

Date: 18/05/2018

Bond swap between the Ministry of Finance and BDL

The Ministry of Finance completed the swapping of LBP Treasury bills held by BDL with \$5.5 billion worth of dollar-denominated Eurobonds, securing its foreign currency financing needs and covering the cost of debt servicing until the end of 2018. This swap has also beefed up BDL's foreign currency reserves.

As part of the agreement, BDL will subscribe the same amount of LL8.250 billion in LBP Treasury bills for three to 10 years at 1 % interest, providing a debt service to the Treasury with a total net amount of \$1.4 billion over the maturity period.

The new Eurobonds were divided into four tranches, two of which are held by BDL as a result of November 2017 issuance (2028 and 2031) and two other new tranches (2033 and 2034).

The tranches are divided as follows:

- a- An additional \$1 billion on March 2028 maturity with a coupon rate of 8.00%
- b- An additional \$1.5 billion on November 2031 maturity with a coupon rate of 8.10%
- c- \$1.5 billion payable in May 2033 with a coupon rate of 8.20%
- d- \$1.5 billion payable in May 2034 with a coupon rate of 8.25%.

This is the first Eurobond issue of the Lebanese Republic in 2018.

The Ministry of Finance is waiting for an appropriate time to come in the emerging markets in order to proceed with another issuance that will be promoted in the global markets at the end of this year or early 2019, as part of the Ministry's sustainable and ongoing public debt management strategy.