

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end of QIII 2016, gross public debt stood at LL 112,649 billion (US\$ 74.73 billion), a 6.26% percent increase compared to end-2015.
- Net public debt registered LL 96,888 billion (US\$ 64.27 billion) at end-QIII 2016, an increase of 4.42% percent from the end-2015 level.
- Domestic currency debt reached LL 68,792 billion at end-QIII 2016, an increase of 5.52 percent compared to end-2015.
- Foreign currency debt totaled LL 43,857 billion (US\$ 29 billion) at the end-QIII 2016, a 7.44 percent increase from the end-2015 level.

KEY COST AND RISK INDICATORS

As end September 2016	QII 2016 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change QIV 2015-QII 2016	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	112,649	74.7	6.3%			
DX	68,792	45.6	5.5%	61.07%	3.49 yr	7.00%
FX	43,857	29.1	7.4%	38.93%	6.61 yr	6.16%
Net Government Debt	96,888	64.3	4.4%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of November 15th, 2016)

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

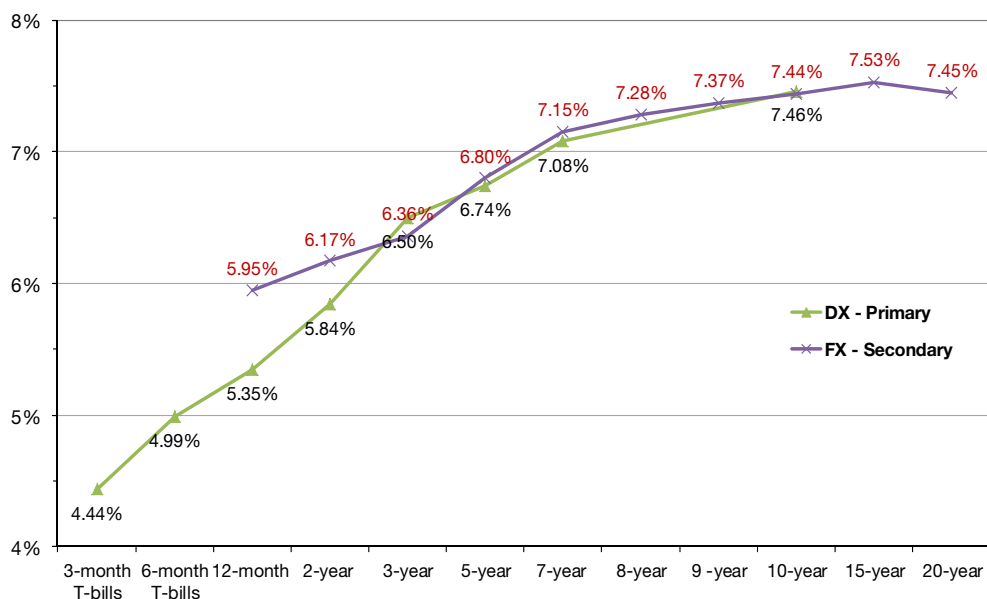
*Fitch Ratings lowered Lebanon long-term foreign and local currency sovereign credit ratings from B to B- revising outlook to stable on 13 July 2016.

* 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

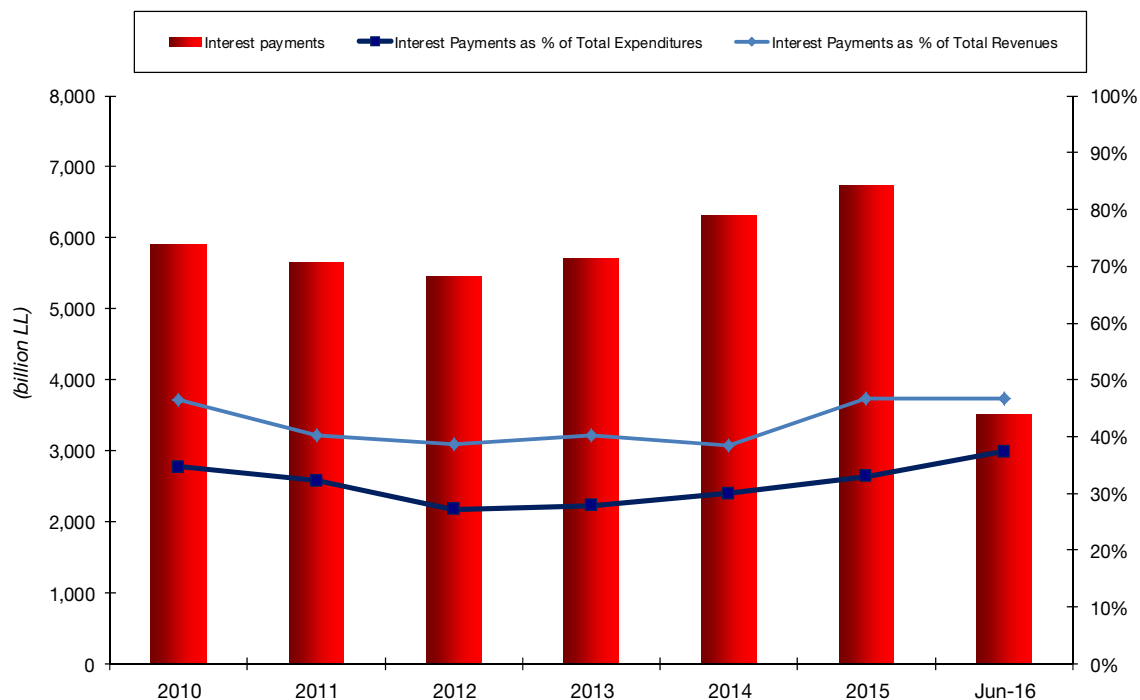
**Government DX & FX T-Bills and T-Bonds Yield Curve
as at 15 November 2016**



Source: MOF, Reuters

During QIII 2016, primary market rates on Treasury bills and bonds issued remained unchanged compared to end QII 2016 levels. Eurobonds secondary levels for the tenors 3yrs up to 20yrs have increased by 0.41% on average from the end of June 2016 levels.

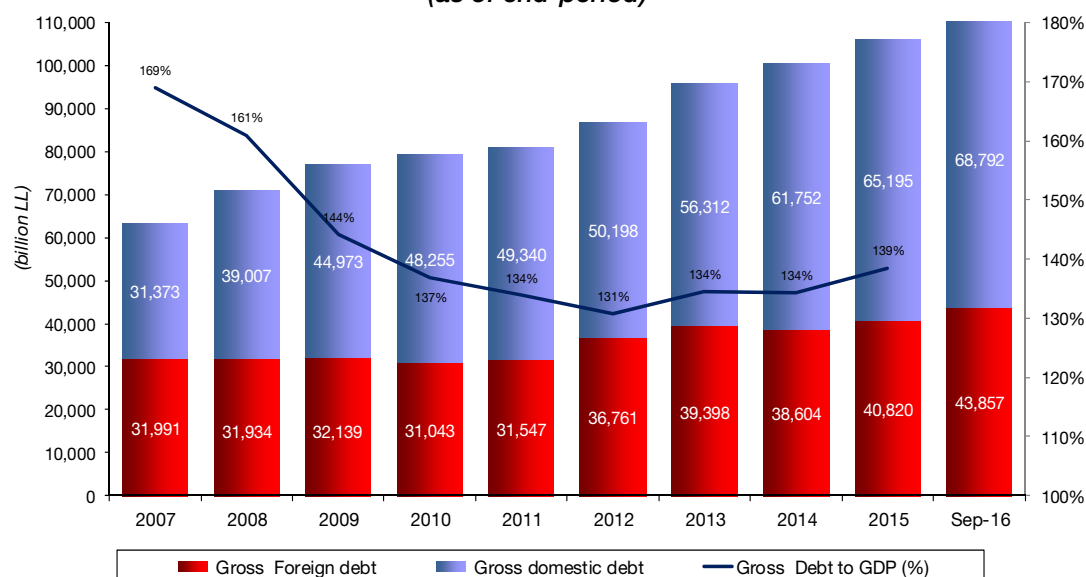
Interest Payments As end of Period



Source: MOF

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 2014-2015 using the IMF growth rate and deflator published on WEO - October 2016.

Public Debt Table ⁽¹⁾ (as of end-September 2016)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Sep-16	Change Sep 16- Dec 15	% Change Sep 16- Dec 15
Gross Public Debt (A + B)	79,298	80,887	86,959	95,710	100,356	106,014	112,649	6,635	6.3%
A. Local currency debt	48,255	49,340	50,198	56,312	61,752	65,195	68,792	3,597	5.5%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	24,308	30,183	5,875	24.2%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	29,878	27,724	(2,154)	-7.2%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	11,009	10,885	(124)	-1.1%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,461	8,712	251	3.0%
o/w Contractor bonds	-	41	134	134	180	180	180	-	0.0%
* Accrued interest included in debt	867	788	789	877	1,029	997	1,101	104	10.4%
B. Foreign currency debt	31,043	31,547	36,761	39,398	38,604	40,819	43,857	3,038	7.4%
4. Eurobonds	26,738	27,490	32,789	35,533	34,850	37,561	40,586	3,025	8.1%
Of which, Paris II at preferential rates ⁽²⁾	3,677	3,161	2,646	2,130	1,615	1,099	788	(311)	-28.3%
Of which, Paris III at preferential rates ⁽³⁾	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	38,867	3,021	8.4%
* Accrued Interest on Eurobonds	483	407	400	444	425	435	795	360	82.8%
5. Loans	4,231	3,977	3,860	3,729	3,640	3,190	3,209	19	0.6%
5.1 Paris II loans	460	407	279	208	128	83	51	(32)	-38.6%
5.2 Paris III loans ⁽⁴⁾	1,147	1,060	997	915	760	629	586	(43)	-6.8%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,040	1,016	(25)	-2.4%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,414	1,500	86	6.0%
5.5 Foreign Private Sector Loans	24	18	14	94	54	24	57	33	137.5%
6. Other debt	74	80	112	136	114	68	62	(6)	-8.8%
6.1 Special Tbls in Foreign currency ⁽⁵⁾	74	80	112	136	114	68	62	(6)	-8.8%
Public sector deposits	11,419	10,984	12,916	15,495	13,965	13,227	15,761	2,534	19.2%
Net debt	67,879	69,903	74,043	80,215	86,391	92,787	96,888	4,101	4.4%
Gross Market debt⁽⁶⁾	51,308	50,135	58,623	65,386	67,373	68,799	69,678	879	1.3%
% of total debt	64.7%	62.0%	67.4%	68.3%	67.1%	64.9%	61.9%	-3.0%	-4.7%

Source: MOF, BDL

Notes:

⁽¹⁾ 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.

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.

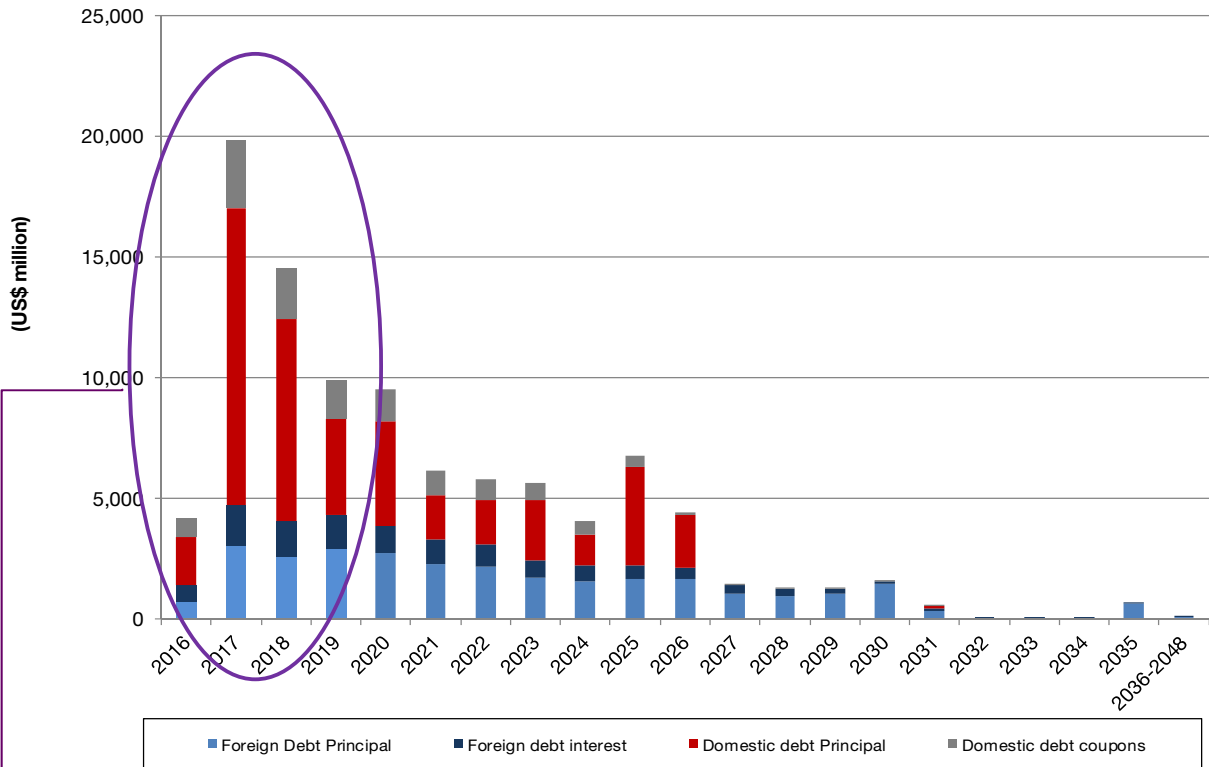
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽⁵⁾ Special 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.

AMORTIZATION PROFILE

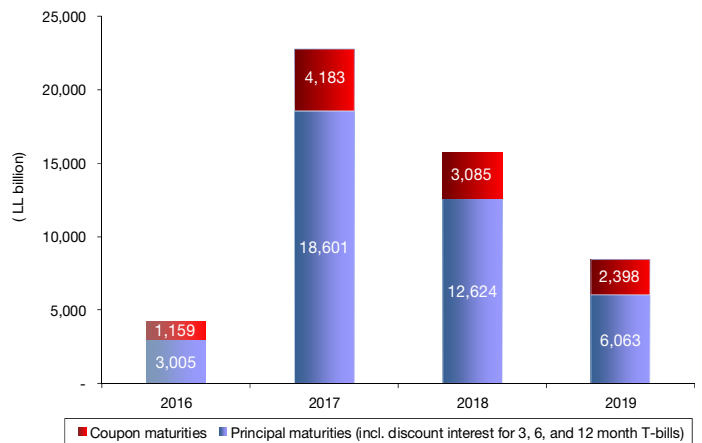
Aggregate Debt Amortization (as of end-September 2016)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and Bonds

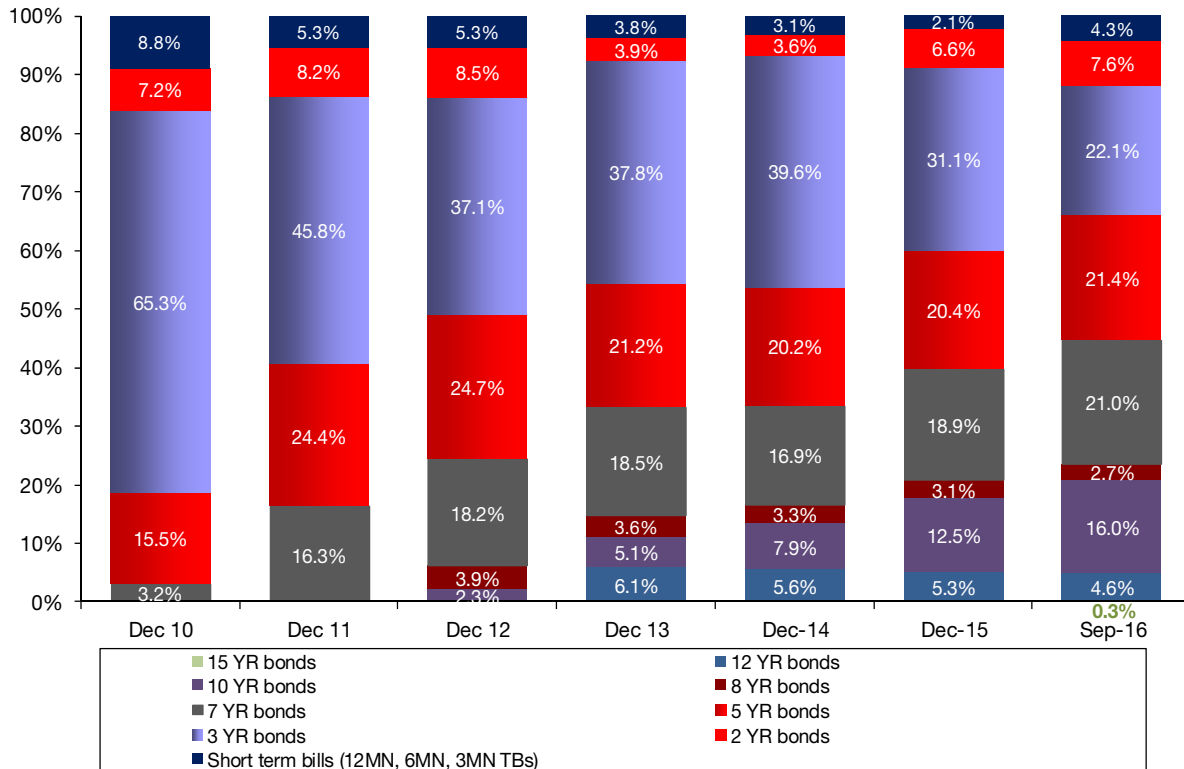


Source: MOF, BDL

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)



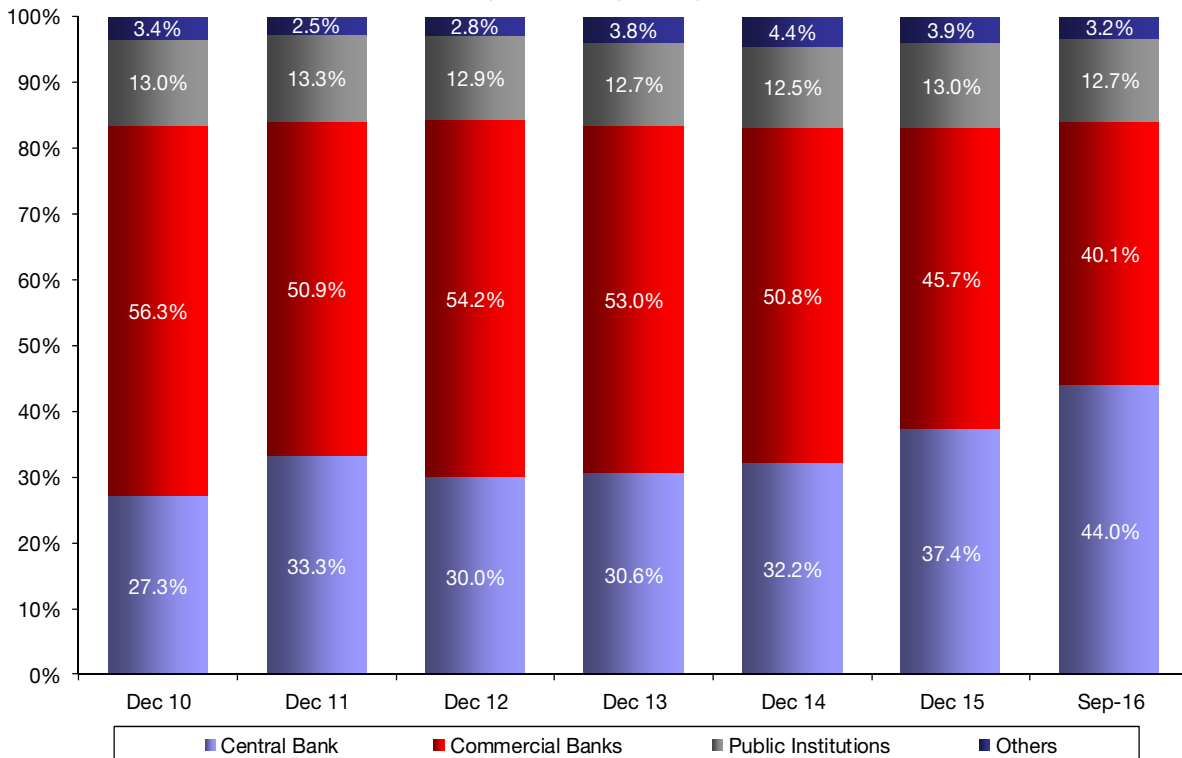
Source: MOF, BDL

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.

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.

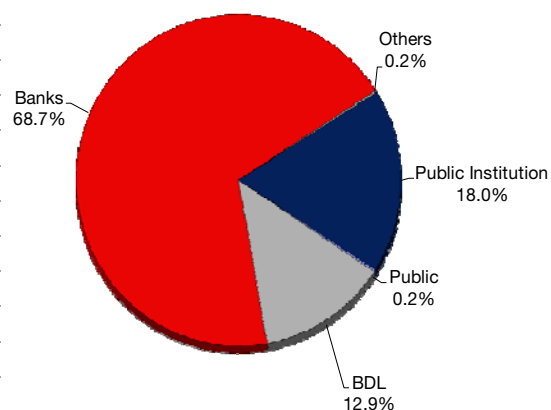
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QIII 2016

Weekly Issued Amounts

Date	Categories										Total
	Nominal Value - LBP Billions										
	3 Mn	6 Mn	12 Mn	2 Yr	3 Yr	5 Yr	7 Yr	10 Yr	15 Yr		
QI-2016	247	157	941	622	639	606	845	415	450		4922
QII-2016	93	126	578	401	725	967	1120	3034	0		7044
07-07-16	-	3	-	205	-	-	-	201			409
14-07-16	52	-	21	-	-	274	-	-			347
21-07-16	-	12	-	-	407	-	217	-			636
28-07-16	51	-	160	-	-	144	-	-			355
04-08-16	-	12	-	228	-	-	-	193			433
11-08-16	51	-	79	-	-	151	-	-			280
18-08-16	-	46	-	-	341	-	217	-			605
25-08-16	51	-	132	-	-	151	-	-			334
01-09-16	-	52	-	672	-	-	-	200			923
08-09-16	51	-	69	-	-	252	-	-			371
15-09-16	-	62	-	-	342	-	266	-			670
22-09-16	51	-	70	-	-	254	-	-			374
29-09-16	-	32	-	143	-	-	-	118			292
TOTAL QIII	306	217	530	1247	1090	1225	700	712	0		6028
Grand Total	646	500	2049	2270	2454	2798	2665	4161	450		17994

QIII 2016 Subscription Results by Holder



The largest subscriber in DX Treasury bills and bonds in QIII 2016 were the banks reaching 68.7 percent of the total subscriptions. BdL share stood at 12.9 percent while Public institutions share 18 percent of total subscriptions.

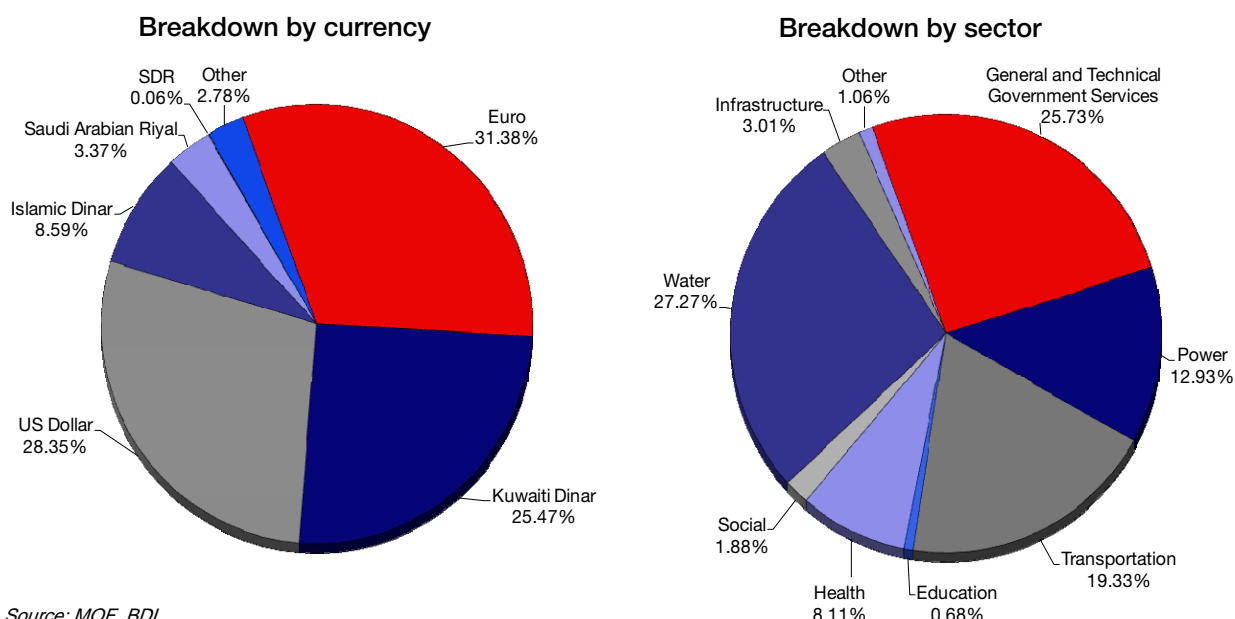
Domestic Treasury Bills & Bonds Auction Calendar QIV-2016

Auction Date	October				November					December				Frequency
	3	10	17	24	31	7	14	21	28	5	12	19	26	
Issue Date	6	13	20	27	03-Nov	10	17	24	01-Dec	8	15	22	29	
3 M	x		x		x		x		x		x		x	7
6 M		x		x		x		x		x		x		6
12 M	x		x		x		x		x		x		x	7
2 Y				x				x				x		3
3 Y		x				x				x				3
5 Y	x		x		x		x		x		x		x	7
7 Y		x					x			x				3
10 Y				x				x				x		3

Source: MOF

FOREIGN CURRENCY DEBT DATA

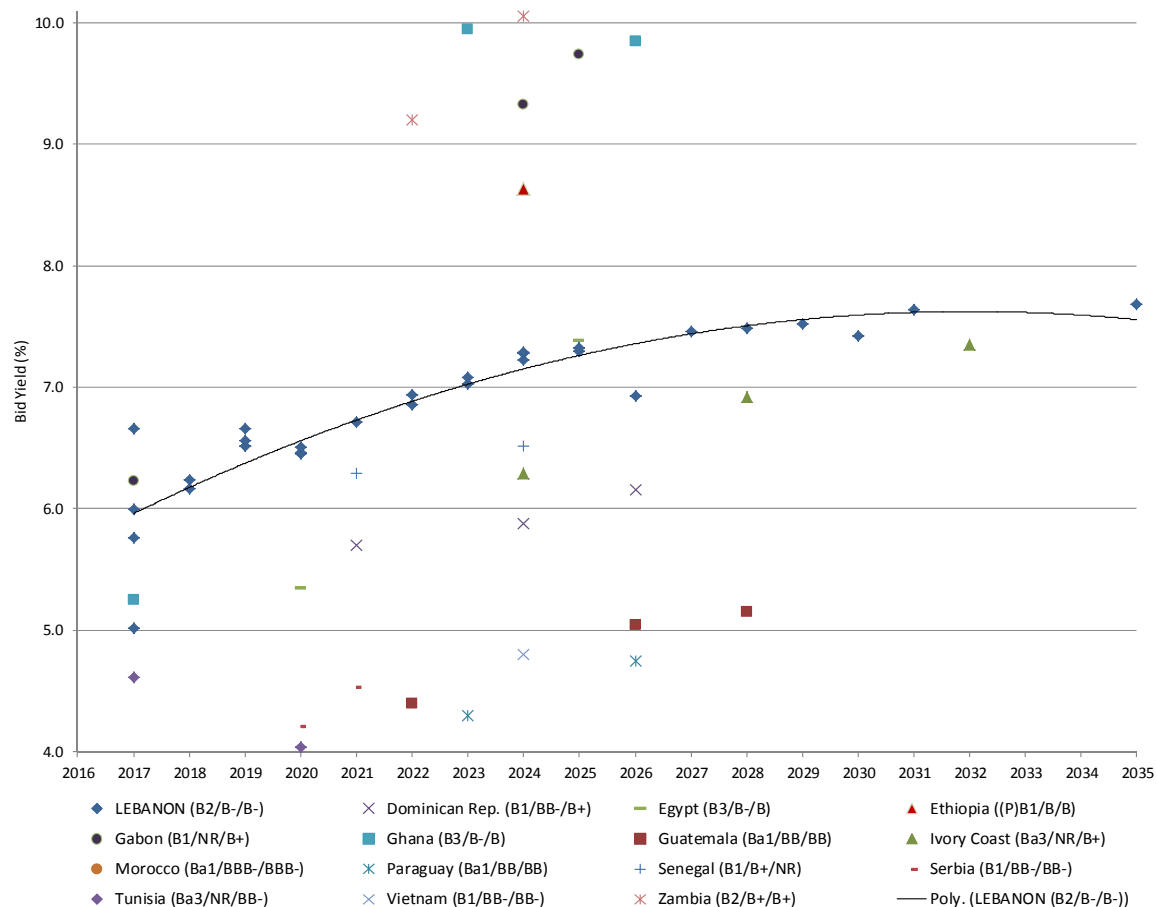
Bilateral and Multilateral Loans (as of end-September 2016)



Source: MOF, BDL

The gross outstanding debt comprises less than 3% of loans in foreign currency of which its value LBP 3,208 billion, mostly to finance the general and technical government services

Yields for Republic of Lebanon Eurobonds and Comparables (as of November 15, 2016)



Source: DB, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end September 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 (QI-QII)
EURO							
LEB 5.35	28/11/2018	445,000,000	102.50	103.50	3.86	408.53	9.52
US DOLLARS							
LEB 4.75	02/11/2016	500,000,000					
LEB 9	20/03/2017	1,500,000,000	101.75	102.25	4.56	366.46	5.46
LEB 5	12/10/2017	775,000,000	99.38	100.38	5.13	418.23	-1.77
LEB 5.15	12/06/2018	700,000,000	99.00	100.00	5.46	446.79	18.29
LEB 5.15	12/11/2018	1,025,000,000	98.75	99.75	5.53	451.26	18.26
LEB 5.5	23/04/2019	500,000,000	99.13	100.13	5.66	461.92	-18.58
LEB 6	20/05/2019	650,000,000	100.25	101.25	5.69	464.31	-18.20
LEB 5.45	28/11/2019	1,500,000,000	98.63	99.63	5.76	468.32	-17.69
LEB 6.375	09/03/2020	1,200,000,000	101.13	102.13	5.84	475.85	-25.66
LEB 5.8	14/04/2020	700,000,000	99.35	100.35	5.85	475.57	-28.93
LEB 6.15	19/06/2020	600,000,000	100.38	101.38	5.88	478.06	-34.45
LEB 8.25	12/04/2021	2,092,469	108.25	109.25	6.01	487.10	-34.91
LEB 6.25	27/05/2022	500,000,000	99.63	100.63	6.22	501.77	
LEB 6.1	04/10/2022	1,540,000,000	98.63	99.63	6.28	505.29	-25.22
LEB 6	27/01/2023	500,000,000	97.75	98.75	6.34	509.72	-24.29
LEB 6.4	26/05/2023	1,100,000,000	99.50	100.50	6.40	514.16	
LEB 6.65	22/04/2024	538,467,000	99.75	100.75	6.61	530.48	
LEB 6.25	04/11/2024	700,000,000	97.25	98.25	6.61	528.29	-23.21
LEB 7	03/12/2024	250,000,000	101.90	102.90	6.61	528.32	-23.68
LEB 6.2	26/02/2025	800,000,000	96.63	97.63	6.65	530.69	-20.82
LEB 6.25	12/06/2025	800,000,000	96.63	97.63	6.69	533.36	-20.64
LEB 6.6	27/11/2026	1,600,000,000	98.38	99.38	6.75	534.00	-18.50
LEB 6.75	29/11/2027	1,000,000,000	99.00	100.00	6.81	536.57	-19.43
LEB 6.65	03/11/2028	893,197,000	97.75	98.75	6.86	538.72	-16.79
LEB 6.85	25/05/2029	1,000,000,000	99.00	100.00	6.91	541.93	
LEB 6.65	26/02/2030	1,400,000,000	97.00	98.00	6.94	542.86	-15.14
LEB 7	22/04/2031	300,000,000	99.38	100.38	7.01	548.11	
LEB 7.05	02/11/2035	600,000,000	99.00	100.00	7.10	549.86	-13.15

Source: DB

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

List of Outstanding Eurobonds (values as of September 30, 2016)							
ISIN CODE	Eurobond	Outstanding Amount (USD)	No. of tranches	Currency	Coupon Rate	Mat. Date mm/dd/yy	Years to maturity
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III							
XS0312416000	USD \$300 MN - July 2017	90,000,000	1	USD	3.750%	07/20/17	0.67
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II							
XS0160456322	USD 950 MN - Dec 2017	97,500,000	1	USD	5.000%	12/27/17	0.67
XS0160503347	USD 2,007.511 MN - Dec 2017	301,126,650	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	0.92
XS0169203048	USD 200 MN - May 2018	40,000,000	1	USD	5.000%	05/27/18	0.84

**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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