

DEBT AND DEBT MARKETS

A Quarterly Bulletin of the Ministry of Finance

Issue No. 32, Quarter I 2015



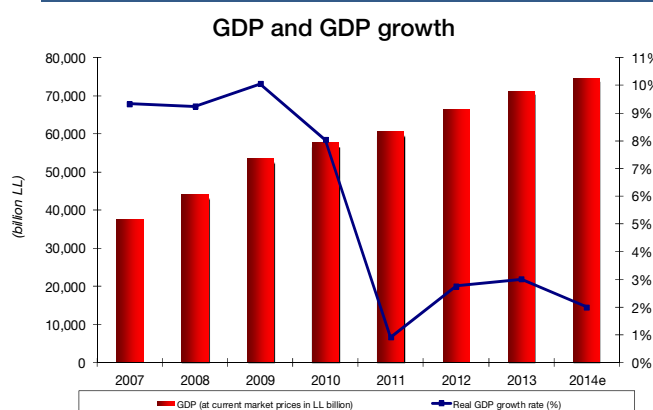
REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end of Q1 2015, gross public debt stood at LL 104,675 billion (US\$ 69.44 billion), a 4.3 percent increase compared to end-2014.
- Net public debt registered LL 88,210 billion (US\$ 58.51 billion) at end-Q1 2015, an increase of 2.1 percent from the end-2014 level.
- Domestic currency debt reached LL 63,260 billion at end-Q1 2015, an increase of 2.44 percent compared to end-2014.
- Commercial banks captured 53.89 percent of total subscriptions of Treasury bills and bonds in Q1 2015 while BdL subscription stood at 32.39 percent. Public institutions share reached 6.36 percent of the total subscriptions.
- During Q1 2015, primary market rates on Treasury bills and bonds issued remained unchanged compared to end QIV 2014 levels except for the 7yr T-bond that decreased from 7.5 and to 7.08 percent and 10yr T-bonds that decreased from 7.98 to 7.46 percent.
- For the first time, the Ministry of Finance has published on its website the auction calendar for Q1 2015 in line with the Medium Term Debt Strategy (also published on the website). The auction calendar for QIII 2015 is now available on the Ministry's website: www.finance.gov.lb
- Foreign currency debt totaled LL 41,415 billion (US\$ 27.47 billion) at the end-Q1 2015, a 7.26 percent increase from the end-2013 level.
- On 26 February the Lebanese Republic issued a US\$ 2.2 billion dual tranche Eurobond. The first series (Series 73) consisted of an US\$ 800 million 6.200% coupon due February 2025. The second series (Series 74) was a US\$ 1,400 million 6.650% coupon due February 2030.

THE LEBANESE ECONOMY

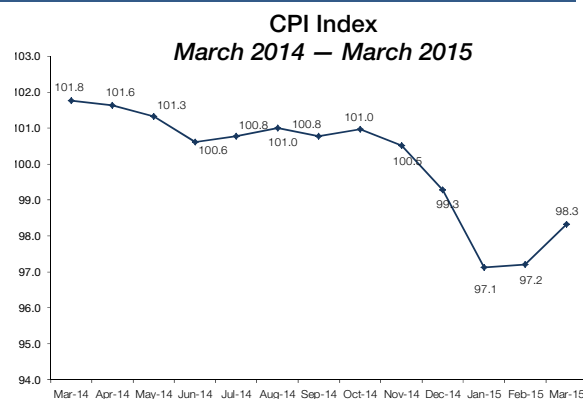


Source: National Accounts

Notes:

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

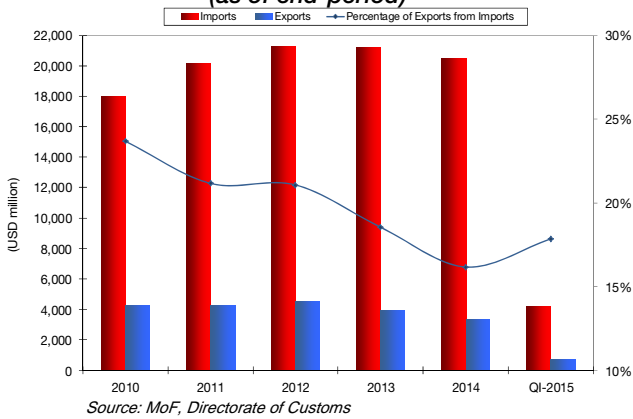
2- GDP 2014 using the IMF growth rate and deflator published on WEO - April 2015.



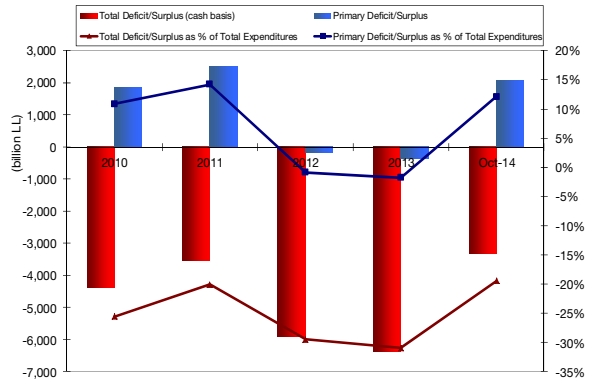
Source: Central Administration of Statistics / CPI - Dec 2013= 100.

THE LEBANESE ECONOMY

Trade Statistics (as of end-period)



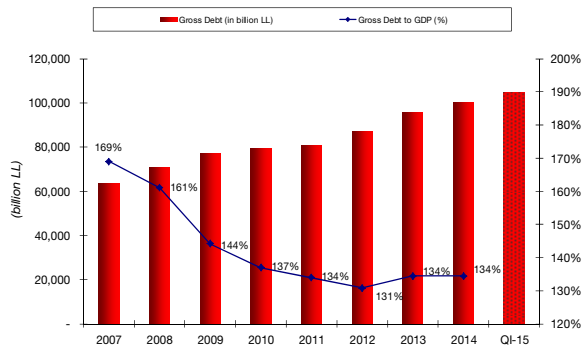
Fiscal Performance



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 November 2014 Public Finance Monitor.

OVERALL DEBT DATA

Gross Public Debt

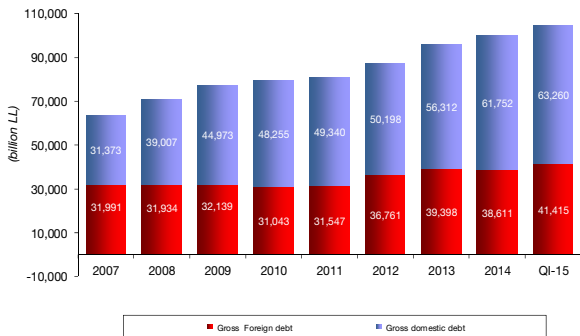


Source: National Accounts

Notes:

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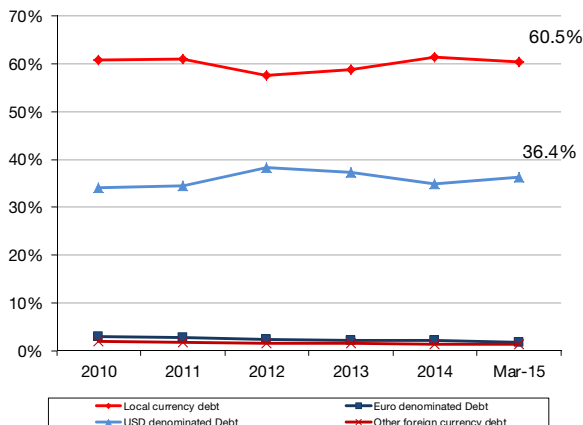
Historical Debt Evolution



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).

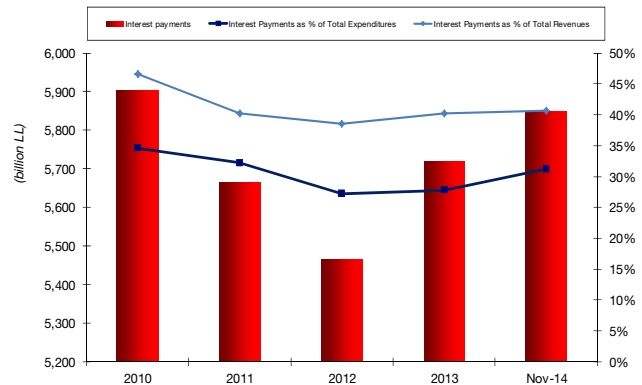
Outstanding Debt by Currency Composition (as of end-period)



Source: MOF

Note: Excluding accrued interest.

Interest Payments

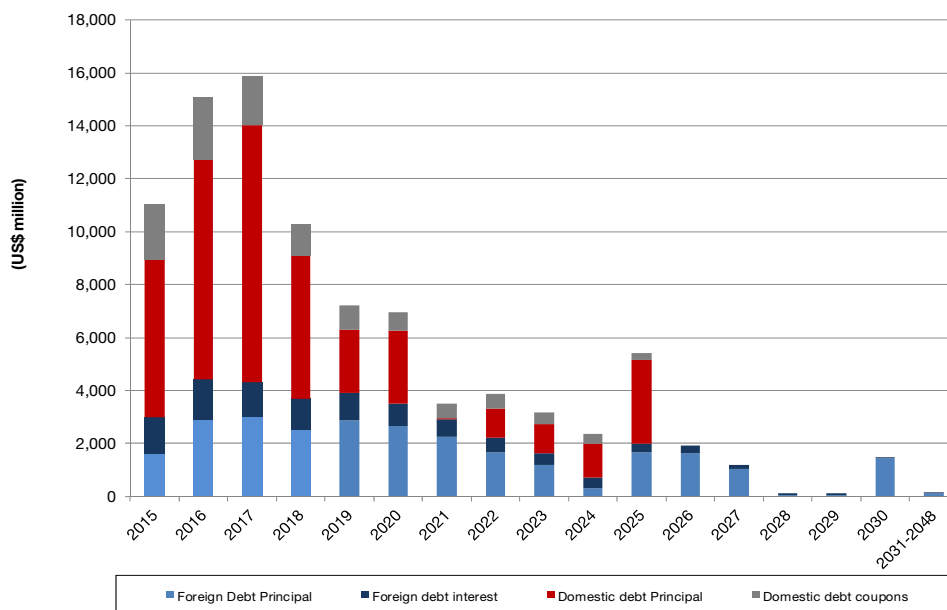


Source: MOF

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 November 2014 Public Finance Monitor.

OVERALL DEBT DATA

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

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Mar-15	Change Dec 14 - Mar 15	% Change Dec 14 - Mar 15
Gross Public Debt (A + B)	79,298	80,887	86,959	95,710	100,363	104,675	4,312	4.30%
A. Local currency debt	48,255	49,340	50,198	56,312	61,752	63,260	1,508	2.44%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	21,607	1,752	8.82%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	31,116	(352)	-1.12%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	10,537	108	1.04%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	7,856	155	2.01%
o/w Contractor bonds	-	41	134	134	180	180	-	0.00%
*Accrued interest included in debt	867	788	789	877	1,029	977	(52)	-5.05%
B. Foreign currency debt	31,043	31,547	36,761	39,398	38,611	41,415	2,804	7.26%
4. Eurobonds	26,738	27,490	32,789	35,533	34,850	37,868	3,018	8.66%
Of which, Paris II at preferential rates ⁽²⁾	3,677	3,161	2,646	2,130	1,615	1,562	(53)	-3.27%
Of which, Paris III at preferential rates ⁽³⁾	709	663	317	271	226	204	(23)	-10.00%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	35,429	2,844	8.73%
* Accrued Interest on Eurobonds	483	407	400	444	425	674	249	58.59%
5. Loans	4,231	3,977	3,860	3,729	3,640	3,434	(206)	-5.66%
5.1 Paris II loans	460	351	279	208	128	97	(31)	-24.22%
5.2 Paris III loans ⁽⁴⁾	1,147	1,060	997	915	760	721	(39)	-5.07%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,137	(55)	-4.65%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,432	(74)	-4.91%
5.5 Foreign Private Sector Loans	24	18	14	94	54	47	(7)	-12.96%
6. Other debt	74	80	112	136	121	113	(8)	-6.61%
6.1 Special Tbls in Foreign currency ⁽⁵⁾	74	80	112	136	121	113	(8)	-6.61%
Public sector deposits	11,419	10,984	12,916	15,495	13,965	16,465	2,500	17.90%
Net debt	67,879	69,903	74,043	80,215	86,398	88,210	1,812	2.10%
Gross Market debt⁽⁶⁾	51,308	50,191	58,623	65,386	67,380	70,060	2,679	3.98%
% of total debt	64.7%	62.1%	67.4%	68.3%	67.1%	66.9%	-0.2%	-0.31%

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 March 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.

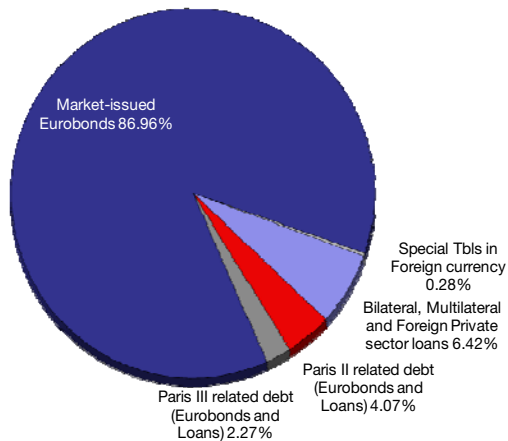
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽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.

FOREIGN CURRENCY DEBT DATA

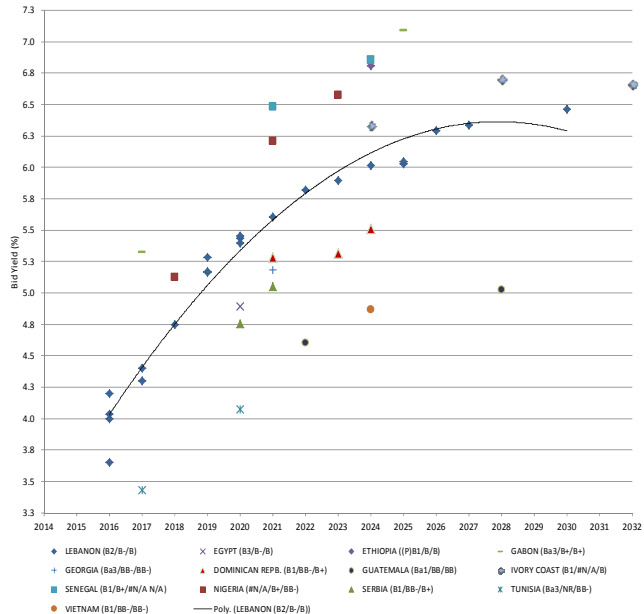
Outstanding Foreign Currency Debt by Holder



Source: MOF, BDL

Note: Does not include accrued interest.

Yields for Republic of Lebanon Eurobonds and Comparable [USD Eurobonds] (as of June 29, 2015)



Source: DB, MOF

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.35 2018	104.25	105.25	4.07	3.78	393	361
US Dollars						
LEB 8.5 2015	101.51	101.86	4.00	3.00	373	272
LEB 8.5 2016	103.32	104.03	4.15	3.26	375	286
LEB 4.5 2016	100.25	101.03	4.25	3.50	377	302
LEB 11.625 2016	107.89	108.75	4.25	3.50	376	301
LEB 4.75 2016	100.75	101.91	4.25	3.50	360	284
LEB 9 2017	107.75	108.25	4.82	4.56	404	379
LEB 5 2017	100.25	100.75	4.89	4.68	393	371
LEB 5.15 2018	100.13	100.88	5.11	4.88	387	364
LEB 5.5 2019	100.75	101.25	5.29	5.15	396	382
LEB 6 2019	102.13	103.13	5.42	5.15	408	381
LEB 5.45 2019	100.00	100.50	5.45	5.33	401	389
LEB 6.375 2020	103.50	104.00	5.55	5.44	408	396
LEB 5.8 2020	100.88	101.36	5.60	5.49	410	399
LEB 6.15 2020	102.38	102.88	5.62	5.51	410	399
LEB 8.25 2021	112.70	113.20	5.73	5.64	412	403
LEB 6.1 2022	101.50	102.00	5.85	5.77	408	399
LEB 6 2023	100.50	101.00	5.92	5.84	412	403
LEB 7 2024	106.50	107.00	6.10	6.03	418	411
LEB 6.2 2025	100.50	101.00	6.13	6.06	419	412
LEB 6.25 2025	100.50	101.00	6.18	6.12	423	416
LEB 6.6 2026	102.50	103.15	6.29	6.22	428	419
LEB 6.75 2027	103.50	104.00	6.34	6.29	429	423
LEB 6.65 2030	100.50	101.00	6.60	6.54	448	443

Source: DB 31st March 2015

Lebanon Secondary Issues						
	Price		Yield		Z-Spread	
	Bid	Ask	Bid	Ask	Bid	Ask
EURO						
LEB 5.35 2018	104.75	105.75	3.83	3.52	356	324
US Dollars						
LEB 8.5 2015	100.55	100.71	2.73	1.15	246	86
LEB 8.5 2016	102.60	103.10	3.65	2.75	329	239
LEB 4.5 2016	100.39	100.89	4.00	3.37	356	293
LEB 11.625 2016	106.35	106.91	4.03	3.40	358	294
LEB 4.75 2016	100.70	101.61	4.20	3.50	357	287
LEB 9 2017	107.70	108.31	4.30	3.95	352	317
LEB 5 2017	101.28	102.04	4.40	4.05	341	306
LEB 5.15 2018	101.22	102.32	4.75	4.40	340	305
LEB 5.5 2019	101.13	102.13	5.17	4.88	371	342
LEB 6 2019	102.88	103.88	5.17	4.89	370	341
LEB 5.45 2019	100.63	101.63	5.29	5.03	368	342
LEB 6.375 2020	104.00	105.00	5.40	5.16	374	350
LEB 5.8 2020	101.50	102.50	5.44	5.20	375	351
LEB 6.15 2020	103.00	104.00	5.45	5.22	372	349
LEB 8.25 2021	112.88	113.88	5.61	5.42	375	356
LEB 6.1 2022	101.63	102.63	5.82	5.65	372	355
LEB 6 2023	100.63	101.63	5.89	5.73	375	358
LEB 7 2024	107.00	108.00	6.01	5.88	371	357
LEB 6.2 2025	101.25	102.25	6.03	5.89	368	354
LEB 6.25 2025	101.50	102.50	6.05	5.91	368	354
LEB 6.6 2026	102.50	103.50	6.29	6.17	383	370
LEB 6.75 2027	103.50	104.50	6.34	6.22	383	371
LEB 6.65 2030	101.75	102.75	6.46	6.36	387	376

Source: DB 29th June 2015

Lebanon Sovereign Debt Rating			
Agency	Foreign Currency		
	Long - term tenor rating	Short - term tenor rating	Outlook
As of June 29 th , 2015			
Fitch Ratings *	B	B-	Negative
Moody's Investor Services Ltd **	B2	-	Negative
Standard and Poor's ***	B-	B	Stable

* Fitch's reaffirmed its ratings on 12 June 2015

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

*** Standard and Poor's reaffirmed its ratings on 27 March 2015

FOREIGN CURRENCY DEBT DATA

List of Outstanding Eurobonds (values as of March 31, 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
XS0793155754	USD 500 MN - June 2015	500,000,000	500,000,000	1	USD	4.100%	06/12/15	0.20
XS0381915353	USD 500 MN - August 2015	500,000,000	500,000,000	1	USD	8.500%	08/06/15	0.35
US52238PAJ84	USD 750 MN - January 2016	750,000,000	750,000,000	1	USD	8.500%	01/19/16	0.81
XS0922623912	USD 600 MN - April 2016	600,000,000	600,000,000	1	USD	4.500%	04/22/16	1.06
XS0128547147	USD 400 MN - May 2016	400,000,000	400,000,000	1	USD	11.625%	05/11/16	1.12
XS0655338555	USD 500 MN - November 2016*	500,000,000	500,000,000	1	USD	4.750%	11/02/16	1.59
XS0418193917	USD 1,500 MN - March 2017	1,500,000,000	1,500,000,000	2	USD	9.000%	03/20/17	1.97
XS0769530238	USD 775 MN - October 2017	775,000,000	775,000,000	2	USD	5.000%	10/12/17	2.54
XS0793155838	USD 700 MN - June 2018	700,000,000	700,000,000	1	USD	5.150%	06/12/18	3.20
XS0559237952	USD 1,025 MN - November 2018	1,025,000,000	1,025,000,000	3	USD	5.150%	11/12/18	3.62
XS0707821467	EUR 445 MN - November 2018	445,000,000	478,186,116	2	EUR	5.350%	11/28/18	3.67
XS0922623755	USD 500 MN - April 2019	500,000,000	500,000,000	1	USD	5.500%	04/23/19	4.07
XS0629509943	USD 650 MN - May 2019	650,000,000	650,000,000	1	USD	6.000%	05/20/19	4.14
XS0707819727	USD 1,500 MN - November 2019	1,500,000,000	1,500,000,000	3	USD	5.450%	11/28/19	4.67
XS0493540297	USD 1,200 MN - Mar 2020	1,200,000,000	1,200,000,000	1	USD	6.375%	03/09/20	4.95
XS1052421150	USD 700 MN - April 2020	700,000,000	700,000,000	3	USD	5.800%	04/14/20	5.04
XS0944226637	USD 600 MN - June 2020	600,000,000	600,000,000	1	USD	6.150%	06/19/20	5.22
XS0250882478	USD 2092.469 MN - April 2021	2,092,469,000	2,092,469,000	3	USD	8.250%	04/12/21	6.04
XS0559237796	USD 1,540 MN - October 2022	1,540,000,000	1,540,000,000	4	USD	6.100%	10/04/22	7.52
XS0859367194	USD 1,100 MN - January 2023	1,100,000,000	1,100,000,000	3	USD	6.000%	01/27/23	7.83
XS0471737444	USD 250 MN - December 2024	250,000,000	250,000,000	1	USD	7.000%	12/03/24	9.68
XS0793155911	USD 800 MN - June 2025	800,000,000	800,000,000	1	USD	6.250%	06/12/25	10.21
XS0707820659	USD 725 MN - November 2026	1,600,000,000	1,600,000,000	6	USD	6.600%	11/27/26	11.67
XS0859366899	USD 500 MN - November 2027	1,000,000,000	1,000,000,000	3	USD	6.750%	11/29/27	12.67
XS1196417569	USD 1000 MN Notes - February 2025	800,000,000	800,000,000	1	USD	6.200%	02/26/25	9.92
XS1196419854	USD 1000 MN Notes - February 2030	1,400,000,000	1,400,000,000	1	USD	6.650%	02/26/30	14.92
EUROBONDS ISSUED IN THE CONTEXT OF PARIS III								
XS0312416000	USD \$300 MN - July 2017	135,000,000	135,000,000	1	USD	3.750%	07/20/17	1.70
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II								
XS0160456322	USD 950 MN - Dec 2017	195,000,000	195,000,000	1	USD	5.000%	12/27/17	1.42
XS0160503347	USD 2,007.511 MN - Dec 2017	602,253,300	602,253,300	2	USD	4.000%	12/31/17	1.42
XS0164502352	USD 700 MN - Mar 2018	210,000,000	210,000,000	1	USD	5.000%	03/07/18	1.67
XS0169203048	USD 200 MN - May 2018	70,000,000	70,000,000	1	USD	5.000%	05/27/18	1.59
						Average Time to Maturity (in years, of March 31, 2015):	5.88	
						Weighted average coupon rate:	6.42%	

* 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) (31 March 2015): 1.075

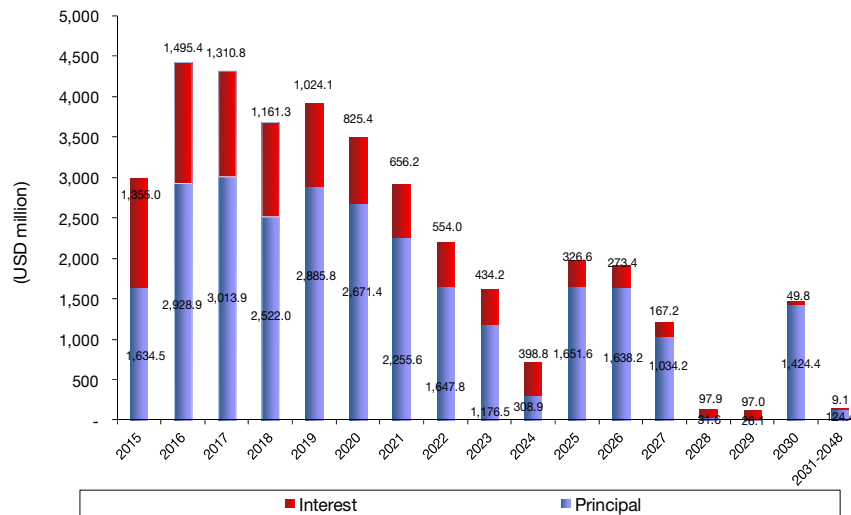
FOREIGN CURRENCY DEBT DATA

Recent Government Eurobond Issuances							
Issue Date	Series (Tranche)	Term (years)	Maturity Date	Coupon Rate	Issuance Yield	Amount issued	ISIN Code
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
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

* Series 69-70-63(2) were issued as a part of a Debt Replacement Agreement between the Ministry of Finance and Banque du

**Series 71 issued to Banque du Liban (BdL)

Foreign Currency Debt (Eurobonds, loans, and all others) Amortization Schedule (as of end-March 2015)

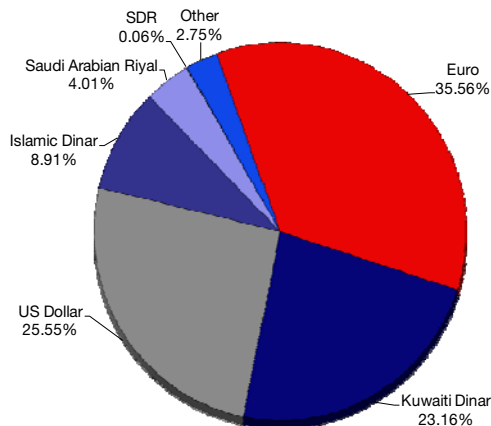


Source: MOF, BDL

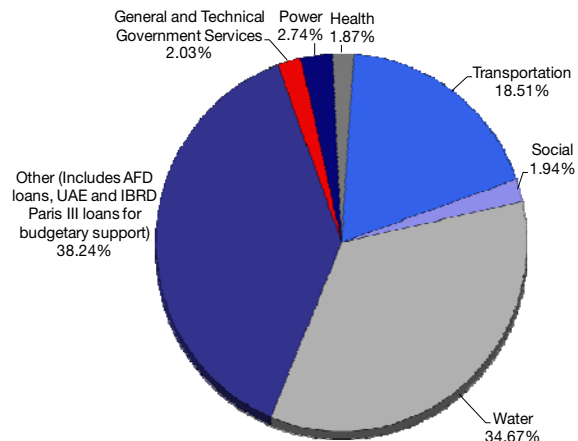
The data used for the amortization schedule is based on outstanding and not on committed amounts.

FOREIGN CURRENCY LOANS DATA

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



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

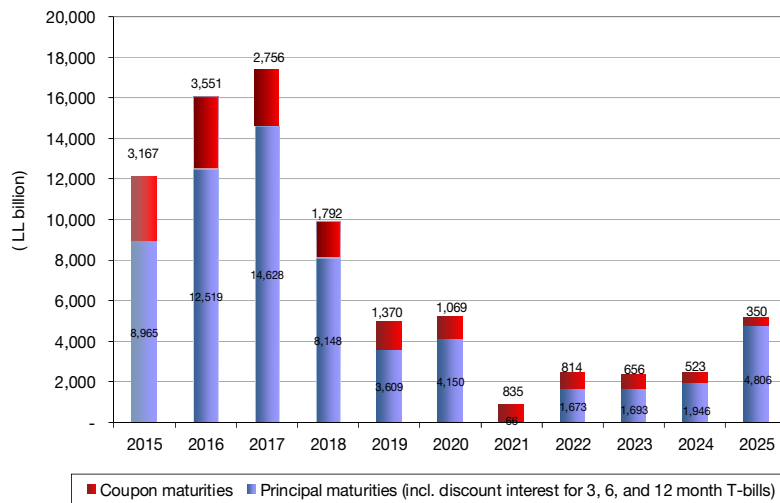


Total Outstanding LL 3,434 billion

Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



As of end-March 2015	
Average Time to Maturity of Domestic Currency T-bills and Bonds (in years)	3.37
Weighted Average Coupon Rate of Domestic Currency T-bills and Bonds	6.97%

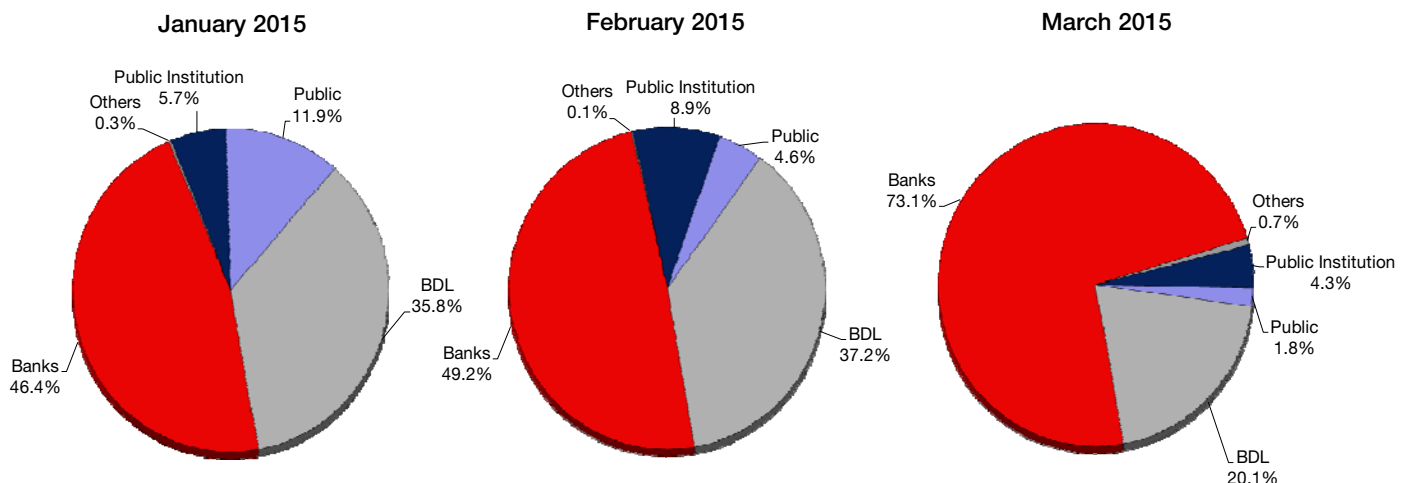
Source: MOF, BDL

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
06-Jul-15	09-Jul-15	6MN, 2YR, 10YR
13-Jul-15	16-Jul-15	3MN, 12MN, 5YR
20-Jul-15	23-Jul-15	6MN, 3YR
27-Jul-15	30-Jul-15	3MN, 12MN, 5YR

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

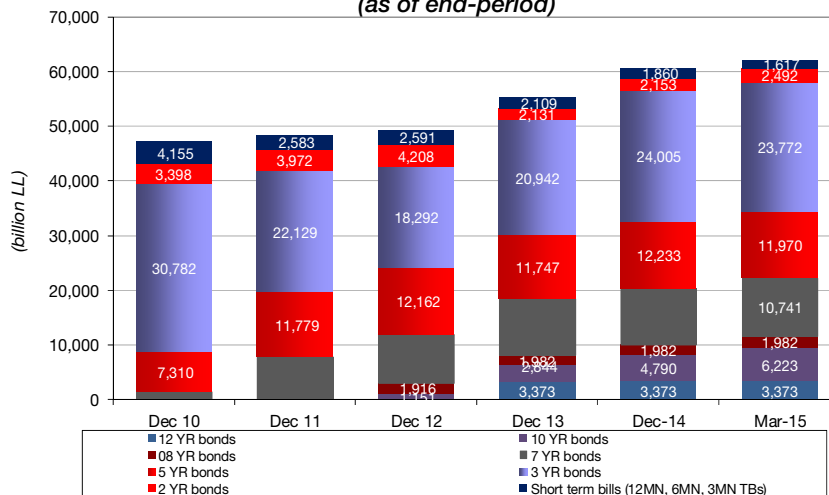
T-Bill and Bond Subscription Results by Holder During Q1 2015



Source: MOF, BDL

DOMESTIC CURRENCY DEBT DATA

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



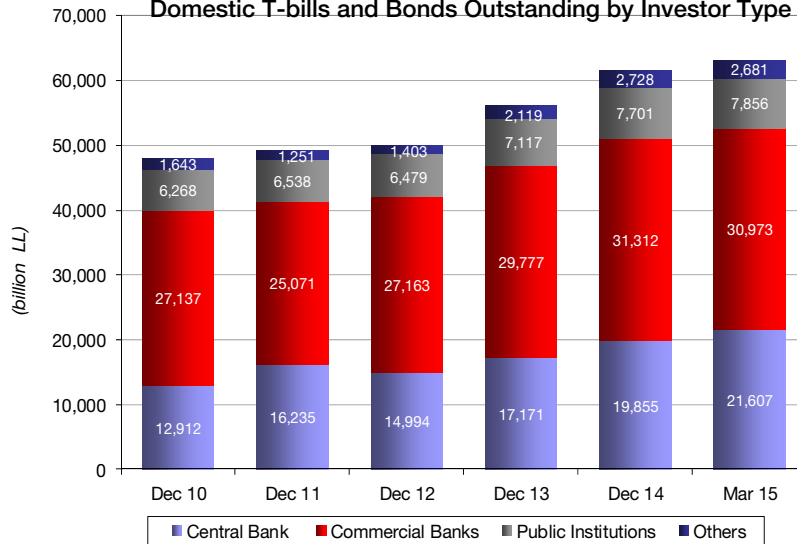
Source: MOF, BDL

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.

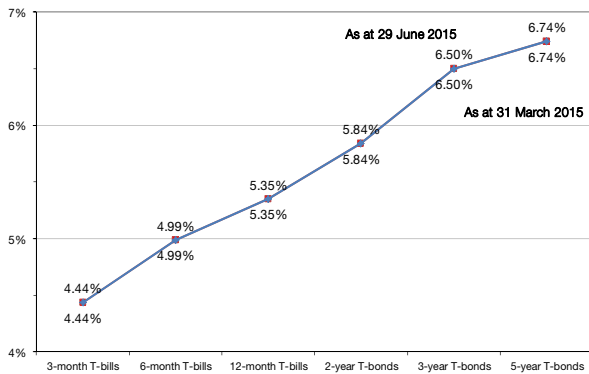
Domestic T-bills and Bonds Outstanding by Investor Type



Source: MOF, BDL

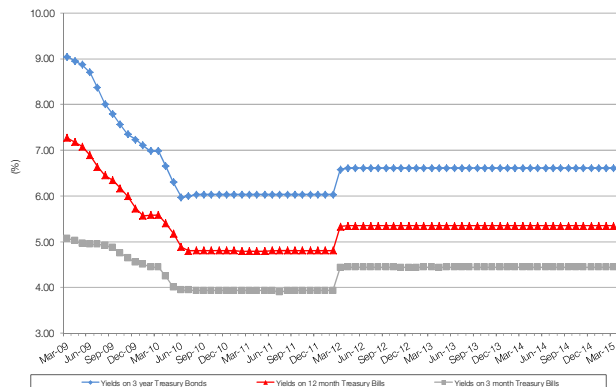
Note: Central Bank figures include the amounts of repurchase agreements.

Yield Curve for Regularly Auctioned T-Bills and Bonds



Source: MoF

Time Series of Primary Market Rates for T-Bills and Bonds (end-March 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:
Public Debt Directorate
Ministry of Finance
Tel: 961 1 956 000 ext: 1555/1520
Fax: 961 1 983 268
Email: PDD@finance.gov.lb
www.finance.gov.lb