

DEBT AND DEBT MARKETS

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REPUBLIC OF LEBANON
MINISTRY OF FINANCE

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HIGHLIGHTS

- At end-QI 2017, gross public debt stood at LL 116,333 billion (US\$ 77.17 billion), a 3.03 percent increase compared to end-2016.
- Net public debt registered LL 99,860 billion (US\$ 66.24 billion) at end- QI 2017, an increase of 1.23 percent from the end-2016 level.
- Domestic currency debt reached LL 71,299 billion at end-QI 2017, an increase of 1.09 percent compared to end-2016.
- During December 2016 and January 2017 the Ministry of Finance issued LL 3,300 billion 5% coupon instead of 6.74% of 5-year T-bonds as a result of the ample liquidity where commercial banks shifted their local currency from an account held at the Central Bank of Lebanon to Treasury bonds of the same maturity.
- Foreign currency debt totaled LL 45,035 billion (US\$ 29.87 billion) at the end- QI 2017, a 6.25 percent increase from the end-2016 level.
- On 23 March 2017, the Ministry of Finance concluded a 3-tranche transaction raising US\$ 3 billion. The issued tranches due in 2027, 2032 and 2037 have coupons of 6.85%, 7.00% and 7.25% respectively. For details please visit: <http://www.finance.gov.lb/en-US/finance/PublicDebt/Pages/DebtTransactions.aspx>

KEY COST AND RISK INDICATORS

As end March 2017	QI 2017 Debt Data			Debt Portfolio Indicators		
	Total LBP billions	Total USD billions	% Change end 2015-end 2016	Currency Risk	ATM of bills and bonds	Weighted Avg Interest Rate
Gross Government Debt	116,333	77.2	3.0%			
DX	71,299	47.3	1.1%	61.29%	3.59 yr	6.94%
FX	45,034	29.9	6.3%	38.71%	7.38 yr	6.13%
Net Government Debt	99,860	66.2	1.2%			

SOVEREIGN RATINGS

Lebanon Sovereign Debt Rating (as of May 15th, 2017)

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

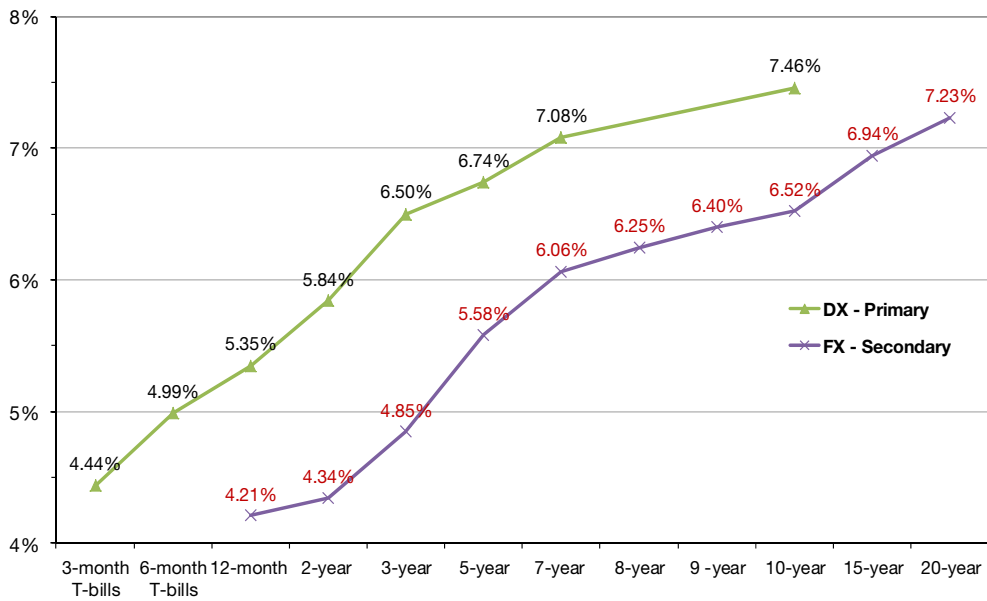
*Fitch Ratings affirmed its ratings and maintained the Stable outlook on 21 February 2017.

** Moody's affirmed its ratings and maintained the negative outlook on 15 May 2017

** Standard and Poor's affirmed its rating and keeping the outlook of Lebanon stable on 3 Mar 2017

INTEREST RATES & COST

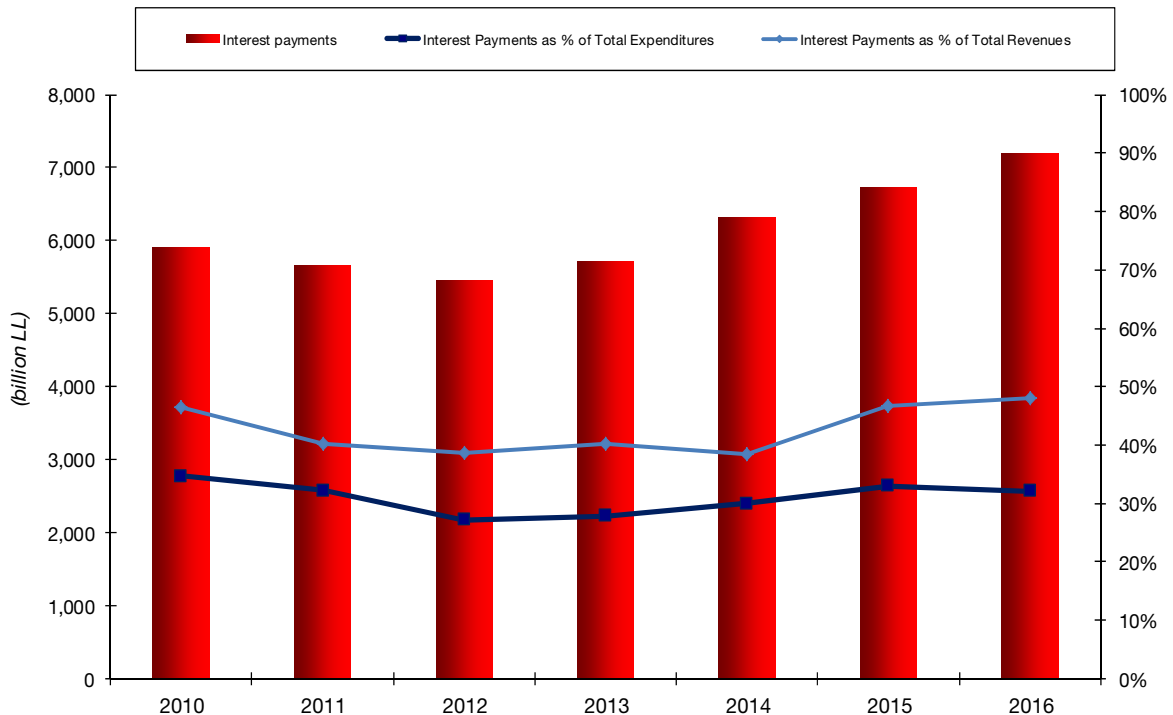
Government DX & FX T-Bills and T-Bonds Yield Curve as at 12 May 2017



Source: MOF, Reuters

During Q1 2017, primary market rates on Treasury bills and bonds issued remained unchanged compared to end 2016 levels. Eurobonds secondary levels as at 12 May 2017 have narrowed by 32 bps on average from the 21 February 2017 levels quoted in the QIV 2016 Debt & Debt Markets report.

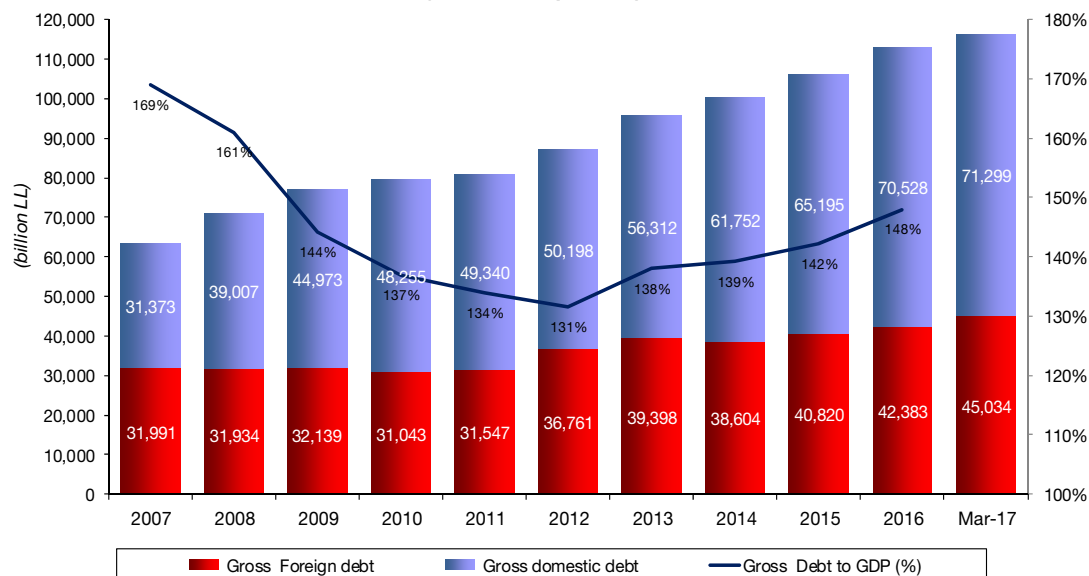
Interest Payments As end of Period



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 2006-2015: Lebanese National Accounts - CAS revised estimates - Comments and Tables 2004-2015. Published in April 2017.

3- GDP 2016 using the IMF growth rate and deflator published on WEO - April 2017.

Public Debt Table ⁽¹⁾ (as of end-March 2017)

Public Debt (in LL billion)	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Mar-17	Change Mar 17- Dec 16	% Change Mar 17- Dec 16
Gross Public Debt (A + B)	79,298	80,887	86,959	95,710	100,356	106,015	112,911	116,333	3,422	3.0%
A. Local currency debt	48,255	49,340	50,198	56,312	61,752	65,195	70,528	71,299	771	1.1%
1. Central Bank (including REPOs)	13,130	16,374	15,049	17,171	19,855	24,308	30,150	27,942	(2,208)	-7.3%
2. Commercial Banks	27,214	25,177	27,267	29,905	31,468	29,878	29,581	32,393	2,812	9.5%
3. Other local debt (T-bills)	7,911	7,789	7,882	9,236	10,429	11,009	10,797	10,964	167	1.5%
o/w Public entities	6,268	6,538	6,479	7,117	7,701	8,461	8,718	8,832	114	1.3%
o/w Contractor bonds	-	41	134	134	180	180	139	139	-	0.0%
* Accrued interest included in debt	867	788	789	877	1,029	997	1,098	1,149	51	4.6%
B. Foreign currency debt	31,043	31,547	36,761	39,398	38,604	40,820	42,383	45,034	2,651	6.3%
4. Eurobonds	26,738	27,490	32,789	35,533	34,850	37,561	39,240	41,741	2,501	6.4%
Of which, Paris II at preferential rates ⁽²⁾	3,677	3,161	2,646	2,130	1,615	1,099	583	531	(53)	-9.0%
Of which, Paris III at preferential rates ⁽³⁾	709	663	317	271	226	181	136	113	(23)	-16.7%
Of which, market-issued Eurobonds	21,870	23,258	29,427	32,688	32,584	35,846	38,063	40,331	2,268	6.0%
* Accrued Interest on Eurobonds	483	407	400	444	425	435	458	766	308	67.2%
5. Loans	4,231	3,977	3,860	3,729	3,640	3,191	3,080	3,255	175	5.7%
5.1 Paris II loans	460	407	279	208	128	83	48	32	(16)	-33.3%
5.2 Paris III loans ⁽⁴⁾	1,147	1,060	997	915	760	629	525	527	2	0.4%
5.3 Bilateral loans (non-Paris II and III)	723	766	832	821	1,192	1,040	953	963	10	1.0%
5.4 Multilateral loans (non-Paris II and III)	1,877	1,781	1,738	1,691	1,506	1,415	1,495	1,673	178	11.9%
5.5 Foreign Private Sector Loans	24	18	14	94	54	24	59	60	1	1.7%
6. Other debt	74	80	112	136	114	68	63	38	(25)	-39.7%
6.1 Special Tbls in Foreign currency ⁽⁵⁾	74	80	112	136	114	68	63	38	(25)	-39.7%
Public sector deposits	11,419	10,984	12,916	15,495	13,965	13,227	14,268	16,473	2,205	15.5%
Net debt	67,879	69,903	74,043	80,215	86,391	92,788	98,643	99,860	1,217	1.2%
Gross Market debt⁽⁶⁾	51,308	50,135	58,623	65,386	67,373	68,799	70,303	75,720	5,417	7.7%
% of total debt	64.7%	62.0%	67.4%	68.3%	67.1%	64.9%	62.3%	65.1%	2.8%	4.5%

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 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.

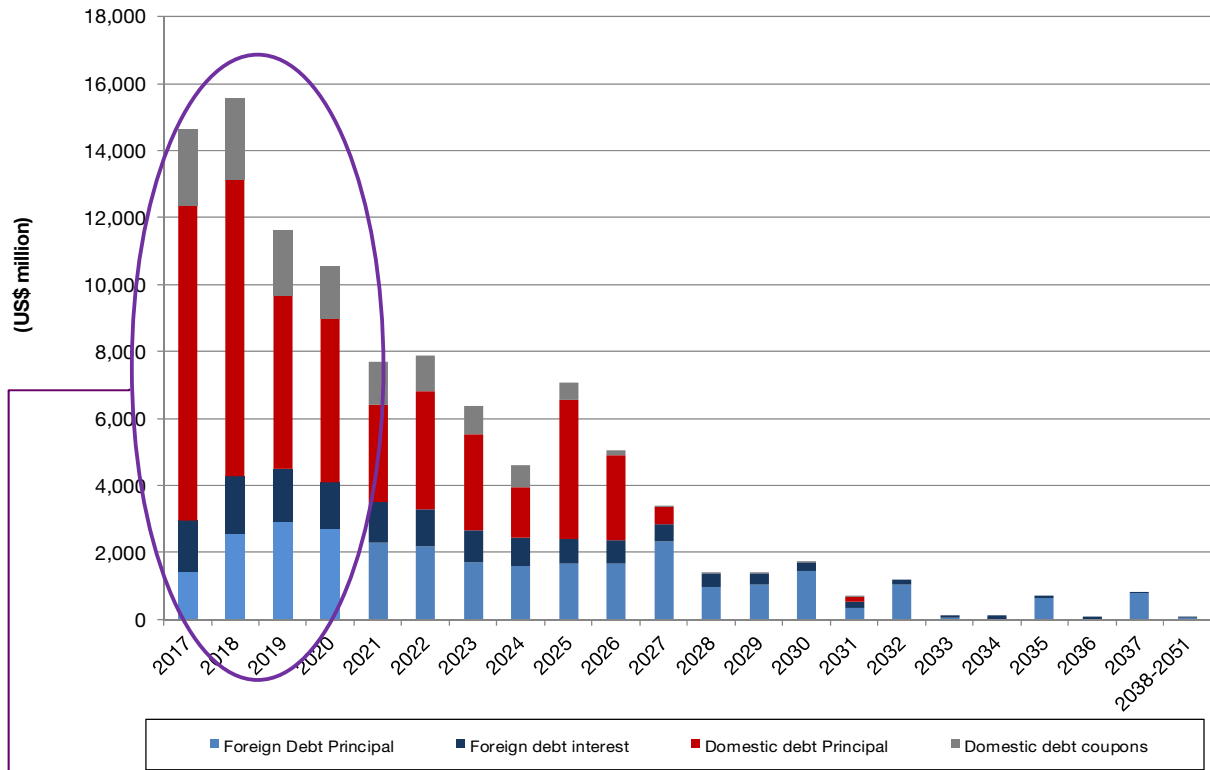
⁽⁴⁾ IBRD loan, UAE loan and French loan of which the first tranche was received in February 2008 and the second tranche in September 2012

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

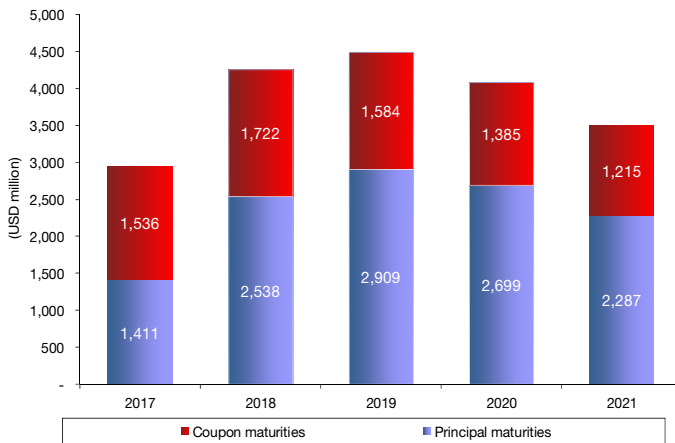
⁽⁶⁾ Gross market debt equals gross debt less the portfolios of the BDL, NSSF, bilateral and multilateral loans, Paris II and Paris III related debt.

AMORTIZATION PROFILE

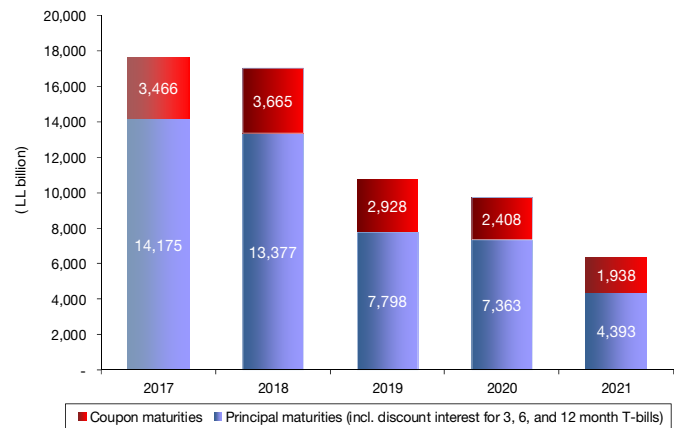
Aggregate Debt Amortization (as of end-March 2017)



Foreign Currency Debt (Eurobonds –Loans)



Domestic T-bills and Bonds

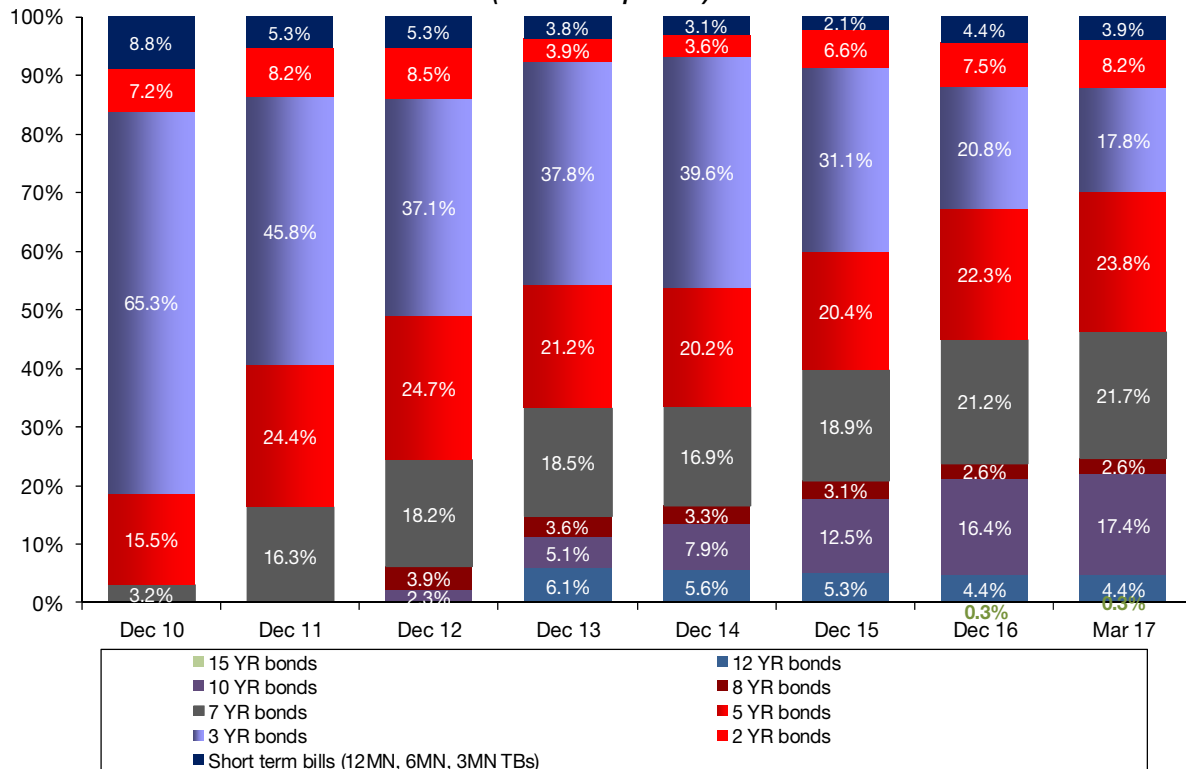


Source: MOF, BDL

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)



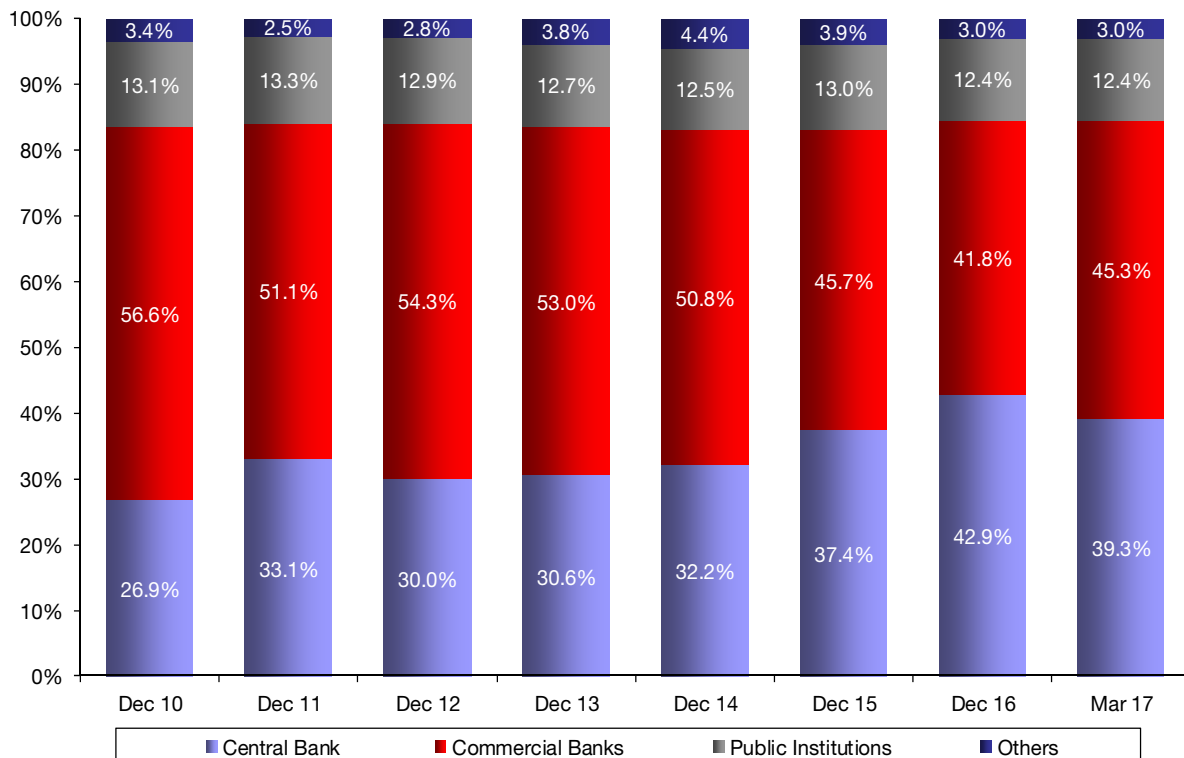
Source: MOF

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 139 billion contractor bonds issued in 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.

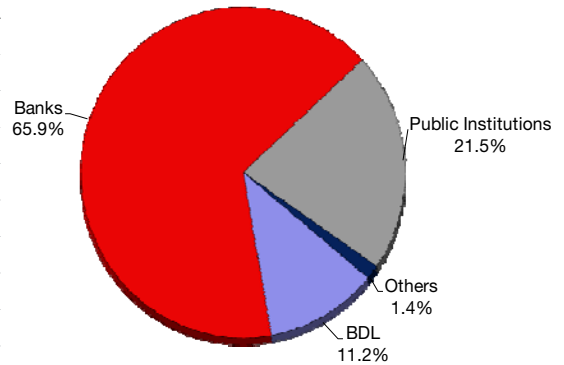
DOMESTIC CURRENCY DEBT DATA

T-Bills and Bonds Subscription Results— QI 2017

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
05-01-17	-	42	-	-	176	-	132	-	349
12-01-17	40	-	42	-	-	1,100	-	-	1183
19-01-17	-	41	-	201	-	-	-	151	394
26-01-17	41	-	43	-	-	1,100	-	-	1184
02-02-17	-	41	-	-	176	-	130	-	347
09-02-17	103	-	80	-	-	112	-	-	295
16-02-17	-	77	-	336	-	-	-	322	735
23-02-17	103	-	79	-	-	111	-	-	293
02-03-17	-	77	-	-	386	-	185	-	649
09-03-17	81	-	79	-	-	101	-	-	262
16-03-17	-	78	-	401	-	-	-	300	778
23-03-17	21	-	27	-	-	26	-	-	73
30-03-17	-	21	-	-	131	-	51	-	203
Total QIV	389	377	350	938	868	2,550	499	773	6,745
Grand Total	389	377	350	938	868	2,550	499	773	6,745

QI 2017 Subscription Results by Holder



During QI 2017 the largest subscriber in DX Treasury bills and bonds were the banks reaching 65.9 percent of the total subscriptions where in January 2017 their share amounted to 81.2 percent. Public institutions share amounted to 21.5 percent of total quarter subscriptions while Bdl share stood at 11.2 percent .

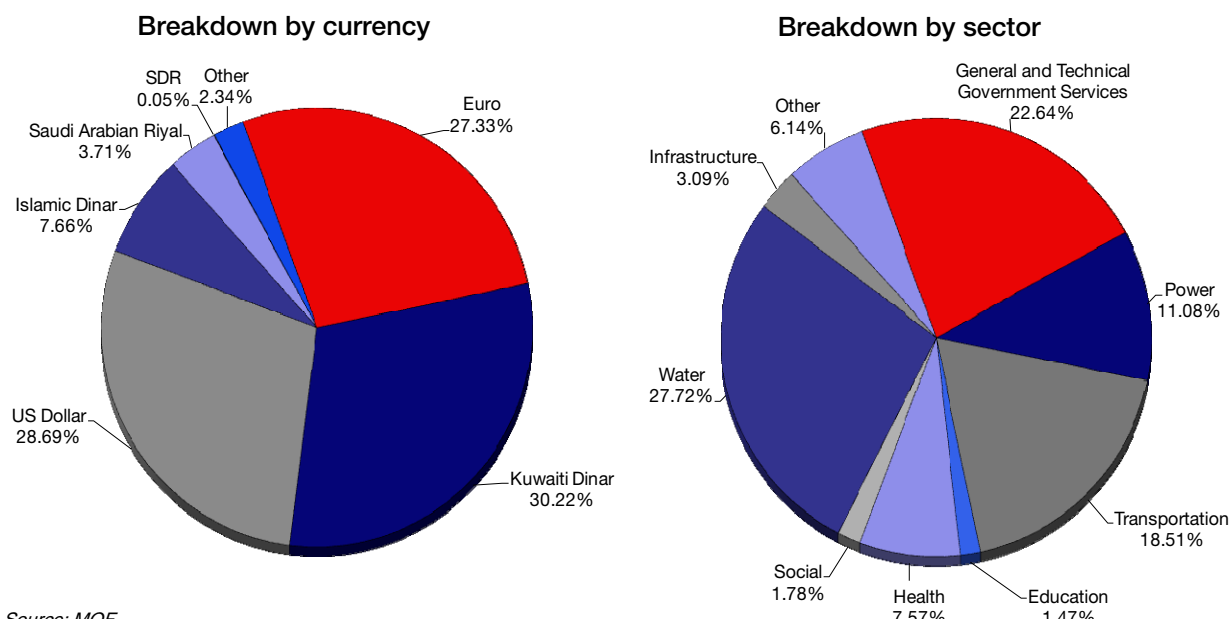
Domestic Treasury Bills & Bonds Auction Calendar QI-2017

Auction Date	April				May					June				Frequency
	3	10	17	24	1	8	15	22	29	5	12	19	26	
Issue Date	6	13	20	27-Jan	4	11	18	25	01-Jun	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

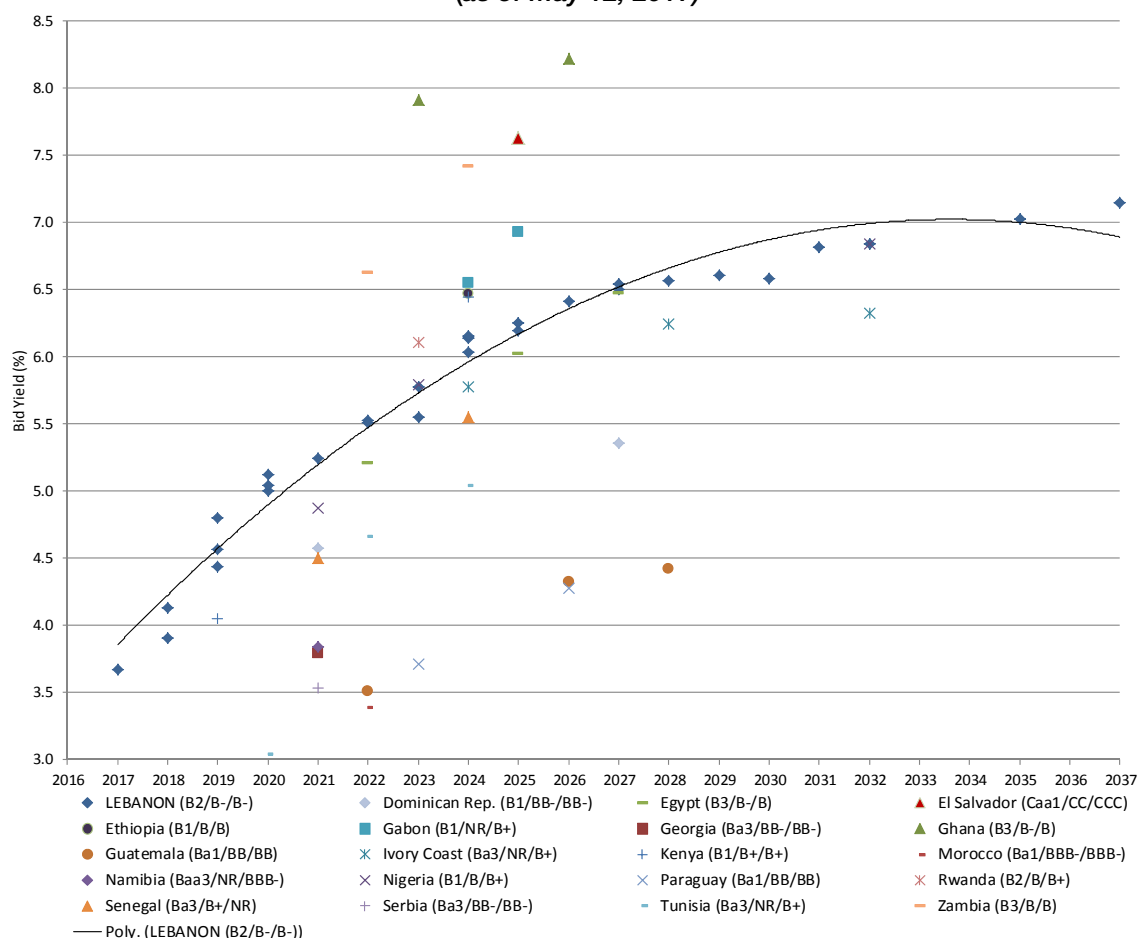
Bilateral and Multilateral Loans (as of end-March 2017)



Source: MOF

The gross outstanding debt comprises less than 3% of loans in foreign currency amounting to LBP 3,257 billion, which is mostly for project financing.

Yields for Republic of Lebanon Eurobonds and Comparables (as of May 12, 2017)



Source: DB, MOF

FOREIGN CURRENCY DEBT DATA

Marketable Eurobonds end March 2017

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 2017- QIV 2016)	
EURO							
LEB 5	28/11/2018	445,000,000	104.00	104.79	2.59	276	-98
US DOLLARS							
LEB 5	12/10/2017	775,000,000	100.72	100.94	3.38	213	-144
LEB 5.15	12/06/2018	700,000,000	101.26	101.65	3.88	245	-186
LEB 5.15	12/11/2018	1,025,000,000	101.33	101.76	4.14	261	-154
LEB 5.5	23/04/2019	500,000,000	101.99	102.25	4.41	278	-156
LEB 6	20/05/2019	650,000,000	102.48	103.24	4.57	293	-149
LEB 5.45	28/11/2019	1,500,000,000	102.04	102.24	4.58	284	-152
LEB 6.375	09/03/2020	1,200,000,000	104.13	104.49	4.78	299	-153
LEB 5.8	14/04/2020	700,000,000	102.08	102.52	4.97	316	-143
LEB 6.15	19/06/2020	600,000,000	102.90	103.45	5.06	323	-129
LEB 8.25	12/04/2021	2,092,469,000	110.78	111.23	5.18	326	-138
LEB 6.25	27/05/2022	500,000,000	102.55	103.02	5.62	357	-126
LEB 6.1	04/10/2022	1,540,000,000	102.34	102.67	5.56	349	-110
LEB 6	27/01/2023	1,100,000,000	101.49	101.94	5.65	354	-112
LEB 6.4	26/05/2023	500,000,000	102.58	103.03	5.85	372	-101
LEB 6.65	22/04/2024	700,000,000	102.92	103.30	6.10	391	-83
LEB 6.25	04/11/2024	538,467,000	99.98	100.44	6.21	399	-71
LEB 7	03/12/2024	250,000,000	103.47	104.15	6.36	414	-69
LEB 6.2	26/02/2025	800,000,000	99.11	99.85	6.28	404	-71
LEB 6.25	12/06/2025	800,000,000	99.15	99.76	6.33	408	-69
LEB 6.6	27/11/2026	1,600,000,000	101.43	101.92	6.36	404	-70
LEB 6.85 *	23/03/2027	1,250,000,000	102.07	102.50	6.53	420	N/A
LEB 6.75	29/11/2027	1,000,000,000	100.89	101.53	6.59	423	-54
LEB 6.65	03/11/2028	893,197,000	99.38	99.79	6.70	431	-43
LEB 6.85	25/05/2029	1,000,000,000	100.56	101.09	6.75	434	-43
LEB 6.65	26/02/2030	1,400,000,000	99.09	99.42	6.74	431	-45
LEB 7	22/04/2031	300,000,000	100.49	100.91	6.92	447	-40
LEB 7 *	23/03/2032	1,000,000,000	100.65	101.01	6.91	444	N/A
LEB 7.05	02/11/2035	600,000,000	99.88	100.36	7.04	452	-30
LEB 7.25 *	23/03/2037	750,000,000	100.70	101.06	7.17	464	N/A

Source: DB

* Newly issued Eurobonds in a triple-tranche transaction on 23 March 2017.

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

List of Outstanding Eurobonds (values as of March 31, 2017)							
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	75,000,000	1	USD	3.750%	07/20/17	0.25
EUROBONDS ISSUED IN THE CONTEXT OF PARIS II							
XS0160456322	USD 950 MN - Dec 2017	65,000,000	1	USD	5.000%	12/27/17	0.42
XS0160503347	USD 2,007.511 MN - Dec 2017	200,751,100	2	USD	4.000%	12/31/17	0.42
XS0164502352	USD 700 MN - Mar 2018	70,000,000	1	USD	5.000%	03/07/18	0.67
XS0169203048	USD 200 MN - May 2018	30,000,000	1	USD	5.000%	05/27/18	0.59

**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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