

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 27, Quarter IV 2013



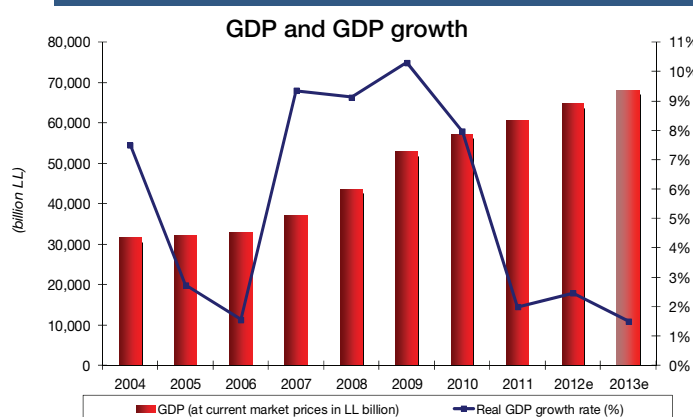
REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-2013, gross public debt stood at LL 95,669 billion (US\$ 63.46 billion), a 10 percent increase compared to end-2012.
- Net public debt registered LL 80,272 billion (US\$ 53.25 billion) at end-2013, an increase of 8.4 percent from the end-2012 level.
- Domestic currency debt reached LL 56,303 billion at end-2013, an increase of 12.2 percent compared to end-December 2012.
- Commercial banks were still the largest subscribers of Treasury bills and bonds in QIV 2013 capturing 56 percent of total subscriptions with BdL and Public institutions share reaching respectively 26 and 11 percent of the total subscriptions. On a yearly basis, commercial banks captured 46 percent of total subscriptions followed by BdL with 33 percent and the public institutions with 16 percent.
- On 14 November 2013, the Ministry of Finance issued the value of LBP 1,469 billion 12YR LBP Treasury Bonds with a coupon of 8.74 percent at auction.
- During QIV 2013, primary market rates on regular Treasury bills and bonds issued remained unchanged compared to end QIII 2013 levels.
- Foreign currency debt totaled LL 39,366 billion (US\$ 26.11 billion) at the end of December 2013, a 7.1 percent increase since the end of December 2012.

THE LEBANESE ECONOMY



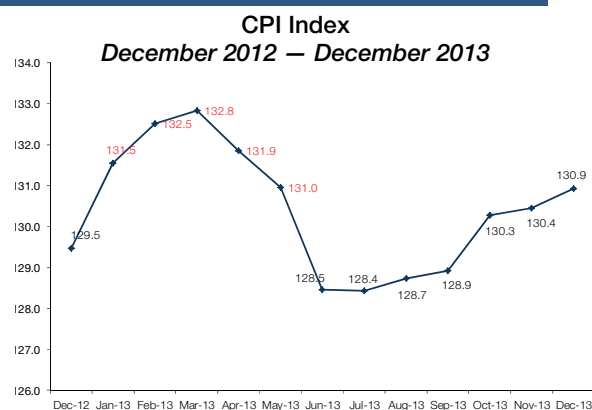
Source: National Accounts

Notes:

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

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

3- GDP 2013: Computed using IMF October 2013 WEO growth and deflator based on 2012 CAS estimate.

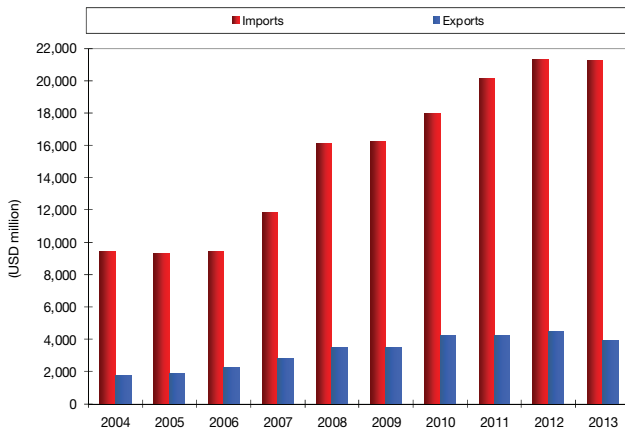


Source: Central Administration of Statistics / CPI base year Dec 2007 = 100.

Note: CPI figures from January 2013 to May 2013 have been estimated using linear interpolation with adjustment for price change.

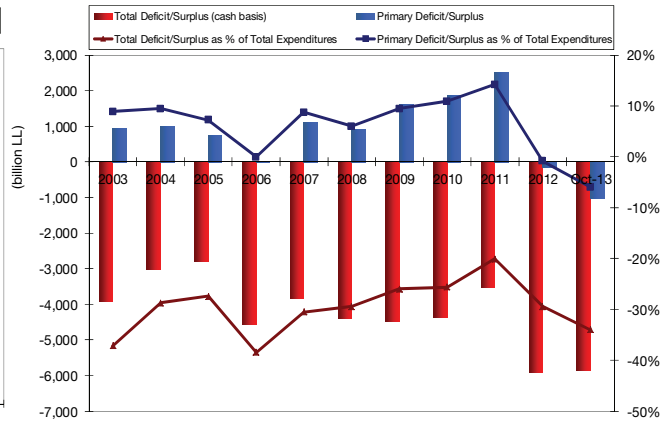
THE LEBANESE ECONOMY

Trade Statistics



Source: MoF, Directorate of Customs

Fiscal Performance

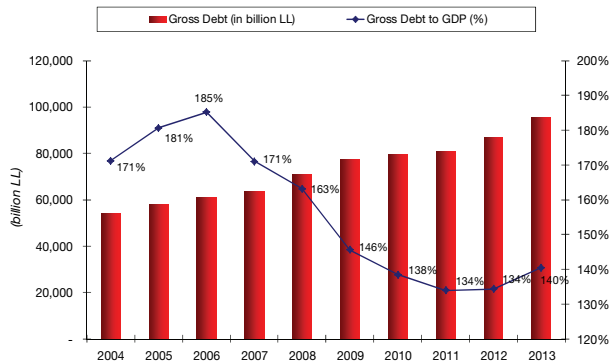


Source: MOF

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 October 2013 Public Finance Monitor.

OVERALL DEBT DATA

Gross Public Debt

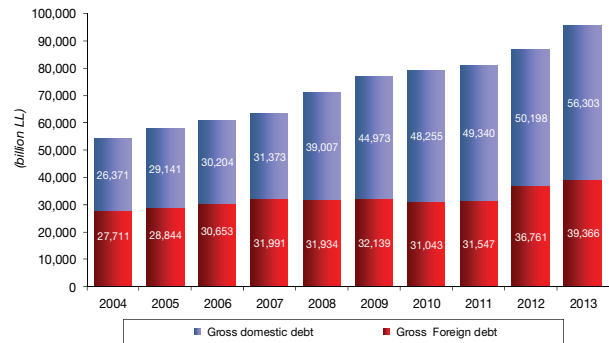


Source: Ministry of Finance, National Accounts

Notes:

- 1- GDP 2004-2011: Lebanese National Accounts. Published in October 2013.
- 2- GDP 2012: CAS preliminary estimates. Published in October 2013
- 3- GDP 2013: Computed using IMF October 2013 WEO growth and deflator based on 2012 CAS estimate

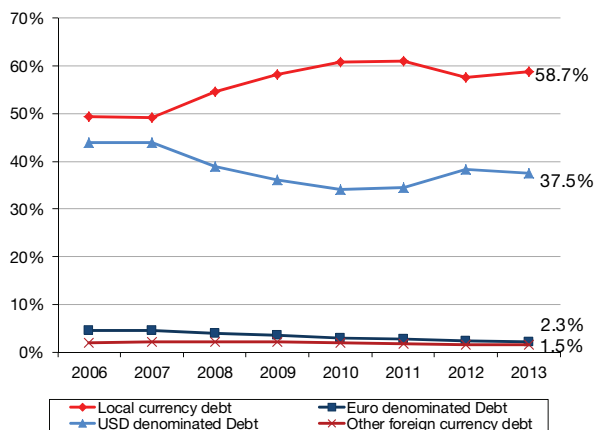
Historical Debt Evolution



Source: MOF, BDL

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

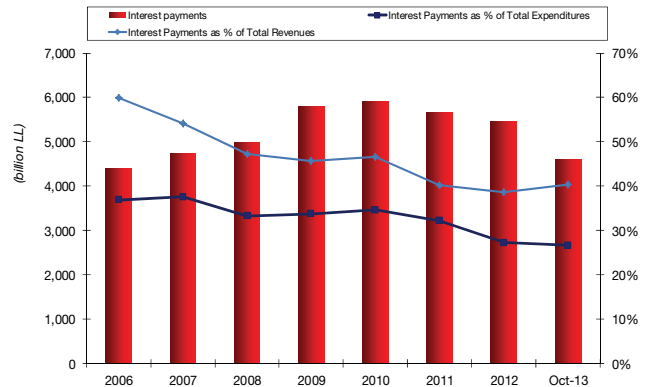
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

Interest Payments



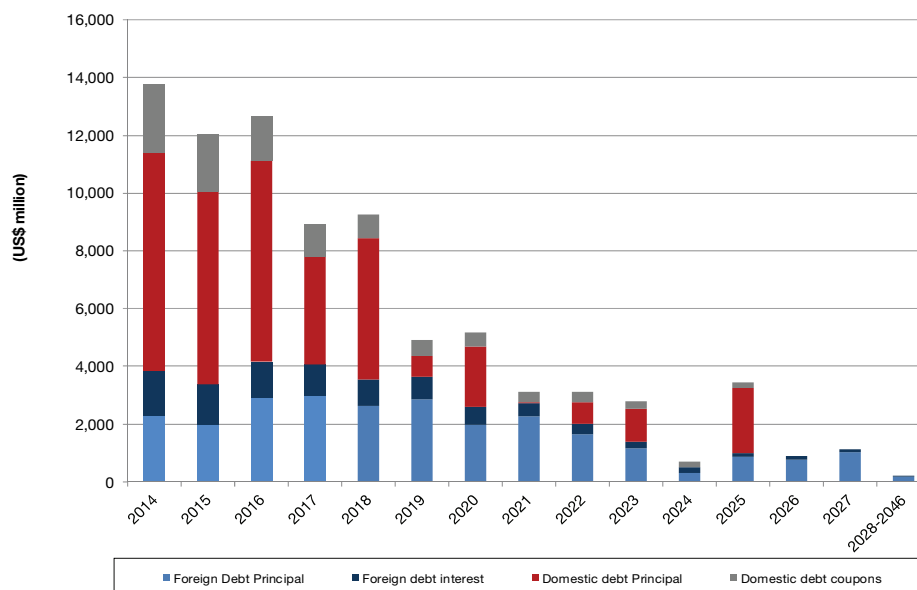
Source: MOF

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 October 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-December 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-December 2013)

Public Debt (in LL billion)	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12 ⁽⁷⁾	Dec-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	95,669	8,710	10.0%
A. Local currency debt	31,373	39,007	44,973	48,255	49,340	50,198	56,303	6,105	12.2%
1. Central Bank (including REPOs)	9,052	8,781	10,334	13,130	16,374	15,049	17,171	2,122	14.1%
2. Commercial Banks	16,847	24,320	27,286	27,214	25,177	27,267	29,896	2,629	9.6%
3. Other local debt (T-bills)	5,474	5,906	7,353	7,911	7,789	7,882	9,236	1,354	17.2%
o/w Public entities	4,796	5,062	6,078	6,268	6,538	6,479	7,117	638	9.8%
o/w Contractor bonds	-	-	-	-	41	134	134	-	0.0%
*Accrued interest included in debt	730	1,029	999	867	788	789	877	88	11.2%
B. Foreign currency debt⁽¹⁾	31,991	31,934	32,139	31,043	31,547	36,761	39,366	2,605	7.1%
4. Eurobonds	27,099	26,817	27,142	26,738	27,490	32,789	35,533	2,744	8.4%
Of which, Paris II at preferential rates ⁽²⁾	5,156	4,708	4,192	3,677	3,161	2,646	2,130	(516)	-19.5%
Of which, Paris III at preferential rates ⁽³⁾	754	754	754	709	663	317	271	(45)	-14.3%
Of which, market-issued Eurobonds	20,780	20,925	21,736	21,870	23,258	29,427	32,688	3,261	11.1%
* Accrued Interest on Eurobonds	410	430	460	483	407	400	444	44	11.0%
5. Loans	4,473	4,698	4,550	4,231	3,977	3,860	3,697	(163)	-4.2%
5.1 Paris II loans	907	748	627	460	351	279	208	(71)	-25.4%
5.2 Paris III loans ⁽⁴⁾	603	1,095	1,210	1,147	1,060	997	915	(81)	-8.2%
5.3 Bilateral loans (non-Paris II and III)	759	731	716	723	766	832	812	(20)	-2.5%
5.4 Multilateral loans (non-Paris II and III)	2,118	2,069	1,971	1,877	1,781	1,738	1,668	(70)	-4.0%
5.5 Foreign Private Sector Loans	86	54	27	24	18	14	94	80	571.4%
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	15,397	2,481	19.2%
Net debt	58,837	62,615	66,590	67,879	69,903	74,043	80,272	6,229	8.4%
Gross Market debt⁽⁶⁾	39,219	46,992	51,231	51,308	50,191	58,623	65,377	6,754	11.5%
% of total debt	62%	66%	66%	65%	62%	67%	68%	0.01	1.4%

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.

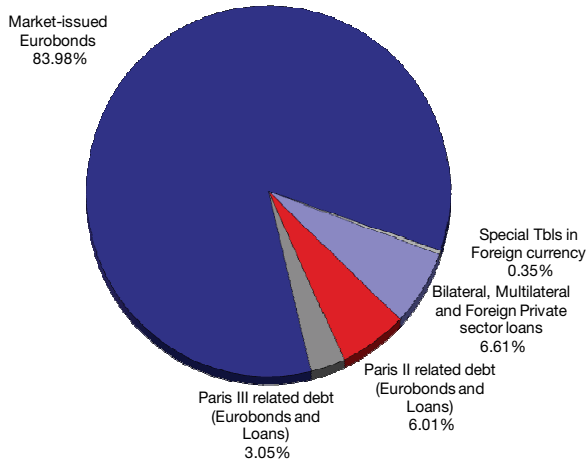
⁽⁷⁾ Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

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

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

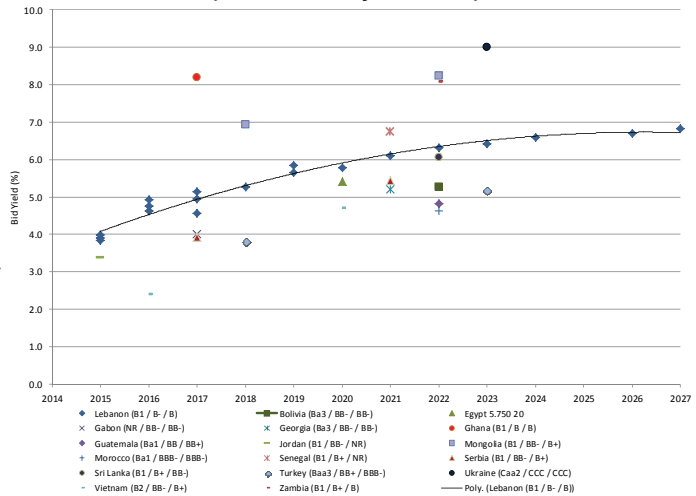
FOREIGN CURRENCY DEBT DATA

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



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

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds]
(as of February 24, 2014)



Source: Credit Suisse, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350 18	101.00	102.00	5.11	4.88	390	366
US Dollars						
LEB 7.375 14	101.25	101.50	2.70	1.81	246	156
LEB 9.000 14	102.00	102.50	2.70	1.19	245	94
LEB 5.875 15	101.38	102.38	4.49	3.49	418	318
LEB 10.000 15	107.25	108.25	4.21	3.46	387	312
LEB 8.500 15	106.25	107.25	4.37	3.74	399	336
LEB 4.000 17 Av Life	98.00	100.00	4.55	4.00	325	269
LEB 8.500 16	107.38	108.38	4.66	4.17	418	368
LEB 11.625 16	115.25	116.25	4.68	4.27	411	370
LEB 4.750 16	99.75	100.75	4.84	4.46	407	369
LEB 9.000 17	111.13	112.13	5.18	4.86	427	395
LEB 5.000 17	98.38	99.38	5.48	5.18	429	399
LEB 5.150 18	98.50	99.50	5.50	5.27	385	361
LEB 6.000 19	100.00	101.00	6.00	5.78	416	394
LEB 5.450 19	97.50	98.50	5.96	5.75	393	372
LEB 6.375 20	101.75	102.75	6.03	5.84	393	374
LEB 8.250 21	111.25	112.25	6.29	6.13	395	379
LEB 6.100 22	97.25	98.25	6.52	6.36	381	366
LEB 6.000 23	96.00	97.00	6.59	6.44	383	367
LEB 7.000 24	102.50	103.50	6.67	6.54	368	355
LEB 6.600 26	98.25	99.25	6.80	6.69	361	349
LEB 6.750 27	98.50	99.50	6.92	6.81	366	354

Source: CS 31st December 2013

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350 18	102.00	103.00	4.86	4.63	391	367
US Dollars						
LEB 7.375 14	100.25	100.90	5.30	0.46	513	24
LEB 9.000 14	100.75	101.50	4.68	0.66	448	43
LEB 5.875 15	101.63	102.25	3.98	3.27	372	301
LEB 10.000 15	106.75	107.75	3.98	3.14	370	286
LEB 8.500 15	106.38	107.38	3.91	3.22	359	290
LEB 4.000 17 Av Life	98.00	100.00	4.57	4.00	340	283
LEB 8.500 16	107.50	108.25	4.33	3.93	391	352
LEB 11.625 16	114.50	115.50	4.63	4.19	412	368
LEB 4.750 16	100.00	101.00	4.75	4.35	406	366
LEB 9.000 17	111.50	112.50	4.91	4.58	409	376
LEB 5.000 17	99.75	100.75	5.07	4.77	400	370
LEB 5.150 18	99.50	100.50	5.27	5.03	378	353
LEB 6.000 19	101.50	102.50	5.66	5.44	400	378
LEB 5.450 19	98.13	99.13	5.84	5.63	400	379
LEB 6.375 20	103.00	104.00	5.78	5.58	387	368
LEB 8.250 21	112.50	113.50	6.06	5.90	391	375
LEB 6.100 22	98.63	99.63	6.31	6.16	382	367
LEB 6.000 23	97.25	98.25	6.41	6.26	386	371
LEB 7.000 24	103.00	104.00	6.60	6.48	384	371
LEB 6.600 26	99.25	100.25	6.69	6.57	371	359
LEB 6.750 27	99.25	100.25	6.83	6.72	379	368

Source: CS 24th February 2014

Lebanon Sovereign Debt Rating			
Agency	Foreign Currency		
	Long - term tenor rating	Short - term tenor rating	Outlook
As of February 24 th , 2014			
Fitch Ratings *	B	B	Negative
Moody's Investor Services Ltd **	B1	-	Negative
Standard and Poor's ***	B-	B	Negative

* On 19 December 2013 Fitch affirmed its rating at B/B but revised the outlook to negative from stable.

** 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 December 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
XS0250882809	USD 676.902 MN - April 2014	676,902,000	676,902,000	1	USD	7.375%	04/14/14	0.28
XS0361558413	USD 881.612 MN - May 2014	881,612,000	881,612,000	2	USD	9.000%	05/02/14	0.33
XS0471737105	USD 250 MN - January 2015*	250,000,000	250,000,000	1	USD	5.875%	01/15/15	1.04
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	1.45
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	1.60
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	2.05
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	2.31
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	2.36
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	2.84
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	3.22
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	3.78
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	4.45
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	4.87
XS0707821467	EUR 445 MN - November 2018	445,000,000	612,441,508	2	EUR	5.350%	11/28/18	4.91
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	5.31
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	5.39
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	5.91
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	6.19
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	6.47
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	7.28
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	8.76
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	9.08
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	10.93
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	11.45
XS0707820659	USD 725 MN - November 2026	725,000,000	725,000,000	3	USD	6.600%	11/27/26	12.92
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	13.92
<u>EUROBONDS ISSUED IN THE CONTEXT OF PARIS III</u>								
XS0312416000	USD \$300 MN - July 2017	180,000,000	180,000,000	1	USD	3.750%	07/20/17	2.33
<u>EUROBONDS ISSUED IN THE CONTEXT OF PARIS II</u>								
XS0160456322	USD 950 MN - Dec 2017	260,000,000	260,000,000	1	USD	5.000%	12/27/17	2.17
XS0160503347	USD 2,007.511 MN - Dec 2017	803,004,400	803,004,400	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	2.17
XS0169203048	USD 200 MN - May 2018	90,000,000	90,000,000	1	USD	5.000%	05/27/18	2.33
						Average Time to Maturity (in years, as of December 31, 2013):	5.60	
						Weighted average coupon rate:	6.50%	

* 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 Dec 2013): 1.376

FOREIGN CURRENCY DEBT DATA

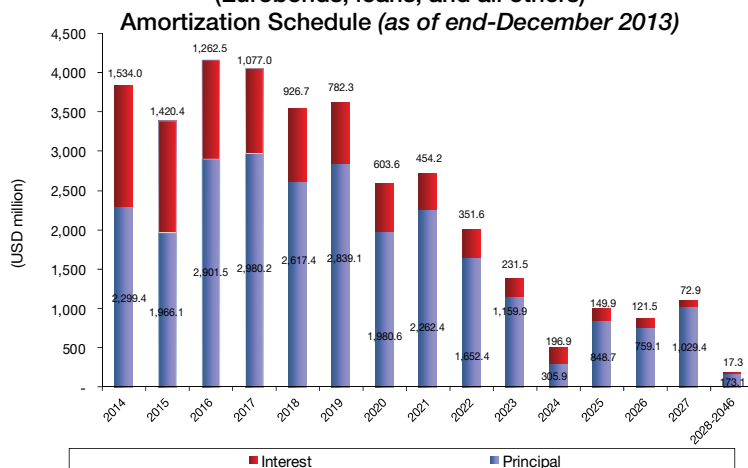
Recent Government Eurobond Issuances

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)

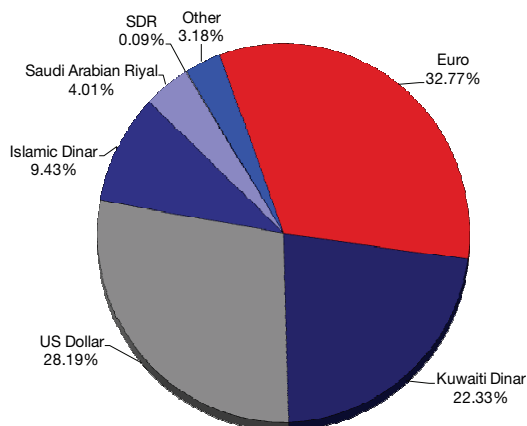


Source: MOF, BDL

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

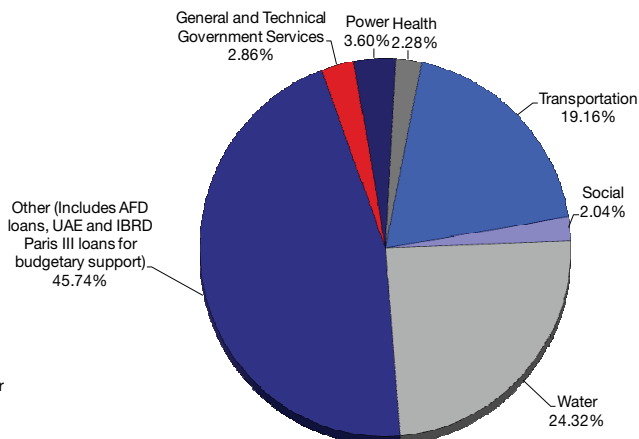
FOREIGN CURRENCY LOANS DATA

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



Total Outstanding LL 3,695 billion

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

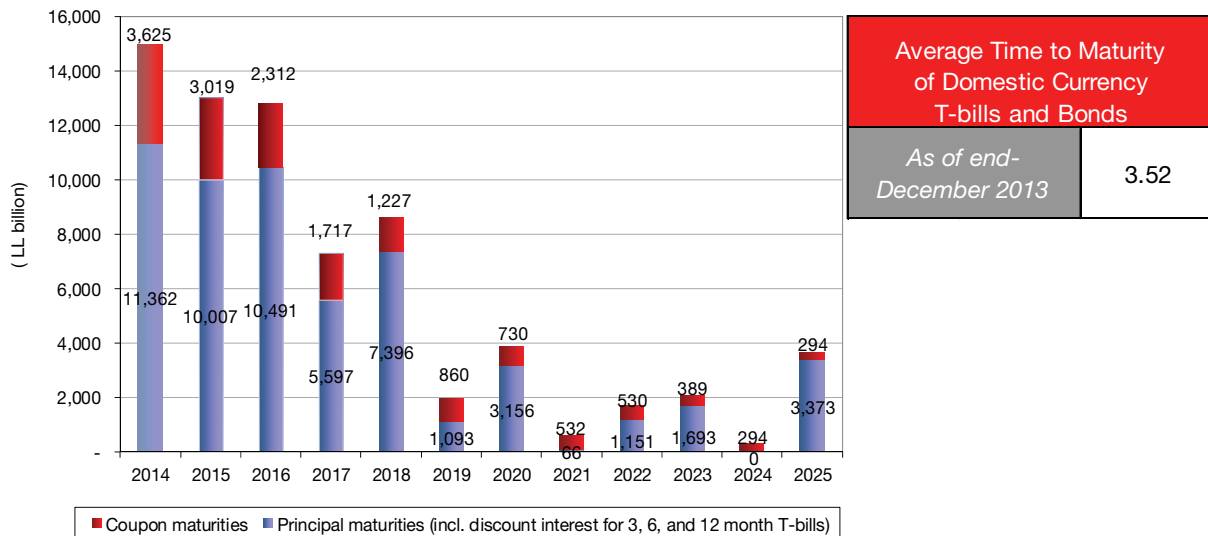


Total Outstanding LL 3,695 billion

Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



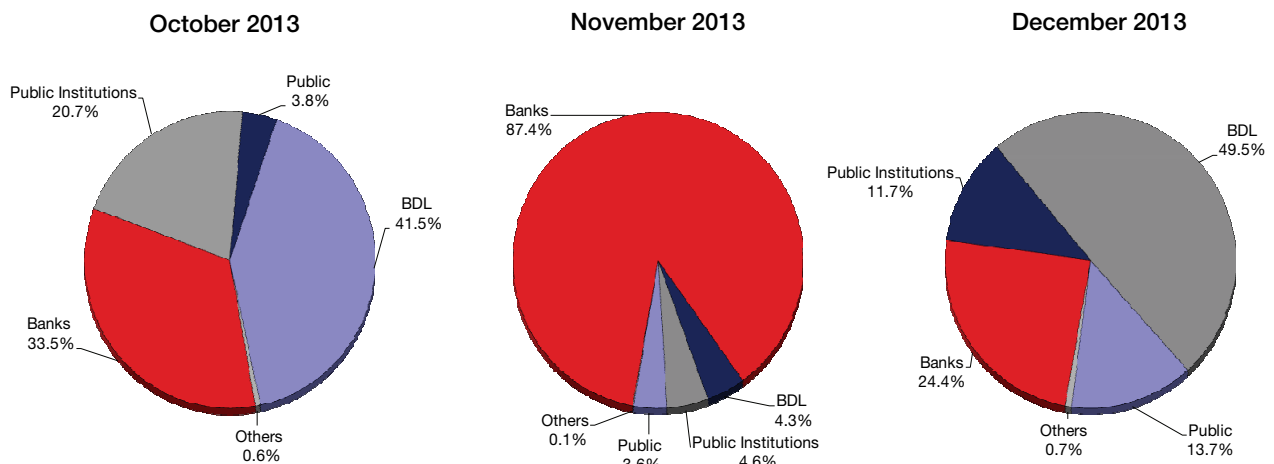
Source: MOF, BDL

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
24-Feb-14	27-Feb-14	3 MN, 6 MN, 5YR
03-Mar-14	06-Mar-14	12 MN, 2YR, 3YR
10-Mar-14	13-Mar-14	3 MN, 6 MN, 5YR
17-Mar-14	20-Mar-14	12 MN, 2YR, 3YR
24-Mar-14	27-Mar-14	3 MN, 6 MN, 5YR
31-Mar-14	03-Apr-14	12 MN, 2YR, 3YR

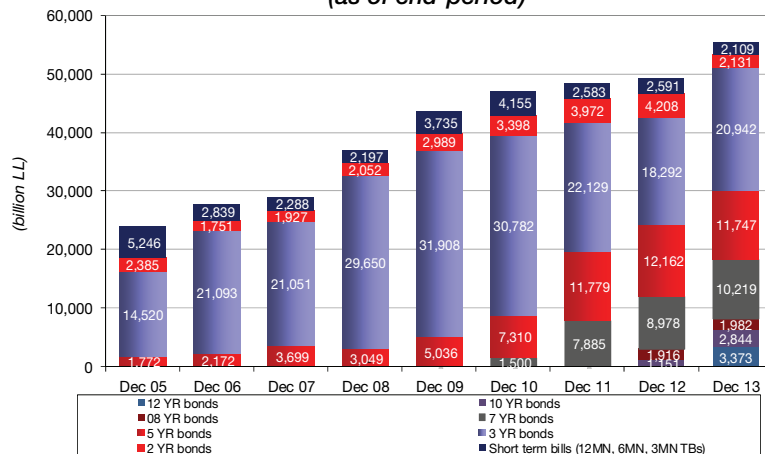
T-Bill and Bond Subscription Results by Holder During QIII 2013



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



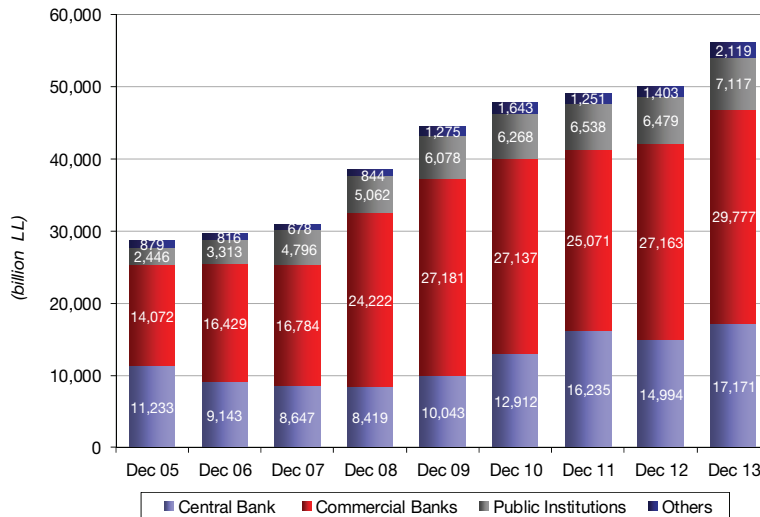
Source: MOF, BDL

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.

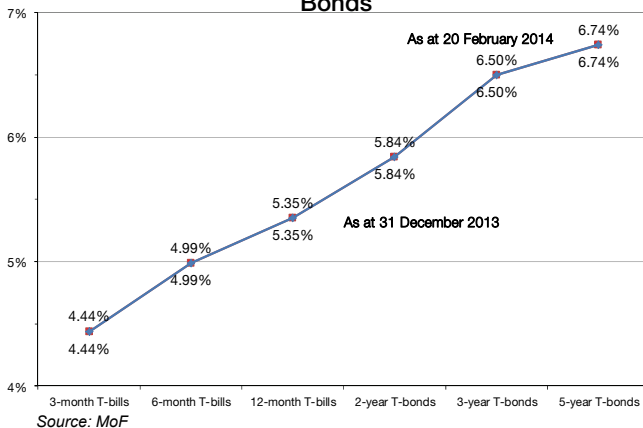
Domestic T-bills and Bonds Outstanding by Investor Type
(as of end-period)



Source: MOF, BDL

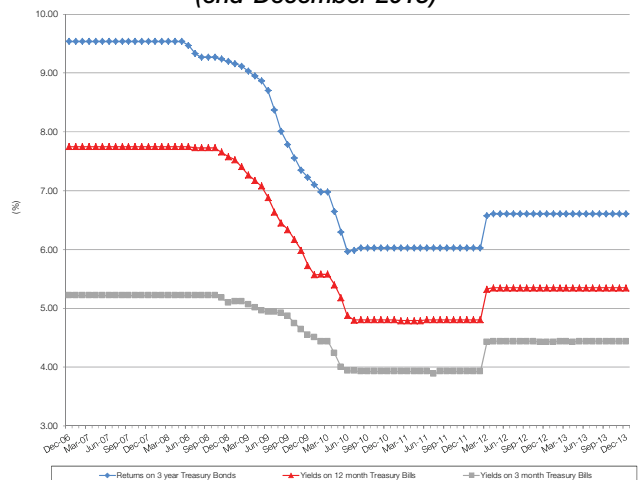
Note: Central Bank figures include the amounts of repurchase agreements.

Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

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



Source: Bdl

Note: Primary rates for 7-8-10-12 year T-bonds issued by the Lebanese government are 7.5%, 7.8%, 8.24% and 8.74% respectively.

For further information, please contact:
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