

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 11, Quarter IV 2009



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

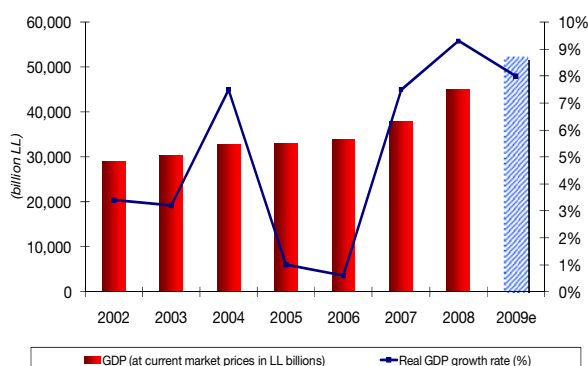
HIGHLIGHTS	1
THE LEBANESE ECONOMY	1
OVERALL DEBT DATA	2
FOREIGN CURRENCY DEBT DATA	4
FOREIGN CURRENCY LOANS DATA	6
DOMESTIC CURRENCY DEBT DATA	7

HIGHLIGHTS

- Gross public debt reached LL 77,019 billion (US\$ 51.09 billion) by the end 2009, 8.6 percent higher than at end December 2008.
- Net public debt stood at LL 66,497 billion (US\$ 44.11 billion), 6.3 percent higher than the end 2008 level.
- Domestic currency debt totaled LL 44,973 billion, increasing by 15.3 percent compared to end December 2008.
- In QIV 2009 commercial banks remained the main subscribers of Treasury bills and notes with 64 percent of subscriptions, followed by public institutions with 21 percent and BDL with 7 percent.
- Primary market rates on Treasury bills and notes continued their downward trend across all maturities. The highest decrease in rates was seen for the 24-month instrument whose rate went down by 194 bps since year-end 2008 to reach 6.32 percent at end QIV 2009. The 36-month instrument's rate went down by 190 bps during the same period reaching 7.10 percent at end 2009.
- Foreign currency debt totaled LL 32,046 billion by the end of 2009, an increase of 0.5 percent since the end of December 2008.
- On December 3rd, 2009, the Lebanese Republic issued a USD 500 million dual-tranche offering. The first series (Series 53) consisted of a USD 250 million 5.875 percent coupon Eurobond due January 2015. The second (Series 54) was a USD 250 million 7.000 percent coupon Eurobond due December 2024. Both series were issued at record-low market rates for the Republic and attracted international investor demand of 27 percent on the aggregate issue. The lead managers for the transaction were Bank of Beirut S.A.L, Citigroup Global Markets Limited (Citi) and Société Générale de Banque au Liban (SGBL).

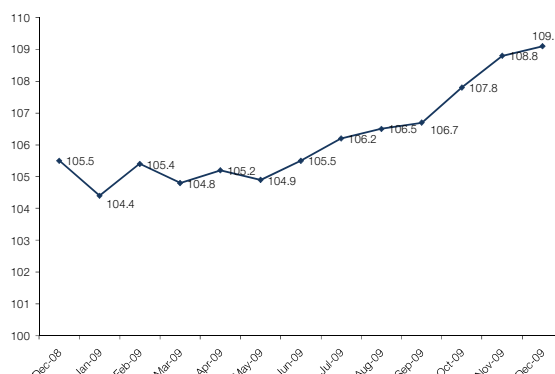
THE LEBANESE ECONOMY

GDP and GDP growth



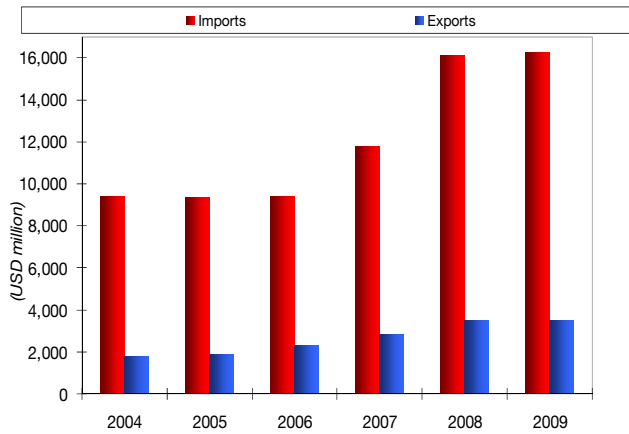
Source: 2001-2008 are National Accounts Committee figures
2009 GDP real growth rate as per the Lebanese authorities' latest estimate.

**CPI Index
Dec 08— Dec 09**



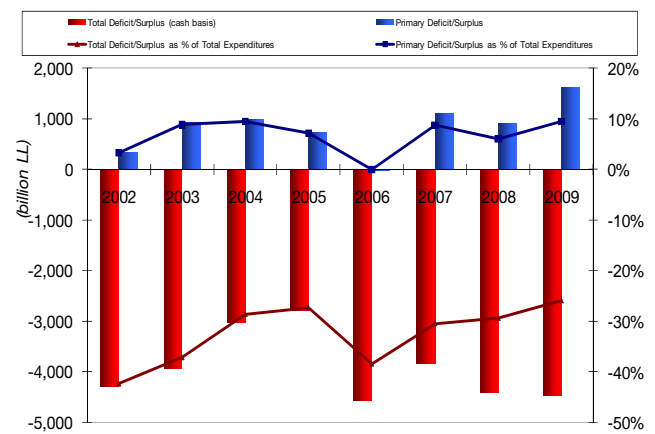
Source: Central Administration of Statistics
Consumer Price Index base year December 2007 = 100.

Trade Statistics



Source: MoF, Directorate of Customs

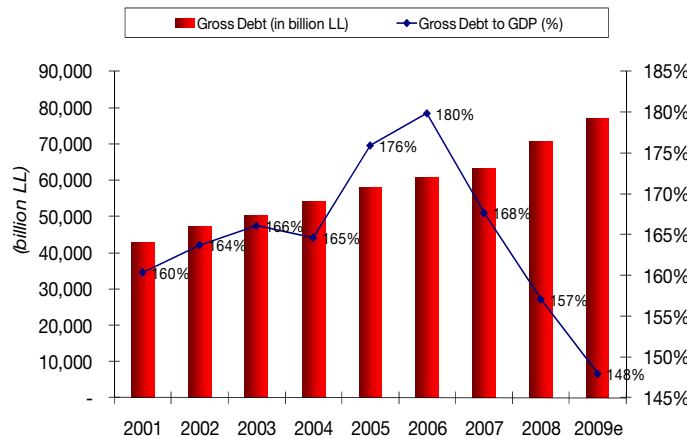
Fiscal Performance



Source: MOF

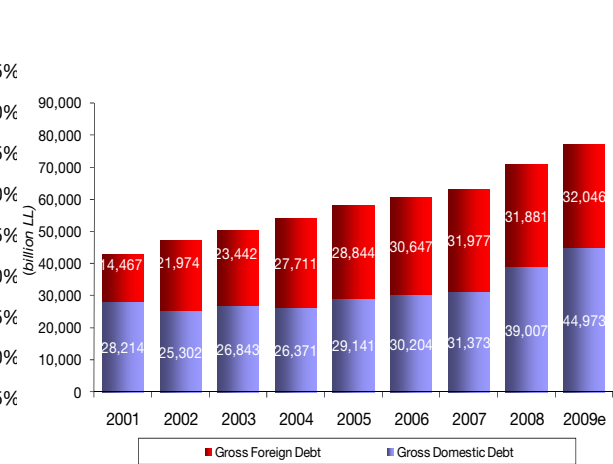
OVERALL DEBT DATA

Gross Public Debt



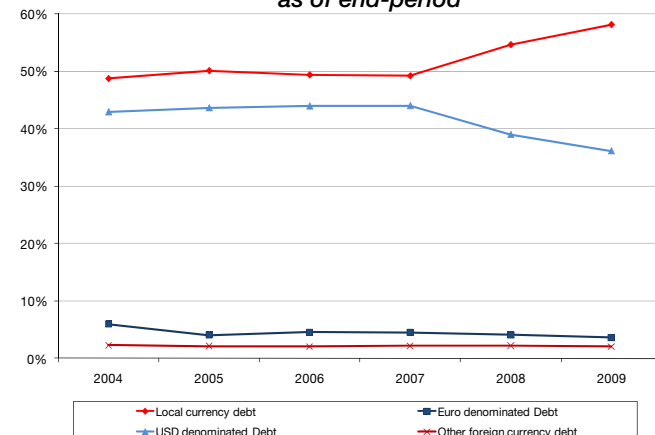
Source: MOF, BDL
Note: 2009 GDP figure estimate based on Lebanese authorities' latest estimates for GDP growth.

Historical Debt Evolution



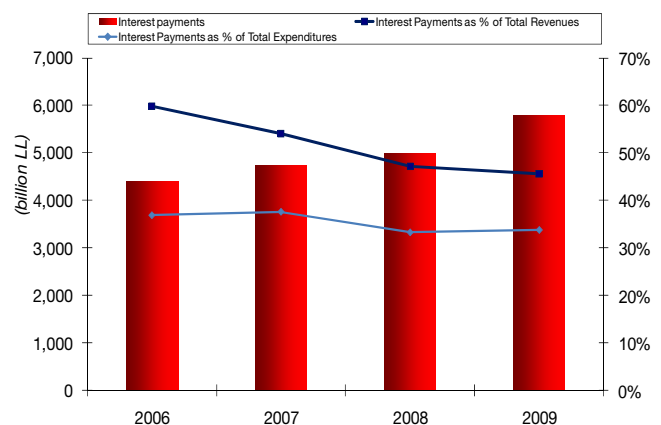
Source: MOF

Outstanding Debt by Currency Composition as of end-period



Source: MOF
Note: Excluding accrued interest.

Interest Payments



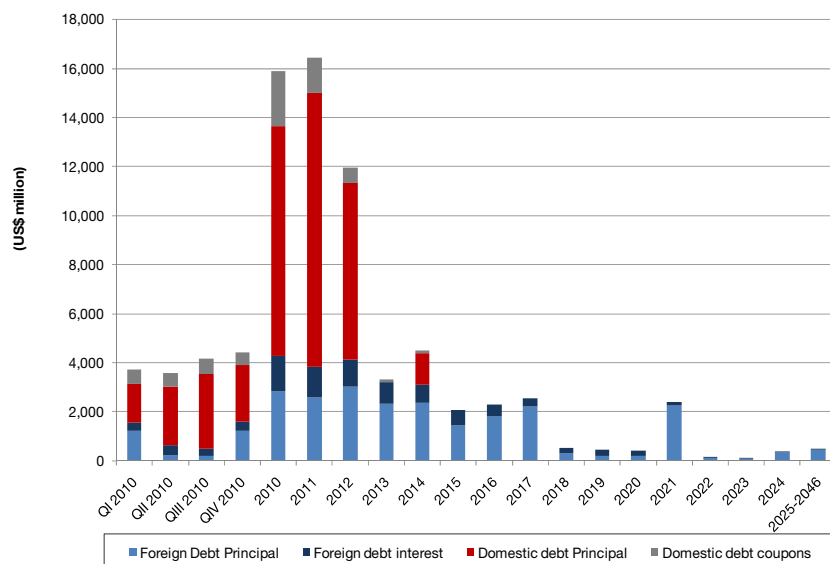
Source: MoF

OVERALL DEBT DATA



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Aggregate Debt Amortization Profile



Source: MoF

Average Time to Maturity
of Public Debt
(foreign and domestic)

(In years, as of end-
December 2009)

2.9

Public Debt (in LL billion)	Dec-05	Dec-06	Dec-07	Dec-08	Dec-09	% Change Dec 08 - Dec 09
Gross Public Debt (A + B)	57,985	60,851	63,350	70,888	77,019	8.6%
A. Local currency debt	29,141	30,204	31,373	39,007	44,973	15.3%
1. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ⁽¹⁾	11,686	9,588	9,052	8,781	10,334	17.7%
2. Commercial Banks	14,130	16,487	16,847	24,320	27,286	12.2%
3. Other local debt (T-bills)	3,325	4,129	5,474	5,906	7,353	24.5%
<i>o/w Public entities</i>	2,446	3,313	4,796	5,062	6,078	20.1%
*Accrued interest included in debt	517	685	730	1,029	999	-2.9%
B. Foreign currency debt⁽¹⁾	28,844	30,647	31,977	31,881	32,046	0.5%
4. Eurobonds	24,743	26,441	27,099	26,817	27,142	1.2%
Of which, Paris II at preferential rates ⁽²⁾	5,608	5,608	5,156	4,708	4,192	-11.0%
Of which, Paris III at preferential rates ⁽³⁾	-	-	754	754	754	0.0%
* Accrued Interest on Eurobonds	406	434	410	430	460	7.0%
5. Loans	3,682	3,787	4,459	4,645	4,457	-4.0%
5.1 Paris II loans	893	932	907	748	627	-16.2%
5.2 Paris III loans ⁽⁴⁾	-	-	603	1,095	1,210	10.4%
5.3 Bilateral loans (non-Paris II and III)	703	714	759	745	716	-4.0%
5.4 Multilateral loans (non-Paris II and III)	1,928	2,026	2,104	2,002	1,878	-6.2%
5.5 Foreign Private Sector Loans	158	115	86	54	27	-50.0%
6. Other debt	419	419	419	419	447	6.7%
6.1 Special Tbs in Foreign currency ⁽⁵⁾	419	419	419	419	447	6.7%
Public sector deposits	5,590	4,444	4,527	8,326	10,522	26.4%
Net debt	52,395	56,407	58,823	62,562	66,497	6.3%
Gross Market debt⁽⁶⁾	34,720	38,670	39,219	46,992	51,231	9.0%
% of total debt	60%	64%	62%	66%	67%	0.3%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ The BDL has extended loans to EDL for the equivalent amount of US\$ 300 million to purchase fuel oil. These loans are listed as public debt as they are government guaranteed.

⁽²⁾ Figures for Dec 04 - Dec 09 may differ from previously published data due to updated information regarding bilateral and multilateral loans in the DMFAS system and are updated from the end-September 2009 figures published in the Public Finance Monitor for September 2009.

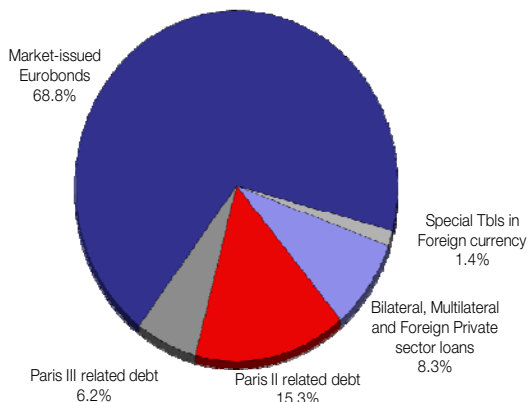
⁽³⁾ Paris II related debt (Eurobonds and Loans) including Eurobond originally issued at USD 1,870 billion to BDL in the context of Paris II conference.

⁽⁴⁾ Issued to Malaysia as part of its Paris III contribution, IBRD loan, UAE loan, first tranche of the French loan received in February 2008, IMF loans, first tranche EC/EU loan, and AMF loan disbursed.

⁽⁵⁾ Special Tbs in Foreign currency (expropriation 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.

Outstanding Foreign Currency Debt by Holder as of end-December 2009



Average Time to Maturity of Foreign Currency Debt	
(In years, as of end-December 2009)	4.6

Source: MOF
Note: Does not include accrued interest.

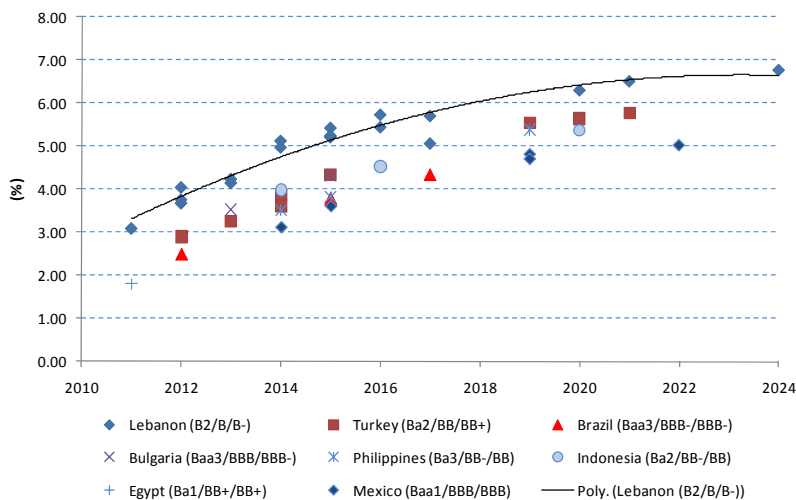
Lebanon Secondary Issues						
31-Dec-09	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
Lebanese Issues						
EURO						
LEB 5.875 12	102.50	103.50	4.67	4.21	284	239
US Dollars						
LEB 7.125 10	100.75	101.25	2.47	-0.48	231	-75
LEB 7.875 11	105.38	106.38	3.81	3.09	291	219
LEB 4.000 17 Av Life	92.50	93.50	6.11	5.81	325	295
LEB 7.500 12	106.63	107.63	4.31	3.85	281	235
LEB 7.750 12	108.38	109.38	4.39	4.01	259	221
LEB 9.125 13	112.13	113.13	4.96	4.64	289	257
LEB 8.625 13	111.13	112.13	5.07	4.78	286	256
LEB 7.375 14	106.63	107.63	5.61	5.35	302	276
LEB 9.000 14	112.75	113.75	5.63	5.39	305	280
LEB 5.875 15	100.75	101.75	5.70	5.47	280	257
LIEB 10.000 15	117.75	118.75	6.03	5.83	306	285
LEB 8.500 15	112.25	113.25	5.89	5.69	288	268
LEB 8.500 16	112.25	113.25	6.05	5.86	290	272
LEB 11.625 16	126.38	127.38	6.49	6.32	333	316
LEB 9.000 17	115.13	116.13	6.35	6.19	297	281
LEB 8.250 21	110.50	111.50	6.89	6.77	298	286
LEB 7.000 24	100.00	101.00	7.00	6.89	281	270

Source: Credit Suisse 31 December 2009

Lebanon Secondary Issues						
23-Mar-10	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
Lebanese Issues						
EURO						
LEB 5.875 12	103.50	104.50	4.05	3.54	253	204
US Dollars						
LEB 7.875 11	105.38	106.38	3.09	2.24	245	160
LEB 7.500 12	107.25	108.25	3.68	3.17	252	202
LEB 7.750 12	109.25	110.25	3.76	3.36	233	192
LEB 9.125 13	113.75	114.75	4.15	3.81	245	212
LEB 8.625 13	113.13	114.13	4.24	3.93	240	209
LEB 4.000 17 Av Life	96.25	97.25	5.07	4.78	251	221
LEB 7.375 14	108.13	109.13	5.13	4.87	291	265
LEB 9.000 14	114.75	115.75	4.98	4.73	276	251
LEB 5.875 15	102.75	103.75	5.22	4.98	268	245
LIEB 10.000 15	120.00	121.00	5.43	5.23	284	264
LEB 8.500 15	115.00	116.00	5.25	5.05	258	239
LEB 8.500 16	115.00	116.00	5.45	5.27	265	246
LEB 11.625 16	130.00	131.00	5.74	5.58	291	274
LEB 9.000 17	118.75	119.75	5.71	5.55	263	247
LEB 6.375 20	100.50	101.50	6.31	6.17	271	257
LEB 8.250 21	113.50	114.50	6.52	6.40	285	273
LEB 7.000 24	102.00	103.00	6.78	6.67	280	269

Source: Credit Suisse 23 March 2010

Yields for Republic of Lebanon Eurobonds and Comparables (as of March 23, 2010)



Source: Credit Suisse, MOF

FOREIGN CURRENCY DEBT DATA



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

List of Outstanding Eurobonds (values as of December 31, 2009)

ISIN CODE	Eurobond	Outstanding Amount (in original cur)	no. of tranches	Cur	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
XS0200337979	USD 1,065 MN - Mar 2010	1,065,000,000	1	USD	7.125%	03/05/10	0.18
XS0205838948	USD700 MN -Nov 2010	700,000,000	1	USD	6.875%	11/12/10	0.87
US52238PAD15	USD 1000 MN - May 2011	1,000,000,000	1	USD	7.875%	05/20/11	1.38
XS0263574112	USD 750 MN- August 2011	750,000,000	2	USD	7.500%	08/02/11	1.59
XS0418193750	USD 600 MN - March 2012	600,000,000	2	USD	7.500%	03/19/12	2.22
XS0250883013	EUR 535.639 MN - April 2012	535,639,000	3	EUR	5.875%	04/12/12	2.28
XS0200329950	USD 600 MN - Sept 2012	600,000,000	2	USD	7.750%	09/07/12	2.69
XS0352629546	USD 875 MN - March 2013	875,000,000	1	USD	9.125%	03/12/13	3.20
XS0222794249	USD 650 MN - June 2013	650,000,000	2	USD	8.625%	06/20/13	3.47
XS0250882809	USD 676.902 MN- April 2014	676,902,000	1	USD	7.375%	04/14/14	4.29
XS0361558413	USD 881.612 MN - May 2014	881,612,000	2	USD	9.000%	05/02/14	4.34
XS0471737105	USD 250 MN - Jan 2015	250,000,000	1	USD	5.875%	01/15/15	5.04
XS0381915353	USD 500 MN - August 2015	500,000,000	1	USD	8.500%	08/06/15	5.60
US52238PAJ84	USD 750 MN- Jan 2016	750,000,000	1	USD	8.500%	01/19/16	6.05
XS0128547147	USD 400 MN - May 2016	400,000,000	1	USD	11.625%	05/11/16	6.36
XS0418193917	USD 1,500 MN- March 2017	1,500,000,000	2	USD	9.000%	03/20/17	7.22
XS0250882478	USD 2,092.469 MN- April 2021	2,092,469,000	3	USD	8.250%	04/12/21	11.29
XS0471737444	USD 250 MN - Dec 2024	250,000,000	1	USD	7.000%	12/03/24	14.93
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III							
XS0312416778	USD 200 MN - July 2012	200,000,000	1	USD	3.750%	07/20/12	2.25
XS0312416000	USD 300 MN - July 2017	300,000,000	1	USD	3.750%	07/20/17	4.50
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II							
XS0160456322	USD 950 MN - Dec 2017	520,000,000	1	USD	5.000%	12/27/17	4.17
XS0160503347	USD 2,007.511 MN - Dec 2017	1,606,008,800	2	USD	4.000%	12/31/17	4.17
XS0160456322	USD 700 MN - Mar 2018	595,000,000	1	USD	5.000%	03/07/18	4.17
XS0169203048	USD 200 MN - Mar 2018	170,000,000	1	USD	5.000%	05/27/18	4.34
					Average Time to Maturity (in years, as of December 31,		4.69
					Weighted average coupon rate:		7.35%

*The two Eurobonds 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 December 2009): 1.433

FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances							
Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
9-Mar-10	55	10	9-Mar-2020	6.375	6.375	USD 1,200 MN	XS0493540297
3-Dec-09	54	15	3-Dec-2024	7.000	7.000	USD 250 MN	XS0471737444
3-Dec-09	53	5 (long)	15-Jan-2015	5.875	5.875	USD 250 MN	XS0471737105
19-Mar-09	52 (2)	8	20-Mar-2017	9.000	9.000	USD 268.937 MN	XS0418193917
19-Mar-09	52	8	20-Mar-2017	9.000	9.000	USD 1,231.063 MN	XS0418193917
19-Mar-09	51 (2)	3	19-Mar-2012	7.500	7.500	USD 175.739 MN	XS0418193750
19-Mar-09	51	3	19-Mar-2012	7.500	7.500	USD 424.261 MN	XS0418193750
19-Mar-09	43 (3)	3	12-Apr-2012	5.875	7.750	EUR 211.097 MN	XS0250883013

* Paris III conference Malaysia contribution

** Initial issuance to BDL

Lebanon Sovereign Debt Rating			
Agency	Foreign Currency		
	Long -term tenor rating	Short-term tenor rating	Outlook
As of March 31, 2010			
Fitch IBCA Ltd*	B	B	Stable
Moody's Investor Services Ltd**	B2	-	Positive
Standard and Poor's***	B	B	Positive

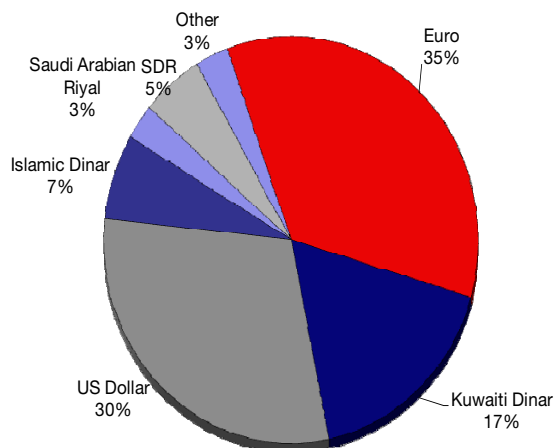
* On March 31, 2010, Fitch Ratings upgraded the long term foreign and local currency Issuer Default Ratings from B- to B and retained stable outlooks on both.

** On December 18, 2009 Moody's Investors Services changed the outlook from stable to positive.

*** On December 22, 2009 Standard & Poor's raised its long and short term sovereign credit ratings from "B-/C" with a stable outlook to "B/B" with positive outlook.

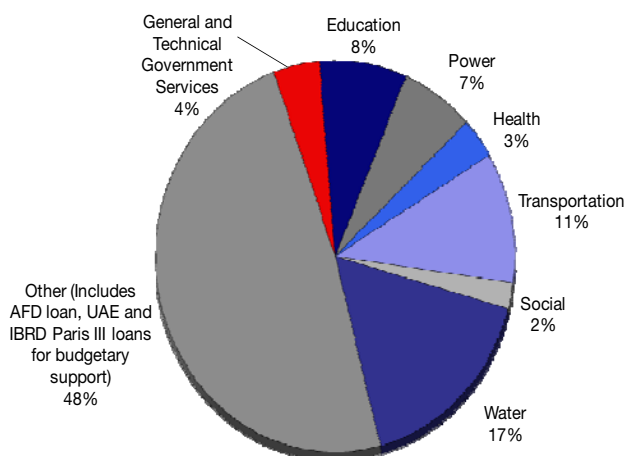
FOREIGN CURRENCY LOANS DATA

Bilateral and Multilateral Loans (concessional and otherwise)
Breakdown by currency
(as of end-December 2009)



Total Outstanding LL 4,459 billion

Bilateral and Multilateral Loans (concessional and otherwise)
Breakdown by sector
(as of end-December 2009)

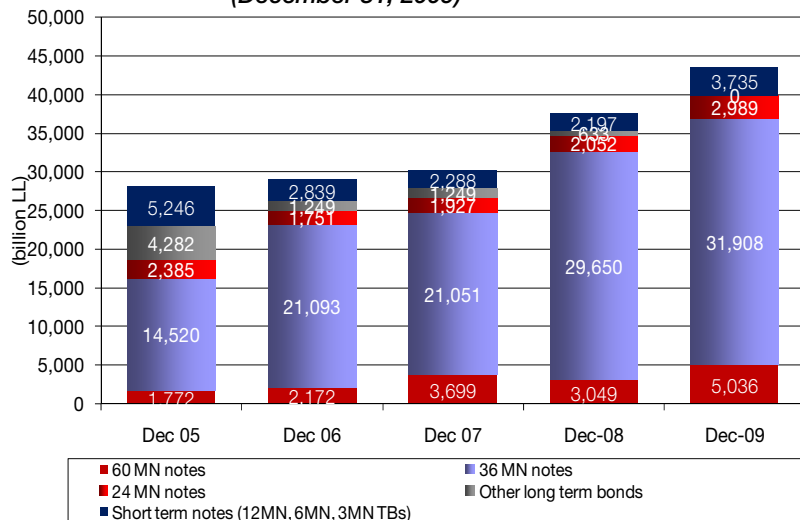


Total Outstanding LL 4,459 billion

Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

Domestic T-bills Outstanding by Tenor Type (December 31, 2009)



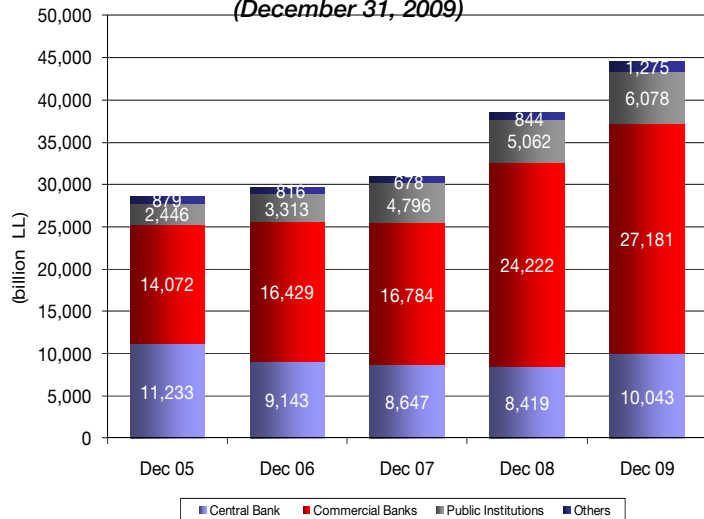
**Average Time to Maturity
of Domestic Currency
T-bills and Notes**

(In years, as of end-December 2009) **1.6**

Source: MOF, BDL

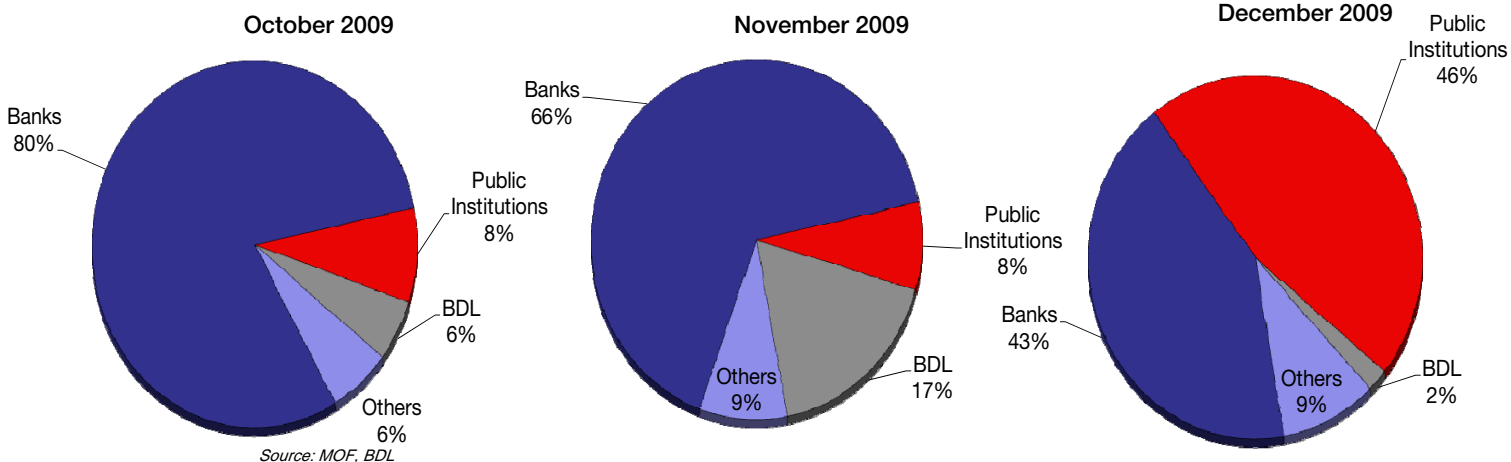
Note: Treasury bills with maturities less than 24 months are issued at a discount to their face value. All maturities greater than 24 months are not issued at discount.

Domestic T-bills Outstanding by Investor Type (December 31, 2009)



Source: MOF, BDL

T-Bill Subscription Results by Holder During QIV 2009

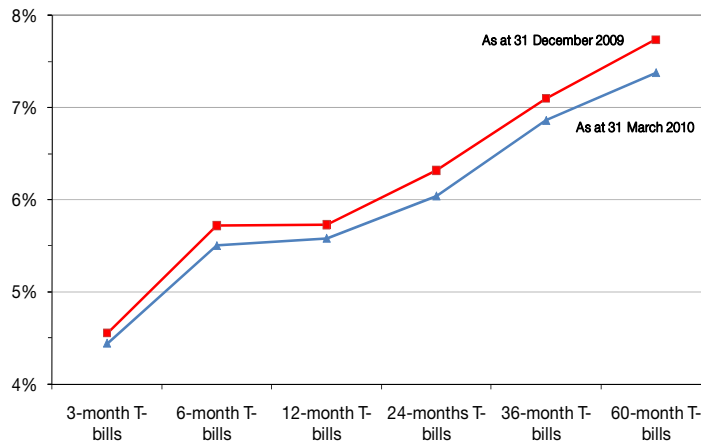


Source: MOF, BDL

Upcoming Government Treasury Bill Auctions		
Auction Date	Value Date	Tenors to be auctioned (in months)
29-Mar-10	1-Apr-10	3 MN, 6 MN, 60 MN
5-Apr-10	8-Apr-10	12 MN, 24 MN, 36 MN
12-Apr-10	15-Apr-10	3 MN, 6 MN, 60 MN
19-Apr-10	22-Apr-10	12 MN, 24 MN, 36 MN
26-Apr-10	29-Apr-10	3 MN, 6 MN, 60 MN

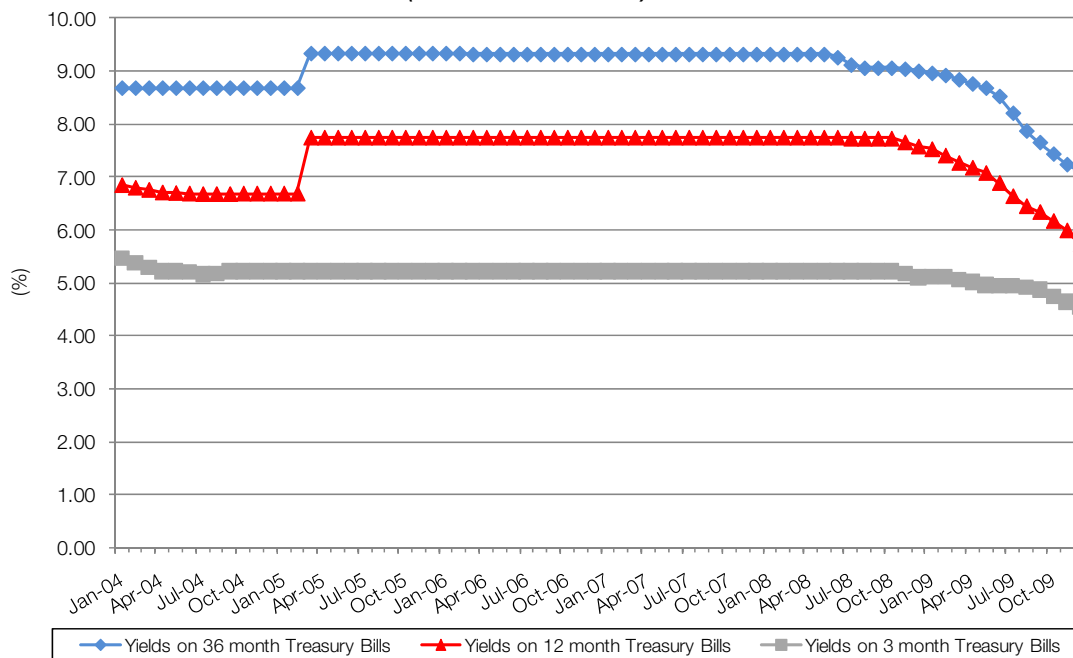
No Treasury Bill auctions were conducted for value dates in March 2010.

Yield Curve for T-Bills



Source: MOF

Time Series of Primary Market Rates for T-Bills
(end-December 2009)



Source: MOF

For further information, please contact:
Economic Unit, UNDP Project
 Rola Rizk, Head
 Nadine Abou Khaled
 Léa Hakim
 Ministry of Finance
 Tel: 961 1 981 057/8 Fax: 961 1 981 059
 Email: infocenter@finance.gov.lb
www.finance.gov.lb