

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-QI 2018, gross public debt stood at LL 123,426 billion (US\$ 81.9 billion), a 2.9 percent increase compared to end-2017.
- Net public debt registered LL 107,131 billion (US\$ 71.1 billion) at end- QI 2018, an increase of 2.8 percent from the end-2017 level.
- Domestic currency debt reached LL 77,300 billion at end- QI 2018, an increase of 4.4 percent compared to end-2017.
- Foreign currency debt totaled LL 46,126 billion (US\$ 30.6 billion) at the end- QI 2018, a 0.7 percent increase from the end-2017 level.

KEY COST AND RISK INDICATORS

As end March 2018	QI 2018 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2017 - Mar 2018	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	123,426	81.9	2.9%			
DX	77,300	51.3	4.4%	62.63%	3.85 yr	6.66%
FX	46,126	30.6	0.7%	37.37%	7.11 yr	6.23%
Net Government Debt	107,131	71.1	2.8%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of July 13th, 2018)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	B-	B	Stable
Moody's Investor Services Ltd **	B3	-	Stable
Standard and Poor's ***	B-	B	Stable

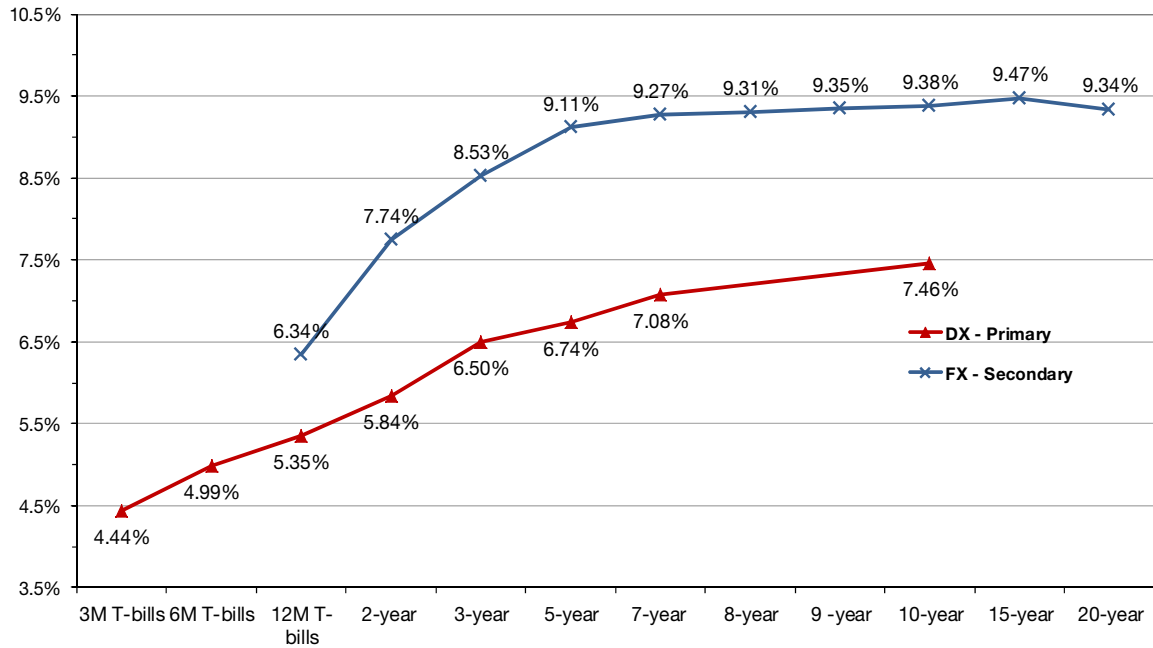
*Fitch Ratings affirmed its ratings and maintained the Stable outlook on 01 February 2018

** Moody's Investors Services affirmed its ratings and maintained the Stable outlook on 05 June 2018

*** Standard and Poor's affirmed its rating and keeping the outlook of Lebanon stable on 02 March 2018

INTEREST RATES & COST

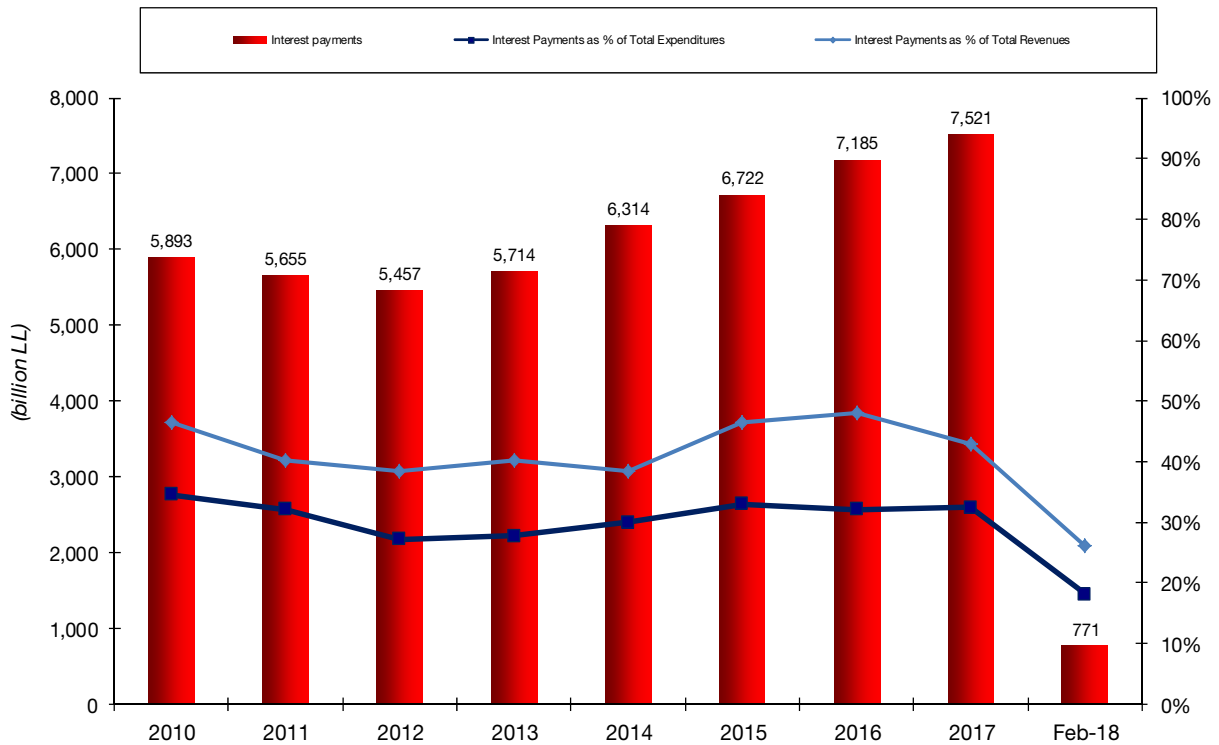
Government DX & FX T-Bills and T-Bonds Yield Curve as at 12 July 2018



Source: MOF, Reuters

During Q1 2018, primary market rates on DX Treasury bills and bonds issued remained unchanged compared to end 2017 levels. Eurobonds secondary levels as at 12 July 2018 have widened by 165 bps on average from the 15 March 2018 levels quoted in the QIV 2017 Debt & Debt Markets report.

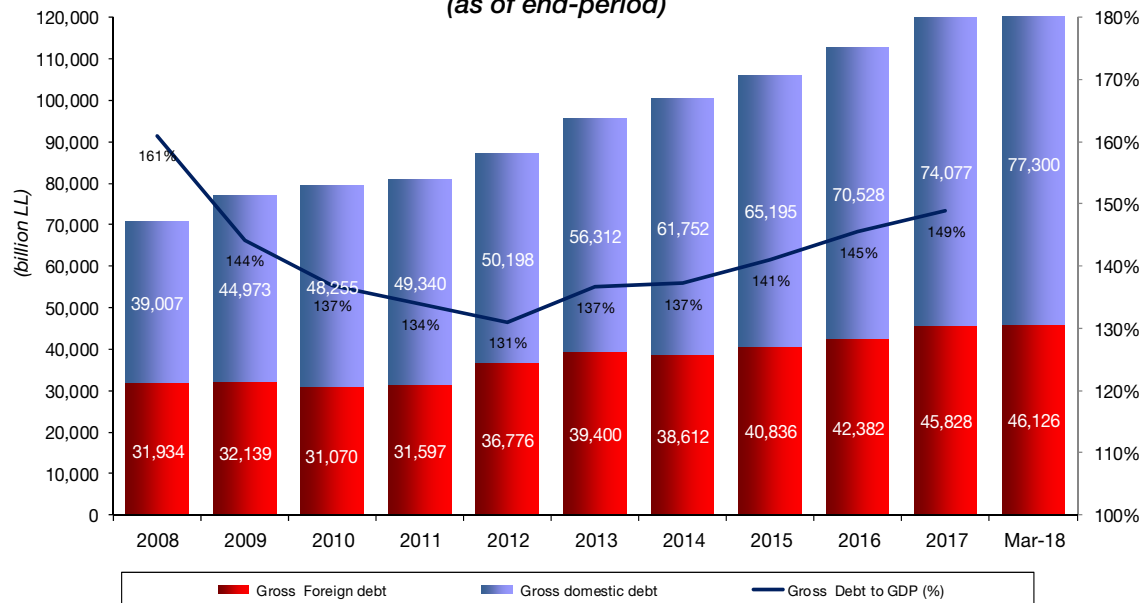
Interest Payments As end of Period



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 2008-2016: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2016. Published in May 2018.

3- GDP 2017 using the IMF growth rate and deflator published on WEO - April 2018.

Public Debt Table ⁽¹⁾ (as of end-March 2018)

Public Debt (in LL billion)	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Mar-18	Change Mar 18 - Dec 17	% Change Mar 18 - Dec 17
Gross Public Debt (A + B)	80,937	86,974	95,712	100,364	106,031	112,910	119,905	123,426	3,521	0
A. Local currency debt	49,340	50,198	56,312	61,752	65,195	70,528	74,077	77,300	3,223	0
1. Central Bank	15,974	14,649	16,761	19,454	23,907	30,150	35,580	40,547	4,967	0
2. Commercial Banks (including REPOs)	25,577	27,667	30,315	31,869	30,279	29,581	27,756	25,908	(1,848)	(0)
3. Other local debt (T-bills)	7,789	7,882	9,236	10,429	11,009	10,797	10,741	10,845	104	0
<i>a/w Public entities</i>	6,538	6,479	7,117	7,701	8,461	8,718	8,941	9,038	97	0
<i>a/w Contractor bonds</i>	41	134	134	180	180	139	166	166	-	-
*Accrued interest included in debt	788	789	877	1,029	997	1,098	1,159	1,182	23	0
B. Foreign currency debt	31,597	36,776	39,400	38,612	40,836	42,382	45,828	46,126	298	0
4. Eurobonds	27,490	32,789	35,533	34,850	37,561	39,240	42,339	42,625	286	0
Of which, Paris II at preferential rates ⁽²⁾	3,161	2,646	2,130	1,615	1,099	583	68	15	(53)	(0)
Of which, Paris III at preferential rates ⁽³⁾	663	317	271	226	181	136	-	-	-	-
Of which, market-issued Eurobonds	23,258	29,427	32,688	32,584	35,846	38,063	41,791	41,815	24	0
* Accrued Interest on Eurobonds	407	400	444	425	435	458	480	795	315	1
5. Loans	4,033	3,884	3,738	3,648	3,207	3,079	3,456	3,495	39	0
5.1 Paris II loans	351	279	208	128	83	48	18	-	(18)	(0)
5.2 Paris III loans ⁽⁴⁾	1,060	997	915	760	629	525	452	458	6	0
5.3 Bilateral loans (non-Paris II and III)	787	841	827	1,200	1,054	953	935	952	17	0
5.4 Multilateral loans (non-Paris II and III)	1,816	1,753	1,694	1,506	1,417	1,494	1,967	1,988	21	0
5.5 Foreign Private Sector Loans	18	14	94	54	24	59	84	97	13	0
6. Other debt	74	103	129	114	68	63	33	6	(27)	(0)
6.1 Special Tbls in Foreign currency ⁽⁵⁾	74	103	129	114	68	63	33	6	(27)	(0)
Public sector deposits	10,984	12,916	15,495	14,246	13,555	14,586	15,659	16,295	636	0
Net debt	69,953	74,058	80,217	86,118	92,476	98,324	104,246	107,131	2,885	0
Gross Market debt⁽⁶⁾	50,585	59,014	65,789	67,774	69,200	70,303	71,944	70,428	(1,516)	(0)
% of total debt	62.5%	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	57.1%	-2.9%	-4.7%

Source: MOF, BDL

Notes:

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

1- Debt data for December 2011 to December 2016 may be subject to slight modification.

⁽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.

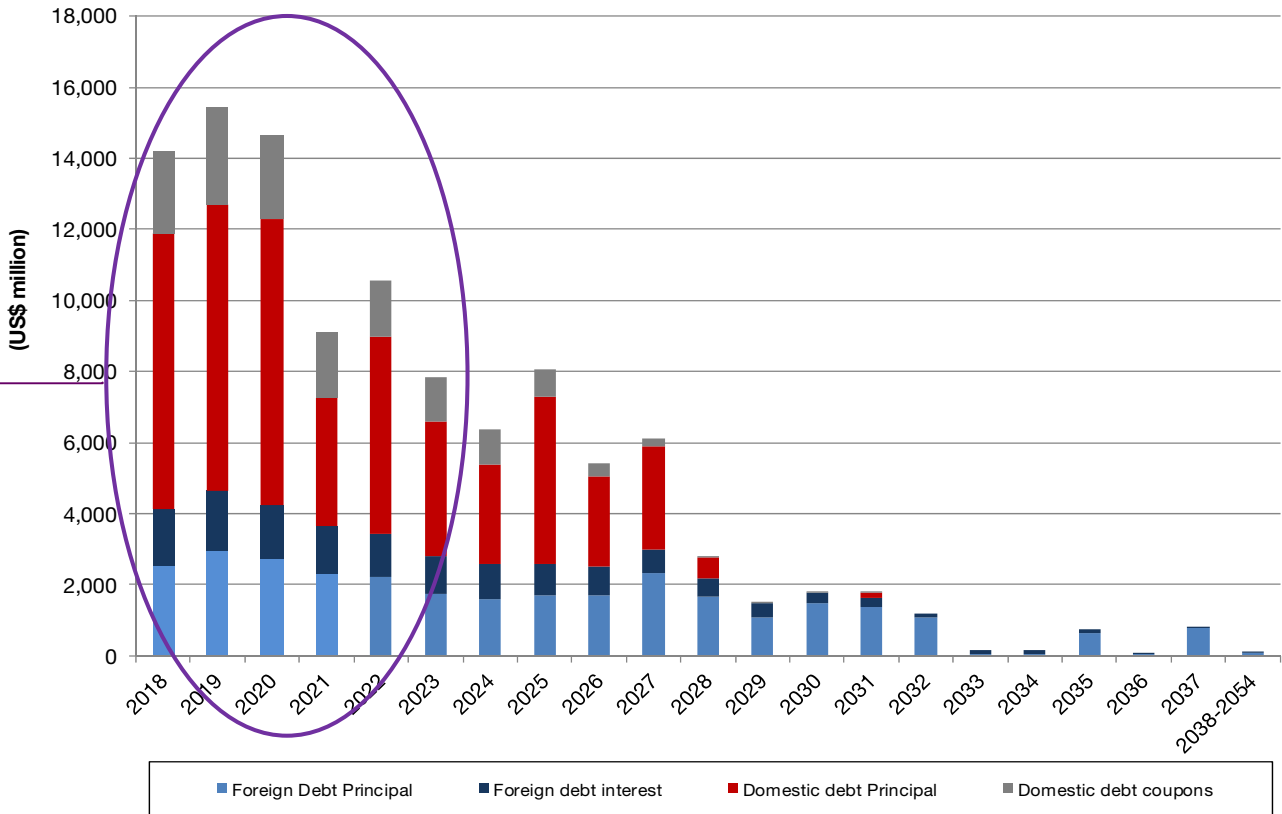
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽⁵⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

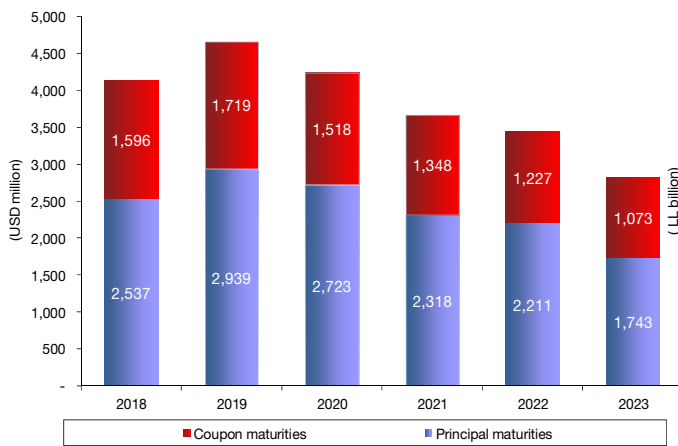
⁽⁶⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

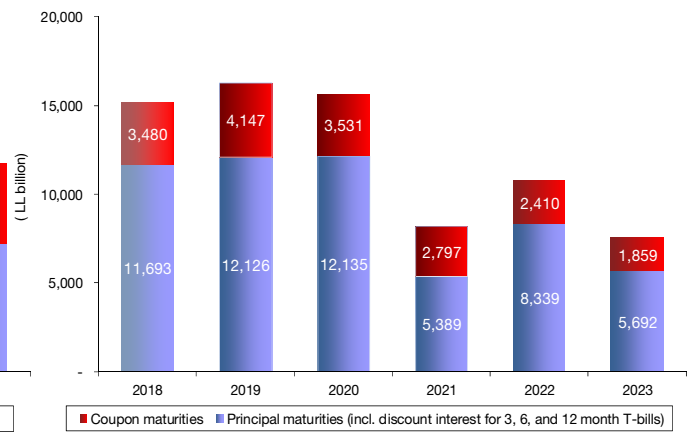
Aggregate Debt Amortization (as of end-March 2018)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds

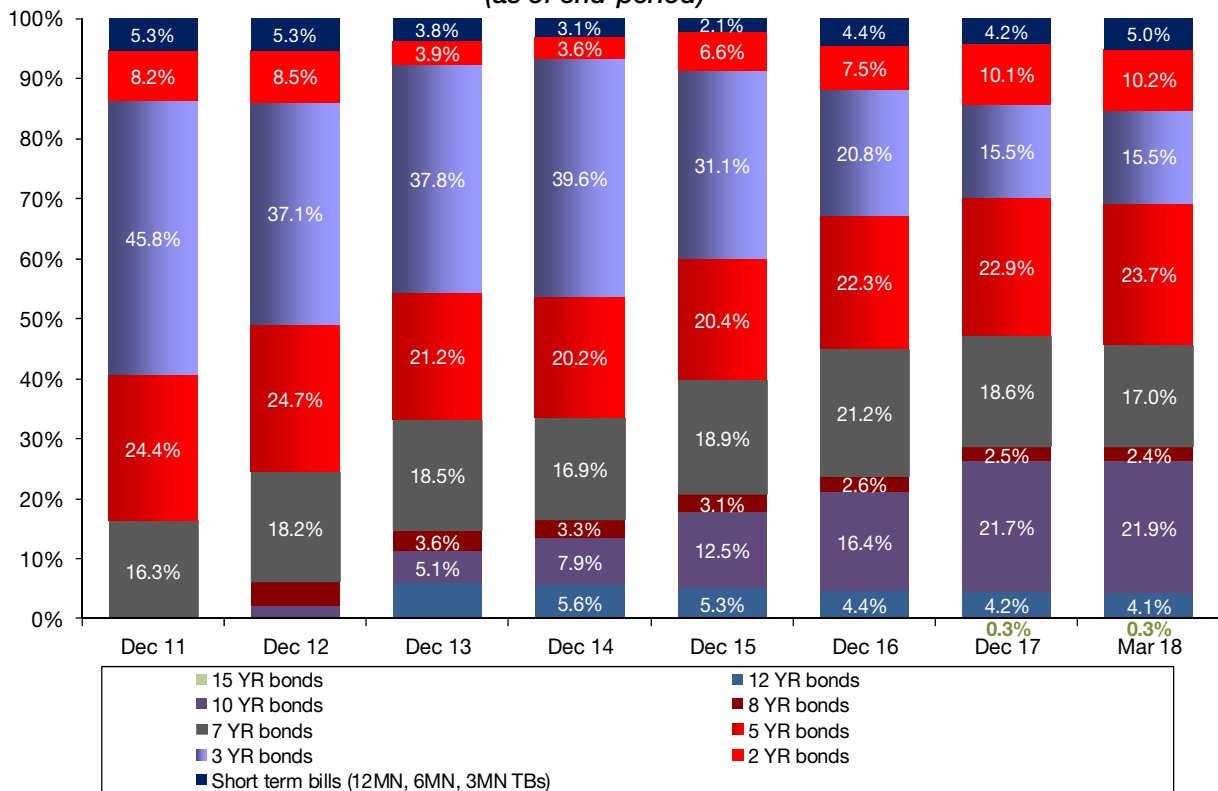


Source: MOF, BDL

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)



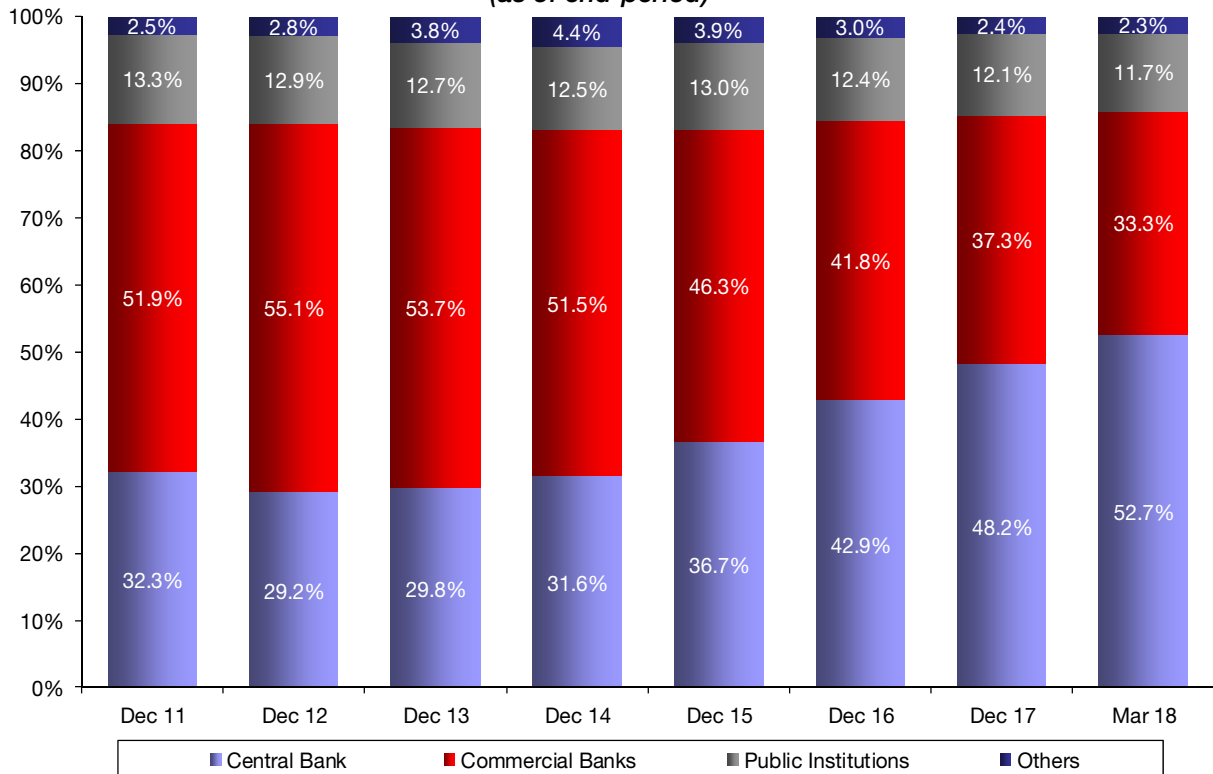
Source: MOF

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 166 billion contractor bonds issued in Jan 2014, Nov 2014, Jul 2016 and Jun 2017.

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



Source: MOF, BDL

Notes: Commercial Banks figures include the amounts of repurchase agreements.

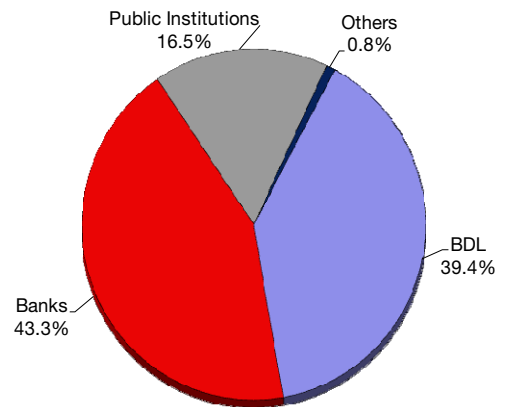
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QI 2018

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	Total
04-01-18	-	62	-	-	295	-	220	-	578
11-01-18	81	-	246	-	-	150	-	-	477
18-01-18	-	62	-	265	-	-	-	175	502
25-01-18	81	-	63	-	-	150	-	-	295
01-02-18	-	62	-	-	295	-	220	-	577
08-02-18	101	-	106	-	-	300	-	-	507
15-02-18	-	103	-	350	-	-	-	350	803
22-02-18	101	-	105	-	-	300	-	-	507
01-03-18	-	103	-	-	350	-	352	-	805
08-03-18	101	-	106	-	-	350	-	-	557
15-03-18	-	103	-	350	-	-	-	350	803
22-03-18	101	-	105	-	-	350	-	-	557
29-03-18	-	103	-	-	351	-	350	-	803
Total QI	567	596	732	965	1,292	1,601	1,142	876	7,771
Grand Total	567	596	732	965	1,292	1,601	1,142	876	7,771

QI 2018 Subscription Results by Holder



In QI 2018 the largest subscriber in DX Treasury bills and bonds were the banks reaching 43.3 percent of the total subscriptions. BdL share stood at 39.4 percent and the Public institutions share amounted to 16.5 percent of total quarter subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QIII 2018

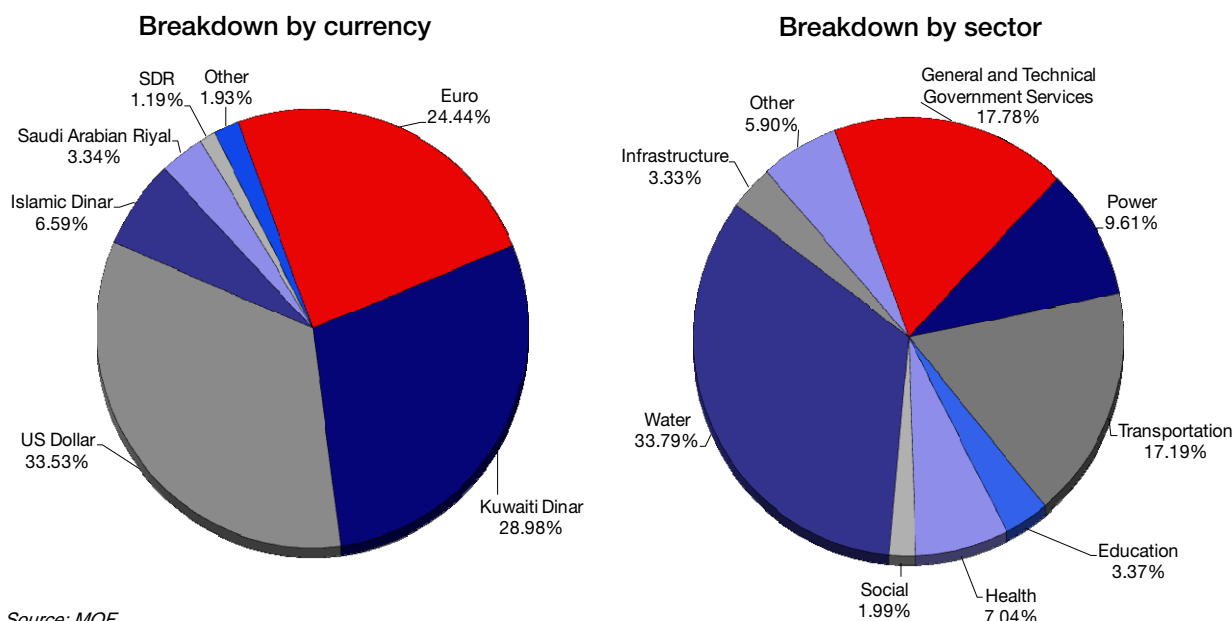
Auction Date	July					August				September				Frequency
	2	9	16	23	30	6	13	20	27	3	10	17	24	
Issue Date	5	12	19	26	02-Aug	9	16	23	30	6	13	20	27	
3 M		x		x		x		x		x		x		6
6 M	x		x		x		x		x		x		x	7
12 M		x		x		x		x		x		x		6
2 Y	x				x				x				x	4
3 Y			x				x				x			3
5 Y		x		x		x		x		x		x		6
7 Y			x				x				x			3
10 Y	x				x				x				x	4

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

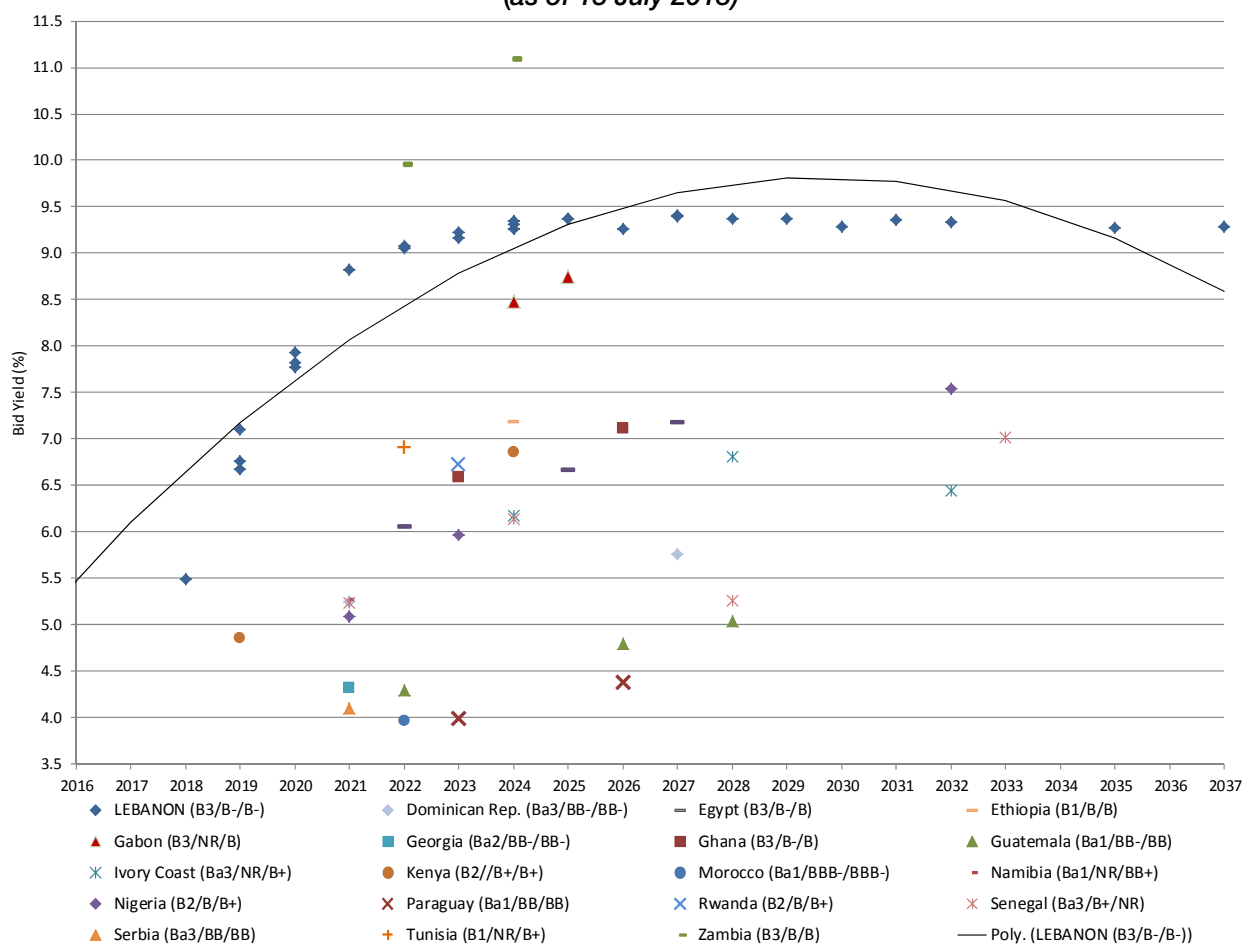
Bilateral and Multilateral Loans (as of end-March 2018)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,494 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 13 July 2018)



Source: DB, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end March 2018

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 (Q1 2018- QIV 2017)
EURO							
LEB 5.35	28/11/2018	445,000,000	100.75	101.75	3.33	362	-26
US DOLLARS							
LEB 5.15	12/06/2018	700,000,000	100.00	100.25	4.42	210	-101
LEB 5.15	12/11/2018	1,025,000,000	99.85	100.35	4.97	260	-83
LEB 5.5	23/04/2019	500,000,000	99.88	100.38	5.37	295	-49
LEB 6	20/05/2019	650,000,000	100.38	100.88	5.42	298	-47
LEB 5.45	28/11/2019	1,500,000,000	99.38	99.88	5.69	316	-37
LEB 6.375	09/03/2020	1,200,000,000	100.63	101.13	5.89	333	-71
LEB 5.8	14/04/2020	700,000,000	99.38	99.88	6.00	342	-75
LEB 6.15	19/06/2020	600,000,000	99.88	100.38	6.08	350	-71
LEB 8.25	12/04/2021	2,092,469,000	105.38	106.13	6.14	349	-82
LEB 6.25	27/05/2022	500,000,000	99.00	100.00	6.39	370	-76
LEB 6.1	04/10/2022	1,540,000,000	98.25	99.25	6.42	373	-70
LEB 6	27/01/2023	1,100,000,000	97.38	98.38	6.52	382	-80
LEB 6.4	26/05/2023	500,000,000	97.88	98.88	6.78	408	-64
LEB 6.65	22/04/2024	700,000,000	98.88	99.88	6.78	406	-66
LEB 6.25	04/11/2024	538,467,000	96.38	97.38	6.85	413	-63
LEB 7	03/12/2024	250,000,000	99.88	100.88	6.93	421	-59
LEB 6.2	26/02/2025	800,000,000	95.25	96.25	6.99	426	-56
LEB 6.25	12/06/2025	800,000,000	95.13	96.13	7.03	431	-53
LEB 6.6	27/11/2026	1,600,000,000	94.50	95.50	7.39	464	-27
LEB 6.85	23/03/2027	1,250,000,000	96.75	97.75	7.27	452	-39
LEB 6.75	29/11/2027	1,000,000,000	95.50	96.50	7.33	457	-38
LEB 7*	20/03/2028	700,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 6.65	03/11/2028	893,197,000	94.00	95.00	7.41	464	-40
LEB 6.85	25/05/2029	1,000,000,000	94.25	95.25	7.55	478	-35
LEB 6.65	26/02/2030	1,400,000,000	92.50	93.50	7.55	476	-40
LEB 7	22/04/2031	300,000,000	93.88	94.88	7.69	490	-28
LEB 7.15*	20/11/2031	1,000,000,000	#N/A	#N/A	#N/A	#N/A	#N/A
LEB 7	23/03/2032	1,000,000,000	93.38	94.38	7.72	492	-31
LEB 7.05	02/11/2035	600,000,000	92.63	93.63	7.77	496	-30
LEB 7.25	23/03/2037	750,000,000	94.00	95.00	7.81	499	-43

Source: DB

* Eurobonds issued as part of a Debt Replacement Agreement between the Ministry of Finance and Banque du Liban.

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

List of Outstanding Eurobonds (values as of March 31, 2018)							
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 II							
XS0169203048	USD 200 MN - May 2018	10,000,000	1	USD	5.000%	05/27/18	0.08

*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).

* Note : Eurobonds issued in the context of the Paris III conference have been fully amortized.

For further information, please contact:

Ministry of Finance—Public Debt Directorate / Tel: 961 1 956 000 ext: 1555/1520 Fax: 961 1 983 268
Email: PDD@finance.gov.lb / Website: <http://www.finance.gov.lb>