



QUADRUPLE-TRANCHE US\$ 5.5 BILLION EUROBOND TRANSACTION FX/LL DEBT REPLACEMENT AGREEMENT BETWEEN MOF AND BDL

On 17 May 2018, the Lebanese Ministry of Finance (MoF) concluded a debt replacement agreement with the Central Bank of Lebanon (BDL), whereby MoF issued to BDL a nominal amount of US\$ 5.5 billion in dollar denominated Eurobonds with a market value of \$5.4 billion while BDL redeemed to MoF the equivalent in Lebanese Lira (LL) Treasury bonds from its existing portfolio. Following the transaction, the stock of outstanding government debt was unchanged, while the share of foreign currency debt to total debt increased from 38 percent to 44 percent. The transaction provides BDL with dollar denominated assets that will facilitate its monetary policy operations; and as part of the agreement, BDL will cover the foreign currency principal and debt service needs of MoF for the remainder of the year.

The four Eurobond series that were issued as part of the transaction consisted of a reopening of the 7.00% coupon March 2028 Eurobond for US\$ 1,000 million at a repurchase yield of 8.10% (Series 86); a reopening of the 7.15% coupon November 2031 Eurobond for US\$ 1,500 million at a repurchase yield of 8.15% (Series 87); a new US\$ 1,500 million 8.20% coupon Eurobond due May 2033 (Series 88); and a new US\$ 1,500 million 8.25% coupon Eurobond due May 2034 (Series 89).

The FX/LL debt exchange represents the first leg of a two-legged agreement between MoF and BDL. The second leg of the agreement entails BDL's subscription in new LBP Treasury bonds with tenors ranging from 3-years to 10-years which will be issued by the Ministry of Finance at a coupon rate of 1 percent over the remaining course of 2018. From a Ministry of Finance perspective, the first leg of the transaction has contributed to extending the average time to maturity of a portion of its outstanding debt, while the second leg of the transaction is estimated to result in a present value total savings of around US\$ 1,400 million over the maturity period.

As part of its continuous efforts at liability management, the MoF will continue to closely monitor changes in international benchmark rates and volatility in emerging markets, and decide on a market transaction at a later date in 2018 or early 2019.



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Terms and Conditions of the Issuance

Series	86	87	88	89
Issue size (in USD)	1,000,000,000	1,500,000,000	1,500,000,000	1,500,000,000
Issue date	17-May-18	17-May-18	17-May-18	17-May-18
Maturity	20-March-28	20-November-31	17-May-33	17-May-34
Coupon rate	7.00%	7.15%	8.20%	8.25%
Coupon payment	Semi-annual	Semi-annual	Semi-annual	Semi-annual
Principal payment	Bullet payment at maturity	Bullet payment at maturity	Bullet payment at maturity	Bullet payment at maturity
Issue Price	93.28%	92.28%	100.00%	100.00%
Re-offer Yield	8.00%	8.10%	8.20%	8.25%
ISIN code	XS1720803326	XS1720805537	XS1824238239	XS1824238072
Lead Manager	Republic of Lebanon			

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