الجمهورية اللبنانية
وزارة المالية
الوزير

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The Ministry of Finance completed a debt exchange with the Central Bank of Lebanon whereby 2,562 billion LL worth of Treasury Bills were redeemed in return for the equivalent of 1.7 billion US dollars in Eurobonds.

The Treasury Bills redeemed had been issued between years 2011 and 2017, and with maturity dates between 2018 and 2025, with around 2,000 billion LL maturing over the next two years.

The new Eurobonds are issued in two tranches at par; $1bn tranche maturing in 2031 with a coupon rate of 7.15% and $700MM tranche maturing in 2028 with a coupon rate of 7%.

The coupon rate is comparable to the yields on Lebanese Eurobonds traded in the international markets over the past few months, and close to the coupon rate of the last issuance by the Ministry in March 2017.

The majority of trading in the most recent period was amongst international investors, with minimal purchase from Lebanese commercial banks, which shows the trust of foreign asset managers in Lebanese papers, even during periods of price volatility.

With this exchange, the Ministry of Finance would have extended the maturity of 2% of its total debt stock by an average of 10.27 years, with the debt composition reaching 40% in foreign currency and 60% local currency, which is the target level of the Ministry in its strategy of debt management.

It is worth mentioning that this exchange does not result in any transfer of funds between the Ministry and the Central Bank and does not change the stock of debt; however it only changes its composition.

Additionally, with this exchange, the Central Bank has strengthened its foreign currency reserves through the acquisition of new dollar bonds which will support its liquidity management strategy in the local market.

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