

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 26, Quarter III 2013



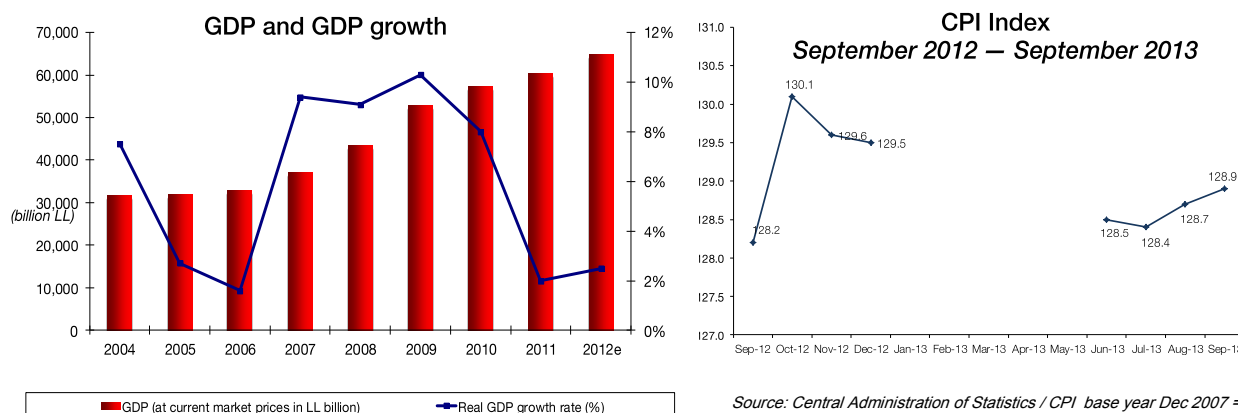
REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

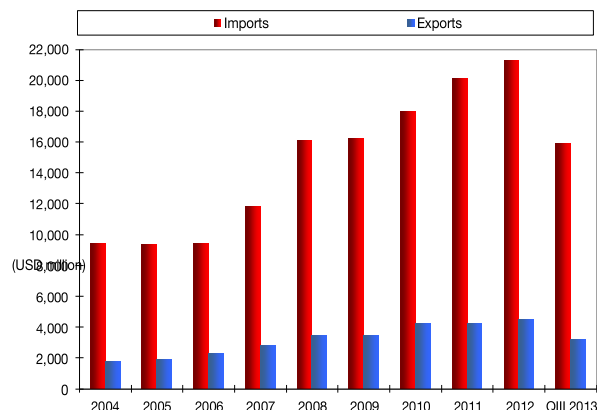
- At the end of QIII 2013, gross public debt stood at LL 94,058 billion (US\$ 62.39 billion), an 8.2 percent increase compared to end-2012.
- Net public debt registered LL 78,702 billion (US\$ 52.21 billion) at the end of QIII 2013, an increase of 6.3 percent from the end-2012 level.
- Domestic currency debt reached LL 54,244 billion at the end of QIII 2013, an increase of 8.1 percent compared to end-December 2012.
- While commercial banks were still the biggest subscribers of Treasury bills and bonds in QIII 2013 capturing 57.3 percent of total subscriptions, BDL shares were 24.5 percent. Public institutions' share accounted for 12.6 percent of total subscriptions in QIII 2013.
- On 26 September 2013, the Ministry of Finance issued for the first time and on an ad hoc basis the value of LBP 1,904 billion 12YR LBP Treasury Bonds with a coupon of 8.74 percent at auction. On the same date, MoF also issued a 10YR Treasury Bonds capturing LBP 569 billion with a coupon of 8.24 percent at auction.
- During QIII 2013, primary market rates on regular Treasury bills and bonds issued remained unchanged compared to end QII 2013 levels.
- Foreign currency debt totaled LL 39,814 billion (US\$ 26.41 billion) at the end of QIII 2013, an 8.3 percent increase since the end of December 2012.
- On 4 September 2013, MoF as part of a Debt Replacement Agreement with Banque du Liban issued US\$ 175 million Eurobonds whereby BdL redeemed to the Ministry of Finance Treasury bonds in Lebanese Pounds from its existing portfolio.

THE LEBANESE ECONOMY



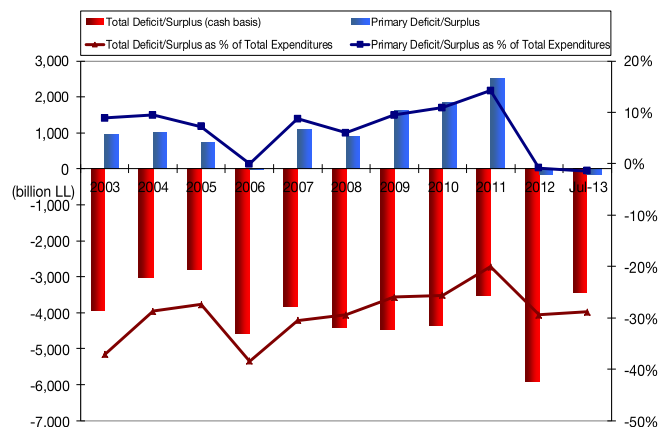
THE LEBANESE ECONOMY

Trade Statistics



Source: MoF, Directorate of Customs

Fiscal Performance

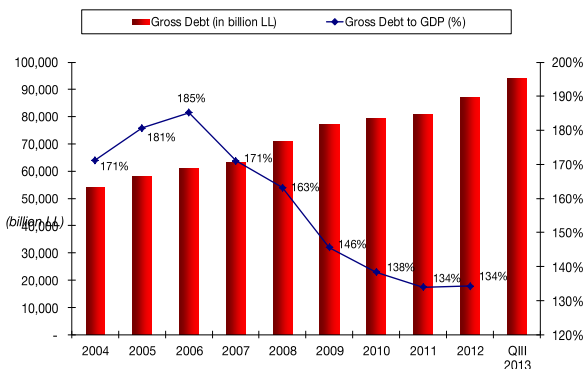


Source: MOF

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 July 2013 Public Finance Monitor.

OVERALL DEBT DATA

Gross Public Debt



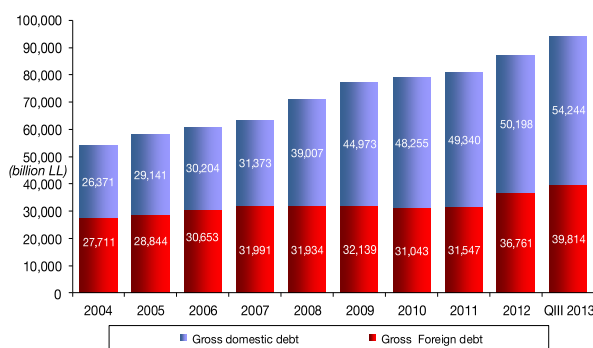
Source: National Accounts

Notes:

1- GDP 2004-2011: Lebanese National Accounts - Comments and Tables 2004-2011. Published in October 2013.

2- GDP 2012: CAS preliminary estimates. Published in October 2013

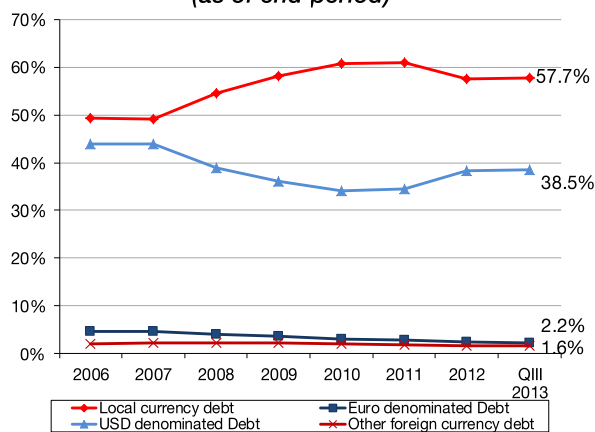
Historical Debt Evolution



Source: MOF, BDL

Note: Debt data for September 2013 may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System (DMFAS).

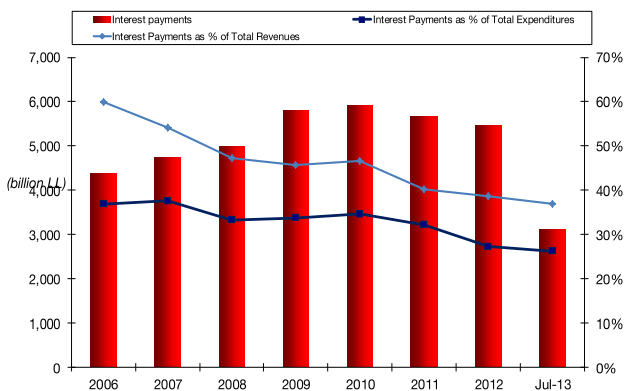
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

Interest Payments



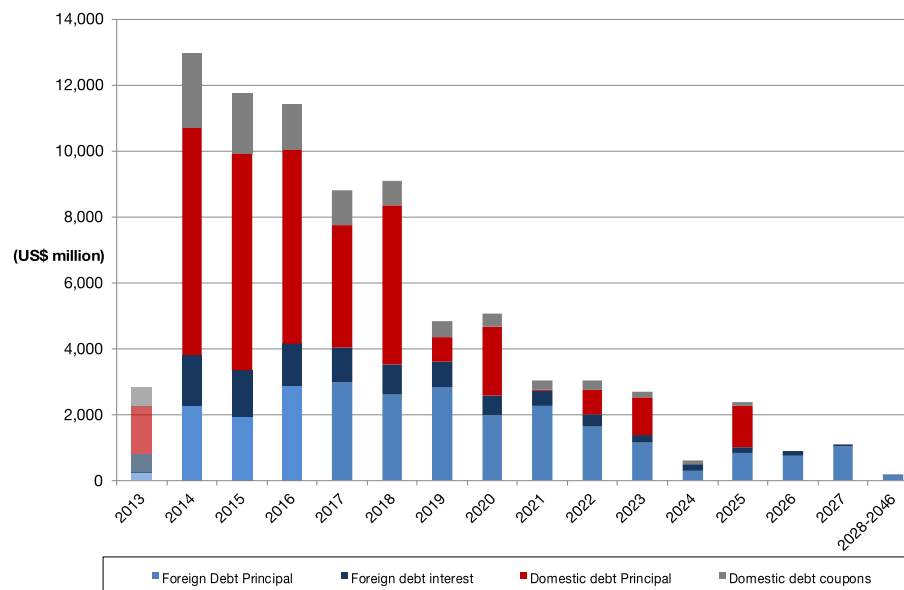
Source: MOF

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 July 2013 Public Finance Monitor.

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

OVERALL DEBT DATA

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

Public Debt (in LL billion)	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12 ⁽⁷⁾	Sep-13 ⁽⁷⁾	Change Dec 12 - Sep 13	% Change Dec 12 - Sep 13
Gross Public Debt (A + B)	63,364	70,941	77,112	79,298	80,887	86,959	94,058	7,099	8.2%
A. Local currency debt	31,373	39,007	44,973	48,255	49,340	50,198	54,244	4,046	8.1%
1. Central Bank (including REPOs)	9,052	8,781	10,334	13,130	16,374	15,049	16,786	1,737	11.5%
2. Commercial Banks	16,847	24,320	27,286	27,214	25,177	27,267	28,356	1,089	4.0%
3. Other local debt (T-bills)	5,474	5,906	7,353	7,911	7,789	7,882	9,102	1,220	15.5%
o/w Public entities	4,796	5,062	6,078	6,268	6,538	6,479	7,053	574	8.9%
o/w Contractor bonds	-	-	-	-	41	134	134	-	0.0%
*Accrued interest included in debt	730	1,029	999	867	788	789	827	38	4.8%
B. Foreign currency debt⁽¹⁾	31,991	31,934	32,139	31,043	31,547	36,761	39,814	3,053	8.3%
4. Eurobonds	27,099	26,817	27,142	26,738	27,490	32,789	36,011	3,222	9.8%
Of which, Paris II at preferential rates ⁽²⁾	5,156	4,708	4,192	3,677	3,161	2,646	2,335	(311)	-11.7%
Of which, Paris III at preferential rates ⁽³⁾	754	754	754	709	663	317	271	(46)	-14.3%
Of which, market-issued Eurobonds	20,780	20,925	21,736	21,870	23,258	29,427	32,681	3,254	11.1%
* Accrued Interest on Eurobonds	410	430	460	483	407	400	724	324	81.0%
5. Loans	4,473	4,698	4,550	4,231	3,977	3,860	3,667	(193)	-5.0%
5.1 Paris II loans	907	748	627	460	351	279	204	(75)	-26.9%
5.2 Paris III loans ⁽⁴⁾	603	1,095	1,210	1,147	1,060	997	945	(52)	-5.2%
5.3 Bilateral loans (non-Paris II and III)	759	731	716	723	766	832	820	(12)	-1.4%
5.4 Multilateral loans (non-Paris II and III)	2,118	2,069	1,971	1,877	1,781	1,738	1,687	(51)	-2.9%
5.5 Foreign Private Sector Loans	86	54	27	24	18	14	11	(3)	-21.4%
6. Other debt	419	419	447	74	80	112	136	24	21.4%
6.1 Special Tbls in Foreign currency ⁽⁵⁾	419	419	447	74	80	112	136	24	21.4%
Public sector deposits	4,527	8,326	10,522	11,419	10,984	12,916	15,356	2,440	18.9%
Net debt	58,837	62,615	66,590	67,879	69,903	74,043	78,702	4,659	6.3%
Gross Market debt⁽⁶⁾	39,219	46,992	51,231	51,308	50,191	58,623	63,957	5,334	9.1%
% of total debt	62%	66%	66%	65%	62%	67%	68%	0.0	0.9%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ Figures for Dec 05-Dec 11 differ from previously published data reflecting an update of disbursement figures of bilateral and multilateral loans in the Debt Management and Financial Analysis System (DMFAS).

⁽²⁾ Paris II related Eurobonds including 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, French loan first tranche received in February 2008 and second tranche in September 2012, IMF loan, first tranche EC/EU loan, and AMF loan disbursed in June 2009.

⁽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.

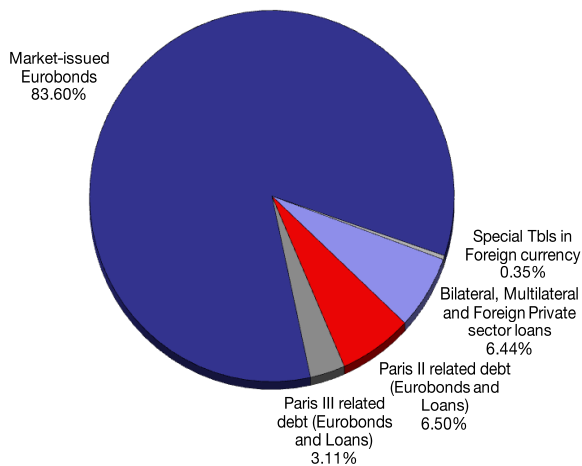
⁽⁷⁾ Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

1- Debt data for December 2012 and September 2013 may be subject to slight modification.

2- Figure of Gross Public Debt in this report may differ from the figure in September 2013 PFM report to be published.

FOREIGN CURRENCY DEBT DATA

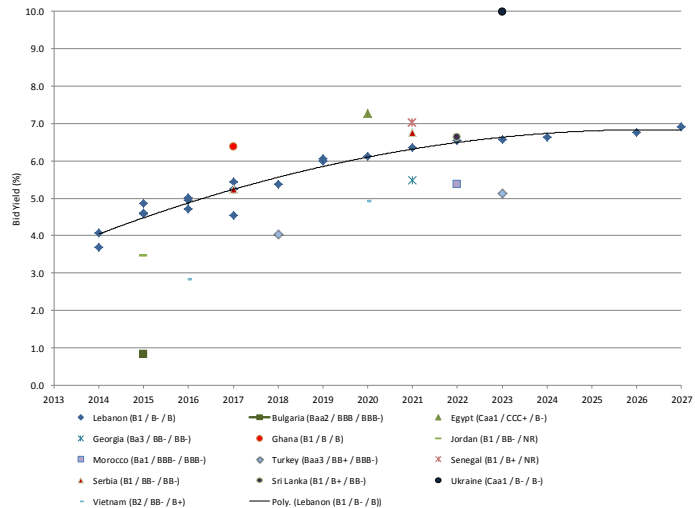
Outstanding Foreign Currency Debt by Holder
(as of end-September 2013)



Source: MOF, BDL

Note: Does not include accrued interest.

Yields for Republic of Lebanon Eurobonds
and Comparable [USD Eurobonds]
(as of November 13, 2013)



Source: Credit Suisse, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350 18	98.50	99.50	5.69	5.46	446	423
US Dollars						
LEB 7.375 14	101.50	102.00	4.48	3.53	420	326
LEB 9.000 14	102.50	103.00	4.58	3.72	430	344
LEB 5.875 15	101.25	102.25	4.85	4.05	450	370
LEB 10.000 15	107.75	108.75	4.78	4.15	440	377
LEB 8.500 15	106.75	107.75	4.63	4.08	420	365
LEB 4.000 17 Av Life	96.88	98.13	4.82	4.49	357	324
LEB 8.500 16	107.25	108.25	5.11	4.66	458	413
LEB 11.625 16	114.50	115.50	5.56	5.18	495	457
LEB 4.750 16	97.75	98.75	5.55	5.19	476	439
LEB 9.000 17	111.00	112.00	5.47	5.17	455	426
LEB 5.000 17	97.00	98.00	5.85	5.56	469	441
LEB 5.150 18	97.00	98.00	5.84	5.60	429	406
LEB 6.000 19	100.00	101.00	6.00	5.79	430	409
LEB 5.450 19	96.00	97.00	6.24	6.04	437	417
LEB 6.375 20	99.50	100.50	6.47	6.28	454	435
LEB 8.250 21	109.00	110.00	6.71	6.55	456	440
LEB 6.100 22	96.50	97.50	6.62	6.47	414	399
LEB 6.000 23	95.75	96.75	6.62	6.47	408	393
LEB 7.000 24	101.25	102.25	6.84	6.71	408	395
LEB 6.600 26	96.00	97.00	7.07	6.95	412	400
LEB 6.750 27	96.00	97.00	7.20	7.09	419	407

Source: CS 30th September 2013

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350	100.00	101.00	5.35	5.12	430	407
US Dollars						
LEB 7.375	101.50	101.75	3.60	2.99	335	274
LEB 9.000	102.25	102.75	3.96	2.87	371	262
LEB 5.875	101.13	102.13	4.86	3.97	456	367
LEB 10.000	107.50	108.50	4.54	3.85	421	353
LEB 8.500	106.38	107.38	4.59	4.01	422	364
LEB 4.000	98.00	99.00	4.54	4.27	340	313
LEB 8.500	107.50	108.50	4.81	4.35	436	390
LEB 11.625	115.50	116.50	4.91	4.52	439	400
LEB 4.750	99.50	100.50	4.93	4.57	426	389
LEB 9.000	111.38	112.38	5.24	4.93	444	413
LEB 5.000	98.50	99.50	5.43	5.14	439	410
LEB 5.150	99.00	100.00	5.38	5.15	391	368
LEB 6.000	100.50	101.50	5.89	5.68	426	404
LEB 5.450	97.50	98.50	5.95	5.75	412	392
LEB 6.375	101.25	102.25	6.13	5.94	424	404
LEB 8.250	111.25	112.25	6.32	6.16	418	402
LEB 6.100	97.00	98.00	6.55	6.40	404	389
LEB 6.000	96.38	97.38	6.53	6.38	396	381
LEB 7.000	102.50	103.50	6.68	6.55	387	374
LEB 6.600	98.38	99.38	6.79	6.67	377	365
LEB 6.750	98.38	99.38	6.93	6.82	384	373

Source: CS 13th November 2013

Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long – term tenor rating	Short – term tenor rating	Outlook
As of November 13 th , 2013			
Fitch Ratings *	B	B	Stable
Moody's Investor Services Ltd **	B1	-	Negative
Standard and Poor's ***	B-	B	Negative

* Latest Fitch affirmed 01 July 2013

** Latest Moody's 14 May 2013

*** On 1 November 2013, S&P lowered Lebanon long-term foreign and local currency sovereign credit ratings from B to B- keeping the outlook negative and affirming the short-term ratings at B.

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of September 30, 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
XS0250882809	USD 676.902 MN - April 2014	676,902,000	676,902,000	1	USD	7.375%	04/14/14	0.54
XS0361558413	USD 881.612 MN - May 2014	881,612,000	881,612,000	2	USD	9.000%	05/02/14	0.59
XS0471737105	USD 250 MN - January 2015*	250,000,000	250,000,000	1	USD	5.875%	01/15/15	1.29
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	1.70
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	1.85
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	2.30
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	2.56
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	2.61
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	3.09
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	3.47
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	4.04
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	4.70
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	5.12
XS0707821467	EUR 445 MN - November 2018	445,000,000	600,783,043	2	EUR	5.350%	11/28/18	5.16
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	5.56
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	5.64
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	6.16
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	6.44
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	6.72
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	7.54
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	9.02
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	9.33
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	11.18
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	11.71
XS0707820659	USD 725 MN - November 2026	725,000,000	725,000,000	3	USD	6.600%	11/27/26	13.17
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	14.17
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III								
XS0312416000	USD \$300 MN - July 2017	180,000,000	180,000,000	1	USD	3.750%	07/20/17	2.59
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II								
XS0160456322	USD 950 MN - Dec 2017	292,500,000	292,500,000	1	USD	5.000%	12/27/17	2.17
XS0160503347	USD 2,007.511 MN - Dec 2017	903,379,950	903,379,950	2	USD	4.000%	12/31/17	2.17
XS0164502352	USD 700 MN - Mar 2018	315,000,000	315,000,000	1	USD	5.000%	03/07/18	2.42
XS0169203048	USD 200 MN - May 2018	100,000,000	100,000,000	1	USD	5.000%	05/27/18	2.34
					Average Time to Maturity (in years, as of September 30, 2013):		5.82	
					Weighted average coupon rate:		6.49%	

* 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) (30 Sept 2013): 1.35

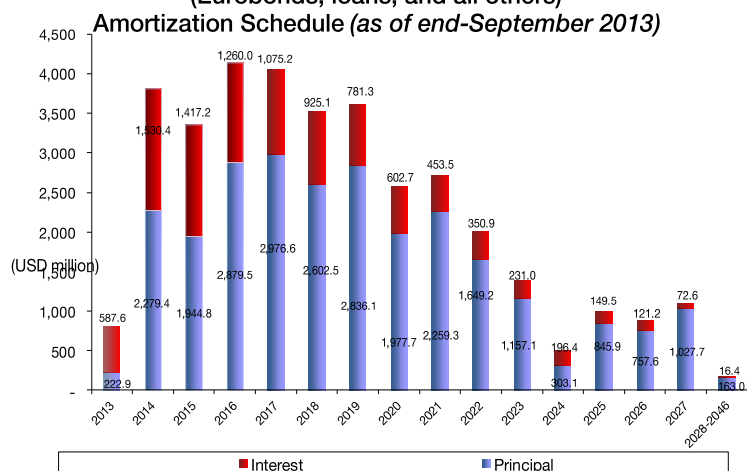
FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances							
Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
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
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

* Series 64-65-66-60(3)-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)

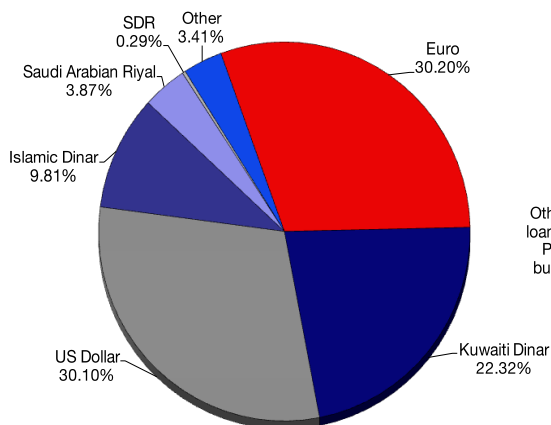


Source: MOF, BDL

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

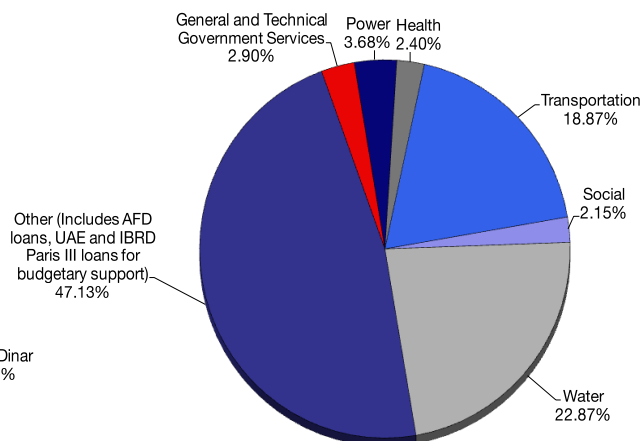
FOREIGN CURRENCY LOANS DATA

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



Total Outstanding LL 3,666 billion

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

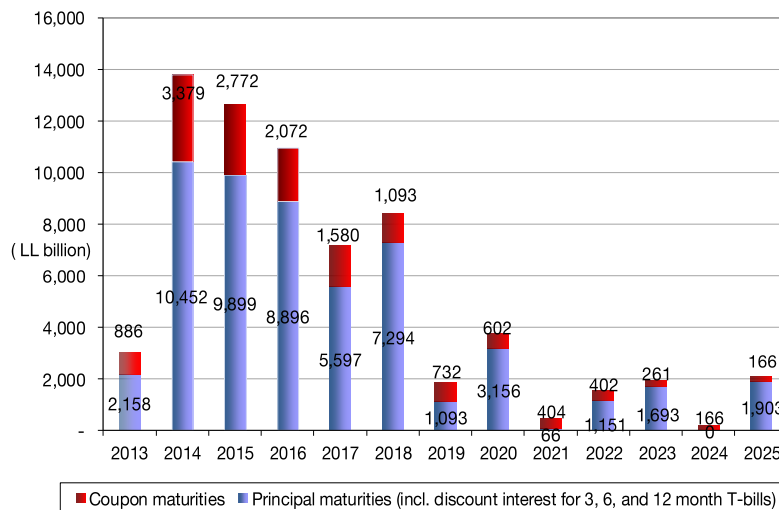


Total Outstanding LL 3,666 billion

Source: MOF,

DOMESTIC CURRENCY DEBT DATA

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



Source: MOF, BDL

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

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

As of end-
September 2013

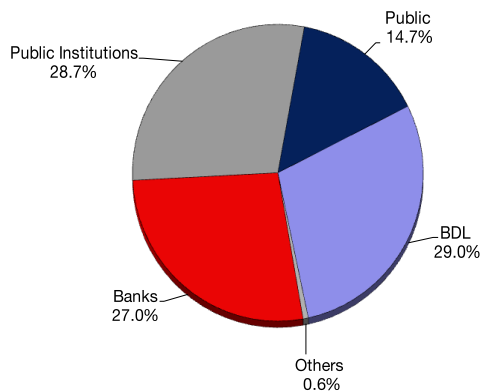
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Upcoming Government Treasury Bill and Bond Auctions

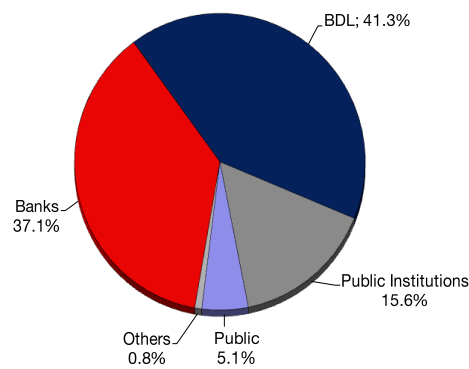
Auction Date	Value Date	Tenors to be auctioned
18-Nov-13	21-Nov-13	3 MN, 6 MN, 5YR
25-Nov-13	28-Nov-13	12 MN, 2YR, 3YR
02-Dec-13	05-Dec-13	3 MN, 6 MN, 5YR
09-Dec-13	12-Dec-13	12 MN, 2YR, 3YR
16-Dec-13	19-Dec-13	3 MN, 6 MN, 5YR
23-Dec-13	26-Dec-13	12 MN, 2YR, 3YR

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

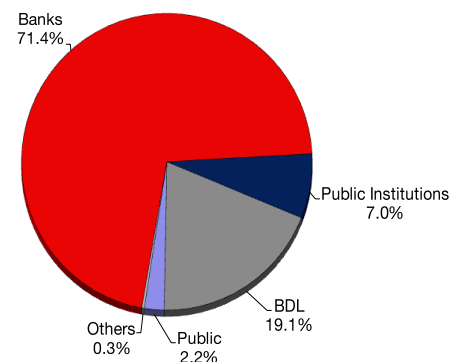
July 2013



August 2013



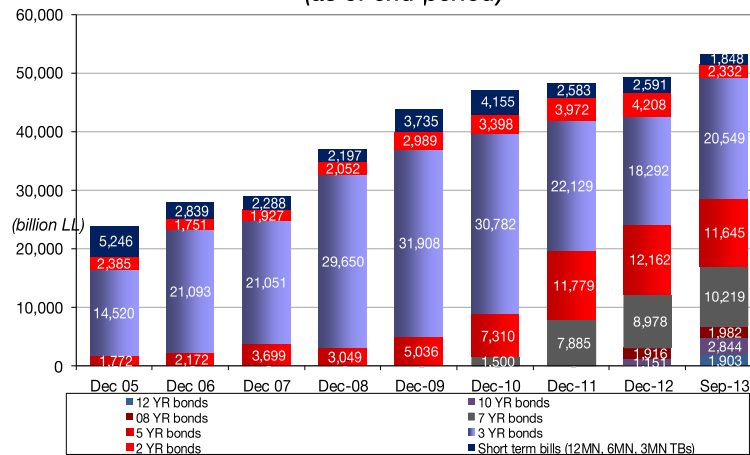
September 2013



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



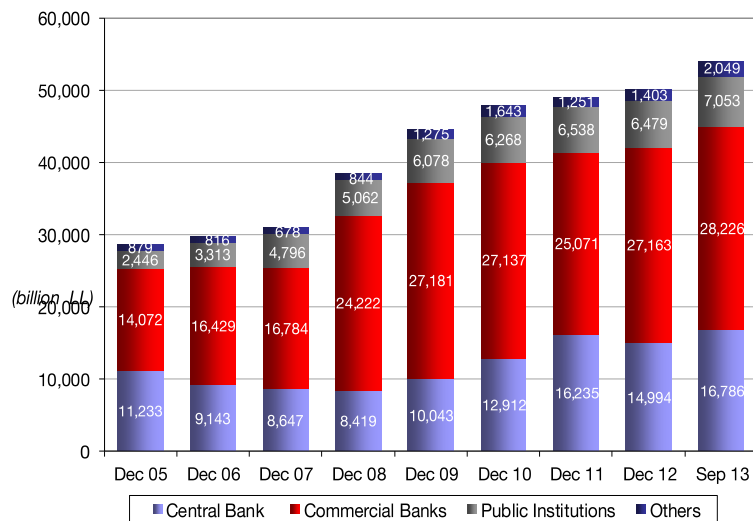
Source: MOF, BDL

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.

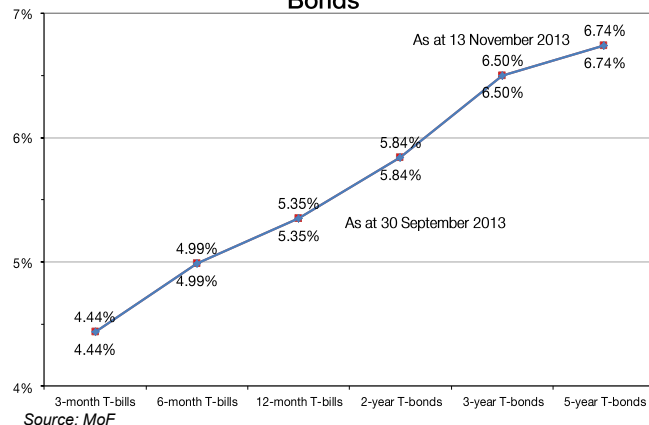
**Domestic T-bills and Bonds Outstanding by Investor Type
(as of end-period)**



Source: MOF, BDL

Note: Central Bank figures include the amounts of repurchase agreements

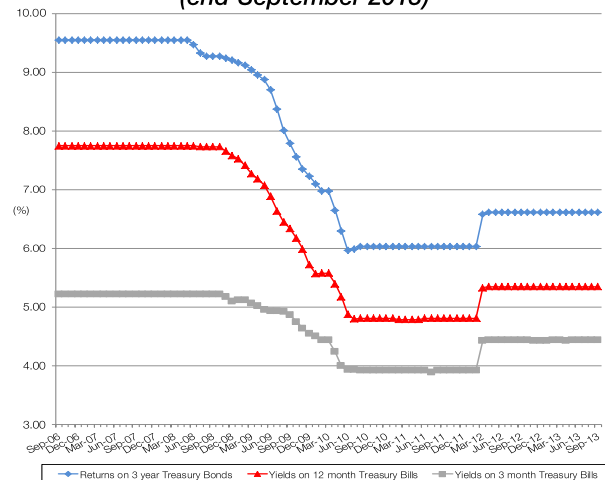
Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

For further information, please contact:
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**Time Series of Primary Market Rates for T-Bills and Bonds
(end-September 2013)**



Source: BDL