

# DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 36, Quarter I 2016



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

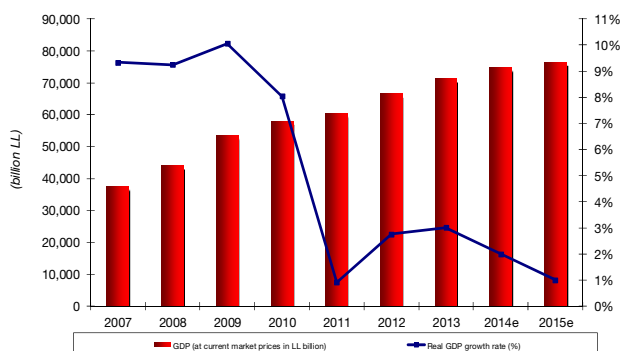
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## HIGHLIGHTS

- At end of QI 2016, gross public debt stood at LL 107,095 billion (US\$ 71.04 billion), a 1.02 percent increase compared to end-2015.
- Net public debt registered LL 94,368 billion (US\$ 62.60 billion) at end-QI 2016, an increase of 1.70 percent from the end-2015 level.
- Domestic currency debt reached LL 66,012 billion at end-QI 2016, an increase of 1.25 percent compared to end-2015.
- The largest subscriber in DX Treasury bills and bonds in QI 2016 were the Public institutions reaching 35.26 percent of the total subscriptions. Commercial banks captured 25.56 percent of total subscriptions while BdL subscription stood at 22.61 percent.
- During QI 2016, primary market rates on Treasury bills and bonds issued remained unchanged compared to end QIV 2015 levels.
- Foreign currency debt totaled LL 41,083 billion (US\$ 27.25 billion) at the end-QI 2016, a 0.65 percent increase from the end-2015 level.
- The Ministry of Finance invited banks to submit proposals for Eurobond issuance and mandated 3 banks to act as joint lead managers. The transaction was settled on 22 April 2016 (see page 6).

## THE LEBANESE ECONOMY

**GDP and GDP growth**

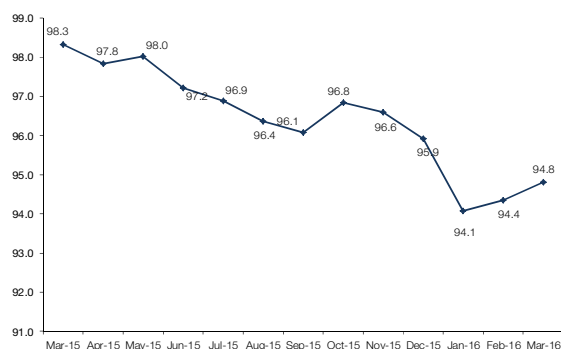


Source: National Accounts

Notes:

- 1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.
- 2- GDP 2014-2015 using the IMF growth rate and deflator published on WEO - April 2016

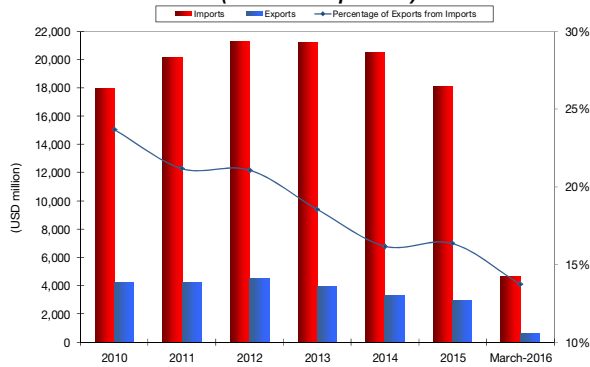
**CPI Index**  
**March 2015 – March 2016**



Source: Central Administration of Statistics / CPI - Dec 2013= 100.

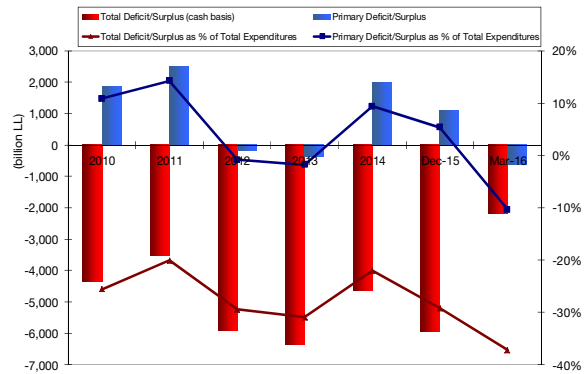
# THE LEBANESE ECONOMY

## Trade Statistics (as of end-period)



Source: MoF, Directorate of Customs

## Fiscal Performance

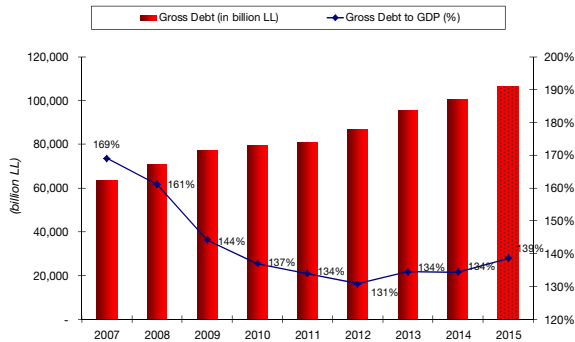


Source: MOF

Note: Revenues are calculated from the latest Fiscal Performance published and are based on actual cash transfers made to MoF. For further details refer to the Ministry of Finance website.

# OVERALL DEBT DATA

## Gross Public Debt

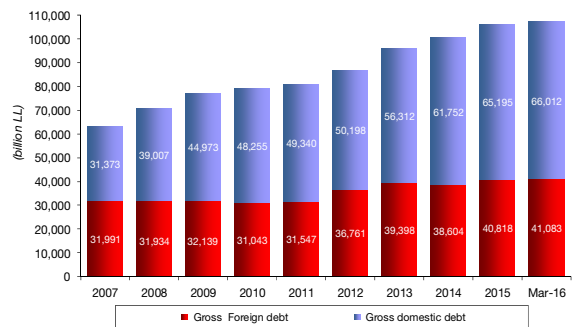


Source: National Accounts

Notes:

- 1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.
- 2- GDP 2014-2016 using the IMF growth rate and deflator published on WEO - April 2016

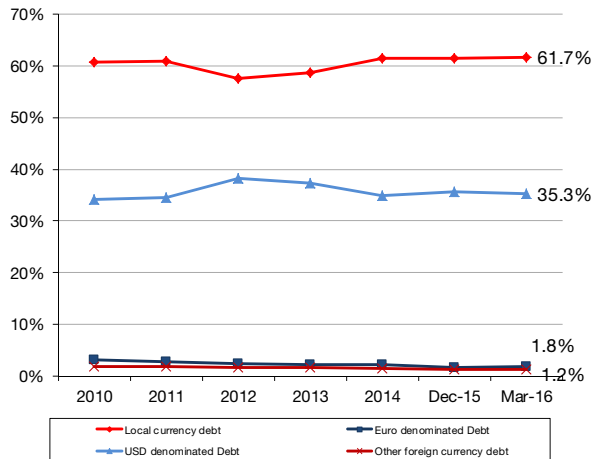
## Historical Debt Evolution (as of end-period)



Source: MOF, BDL

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

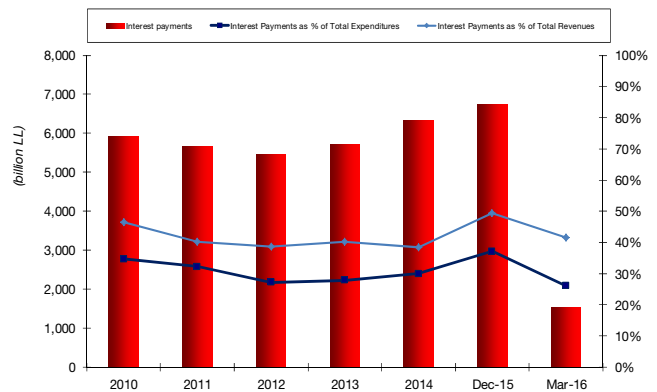
## Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

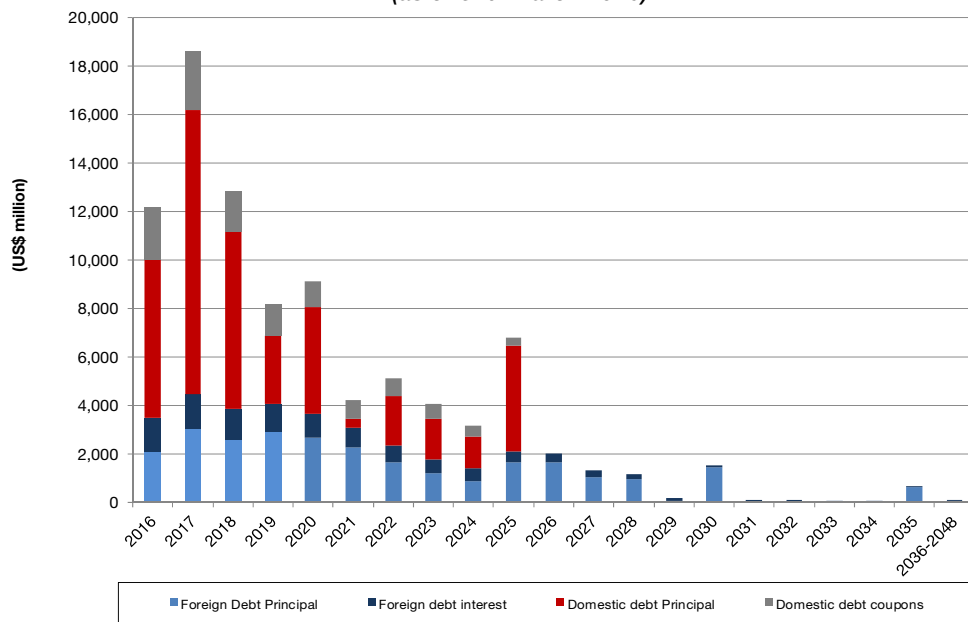
## Interest Payments



Source: MOF

# OVERALL DEBT DATA

## Aggregate Debt Amortization Profile (as of end-March 2016)



Source: MOF, BDL

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

## Public Debt Table <sup>(1)</sup> (as of end-March 2016)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Mar-16	Change March 16- Dec 15	% Change March 16- Dec 15
<b>Gross Public Debt (A + B)</b>	79,298	80,887	86,959	95,710	100,356	106,013	107,095	1,082	1.0%
<b>A. Local currency debt</b>	48,255	49,340	50,198	56,312	61,752	65,195	66,012	817	1.3%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	24,308	26,215	1,907	7.8%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	29,878	29,036	(842)	-2.8%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	11,009	10,761	(248)	-2.3%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,461	8,220	(241)	-2.8%
o/w Contractor bonds	-	41	134	134	180	180	180	-	0.0%
*Accrued interest included in debt	867	788	789	877	1,029	997	1,013	16	1.6%
<b>B. Foreign currency debt</b>	31,043	31,547	36,761	39,398	38,604	40,818	41,083	265	0.6%
<b>4. Eurobonds</b>	26,738	27,490	32,789	35,533	34,850	37,561	37,801	240	0.6%
Of which, Paris II at preferential rates <sup>(2)</sup>	3,677	3,161	2,646	2,130	1,615	1,099	1,046	(53)	-4.8%
Of which, Paris III at preferential rates <sup>(3)</sup>	709	663	317	271	226	181	158	(23)	-12.5%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	35,901	35,877	(25)	-0.1%
* Accrued interest on Eurobonds	483	407	400	444	425	435	720	285	65.5%
<b>5. Loans</b>	4,231	3,977	3,860	3,729	3,640	3,189	3,216	27	0.8%
5.1 Paris II loans	460	351	279	208	128	83	69	(14)	-16.9%
5.2 Paris III loans <sup>(4)</sup>	1,147	1,060	997	915	760	629	639	11	1.7%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,039	1,067	27	2.6%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,414	1,417	3	0.2%
5.5 Foreign Private Sector Loans	24	18	14	94	54	24	24	-	0.0%
<b>6. Other debt</b>	74	80	112	136	114	68	66	(2)	-2.9%
6.1 Special Tbs in Foreign currency <sup>(5)</sup>	74	80	112	136	114	68	66	(2)	-2.9%
<b>Public sector deposits</b>	11,419	10,984	12,916	15,495	13,965	13,227	12,727	(500)	-3.8%
<b>Net debt</b>	67,879	69,903	74,043	80,215	86,391	92,786	94,368	1,582	1.7%
<b>Gross Market debt<sup>(6)</sup></b>	51,308	50,191	58,623	65,386	67,373	68,799	68,264	(536)	-0.8%
<b>% of total debt</b>	64.7%	62.1%	67.4%	68.3%	67.1%	64.9%	63.7%	-1.2%	-1.8%

Source: Ministry of Finance, Banque du Liban

Notes:

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

1- Debt data for December 2010 and December 2015 may be subject to slight modification.

2- Figure of Gross Public Debt in this report may differ from the figure in September 2015 PFM report to be published.

<sup>(2)</sup> 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.

<sup>(3)</sup> Issued to Malaysia as part of its Paris III contribution.

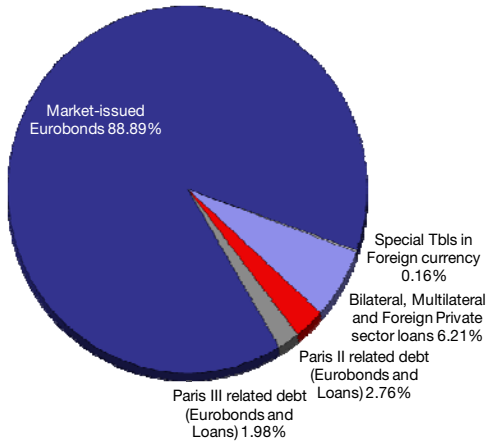
<sup>(4)</sup> IFRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

<sup>(5)</sup> Special Tbs in Foreign currency (expropriation and contractor bonds).

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

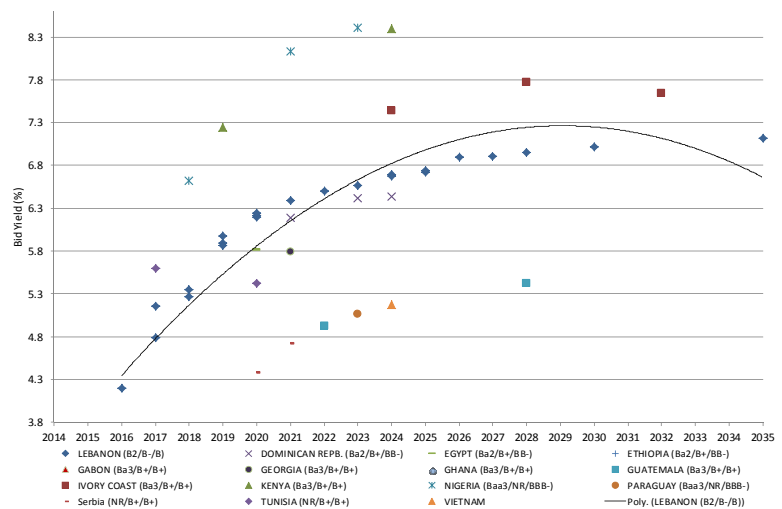
# FOREIGN CURRENCY DEBT DATA

Outstanding Foreign Currency Debt by Holder  
(as of end-March 2016)



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

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds]  
(as of June 24, 2016)



Source: DB, MOF

	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.35 2018	103.50	104.50	3.92	3.53	406	366
<b>US Dollars</b>						
LEB 4.5 2016	100.00	100.63	4.72	2.88	408	223
LEB 11.625 2016	102.86	103.23	4.93	4.42	427	376
LEB 4.75 2016	99.50	100.50	5.40	4.59	470	389
LEB 9 2017	99.25	100.25	5.56	5.01	482	426
LEB 5 2017	98.88	99.88	5.66	5.20	488	442
LEB 5.15 2018	99.00	100.50	5.89	5.30	508	448
LEB 5.15 2018	100.25	101.75	5.90	5.34	509	451
LEB 5.5 2019	99.13	100.13	5.82	5.45	487	451
LEB 6 2019	100.50	101.50	5.82	5.47	487	451
LEB 5.45 2019	98.50	99.50	5.91	5.60	490	459
LEB 6.375 2020	100.88	101.88	6.12	5.83	509	479
LEB 5.8 2020	98.75	99.75	6.15	5.87	511	482
LEB 6.15 2020	99.75	100.75	6.22	5.94	515	487
LEB 8.25 2021	108.50	109.50	6.25	6.03	511	488
LEB 6.1 2022	98.38	99.38	6.41	6.22	511	492
LEB 6 2023	97.50	98.50	6.46	6.27	513	494
LEB 6.25 2024	97.75	98.75	6.60	6.44	513	497
LEB 7 2024	102.50	103.50	6.61	6.46	515	499
LEB 6.2 2025	97.00	98.00	6.65	6.50	516	500
LEB 6.25 2025	97.00	98.00	6.69	6.54	518	503
LEB 6.6 2026	98.00	99.00	6.87	6.73	527	513
LEB 6.75 2027	99.25	100.25	6.84	6.72	520	507
LEB 6.65 2028	98.00	99.00	6.89	6.77	520	508
LEB 6.65 2030	97.63	98.63	6.92	6.80	518	506
LEB 7.05	99.50	100.50	7.10	7.00	524	514

Source: DB 31st March 2016

	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.35 2018	102.00	103.00	4.45	4.01	466	420
<b>US Dollars</b>						
LEB 4.5 2016	100.00	100.63	4.72	2.88	408	223
LEB 9 2017	102.86	103.23	4.93	4.42	427	376
LEB 5 2017	99.50	100.50	5.40	4.59	470	389
LEB 5.15 2018	99.25	100.25	5.56	5.01	482	426
LEB 5.15 2018	98.88	99.88	5.66	5.20	488	442
LEB 5.5 2019	99.00	100.50	5.89	5.30	508	448
LEB 6 2019	100.25	101.75	5.90	5.34	509	451
LEB 5.45 2019	98.38	99.88	5.98	5.49	512	462
LEB 6.375 2020	100.50	102.00	6.22	5.76	534	487
LEB 5.8 2020	98.50	100.00	6.25	5.80	536	490
LEB 6.15 2020	99.63	101.13	6.26	5.83	535	491
LEB 8.25 2021	107.75	109.25	6.34	6.00	538	502
LEB 6.25 2022	98.50	99.50	6.56	6.35	549	527
LEB 6.1 2022	97.75	99.25	6.54	6.25	544	514
LEB 6.4 2023	97.00	98.50	6.95	6.67	581	552
LEB 6 2023	97.00	98.50	6.57	6.28	544	514
LEB 6.25 2024	96.25	97.75	6.85	6.60	559	534
LEB 6.65 2024	99.00	100.50	6.82	6.57	560	534
LEB 7 2024	101.00	102.50	6.84	6.61	559	534
LEB 6.2 2025	95.75	97.75	6.86	6.54	558	526
LEB 6.25 2025	95.75	97.75	6.89	6.59	560	528
LEB 6.6 2026	99.13	100.13	6.72	6.58	534	519
LEB 6.75 2027	97.38	99.38	7.09	6.83	567	539
LEB 6.65 2028	96.38	98.38	7.09	6.85	563	537
LEB 6.85 2029	98.00	100.00	7.09	6.85	561	535
LEB 6.65 2030	96.00	98	7.111	6.877	560	535
LEB 7 2031	98.50	100.5	7.164	6.944	562	538
LEB 7.05 2035	97.50	99.5	7.292	7.097	565	544

Source: DB 24th June 2016

## Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long – term tenor rating	Short – term tenor rating	Outlook
As of June 24 <sup>th</sup> , 2016			
Fitch Ratings	B-	B	Negative
Moody's Investor Services Ltd *	B2	-	Negative
Standard and Poor's **	B-	B	Negative

\* Moody's affirmed its ratings and maintained the negative outlook on 08 June 2016

\*\* Standard and Poor's affirmed its rating and maintained the negative outlook on 03 March 2016

# FOREIGN CURRENCY DEBT DATA

## List of Outstanding Eurobonds (values as of March 31, 2016)

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
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	0.06
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	0.11
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	0.59
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	0.97
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	1.53
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	2.20
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	2.62
XS0707821467	EUR 445 MN - November 2018	445,000,000	506,314,712	2	EUR	5.350%	11/28/18	2.66
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	3.06
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	3.14
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	3.66
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	3.94
XS1052421150	USD 700 MN - April 2020	700,000,000	700,000,000	3	USD	5.800%	04/14/20	4.04
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	4.22
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	5.04
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	6.52
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	6.83
XS1313647841	USD 500 MN Notes - November 2024	538,467,000	538,467,000	3	USD	6.250%	11/04/24	8.60
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	8.68
XS1196417569	USD 1000 MN Notes - February 2025	800,000,000	800,000,000	1	USD	6.200%	02/26/25	8.92
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	9.21
XS0707820659	USD 725 MN - November 2026	1,600,000,000	1,600,000,000	6	USD	6.600%	11/27/26	10.67
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	11.67
XS1313675974	USD 500 MN Notes - November 2028	893,197,000	893,197,000	3	USD	6.650%	11/03/28	12.60
XS1196419854	USD 1000 MN Notes - February 2030	1,400,000,000	1,400,000,000	1	USD	6.650%	02/26/30	13.92
XS1313654623	USD 600 MN Notes - November 2035	600,000,000	600,000,000	1	USD	7.050%	11/02/35	19.60
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS III</b>								
XS0312416000	USD \$300 MN - July 2017	105,000,000	105,000,000	1	USD	3.750%	07/20/17	1.04
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS II</b>								
XS0160456322	USD 950 MN - Dec 2017	130,000,000	130,000,000	1	USD	5.000%	12/27/17	0.92
XS0160503347	USD 2,007.511 MN - Dec 2017	401,502,200	401,502,200	2	USD	4.000%	12/31/17	0.92
XS0164502352	USD 700 MN - Mar 2018	140,000,000	140,000,000	1	USD	5.000%	03/07/18	1.17
XS0169203048	USD 200 MN - May 2018	50,000,000	50,000,000	1	USD	5.000%	05/27/18	1.09
						Average Time to Maturity (in years, of March 31, 2016):	6.07	
						Weighted average coupon rate:	6.41%	

\* 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) (31 March 2016): 1.138

# FOREIGN CURRENCY DEBT DATA

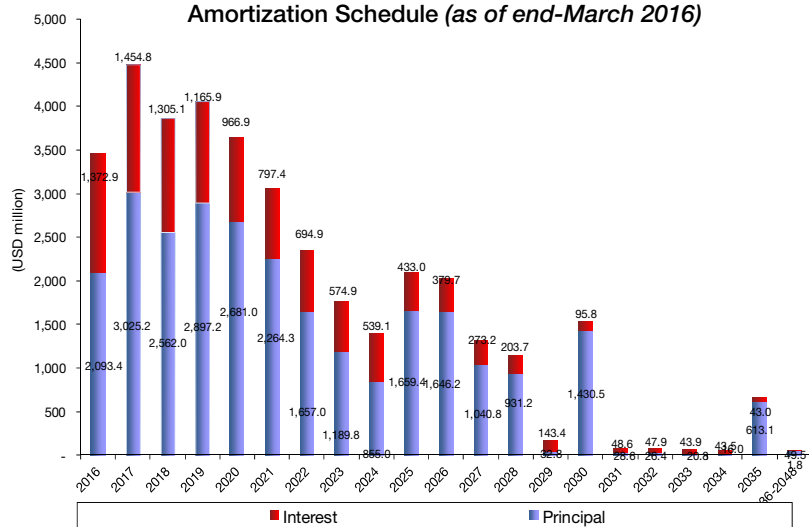
## Recent Government Eurobond Issuances

Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
27-May-2016	82*	13.0	25-May-2029	6.850	6.850	USD 1,000 MN	XS1419879769
27-May-2016	81*	7.0	26-May-2023	6.400	6.400	USD 500 MN	XS1419879686
27-May-2016	80*	6.0	27-May-2022	6.250	6.250	USD 500 MN	XS1419879504
22-Apr-2016	79	15.0	22-Apr-2031	7.000	7.000	USD 300 MN	XS1396347723
22-Apr-2016	78	8.0	22-Apr-2024	6.650	6.650	USD 700 MN	XS1396347566
19-Jan-2016	76 (3)**	13 (Short)	3-Nov-2028	6.650	6.650	USD 393.197 MN	XS1313675974
19-Jan-2016	75 (3)**	9 (Short)	4-Nov-2024	6.250	6.250	USD 38.467 MN	XS1313647841
4-Nov-2015	77	20.0	2-Nov-2035	7.050	7.050	USD 600 MN	XS1313654623
4-Nov-2015	76(2)	13.0	3-Nov-2028	6.650	6.650	USD 282.417 MN	XS1313675974
4-Nov-2015	76 (1)	13.0	3-Nov-2028	6.650	6.650	USD 217.583 MN	XS1313675974
4-Nov-2015	75 (2)	9.0	4-Nov-2024	6.250	6.250	USD 399.247 MN	XS1313647841
4-Nov-2015	75(1)	9.0	4-Nov-2024	6.250	6.250	USD 100.753 MN	XS1313647841
26-Feb-2015	74	15.0	26-Feb-2030	6.650	6.650	USD 1400 MN	XS1196419854
26-Feb-2015	73	10.0	26-Feb-2025	6.200	6.200	USD 800 MN	XS1196417569

\* Series 80-81-82 were issued as a part of a Debt Replacement Agreement between the Ministry of Finance and Banque du Liban.

\*\* Re-opening of Series 75 and 76 through a "Purchase Agreement" dated 18 December 2015 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 2016)

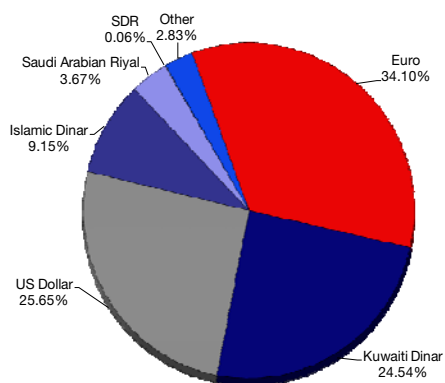


Source: MOF, BDL

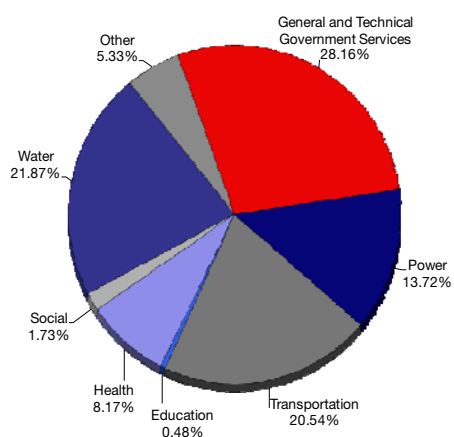
The data used for the amortization schedule is based on outstanding and not on committed amounts.

# FOREIGN CURRENCY LOANS DATA

## Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by currency (as of end-March 2016)



## Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by sector (as of end-March 2016)

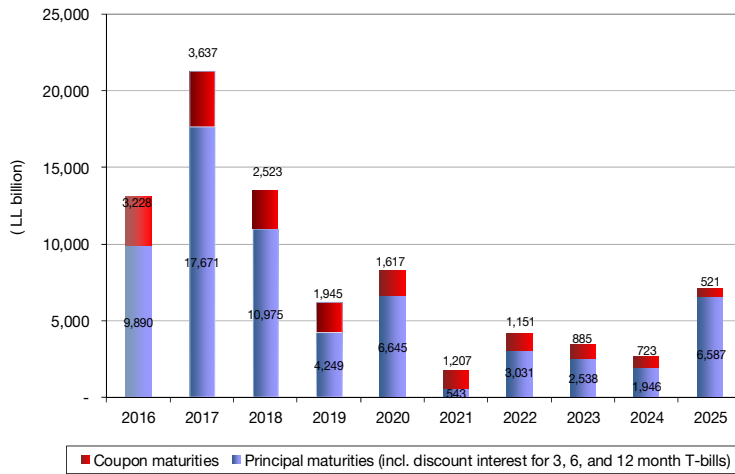


Source: MOF, BDL

Total Outstanding LL 3,217 billion

# DOMESTIC CURRENCY DEBT DATA

**Amortization Schedule of Domestic T-bills and Bonds  
(as of end-March 2016)**



As of end-March 2016	
Average Time to Maturity of Domestic Currency T-bills and Bonds (in years)	3.41
Weighted Average Coupon Rate of Domestic Currency T-bills and Bonds	7.01%

Source: MOF, BDL

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

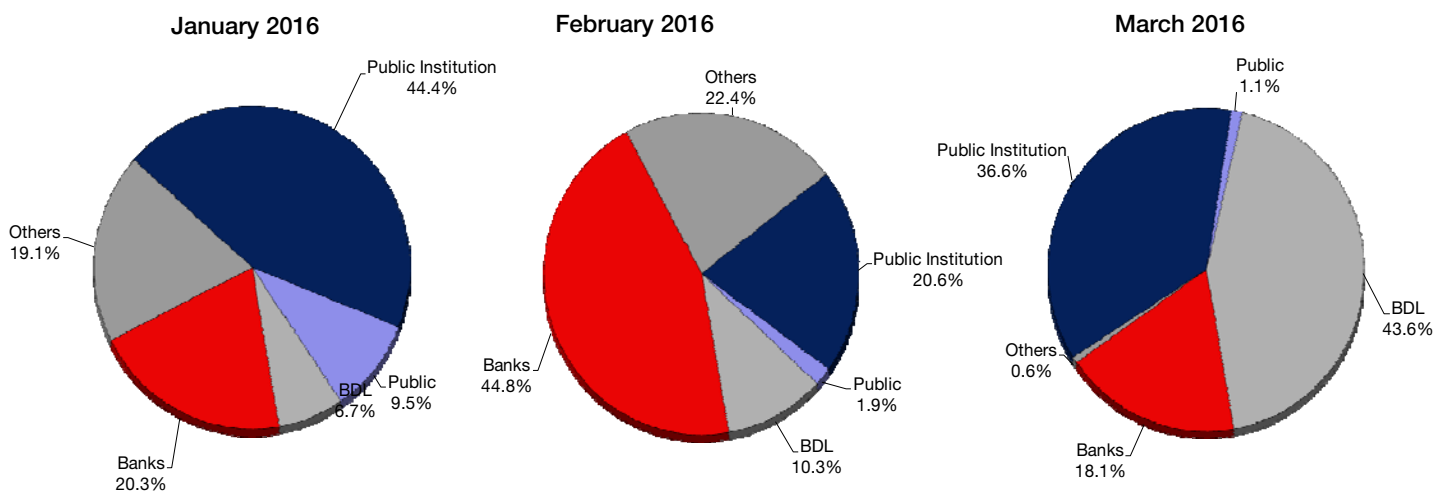
## Upcoming Government Treasury Bill and Bond Auctions

Auction Date	Value Date	Tenors to be auctioned
04-Jul-16	07-Jul-16	6MN,2Y,10Y
11-Jul-16	14-Jul-16	3MN,12MN,5Y
18-Jul-16	21-Jul-16	6MN,3Y,7Y
25-Jul-16	28-Jul-16	3MN,12MN,5Y
01-Aug-16	04-Aug-16	6MN,2Y,10Y

The Ministry of Finance has published on its website the auction calendar for QIII 2016.

<http://www.finance.gov.lb/en-US/finance/PublicDebt/Pages/DomesticAuctionCalendar2016.aspx>

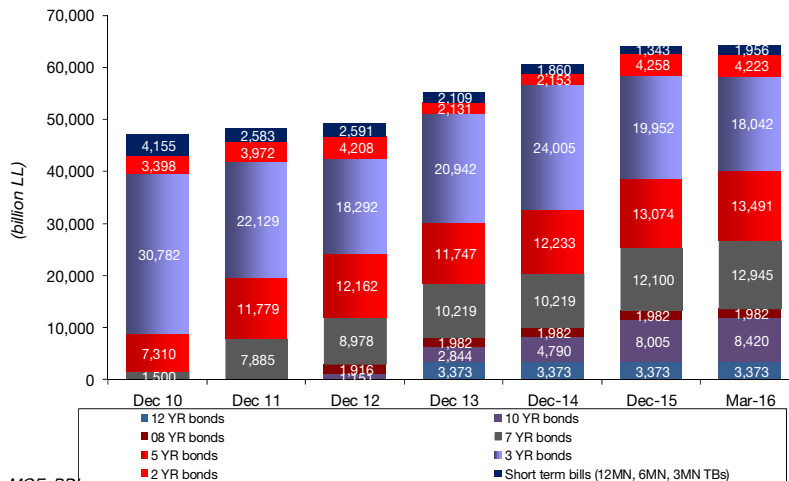
## T-Bill and Bond Subscription Results by Holder During QI 2016



Source: MOF, BDL

# DOMESTIC CURRENCY DEBT DATA

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



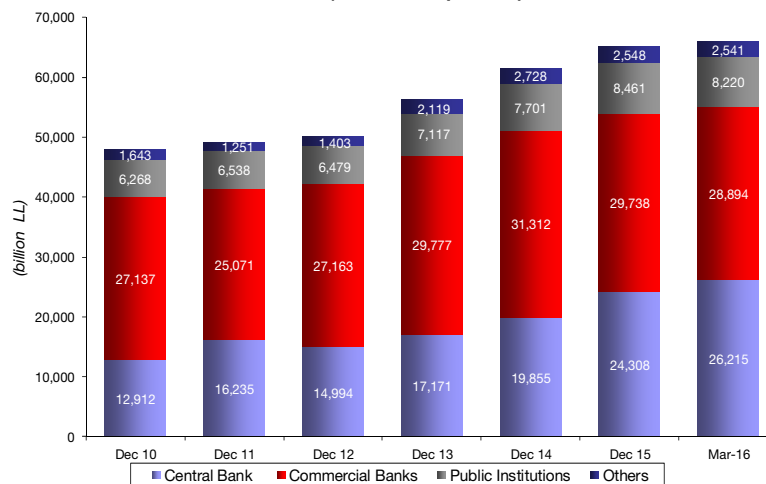
Source: MOF, BDL

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 180 billion contractor bonds issued in Nov 2011, May 2012, Aug 2012, Jan 2014 and Nov 2014.

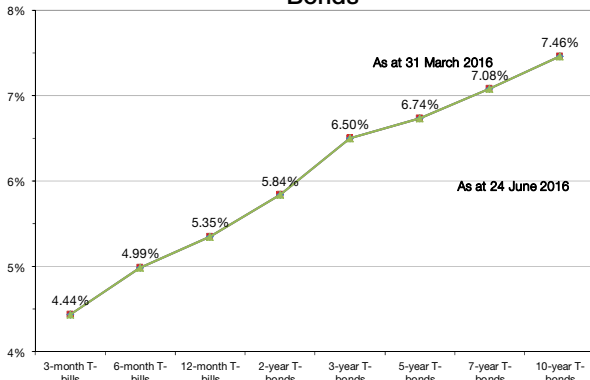
**Domestic T-bills and Bonds Outstanding by Investor Type  
(as of end-period)**



Source: MOF, BDL

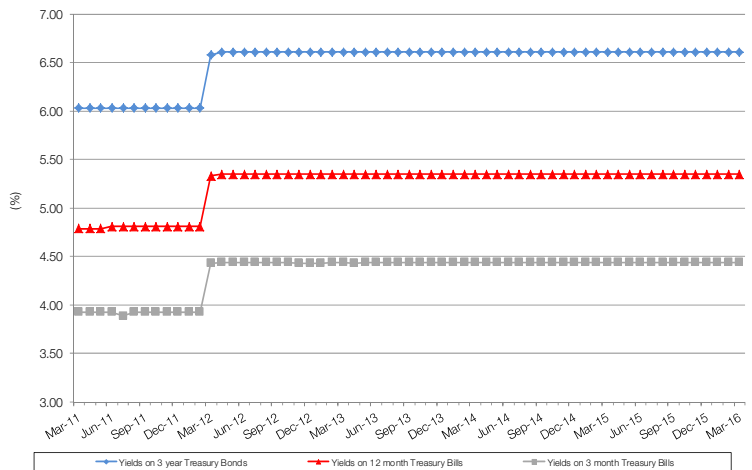
Note: Central Bank figures include the amounts of repurchase agreements.

**Yield Curve for Regularly Auctioned T-Bills and Bonds**



Source: MoF

**Time Series of Primary Market Rates for T-Bills and Bonds (end-March 2016)**



Source: BDL

Note: Primary rates for 7-8-10-12 year T-bonds issued by the Lebanese government were 7.08%, 7.8%, 7.46% and 8.74% respectively.

For further information, please contact:  
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