

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-QIII 2017, gross public debt stood at LL 117,811 billion (US\$ 78.1 billion), a 4.3 percent increase compared to end-2016.
- Net public debt registered LL 102,500 billion (US\$ 68.0 billion) at end- QIII 2017, an increase of 3.9 percent from the end-2016 level.
- Domestic currency debt reached LL 72,856 billion at end- QIII 2017, an increase of 3.3 percent compared to end-2016.
- Foreign currency debt totaled LL 44,955 billion (US\$ 29.8 billion) at the end- QIII 2017, a 6.1 percent increase from the end-2016 level.

KEY COST AND RISK INDICATORS

As end September 2017	QIII 2017 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2016 -Sep 2017	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	117,811	78.1	4.3%			
DX	72,856	48.3	3.3%	61.84%	3.65 yr	6.95%
FX	44,955	29.8	6.1%	38.16%	7.06 yr	6.13%
Net Government Debt	102,500	68.0	3.9%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of November 20th, 2017)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	B-	B	Stable
Moody's Investor Services Ltd **	B3	-	Stable
Standard and Poor's ***	B-	B	Stable

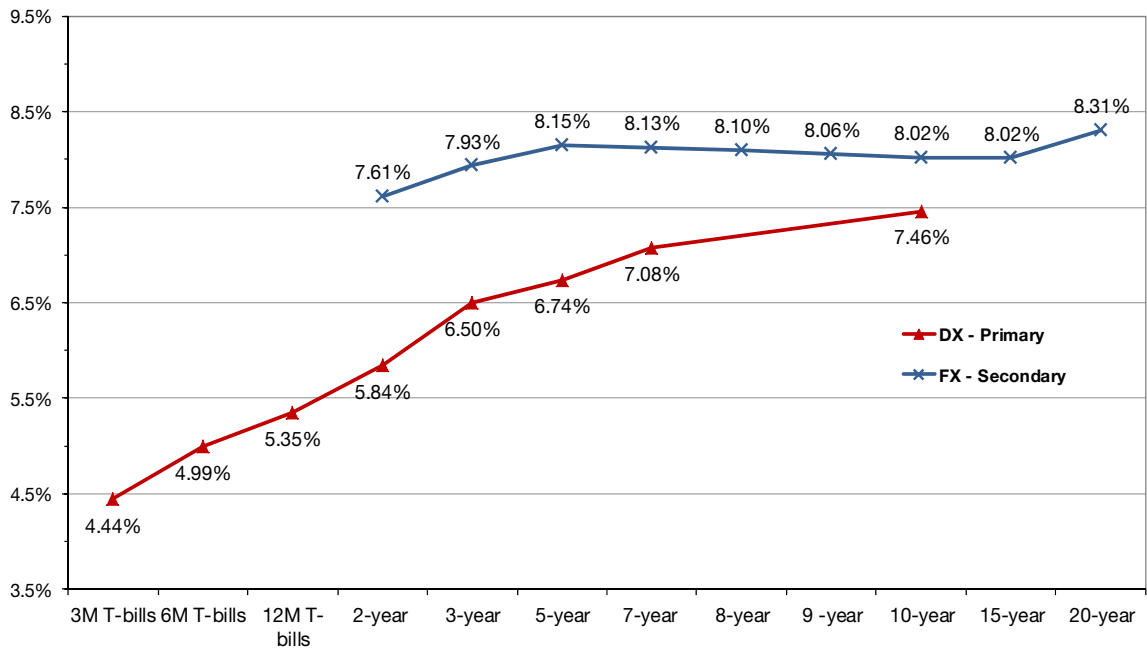
*Fitch Ratings affirmed its ratings and maintained the Stable outlook on 14 September 2017.

** Moody's Investors Services downgraded Lebanon's bond rating from B2 to B3 and revised the outlook from negative to stable on 25 August 2017

*** Standard and Poor's affirmed its rating and keeping the outlook of Lebanon stable on 1 September 2017

INTEREST RATES & COST

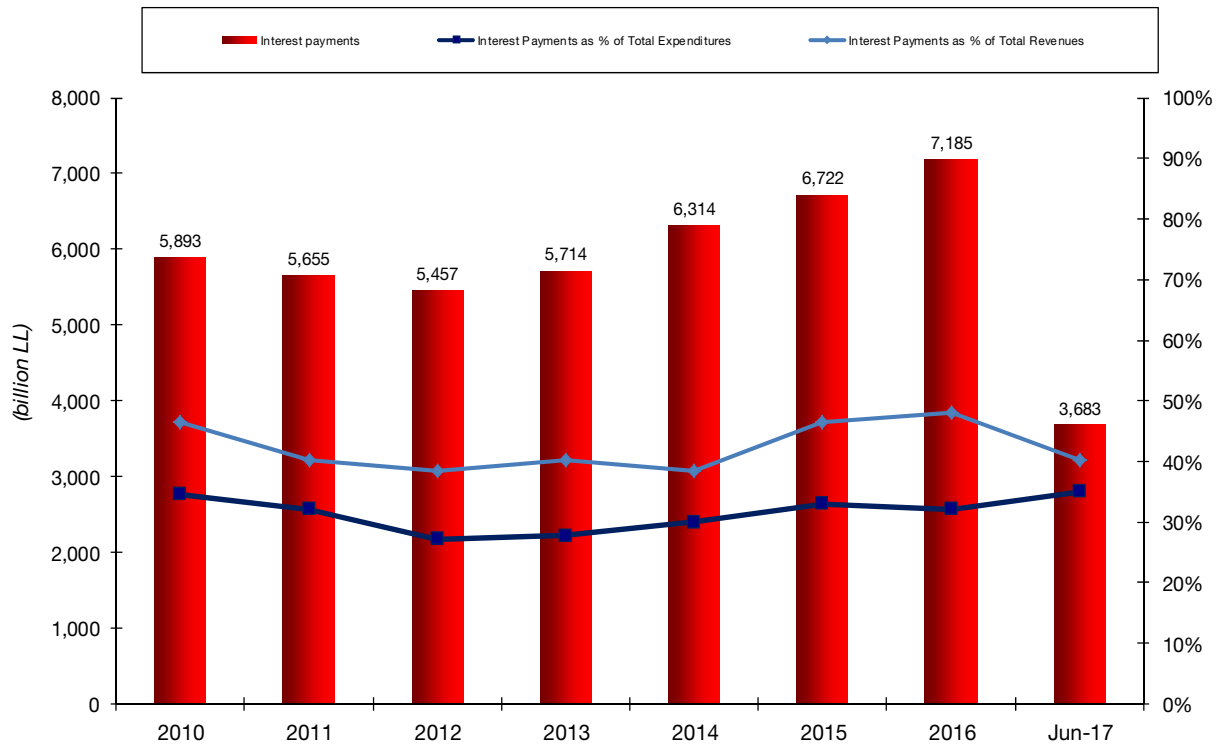
**Government DX & FX T-Bills and T-Bonds Yield Curve
as at 20 November 2017**



Source: MOF, Reuters

During QIII 2017, primary market rates on Treasury bills and bonds issued remained unchanged compared to end 2016 levels. Eurobonds secondary levels as at 20 November 2017 have widened by 177 bps on average from the 18 August 2017 levels quoted in the QII 2017 Debt & Debt Markets report.

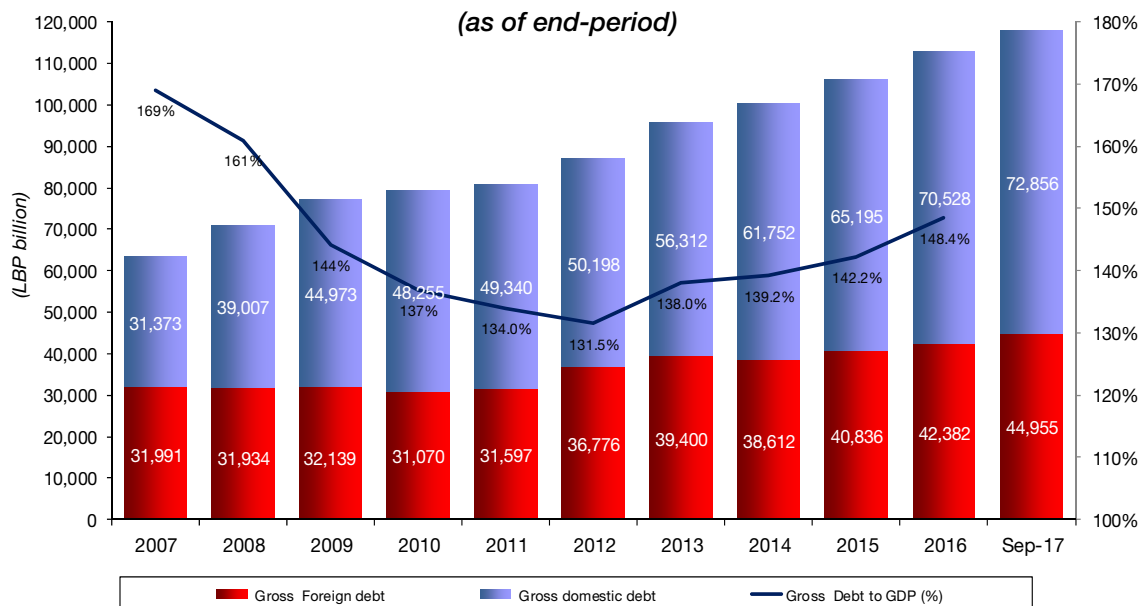
Interest Payments As end of Period



Source: MOF

OVERALL DEBT DATA

Historical Debt Evolution (as of end-period)



Source: MOF, BDL

Notes:

1- Debt data may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System (DMFAS).

2- GDP 2006-2015: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2015. Published in April 2017.

3- GDP 2016 using the IMF growth rate and deflator published on WEO - October 2017.

Public Debt Table ⁽¹⁾ (as of end-September 2017)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Sep-17	Change Sep 17- Dec 16	% Change Sep 17- Dec 16
Gross Public Debt (A + B)	79,325	80,937	86,974	95,712	100,364	106,031	112,910	117,811	4,901	4.3%
A. Local currency debt	48,255	49,340	50,198	56,312	61,752	65,195	70,528	72,856	2,328	3.3%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	24,308	30,150	36,431	6,281	20.8%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	29,878	29,581	25,133	(4,448)	-15.0%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	11,009	10,797	11,292	495	4.6%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,461	8,718	9,179	461	5.3%
o/w Contractor bonds	-	41	134	134	180	180	139	166	27	19.4%
* Accrued interest included in debt	867	788	789	877	1,029	997	1,098	1,141	43	3.9%
B. Foreign currency debt	31,070	31,597	36,776	39,400	38,612	40,836	42,382	44,955	2,573	6.1%
4. Eurobonds	26,738	27,490	32,789	35,533	34,850	37,561	39,240	41,439	2,199	5.6%
Of which, Paris II at preferential rates ⁽²⁾	3,677	3,161	2,646	2,130	1,615	1,099	583	273	(311)	-53.2%
Of which, Paris III at preferential rates ⁽³⁾	709	663	317	271	226	181	136	-	(136)	-100.0%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	35,846	38,063	40,394	2,331	6.1%
* Accrued Interest on Eurobonds	483	407	400	444	425	435	458	772	314	68.6%
5. Loans	4,265	4,033	3,884	3,738	3,648	3,207	3,079	3,479	400	13.0%
5.1 Paris II loans	460	407	279	208	128	83	48	18	(30)	-62.5%
5.2 Paris III loans ⁽⁴⁾	1,147	1,060	997	915	760	629	525	499	(26)	-4.9%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	827	1,200	1,054	953	961	7	0.7%
5.4 Multilateral loans (non-Paris II and III)	1,911	1,837	1,762	1,694	1,506	1,417	1,494	1,921	427	28.5%
5.5 Foreign Private Sector Loans	24	18	14	94	54	24	59	81	22	37.3%
6. Other debt	67	74	103	129	114	68	63	37	(26)	-41.3%
6.1 Special Tbls in Foreign currency ⁽⁵⁾	67	74	103	129	114	68	63	37	(26)	-41.3%
Public sector deposits	11,419	10,984	12,916	15,495	13,965	13,227	14,268	15,311	1,043	7.3%
Net debt	67,906	69,953	74,058	80,217	86,399	92,804	98,642	102,500	3,858	3.9%
Gross Market debt⁽⁶⁾	51,301	50,129	58,614	65,379	67,373	68,799	70,303	68,530	(1,773)	-2.5%
% of total debt	64.7%	61.9%	67.4%	68.3%	67.1%	64.9%	62.3%	58.2%	-4.1%	-6.6%

Source: MOF, BDL

Notes:

⁽¹⁾ Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

1- Debt data for December 2010 to December 2016 may be subject to slight modification.

⁽²⁾ Paris II related Eurobonds including the outstanding of the Eurobond originally issued at USD 1,870 billion to BDL in the context of Paris II conference.

⁽³⁾ Issued to Malaysia as part of its Paris III contribution.

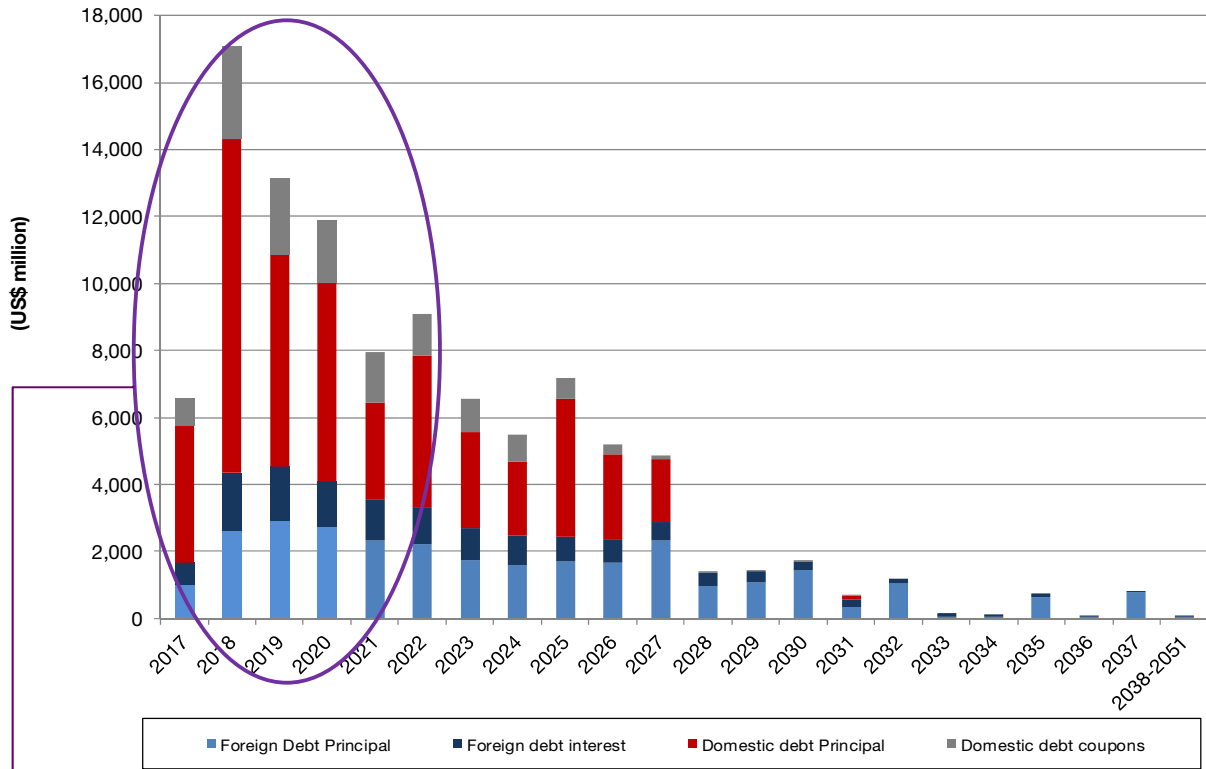
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽⁵⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

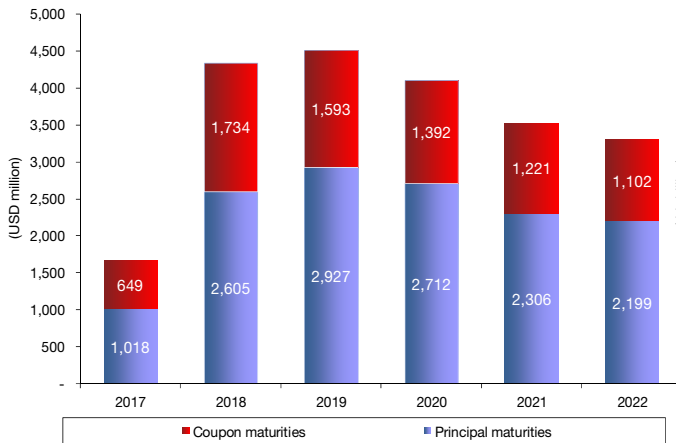
⁽⁶⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

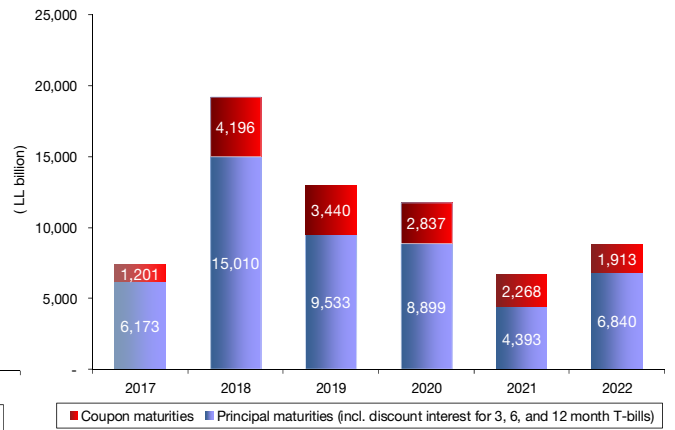
Aggregate Debt Amortization (as of end-September 2017)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and Bonds

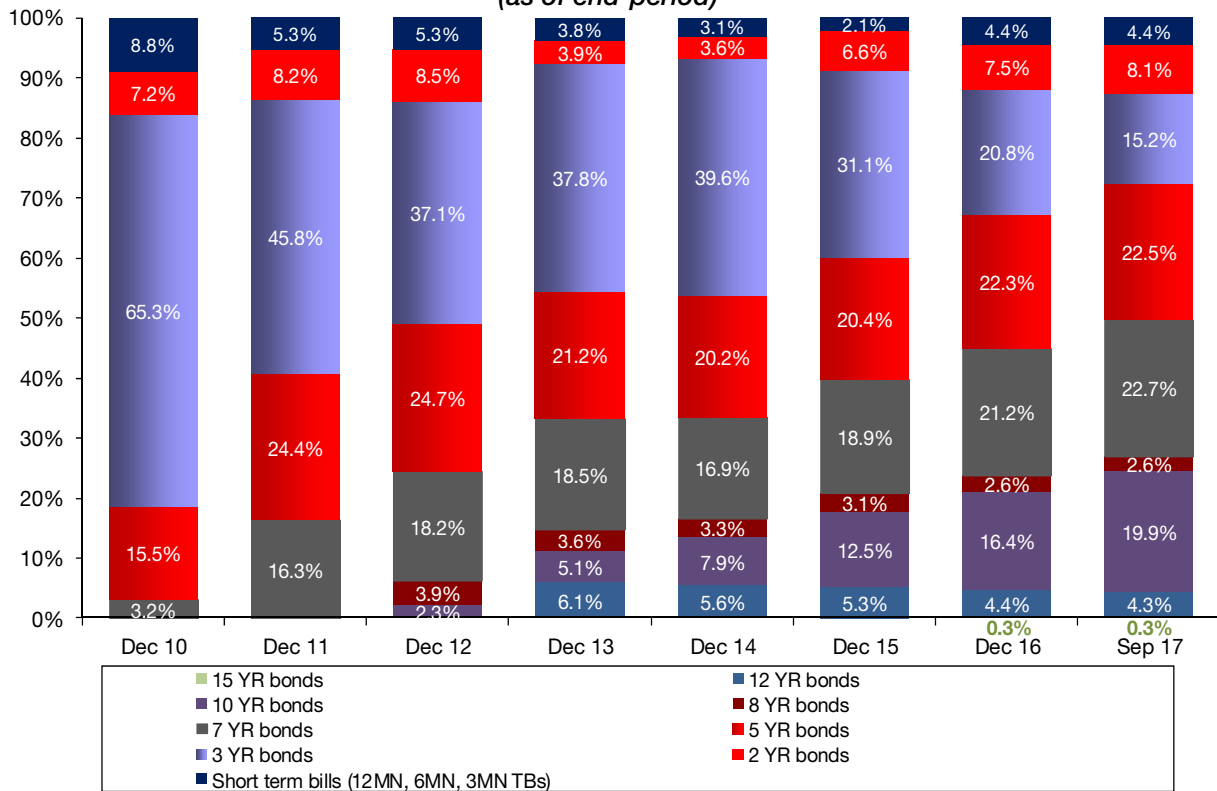


Source: MOF, BDL

Note : The data used for the amortization schedule is based on outstanding and not on committed amounts.

DOMESTIC CURRENCY DEBT DATA

Outstanding Domestic T-bills and Bonds by Tenor Type (as of end-period)



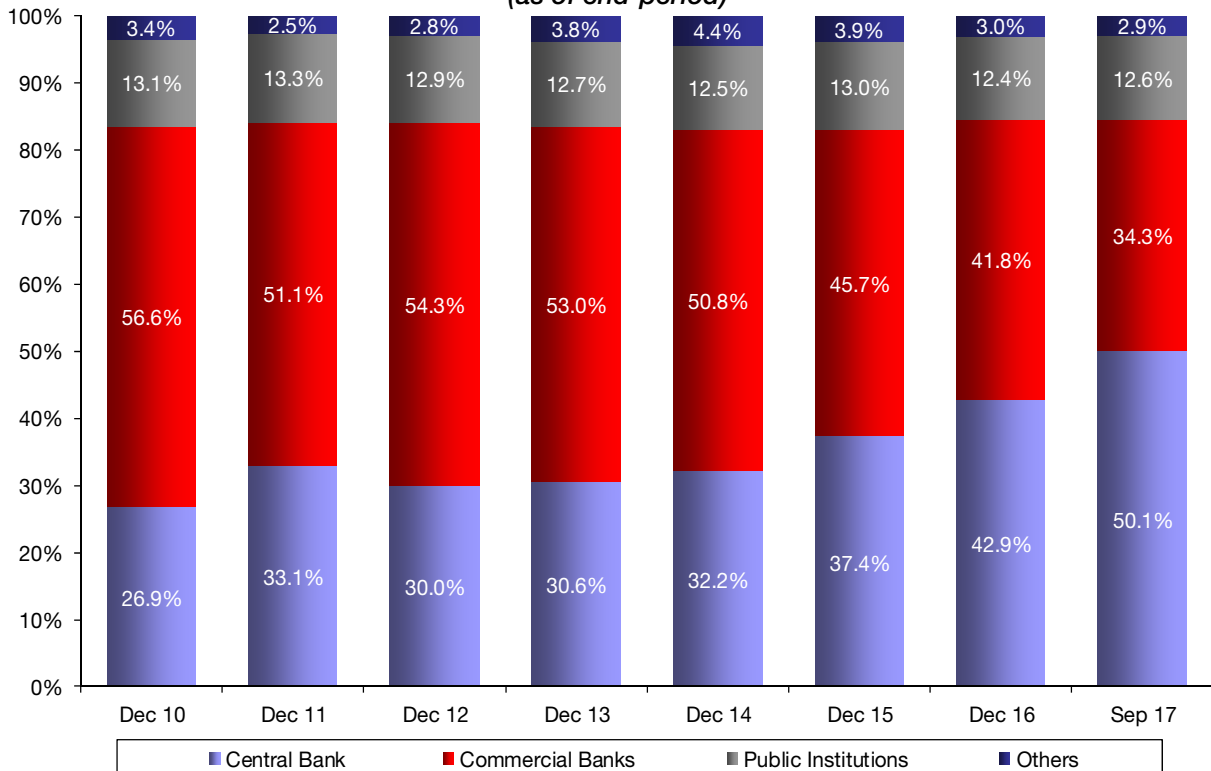
Source: MOF

Notes:

1- Only treasury bills with maturities less than 24 months are issued at a discount to their face value.

2- The 5 YR bonds figure includes LL 166 billion contractor bonds issued in Jan 2014, Nov 2014, Jul 2016 and Jun 2017.

Outstanding Domestic T-bills and Bonds by Investor Type (as of end-period)



Source: MOF, BDL

Notes: Central Bank figures include the amounts of repurchase agreements.

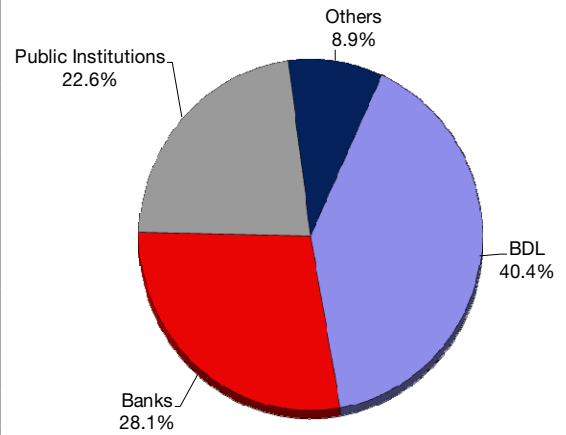
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QIII 2017

Weekly Issued Amounts

Date	Categories									Total
	Nominal Value - LBP Billions									
	3 Mn	6 Mn	12 Mn	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr		
QI-2017	389	377	350	938	868	2,550	499	773		6,745
QII-2017	253	264	425	633	442	606	346	691		3,661
06-07-17	-	93	-	202	-	-	-	340		634
13-07-17	71	-	90	-	-	130	-	-		291
20-07-17	-	98	-	-	341	-	240	-		679
27-07-17	71	-	90	-	-	130	-	-		291
03-08-17	-	92	-	251	-	-	-	341		684
10-08-17	101	-	90	-	-	131	-	-		322
17-08-17	-	92	-	-	400	-	240	-		733
24-08-17	101	-	90	-	-	130	-	-		321
31-08-17	-	92	-	300	-	-	-	351		743
07-09-17	152	-	90	-	-	130	-	-		372
14-09-17	-	103	-	-	351	-	241	-		694
21-09-17	152	-	90	-	-	130	-	-		372
28-09-17	-	103	-	351	-	-	-	351		804
Total QIII	648	673	539	1,103	1,091	782	721	1,382		6,939
Grand Total	1,290	1,314	1,313	2,674	2,402	3,938	1,566	2,847		17,345

QIII 2017 Subscription Results by Holder



During QIII 2017 the largest subscriber in DX Treasury bills and bonds was BdL reaching 40.4 percent of the total subscriptions up from 25.9 percent in QII 2017. Banks share dropped to 28.1 percent and Public institutions to 22.6 percent of total quarter subscriptions from 41.8 percent and 29.7 percent in QII 2017 respectively.

Domestic Treasury Bills & Bonds Auction Calendar QIV 2017

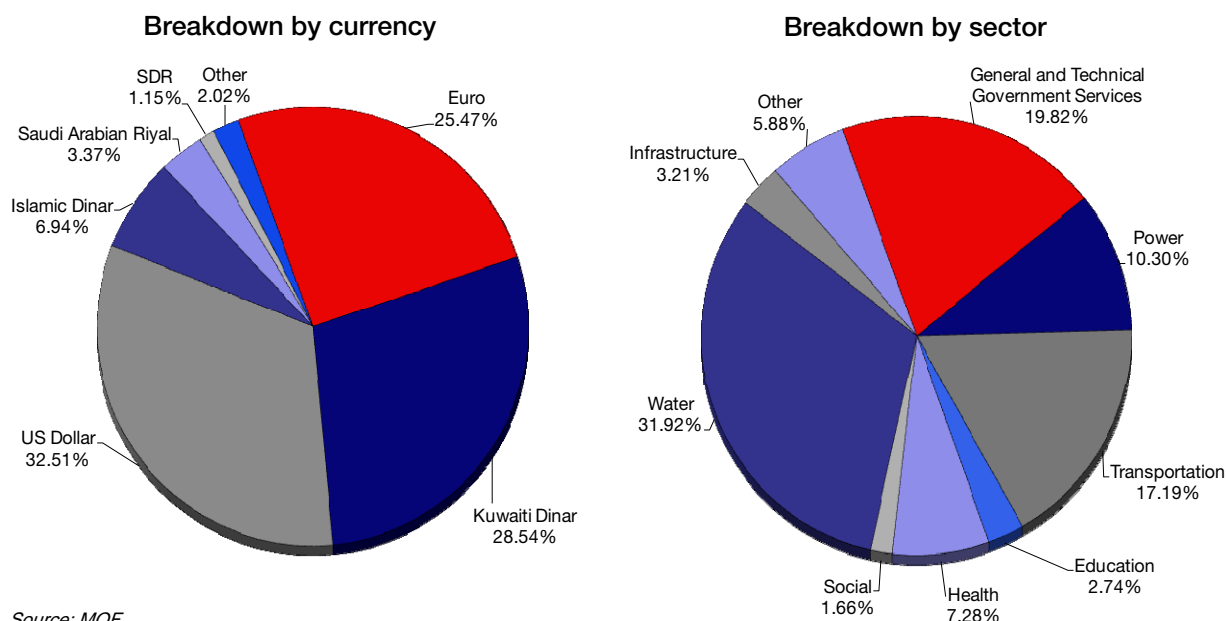
Auction Date	October					November				December				Frequency
	2	9	16	23	30	6	13	20	27	4	11	18	25*	
Issue Date	5	12	19	26	02-Nov	9	16	23	30	7	14	21	28	
3 M	x		x		x		x		x		x		x	7
6 M		x		x			x		x		x		x	6
12 M	x		x		x		x		x		x		x	7
2 Y				x					x				x	3
3 Y		x					x				x			3
5 Y	x		x		x		x		x		x		x	7
7 Y		x					x				x			3
10 Y				x					x				x	3

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

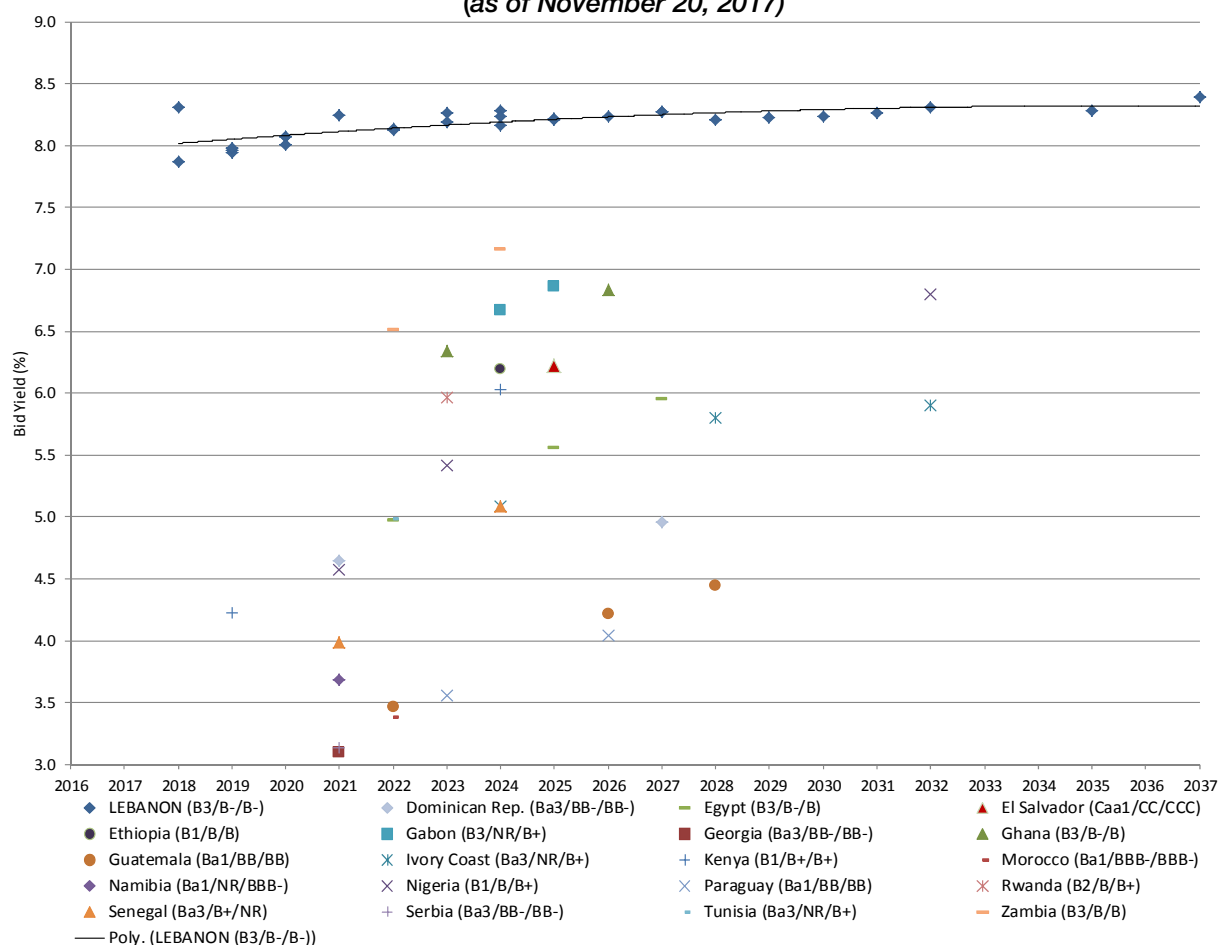
Bilateral and Multilateral Loans (as of end-September 2017)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,479 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of November 20, 2017)



Source: DB, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end September 2017

Lebanon Secondary Trading Levels							
Mat. Date dd/mm/yy	Outstanding Amount (in original cur)	Bid Price	Ask Price	Mid Yield	Mid Z- spread	Change Mid Z- spread (QIII 2017-QII 2017)	
EURO							
LEB 5.35	28/11/2018	445,000,000	102.00	103.00	3.10	335	-60
US DOLLARS							
LEB	12/10/2017	775,000,000	N/A	N/A	N/A	N/A	N/A
LEB 5.15	12/06/2018	700,000,000	100.25	100.75	4.40	291	-10
LEB 5.15	12/11/2018	1,025,000,000	100.25	100.75	4.68	309	-6
LEB 5.5	23/04/2019	500,000,000	100.50	101.00	4.99	333	0
LEB 6	20/05/2019	650,000,000	101.25	101.75	5.03	335	1
LEB 5.45	28/11/2019	1,500,000,000	100.00	100.50	5.32	357	7
LEB 6.375	09/03/2020	1,200,000,000	102.00	102.50	5.37	359	-12
LEB 5.8	14/04/2020	700,000,000	100.25	100.75	5.59	379	5
LEB 6.15	19/06/2020	600,000,000	101.13	101.63	5.59	378	1
LEB 8.25	12/04/2021	2,092,469,000	107.75	108.38	5.69	381	-14
LEB 6.25	27/05/2022	500,000,000	100.00	100.63	6.17	420	44
LEB 6.1	04/10/2022	1,540,000,000	99.75	100.38	6.09	409	11
LEB 6	27/01/2023	1,100,000,000	98.50	99.13	6.26	424	26
LEB 6.4	26/05/2023	500,000,000	99.63	100.25	6.41	437	39
LEB 6.65	22/04/2024	700,000,000	100.00	100.75	6.58	449	27
LEB 6.25	04/11/2024	538,467,000	97.88	98.63	6.56	444	23
LEB 7	03/12/2024	250,000,000	101.85	102.60	6.60	448	25
LEB 6.2	26/02/2025	800,000,000	97.25	98.00	6.61	447	25
LEB 6.25	12/06/2025	800,000,000	97.25	98.00	6.65	450	26
LEB 6.6	27/11/2026	1,600,000,000	98.00	99.00	6.82	461	32
LEB 6.85 *	23/03/2027	1,250,000,000	99.50	100.25	6.87	464	19
LEB 6.75	29/11/2027	1,000,000,000	98.63	99.38	6.89	464	18
LEB 6.65	03/11/2028	893,197,000	97.13	97.88	6.98	470	21
LEB 6.85	25/05/2029	1,000,000,000	98.50	99.50	6.98	468	20
LEB 6.65	26/02/2030	1,400,000,000	96.75	97.75	6.98	467	21
LEB 7	22/04/2031	300,000,000	98.38	99.38	7.13	479	27
LEB 7 *	23/03/2032	1,000,000,000	97.75	98.75	7.20	484	28
LEB 7.05	02/11/2035	600,000,000	97.00	98.00	7.30	490	28
LEB 7.25 *	23/03/2037	750,000,000	97.00	98.00	7.50	509	34

Source: DB

* Eurobonds issued in a triple-tranche transaction on 23 March 2017.

Non Marketable Eurobonds issued in the Context of Paris II & III

List of Outstanding Eurobonds (values as of September 30, 2017)							
ISIN CODE	Eurobond	Outstanding Amount (USD)	No. of tranches	Currency	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II							
XS0160456322	USD 950 MN - Dec 2017	32,500,000	1	USD	5.000%	12/27/17	0.34
XS0160503347	USD 2,007.511 MN - Dec 2017	100,375,550	2	USD	4.000%	12/31/17	0.34
XS0164502352	USD 700 MN - Mar 2018	35,000,000	1	USD	5.000%	03/07/18	0.58
XS0169203048	USD 200 MN - May 2018	20,000,000	1	USD	5.000%	05/27/18	0.50

*Eurobonds issued in the context of the Paris II conference are redeemable in 20 equal semiannual payments starting from year 6 (grace period of 5 years from issue date).

For further information, please contact:

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