

THE LEBANON BRIEF

ISSUE 819

Week of 29 April – 11 May, 2013



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FINANCIAL MARKETS

Equity Market

Stock Market

	10/5/2013	26/4/2013	% Change
BLOM Stock Index*	1,219.38	1,227.07	-0.63%
Average Traded Volume	270,751	115,319	134.78%
Average Traded Value	1,242,402	938,797	32.34%

*22 January 1996 = 1000



Banking Sector

	Mkt	10/5/2013	26/4/2013	% Change
BLOM (GDR)	BSE	\$8.85	\$8.55	3.51%
BLOM Listed	BSE	\$8.40	\$8.75	-4.00%
BLOM (GDR)	LSE	\$8.99	\$8.70	3.33%
Audi (GDR)	BSE	\$6.75	\$6.89	-2.03%
Audi Listed	BSE	\$6.70	\$6.69	0.15%
Audi (GDR)	LSE	\$7.00	\$6.66	5.11%
Byblos (C)	BSE	\$1.69	\$1.64	3.05%
Byblos (GDR)	LSE	\$70.00	\$70.00	0.00%
Bank of Beirut (C)	BSE	\$19.00	\$19.00	0.00%
BLC (C)	BSE	\$1.95	\$1.95	0.00%
Fransabank (B)	OTC	\$28.00	\$28.00	0.00%
BEMO (C)	BSE	\$1.84	\$1.84	0.00%

	Mkt	10/5/2013	26/4/2013	% Change
Banks' Preferred Shares Index *		104.89	105.14	-0.24%
BEMO Preferred 2006	BSE	\$100.00	\$100.00	0.00%
Audi Pref. E	BSE	\$101.00	\$101.00	0.00%
Audi Pref. F	BSE	\$100.00	\$100.00	0.00%
Byblos Preferred 08	BSE	\$102.50	\$102.50	0.00%
Byblos Preferred 09	BSE	\$102.90	\$102.90	0.00%
Bank of Beirut Pref. E	BSE	\$25.30	\$25.45	-0.59%
Bank of Beirut Pref. I	BSE	\$25.40	\$25.40	0.00%
Bank of Beirut Pref. H	BSE	\$25.40	\$25.40	0.00%
BLOM Preferred 2011	BSE	\$10.06	\$10.20	-1.37%

* 25 August 2006 = 100

The Beirut Stock Exchange (BSE) was characterized by a negative domestic political environment and spillovers from the war in Syria. This resulted in the downward trend of the bourse performance reflecting adverse trading sentiment. Accordingly, the BLOM Stock Index (BSI) closed 0.63% lower at 1,219.38 points compared to 1,227.07 points registered on the 26th of April, but it remains 4.30% higher than end of December 2012. However, total value and volume increased on a 2-weeks basis from 115,319 shares worth \$938,797 to 270,751 shares amounting to \$1,242,402. As for market capitalization, it narrowed by \$60.02M to \$9.51B.

When compared to regional and emerging markets, the Lebanese equity benchmark underperformed its comparable indices as the MSCI Emerging index rose 3.24% in two weeks to 1,060.58 points. Moreover, the S&P AFE40 and the S&P Pan Arab Composite LargeMidCap gained in two weeks 0.88% and 1.10% to reach 57.62 points and 115.62 points, respectively.

Regionally, the BSE and Amman Stock Exchange were the only Arab bourses to close in the red reflecting a negative performance over the period 26 April-10 May. Kuwait bourse posted the biggest progress during the same period rising by 6.61%. Dubai Stock Exchange came second with a 4.92% increase.

Banking sector shares constituted 85.2% of the total value traded on the BSE these last two weeks, whereas Solidere shares in the real estate sector made up 14.3% and the industrial sector took the remaining 0.6%.

By the end of trading on Friday, BLOM GDR and Audi and Byblos Listed shares added 3.51%, 0.15% and 3.05% to close at \$8.85, \$6.70 and \$1.69, respectively. BLOM Listed and Audi GDR shares lost 4.00% and 2.03% to close at \$8.40 and \$6.75, respectively. On London stock exchange, GDRs of BLOM and Audi gained 3.33% and 5.11% to close at \$8.99 and \$7 respectively.

Real Estate

	Mkt	10/5/2013	26/4/2013	% Change
Solidere (A)	BSE	\$12.97	\$13.17	-1.52%
Solidere (B)	BSE	\$12.79	\$13.20	-3.11%
Solidere (GDR)	LSE	\$13.15	\$13.02	1.00%

Solidere shares revealed a negative performance on the real estate sector over the past two weeks. The class "A" fell 1.52% to close at \$12.97 and the class "B" lost 3.11% to stand at \$12.79. Meanwhile, on London stock exchange, Solidere's Global Depositary Receipts gained 1% to settle at \$13.15.

Manufacturing Sector

	Mkt	10/5/2013	26/4/2013	% Change
HOLCIM Liban	BSE	\$15.50	\$15.50	0.00%
Ciments Blancs (B)	BSE	\$3.23	\$3.26	-0.92%
Ciments Blancs (N)	BSE	\$3.24	\$3.00	8.00%

Within the industrial sector, Ciments Blancs shares had a mixed performance on Friday. The class B shares declined by 0.92% to close at \$3.23, while the class "N" added 8.00% to reach \$3.24.

Funds

	Mkt	10/5/2013	26/4/2013	% Change
Beirut Preferred Fund	BSE	\$102.00	\$102.00	0.00%
BLOM Cedars Balanced Fund Tranche "A"	-----	\$7,023.23	\$6,984.91	0.55%
BLOM Cedars Balanced Fund Tranche "B"	-----	\$5,120.33	\$5,089.03	0.62%
BLOM Cedars Balanced Fund Tranche "C"	-----	\$5,334.19	\$5,302.81	0.59%
BLOM Bond Fund	-----	\$9,738.32	\$9,766.18	-0.29%

In short, the Beirut Stock Exchange witnessed an uninspiring period over the last two weeks largely driven by the adverse political climate affecting the country over the parliamentary elections and the formation of the new cabinet.

Retail Sector

	Mkt	10/5/2013	26/4/2013	% Change
RYMCO	BSE	\$3.04	\$3.04	0.00%
ABC (New)	OTC	\$33.00	\$33.00	0.00%

Tourism Sector

	Mkt	10/5/2013	26/4/2013	% Change
Casino Du Liban	OTC	\$515.00	\$515.00	0.00%
SGHL	OTC	\$7.00	\$7.00	0.00%

Foreign Exchange Market

Lebanese Forex Market

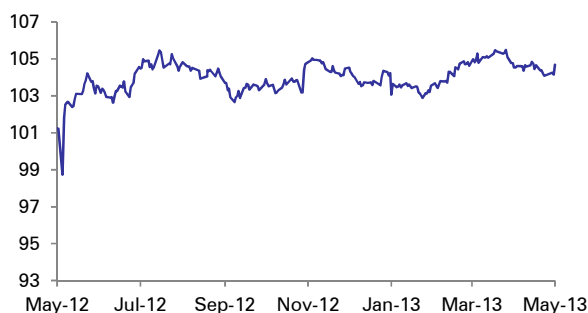
	10/5/2013	26/4/2013	%Change
Dollar / LP	1512.50	1511.00	0.10%
Euro / LP	1960.05	1962.46	-0.12%
Swiss Franc / LP	1573.26	1596.76	-1.47%
Yen / LP	14.87	15.28	-2.68%
Sterling / LP	2322.76	2326.83	-0.17%
NEER Index**	104.68	104.66	0.02%

*Close of GMT 09:00+2

**Nominal Effective Exchange Rate; Base Year Jan 2006=100

**The unadjusted weighted average value of a country's currency relative to all major currencies being traded within a pool of currencies.

Nominal Effective Exchange Rate (NEER)



The past two weeks were characterized by higher demand on the US dollar as the range at which banks exchanged the currency went from \$/LP 1,509 - \$/LP 1,513 with a mid-price of \$/LP1,511 to \$/LP 1,510.5 - \$/LP 1,514.5 with a mid-price of \$/LP1,512.5. Foreign assets (excluding gold) at the Central Bank stood at \$37.29B as of end April 2013, 5.5% more than end of March's \$35.33B due to the relocation of part of BdL's securities portfolio into the foreign assets' account. Meanwhile, the dollarization rate of private sector deposits stood at 65.17% in March 2013 compared to 64.6% in February 2013.

The euro softened slightly in the face of the dollar over the past two weeks. This result lies on the back of US jobless claims reaching their lowest level in 5 years. In parallel, the euro was weighed down as the European Central Bank reduced its benchmark rate to a record low of 0.5%, a move set to bolster growth via lower borrowing costs. The euro's softening against the dollar was however tempered by the release of positive German data which showed that German industrial orders and industrial output substantially exceeded forecasts. Finally, sentiment regarding the euro remains baffled, as the US Commodity Futures Trading Commission showed that investors have further faith in the euro as they are engaging in additional long positions with the currency given the easing of risks from the Cyprus bailout and the Italian elections. By Friday May 10th, 2013, 12:30 pm Beirut time, the euro closed at €/ \$ 1.30 down by 0.12% from last week. As for the dollar-pegged LP, it appreciated to €/LP 1,960.05 from €/LP1,962.46 recorded on Friday April 26th. The Nominal effective exchange rate (NEER) rose 0.02% over the cited period to 104.68 points, while its year-to-date performance stood at 0.84%.

Money & Treasury Bills Market

Money Market Rates

	26/4/2013	19/4/2013	Change bps
Overnight Interbank	2.75	2.75	0
BDL 45-day CD	3.57	3.57	0
BDL 60-day CD	3.85	3.85	0

During the week ending April 25th, broad Money M3, regressed by LP156B (\$104M), to reach LP 160,323B (\$106.35B). M3's growth rate reached 6.74% on a y-o-y basis and 1.52% from end of December 2012. As for M1, it expanded by LP8B (\$5.31M) since currency in circulation decreased by LP52B (\$34.49M) and demand deposits increased by LP60B (\$39.80M). Total deposits (excluding demand deposits) registered a LPB164.27B (\$108.97M) contraction, justifiable by the LP9B decrease of term and saving deposits in LP and the \$103M drop in deposits denominated in foreign currency. During the period 18-25 April, broad money dollarization rate slipped by 4 bps to reach 58.63% compared to its previous level of 58.67%. According to The Central Bank, the overnight interbank rate stood at 2.75% by the end of March 2013.

Treasury Yields

	26/4/2013	19/4/2013	Change bps
3-M TB yield	4.38%	4.39%	-1
6-M TB yield	4.87%	4.87%	0
12-M TB yield	5.08%	5.08%	0
24-M TB coupon	5.84%	5.84%	0
36-M TB coupon	6.50%	6.50%	0
60-M TB coupon	6.74%	6.74%	0

In the TBs auction held on May 2nd, the Ministry of Finance raised LP343.77B (\$228M) through the issuance of Treasury Bills. The highest demand was witnessed on the 3Y bill capturing 72% of total subscriptions, while the 1Y and 2Y papers accounted for 24% and 5%, respectively. During the auction, the average discount rate for the 1Y Bill stood at 5.08% while the average coupon rates for the 2Y and 3Y notes registered 5.84% and 6.50%. New subscriptions exceeded maturing T-bills by LP47.833B (\$31.73M).

Eurobond Market

Eurobonds Index and Yield

	9/5/2013	25/4/2013	Change	Year to Date
BLOM Bond Index (BBI)*	107.640	107.710	-0.06%	-1.30%
Weighted Yield**	5.39%	5.39%	0	37
Weighted Spread***	461	464	-3	31

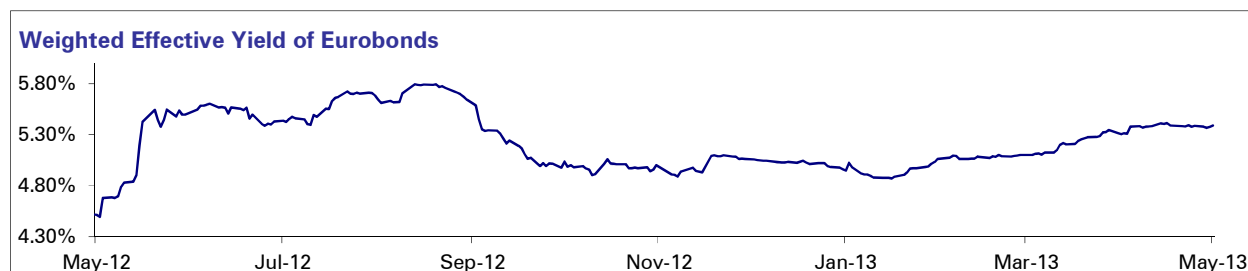
*Base Year 2000 = 100; includes US\$ sovereign bonds traded on the OTC market

** The change is in basis points ***Against US Treasuries (in basis points)

Lebanese Government Eurobonds

Maturity - Coupon	9/5/2013 Price*	25/4/2013 Price*	Weekly Change%	9/4/2013 Yield	25/4/2013 Yield	Weekly Change bps
2014, Apr - 7.375%	103.86	104.11	-0.24%	3.13%	3.04%	9
2014, May - 9.000%	105.79	106.00	-0.19%	2.96%	2.98%	-2
2015, Jan - 5.875%	103.00	102.96	0.04%	4.01%	4.07%	-6
2015, Aug - 8.500%	109.10	109.38	-0.25%	4.20%	4.14%	5
2016, Jan - 8.500%	109.45	109.46	-0.01%	4.72%	4.76%	-4
2016, May - 11.625%	119.25	119.41	-0.14%	4.68%	4.70%	-2
2017, Mar - 9.000%	113.81	113.77	0.03%	5.02%	5.06%	-4
2018, Nov - 5.150%	99.25	99.12	0.12%	5.22%	5.33%	-11
2020, Mar - 6.375%	103.03	102.94	0.09%	5.83%	5.85%	-2
2021, Apr - 8.250%	113.33	113.60	-0.24%	6.10%	6.07%	3
2022, Oct - 6.100%	99.89	99.82	0.07%	6.11%	6.13%	-1
2023, Jan - 6.00%	98.29	98.55	-0.26%	6.24%	6.20%	4
2024, Dec - 7.000%	105.69	105.28	0.39%	6.30%	6.35%	-5
2026, Nov - 6.600%	100.15	100.21	-0.05%	6.58%	6.58%	1
2027, Nov - 6.75%	100.14	100.17	-0.03%	6.73%	6.73%	0

*Bloomberg Data



Low activity in the Eurobond market remains the norm as investors are still awaiting the formation of a new cabinet. Therefore, lower demand for bonds was observed across the curve with the BLOM Bond Index decreasing to 107.64 points from the 25th of April closing of 107.71 points. Demand on the long term Lebanese Eurobonds retreated as their yields added 4 basis points (bps) to stand at 6.24%, while the yield on the 5Y Lebanese Eurobonds lost 1 bps to reach 5.22% in two weeks. On a comparative scale, the BBI lagged behind the JP Morgan's emerging markets bond index that advanced 0.99% during the last two weeks to 678.41 points revealing a higher demand in the Emerging markets this week.

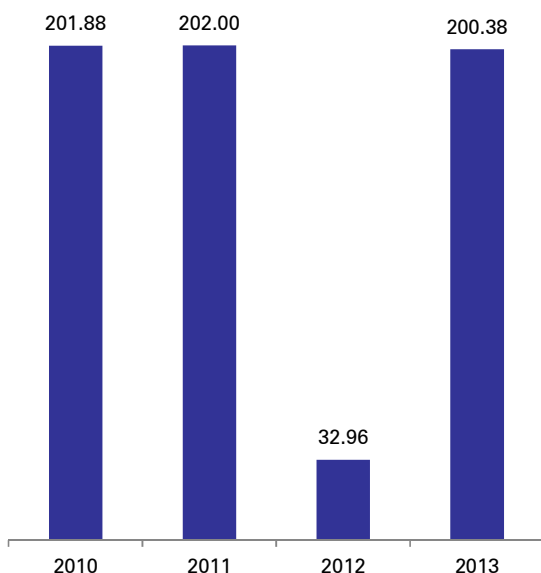
In the US, bond prices fell as good prospects for the economy led several institutional investors to reduce their holdings of US government debt fearing a reversal of the Federal Reserve's low interest policy. The 5Y and 10Y US benchmark Treasury notes and bonds yields rose, on a 2-weeks basis, 4 bps and 7 bps to stand at 0.75% and 1.81%, respectively. As for their respective spreads with their comparable Lebanese Eurobond yields, they narrowed by 5 bps and 3 bps to stand at 447 bps and 443 bps, respectively.

The Credit Default Swap (CDS) is the premium paid by investors buying protection from default, and increases with the country's default risk. Lebanon's CDS widened by the end of the week from a range of 400-440 bps recorded two weeks earlier to 418-444 bps, signaling concerns among international hedgers over economic and political developments in the country. In the Arab markets, Dubai CDS quotes tightened to 188-202 bps compared to 200-210 bps, while KSA's widened to 61-66 bps compared to 59-64 bps registered on April, 25. In the emerging markets, Brazil's CDS were last quoted at 108-111 bps, down from 114-116 bps 2 weeks ago, and Turkey's read 109-112 bps down from 120-123 bps.

ECONOMIC AND FINANCIAL NEWS

Government's Primary Fiscal Surplus

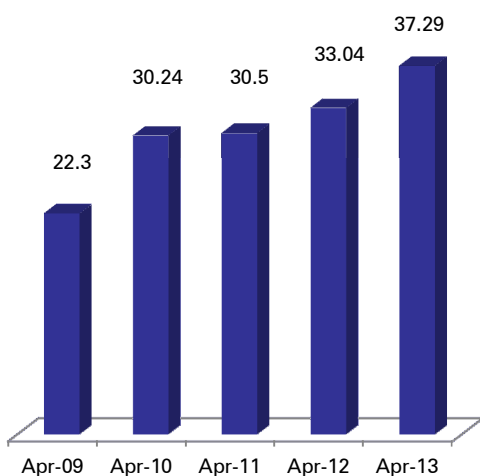
Up to January (In \$M)



Source: Ministry of Finance

BDL's Foreign Assets

In April (In \$B)



Source: Bdl

Lebanon's Fiscal Deficit at \$17.78M up to January

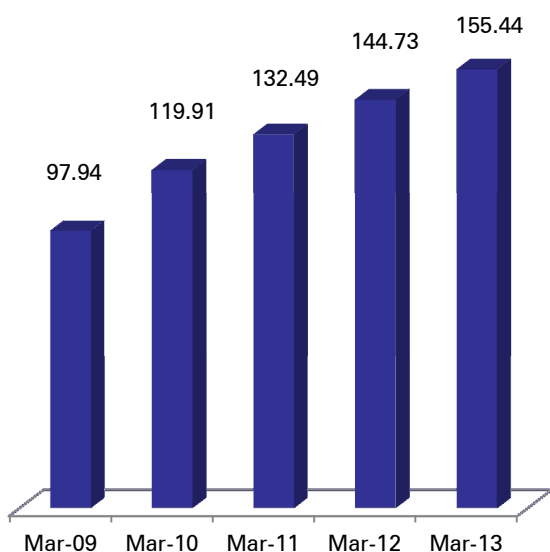
Lebanon's public deficit reached \$17.78M in January 2013, a 90% improvement equivalent to \$157.77M or 1.71% of total expenditures compared to the same period of last year, according to the Ministry of Finance this week. The narrowing deficit was brought by 11% lower expenditures totaling \$1,041.16M and slightly higher revenues (+2%) amounting to \$1,023.38M. The budget revenues remained almost flat at \$948.59M and were led by a 9% increase in Customs collections to reach \$130.85M during the first month of the year. As for Telecom receipts, they registered a 9% decline in January 2013 to \$104.71M compared to \$115.06M in 2012. Budget expenditures fell 12% to reach \$776.99M as transfers to EdL dropped 42% reaching \$135.93M accounting for 13% of total expenditures, compared to \$235.24M last year. As for interest payments, they added 10% to \$205.04M since the service of domestic debt grew 17% y-o-y to \$156.74M, while interests on foreign currency denominated debt decreased by 7% to reach \$48.30M in January this year. Treasury inflows grew 49.7% to reach \$74.79M, while the treasury spending dropped 9.7% to stand at \$264.17M. The primary balance recorded a surplus of \$200.38M or 19.25% of total expenditures this year against \$32.96M registered a year earlier, noting that Lebanon registered in 2012 its first primary deficit since 2006 reaching \$109.87M.

The Central Bank's Assets at \$78.21B in April

The central bank's assets reached \$78.21B in April, 0.26% more than March, and 2% greater year-to-date. Foreign assets (excluding gold) increased by 5.5% from \$35.33B in March to \$37.29B in April as the bank's subscriptions to Eurobonds were extracted from the securities portfolio and added to the foreign assets. As for the central bank's securities portfolio, it fell by a monthly 5% to \$11.22B in April while remaining 4% higher than its level as of 2012's end. In addition, as the US Economy and the dollar gained momentum, gold lost its appeal as a safe-haven asset and hedging-tool thus reducing BDL's gold reserves by 8% m-o-m to \$13.60B as of April's end. On a year-to-date basis, the fall in gold reserves is amplified and stands at 11%. On the liabilities side, currency in circulation outside BDL increased by 2% to reach \$2.40B at the end of April. Meanwhile, April's financial sector deposits witnessed a minor rise of 1% in month-ago terms while registering upturns of 6% year-to-date and 9% year-on-year. Public sector deposits rose by 13% from \$5.16B in March to \$5.84B in April.

Commercial Banks Assets

In March (In \$B)



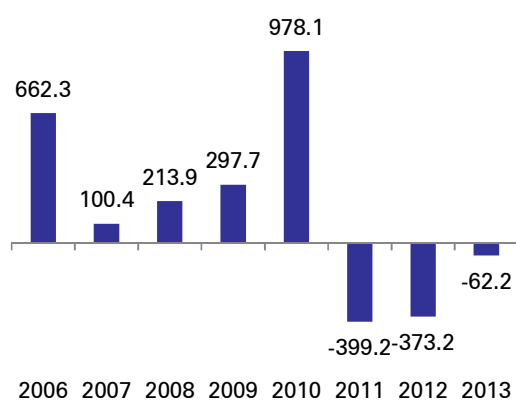
Source: BdL

Commercial banks' Consolidated Assets Grew to \$155.44B In March

Total consolidated assets of commercial banks reached \$155.44B by March 2013, growing at a slower pace of 2.34% during Q1 2013 compared to 2.95% in Q1 2012. Total claims on the private sector, representing 29% of total assets, grew by 2.88% since year start to \$44.71B and by 9.05% since March 2012. Over the same cited period, Lebanese commercial banks' holdings of government securities also rose by 11% to reach \$31.89B compared to \$28.82B in March last year. In fact, the bulk of this increase is linked to commercial banks being the primary financiers of government debt. Accordingly, Banks' holdings of treasury bills in local currency and Eurobonds increased by 5% and 18% from \$16.23B and \$12.52B at the end of March 2012 to reach \$17.1B and \$14.76B at the end of March 2013. As for liabilities, an 8% y-o-y growth was registered in resident and non-resident private sector deposits that were reported at \$128.11B as of end March 2013. In detail, resident and non-resident private sector deposits in domestic currency grew by 9% to \$44.61B in March 2013, outpacing the 8% growth in private sector deposits denominated in foreign currency that reached \$83.49B as of March 2013. Meanwhile, the dollarization rate of private sector deposits slightly edged up from 65.02% in December 2012 to 65.17% in March 2013.

Balance of Payments

Up to March (in \$M)



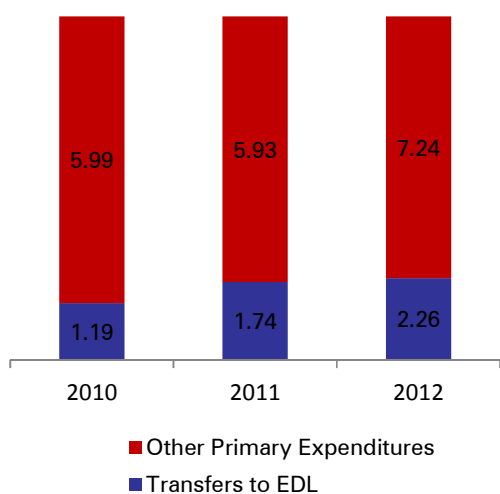
Source: Order of Engineers Beirut & North

BoP Registers a \$353.0M Deficit in March

Lebanon's balance of payments that reflects changes in net foreign assets of both the BdL and commercial banks registered a deficit of \$353.0M in March 2013, compared to a surplus of \$50.7M recorded in the same month last year, partially due to some capital outflows following the unstable political climate during the aforementioned month. The negative balance resulted from a drop in both BdL and commercial banks' net foreign assets (NFA). In details, the former witnessed a decline of \$18.9M from the previous month, whereas the latter fell by \$334.1M. Up until March, NFAs of BdL rose \$2,162.2M, while NFAs of commercial banks declined \$2224.4M. Consequently, the deficit attained \$62.2M since year start, representing a better result than last year's outcome, when the rise of regional unrest sent the BoP to a \$373.2M deficit.

Transfers to EDL Out of Primary Expenditures

(in \$B)

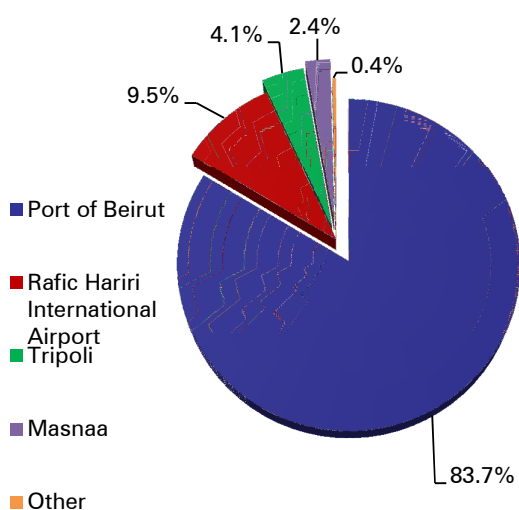


Source: Ministry of Finance

Transfers to EDL Amount to \$2.26B in 2012

In 2012, transfers to EDL were \$519.40M higher than their level in 2011 and totaled \$2.26B. This increase was fueled by a \$401.99M increase in reimbursements of KPC and Sonatrach for fuel and gas oil purchases while being partially offset by a \$36.48M decrease in natural gas purchases from EGAS. The Ministry of Finance reported that bulkier quantities of imported gas oil paired with greater international oil prices led to a 25% increase in the oil supply bill. 2012's payments, reflecting the consumption over the period May 2011- June 2012, were made at an average crude oil price of \$112.95/Barrel while 2011's payments that reflect the consumption over the period June 2010-July 2011 were made at an average crude oil price of \$96.5/barrel. In Fact, OPEC reports that downward pressure was exercised on oil demand in June 2010 where growth in OECD countries was still negative however the disruption in Japanese nuclear power generation as of July-2011 had the potential to increase oil demand in 2012. Over the cited consumption periods, the quantity of imported gas oil rose by 6%. In addition, EDL's debt service augmented by 11%, going from \$67M in 2011 to \$74.30M in 2012. As EDL's contribution to 2012's bill shrunk from 5.4% in 2011 to 3.8% in 2012, the share of treasury transfers to EDL in total government expenditures reached a 3 year peak of 23.8% compared to 22.7% in 2011.

Customs Offices Revenues Distribution



Source: The Lebanese Customs

Revenues at Customs Drop 9.8% y-o-y by February

The negative outlays of the economic slowdown was the main reason behind the yearly 9.8% decline in total revenues at the customs offices (Customs Fees and VAT) to \$455.35M compared to \$504.72M collected a year earlier. Customs fee revenues totaled \$242.90M, slightly edging up by 0.3% from last year's income. This is partly attributed to the annual 1.1% rise in exports up to February that reached \$0.78B noting that Syria ordered the most of Lebanese products (19% of the total) revealing a change in the trend of Syrian imports from Lebanon. As for Value Added Tax (VAT) receipts, they fell 19.1% y-o-y to reach \$212.45M, according to data released by the Lebanese Customs. VAT receipts are considered as an efficient measure of the Lebanese imports evolution. This decrease confirms the 0.5% contraction in imports to \$3.44B during the first two months of the year. Accordingly, Lebanon's trade deficit narrowed up to February by 0.9% y-o-y to reach \$2.65B. As for Customs offices revenues distribution, the Port of Beirut (PoB) grasped \$174.13M or 84% of total revenues, while Rafic Hariri International Airport followed with 9% or \$19.67M. Tripoli seaport and the gates of Masnaa collected \$8.50M (4%) and \$4.96M (2%), respectively. The insecure channels of transit through Syria negatively weighed over land shipping especially the gates of Abuddieh and Arida.

Kafalat Guarantees up to April

	January- April 2011	January- April 2012	January- April 2013
Loans Guaranteed	388	331	243
Total Value (\$)	52,677,321	44,487,072	33,501,007
Average Value(\$)	135,766	134,402	137,864

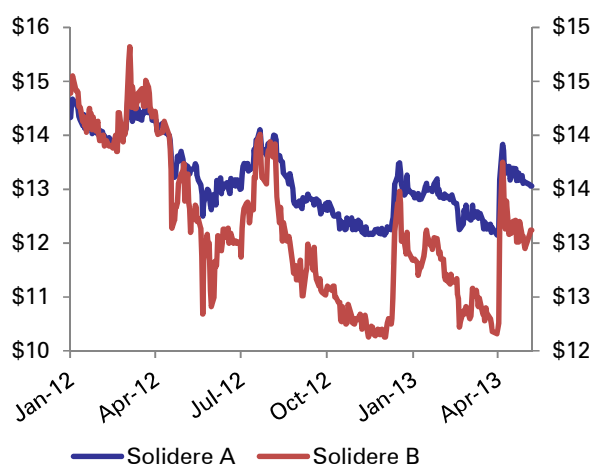
Source: Kafalat

Kafalat Guarantees Loans for \$9.01M in April

A wide range of economic indicators have shed light on the challenging operating environment in which the Lebanese economy is confined. Data from Kafalat conveys this idea by revealing that Small and Medium Enterprises (SME) have a retreating appetite for new entrepreneurships. In fact, Kafalat issued a frail number of 60 loan guarantees in April whereas this number stood at 90 in the same period last year. As demand for further financing suffers a great deal of pressure, the total value of guaranteed loans tumbled from \$11.44M in April 2012 to \$9.01M in April 2013 while the average loan value per project slightly rose from \$127,060 to \$151,121 over the same cited period. The sectors that captured the biggest bulk of Kafalat's April loans are Agriculture, Industry and Tourism with shares of 40%, 36.67% and 15.00% of total granted loans. The geographical allocation of loans is the most concentrated in Mount Lebanon as it accounted for 33.33% of the total followed closely by Bekaa with a share of 25% while Nabatieh and the South shared third position with a portion of 11.67% of total loans. Over the stretch January-April 2013, the total value of granted loans fell by 25% y-o-y to \$33.50M while the number of issued guarantees fell from 331 in the first four months of 2012 to 243 in the first four months of 2013.

CORPORATE DEVELOPMENTS

Solidere A and B Closing Prices



Source: Beirut Stock Exchange, Blominvest Research department

Solidere Closes \$185M Securitization Deal

On April 8th, Solidere SAL closed a \$185M securitization deal through BLC Bank and BSEC-Bemo securitization. The transaction is said to represent the largest asset backed issuance in the local capital markets, with its proceeds aimed at financing the company's real estate development activity and infrastructure on the waterfront. The newly-introduced securitization fund follows a cash flow waterfall structure through the issuance of 3 tranches of "credit enhanced" securities: A senior Class A of \$130M which was subscribed by local banks, a mezzanine Class B of \$45M retained by Solidere but that could be resold after the redemption of the Class A, and a junior Class C of \$10M that will be held by the "originator" (Solidere) for the overall duration of the transaction. Investors in Class A notes are paid a fixed yearly coupon of 5.0% over a duration of 1.33 years.

Byblos Bank Financial Highlights

(In \$M)

	Mar-12	Mar-13	% ch
Customer's Deposits	12,994.80	13,557.02	4.33%
Net Loans & Advances to Customers	4,019.64	4,019.61	0.00%
Total Assets	16,761.35	17,603.55	5.02%
Net Profit	38.63	35.72	-7.53%
Shareholders' Equity	1,655.61	1,679.48	1.44%

Source: Company Data

Byblos Bank Q1 Results Reveal Profits of \$35.72M

Byblos Bank revealed a high liquidity to customer deposits ratio of 70.11% during Q1 2013 as well as a sufficient Capital Adequacy Ratio of 15.03% on consolidated basis, according to Basel III. The bank recently published its Q1 2013 results revealing a yearly 7.53% decrease in profits to \$35.72M compared to \$38.63M recorded by the end of March 2012. Net interest income added 6.5% y-o-y to settle at \$63.27M, while net fees and commissions income witnessed a decrease of 6.2% to stand at \$22.73M. Thus, the operating income declined by a yearly 11.2% to stand by the end of the first quarter at \$96.35M. On the balance sheet side, total assets reached \$17.60B, up by 5.02% from the same period last year. Loans and advances to customers remained steady at \$4.02B whereas customers cash deposits increased by 4.33% to stand at \$13.56B. As for shareholders Equity, it increased 1.44% to \$1.68B by end of March 2013 compared to \$1.66B registered by end of March 2012. On the other hand, the Board of Directors of the bank, announced that it will propose to the Ordinary General Assembly arranged to meet on the 11th of May 2013 at the Bank's Headquarters, the distribution of dividends on 2012 profits as follows: LBP 200 per share or LBP 190, net of 5% withholding tax for common shareholders. Preferred shareholders class 2008 and 2009 will receive USD 8 per share or USD 7.6 net of 5% withholding tax which is subject to the General Assembly's approval. Shares will trade ex-dividend starting 13 May 2013. As for GDR Holders, they will collect LBP 200 per share in US dollars through the Bank of New York Mellon after deducting the 5% withholding tax and other expenses starting 23 May 2013.

BEMO Bank Financial Highlights

(In \$M)

	Mar-12	Mar-13	% ch
Customer's Deposits	1,155.69	1,212.09	4.88%
Net Loans & Advances to Customers	555.48	620.25	11.66%
Total Assets	1,482.97	1,490.71	0.52%
Net Profit	1.45	1.54	6.42%
Shareholders' Equity	114.96	105.94	-7.85%

Source: Beirut Stock Exchange, Blominvest Research department

BEMO Bank's Net Profits Increase by 6.42% YoY to \$1.54M in Q1

BEMO Bank published recently its unaudited consolidated financial position for the first quarter of the year 2013 registering a yearly 6.42% increase in net profits to reach \$1.54M. In details, net financial revenues grew 7.55% y-o-y to \$7.83M, while total expenses increased at a slower pace adding 2.17% to stand at \$5.58M. The Bank's balance sheet also showed that by end March 2013 total assets reached \$1.49B, up by 0.52% from March 2012. The bank's loans to customers portfolio advanced by a yearly 11.66% to reach \$620.25M. On the liabilities side, customers' deposits added a yearly 4.88% by end of March to \$1.21B compared to \$1.16B recorded in March 2012. BEMO's total shareholders' equity stood at \$105.94M by March 31 this year, falling by 7.85% from the same period last year.

Bank Of Beirut Financial Highlights

(In \$M)

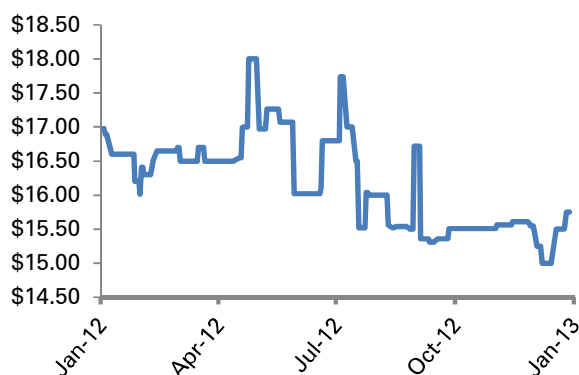
	Mar-12	Mar-13	% ch
Customer's Deposits	7,260.94	8,533.64	17.53%
Net Loans & Advances to Customers	2,975.32	3,369.25	13.24%
Total Assets	9,561.04	11,063.41	15.71%
Net Profit	21.98	26.21	19.25%
Shareholders' Equity	1,073.25	1,161.65	8.24%

Source: Beirut Stock Exchange, Blominvest Research department

Bank of Beirut Net Profits Reach \$26.21M in Q1

Bank of Beirut (BoB) reported a \$26.21M profit for the first quarter of 2013, registering a 19.3% increase from the same period in 2012. This was attributed to a year on year increase of 15.9% to \$72.3M in net operating income, coupled with a yearly 14.1% growth in the bank's total operating expenses to \$41.27M. With respect to the bank's balance sheets, BoB's total assets rose 15.7% to \$11.06B by March 2013 compared to end of March 2012. This is mainly due to the 13.2% increase in net loans and advances to customers that reached \$3.37B. On the liabilities side, the bank reported an annual growth of 17.5% in customers deposits to \$8.53B at end of March 2013. In addition, total shareholders' equity rose by \$88.39M and amounted to \$1.16B by the end of March 2013.

Holcim Stock Performance for the Year 2012



Source: Beirut Stock Exchange, Blominvest Research department

Holcim Calls for General Assembly

Holcim's board of directors calls its shareholders for an ordinary general assembly that will be held at "Le Royal Hotel" on June 11, 2013 at 10 am. The meeting's agenda will include the discussion and approval of the board's report for the financial year 2012 and the verification of the auditors' results. Moreover, the assembly will validate 2012 financial results and will allocate the company's profit as well as the distribution of dividends. In addition, the meeting will include the election of new members for the board of directors, assign new auditors for the year 2013 and determine their remuneration, in addition to other diverse subjects. Shareholders who wish to attend the meeting are requested to inform the company at its offices in Antelias and Chikka at least 5 days before the meeting.

FOCUS IN BRIEF

The Financial Results of the Three Largest Lebanese Banks for Q1 2013

Sustainable Growth and Strong Financial Position despite the Exceptional Circumstances in the Region

	Profits (in \$M)	Return on Average Equity (ROAE%)	Return on Average Assets (ROAA %)	Cost to Income (%)
BLOM Bank	87.11	16.25	1.39	35.82
Audi Bank	85.53	14.20	1.06	51.82
Byblos Bank	35.72	9.88	0.83	48.42

The unaudited financial results for the three largest Lebanese banks – BLOM, Audi and Byblos banks- showed sustained profits albeit at a slower pace, despite the tough operational circumstances they are facing as a result of the political and economic unrest in Lebanon and the neighboring countries. The consolidated profits of the three banks for the first quarter of 2013 reached \$208.36 million, a decline of only 4.07% compared to the same period of 2012. In addition, these profits were achieved despite the taking of net provisions by each of the three banks, in anticipation of any deterioration they may face in their credit conditions. BLOM bank's net provisions amounted to \$26.97 million, Audi's reached \$14.21 million and Byblos bank's \$18.30 million.

At the level of each individual bank, the results show that BLOM Bank achieved the highest level of profits reaching \$87.11 million with an increase of 3.56% compared to the same period of 2012. Audi bank came second attaining \$85.53 million with a decline of 9.46%, caused by the cost of launching of its branches in Turkey as explained by the bank. As for Byblos bank, it came third with profits of \$35.72 million, a decline of 7.53%

These results also apply if we adopted the standard ratios for relative profitability, such as the return on average equity (ROAE) and the return on average assets (ROAA), which measure the efficiency in generating earnings from the usage of capital and assets. In terms of these ratios, BLOM Bank ranked first with an ROAE of 16.25% and an ROAA of 1.39%, Audi bank ranked second with an ROAE of 14.20% and an ROAA of 1.06% while the respective ratios for Byblos bank scored 9.88% and 0.83%. The main reason behind the better performance of BLOM Bank in relative profitability is its achieving the lowest cost to income ratio (excluding credit losses and including fixed assets depreciation), which reached 35.82% against 51.82% and 48.42% for Audi and Byblos banks respectively.

Further strengthening the performance of the three banks is the noticeable and balanced growth in their balance sheets' accounts. Regarding BLOM Bank, the balanced growth persisted as the bank's assets increased by 5.63% during the first quarter of 2013 to \$25.11 billion compared to the same quarter of 2012, and loans rose by 6.63% to \$6.06 billion, while shareholders' equity increased to \$2.24 billion, a notable rise of 9.13%. Concerning Audi bank, its assets increased 16.13% to reach \$33.28 billion, and its loans portfolio surged by 30.69% to \$11.58 billion, while its shareholders' equity added 8.39% to \$2.68 billion. The noticeable increase in the balance sheets of Audi bank is due to the start of the bank's activities in Turkey since autumn of 2012. As for Byblos bank, its assets increased by 5.02% to \$17.60 billion, and its portfolio of loans slightly grew by 0.04% to \$4.03 billion, while its shareholders' equity rose by 5.02% to \$1.67 billion.

In fact, the noticeable performance of the three banks was not limited to the balance sheets accounts, but bypassed it to include solid and sound financial ratios. Accordingly, net doubtful loans did not exceed 2.1%, and capital adequacy was no less than 11% in accordance to Basel 3 standards. The primary liquidity did not drop below 47.3% while the coverage ratio for doubtful loans (including collective provisions) was at least 85.4%.

Once again, the financial results of the three largest banks in Lebanon reveal sustainable growth and a financial position characterized by strength as well as by solid and conservative policies in the face of the tough operational circumstances they are going through. The three banks' profits are also expected to improve after completing the allocation of provisions which were taken as a result of the deterioration of the situation in the region, especially in Syria. Profits are also expected to reach high levels if they coincide with political and security breakthroughs in Lebanon and the neighboring countries.



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