative to the same period in 2013, where the growth in loans to the private sector reached 4.9% in the first eight months of the year. Although growth in the **Number of Kafalat loans** increased by 4.7% in the first nine months of 2014, since because the **Value of Kafalat** during this period remained the same, at approximately USD 87 Million, this indicates that the average size of each loan being distributed was smaller.
- **Private Sector Deposits** also saw a YTD rise up to August 2014 relative to the same period in 2013, to reach USD 141.5 Billion. This 3.9% growth was due to a 6.9% increase in resident private sector deposits and 11.0% rise in non-resident private sector deposits since the beginning of 2014.
- Similarly, **Foreign Assets** continued to show positive results in 2014 despite the continued fall in the value of Gold Reserves. Foreign Assets in the first eight months of 2014 rose by 5.0% relative to the 3.8% fall attained in the same period in 2013. This is due to the **Value of Foreign Currency Reserves** and **Gold Reserves** rising by 4.3% and 6.8% respectively relative to the 4.3% rise and 19.7% fall attained in the first eight months of 2013.
- The total **Value of Checks Cleared** in the banking system, an indicator of overall spending patterns in the economy, rose by 3.4% to reach USD 49,460 Million (LBP and FC combined) by the end of August 2014, from the USD 47,831 Million observed by the end of August 2013. The **Number of Cleared Checks** however, witnessed a slight decline in figures, reaching 8.70 Million compared to the 8.79 Million attained in the same period a year earlier. This has consequently led to a 4.4% rise in the average value of cleared checks between August 2013 and August 2014.

### • Fiscal Performance

Fiscal Performance by the end of the first half of 2014 witnessed an improvement compared to the previous year. Although the fiscal balance remained in deficit, reaching USD 1,577 Million, it fell 17%

relative to the USD 1,899 Million deficit attained in first half of 2013.

This improvement in the fiscal performance came about following a surge in revenues relative to expenditures in the first half of 2014 relative to the same period of the previous year, whereby total revenues increased by 7.9% to reach USD 5,238 Million and total expenditures rose by 0.9% to reach USD 6,815 Million.

In addition, the primary balance, which is the exclusion of the debt service figures from the fiscal balance, saw a significant improvement in figures, as it registered a surplus of USD 580 Million in the first half of 2014 relative to the USD 16 Million surplus attained in the same period a year earlier. This signifies that the government is able to balance its accounts, before debt service is accounted for.

With regards to total revenues, the 7.9% increase was the result of a combined increase in Tax and Non-Tax Revenues, in addition to a rise in Treasury Revenues. Tax Revenues and Non Tax Revenues witnessed an increase of 5.7% and 11.2% respectively, while treasury revenues went up by 25.1%.

On the spending side, the sharp fall in Treasury Expenditures, amounting to 24.8%, was able to offset the 7.8% rise in Budget Expenditures, leading to an overall meagre rise in Total Expenditures.

### Disclaimer:

The most recent month for September 2014 Issue is highlighted for each of the following indicators:

- Coincidence Indicator Statistics: August 2014
- Real Estate Statistics: August 2014
- Tourism Statistics: August 2014
- Trade Statistics: August 2014
- Banking and Financial Statistics: August 2014
- Fiscal Performance Statistics: June 2014

For more information or assistance, please do not hesitate to contact the Economic Research Unit at the Ministry of Economy and Trade:

Tel: +961 1 982 294

Caroline Bitar (ext: 1609): cbitar@economy.gov.lb

Rayane Dandache (ext: 1615): rdandache@economy.gov.lb

# KEY ECONOMIC INDICATORS

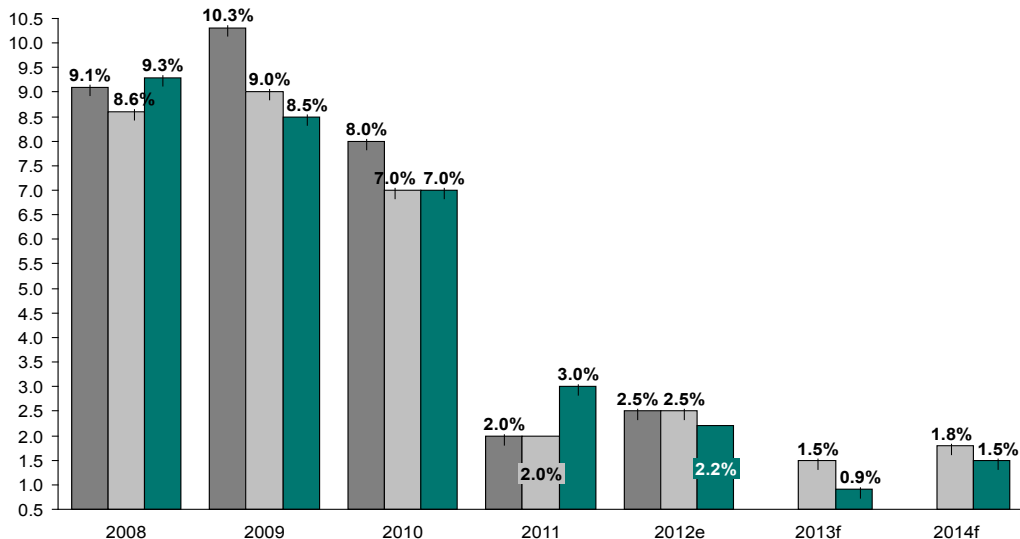
## September 2014 ISSUE

GENERAL INDICES	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Nominal GDP (Billions USD)										
CAS	1		-	-		42.9		40.1	7.0%	38.0
IMF	2	Jan-Dec	47.5	45.0	5.6%	42.5	5.8%	40.1	6.1%	38.0
World Bank	3		-	-		42.9		40.1	7.0%	37.1
Real Economic Growth Rate (%)										
CAS	1		-	-		2.5%		2.0%		8.0%
IMF	2	Jan-Dec	1.8%f	1.5%f		2.5%		2.0%		7.0%
World Bank	3		1.5%f	0.9%f		2.2%		3.0%		7.0%
Coincidence Indicator (1993=100)	4	Jan-Aug	265.0	244.8	8.3%	230.0	6.4%	236.7	-2.8%	228.3
Growth in Coincidence Indicator (%)	4	YTD Aug	-1.1%	-6.7%		-13.4%		-7.4%		-5.1%
Inflation Rate (%)	1	Jan-Aug	101.39	98.97	2.4%	97.91	1.1%	89.64	9.2%	84.76
Electricity Production (Millions Kwh)	4	Jan-June	5,226	5,516	-5.3%	5,590	-1.3%	6,112	-8.5%	6,011
Number of New Cars registrations	5	Jan-Sept	28,811	26,601	8.3%	26,142	1.8%	24,348	7.4%	25,565
Number of New Industrial Licenses	6	Jan-Dec	-	415		349	18.9%	375	-6.9%	-
LABOR	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Renewed Work Permits given to Foreign Workers	7	Jan-Dec	-	117,235	-	135,950	-13.8%	123,975	9.7%	114,810
Number of 1st Time Work Permits given to Foreign Workers	7	Jan-Dec	-	40,981	-	53,429	-23.3%	60,981	-12.4%	45,005
CONSTRUCTION AND REAL ESTATE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Cement Delivers (000s Tons)	4	Jan-Aug	3,693,153	3,740,466	-1.3%	3,406,496	4.0%	3,699,410	-7.9%	3,528,559
Construction Permits area (000s of Sq m)	8	Jan-Aug	9,482	8,562	10.7%	9,716	-11.9%	11,245	-13.6%	11,767
Total Number of New Permits	8	Jan-Aug	11,310	11,391	-0.7%	12,121	-6.0%	12,412	-2.3%	11,262
Total Value of Real Estate Sales (Millions of USD)	9	Jan-Aug	5,865	5,312	10.4%	5,489	-3.2%	5,232	4.9%	6,379
Total Number of Property Sales, of which:	9	Jan-Aug	45,203	43,883	3.0%	46,011	-4.6%	50,841	-9.5%	62,287
Sales to Locals	9	Jan-Aug	44,538	43,080	3.4%	45,137	-4.6%	49,977	-9.7%	61,032
Sales to Foreigners	9	Jan-Aug	665	803	-17.2%	874	-8.1%	864	1.2%	1,255

[1] Lebanese Central Administration of Statistics (CAS) [2]IMF World Economic Outlook, Oct 2014 [3] World Bank World Development Indicators, [4] Banque du Liban, [5] Association of Car Importers in Lebanon, [6] Ministry of Industry, [7] Ministry of Labor [8] Order of Architects in Beirut and Tripoli, [9] Real Estate Directorate



## GDP Growth (in Percentage; 2008-2014f)

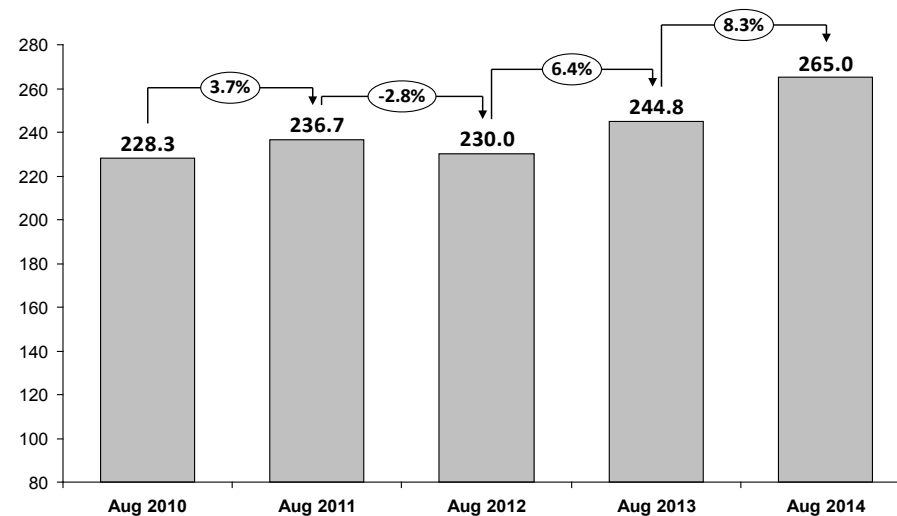


Source: CAS, IMF and World Bank

Note: No CAS GDP Growth Projection for 2013 and 2014

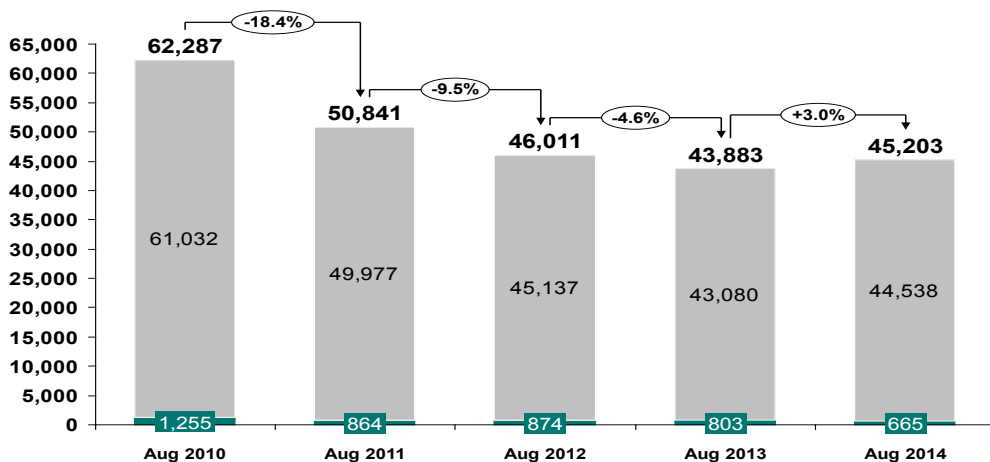
■ CAS ■ IMF ■ World Bank

## Evolution in Coincidence Indicator (1993= 100)



Source: Banque du Liban

## Evolution of the Number of Property Sales (in Number of Sales; 2010-2014)

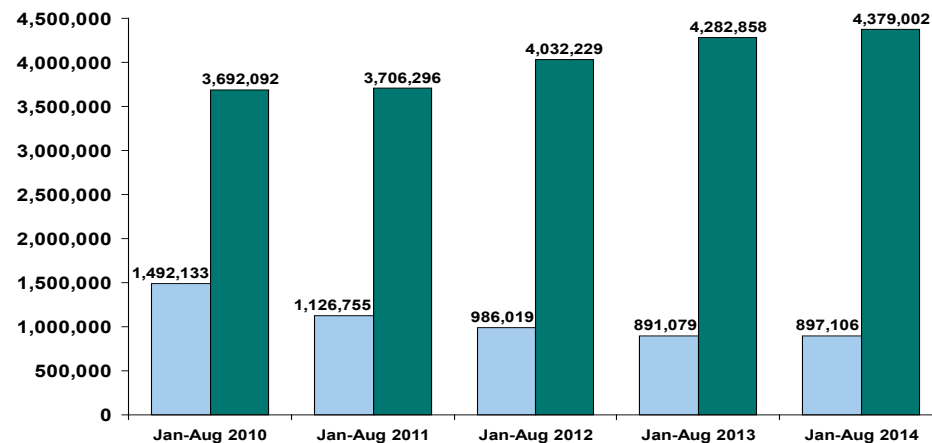


Note: Property Sales include both Local and Foreign Sales

Source: Real Estate Directorate at the Ministry of Finance

■ Local Sales ■ Foreign Sales

## Evolution in the Number of Tourists and Airport Passengers (2010-2014)



Source: Ministry of Tourism

■ Tourism ■ Airport Passengers



# KEY ECONOMIC INDICATORS

## September 2014 ISSUE

TRADE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Exports Value (Millions of USD), of which:	10	Jan-Aug	2,220	2,875	-22.8%	2,829	1.6%	2,896	-2.3%	2,725
Exports Volume (Millions of Tons)	10	Jan-Aug	1.38	1.97	-30.1%	1.54	28.2%	1.93	-20.2%	2.00
Imports Value (Millions of USD), of which:	10	Jan-Aug	(14,057)	(14,339)	-2.0%	(14,403)	-0.4%	(12,626)	14.1%	(11,878)
<i>Mineral Fuels and Oils</i>	10	Jan-Aug	(3,251)	(3,084)	5.4%	(3,874)	-20.4%	(2,177)	78.0%	(2,121)
<i>Imports Value, excl Oil Products</i>	10	Jan-Aug	(10,806)	(11,255)	-4.0%	(10,529)	6.9%	(10,449)	0.8%	(9,757)
Imports Volume (Millions of Tons), of which:	10	Jan-Aug	10.48	9.85	6.4%	10.68	-7.8%	9.01	18.6%	9.96
<i>Mineral Fuels and Oils</i>	10	Jan-Aug	3.36	3.11	8.2%	4.01	-22.6%	2.40	67.4%	3.20
<i>Imports Volume, excl Oil Products</i>	10	Jan-Aug	7.12	6.74	5.6%	6.67	1.1%	6.61	0.9%	6.76
Trade Deficit (Millions of USD)	10	Jan-Aug	(11,837)	(11,464)	3.3%	(11,574)	-1.0%	(9,730)	19.0%	(9,153)
Trade Deficit, excl Oil Products	10	Jan-Aug	(8,586)	(8,380)	2.5%	(7,700)	8.8%	(7,553)	1.9%	(7,032)
Industrial Exports (excluding Gold Ingots)	6	Jan-Apr	1,016	1,164	-12.7%	1,031	12.9%	1,026	0.4%	1,036
Industrial Machinery	6	Jan-Apr	91	109	-16.3%	89	22.1%	77	15.7%	77
Capital Inflows (Millions of USD), of which:		Jan-Aug	11,404	10,284	10.9%	9,735	5.6%	8,493	14.6%	11,907
Balance of Payments (Millions of USD)	4	Jan-Aug	(433)	(1,532)	-71.8%	(1,840)	-16.7%	(1,237)	48.7%	2,754
Value of Transit Goods (Millions of USD)	10	Jan-Aug	202.4	136.7	48.1%	284.5	-51.9%	287.2	-0.9%	117.0
Port Activity (000s Tons of Goods)	11	Jan-Aug	4,837	5,493	-12.7%	4,797	16.6%	4,442	9.2%	4,476
Port Revenues (Millions of USD)	11	Jan-Aug	141.7	145.7	-2.8%	116.7	24.9%	105.2	10.9%	111.4
Total TEU (Twenty Foot Equivalent Unit) of which:		Jan-Aug	825,455	760,558	8.5%	703,774	8.1%	678,444	3.7%	648,298
<i>TEU to Local Market</i>	11	Jan-Aug	511,756	513,076	-0.3%	417,463	22.9%	390,688	6.9%	408,190
<i>Transshipment</i>	11	Jan-Aug	313,699	247,482	26.8%	286,311	-13.6%	287,756	-0.5%	240,108
TOURISM	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Tourists	12	Jan-Aug	897,106	891,079	0.7%	986,019	-9.6%	1,126,755	-12.5%	1,492,133
Number of Tourists	12	Aug	150,650	137,293	9.7%	114,299	20.1%	132,888	-14.0%	166,132
Hotel Occupancy Rates	13	Jan-Aug	49%	54%	-9.3%	60%	-10.0%	52%	14.8%	70%
Hotel Occupancy Rates	13	Aug	60%	47%	27.7%	34%	38.2%	31%	9.7%	43%
Evolution in Tourism Spending	14	Jan-Sept	-	-	-1%	-	-11%	-	1%	-
Number of Airport Passengers	15	Jan-Aug	4,379,002	4,282,858	2.2%	4,032,229	6.2%	3,706,296	8.8%	3,692,092

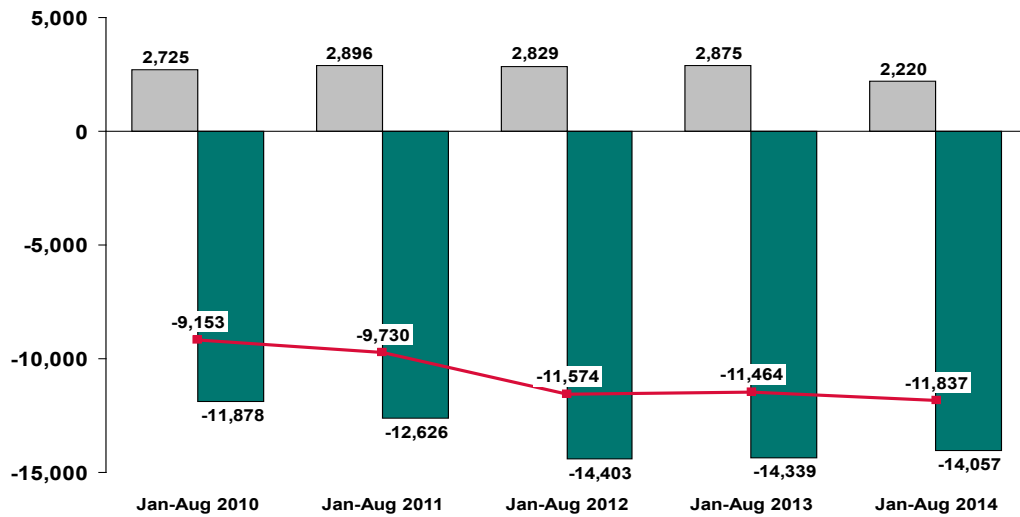
[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Port of Beirut

[12] Ministry of Tourism, [13] Ernst and Young Hotel Benchmark Survey Report August 2014, [14] Global Blue [15] Rafic Hariri Airport



## Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

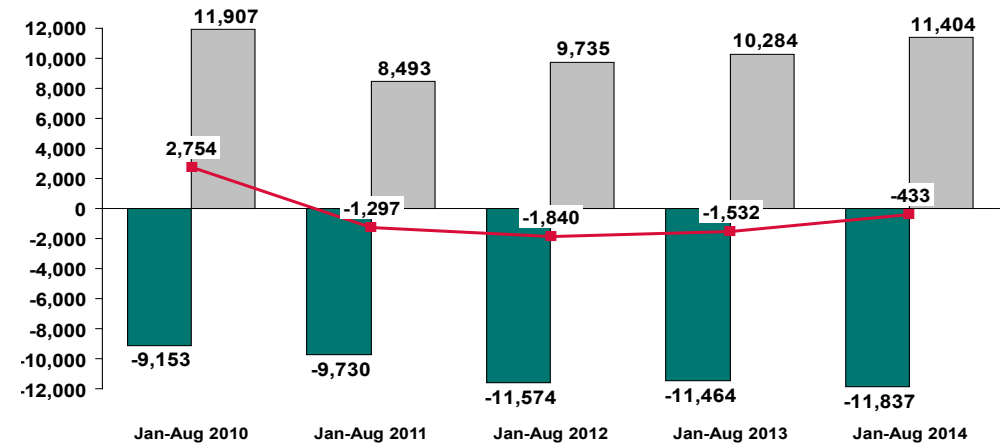


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

## Evolution in Trade Deficit, Capital Inflows and Balance of Payments

(in Millions of USD; 2010 to 2014)

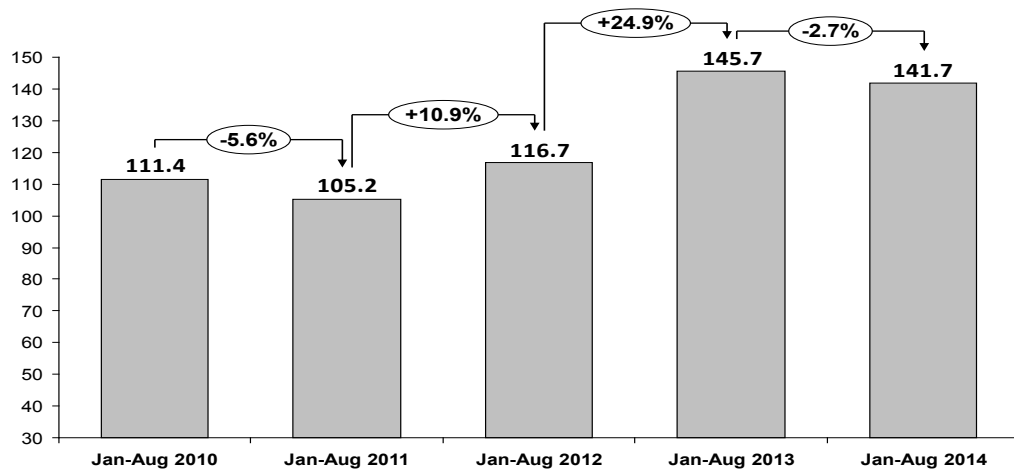


Source: Lebanese Customs & BdL

Trade Deficit Capital Inflows BoP

## Evolution in Revenues at Port of Beirut

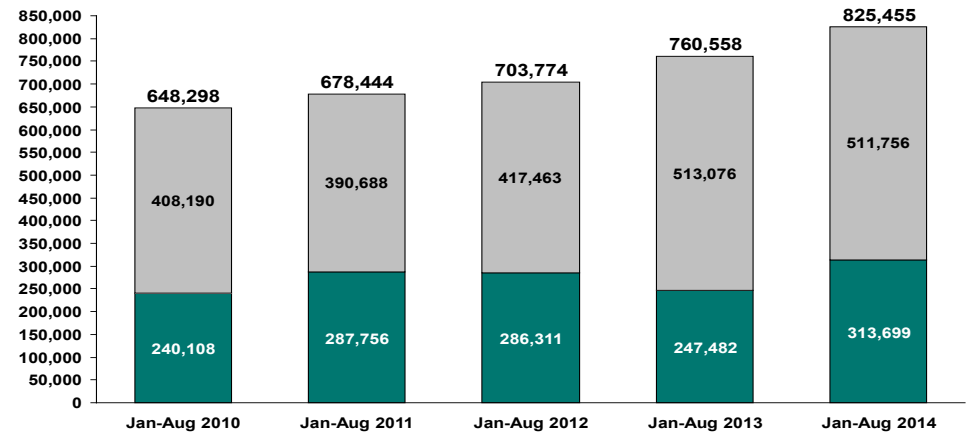
(in Millions of USD; 2010-2014)



Source: Port of Beirut

## Evolution in Total TEU Container Activity

(in Millions USD; 2010-2014)



Source: Port of Beirut  
Total TEU = TEU to Local Market + Transshipments

TEU to Local Market Transshipments





# KEY ECONOMIC INDICATORS

## September 2014 ISSUE

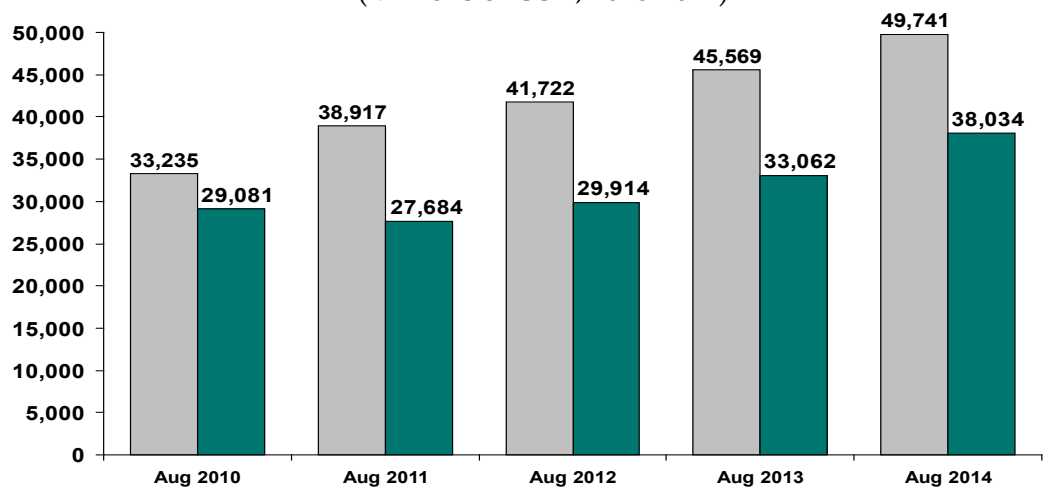
BANKING	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	Aug	170,333	158,563	7.4%	147,049	7.8%	138,055	6.5%	125,292
<i>Growth in Commercial Banking Assets (%)</i>	4	YTD Aug	3.3%	4.4%		4.6%		7.1%		8.7%
Private Sector Deposits (Millions USD)	4	Aug	141,515	131,382	7.7%	121,161	8.4%	112,951	7.3%	102,718
<i>Growth in Private Sector Deposits (%)</i>	4	YTD Aug	3.9%	5.1%		4.7%		5.4%		7.3%
Loans to the Private Sector (Millions of USD)	4	Aug	49,741	45,569	9.2%	41,722	9.2%	38,917	7.2%	33,235
<i>Growth in Loans to the Pr.S (%)</i>	4	YTD Aug	5.6%	4.9%		4.4%		11.4%		17.1%
Loans to the Public Sector (Millions of USD)	4	Aug	38,034	33,062	15.0%	29,914	10.5%	27,684	8.1%	29,081
<i>Growth in Loans to the P.S (%)</i>	4	YTD Aug	1.0%	6.2%		2.4%		-5.6%		0.1%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	Aug	44,950	43,560	3.2%	44,845	-2.9%	47,380	-5.3%	39,616
<i>Growth in Foreign Assets (%)</i>	4	YTD Aug	5.0%	-3.8%		-0.8%		13.9%		10.9%
Foreign Currency Reserves	4	Aug	33,093	31,269	5.8%	29,536	5.9%	30,635	-3.6%	28,236
<i>Growth in Foreign Currency Reserves (%)</i>	4	YTD Aug	4.3%	4.3%		-4.2%		7.1%		10.0%
Gold Reserves	4	Aug	11,857	12,291	-3.5%	15,310	-19.7%	16,745	-8.6%	11,380
<i>Growth in Gold Reserves(%)</i>	4	YTD Aug	6.8%	-19.7%		6.3%		28.7%		13.1%
Lebanese Pound Deposit Rate (%)	4	Aug	5.51	5.47	0.7%	5.51	-0.7%	5.53	-0.4%	5.72
Lebanese Pound Lending Rate (%)	4	Aug	7.21	7.24	-0.4%	7.27	-0.4%	7.53	-3.5%	8.05
USD Deposit Rate (%)	4	Aug	3.13	2.91	7.6%	2.84	2.5%	2.80	1.4%	2.78
USD Lending Rate (%)	4	Aug	6.96	7.16	-2.8%	7.26	-1.4%	7.16	1.4%	7.04
3-Month TB Yield (%)	4	Aug	4.44	4.44	0.0%	4.44	0.0%	3.93	13.0%	3.93
6 Month TB Yield (%)	4	Aug	4.99	4.99	0.0%	4.99	0.0%	4.50	10.9%	4.51
12 Month TB Yield (%)	4	Aug	5.35	5.35	0.0%	5.35	0.0%	4.81	11.2%	4.81
36-Month TB Coupon (%)	4	Aug	6.61	6.61	0.0%	6.61	0.0%	6.03	9.6%	6.03

[4] Banque du Liban



## Total Loans to the Private (Resident and Non Resident) and Public Sector

(Millions of USD; 2010-2014)

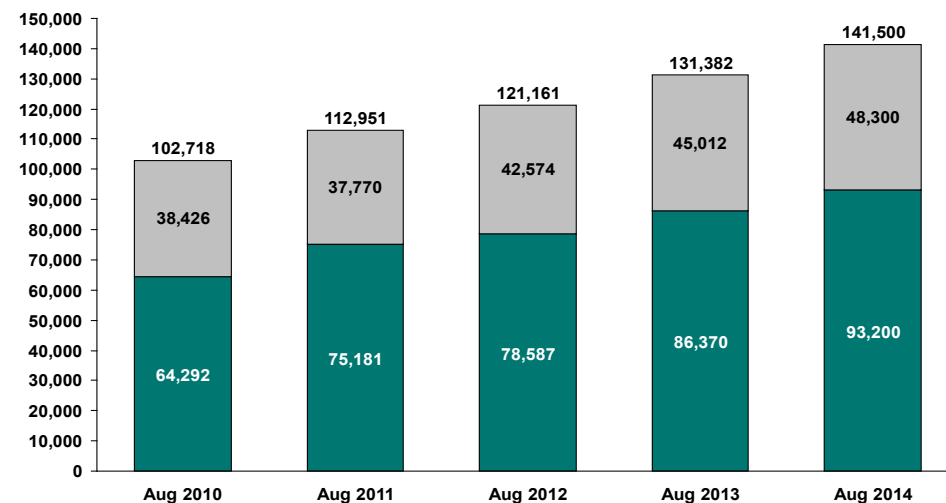


Source: Banque du Liban

Legend:   
■ Total Loans to the Private Sector   
■ Total Loans to the Public Sector

## Value of Bank Deposits (Lebanese and Foreign Currency)

(in Millions USD; 2010-2014)

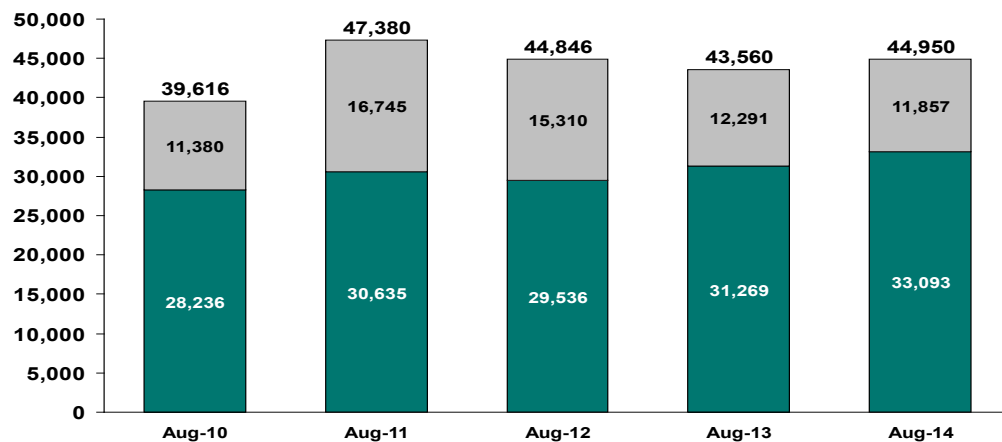


Note: Bank Deposits defined as Resident Private Sector Deposits (excluding Public Sector)  
 Source: Banque du Liban

Legend:   
■ Lebanese Deposits   
■ Foreign Currency Deposits

## Value of Foreign Assets held by BdL

(in Millions USD; 2010-2014)

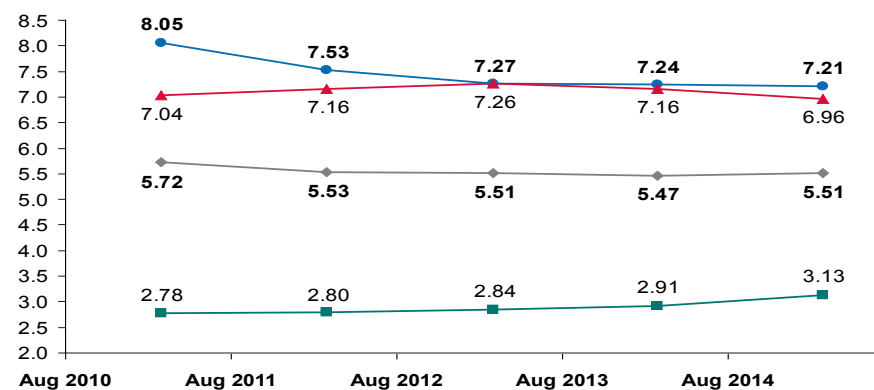


Source: Banque du Liban

Legend:   
■ Gold   
■ Foreign Currency

## LBP and USD Deposit and Loan Rates

(in Percentage; 2010-2014)



Source: Banque du Liban

Legend:   
— LBP Deposits   
— USD Deposits   
— LBP Loans   
— USD Loans



# KEY ECONOMIC INDICATORS

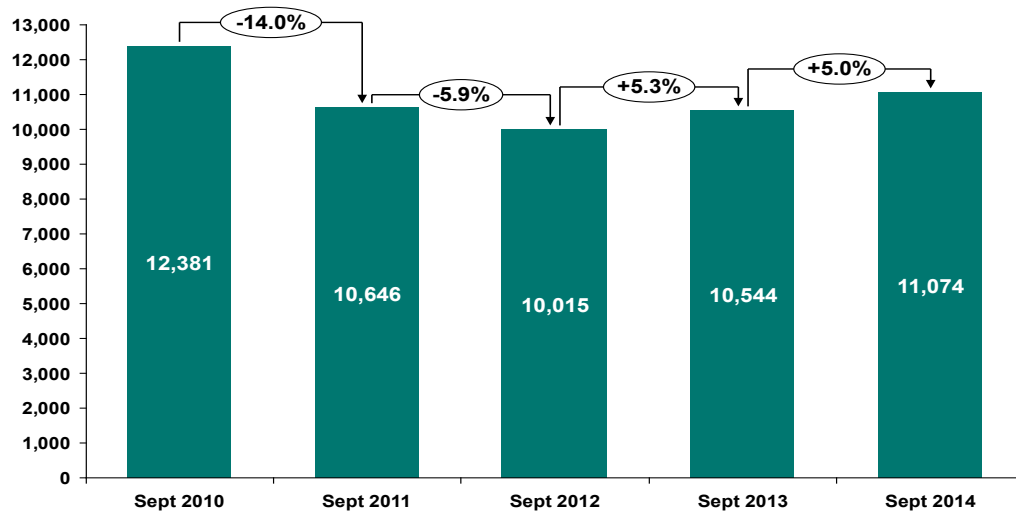
## September 2014 ISSUE

FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
M3 Money Supply (Million USD)	4	Aug	115,623	108,277	6.8%	101,079	7.1%	95,205	6.2%	88,904
<i>Growth in M3 Money (%)</i>	4	YTD Aug	4.0%	4.1%		4.0%		3.3%		8.3%
Value of Cleared Checks (in Millions of USD)	4	Jan-Aug	87.0	87.0	0.0%	108.9	-20.1%	125.0	-12.9%	126.4
Number of Cleared Checks (in Millions)	4	Jan-Aug	671	641	4.7%	801	-20.0%	977	-18.0%	1,070
Value of Kafalat Loans (Millions USD)	17	Jan-Sept	49,460	47,831	3.4%	47,135	1.5%	47,020	0.2%	45,728
Number of Kafalat Loans	17	Jan-Sept	8.71	8.79	-1.0%	8.65	1.7%	8.57	0.9%	9.02
Market Capitalization (Millions USD)	16	Jan-Sept	11,074	10,544	5.0%	10,015	5.3%	10,646	-5.9%	12,381
Value of Traded Shares (Millions of USD)	16	Jan-Sept	517.2	212.9	143.0%	333.4	-36.1%	445.4	-25.1%	1,665.8
Volume of Trade Shares (Millions of Shares)	16	Jan-Sept	75.8	31.0	144.3%	43.6	-28.8%	63.8	-31.7%	246.7
EXCHANGE RATE MARKETS	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
YoY USD-LBP Exchange Rate	18	Sept Close	1,512	1,512.5	0.0%	1,502	0.7%	1,507.5	-0.4%	1,507.5
YoY EURO-USD Exchange Rate	19	Sept Close	1.2685	1.3527	-6.2%	1.2860	5.2%	1.3387	-3.9%	1.3627
YoY GBP-USD Exchange Rate	19	Sept Close	1.6084	1.6186	-0.6%	1.6167	0.1%	1.5584	3.7%	1.5786
YoY USD-JPY Exchange Rate	19	Sept Close	109.50	98.27	11.4%	77.96	26.1%	77.06	1.2%	83.70



## Value of Market Capitalization

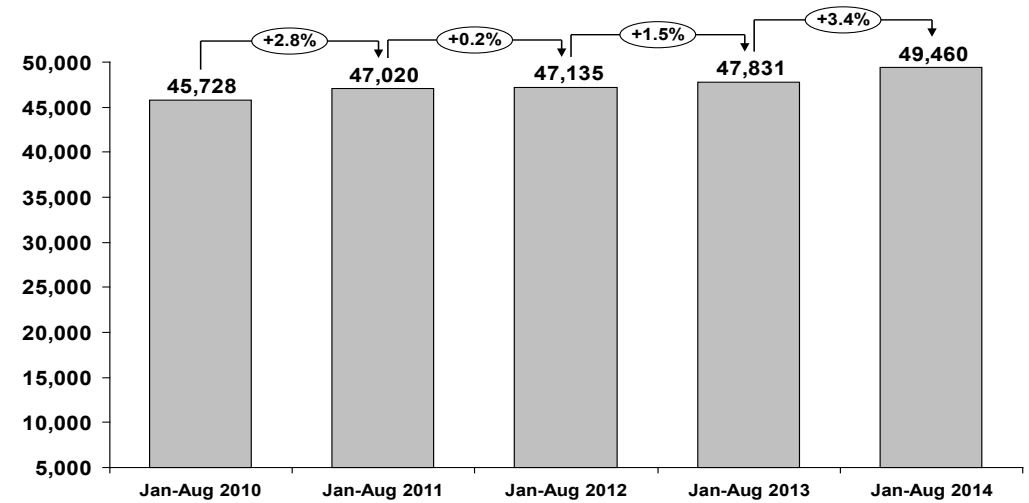
(in Millions USD; 2010-2014)



Source: Beirut Stock Exchange

## Evolution of the Value of Cleared Checks

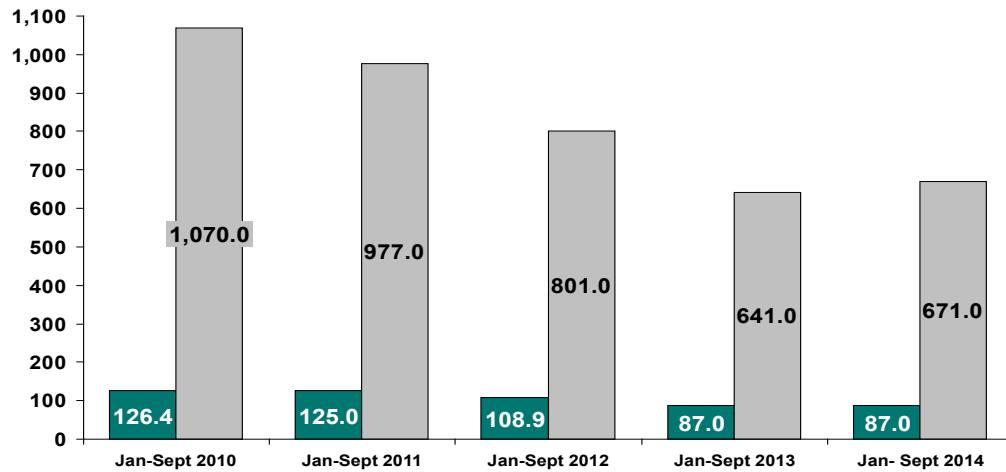
(in Millions USD; 2010-2014)



Source: Banque du Liban

## Evolution in Value and Number of Kafalat Loans

(in Millions USD/ Number of Loans; 2010-2014)

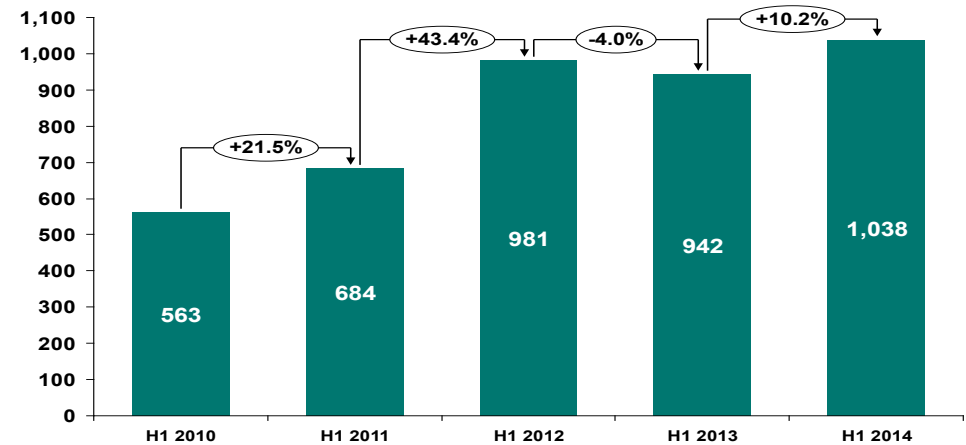


Source: Kafalat S.A.L

■ Value of Kafalat Loans  
■ Number of Kafalat Loans

## Evolution of EDL Transfers

(in Millions of USD; 2010-2014)



Source: Ministry of Finance



# KEY ECONOMIC INDICATORS

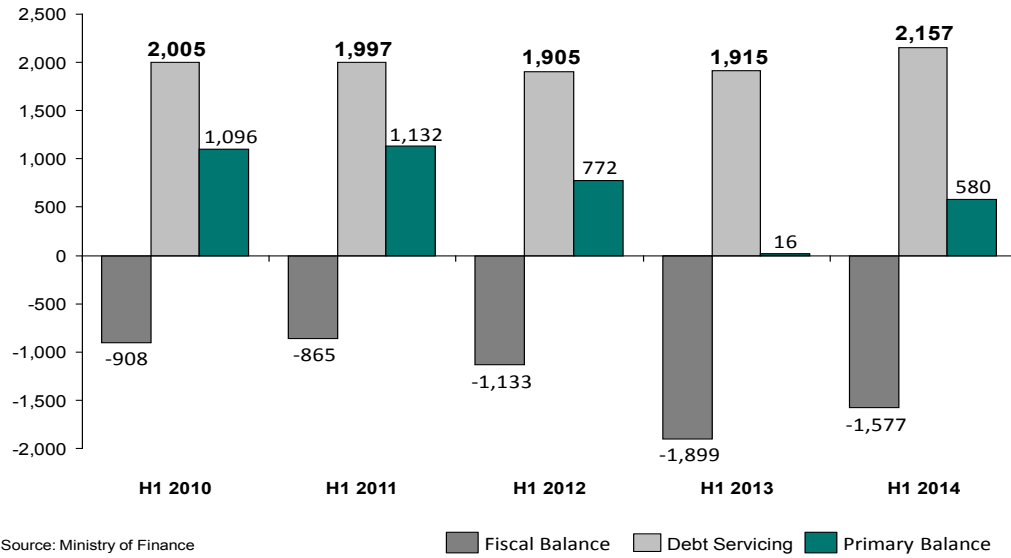
## September 2014 ISSUE

PUBLIC FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Total Revenues (Million USD)	20	Jan-June	5,238	4,854	7.9%	5,069	-4.2%	4,767	6.3%	4,343
Total Expenditures (Million USD)	20	Jan-June	6,815	6,753	0.9%	6,202	8.9%	5,632	10.1%	5,251
Fiscal Balance (Million USD)	20	Jan-June	(1,577)	(1,899)	-16.9%	(1,133)	67.6%	(865)	30.9%	(909)
Total Primary Balance (Million USD)	20	Jan-June	580	16	3418%	772	-97.9%	1,132	-31.8%	1,096
Public Debt (Billions USD)	21	Jan-Aug	65.9	60.5	8.9%	55.7	8.6%	53.4	4.3%	50.2
Budget Revenues (Millions USD), of which:	20	Jan-June	4,901	4,585	6.9%	4,864	-5.7%	4,534	7.3%	4,119
Tax Revenues, of which:	20	Jan-June	3,805	3,599	5.7%	3,745	-3.9%	3,428	9.2%	3,518
Misc Tax Rev	20	Jan-June	-	1,818	-	1,908	-4.7%	1,696	12.5%	1,573
Customs Rev	20	Jan-June	638	707	-9.7%	725	-2.6%	708	2.4%	913
VAT Rev	20	Jan-June	1,087	1,075	1.2%	1,112	-3.3%	1,024	8.5%	1,033
Non Tax Rev	20	Jan-June	1,096	986	11.2%	1,119	-11.9%	1,106	1.2%	601
Budget Expenditures (Millions of USD), of which:	20	Jan-June	5,735	5,317	7.8%	5,121	3.8%	5,278	-3.0%	4,835
General Expenditures, of which:	20	Jan-June	3,578	3,402	5.2%	3,216	5.8%	3,281	-2.0%	2,831
EdL	20	Jan-June	1,038	942	10.2%	981	-4.0%	684	43.4%	563
Interest Payments, of which:	20	Jan-June	2,076	1,838	12.9%	1,815	1.2%	1,901	-4.5%	1,912
Lebanese Lira Interest Payments	20	Jan-June	1,267	1,093	15.9%	1,138	-3.9%	1,188	-4.2%	1,186
Foreign Currency Interest Payments	20	Jan-June	809	745	8.6%	677	9.9%	714	-5.1%	726
Principal Repayments	20	Jan-June	81	77	4.7%	90	-14.2%	96	-6.1%	93
Treasury Revenues (Millions of USD)	20	Jan-June	337	269	25.1%	205	31.4%	233	-12.0%	223
Treasury Expenditures (Millions of USD)	20	Jan-June	1,080	1,435	-24.8%	1,081	32.8%	354	205.4%	416
Budget Expenditures (Millions of USD), of which:	22	Jan-June	3,022	2,884	4.8%	2,746	5.0%	2,776	-1.1%	2,471
Personnel Cost, of which:	22	Mar	1,020	988	3.2%	990	-0.3%	992	-0.2%	818
Salaries and Wages	22	Mar	685	647	5.8%	629	3.0%	704	-10.7%	568
Retirement + End of Service	22	Mar	284	281	1.2%	300	-6.4%	241	24.5%	205
Transfers to EdL	22	Mar	525	572	-8.2%	541	5.6%	334	61.9%	335
Debt Service, of which:	22	Mar	878	778	12.9%	846	-8.0%	953	-11.2%	958
Lebanese Lira Interest Payments	22	Mar	617	527	17.0%	540	-2.3%	590	-8.5%	609
Foreign Currency Interest Payments	22	Mar	228	218	4.3%	262	-16.7%	321	-18.4%	318
Capital Expenditures	22	Mar	190	124	52.9%	157	-20.8%	149	5.4%	115
Treasury Expenditures (Millions of USD)	22	Mar	244	125	95.7%	260	-52.0%	131	98.0%	146

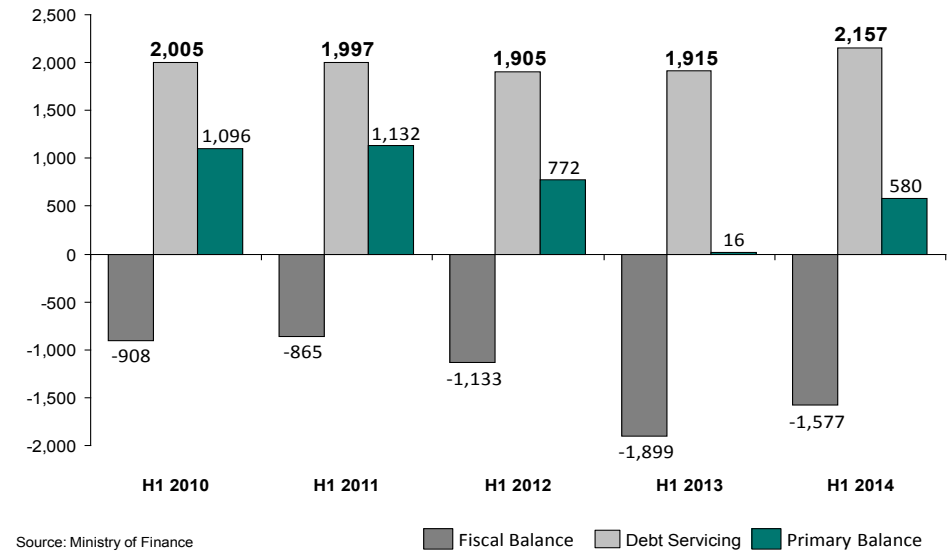
[20] Ministry of Finance- Fiscal Performance Sheet [21] Byblos Weekly Report LTW 373, [22] Public Finance Monitor



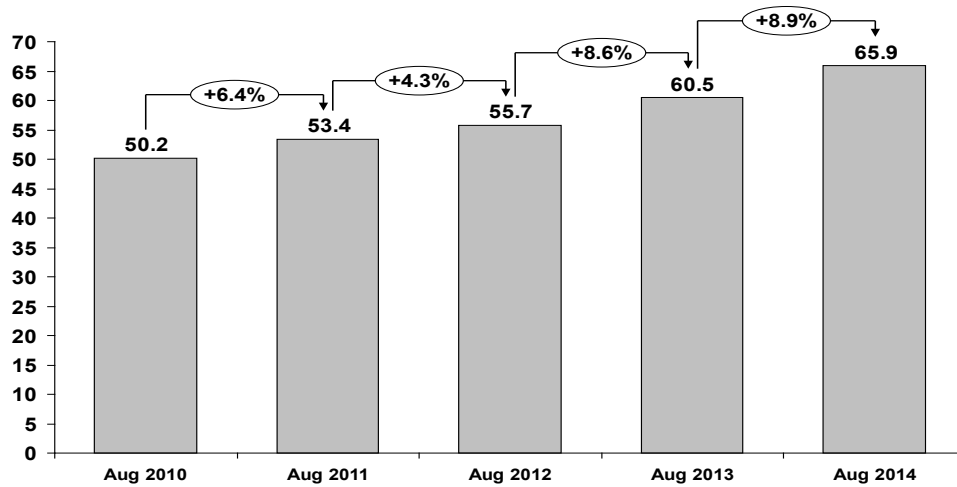
## Evolution of the Fiscal Balance, Debt Servicing and Primary Balance (in Millions USD; 2010-2014)



## Evolution of the Fiscal Balance, Debt Servicing and Primary Balance (in Millions USD; 2010-2014)



## Evolution of Gross Public Debt (in Billions of USD; 2010-2014)



## Evolution of Debt/GDP, Deficit/GDP, Revenues/GDP and Expenditures/GDP (in Percentage; 2009-2013)

