

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 25, Quarter II 2013



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

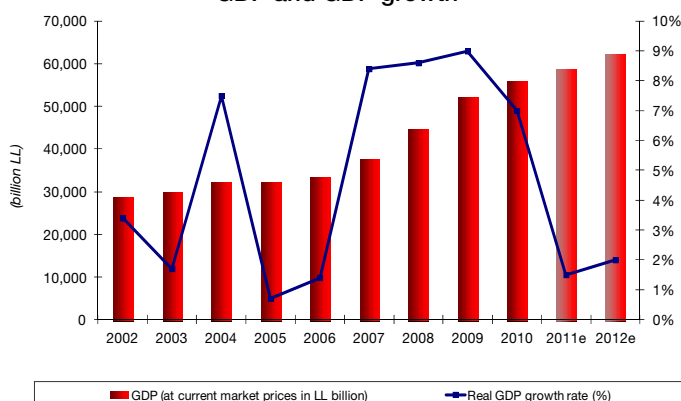
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HIGHLIGHTS

- At the end of QII 2013, gross public debt stood at LL 90,467 billion (US\$ 60.01 billion) while the net public debt registered LL 76,728 billion (US\$ 50.90 billion) , a 4.0 percent and a 3.6 percent increase respectively compared to end-2012.
- Domestic currency debt reached LL 51,067 billion at the end of QII 2013, an increase of 1.7 percent compared to end-December 2012.
- On June 6th, 2013, the Ministry of Finance issued on an ad hoc basis the value of LBP 61.2 billion 8YR LBP Treasury Bonds with a coupon of 7.80 percent and LBP 379.4 billion 10YR LBP Treasury Bonds with a coupon of 8.24 percent. Both were issued at auction.
- On June 13th, 2013, the Ministry of Finance issued for the first time this year and on an ad hoc basis the value of LBP 1,240 billion 7YR LBP Treasury Bonds with a coupon of 7.50 percent in an L.L./L.L. exchange.
- On June 27th, 2013, the Ministry of Finance issued also on an ad hoc basis the value of LBP 5.68 billion 8YR LBP Treasury Bonds with a coupon of 7.80 percent and LBP 744.23 billion 10YR LBP Treasury Bonds with a coupon of 8.24 percent. Both were issued at auction.
- During QII 2013, primary market yield on Treasury bills and bonds remained unchanged compared to QI 2013 levels. The 3MN, 6MN and 12MN bills were issued at 4.44 percent, 4.99 percent and 5.35 percent respectively. The 2YR, 3YR and 5YR bonds were issued at 5.84 percent, 6.50 percent and 6.74 percent respectively.
- Foreign currency debt totaled LL 39,400 billion (US\$ 26.14 billion) at the end of QII 2013, a 7.2 percent increase since the end of December 2012.
- The Lebanese Republic completed three Eurobonds transactions in Q II 2013 (refer to page 6 for details):
 1. On April 17th, 2013 a dual-tranche market issuance of US\$ 1.1 billion Eurobond, the first series at US\$ 600 million (Series 67 tranche 3) and the second at US\$ 500 million (series 68 tranche 3).
 2. On April 23rd, 2013, a US\$ 1.1 billion Eurobond dual transaction Debt Replacement Agreement with Banque du Liban where BdL redeemed to the Ministry of Finance Treasury bonds in Lebanese Pounds from its existing portfolio. The first series consisted of a US\$ 600 million (Series 69) and the second at US\$ 500 million (Series 70).
 3. On June 20th, 2013 an issuance of US\$ 600 million Eurobond (Series 71) subscribed by BdL.

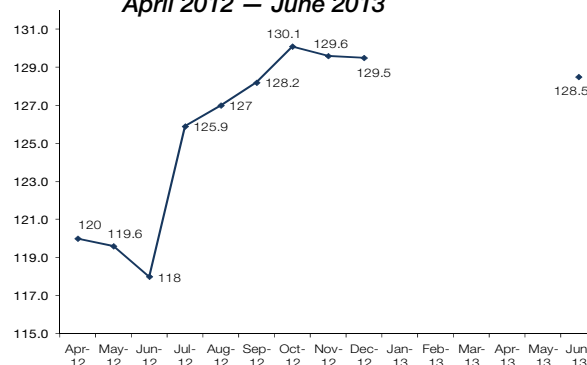
THE LEBANESE ECONOMY

GDP and GDP growth



Source: 2002-2010 are National Accounts Committee figures, some of which have been revised.
GDP 2011 and 2012: Latest estimates IMF April 2013 WEO.

CPI Index
April 2012 – June 2013



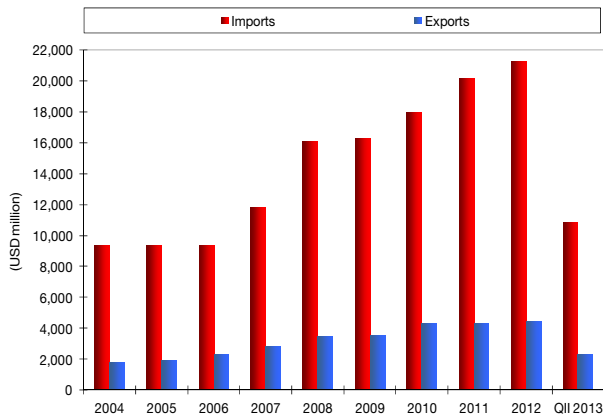
Source: Central Administration of Statistics / CPI base year Dec 2007 = 100.

Notes:

- 1- CPI for June 2013 is the only published figure by CAS for 2013.
- 2- The July 2012 inflation figure reflects a one-time adjustment in housing costs, which makes the July 2012 and subsequent inflation figures in 2012 not indicative of year-on-year inflation.

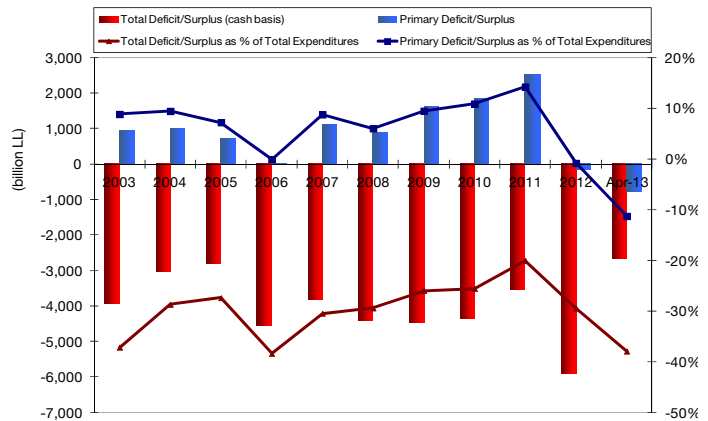
THE LEBANESE ECONOMY

Trade Statistics



Source: MoF, Directorate of Customs

Fiscal Performance

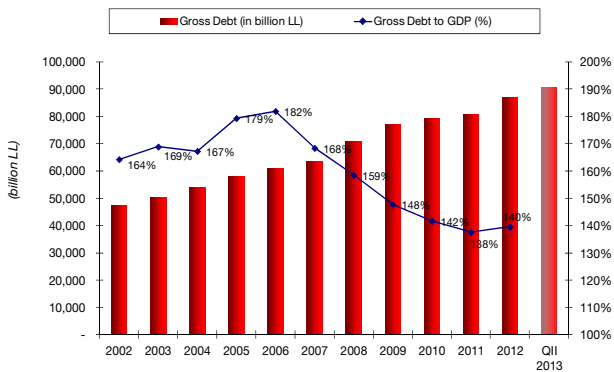


Source: MOF

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 April 2013 Public Finance Monitor.

OVERALL DEBT DATA

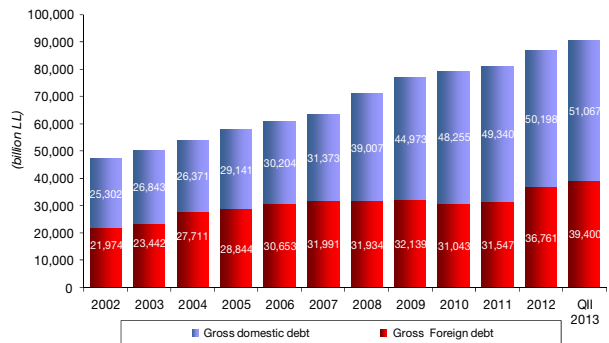
Gross Public Debt



Source: MOF, BDL

Source GDP: 2001-2011 are National Accounts Committee figures, some of which have been revised. GDP 2011 and 2012: Latest estimates IMF April 2013 WEO

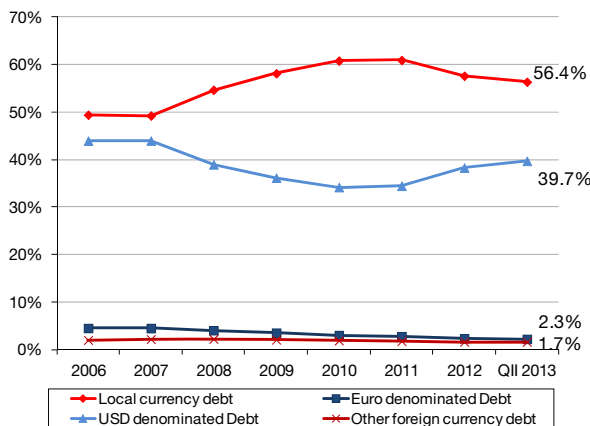
Historical Debt Evolution



Source: MOF, BDL

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

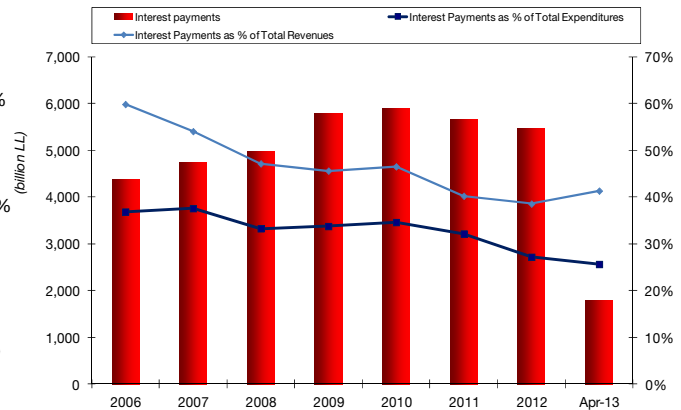
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

Interest Payments

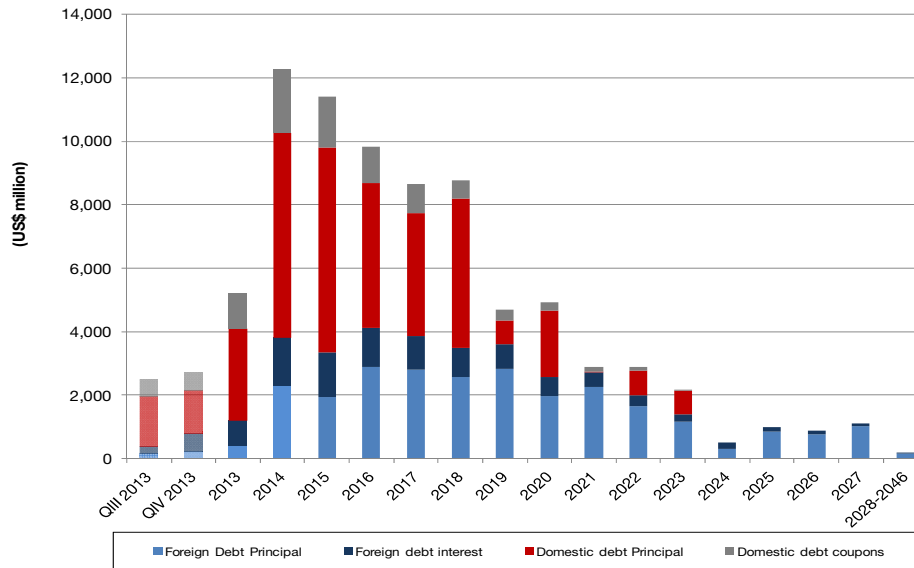


Source: MOF

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 April 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-June 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-June 2013)

Public Debt (in LL billion)	Dec-07	Dec-08	Dec-09	Dec-10	Dec-11	Dec-12 ⁽⁶⁾	Jun-13 ⁽⁶⁾	Change Dec 12 - Jun 13	% Change Dec 12 - Jun 13
Gross Public Debt (A + B)	63,364	70,941	77,112	79,298	80,887	86,959	90,467	3,508	4.0%
A. Local currency debt	31,373	39,007	44,973	48,255	49,340	50,198	51,067	869	1.7%
1. Central Bank (including REPOs and Loans to EDL to finance fuel purchases) ⁽¹⁾	9,052	8,781	10,334	13,130	16,374	15,049	16,348	1,299	8.6%
2. Commercial Banks	16,847	24,320	27,286	27,214	25,177	27,267	25,797	(1,470)	-5.4%
3. Other local debt (T-bills)	5,474	5,906	7,353	7,911	7,789	7,882	8,922	1,040	13.2%
a/w Public entities	4,796	5,062	6,078	6,268	6,538	6,479	7,015	536	8.3%
a/w Contractor bonds	-	-	-	-	41	134	134	-	0.0%
*Accrued interest included in debt	730	1,029	999	867	788	789	781	(8)	-1.0%
B. Foreign currency debt⁽²⁾	31,991	31,934	32,139	31,043	31,547	36,761	39,400	2,639	7.2%
4. Eurobonds	27,099	26,817	27,142	26,738	27,490	32,789	35,535	2,746	8.4%
Of which, Paris II at preferential rates ⁽³⁾	5,156	4,708	4,192	3,677	3,161	2,646	2,388	(258)	-9.7%
Of which, Paris III at preferential rates ⁽⁴⁾	754	754	754	709	663	317	294	(23)	-7.1%
Of which, market-issued Eurobonds	20,780	20,925	21,736	21,870	23,258	29,427	32,386	2,959	10.1%
* Accrued interest on Eurobonds	410	430	460	483	407	400	467	67	16.8%
5. Loans	4,473	4,698	4,550	4,231	3,977	3,860	3,729	(131)	-3.4%
5.1 Paris II loans	907	748	627	460	351	279	236	(43)	-15.4%
5.2 Paris III loans ⁽⁵⁾	603	1,095	1,210	1,147	1,060	997	920	(77)	-7.7%
5.3 Bilateral loans (non-Paris II and III)	759	731	716	723	766	832	834	2	0.2%
5.4 Multilateral loans (non-Paris II and III)	2,118	2,069	1,971	1,877	1,781	1,738	1,728	(10)	-0.6%
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 ⁽⁶⁾	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	13,739	823	6.4%
Net debt	58,837	62,615	66,590	67,879	69,903	74,043	76,728	2,685	3.6%
Gross Market debt⁽⁷⁾	39,219	46,992	51,231	51,308	50,191	58,623	60,704	2,081	3.6%
% of total debt	62%	66%	66%	65%	62%	67%	67%	(0.0)	-0.5%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ In November 2003 and July 2004, BDL extended two loans to EDL, of amounts LL 300 billion and LL 150 billion respectively, to finance the payment electricity bought from Syria. The amortization schedule ends in 2013. These loans are listed as public debt as they are government guaranteed. As at end of June 2013 only one payment is still outstanding.

⁽²⁾ 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).

⁽³⁾ Paris II related Eurobonds 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.

⁽⁵⁾ IFRD 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.

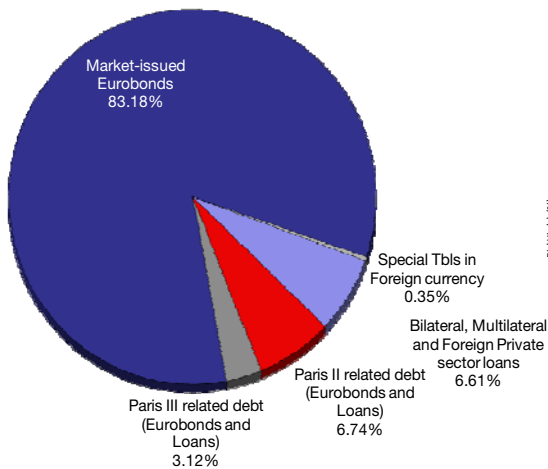
⁽⁶⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

⁽⁷⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

⁽⁸⁾ Debt data for December 2012 and June 2013 may be subject to slight modification due to revisions in the Debt Management and Financial Analysis System.

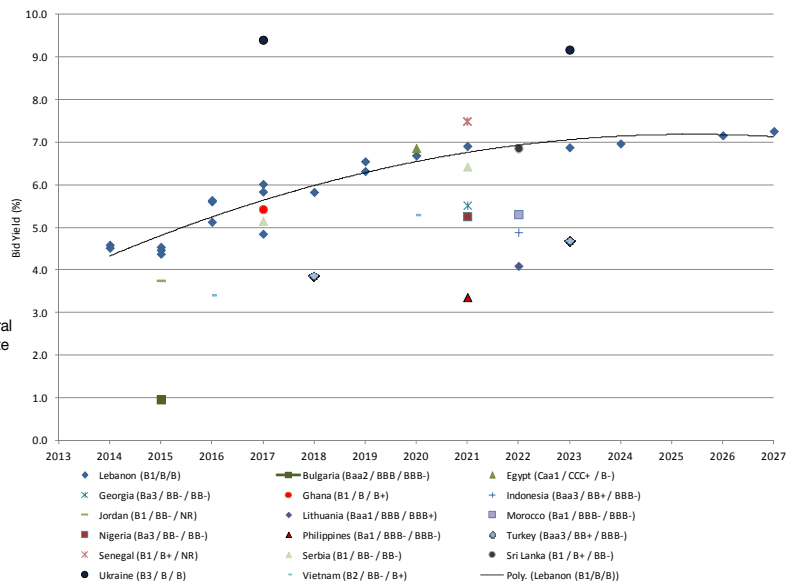
FOREIGN CURRENCY DEBT DATA

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



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

Yields for Republic of Lebanon Eurobonds and Comparables [USD Eurobonds]
(as of Sept 20, 2013)



Source: Credit Suisse, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350 18	98.00	100.00	5.78	5.34	449	405
US Dollars						
LEB 7.375 14	102.50	103.00	4.05	3.41	372	307
LEB 9.000 14	103.75	104.50	4.31	3.41	397	307
LEB 5.875 15	102.00	103.00	4.50	3.83	407	340
LEB 10.000 15	109.00	110.00	4.73	4.18	425	371
LEB 8.500 15	107.38	108.50	4.74	4.20	420	366
LEB 4.000 17 Av Life	96.75	98.13	4.81	4.47	342	307
LEB 8.500 16	108.50	109.50	4.90	4.50	424	384
LEB 11.625 16	117.00	119.00	5.13	4.45	438	370
LEB 4.750 16	99.00	100.00	5.08	4.75	413	380
LEB 9.000 17	112.00	114.00	5.38	4.83	432	376
LEB 5.000 17	98.00	100.00	5.53	5.00	423	370
LEB 5.150 18	98.00	100.00	5.59	5.15	392	348
LEB 6.000 19	100.00	102.00	6.00	5.59	419	379
LEB 5.450 19	96.00	98.00	6.22	5.83	426	387
LEB 6.375 20	99.00	101.00	6.56	6.19	456	418
LEB 8.250 21	111.00	113.00	6.43	6.12	423	392
LEB 6.100 22	97.50	99.50	6.46	6.17	397	367
LEB 6.000 23	96.00	98.00	6.57	6.28	402	373
LEB 7.000 24	102.00	104.00	6.74	6.50	401	376
LEB 6.600 26	97.00	99.00	6.95	6.71	404	380
LEB 6.750 27	97.00	99.00	7.08	6.86	412	389

Source: CS 1st July 2013 (1H)

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.350	98.50	99.50	5.69	5.46	432	409
US Dollars						
LEB 7.375	101.50	102.25	4.59	3.23	432	296
LEB 9.000	102.63	103.38	4.52	3.29	425	302
LEB 5.875	101.75	102.75	4.47	3.69	412	334
LEB 10.000	108.50	109.75	4.38	3.60	399	321
LEB 8.500	107.00	108.00	4.54	4.00	408	354
LEB 4.000	96.75	98.63	4.85	4.36	350	300
LEB 8.500	107.25	108.25	5.13	4.69	456	412
LEB 11.625	114.50	115.50	5.61	5.23	494	456
LEB 4.750	97.50	99.00	5.64	5.10	476	423
LEB 9.000	109.25	111.25	6.02	5.41	501	441
LEB 5.000	97.00	98.00	5.84	5.56	459	431
LEB 5.150	97.00	98.00	5.83	5.60	417	394
LEB 6.000	98.50	100.50	6.32	5.89	449	407
LEB 5.450	94.50	95.50	6.55	6.34	455	434
LEB 6.375	98.38	99.38	6.69	6.49	464	444
LEB 8.250	107.75	109.25	6.91	6.67	464	439
LEB 6.100	95.00	96.00	6.85	6.70	424	409
LEB 6.000	94.00	95.00	6.88	6.73	422	406
LEB 7.000	100.25	102.25	6.97	6.71	408	382
LEB 6.600	95.25	96.25	7.16	7.04	408	396
LEB 6.750	95.50	96.50	7.26	7.15	412	400

Source: CS 20th September 2013

Lebanon Sovereign Debt Rating			
Agency	Foreign Currency		
	Long - term tenor rating	Short - term tenor rating	Outlook
As of September 20 th , 2013			
Fitch Ratings *	B	B	Stable
Moody's Investor Services Ltd **	B1	-	Negative
Standard and Poor's ***	B	B	Negative

* Fitch affirmed its rating at B/B and outlook at stable on 01 July 2013

** Latest Moody's 14 May 2013

*** S&P affirmed Lebanon's rating on 10-Apr-2013

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of June 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	0.79
XS0361558413	USD 881.612 MN - May 2014	881,612,000	881,612,000	2	USD	9.000%	05/02/14	0.84
XS0471737105	USD 250 MN - January 2015*	250,000,000	250,000,000	1	USD	5.875%	01/15/15	1.55
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	1.95
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	2.10
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	2.56
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	2.81
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	2.87
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	3.35
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	3.72
XS0769530238	USD 600 MN - October 2017	600,000,000	600,000,000	1	USD	5.000%	10/12/17	4.29
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	4.95
XS0559237952	USD 500 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	5.37
XS0707821467	EUR 445 MN - November 2018	445,000,000	580,788,306	2	EUR	5.350%	11/28/18	5.42
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	5.82
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	5.89
XS0707819727	USD 500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	6.42
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	6.70
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	6.98
XS0250882478	USD 2,092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	7.79
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	9.27
XS0859367194	USD 500 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	9.58
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	11.44
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	11.96
XS0707820659	USD 725 MN - November 2026	725,000,000	725,000,000	3	USD	6.600%	11/27/26	13.42
XS08593669899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	14.42
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III								
XS0312416000	USD \$300 MN - July 2017	195,000,000	195,000,000	1	USD	3.750%	07/20/17	2.62
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II								
XS0160456322	USD 950 MN - December 2017	292,500,000	292,500,000	1	USD	5.000%	12/27/17	2.42
XS0160503347	USD 2,007.511 MN - December 2017	903,379,950	903,379,950	2	USD	4.000%	12/31/17	2.42
XS0164502352	USD 700 MN - March 2018	350,000,000	350,000,000	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	2.59
							Average Time to Maturity (in years, as of June 30, 2013):	6.07
							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) (28 June 2013): 1.305

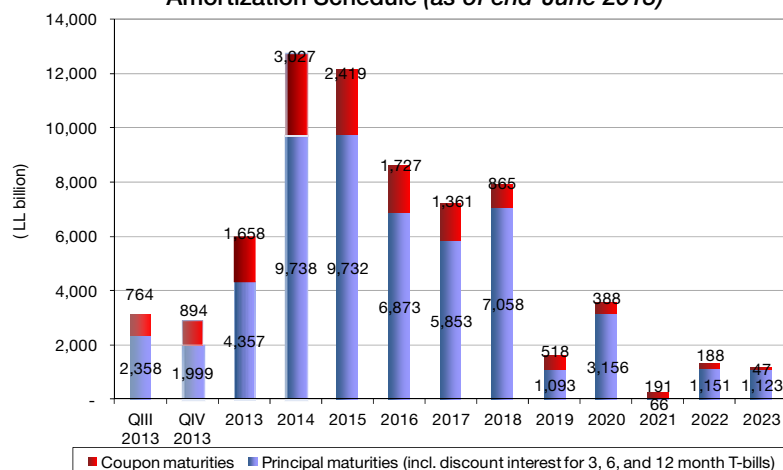
FOREIGN CURRENCY DEBT DATA

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)
Amortization Schedule (as of end-June 2013)**

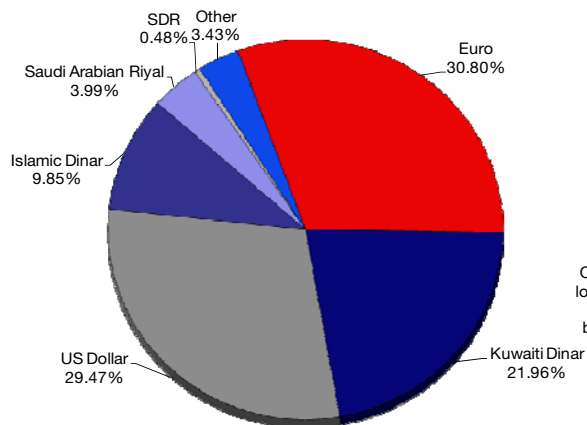


Source: MOF, BDL

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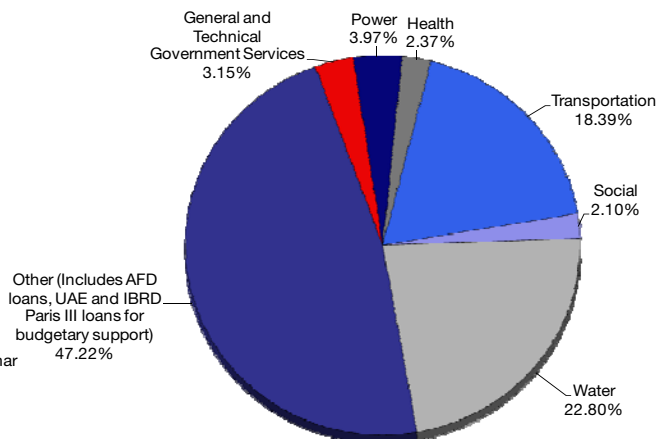
FOREIGN CURRENCY LOANS DATA

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



Total Outstanding LL 3,729 billion

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

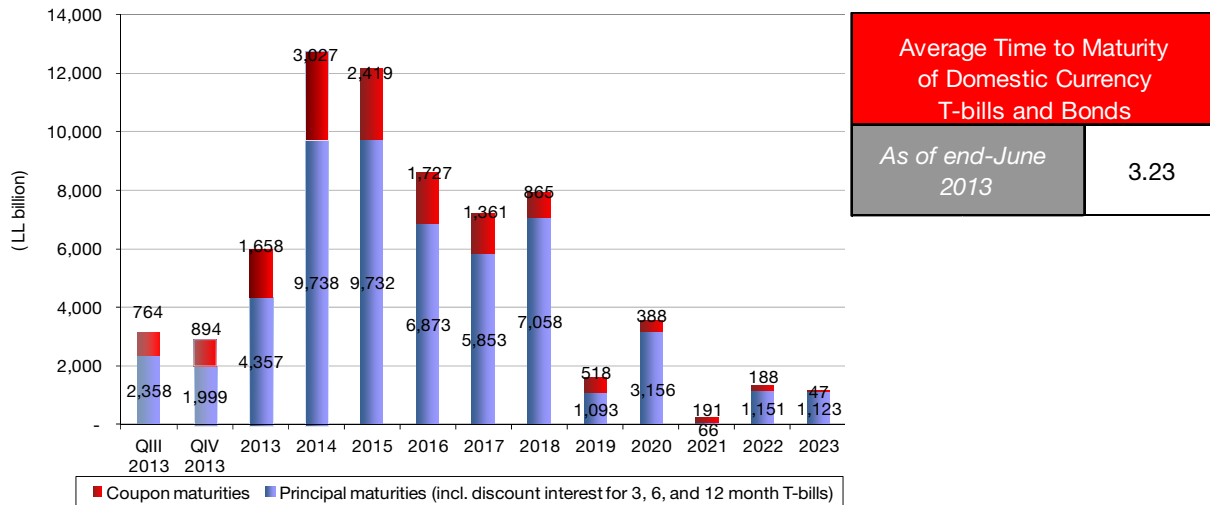


Total Outstanding LL 3,729 billion

Source:

DOMESTIC CURRENCY DEBT DATA

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

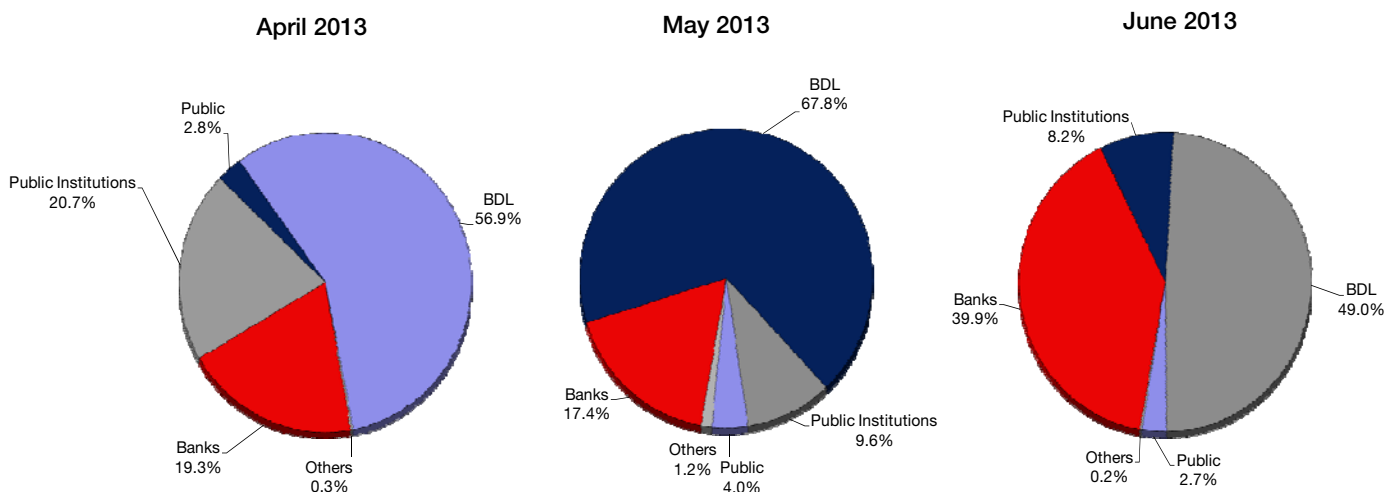


Source: MOF, BDL
The data used for the amortization schedule is based on outstanding and not on committed amounts

Upcoming Government Treasury Bill and Bond Auctions

Auction Date	Value Date	Tenors to be auctioned
30-Sep-13	03-Oct-13	12 MN, 2YR, 3YR
07-Oct-13	10-Oct-13	3 MN, 6 MN, 5YR
14-Oct-13	17-Oct-13	12 MN, 2YR, 3YR
21-Oct-13	24-Oct-13	3 MN, 6 MN, 5YR
28-Oct-13	31-Oct-13	12 MN, 2YR, 3YR

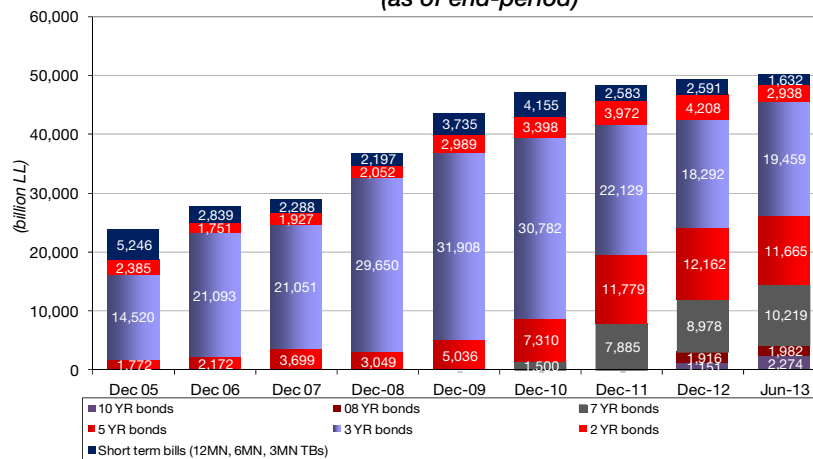
T-Bill and Bond Subscription Results by Holder During QII 2013



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



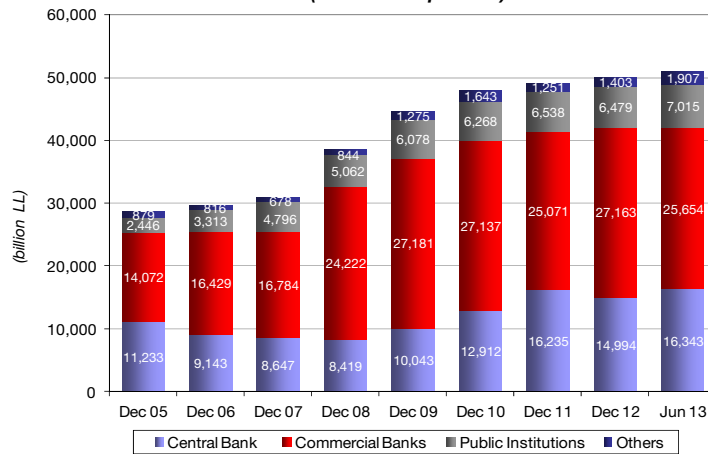
Source: MOF, BDL

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.

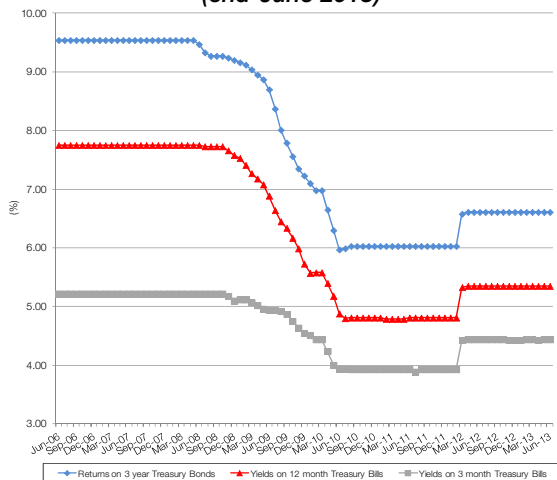
Domestic T-bills and Bonds Outstanding by Investor Type
(as of end-period)



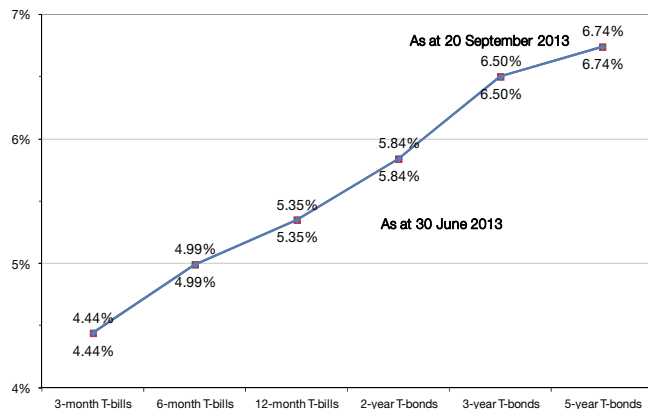
Source: MOF, BDL

Note: Central Bank figures include the amounts of repurchase agreements

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



Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

For further information, please contact:
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