

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end of QI-2019, gross public debt stood at LL 129,982 billion (US\$ 86.2 billion), a 1.3 percent increase compared to end-2018.
- Net public debt registered LL 116,334 billion (US\$ 77.2 billion) at end QI-2019, an increase of 1.9% compared to end-2018.
- Domestic currency debt reached LL 79,065 billion at end QI-2019, an increase of 1.6% compared to end-2018.
- Following the December 2018 increase in the rate of the 10yr DX treasury bonds from 7.46% to 10%, the DX primary yield curve shifted upwards. The current rates on DX t-bills and bonds are 5.3%, 5.85%, 6.5%, 7.0%, 7.5%, 8.0% and 9.0% for the tenors 3 month, 6 month, 12 month, 2-yr, 3-yr, 5-yr and 7-yr respectively (see p.2).
- Foreign currency debt totaled LL 50,917 billion (US\$ 33.8 billion) at end of QI-2019 a 0.8 percent increase from end-2018 level.

KEY COST AND RISK INDICATORS

As end March 2019	QI 2019 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2018 - Mar 2019	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	129,982	86.2	1.3%			
DX	79,065	52.4	1.6%	60.83%	4.43 yr	6.28%
FX	50,917	33.8	0.8%	39.17%	7.76 yr	6.57%
Net Government Debt	116,334	77.2	1.9%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of June 03, 2019)

Agency	Long – term tenor rating	Short – term tenor rating	Outlook
Fitch Ratings*	B-	B	Negative
Moody's Investor Services Ltd **	Caa1	-	Stable
Standard and Poor's ***	B-	B	Stable

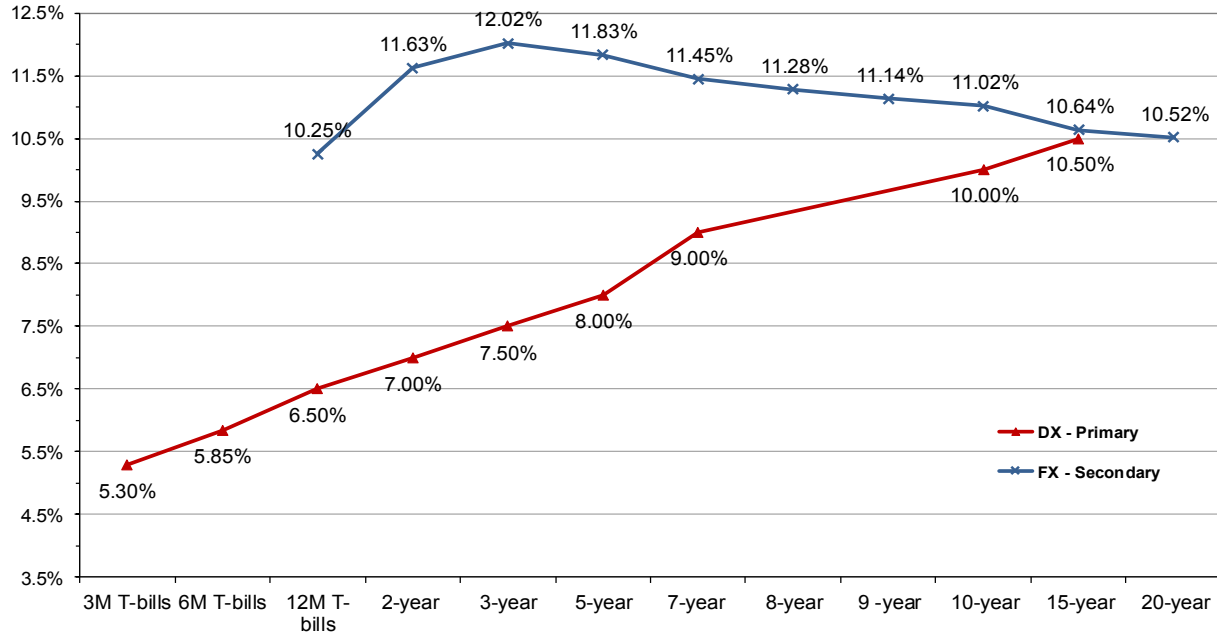
* Fitch Ratings Investors Services affirmed its B- ratings and revised the outlook of Lebanon from stable to negative on 18 December 2018

** Moody's Investors Services downgraded Lebanon's bond rating from B3 to Caa1 and revised the outlook from negative to stable on 21 January 2019

*** Standard and Poor's affirmed its rating at B/B and revised the outlook of Lebanon from stable to negative on 01 March 2019

INTEREST RATES & COST

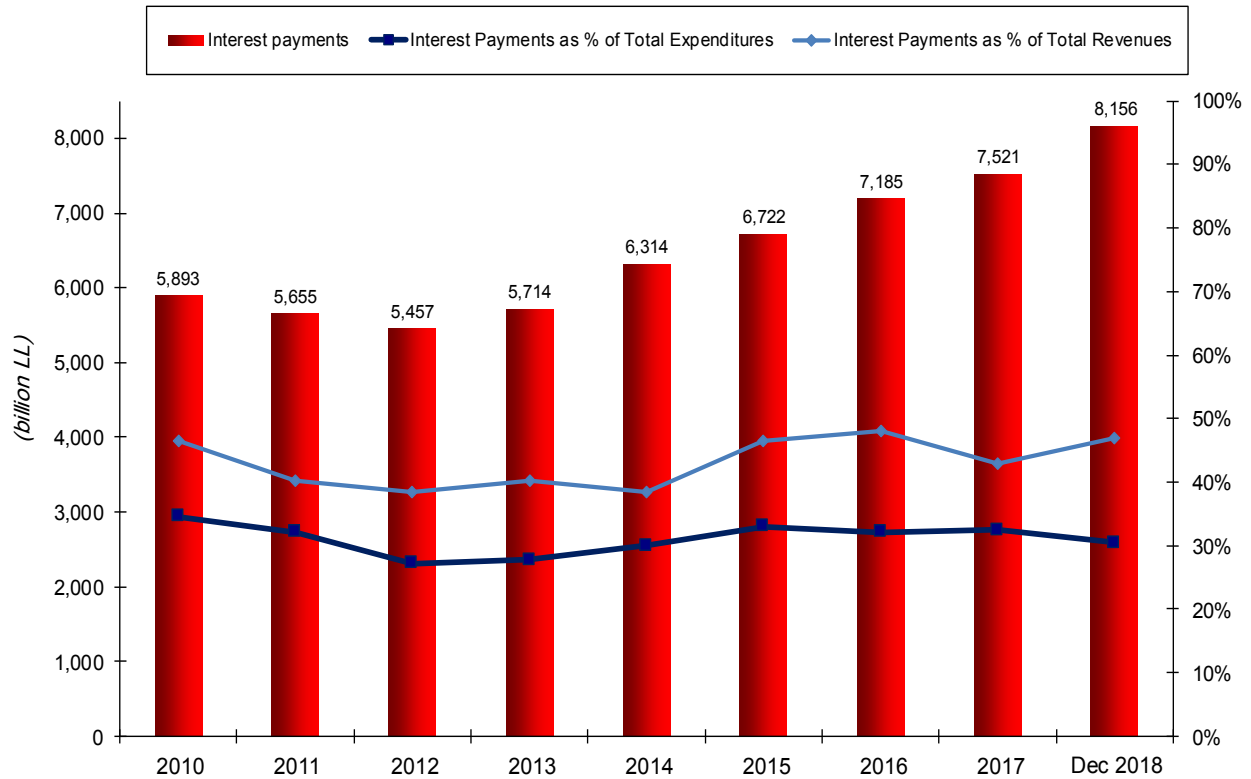
Government DX & FX T-Bills and T-Bonds Yield Curve as at 03 June 2019



Source: MOF, Reuters

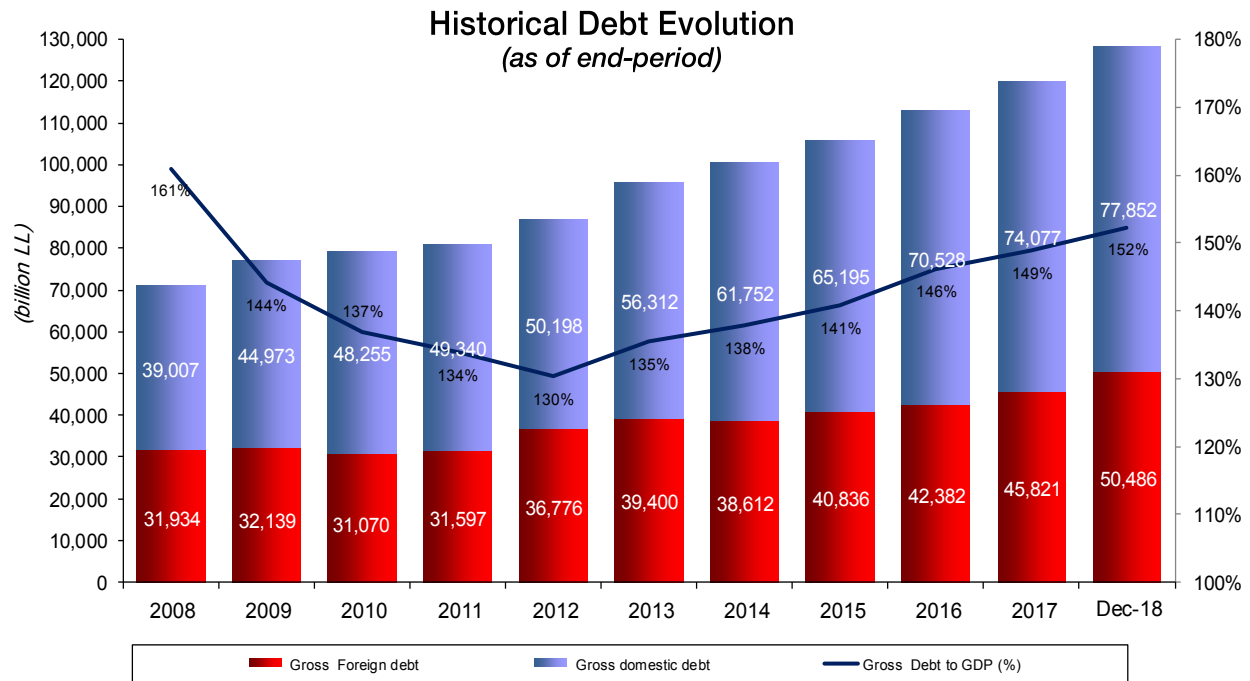
As of January 2019 the DX T-bills and Bonds primary curve shifted upwards. Eurobonds secondary levels as at 11 February 2019 have widened by 133 bps on average from the 11 February 2019 levels quoted in the QIV 2018 Debt & Debt Markets report.

Interest Payments As end of Period



Source: MOF

OVERALL DEBT DATA



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 2008-2017: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2017. GDP 2018 estimated using IMF growth rate.

Public Debt Table ⁽¹⁾ (as of end - March 2019)

Public Debt (in LL billion)	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Mar-19	Change Mar 19 - Dec 18	% Change Mar 19 - Dec 18
Gross Public Debt (A + B)	86,974	95,712	100,364	106,031	112,910	119,892	128,347	129,982	1,635	1%
A. Local currency debt	50,198	56,312	61,752	65,195	70,528	74,077	77,852	79,065	1,213	2%
1. Central Bank	14,649	16,761	19,454	23,907	30,150	35,580	39,006	40,736	1,730	4%
2. Commercial Banks (including REPOs)	27,667	30,315	31,869	30,279	29,581	27,756	27,402	26,922	(480)	-2%
3. Other local debt (T-bills)	7,882	9,236	10,429	11,009	10,797	10,741	11,444	11,407	(37)	0%
o/w Public entities	6,479	7,117	7,701	8,461	8,718	8,941	9,956	9,922	(34)	0%
o/w Contractor bonds	134	134	180	180	139	166	166	133	(33)	-20%
*Accrued interest included in debt	789	877	1,029	997	1,098	1,159	1,123	1,194	71	6%
B. Foreign currency debt	36,776	39,400	38,612	40,836	42,382	45,815	50,495	50,917	422	1%
4. Eurobonds	32,789	35,533	34,850	37,561	39,240	42,339	47,225	47,645	420	1%
Of which, Paris II at preferential rates	2,646	2,130	1,615	1,099	583	68	-	-	-	-
Of which, Paris III at preferential rates	317	271	226	181	136	-	-	-	-	-
Of which, market-issued Eurobonds	29,427	32,688	32,584	35,846	38,063	41,791	46,678	46,678	(0)	0%
* Accrued Interest on Eurobonds	400	444	425	435	458	480	547	967	420	77%
5. Loans	3,884	3,738	3,648	3,207	3,079	3,443	3,264	3,269	5	0%
5.1 Paris II loans	279	208	128	83	48	18	-	-	-	-
5.2 Paris III loans ⁽²⁾	997	915	760	629	525	452	344	341	(3)	-1%
5.3 Bilateral loans (non-Paris II and III)	841	827	1,200	1,054	953	935	822	825	3	0%
5.4 Multilateral loans (non-Paris II and III)	1,753	1,694	1,506	1,417	1,494	1,954	2,015	2,017	2	0%
5.5 Foreign Private Sector Loans	14	94	54	24	59	84	83	86	3	4%
6. Other debt	103	129	114	68	63	33	6	3	(3)	-50%
6.1 Special Tbls in Foreign currency ⁽³⁾	103	129	114	68	63	33	6	3	(3)	-50%
Public sector deposits	12,916	15,495	14,246	13,555	14,586	15,659	14,186	13,648	(538)	-4%
Net debt	74,058	80,217	86,118	92,476	98,324	104,233	114,161	116,334	2,173	2%
Gross Market debt⁽⁴⁾	59,014	65,789	67,774	69,200	70,303	71,944	76,204	76,141	(63)	0%
% of total debt	67.9%	68.7%	67.5%	65.3%	62.3%	60.0%	59.4%	58.6%	-0.8%	-1%

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 2018 may be subject to slight modification.

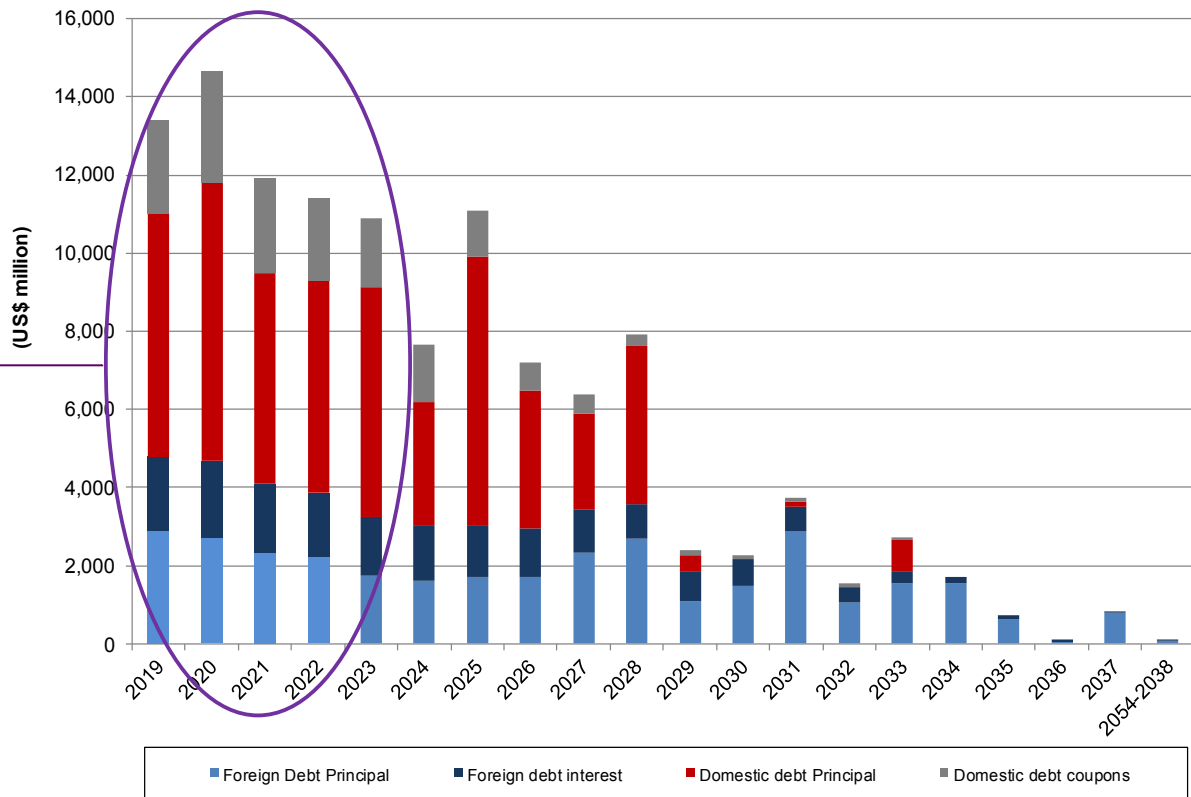
⁽²⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

⁽³⁾ Special Tbls in Foreign currency (expropriation and contractor bonds).

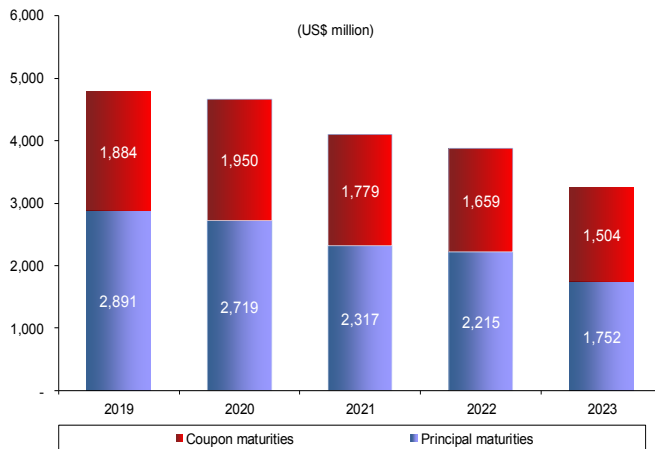
⁽⁴⁾ Gross market debt equals gross debt less the portfolios of the BDL, Public Entities, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

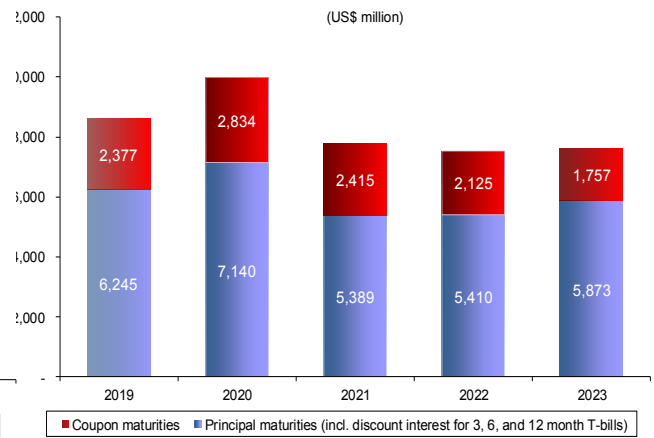
Aggregate Debt Amortization (as of end-March 2019)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and T-Bonds

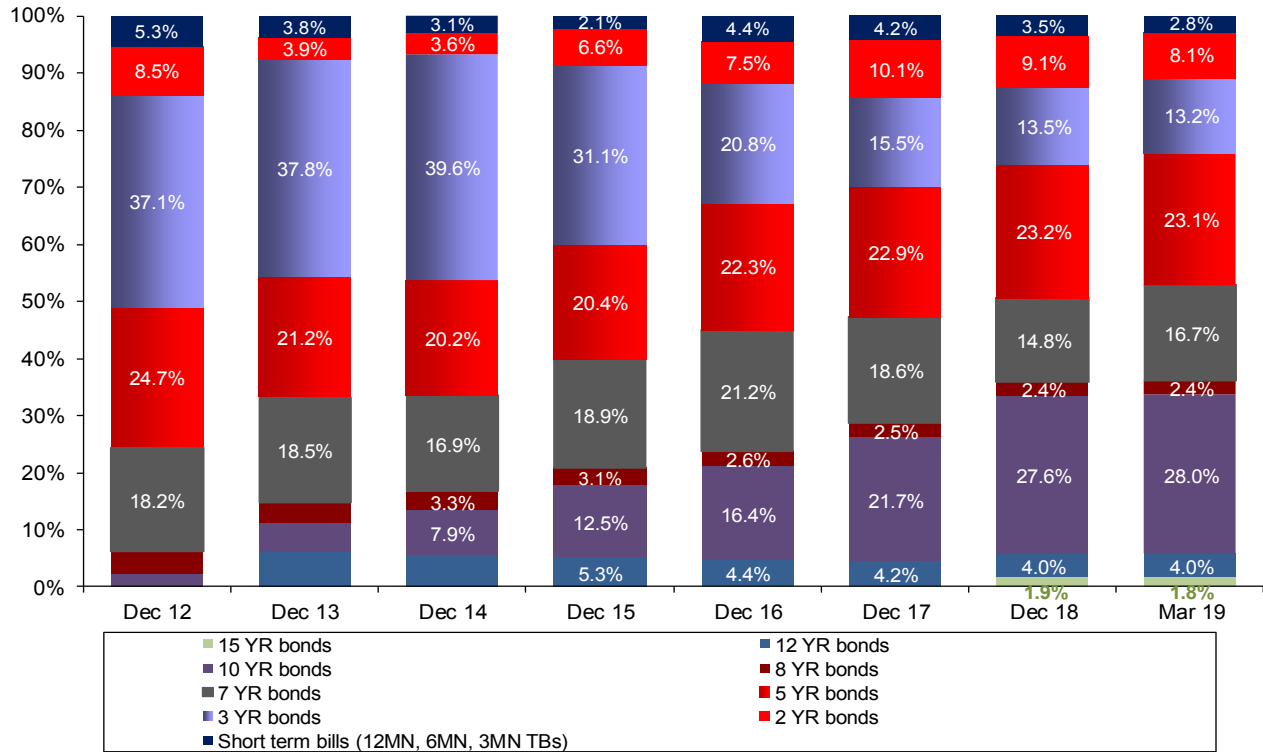


Source: MOF, BDL

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)



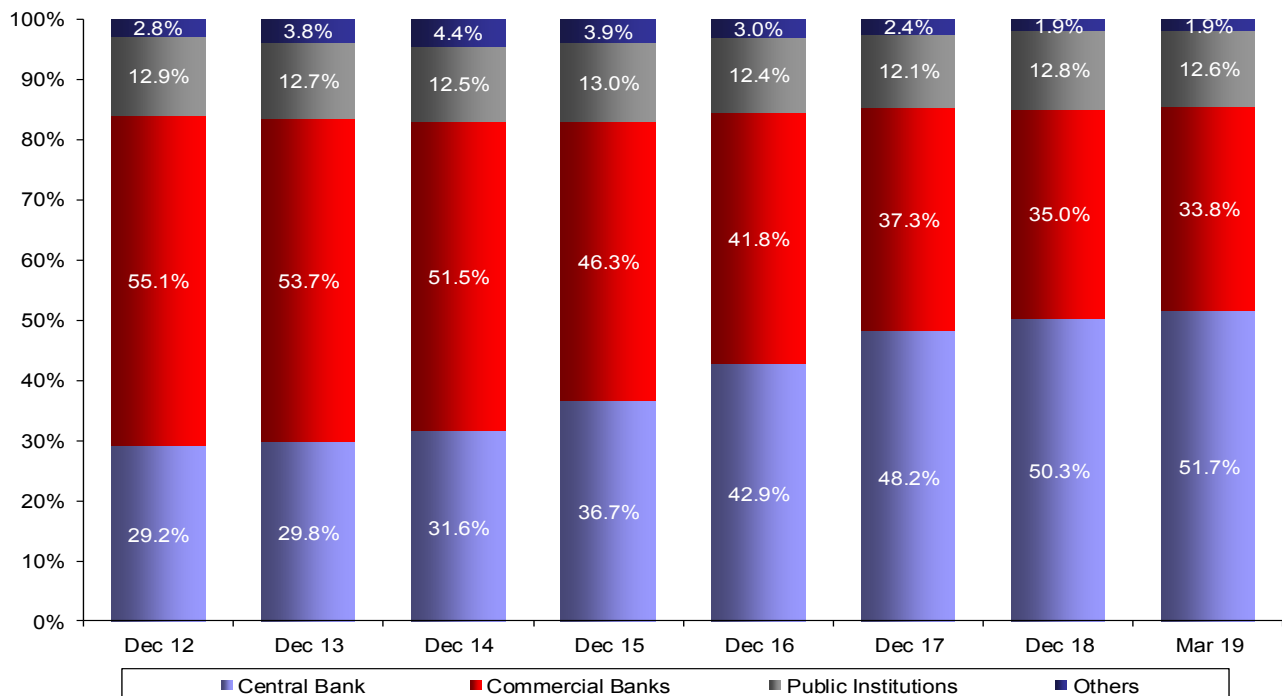
Source: MOF

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.

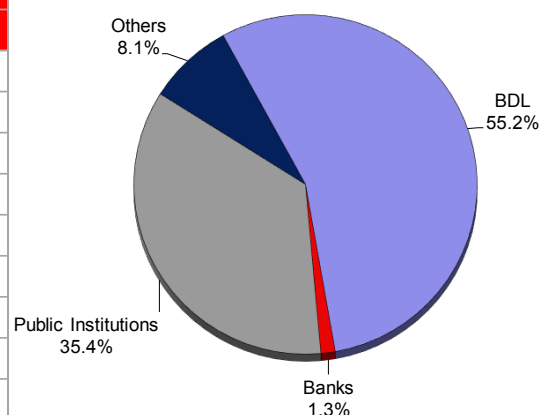
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QI 2019

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
03-01-19	-	3	-	-	0	-	62	-	65
10-01-19	14	-	122	-	-	68	-	-	204
17-01-19	-	14	-	30	-	-	-	125	169
24-01-19	7	-	13	-	-	71	-	-	91
31-01-19	-	11	-	-	180	-	447	-	638
07-02-19	9	-	113	-	-	173	-	-	295
14-02-19	-	7	-	115	-	-	-	228	350
21-02-19	3	-	7	-	-	153	-	-	163
28-02-19	-	6	-	-	175	-	79	-	260
07-03-19	3	-	106	-	-	152	-	-	261
14-03-19	-	3	-	105	-	-	-	282	391
21-03-19	201	-	11	-	-	199	-	-	411
28-03-19	-	7	-	-	160	-	1,049	-	1216
Total QI-2019	237	51	372	251	515	817	1,637	635	4515
Grand Total	237	51	372	251	515	817	1,637	635	4515

QI 2019 Subscription Results by Holder



In QI 2019 the largest subscriber in DX Treasury bills and bonds was BDL reaching 55.2 percent of the total subscriptions. Public Institutions share stood at 35.4 percent and the Banks share at 1.3 percent of total quarter subscriptions.

Domestic Treasury Bills & Bonds Auction Calendar QII 2019

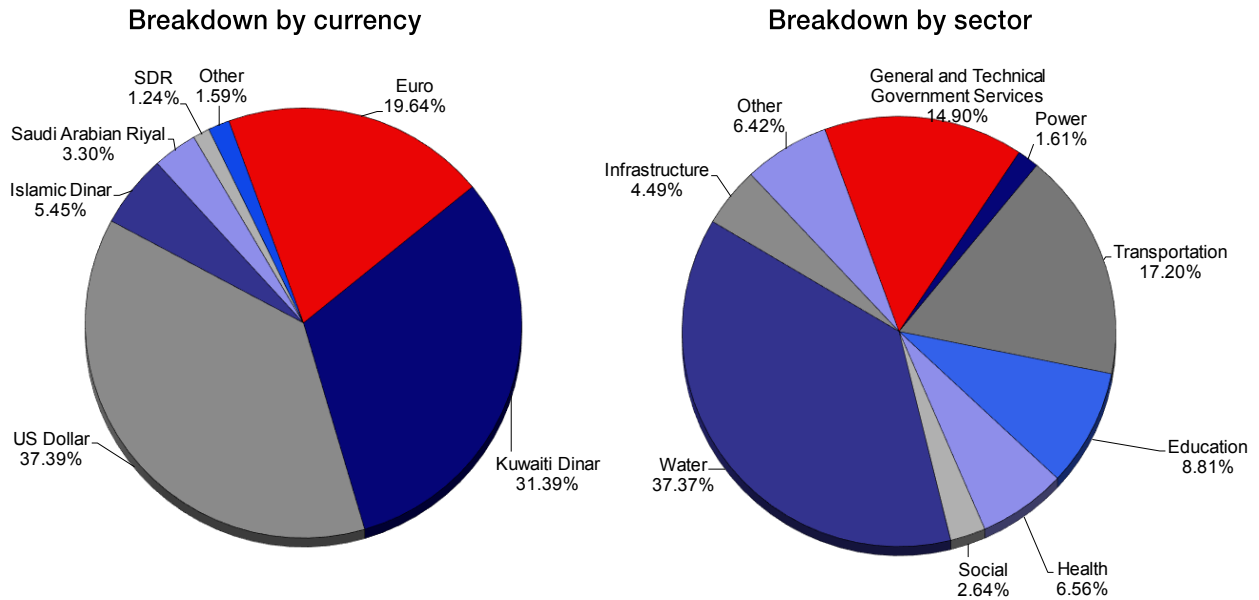
Auction Date	April					May				June				Frequency
	1	8	15	22	29	6	13	20	27	3	10	17	24	
Issue Date	4	11	18	25	02-May	9	16	23	30	6	13	20	27	
3 M	x		x		x		x		x		x		x	7
6 M		x		x		x		x		x		x		6
12 M	x		x		x		x		x		x		x	7
2 Y		x					x				x			3
3 Y				x				x				x		3
5 Y	x		x		x		x		x		x		x	7
7 Y				x				x				x		3
10 Y		x					x				x			3

*Auctions falling on holidays will be rescheduled accordingly.

Source: MOF

FOREIGN CURRENCY DEBT DATA

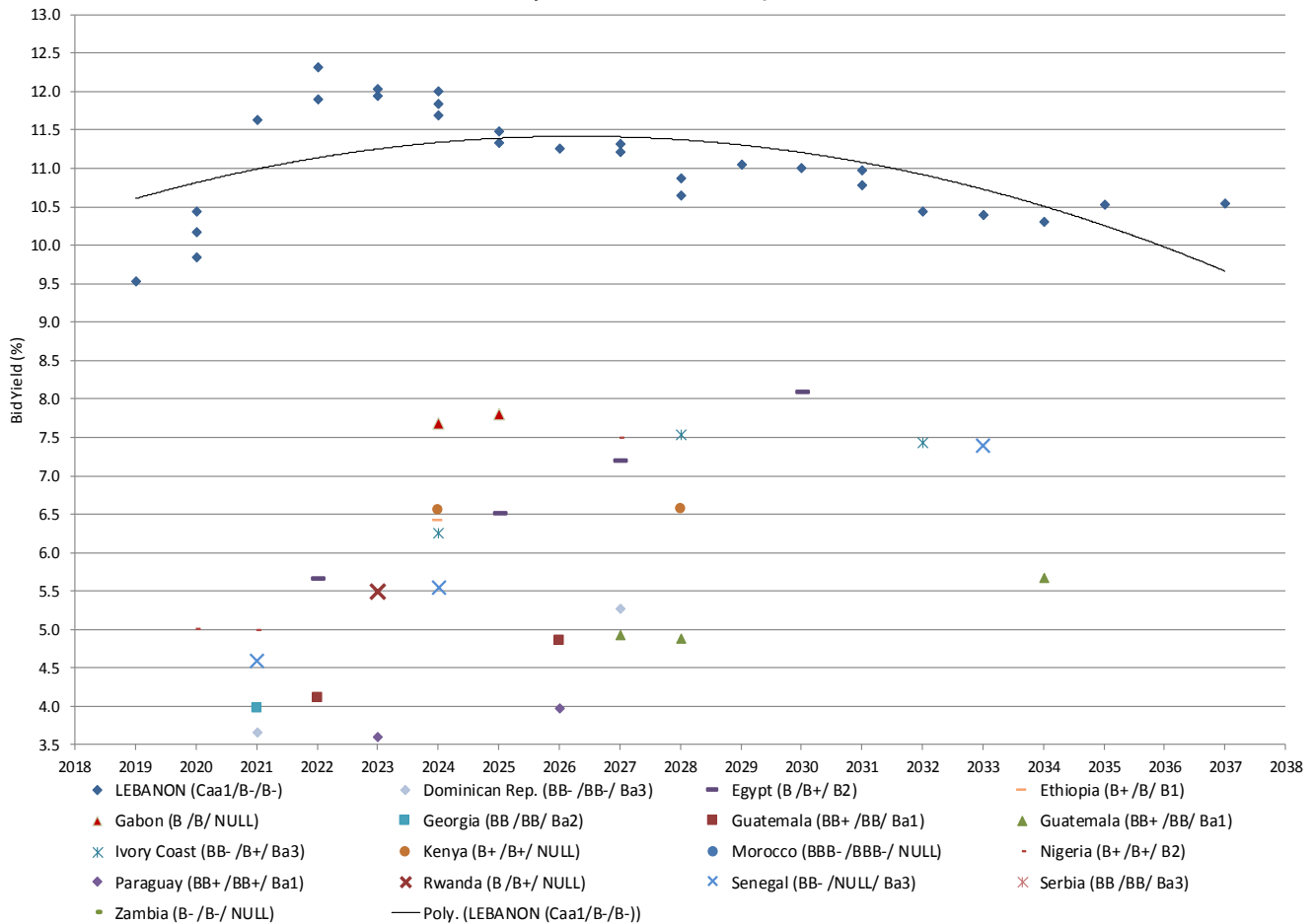
Bilateral and Multilateral Loans (as of end-March 2019)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,268 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of 03 June 2019)



Source: Reuters, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end March 2019

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 2019- QIV 2018)	
US DOLLARS							
LEB 5.45	23-04-2019	500,000,000	99.77	100.00	7.31	724	331
LEB 6.375	20-05-2019	650,000,000	99.13	100.25	8.21	1058	637
LEB 5.8	28-11-2019	1,500,000,000	97.38	97.63	9.45	730	123
LEB 6.15	09-03-2020	1,200,000,000	96.25	97.25	10.09	841	194
LEB 8.25	14-04-2020	700,000,000	94.98	96.08	10.47	882	217
LEB 6.25	19-06-2020	600,000,000	94.63	95.13	10.75	875	176
LEB 6.1	12-04-2021	2,092,469,000	93.50	94.50	11.65	991	203
LEB 6	27-05-2022	500,000,000	87.00	88.00	11.05	925	109
LEB 6.4	04-10-2022	1,540,000,000	86.60	87.81	10.56	854	66
LEB 6.65	27-01-2023	1,100,000,000	85.23	85.85	10.71	877	67
LEB 6.25	26-05-2023	500,000,000	85.13	86.13	10.78	880	64
LEB 7	22-04-2024	700,000,000	84.13	84.63	10.73	896	86
LEB 6.2	04-11-2024	538,467,000	81.75	83.08	10.49	880	69
LEB 6.25	03-12-2024	250,000,000	83.66	84.71	10.80	864	52
LEB 6.6	26-02-2025	800,000,000	81.37	82.68	10.35	893	87
LEB 6.85	12-06-2025	800,000,000	81.63	83.63	10.09	847	53
LEB 6.75	27-11-2026	1,600,000,000	79.74	81.00	10.38	828	39
LEB 7	23-03-2027	1,250,000,000	80.38	81.38	10.44	844	49
LEB 6.65	29-11-2027	1,000,000,000	79.50	81.50	10.19	848	59
LEB 6.85	20-03-2028	1,700,000,000	82.50	83.50	9.90	814	#N/A
LEB 6.65	03-11-2028	893,197,000	78.25	79.25	10.17	830	64
LEB 7	25-05-2029	1,000,000,000	77.63	78.63	10.39	790	3
LEB 7.15	26-02-2030	1,400,000,000	76.50	77.50	10.19	837	83
LEB 7	22-04-2031	300,000,000	76.75	77.75	10.34	812	40
LEB 8.2	20-11-2031	2,500,000,000	77.75	78.19	10.30	826	#N/A
LEB 8.25	23-03-2032	1,000,000,000	77.63	78.63	10.05	816	57
LEB 7.05	17-05-2033	1,500,000,000	85.86	86.20	10.07	794	#N/A
LEB 7.25	17-05-2034	1,500,000,000	85.74	86.08	10.08	789	#N/A
LEB	02-11-2035	600,000,000	75.95	77.36	9.95	789	65
LEB	23-03-2037	750,000,000	76.25	77.25	10.08	782	47

Source: Reuters

Note:

Non Marketable Eurobonds issued in the Context of Paris II & III have been fully amortized

For further information, please contact:

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