

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 34, Quarter III 2015



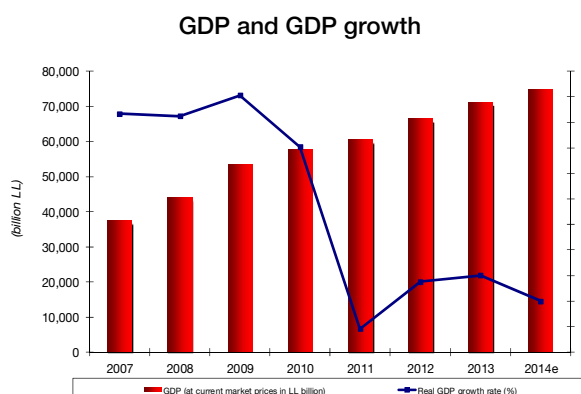
REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- By the end of QIII 2015, gross public debt stood at LL 103,606 billion (US\$ 68.73 billion), a 3.24 percent increase compared to end-2014.
- Net public debt registered LL 91,068 billion (US\$ 60.41 billion) at end of QIII 2015, an increase of 5.41 percent from the end-2014 level.
- Domestic currency debt reached LL 64,138 billion at end of QIII 2015, an increase of 3.86 percent compared to end-2014.
- Commercial banks captured 31.8 percent of total subscriptions of Treasury bills and bonds in QIII 2015 while BdL subscription stood at 33.9 percent. Public institutions shares reached 23.4 percent of the total subscriptions.
- During QIII 2015, primary market rates on regular Treasury bills and bonds issued remained unchanged compared to end QII 2015 levels.
- Foreign currency debt totaled LL 39,468 billion (US\$ 26.18 billion) at the end of QIII 2015, a 2.24 percent increase from the end-2014 level.

THE LEBANESE ECONOMY

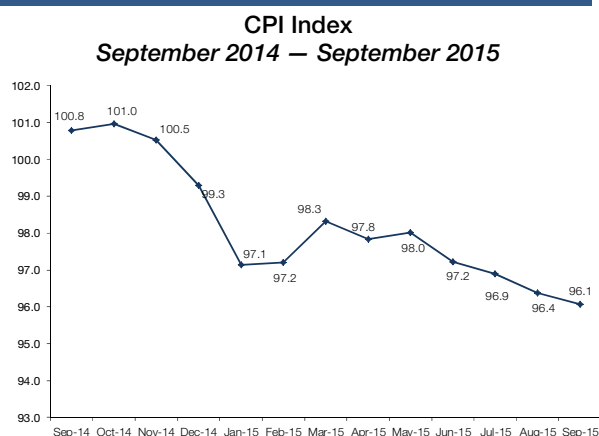


Source: National Accounts

Notes:

1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.

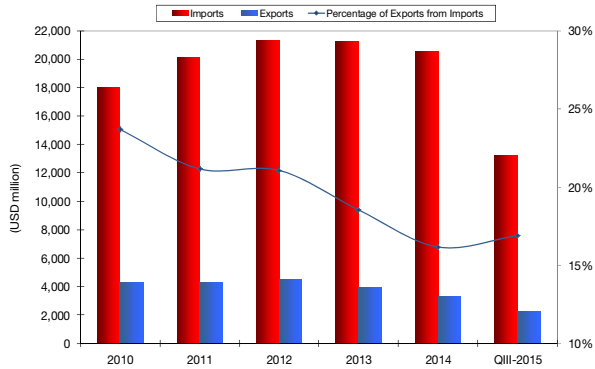
2- GDP 2014 using the IMF growth rate and deflator published on WEO - October 2015.



Source: Central Administration of Statistics / CPI - Dec 2013= 100.

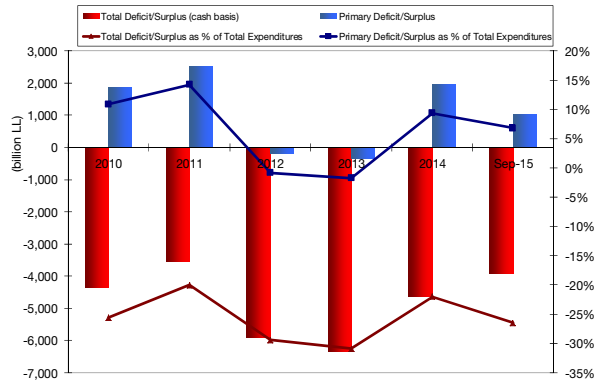
THE LEBANESE ECONOMY

Trade Statistics (as of end-period)



Source: MoF, Directorate of Customs

Fiscal Performance

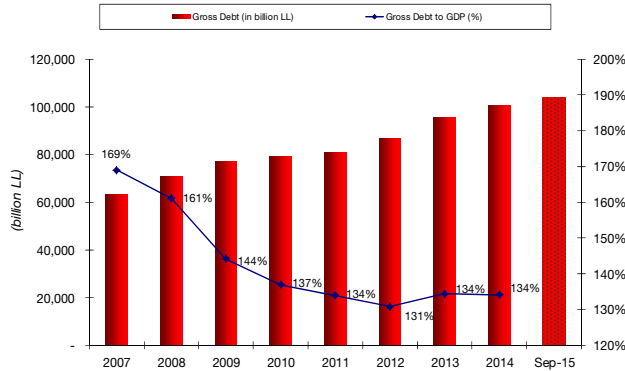


Source: MOF

Note: Revenues are calculated from the latest Fiscal Performance published and are based on actual cash transfers made to MoF. For further details refer to the Ministry of Finance website.

OVERALL DEBT DATA

Gross Public Debt



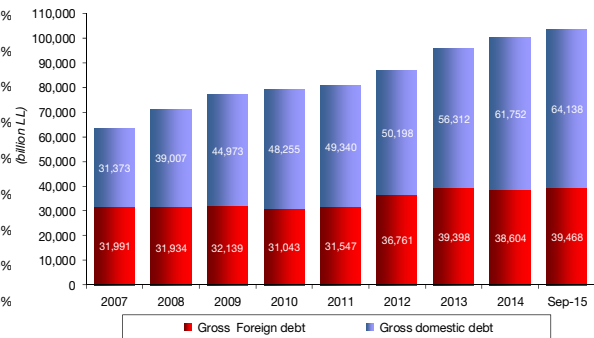
Source: National Accounts

Notes:

1- GDP 2006-2013: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2013. Published in December 2014.

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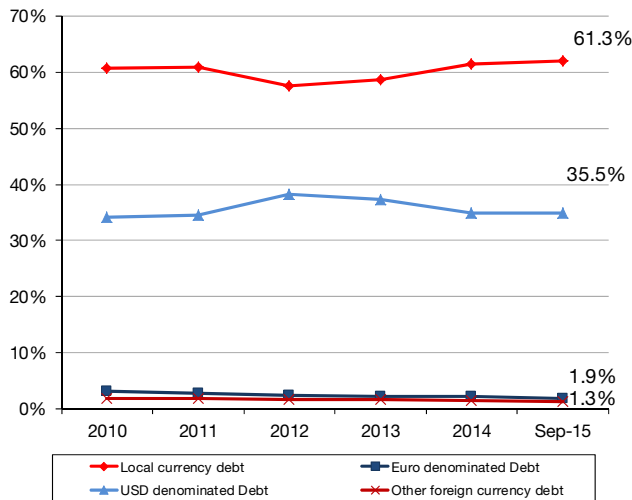
Historical Debt Evolution



Source: MOF, BDL

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

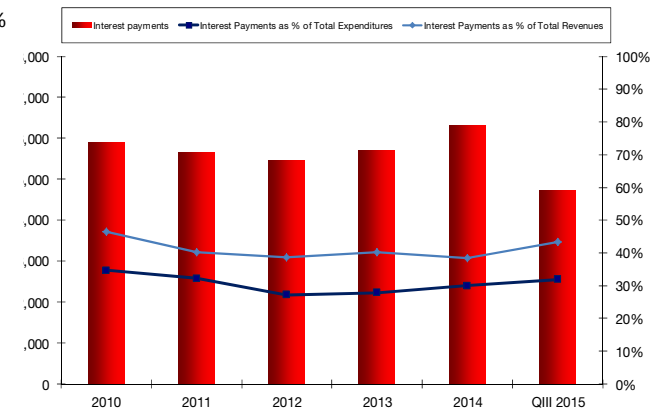
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

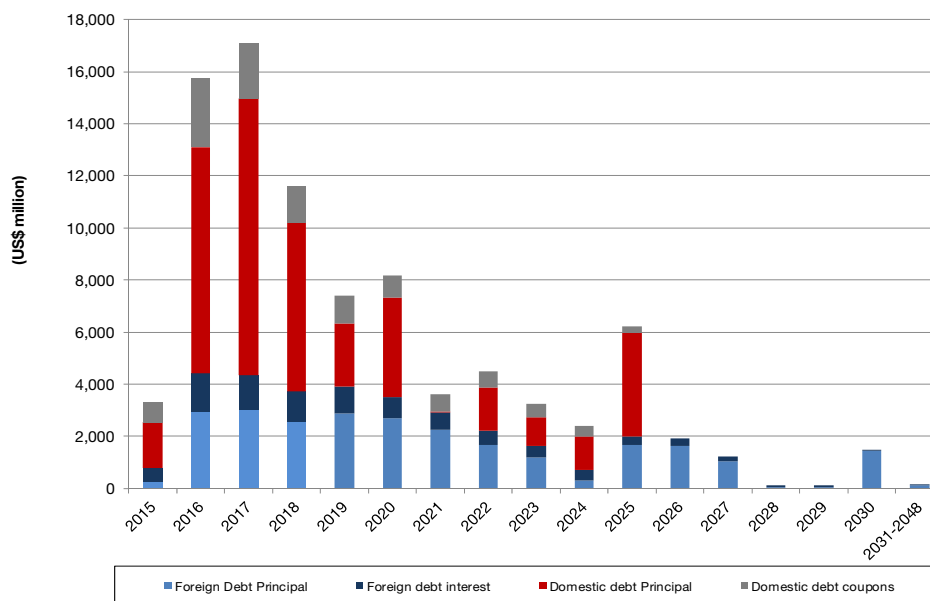
Interest Payments



Source: MOF

OVERALL DEBT DATA

Aggregate Debt Amortization Profile (as of end-September 2015)



Source: MOF, BDL

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

Public Debt Table ⁽¹⁾ (as of end-September 2015)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Sep-15	Change Dec 14 - Sep 15	% Change Dec 14 - Sep 15
Gross Public Debt (A + B)	79,298	80,887	86,959	95,710	100,356	103,606	3,250	3.2%
A. Local currency debt	48,255	49,340	50,198	56,312	61,752	64,138	2,386	3.9%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	22,896	3,041	15.3%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	30,459	(1,009)	-3.2%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	10,783	354	3.4%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,245	544	7.1%
o/w Contractor bonds	-	41	134	134	180	180	-	0.0%
* Accrued interest included in debt	867	788	789	877	1,029	1,030	1	0.1%
B. Foreign currency debt	31,043	31,547	36,761	39,398	38,604	39,468	864	2.2%
4. Eurobonds	26,738	27,490	32,789	35,533	34,850	36,104	1,254	3.6%
Of which, Paris II at preferential rates ⁽²⁾	3,677	3,161	2,646	2,130	1,615	1,304	(311)	-19.2%
Of which, Paris III at preferential rates ⁽³⁾	709	663	317	271	226	181	(45)	-20.0%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	33,943	1,359	4.2%
* Accrued Interest on Eurobonds	483	407	400	444	425	676	251	59.1%
5. Loans	4,231	3,977	3,860	3,729	3,640	3,284	(356)	-9.8%
5.1 Paris II loans	460	351	279	208	128	84	(44)	-34.4%
5.2 Paris III loans ⁽⁴⁾	1,147	1,060	997	915	760	685	(75)	-9.9%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,105	(88)	-7.3%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,374	(131)	-8.7%
5.5 Foreign Private Sector Loans	24	18	14	94	54	36	(18)	-33.3%
6. Other debt	74	80	112	136	114	80	(34)	-29.8%
6.1 Special Tbs in Foreign currency ⁽⁵⁾	74	80	112	136	114	80	(34)	-29.8%
Public sector deposits	11,419	10,984	12,916	15,495	13,965	12,538	(1,427)	-10.2%
Net debt	67,879	69,903	74,043	80,215	86,391	91,068	4,677	5.4%
Gross Market debt⁽⁶⁾	51,308	50,191	58,623	65,386	67,373	67,732	359	0.5%
% of total debt	64.7%	62.1%	67.4%	68.3%	67.1%	65.4%	-1.8%	-2.6%

Source: Ministry of Finance, Banque du Liban

Notes:

⁽¹⁾ Due to revisions in the Debt Management and Financial Analysis System (DMFAS):

1- Debt data for December 2010 and December 2014 may be subject to slight modification.

2- Figure of Gross Public Debt in this report may differ from the figure in September 2015 PFM report to be published.

⁽²⁾ 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.

⁽³⁾ Issued to Malaysia as part of its Paris III contribution.

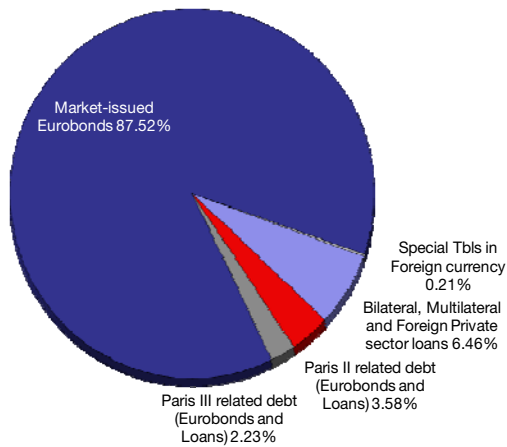
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽⁵⁾ Special Tbs 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.

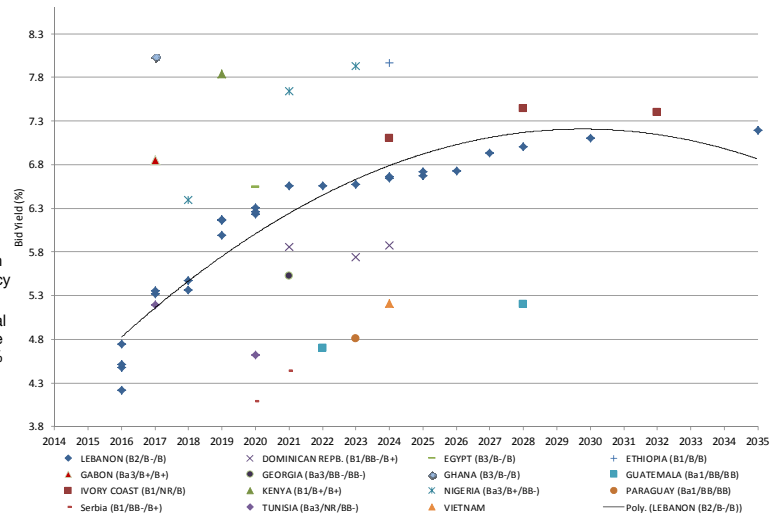
FOREIGN CURRENCY DEBT DATA

Outstanding Foreign Currency Debt by Holder
(as of end-September 2015)



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

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds]
(as of December 03, 2015)



Source: DB, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.35 2018	103.50	104.50	4.14	3.81	401	367
US Dollars						
LEB 8.5 2016	101.26	101.50	4.00	3.20	368	287
LEB 4.5 2016	100.27	100.63	4.00	3.35	360	295
LEB 11.625 2016	104.50	104.90	4.05	3.40	365	300
LEB 4.75 2016	100.57	101.32	4.20	3.50	368	298
LEB 9 2017	106.00	107.00	4.72	4.03	410	342
LEB 5 2017	100.00	101.00	5.00	4.48	424	372
LEB 5.15 2018	100.00	101.00	5.15	4.75	423	383
LEB 5.15 2018	100.13	101.13	5.10	4.76	409	374
LEB 5.5 2019	100.25	101.25	5.42	5.11	433	401
LEB 6 2019	101.75	102.75	5.46	5.16	436	405
LEB 5.45 2019	99.75	100.75	5.52	5.25	432	404
LEB 6.375 2020	102.50	103.50	5.73	5.47	449	423
LEB 5.8 2020	100.13	101.13	5.77	5.52	450	425
LEB 6.15 2020	101.50	102.50	5.78	5.54	449	424
LEB 8.25 2021	110.75	111.75	5.94	5.74	453	432
LEB 6.1 2022	100.00	101.00	6.10	5.92	447	429
LEB 6 2023	99.25	100.25	6.13	5.96	446	428
LEB 7 2024	105.00	106.00	6.27	6.13	444	430
LEB 6.2 2025	99.38	100.38	6.29	6.15	443	428
LEB 6.25 2025	99.38	100.38	6.34	6.20	445	431
LEB 6.6 2026	101.00	102.00	6.47	6.35	450	436
LEB 6.75 2027	101.00	102.00	6.63	6.51	460	448
LEB 6.65 2030	99.25	100.25	6.73	6.62	461	450

Source: DB 30th September 2015

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.35 2018	103.75	104.75	4.08	3.76	388	355
US Dollars						
LEB 8.5 2016	100.47	100.67	4.22	2.52	380	208
LEB 4.5 2016	100.00	100.40	4.48	3.40	396	288
LEB 11.625 2016	102.97	103.43	4.51	3.46	399	293
LEB 4.75 2016	100.00	101.00	4.75	3.61	406	292
LEB 9 2017	104.50	105.50	5.32	4.54	452	374
LEB 5 2017	99.38	100.38	5.35	4.78	438	381
LEB 5.15 2018	99.50	100.50	5.36	4.94	422	379
LEB 5.15 2018	99.13	100.13	5.47	5.10	423	386
LEB 5.5 2019	98.50	99.50	5.99	5.66	468	435
LEB 6 2019	99.50	100.50	6.16	5.84	484	451
LEB 5.45 2019	97.50	98.50	6.17	5.88	476	446
LEB 6.375 2020	100.50	101.50	6.24	5.97	479	452
LEB 5.8 2020	98.25	99.25	6.26	6.00	480	453
LEB 6.15 2020	99.38	100.38	6.31	6.05	482	456
LEB 8.25 2021	107.50	108.50	6.56	6.35	498	476
LEB 6.1 2022	97.50	98.50	6.56	6.37	480	461
LEB 6 2023	96.75	97.75	6.58	6.40	478	460
LEB 6.25 2024	97.38	98.38	6.64	6.49	471	455
LEB 7 2024	102.25	103.25	6.66	6.52	473	458
LEB 6.2 2025	96.75	97.75	6.68	6.53	472	457
LEB 6.25 2025	96.75	97.75	6.72	6.57	474	459
LEB 6.6 2026	99.00	100.00	6.73	6.60	468	454
LEB 6.75 2027	98.50	99.50	6.94	6.81	484	471
LEB 6.65 2028	97.00	98.00	7.01	6.89	487	475
LEB 6.65 2030	96.00	97.25	7.10	6.96	492	477
LEB 7.05 2035	98.50	99.75	7.19	7.07	491	478

Source: DB 3rd December 2015

Lebanon Sovereign Debt Rating

Agency	Foreign Currency		
	Long – term tenor rating	Short – term tenor rating	Outlook
As of Septembr 2 nd , 2015			
Fitch Ratings *	B	B	Negative
Moody's Investor Services Ltd **	B2	-	Negative
Standard and Poor's ***	B-	B	Negative

* Fitch's reaffirmed its ratings on 12 June 2015

** Moody's reaffirmed it's ratings on 24 June 2015

*** Standard and Poor's affirmed its rating at B/B on 11 September 2015 but revised the outlook of Lebanon from stable to negative

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as on September 30, 2015)

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
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	0.30
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	0.56
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	0.61
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	1.09
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	1.47
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	2.04
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	2.70
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	3.12
XS0707821467	EUR 445 MN - November 2018	445,000,000	499,046,765	2	EUR	5.350%	11/28/18	3.16
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	3.56
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	3.64
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	4.16
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	4.44
XS1052421150	USD 700 MN - April 2020	700,000,000	700,000,000	3	USD	5.800%	04/14/20	4.54
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	4.72
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	5.54
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	7.02
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	7.33
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	9.18
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	9.71
XS0707820659	USD 1600 MN - November 2026	1,600,000,000	1,600,000,000	6	USD	6.600%	11/27/26	11.17
XS0859366899	USD 1000 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	12.17
XS1196417569	USD 800 MN Notes - February 2025	800,000,000	800,000,000	1	USD	6.200%	02/26/25	9.42
XS1196419854	USD 1400 MN Notes - February 2030	1,400,000,000	1,400,000,000	1	USD	6.650%	02/26/30	14.42
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III								
XS0312416000	USD \$300 MN - July 2017	120,000,000	120,000,000	1	USD	3.750%	07/20/17	1.38
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II								
XS0160456322	USD 950 MN - Dec 2017	162,500,000	162,500,000	1	USD	5.000%	12/27/17	1.17
XS0160503347	USD 2,007.511 MN - Dec 2017	501,877,750	501,877,750	2	USD	4.000%	12/31/17	1.17
XS0164502352	USD 700 MN - Mar 2018	175,000,000	175,000,000	1	USD	5.000%	03/07/18	1.40
XS0169203048	USD 200 MN - May 2018	60,000,000	60,000,000	1	USD	5.000%	05/27/18	1.34
							Average Time to Maturity (in years, as on September 30, 2015):	5.66
							Weighted average coupon rate:	6.44%

* 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 Sep 2015): 1.121

FOREIGN CURRENCY DEBT DATA

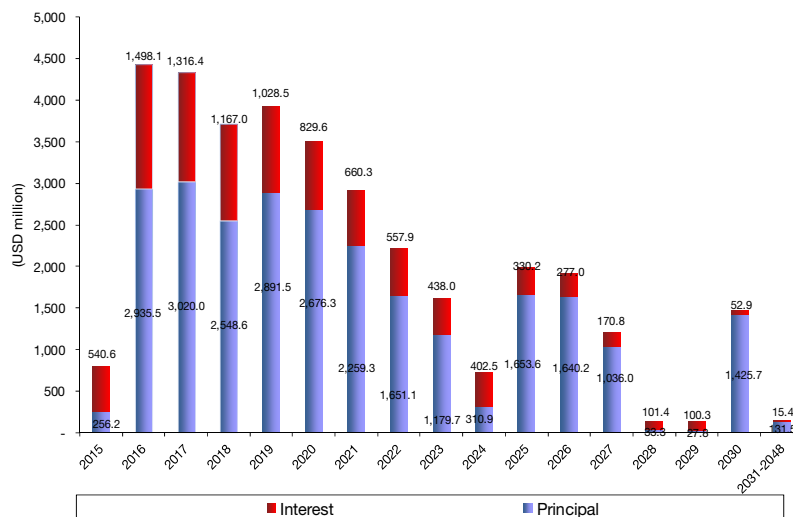
Recent Government Eurobond Issuances

Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
4-Nov-2015	77	20.0	2-Nov-2035	7.050	7.050	USD 600 MN	XS1313654623
4-Nov-2015	76(2)	13.0	3-Nov-2028	6.650	6.650	USD 282.417 MN	XS1313675974
4-Nov-2015	76 (1)	13.0	3-Nov-2028	6.650	6.650	USD 217.583 MN	XS1313675974
4-Nov-2015	75 (2)	9.0	4-Nov-2024	6.250	6.250	USD 399.247 MN	XS1313647841
4-Nov-2015	75(1)	9.0	4-Nov-2024	6.250	6.250	USD 100.753 MN	XS1313647841
26-Feb-2015	74	15.0	26-Feb-2030	6.650	6.650	USD 1400 MN	XS1196419854
26-Feb-2015	73	10.0	26-Feb-2025	6.200	6.200	USD 800 MN	XS1196417569
2-May-2014	72(3)	6 (Short)	14-Apr-2020	5.800	5.800	USD 100 MN	XS1052421150
2-May-2014	61 (6)	12.6	27-Nov-2026	6.600	6.700	USD 75 MN	XS0707820659
14-Apr-2014	72(2)	6.0	14-Apr-2020	5.800	5.800	USD 341.431 MN	XS1052421150
14-Apr-2014	72 (1)	6.0	14-Apr-2020	5.800	5.800	USD 258.569 MN	XS1052421150
14-Apr-2014	61 (5)	12.6	27-Nov-2026	6.600	6.700	USD 354.711 MN	XS0707820659
14-Apr-2014	61 (4)	12.6	27-Nov-2026	6.600	6.700	USD 445.289 MN	XS0707820659

* Series 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

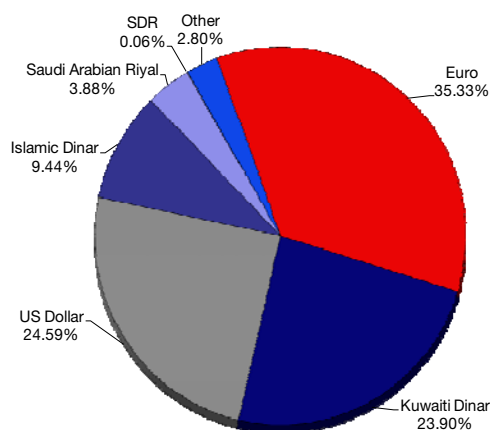


Source: MOF, BDL

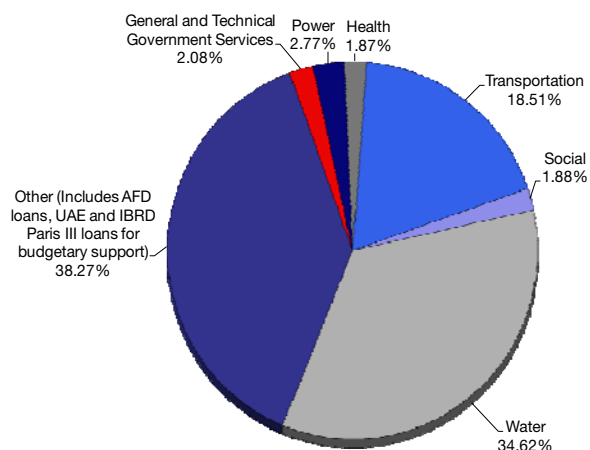
The data used for the amortization schedule is based on outstanding and not on committed amounts.

FOREIGN CURRENCY LOANS DATA

Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by currency (as of end-September 2015)



Bilateral and Multilateral Loans (concessional and otherwise) Breakdown by sector (as of end-September 2015)

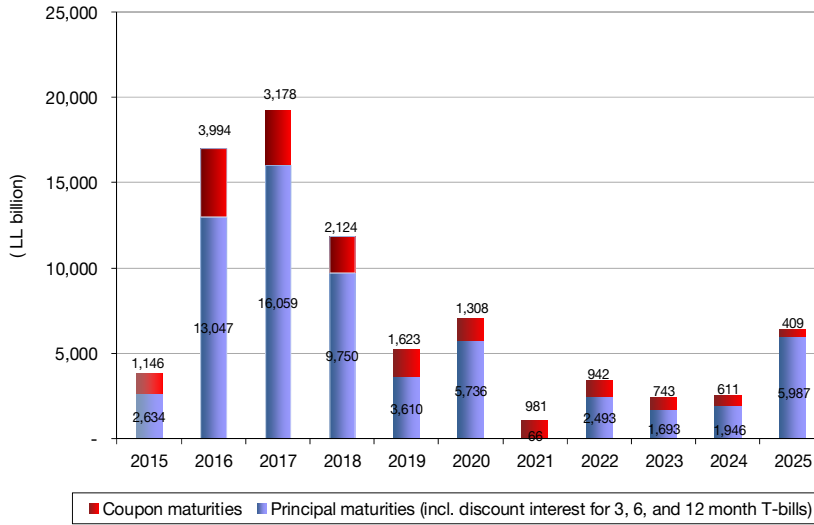


Source: MOF, BDL

Total Outstanding LL 3,284 billion

DOMESTIC CURRENCY DEBT DATA

**Amortization Schedule of Domestic T-bills and Bonds
(as of end-September 2015)**



As of end-September 2015	
Average Time to Maturity of Domestic Currency T-bills and Bonds (in years)	3.38
Weighted Average Coupon Rate of Domestic Currency T-bills and Bonds	6.99%

Source: MOF, BDL

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

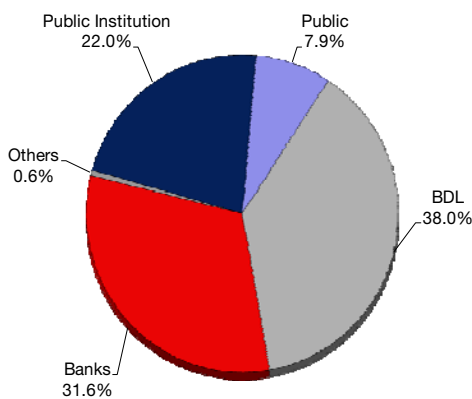
Upcoming Government Treasury Bill and Bond Auctions

Auction Date	Value Date	Tenors to be auctioned
14-Dec-15	17-Dec-15	3MN, 12MN, 5YR
21-Dec-15	24-Dec-15	6MN, 2YR, 10YR
28-Dec-15	31-Dec-15	3MN, 12MN, 5YR

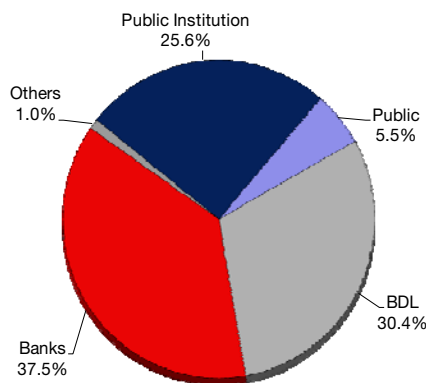
For updates on the DX Bills and Bonds Auction Calendar, please visit our website www.finance.gov.lb

T-Bill and Bond Subscription Results by Holder During QIII 2015

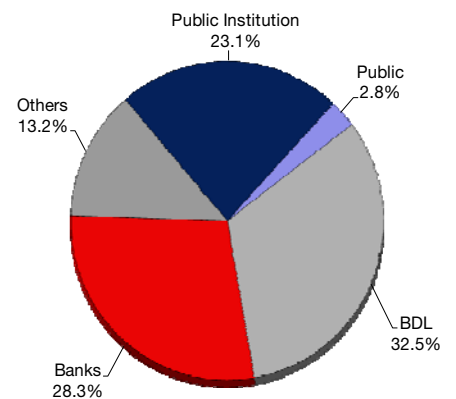
July 2015



August 2015



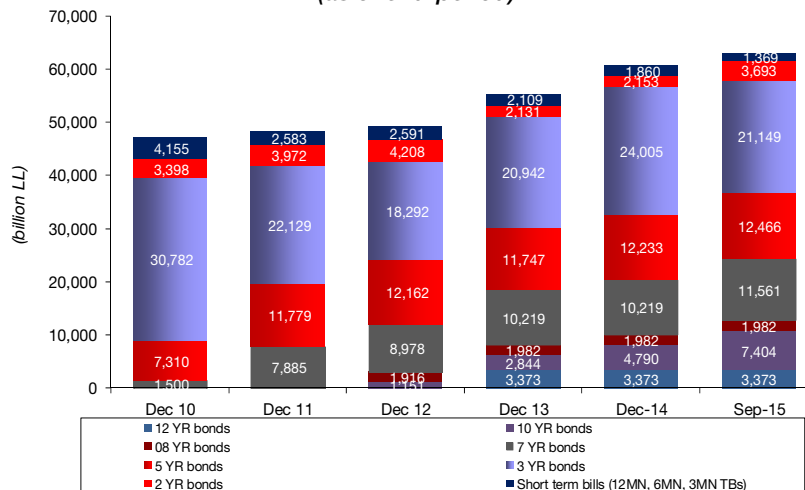
September 2015



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



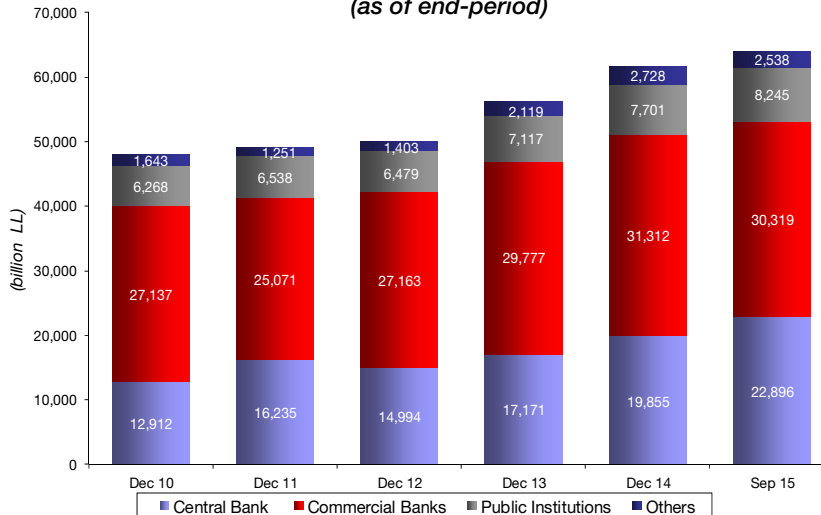
Source: MOF, BDL

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 180 billion contractor bonds issued in Nov 2011, May 2012, Aug 2012, Jan 2014 and Nov 2014.

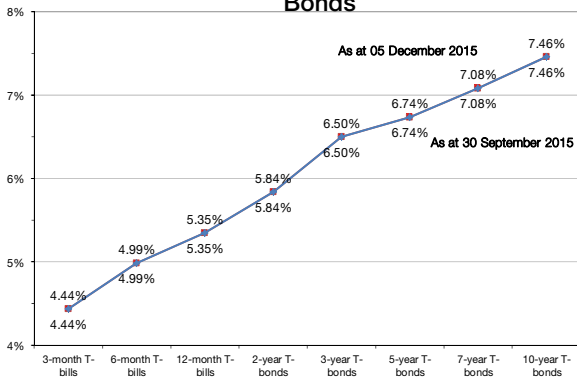
Domestic T-bills and Bonds Outstanding by Investor Type (as of end-period)



Source: MOF, BDL

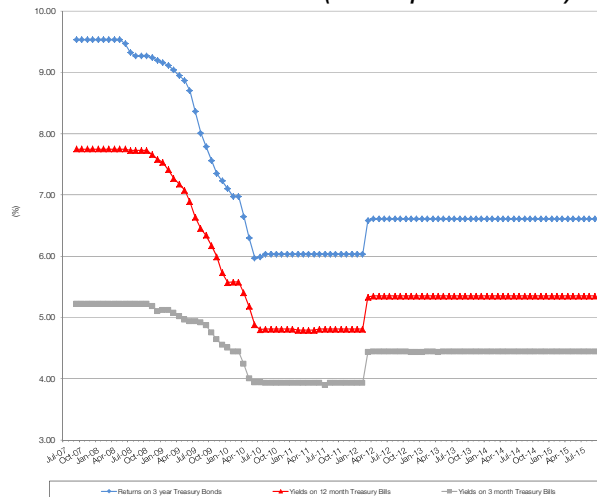
Note: Central Bank figures include the amounts of repurchase agreements.

Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

Time Series of Primary Market Rates for T-Bills and Bonds (end-September 2015)



Source: BdL

Note: Primary rates for 7-8-10-12 year T-bonds issued by the Lebanese government were 7.08%, 7.8%, 7.46% and 8.74% respectively.

For further information, please contact:
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