

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 24, Quarter I 2013



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

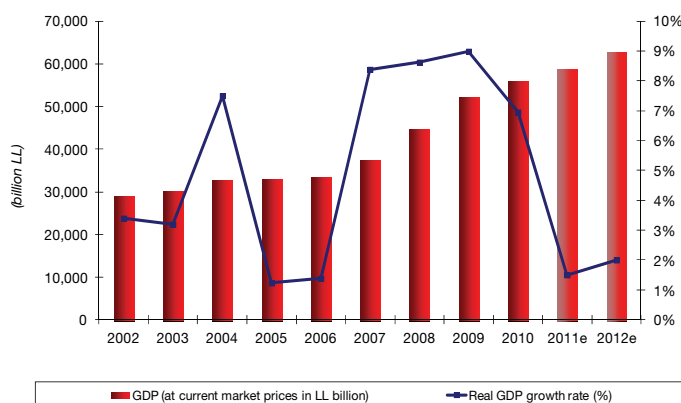
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HIGHLIGHTS

- By the end of Q1 2013, gross public debt stood at LL 87,053 billion (US\$ 57.75 billion), higher than end-2012 level by 0.11 percent.
- At LL 75,510 billion (US\$ 50.09 billion) by the end of Q1 2013, net public debt increased by 1.98 percent from the end-2012 level.
- Domestic currency debt registered LL 51,016 billion at the end of Q1 2013, an increase of 1.63 percent compared to end-December 2012.
- The highest subscriber of Treasury bills and bonds in Q1 2013 were commercial banks with 46 percent of subscriptions decreasing from 80 percent in QIV 2012. The second highest subscriber was the public institutions at 33 percent compared to 7 percent in QIV 2012. BDL captured 14 percent of subscriptions during Q1 2013.
- Primary market rates on Treasury bills and bonds ended in Q1 2013 at the same level of end QIV 2012 except a minor increase on 3 MN Tills by 1 basis point.
- Foreign currency debt totaled LL 36,037 billion (US\$ 23.91 billion) at the end of Q1 2013, a 1.97 percent decrease since the end of December 2012.

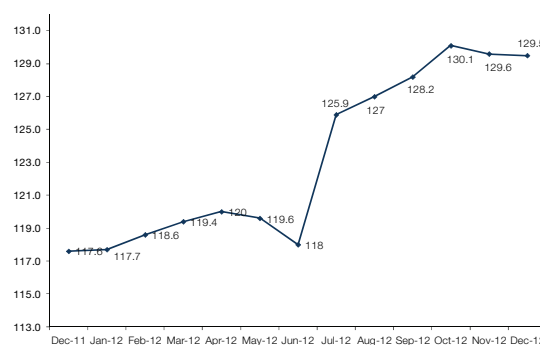
THE LEBANESE ECONOMY

GDP and GDP growth



Source: 2001-2010 are National Accounts Committee figures, some of which have been revised.
GDP 2011 and 2012: Latest estimates IMF October 2012 WEO.

CPI Index
December 2011 – December 2012

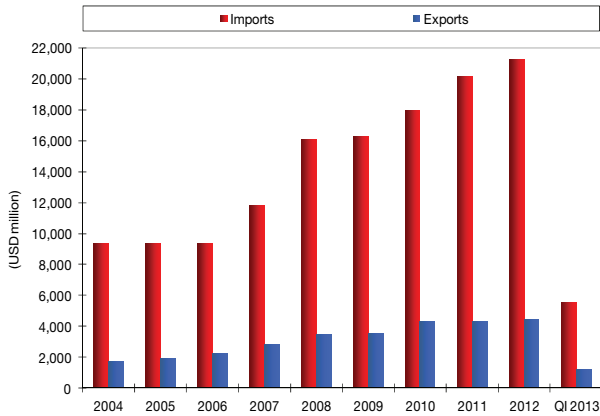


Source: Central Administration of Statistics
Consumer Price Index base year December 2007 = 100.

Notes:
1- Latest published CPI by CAS is of December 2012.
2- The July 2012 inflation figure reflects a one-time adjustment in housing costs, which makes the July 2012 and subsequent inflation figures in 2012 not indicative of year-on-year inflation.

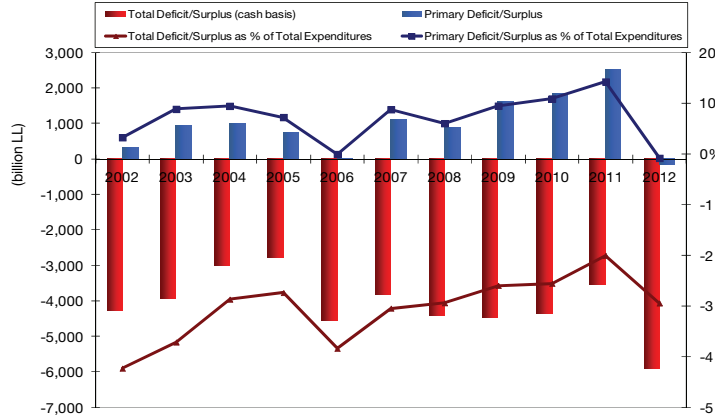
THE LEBANESE ECONOMY

Trade Statistics



Source: MoF, Directorate of Customs

Fiscal Performance

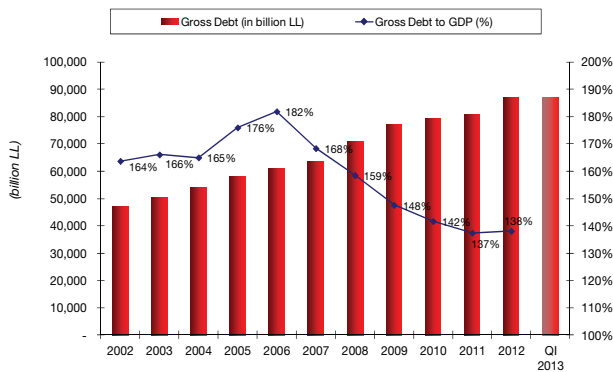


Source: MOF

Note: Revenues are calculated from the latest Public Finance Monitor published and are based on actual cash transfers made to MoF and thus different from the Fiscal Performance on the MoF website. For further details refer to the December 2012 Public Finance Monitor.

OVERALL DEBT DATA

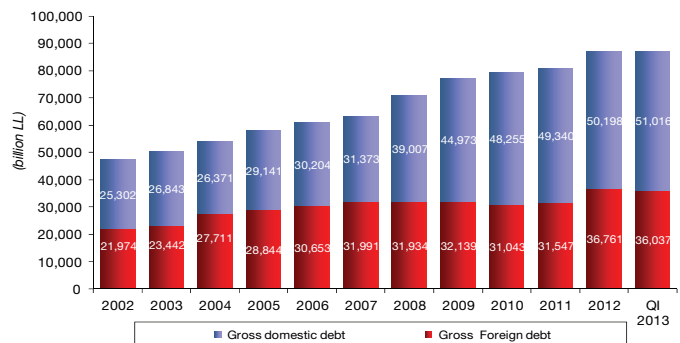
Gross Public Debt



Source: MOF, BDL

Source GDP: 2001-2011 are National Accounts Committee figures, some of which have been revised. GDP 2011 and 2012: Latest estimates IMF October 2012 WEO

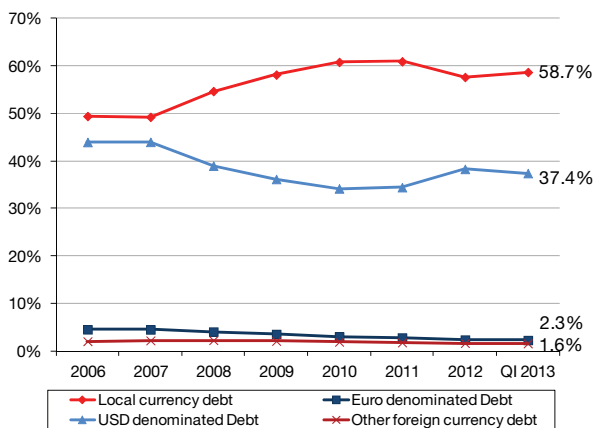
Historical Debt Evolution



Source: MOF, BDL

Note: Debt data for March 2013 may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System

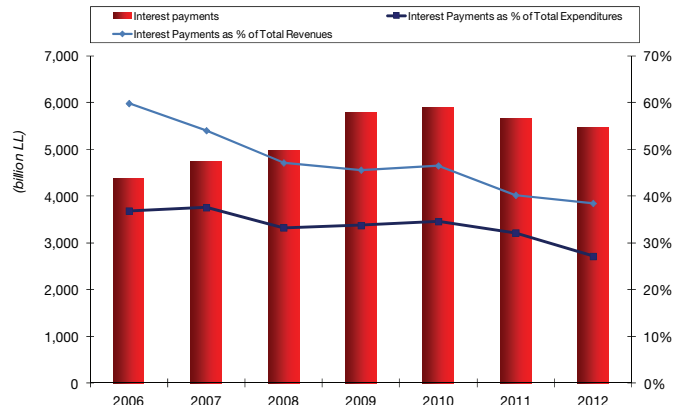
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

Interest Payments



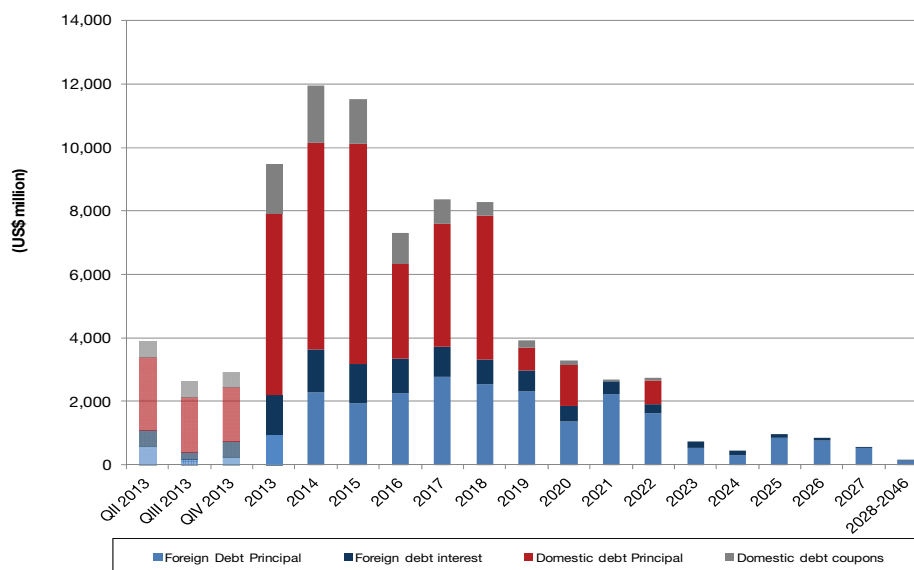
Source: MOF

Note: 1- Revenues are calculated from the latest Public Finance Monitor published and are based on actual cash transfers made to MoF and thus different from the Fiscal Performance on the MoF website. For further details refer to December 2012 Public Finance Monitor.

2- Interest payments include debt service payments made on EDL loans.

OVERALL DEBT DATA

Aggregate Debt Amortization Profile (as of end-March 2013)



Source: MOF, BDL

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

Public Debt Table (as of end-March 2013)

Public Debt (in LL billion)	Dec-06	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12 ⁽⁸⁾	Mar-13 ⁽⁸⁾	Change Dec 12 - Mar 13	% Change Dec 12 - Mar 13
Gross Public Debt (A + B)	60,857	63,364	70,941	77,112	79,298	80,887	86,959	87,053	94	0.1%
A. Local currency debt	30,204	31,373	39,007	44,973	48,255	49,340	50,198	51,016	818	1.6%
1. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ⁽¹⁾	9,588	9,052	8,781	10,334	13,130	16,374	15,049	16,536	1,487	9.9%
2. Commercial Banks	16,487	16,847	24,320	27,286	27,214	25,177	27,267	25,798	(1,469)	-5.4%
3. Other local debt (T-bills)	4,129	5,474	5,906	7,353	7,911	7,789	7,862	8,682	800	10.1%
o/w Public entities	3,313	4,796	5,062	6,078	6,268	6,538	6,479	7,134	655	10.1%
o/w Contractor bonds	-	-	-	-	-	41	134	134	-	0.0%
*Accrued interest included in debt	685	730	1,029	999	867	788	789	765	(24)	-3.0%
B. Foreign currency debt⁽²⁾	30,653	31,991	31,934	32,139	31,043	31,547	36,761	36,037	(724)	-2.0%
4. Eurobonds	26,441	27,099	26,817	27,142	26,738	27,490	32,789	32,190	(599)	-1.8%
Of which, Paris II at preferential rates ⁽³⁾	5,608	5,156	4,708	4,192	3,677	3,161	2,646	2,593	(53)	-2.0%
Of which, Paris III at preferential rates ⁽⁴⁾	-	754	754	754	709	663	317	294	(23)	-7.1%
Of which, market-issued Eurobonds	20,399	20,780	20,925	21,736	21,870	23,258	29,427	28,672	(755)	-2.6%
* Accrued Interest on Eurobonds	434	410	430	460	483	407	400	631	231	57.8%
5. Loans	3,793	4,473	4,698	4,550	4,231	3,977	3,860	3,735	(125)	-3.2%
5.1 Paris II loans	932	907	748	627	460	351	279	232	(47)	-16.8%
5.2 Paris III loans ⁽⁵⁾	-	603	1,095	1,210	1,147	1,060	997	977	(20)	-2.0%
5.3 Bilateral loans (non-Paris II and III)	714	759	731	716	723	766	832	809	(23)	-2.7%
5.4 Multilateral loans (non-Paris II and III)	2,032	2,118	2,069	1,971	1,877	1,781	1,738	1,705	(33)	-1.9%
5.5 Foreign Private Sector Loans	115	86	54	27	24	18	14	12	(2)	-14.3%
6. Other debt	419	419	419	447	74	80	112	112	-	0.0%
6.1 Special Tbls in Foreign currency ⁽⁶⁾	419	419	419	447	74	80	112	112	-	0.0%
Public sector deposits	4,444	4,527	8,326	10,522	11,419	10,984	12,916	11,543	(1,373)	-10.6%
Net debt	56,413	58,837	62,615	66,590	67,879	69,903	74,043	75,510	1,467	2.0%
Gross Market debt⁽⁷⁾	38,670	39,219	46,992	51,231	51,308	50,191	58,623	56,773	(1,850)	-3.2%
% of total debt	64%	62%	66%	66%	65%	62%	67%	65%	(0)	-3.3%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ In November 2003 and July 2004, BDL extended two loans to EDL, of amounts LL 300 billion and LL 150 billion respectively, to finance the payment electricity bought from Syria. The amortization schedule ends in 2013. These loans are listed as public debt as they are government guaranteed.

⁽²⁾ Figures for Dec 05-Dec 11 differ from

⁽³⁾ Paris II related Eurobonds including Eurobond originally issued at USD 1,870 billion to BDL in the context of Paris II conference.

⁽⁴⁾ Issued to Malaysia as part of its Paris III contribution.

⁽⁵⁾ IBRD loan, UAE loan, first tranche of the French loan received in February 2008, IMF loan, first tranche EC/EU loan, and AMF loan disbursed in June 2009.

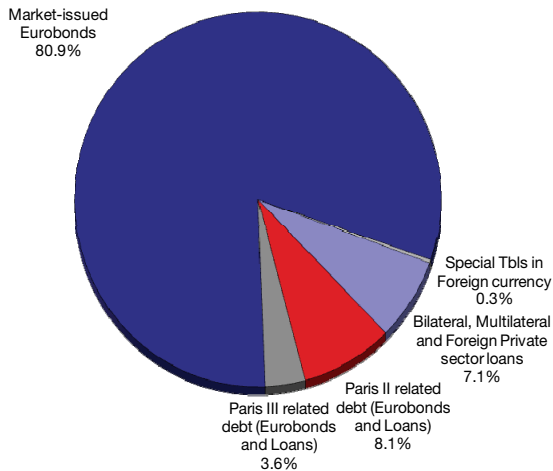
⁽⁶⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

⁽⁷⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

⁽⁸⁾ Debt data for December 2012 and March 2013 may be subject to slight modification due to revisions in the Debt Management and Financial Analysis System.

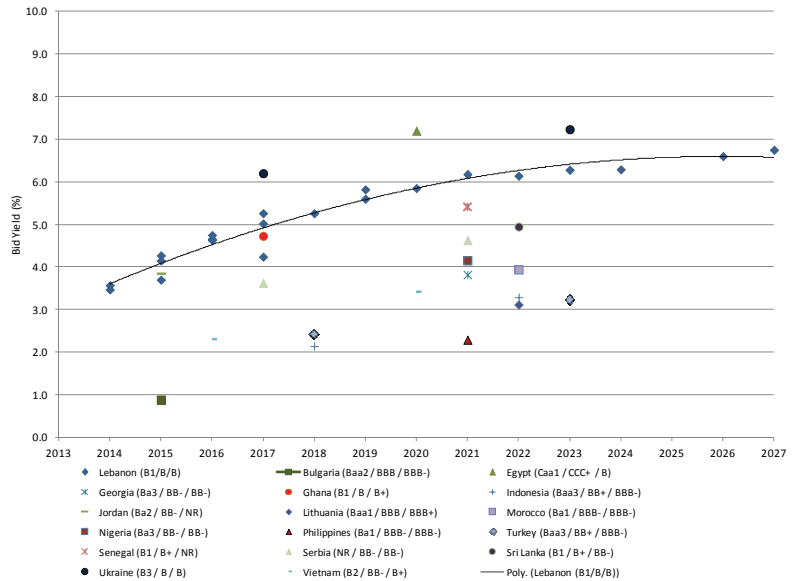
FOREIGN CURRENCY DEBT DATA

Outstanding Foreign Currency Debt by Holder
(as of end-March 2013)



Source: MOF, BDL
Note: Does not include accrued interest.

Yields for Republic of Lebanon Eurobonds and Comparables [USD Eurobonds]
(as of May 22, 2013)



Source: Credit Suisse, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350	100.50	101.50	5.23	5.03	425	404
US Dollars						
LEB 7.375	104.50	105.50	2.91	1.96	254	159
LEB 9.000	106.50	107.50	2.84	1.95	249	159
LEB 5.875	103.00	104.00	4.11	3.54	370	312
LEB 10.00	112.00	113.75	3.88	3.06	345	263
LEB 8.500	109.50	110.50	4.19	3.77	375	332
LEB 4.000	98.00	99.00	4.47	4.23	359	336
LEB 8.500	109.50	110.50	4.82	4.45	432	396
LEB 11.62	120.00	121.00	4.63	4.32	410	379
LEB 4.750	100.00	101.00	4.75	4.44	412	382
LEB 9.000	114.00	115.00	5.06	4.80	437	411
LEB 5.000	99.38	100.25	5.16	4.94	433	412
LEB 5.150	99.50	100.50	5.25	5.45	418	398
LEB 6.000	102.25	103.25	5.56	5.37	438	419
LEB 5.450	99.25	100.00	5.59	5.45	429	415
LEB 6.375	103.00	104.00	5.84	5.67	450	432
LEB 8.250	114.00	115.00	6.03	5.89	450	436
LEB 6.100	101.00	102.00	5.96	5.82	416	402
LEB 6.000	99.75	100.75	6.03	5.89	418	404
LEB 7.000	106.50	107.50	6.21	6.09	415	403
LEB 6.600	101.75	102.75	6.40	6.30	416	405
LEB 6.750	103.00	104.00	6.43	6.33	412	401

Source: CS 28th March 2013

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350	99.71	100.96	5.40	5.14	453	426
US Dollars						
LEB 7.375	103.25	103.85	3.57	2.90	327	259
LEB 9.000	105.00	105.50	3.47	2.94	317	264
LEB 5.875	102.50	103.50	4.27	3.64	392	330
LEB 10.00	111.50	112.50	3.70	3.19	334	283
LEB 8.500	109.00	110.00	4.15	3.70	377	331
LEB 4.000	99.00	100.00	4.24	4.00	339	314
LEB 8.500	109.50	110.50	4.63	4.25	419	381
LEB 11.62	119.00	120.00	4.66	4.33	418	385
LEB 4.750	100.00	101.00	4.75	4.43	416	384
LEB 9.000	113.63	115.63	5.02	4.49	437	384
LEB 5.000	99.00	100.00	5.26	5.00	446	420
LEB 5.150	99.50	100.50	5.26	5.04	420	399
LEB 6.000	102.00	103.00	5.60	5.41	444	424
LEB 5.450	98.00	99.00	5.82	5.64	454	435
LEB 6.375	102.88	103.88	5.85	5.68	452	434
LEB 8.250	112.75	113.75	6.18	6.03	466	451
LEB 6.100	99.75	100.75	6.14	5.99	433	419
LEB 6.000	98.00	99.00	6.28	6.14	442	428
LEB 7.000	105.75	106.75	6.29	6.17	422	410
LEB 6.600	100.00	101.00	6.60	6.49	434	423
LEB 6.750	100.00	101.00	6.75	6.64	442	431

Source: CS 22nd May 2013

Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long – term tenor rating	Short – term tenor rating	Outlook
As of May 22 nd , 2013			
Fitch Ratings	B	B	Stable
Moody's Investor Services Ltd*	B1	-	Negative
Standard and Poor's	B	B	Negative

*Moody's changed the outlook of Lebanon from stable to negative on May 14th, 2013

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of March 31, 2013)								
ISIN CODE	Eurobond	Outstanding Amount (in original cur)	Outstanding Amount (USD)	No. of tranches	Currency	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
XS0222794249	USD 650 MN - June 2013	340,009,000	340,009,000	2	USD	8.625%	06/20/13	0.22
XS0250882809	USD 676.902 MN - April 2014	676,902,000	676,902,000	1	USD	7.375%	04/14/14	1.04
XS0361558413	USD 881.612 MN - May 2014	881,612,000	881,612,000	2	USD	9.000%	05/02/14	1.09
XS0471737105	USD 250 MN - January 2015*	250,000,000	250,000,000	1	USD	5.875%	01/15/15	1.79
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	2.20
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	2.35
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	2.81
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	3.12
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	3.59
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	3.97
XS0769530238	USD 600 MN - October 2017	600,000,000	600,000,000	1	USD	5.000%	10/12/17	4.54
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	5.20
XS0559237952	USD 500 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	5.62
XS0707821467	EUR 445 MN - November 2018	445,000,000	570,074,302	2	EUR	5.350%	11/28/18	5.67
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	6.14
XS0707819727	USD 500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	6.67
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	6.95
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	8.04
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	9.52
XS0859367194	USD 500 MN - January 2023	500,000,000	500,000,000	2	USD	6.000%	01/27/23	9.83
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	11.68
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	12.21
XS0707820659	USD 725 MN - November 2026	725,000,000	725,000,000	3	USD	6.600%	11/27/26	13.67
XS08593669899	USD 500 MN - November 2027	500,000,000	500,000,000	2	USD	6.750%	11/29/27	14.67
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III								
XS0312416000	USD \$300 MN - July 2017	195,000,000	195,000,000	1	USD	3.750%	07/20/17	2.87
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II								
XS0160456322	USD 950 MN - December 2017	325,000,000	325,000,000	1	USD	5.000%	12/27/17	2.42
XS0160503347	USD 2,007.511 MN - December 2017	1,003,755,500	1,003,755,500	2	USD	4.000%	12/31/17	2.42
XS0164502352	USD 700 MN - March 2018	350,000,000	350,000,000	1	USD	5.000%	03/07/18	2.67
XS0169203048	USD 200 MN - May 2018	110,000,000	110,000,000	1	USD	5.000%	05/27/18	2.59
						Average Time to Maturity (in years, as of March 31, 2013):	5.95	
						Weighted average coupon rate:	6.61%	

* These bonds have a long first interest period for the first coupon payment.

**The Eurobond restructured in the context of the Paris III conference have an amortized principal repayment structure.

***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).

Euro exchange rate (US\$/Euro) (28 March 2013): 1.281

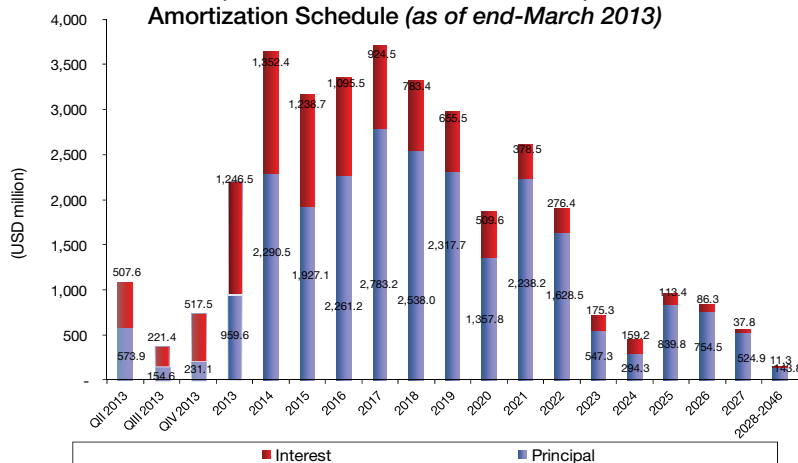
FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances

Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
23-Apr-2013	70*	6.0	23-Apr-2019	5.500	5.500	USD 500 MN	XS0922623755
23-Apr-2013	69*	3.0	22-Apr-2016	4.500	4.500	USD 600 MN	XS0922623912
17-Apr-2013	68(3)	15 (Short)	29-Nov-2027	6.750	6.700	USD 500 MN	XS0859366899
17-Apr-2013	67 (3)	10 (Short)	27-Jan-2023	6.000	6.150	USD 600 MN	XS0859367194
20-Dec-2012	60 (3)*	7 (Short)	28-Nov-2019	5.450	5.400	USD 1,000 MN	XS0707819727
29-Nov-2012	68 (2)	15.0	29-Nov-2027	6.750	6.750	USD 368.788 MN	XS0859366899
29-Nov-2012	68	15.0	29-Nov-2027	6.750	6.750	USD 131.212 MN	XS0859366899
29-Nov-2012	67 (2)	10 (Long)	27-Jan-2023	6.000	6.000	USD 115.138 MN	XS0859367194
29-Nov-2012	67	10 (Long)	27-Jan-2023	6.000	6.000	USD 384.862 MN	XS0859367194
29-Nov-2012	56 (3)	6 (Short)	12-Nov-2018	5.150	5.150	USD 339.682 MN	XS0559237952
29-Nov-2012	56 (2)	6 (Short)	12-Nov-2018	5.150	5.150	USD 185.318 MN	XS0559237952
12-Jun-2012	66*	13.0	12-Jun-2025	6.250	6.250	USD 800 MN	XS0793155911
12-Jun-2012	65*	6.0	12-Jun-2018	5.150	5.150	USD 700 MN	XS0793155838
12-Jun-2012	64*	3.0	12-Jun-2015	4.100	4.100	USD 500 MN	XS0793155754
12-Apr-2012	61 (3)	14.6	27-Nov-2026	6.600	6.375	USD 350 MN	XS0707820659
12-Apr-2012	63	5.5	12-Oct-2017	5.000	5.000	USD 600 MN	XS0769530238

* Series 64-65-66-60(3)-69-70 were issued as a part of a Debt Replacement Agreement between the Ministry of Finance (MoF) and Banque du Liban (BdL).

**Foreign Currency Debt
(Eurobonds, loans, and all others)
Amortization Schedule (as of end-March 2013)**

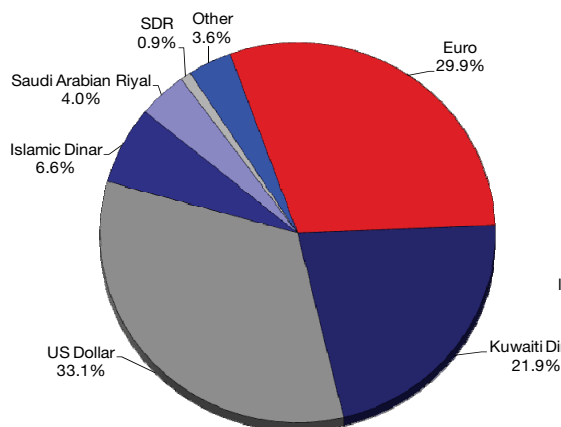


Source: MOF, BDL

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

FOREIGN CURRENCY LOANS DATA

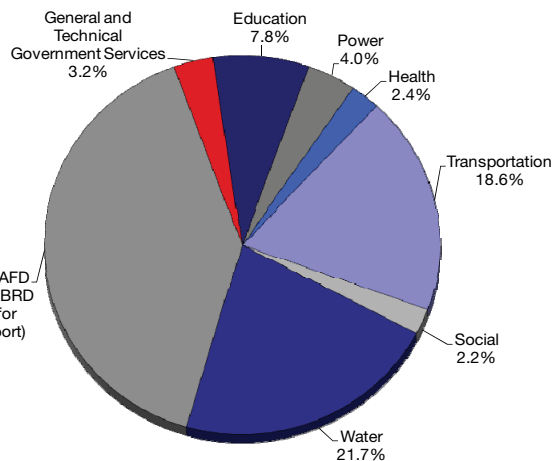
**Bilateral and Multilateral Loans
(concessional and otherwise)
Breakdown by currency
(as of end-March 2013)**



Total Outstanding LL 3,735 billion

Source: MOF, BDL

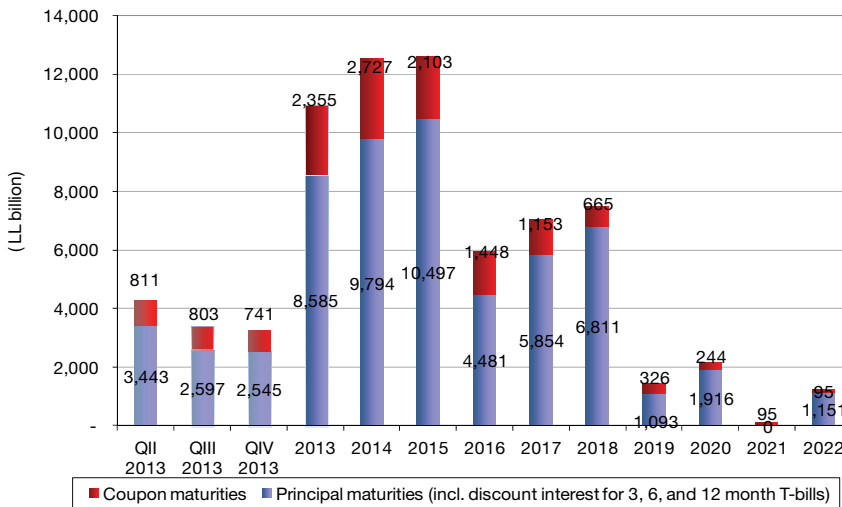
**Bilateral and Multilateral Loans
(concessional and otherwise)
Breakdown by sector
(as of end-March 2013)**



Total Outstanding LL 3,735 billion

DOMESTIC CURRENCY DEBT DATA

Amortization Schedule of Domestic T-bills and Bonds
(as of end-March 2013)



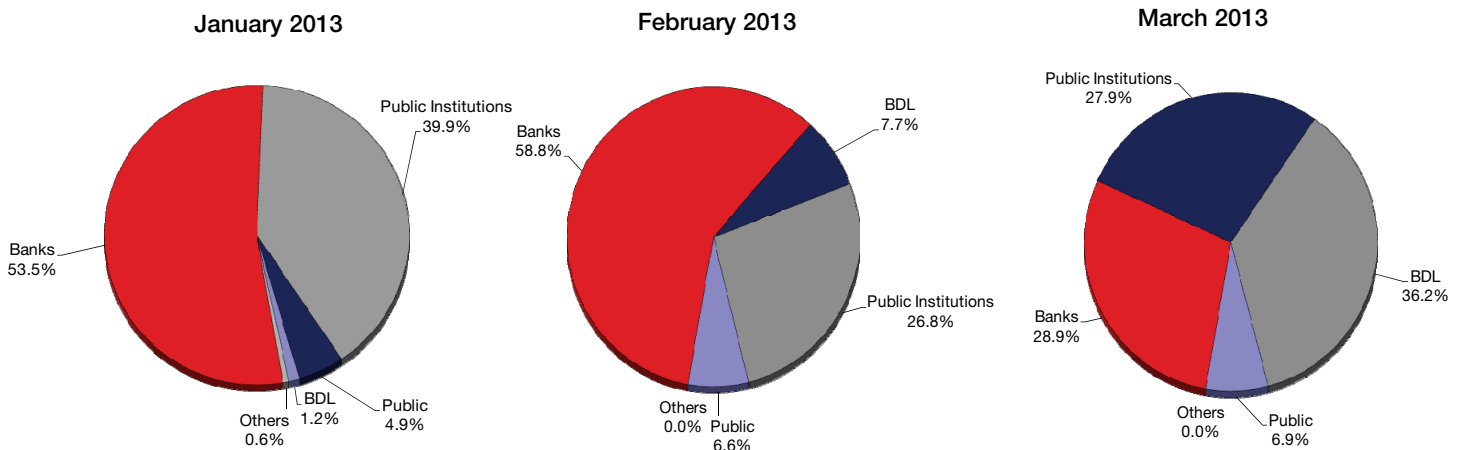
Average Time to Maturity of Domestic Currency T-bills and Bonds

As of end-March 2013: **2.97 years**

Source: MOF, BDL
The data used for the amortization schedule is based on outstanding and not on committed amounts

Upcoming Government Treasury Bill and Bond Auctions		
Auction Date	Value Date	Tenors to be auctioned
27-May-13	30-May-13	12 MN, 2YR, 3YR
03-Jun-13	06-Jun-13	3 MN, 6 MN, 5YR
10-Jun-13	13-Jun-13	12 MN, 2YR, 3YR
17-Jun-13	20-Jun-13	3 MN, 6 MN, 5YR
24-Jun-13	27-Jun-13	12 MN, 2YR, 3YR

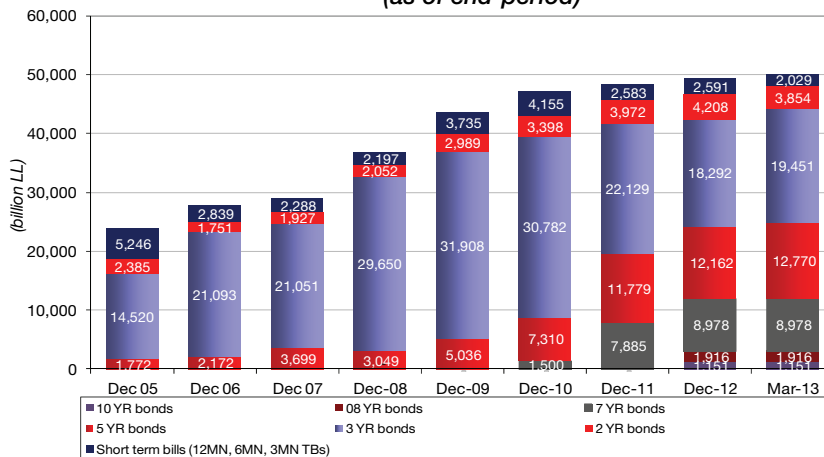
T-Bill and Bond Subscription Results by Holder During QI 2013



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



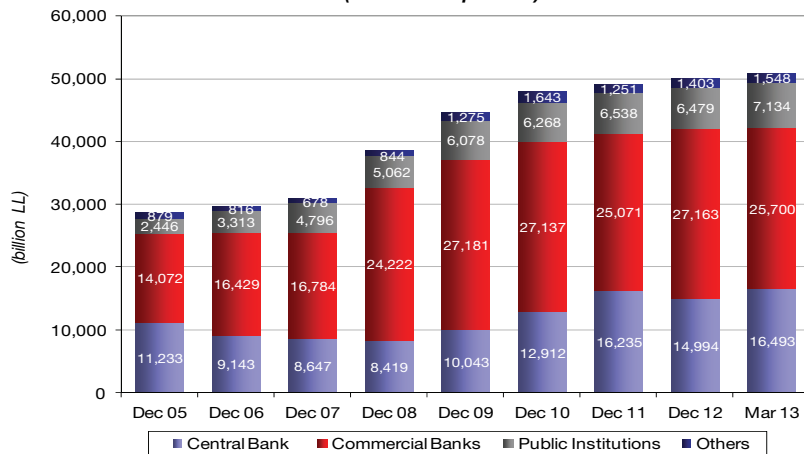
Source: MOF, BDL

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 134 billion contractor bonds issued in Nov 2011, May 2012 and August 2012.

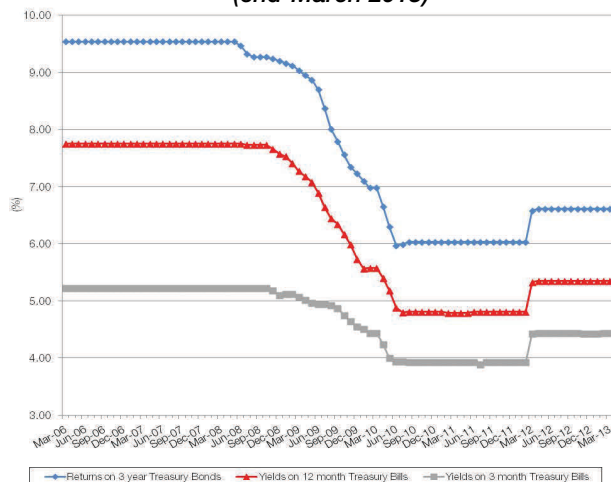
Domestic T-bills and Bonds Outstanding by Investor Type (as of end-period)



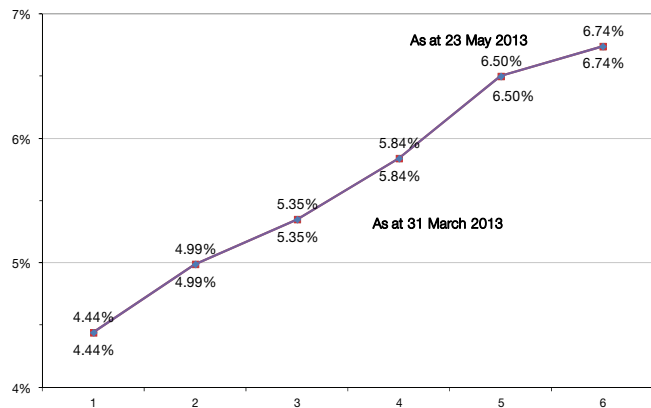
Source: MOF, BDL

Note: Central Bank figures include the amounts of repurchase agreements

Time Series of Primary Market Rates for T-Bills and Bonds (end-March 2013)



Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

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