

# DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 39, Quarter IV 2016



REPUBLIC OF LEBANON  
MINISTRY OF FINANCE

<b>HIGHLIGHTS</b> .....	<b>1</b>
<b>KEY COST AND RISK INDICATORS</b> .....	<b>1</b>
<b>SOVEREIGN RATINGS</b> .....	<b>1</b>
<b>INTEREST RATES &amp; COST</b> .....	<b>2</b>
<b>OVERALL DEBT DATA</b> .....	<b>3</b>
<b>AMORTIZATION PROFILE</b> .....	<b>4</b>
<b>DOMESTIC CURRENCY DEBT DATA</b> .....	<b>5</b>
<b>FOREIGN CURRENCY DEBT DATA</b> .....	<b>7</b>

## HIGHLIGHTS

- At end-2016, gross public debt stood at LL 112,890 billion (US\$ 74.89 billion), a 6.5% percent increase compared to end-2015.
- Net public debt registered LL 98,622 billion (US\$ 65.42 billion) at end-2016, an increase of 6.3% percent from the end-2015 level.
- Domestic currency debt reached LL 70,528 billion at end-2016, an increase of 8.2 percent compared to end-2015.
- Foreign currency debt totaled LL 42,362 billion (US\$ 28.1 billion) at the end-2016, a 3.8 percent increase from the end-2015 level.
- On 7 February 2017, the Ministry of Finance invited banks to submit proposals for tapping the international debt capital markets. Responses were received at the ministry and the transaction is ongoing.

## KEY COST AND RISK INDICATORS

As end December 2016	QIV 2016 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2015-end 2016	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
<b>Gross Government Debt</b>	112,890	74.9	6.5%			
<b>DX</b>	70,528	46.8	8.2%	62.47%	3.46 yr	6.97%
<b>FX</b>	42,362	28.1	3.8%	37.53%	6.51 yr	6.21%
<b>Net Government Debt</b>	98,622	65.4	6.3%			

## SOVEREIGN RATINGS

### Lebanon Sovereign Debt Rating (as of February 21st, 2017)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	B-	B	Stable
Moody's Investor Services Ltd **	B2	-	Negative
Standard and Poor's ***	B-	B	Stable

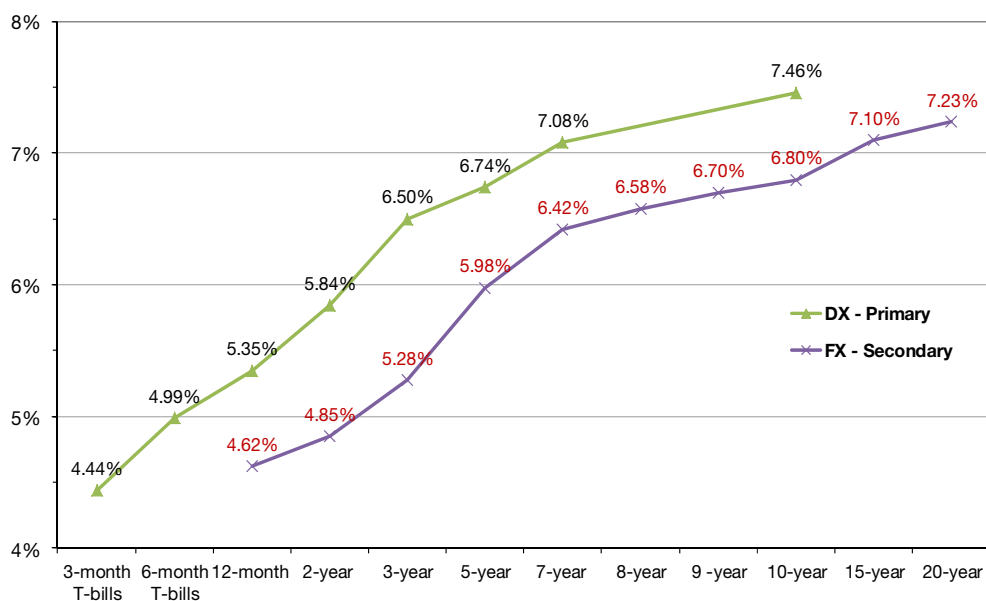
\*Fitch Ratings affirmed its ratings and maintained the Stable outlook on 21 February 2017.

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

\*\* Standard and Poor's affirmed its rating and updated the outlook of Lebanon from negative to stable on 2 Sep 2016

## INTEREST RATES & COST

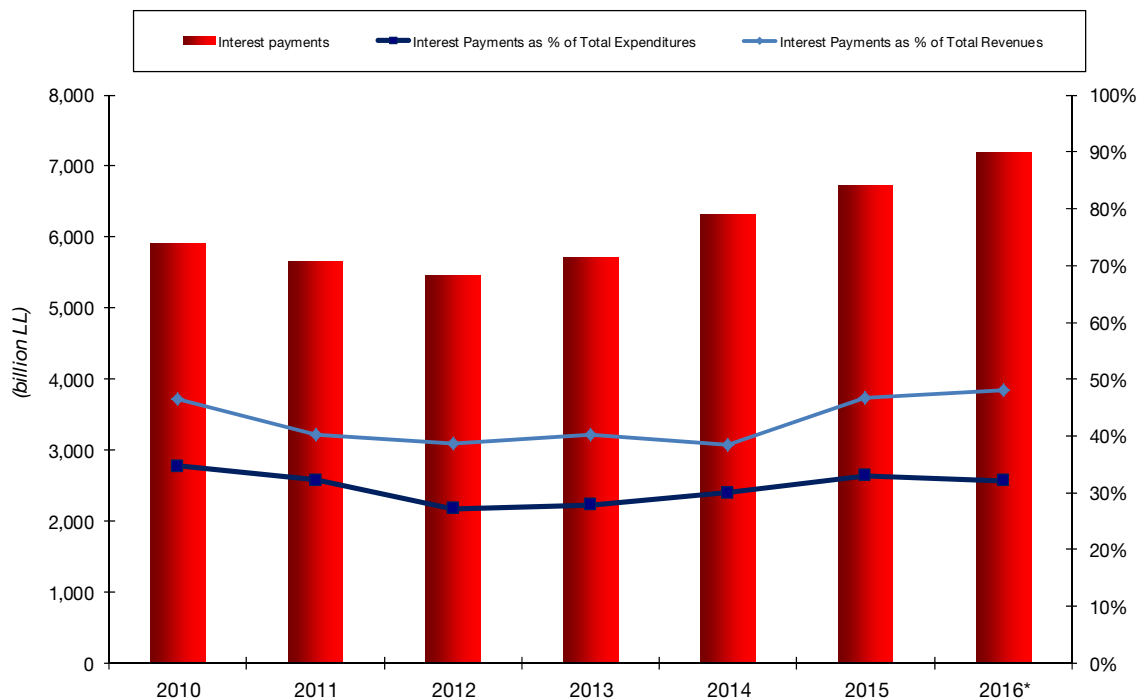
**Government DX & FX T-Bills and T-Bonds Yield Curve  
as at 21 February 2017**



Source: MOF, Reuters

During QIV 2016, primary market rates on Treasury bills and bonds issued remained unchanged compared to end QIII 2016 levels. Eurobonds secondary levels as at 21 February 2017 have narrowed by 80 bps on average from the 15 November 2016 levels quoted in the QIII 2016 Debt & Debt Markets report.

### Interest Payments As end of Period

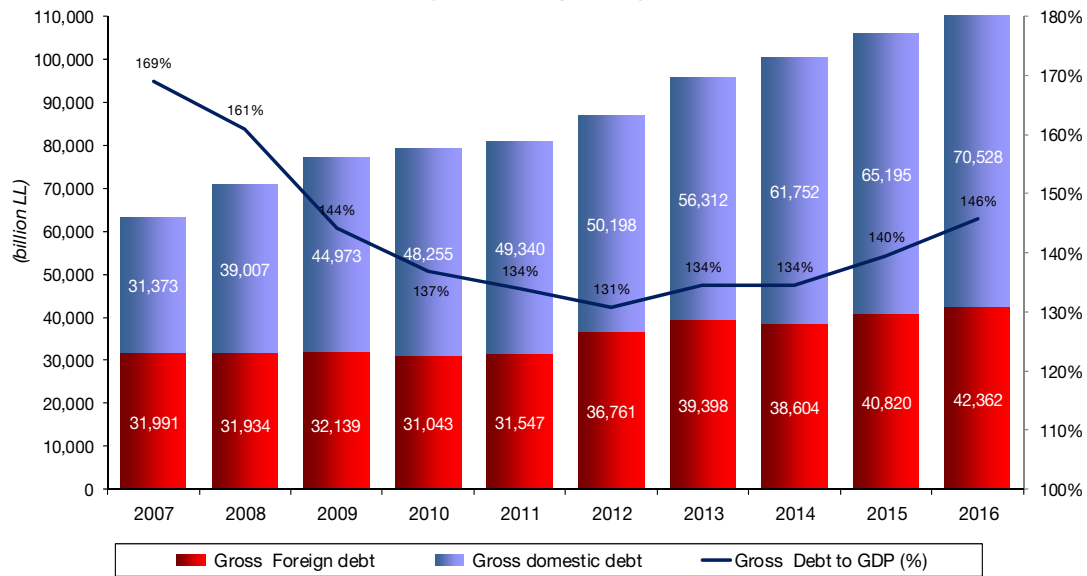


Source: MOF

Note: \* Interest payments as end of 2016 are preliminary figures and might differ from the Fiscal Performance report.

# OVERALL DEBT DATA

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



Source: MOF, BDL

Notes:

- 1- Debt data may be subject to slight modification due to the revision of the Debt Management and Financial Analysis System (DMFAS).
- 2- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.
- 3- GDP 2014-2016 using the IMF growth rate and deflator published on WEO - October 2016.

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

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Change Dec 16- Dec 15	% Change Dec 16- Dec 15
<b>Gross Public Debt (A + B)</b>	<b>79,298</b>	<b>80,887</b>	<b>86,959</b>	<b>95,710</b>	<b>100,356</b>	<b>106,015</b>	<b>112,890</b>	<b>6,875</b>	<b>6.5%</b>
<b>A. Local currency debt</b>	<b>48,255</b>	<b>49,340</b>	<b>50,198</b>	<b>56,312</b>	<b>61,752</b>	<b>65,195</b>	<b>70,528</b>	<b>5,333</b>	<b>8.2%</b>
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	24,308	30,150	5,842	24.0%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	29,878	29,581	(297)	-1.0%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	11,009	10,797	(212)	-1.9%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,461	8,718	257	3.0%
o/w Contractor bonds	-	41	134	134	180	180	139	(41)	-22.8%
* Accrued interest included in debt	867	788	789	877	1,029	997	1,098	101	10.1%
<b>B. Foreign currency debt</b>	<b>31,043</b>	<b>31,547</b>	<b>36,761</b>	<b>39,398</b>	<b>38,604</b>	<b>40,820</b>	<b>42,362</b>	<b>1,542</b>	<b>3.8%</b>
<b>4. Eurobonds</b>	<b>26,738</b>	<b>27,490</b>	<b>32,789</b>	<b>35,533</b>	<b>34,850</b>	<b>37,561</b>	<b>39,240</b>	<b>1,679</b>	<b>4.5%</b>
Of which, Paris II at preferential rates <sup>(2)</sup>	3,677	3,161	2,646	2,130	1,615	1,099	583	(516)	-46.9%
Of which, Paris III at preferential rates <sup>(3)</sup>	709	663	317	271	226	181	136	(45)	-25.0%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	35,846	38,063	2,217	6.2%
* Accrued Interest on Eurobonds	483	407	400	444	425	435	458	23	5.3%
<b>5. Loans</b>	<b>4,231</b>	<b>3,977</b>	<b>3,860</b>	<b>3,729</b>	<b>3,640</b>	<b>3,191</b>	<b>3,059</b>	<b>(132)</b>	<b>-4.1%</b>
5.1 Paris II loans	460	407	279	208	128	83	48	(35)	-42.2%
5.2 Paris III loans <sup>(4)</sup>	1,147	1,060	997	915	760	629	525	(104)	-16.6%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,040	933	(107)	-10.3%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,415	1,494	79	5.6%
5.5 Foreign Private Sector Loans	24	18	14	94	54	24	59	35	145.8%
<b>6. Other debt</b>	<b>74</b>	<b>80</b>	<b>112</b>	<b>136</b>	<b>114</b>	<b>68</b>	<b>63</b>	<b>(5)</b>	<b>-7.4%</b>
6.1 Special Tbs in Foreign currency <sup>(5)</sup>	74	80	112	136	114	68	63	(5)	-7.4%
<b>Public sector deposits</b>	<b>11,419</b>	<b>10,984</b>	<b>12,916</b>	<b>15,495</b>	<b>13,965</b>	<b>13,227</b>	<b>14,268</b>	<b>1,041</b>	<b>7.9%</b>
<b>Net debt</b>	<b>67,879</b>	<b>69,903</b>	<b>74,043</b>	<b>80,215</b>	<b>86,391</b>	<b>92,788</b>	<b>98,622</b>	<b>5,834</b>	<b>6.3%</b>
<b>Gross Market debt<sup>(6)</sup></b>	<b>51,308</b>	<b>50,135</b>	<b>58,623</b>	<b>65,386</b>	<b>67,373</b>	<b>68,799</b>	<b>70,303</b>	<b>1,504</b>	<b>2.2%</b>
<b>% of total debt</b>	<b>64.7%</b>	<b>62.0%</b>	<b>67.4%</b>	<b>68.3%</b>	<b>67.1%</b>	<b>64.9%</b>	<b>62.3%</b>	<b>-2.6%</b>	<b>-4.0%</b>

Source: MOF, BDL

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.

<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.

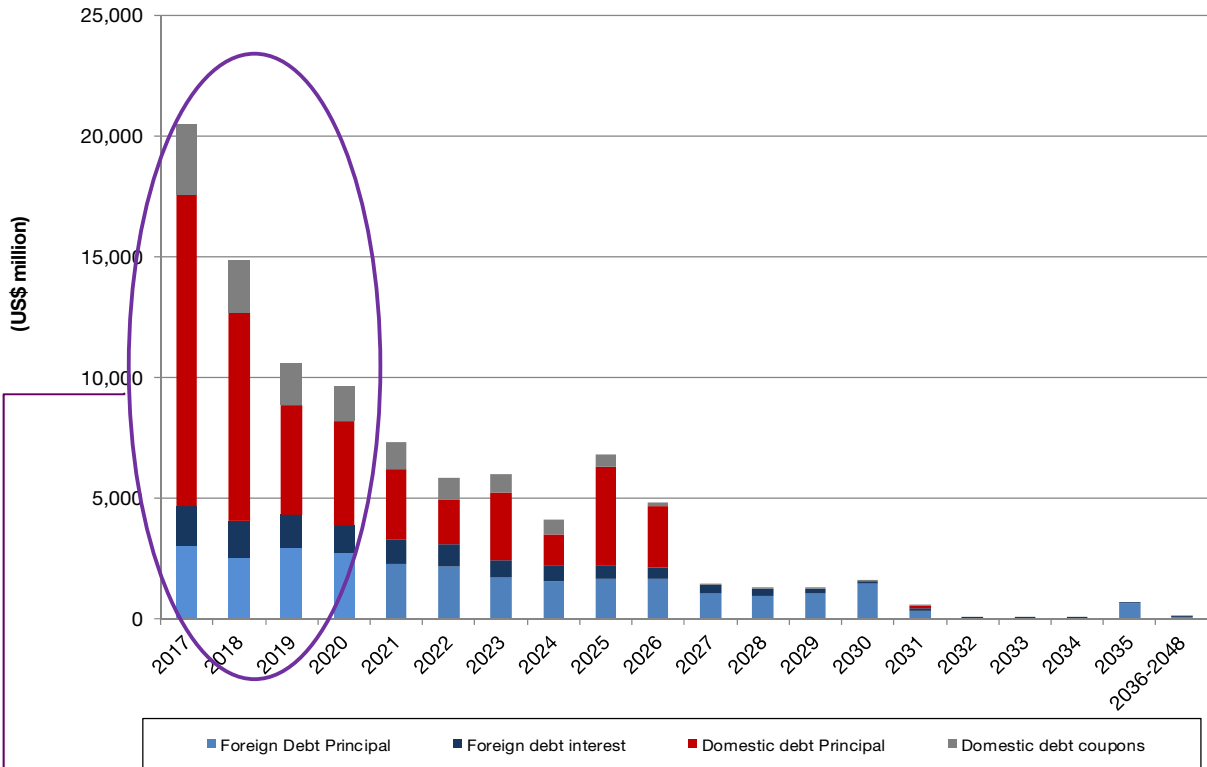
<sup>(4)</sup> IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

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

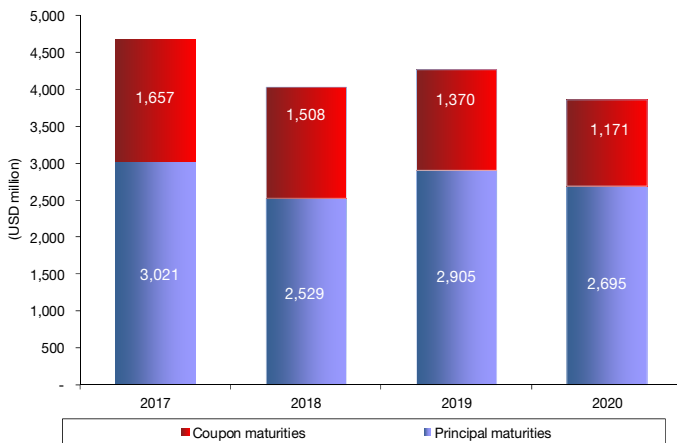
<sup>(6)</sup> Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

# AMORTIZATION PROFILE

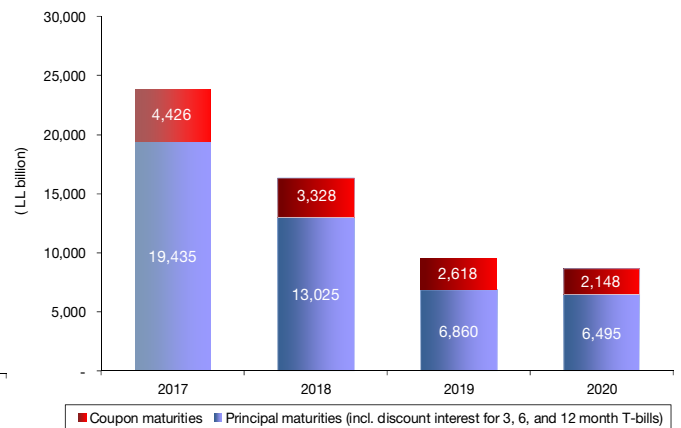
## Aggregate Debt Amortization (as of end-December 2016)



### Foreign Currency Debt (Eurobonds –Loans)



### Domestic T-bills and Bonds

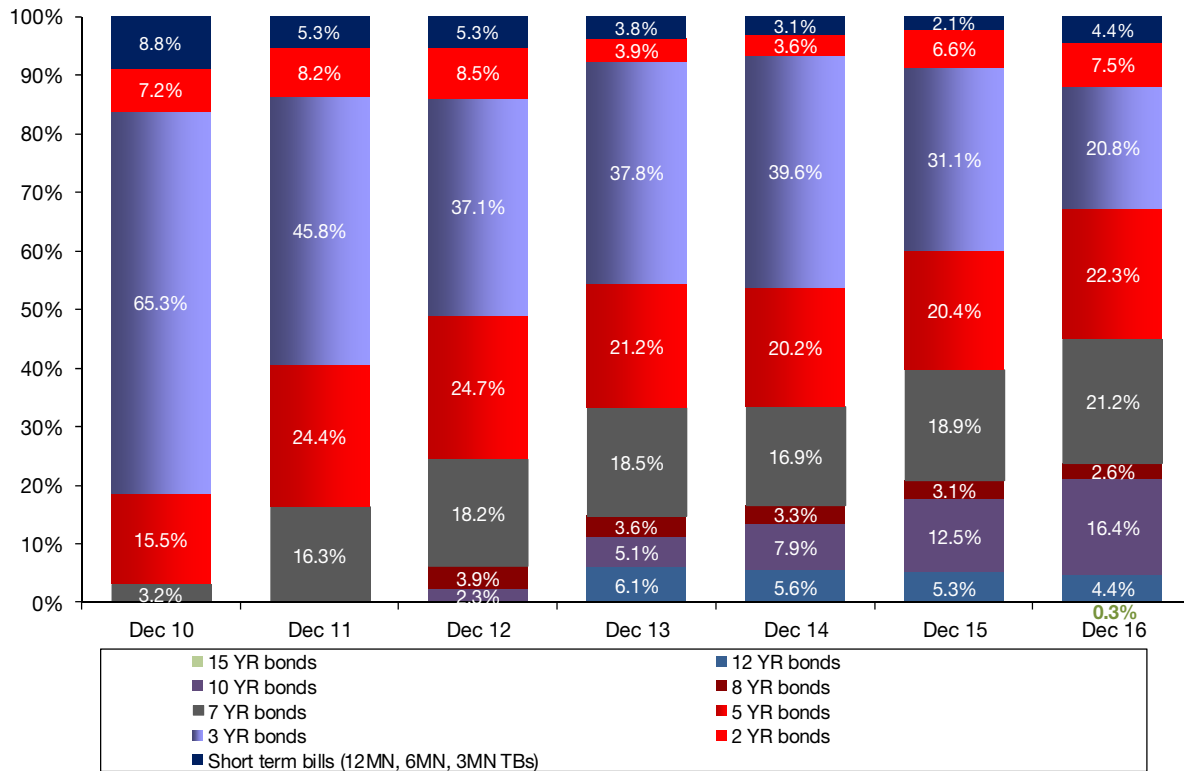


Source: MOF, BDL

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

# DOMESTIC CURRENCY DEBT DATA

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



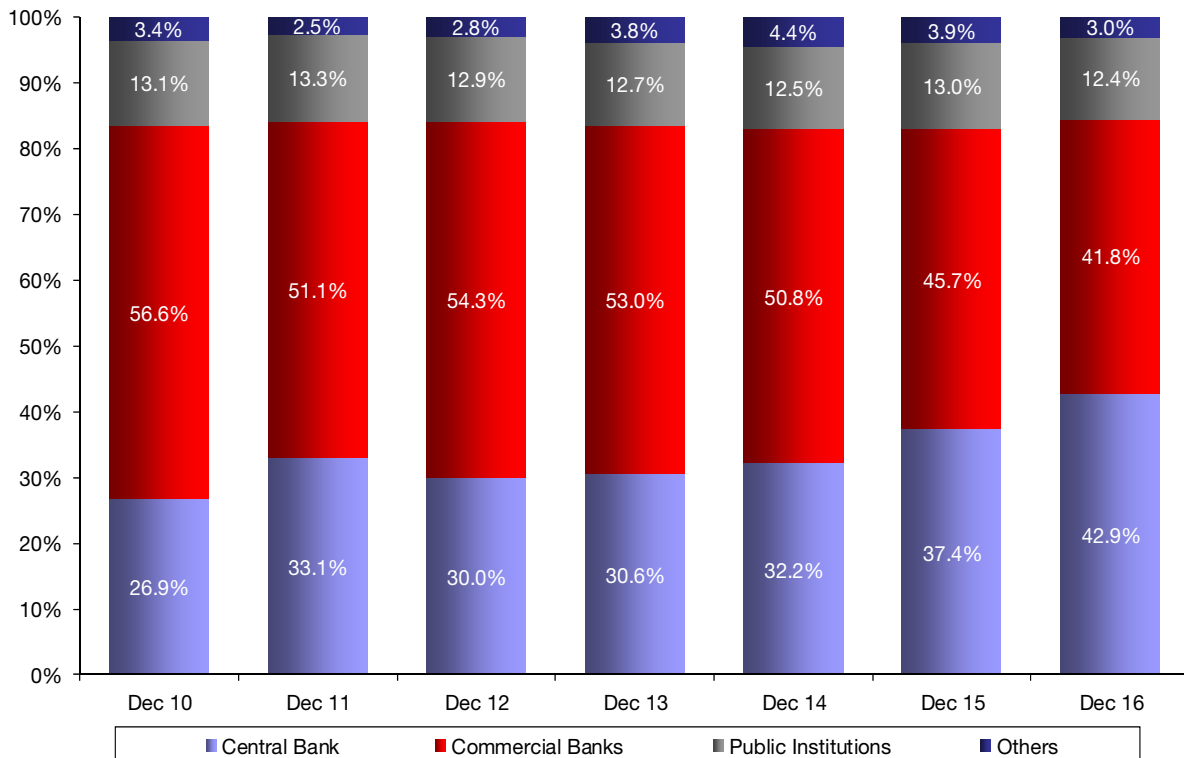
Source: MOF

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

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



Source: MOF, BDL

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

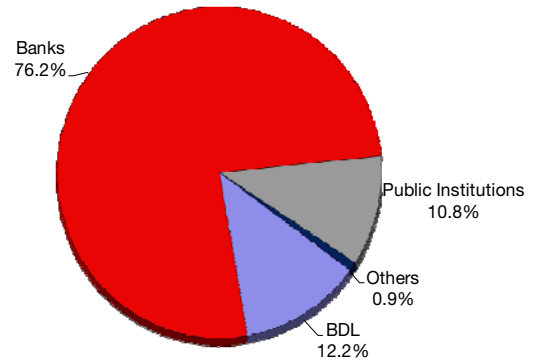
# DOMESTIC CURRENCY DEBT DATA

## T-Bills and Bonds Subscription Results— QIV 2016

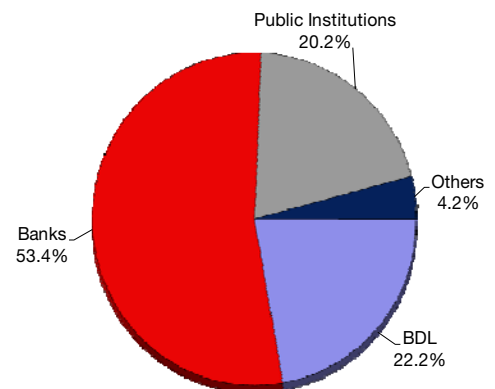
### Weekly Issued Amounts

Date	Categories									
	Nominal Value - LBP Billions									
	3 Mn	6 Mn	12 Mn	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr	Total
QI-2016	245	153	893	622	638	606	845	415	450	4,868
QII-2016	92	123	549	401	725	966	1,120	3,034	-	7,011
QIII-2016	302	212	503	1,247	1,090	1,225	700	712	-	5,993
06-10-16	54	-	64	-	-	121	-	-	-	239
13-10-16	-	24	-	-	186	-	111	-	-	321
20-10-16	21	-	33	-	-	64	-	-	-	118
27-10-16	-	49	-	152	-	-	-	205	-	406
03-11-16	54	-	64	-	-	118	-	-	-	237
10-11-16	-	60	-	-	432	-	263	-	-	754
17-11-16	59	-	68	-	-	129	-	-	-	256
24-11-16	-	59	-	174	-	-	-	241	-	474
01-12-16	59	-	68	-	-	127	-	-	-	254
08-12-16	-	13	-	-	180	-	110	-	-	304
15-12-16	5	-	14	-	-	1,100	-	-	-	1119
22-12-16	-	13	-	75	-	-	-	104	-	192
29-12-16	10	-	14	-	-	-	-	-	-	25
Total QIV	263	218	327	401	798	1,657	484	550	-	4,699
Grand Total	903	707	2,272	2,671	3,251	4,454	3,150	4,712	450	22,570

### QIV 2016 Subscription Results by Holder



### Year 2016 Subscription Results by Holder



On yearly basis the largest subscriber in DX Treasury bills and bonds were the banks reaching 53.4 percent of the total subscriptions. BdL share stood at 22.2 percent slightly higher than the Public institutions share that amounted to 20.2 percent of total year subscriptions.

### Domestic Treasury Bills & Bonds Auction Calendar QI-2017

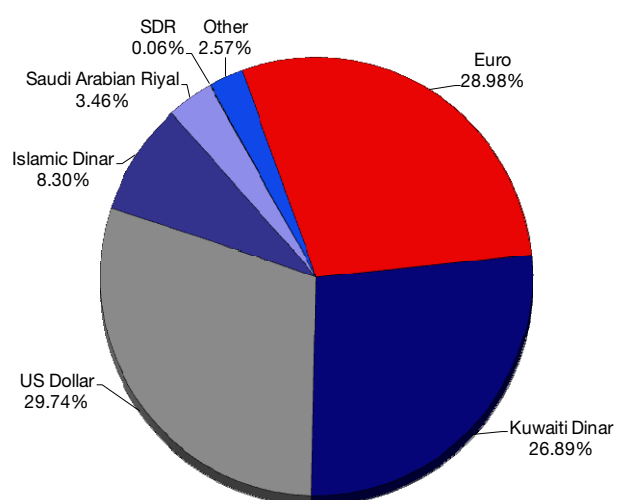
Auction Date	January					February				March				Frequency
	2	9	16	23	30	6	13	20	27	6	13	20	27	
Issue Date	5	12	19	26	02-Feb	9	16	23	02-Mar	9	16	23	30	
3 M		x		x		x		x		x		x		6
6 M	x		x		x		x		x		x		x	7
12 M		x		x		x		x		x		x		6
2 Y			x				x				x			3
3 Y	x				x				x				x	4
5 Y		x		x		x		x		x		x		6
7 Y	x				x				x				x	4
10 Y			x				x				x			3

Source: MOF

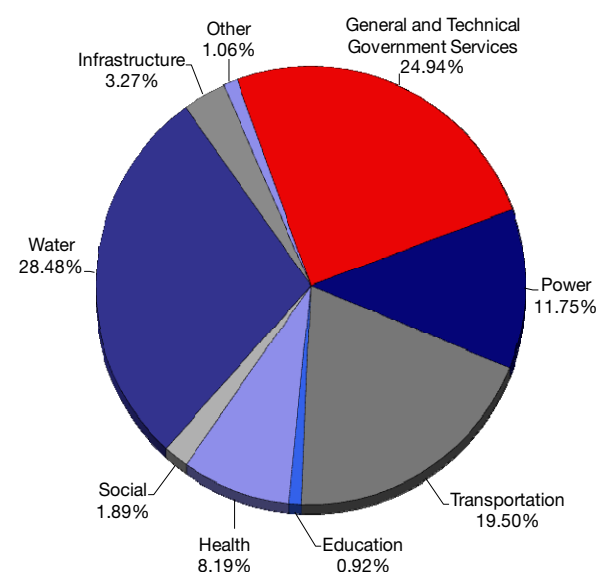
# FOREIGN CURRENCY DEBT DATA

## Bilateral and Multilateral Loans (as of end-December 2016)

Breakdown by currency



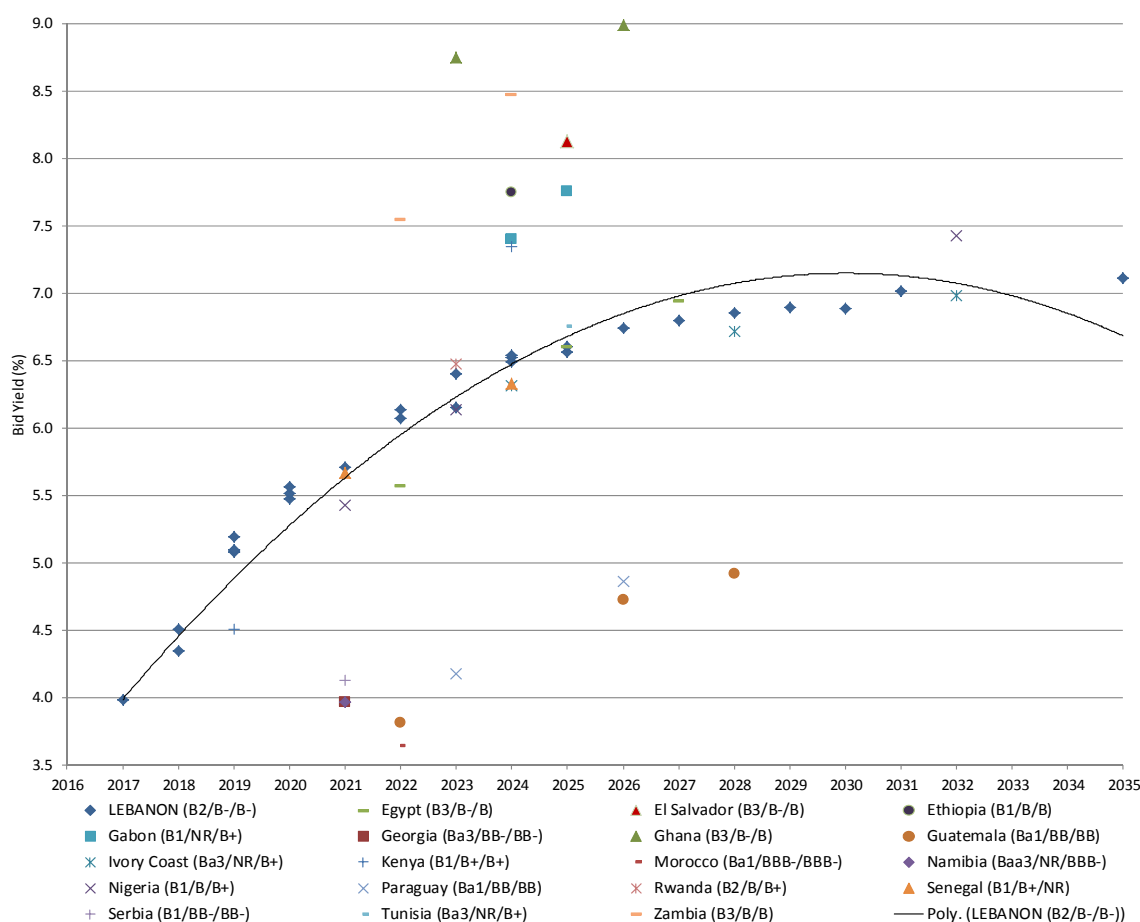
Breakdown by sector



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency of which its value LBP 3,059 billion, mostly for project financing.

## Yields for Republic of Lebanon Eurobonds and Comparables (as of February 21, 2017)



Source: DB, MOF

## FOREIGN CURRENCY DEBT DATA

### Marketable Eurobonds end Decemebr 2016

Lebanon Secondary Trading Levels							
	Mat. Date dd/mm/yy	Outstanding Amount (in original cur)	Bid Price	Ask Price	Mid Yield	Mid Z- spread	Change Mid Z- spread (QIV-QIII)
<b>EURO</b>							
LEB 9	28/11/2018	445,000,000	102.90	103.51	3.57	374	-35
<b>US DOLLARS</b>							
LEB 9	20/03/2017	1,500,000,000	100.88	101.23	3.86	294	-73
LEB 5	12/10/2017	775,000,000	99.98	100.50	4.67	357	-61
LEB 5.15	12/06/2018	700,000,000	99.12	99.62	5.61	431	-15
LEB 5.15	12/11/2018	1,025,000,000	99.03	99.51	5.56	415	-36
LEB 5.5	23/04/2019	500,000,000	98.97	99.52	5.85	434	-28
LEB 6	20/05/2019	650,000,000	99.91	100.30	5.95	442	-22
LEB 5.45	28/11/2019	1,500,000,000	98.40	98.67	6.01	436	-33
LEB 6.375	09/03/2020	1,200,000,000	100.15	100.71	6.22	452	-24
LEB 5.8	14/04/2020	700,000,000	98.23	98.78	6.31	459	-16
LEB 6.15	19/06/2020	600,000,000	99.34	99.96	6.26	452	-26
LEB 8.25	12/04/2021	2,092,469,000	106.14	106.83	6.48	464	-23
LEB 6.25	27/05/2022	500,000,000	96.87	98.09	6.81	484	-18
LEB 6.1	04/10/2022	1,540,000,000	97.45	97.81	6.60	459	-47
LEB 6	27/01/2023	1,100,000,000	96.24	96.82	6.71	466	-44
LEB 6.4	26/05/2023	500,000,000	97.55	98.33	6.80	474	-41
LEB 6.65	22/04/2024	700,000,000	98.49	98.98	6.87	474	-57
LEB 6.25	04/11/2024	538,467,000	95.91	96.60	6.88	470	-58
LEB 7	03/12/2024	250,000,000	99.59	100.33	7.01	484	-45
LEB 6.2	26/02/2025	800,000,000	95.33	95.58	6.94	475	-56
LEB 6.25	12/06/2025	800,000,000	95.23	95.60	6.98	477	-56
LEB 6.6	27/11/2026	1,600,000,000	96.74	97.45	7.01	474	-60
LEB 6.75	29/11/2027	1,000,000,000	97.20	97.84	7.08	477	-59
LEB 6.65	03/11/2028	893,197,000	96.32	96.85	7.08	474	-65
LEB 6.85	25/05/2029	1,000,000,000	97.33	98.22	7.12	477	-65
LEB 6.65	26/02/2030	1,400,000,000	95.43	96.37	7.14	476	-67
LEB 7	22/04/2031	300,000,000	97.41	97.97	7.26	487	-62
LEB 7.05	02/11/2035	600,000,000	97.39	98.04	7.27	482	-68

Source: DB

### Non Marketable Eurobonds issued in the Context of Paris II & III

List of Outstanding Eurobonds (values as of December 31, 2016)							
ISIN CODE	Eurobond	Outstanding Amount (USD)	No. of tranches	Currency	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS III</b>							
XS0312416000	USD \$300 MN - July 2017	90,000,000	1	USD	3.750%	07/20/17	0.42
<b>EUROBONDS ISSUED IN THE CONTEXT OF PARIS II</b>							
XS0160456322	USD 950 MN - Dec 2017	65,000,000	1	USD	5.000%	12/27/17	0.67
XS0160503347	USD 2,007.511 MN - Dec 2017	200,751,100	2	USD	4.000%	12/31/17	0.67
XS0164502352	USD 700 MN - Mar 2018	105,000,000	1	USD	5.000%	03/07/18	0.67
XS0169203048	USD 200 MN - May 2018	30,000,000	1	USD	5.000%	05/27/18	0.83

\*\*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).

For further information, please contact:

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Email: [PDD@finance.gov.lb](mailto:PDD@finance.gov.lb) / Website: <http://www.finance.gov.lb>