

# DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 33, Quarter II 2015



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

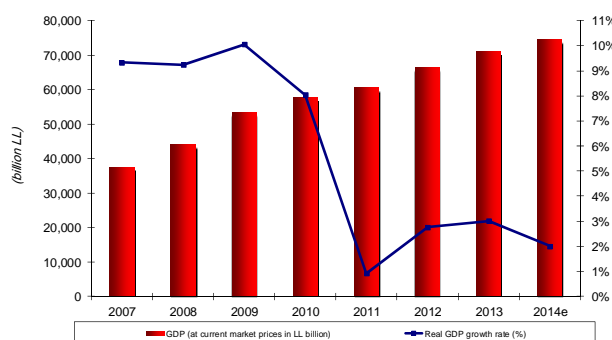
<b>HIGHLIGHTS</b> .....	<b>1</b>
<b>THE LEBANESE ECONOMY</b> .....	<b>1</b>
<b>OVERALL DEBT DATA</b> .....	<b>2</b>
<b>FOREIGN CURRENCY DEBT DATA</b> .....	<b>4</b>
<b>FOREIGN CURRENCY LOANS DATA</b> .....	<b>6</b>
<b>DOMESTIC CURRENCY DEBT DATA</b> .....	<b>7</b>

## HIGHLIGHTS

- By the end of QII 2015, gross public debt stood at LL 104,053 billion (US\$ 69.02 billion), a 3.68 percent increase compared to end-2014.
- Net public debt registered LL 89,637 billion (US\$ 59.46 billion) at end of QII 2015, an increase of 3.75 percent from the end-2014 level.
- Domestic currency debt reached LL 63,895 billion at end of QII 2015, an increase of 3.47 percent compared to end-2014.
- Commercial banks captured 52.45 percent of total subscriptions of Treasury bills and bonds in QII 2015 while BdL subscription stood at 23.36 percent. Public institutions shares reached 19.25 percent of the total subscriptions
- During QII 2015, primary market rates on regular Treasury bills and bonds issued remained unchanged compared to end QI 2015 levels.
- Foreign currency debt totaled LL 40,158 billion (US\$ 26.64 billion) at the end of QII 2015, a 4.01 percent increase from the end-2014 level.
- On April 16th, 2015, the Ministry of Finance issued 5YR US\$-denominated bonds totaling US\$ 1.4 million with a coupon of 4.9 percent to settle expropriation claims (pursuant to Law no. 95 dated June 6th, 1999 amended by Law no. 450 dated July 29th, 2002).

## THE LEBANESE ECONOMY

**GDP and GDP growth**



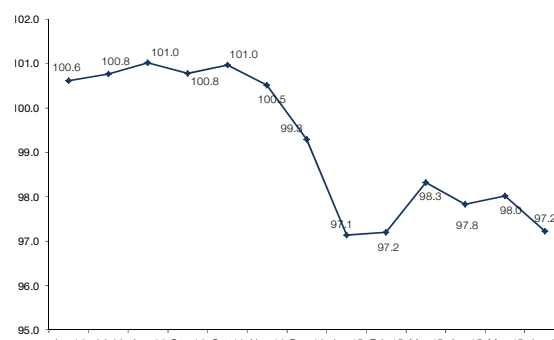
Source: National Accounts

Notes:

1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.

2- GDP 2014 using the IMF growth rate and deflator published on WEO - April 2015.

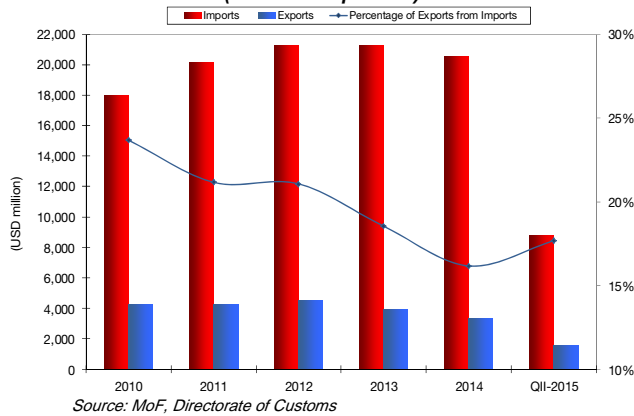
**CPI Index**  
**June 2014 – June 2015**



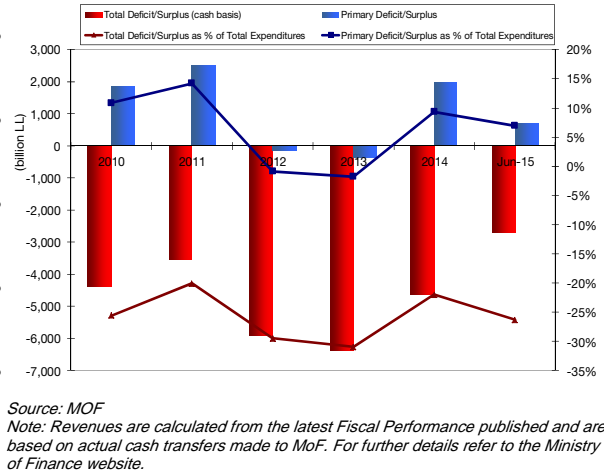
Source: Central Administration of Statistics / CPI - Dec 2013= 100.

# THE LEBANESE ECONOMY

## Trade Statistics (as of end-period)

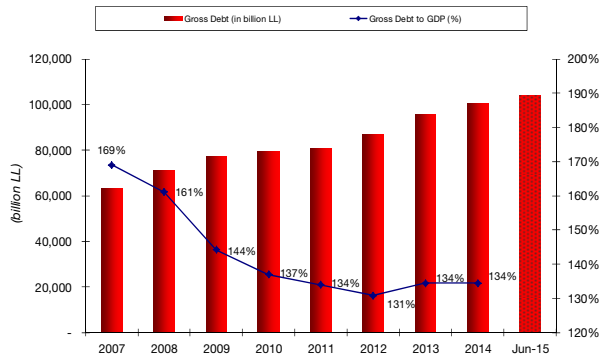


## Fiscal Performance

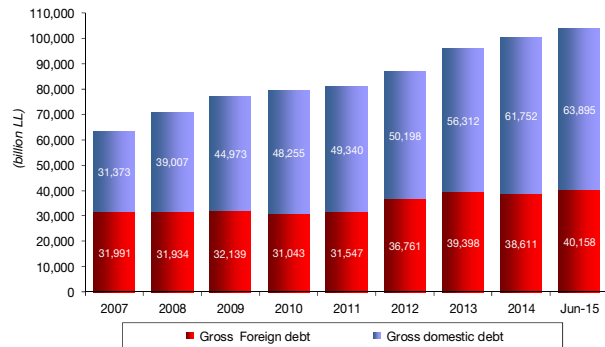


# OVERALL DEBT DATA

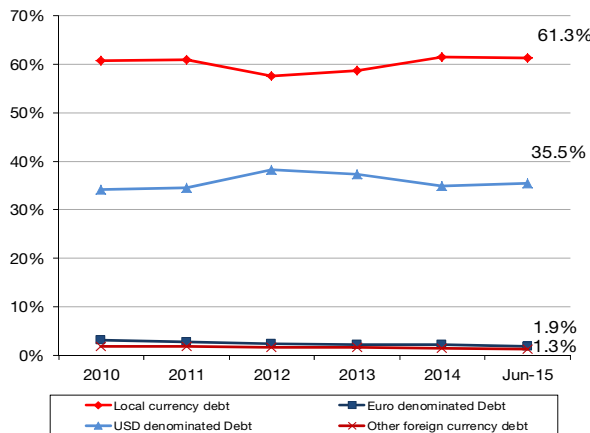
## Gross Public Debt



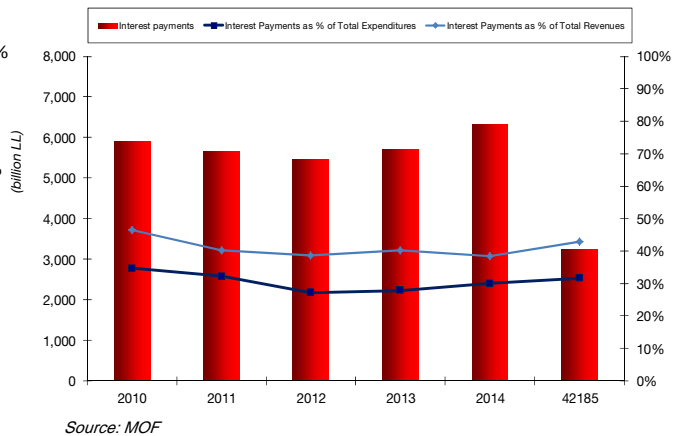
## Historical Debt Evolution



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

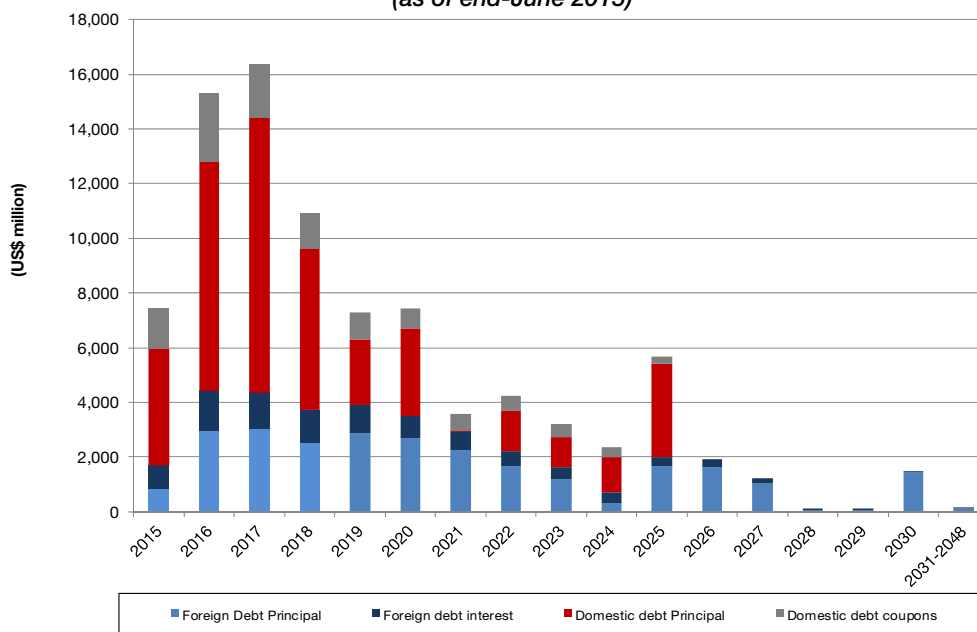


## Interest Payments



# OVERALL DEBT DATA

## Aggregate Debt Amortization Profile (as of end-June 2015)



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-June 2015)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Jun-15	Change Dec 14 - Jun 15	% Change Dec 14 - Jun 15
<b>Gross Public Debt (A + B)</b>	79,298	80,887	86,959	95,710	100,363	104,053	3,690	3.7%
<b>A. Local currency debt</b>	48,255	49,340	50,198	56,312	61,752	63,895	2,143	3.5%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	22,294	2,439	12.3%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	30,794	(674)	-2.1%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	10,807	378	3.6%
<i>a/w Public entities</i>	6,268	6,538	6,479	7,117	7,701	8,271	570	7.4%
<i>a/w Contractor bonds</i>	-	41	134	134	180	180	-	0.0%
* Accrued interest included in debt	867	788	789	877	1,029	1,025	(4)	-0.4%
<b>B. Foreign currency debt</b>	31,043	31,547	36,761	39,398	38,611	40,158	1,547	4.0%
<b>4. Eurobonds</b>	26,738	27,490	32,789	35,533	34,850	36,744	1,894	5.4%
Of which, Paris II at preferential rates <sup>(2)</sup>	3,677	3,161	2,646	2,130	1,615	1,357	(258)	-16.0%
Of which, Paris III at preferential rates <sup>(3)</sup>	709	663	317	271	226	204	(23)	-10.0%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	34,695	2,110	6.5%
* Accrued Interest on Eurobonds	483	407	400	444	425	489	64	15.1%
<b>5. Loans</b>	4,231	3,977	3,860	3,729	3,640	3,324	(316)	-8.7%
5.1 Paris II loans	460	351	279	208	128	101	(27)	-21.1%
5.2 Paris III loans <sup>(4)</sup>	1,147	1,060	997	915	760	684	(76)	-10.0%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,104	(89)	-7.4%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,399	(106)	-7.1%
5.5 Foreign Private Sector Loans	24	18	14	94	54	36	(18)	-33.3%
<b>6. Other debt</b>	74	80	112	136	121	90	(31)	-25.6%
6.1 Special Tbls in Foreign currency <sup>(5)</sup>	74	80	112	136	121	90	(31)	-25.6%
<b>Public sector deposits</b>	11,419	10,984	12,916	15,495	13,965	14,416	451	3.2%
<b>Net debt</b>	67,879	69,903	74,043	80,215	86,398	89,637	3,239	3.7%
<b>Gross Market debt<sup>(6)</sup></b>	51,308	50,191	58,623	65,386	67,380	68,640	1,259	1.9%
<b>% of total debt</b>	64.7%	62.1%	67.4%	68.3%	67.1%	66.0%	-1.2%	-1.7%

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 2014 may be subject to slight modification.

2- Figure of Gross Public Debt in this report may differ from the figure in March 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.

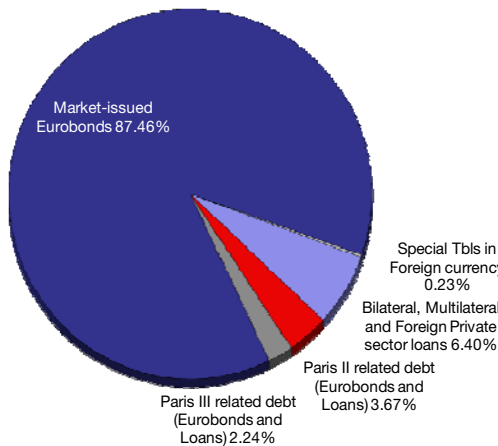
<sup>(4)</sup> IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

<sup>(5)</sup> Special Tbls 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.

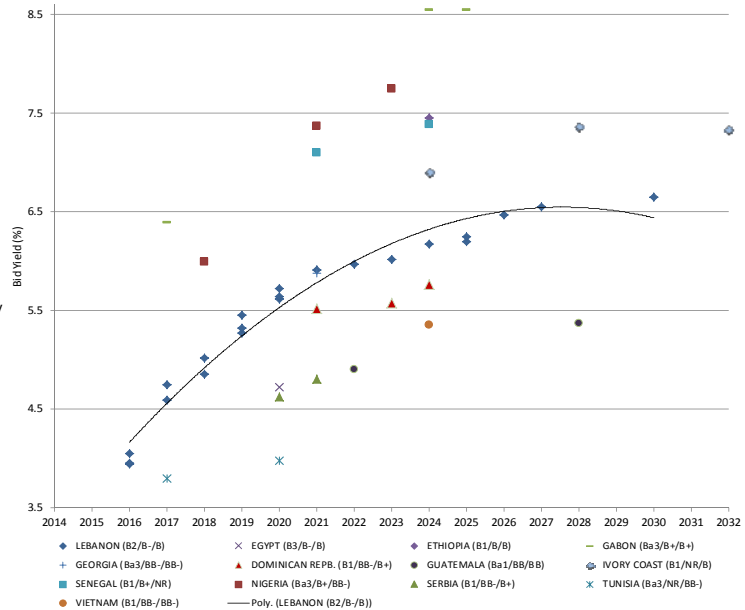
# FOREIGN CURRENCY DEBT DATA

Outstanding Foreign Currency Debt by Holder  
(as of end-June 2015)



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

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds]  
(as of September 02, 2015)



Source: DB, MOF

	Lebanon Secondary Issues					
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.35 2018	104.75	105.75	3.83	3.52	357	325
<b>US Dollars</b>						
LEB 8.5 2016	102.55	103.04	3.65	2.75	329	239
LEB 4.5 2016	100.39	100.88	4.00	3.38	356	294
LEB 11.625 2016	106.33	106.89	4.03	3.40	358	295
LEB 4.75 2016	100.70	101.61	4.20	3.50	357	287
LEB 9 2017	107.69	108.29	4.30	3.95	353	318
LEB 5 2017	101.28	102.04	4.40	4.05	341	306
LEB 5.15 2018	101.50	102.46	4.60	4.25	339	304
LEB 5.15 2018	101.22	102.31	4.75	4.40	341	306
LEB 5.5 2019	101.35	102.35	5.10	4.82	365	335
LEB 6 2019	103.00	104.00	5.14	4.86	366	338
LEB 5.45 2019	100.75	101.75	5.26	5.00	365	339
LEB 6.375 2020	104.00	105.00	5.40	5.16	373	349
LEB 5.8 2020	101.50	102.50	5.44	5.20	375	351
LEB 6.15 2020	102.90	103.90	5.47	5.25	375	352
LEB 8.25 2021	113.00	114.00	5.58	5.40	373	353
LEB 6.1 2022	101.63	102.63	5.82	5.65	372	355
LEB 6 2023	100.75	101.75	5.88	5.71	373	356
LEB 7 2024	106.88	107.88	6.03	5.90	372	358
LEB 6.2 2025	101.00	102.00	6.06	5.92	372	358
LEB 6.25 2025	101.00	102.00	6.11	5.98	375	361
LEB 6.6 2026	102.50	103.50	6.29	6.17	384	371
LEB 6.75 2027	103.75	104.75	6.31	6.20	381	369
LEB 6.65 2030	101.75	102.75	6.46	6.36	388	377

Source: DB 30th June 2015

	Lebanon Secondary Issues					
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
<b>EURO</b>						
LEB 5.35 2018	103.75	104.75	4.08	3.76	388	355
<b>US Dollars</b>						
LEB 8.5 2016	101.68	101.95	3.78	3.05	340	267
LEB 4.5 2016	100.34	100.70	3.94	3.37	351	293
LEB 11.625 2016	105.13	105.54	3.95	3.37	351	293
LEB 4.75 2016	100.78	101.41	4.05	3.50	347	292
LEB 9 2017	106.50	107.50	4.59	3.94	390	325
LEB 5 2017	100.50	101.50	4.75	4.25	387	337
LEB 5.15 2018	100.75	101.75	4.85	4.47	379	341
LEB 5.15 2018	100.38	101.38	5.02	4.68	385	351
LEB 5.5 2019	100.75	101.75	5.27	4.97	401	370
LEB 6 2019	102.25	103.25	5.32	5.03	405	375
LEB 5.45 2019	100.00	101.00	5.45	5.18	406	379
LEB 6.375 2020	103.00	104.00	5.61	5.37	418	393
LEB 5.8 2020	100.63	101.63	5.64	5.39	418	393
LEB 6.15 2020	101.75	102.75	5.72	5.49	424	399
LEB 8.25 2021	111.00	112.00	5.91	5.72	431	410
LEB 6.1 2022	100.75	101.75	5.97	5.79	413	395
LEB 6 2023	99.88	100.88	6.02	5.85	415	397
LEB 7 2024	105.75	106.75	6.17	6.03	414	400
LEB 6.2 2025	100.00	101.00	6.20	6.06	414	399
LEB 6.25 2025	100.00	101.00	6.25	6.11	417	403
LEB 6.6 2026	101.00	102.00	6.47	6.35	431	417
LEB 6.75 2027	101.63	102.63	6.55	6.43	434	422
LEB 6.65 2030	100.00	101.00	6.65	6.54	435	424

Source: DB 2nd September 2015

## Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long - term tenor rating	Short - term tenor rating	Outlook
As of Septembr 2 <sup>nd</sup> , 2015			
Fitch Ratings *	B	B	Negative
Moody's Investor Services Ltd **	B2	-	Negative
Standard and Poor's ***	B-	B	Stable

\* Fitch's reaffirmed its ratings on 12 June 2015

\*\* Moody's reaffirmed its ratings on 24 June 2015

\*\*\* Standard and Poor's reaffirmed its ratings on 27 March 2015

## FOREIGN CURRENCY DEBT DATA

### List of Outstanding Eurobonds (values as of June 30, 2015)

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
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	0.10
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	0.56
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	0.81
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	0.87
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	1.35
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	1.72
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	2.29
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	2.95
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	3.37
XS0707821467	EUR 445 MN - November 2018	445,000,000	497,707,192	2	EUR	5.350%	11/28/18	3.42
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	3.82
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	3.89
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	4.42
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	4.70
XS1052421150	USD 700 MN - April 2020	700,000,000	700,000,000	3	USD	5.800%	04/14/20	4.79
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	4.98
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	5.79
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	7.27
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	7.58
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	9.44
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	9.96
XS0707820659	USD 725 MN - November 2026	1,600,000,000	1,600,000,000	6	USD	6.600%	11/27/26	11.42
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	12.42
XS1196417569	USD 1000 MN - February 2025	800,000,000	800,000,000	1	USD	6.200%	02/26/25	9.67
XS1196419854	USD 1000 MN - February 2030	1,400,000,000	1,400,000,000	1	USD	6.650%	02/26/30	14.67
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS III</b>								
XS0312416000	USD \$300 MN - July 2017	135,000,000	135,000,000	1	USD	3.750%	07/20/17	1.45
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS II</b>								
XS0160456322	USD 950 MN - Dec 2017	162,500,000	162,500,000	1	USD	5.000%	12/27/17	1.42
XS0160503347	USD 2,007.511 MN - Dec 2017	501,877,750	501,877,750	2	USD	4.000%	12/31/17	1.42
XS0164502352	USD 700 MN - Mar 2018	210,000,000	210,000,000	1	USD	5.000%	03/07/18	1.42
XS0169203048	USD 200 MN - May 2018	60,000,000	60,000,000	1	USD	5.000%	05/27/18	1.59
						Average Time to Maturity (in years, of June 30, 2015):	5.78	
						Weighted average coupon rate:	6.48%	

\* 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 (Euro/US\$) (30 June 2014): 1.118

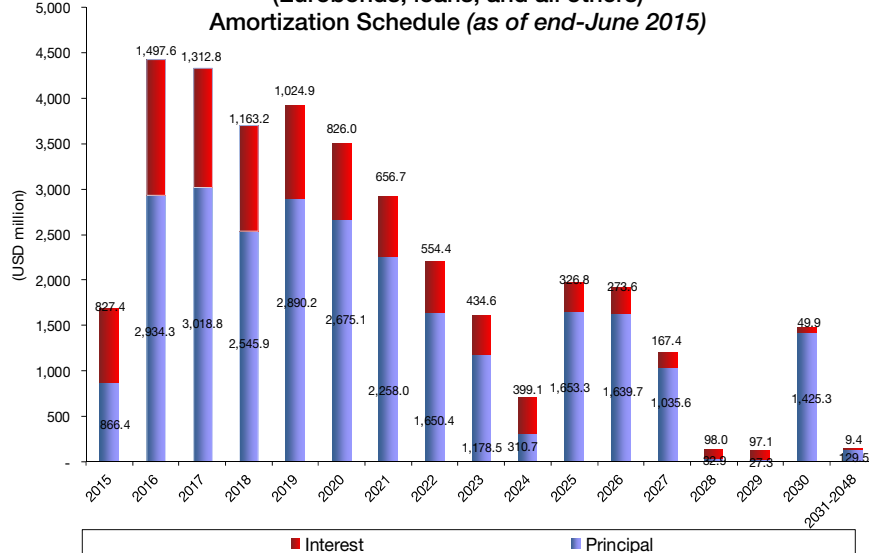
## FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances							
Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
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
2-May-2014	72(3)	6 (Short)	14-Apr-2020	5.800	5.800	USD 100 MN	XS1052421150
2-May-2014	61 (6)	12.6	27-Nov-2026	6.600	6.700	USD 75 MN	XS0707820659
14-Apr-2014	72(2)	6.0	14-Apr-2020	5.800	5.800	USD 341.431 MN	XS1052421150
14-Apr-2014	72 (1)	6.0	14-Apr-2020	5.800	5.800	USD 258.569 MN	XS1052421150
14-Apr-2014	61 (5)	12.6	27-Nov-2026	6.600	6.700	USD 354.711 MN	XS0707820659
14-Apr-2014	61 (4)	12.6	27-Nov-2026	6.600	6.700	USD 445.289 MN	XS0707820659
4-Sep-2013	63 (2)*	4 (Long)	12-Oct-2017	5.000	5.750	USD 175 MN	XS0769530238
20-Jun-2013	71**	7.0	19-Jun-2020	6.150	6.150	USD 600 MN	XS0944226637
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

\* Series 69-70-63(2) were issued as a part of a Debt Replacement Agreement between the Ministry of Finance and Banque du Liban

\*\*Series 71 issued to Banque du Liban (BdL)

### Foreign Currency Debt (Eurobonds, loans, and all others)

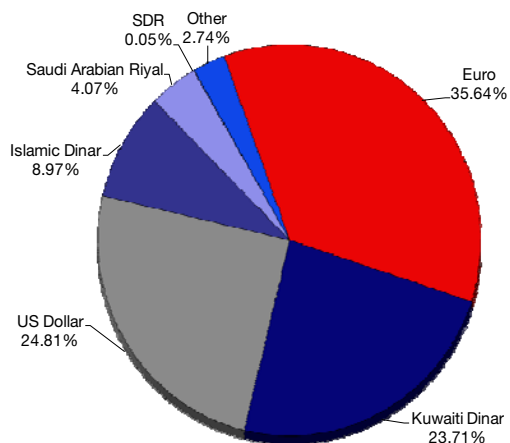


Source: MOF, BDL

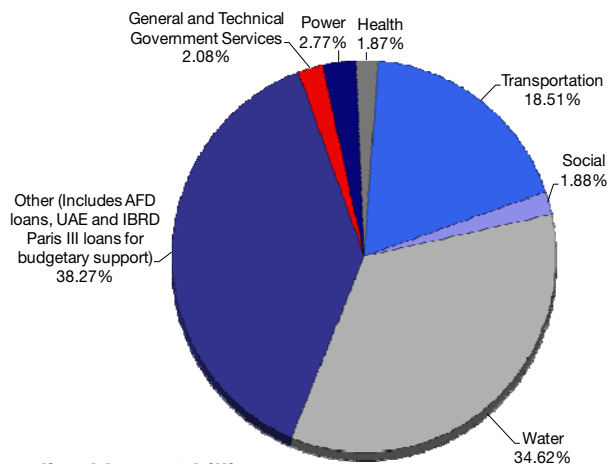
The data used for the amortization schedule is based on outstanding and not on committed amounts.

## FOREIGN CURRENCY LOANS DATA

### Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by currency (as of end-June 2015)



### Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by sector (as of end-June 2015)

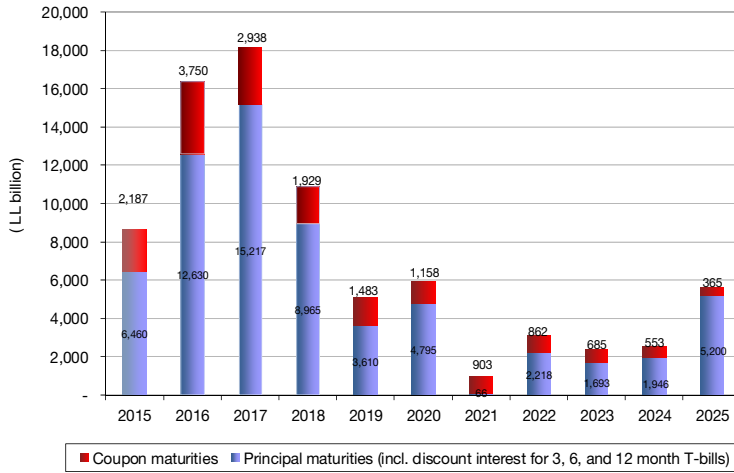


Total Outstanding LL 3,324 billion

Source: MOF, BDL

# DOMESTIC CURRENCY DEBT DATA

**Amortization Schedule of Domestic T-bills and Bonds  
(as of end-June 2015)**



As of end-June 2015	
Average Time to Maturity of Domestic Currency T-bills and Bonds (in years)	3.33
Weighted Average Coupon Rate of Domestic Currency T-bills and Bonds	6.98%

Source: MOF, BDL

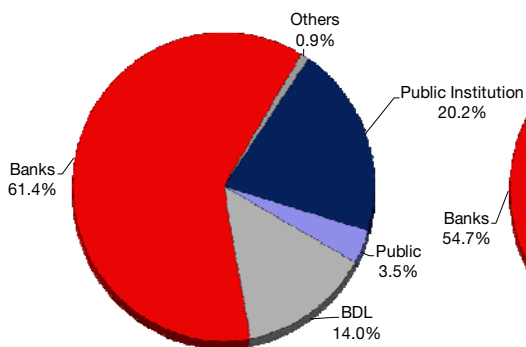
The data used for the amortization schedule is based on outstanding and not on committed amounts.

Upcoming Government Treasury Bill and Bond Auctions		
Auction Date	Value Date	Tenors to be auctioned
07-Sep-15	10-Sep-15	3MN, 12MN, 5YR
14-Sep-15	17-Sep-15	6MN, 3YR
21-Sep-15	24-Sep-15	3MN, 12MN, 5YR
28-Sep-15	01-Oct-15	6MN, 2YR, 7YR

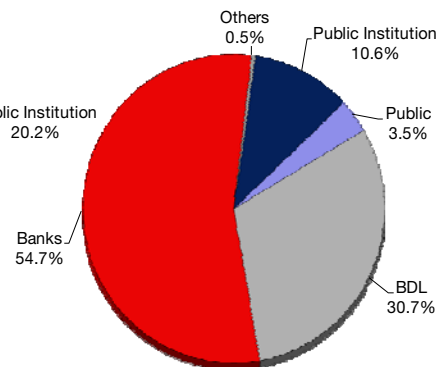
For updates on the DX Bills and Bonds Auction Calendar, please visit our website [www.finance.gov.lb](http://www.finance.gov.lb)

## T-Bill and Bond Subscription Results by Holder During QII 2015

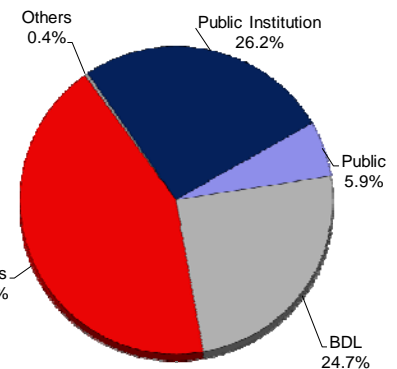
April 2015



May 2015



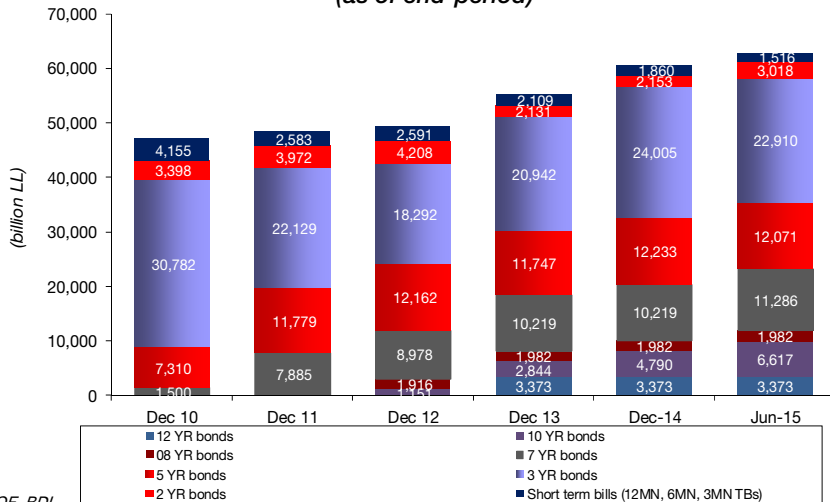
June 2015



Source: MOF, BDL

# DOMESTIC CURRENCY DEBT DATA

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



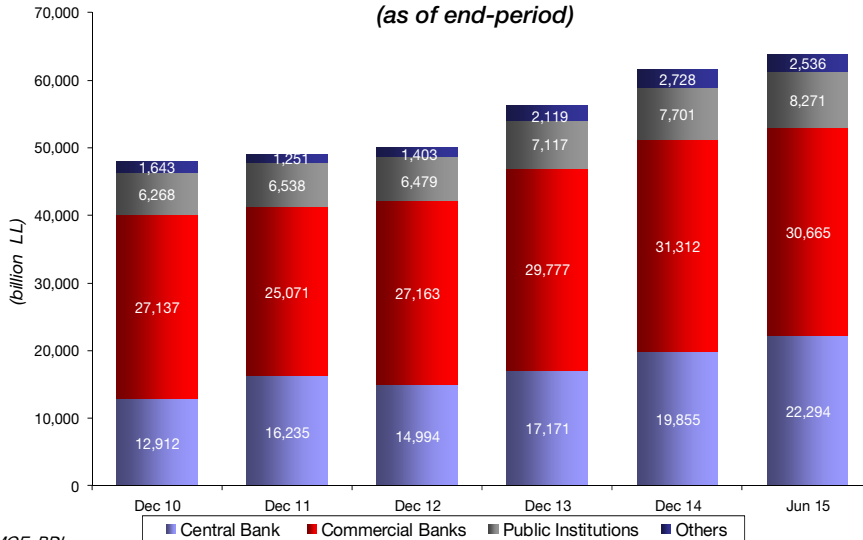
Source: MOF, BDL

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.

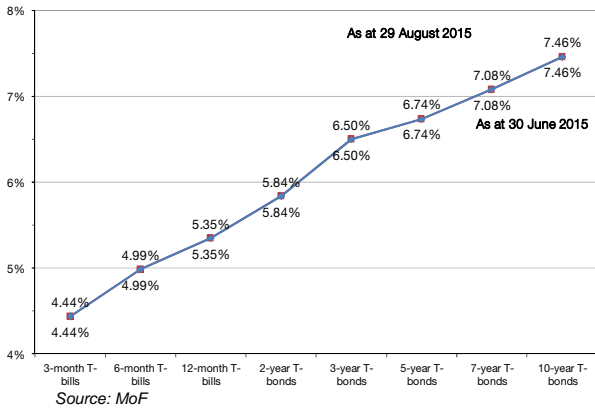
## Domestic T-bills and Bonds Outstanding by Investor Type (as of end-period)



Source: MOF, BDL

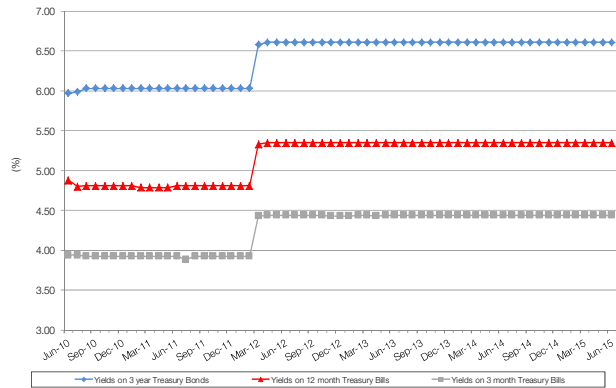
Note: Central Bank figures include the amounts of repurchase agreements.

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



Source: MoF

## Time Series of Primary Market Rates for T-Bills and Bonds (end-June 2015)



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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