

Government of St. Vincent and the Grenadines

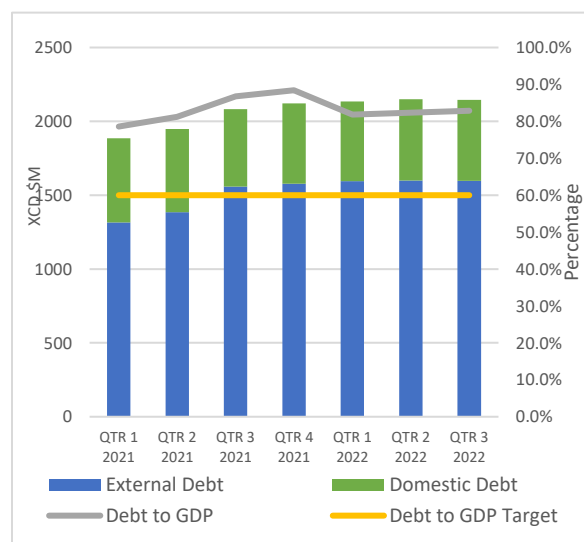


3rd Quarter Debt Bulletin September 30, 2022

1.0 Total Public Debt

Total public debt as at September 30, 2022 stood at \$2.2 billion or 82.9 percent of GDP¹. This represented a decrease of 1.7 percent over Qtr 2² 2022 and a 3.1 percent increase over September 2021.

Chart 1: Total Debt to GDP



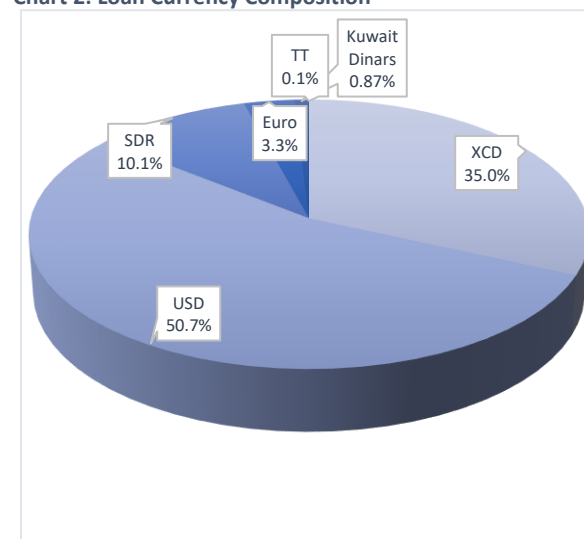
Source: DMU, Ministry of Finance

1.1 Currency Composition

The major currencies in the portfolio are the USD (50.7 percent) and the XCD (35.0 percent). During the Qtr, USD increased its share of the portfolio by 1.1 percentage points while the XCD's share decreased by 3.8 percentage points. Due to substantial disbursements related to the Port Modernization Project, caused the Euro denominated debt within the portfolio to increase from 0.2 percent to 3.3 percent. SDR debt decreased by 0.5 percentage points to 10.1

percent. As a result of the increase in Euro currency debt, the exchange rate risk of the portfolio has increased. As such, 14.3 percent of the portfolio is now susceptible to changes in exchange rates (representing a 2.7 percentage point increase).

Chart 2: Loan Currency Composition



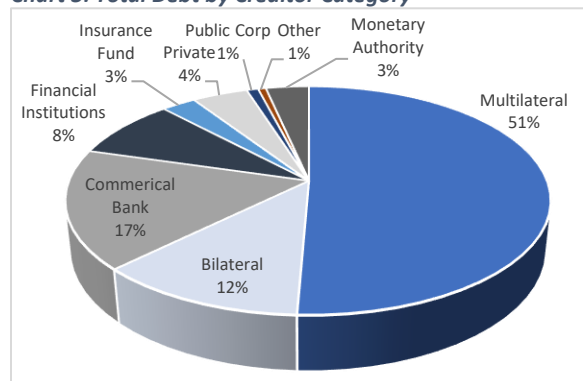
Source: DMU, Ministry of Finance

1.2 Creditor Category

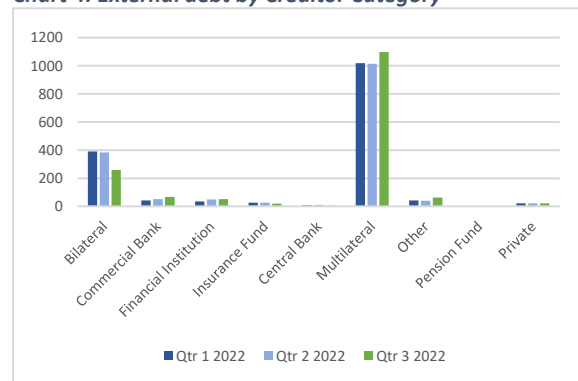
Concessional debt financing represents the majority of the portfolio with 51.0 percent of the outstanding debt owed to multilateral creditors; an increase of 3.8 percentage points. Other major creditor categories are bilateral (12.0 percent) and commercial banks (17.0 percent).

¹ Revised 2022 Medium term Economic and Fiscal outlook GDP is \$2589.8 million

² Revised Total Public debt as at June 30, 2022 was \$2,182.8 million

Chart 3: Total Debt by Creditor Category

Source: DMU, Ministry of Finance

Chart 4: External debt by Creditor Category

Source: DMU, Ministry of Finance

2.0 External Debt

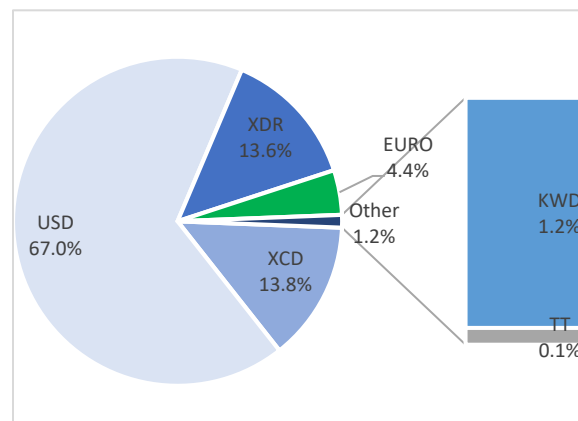
Total external debt stood at \$1.6 billion (61.7 percent of GDP); a decrease of 2.7 percent when compared with Qtr 2 2022 and an increase of 2.6 percent when compared to same period last year³.

2.0.1 Creditor Category

The category of multilateral creditor is still the largest within the external debt portfolio accounting for 68.7 percent. Debt owed to bilateral creditors fell by 30.0 percent due to the official writing off of debt owed to Petro Caribe in the amount of \$109.5 million.

2.0.2 Currency Composition

The United States dollar (USD) has further increased its share of the portfolio with 68.6 percent of all external debt denominated in this currency. At the end of Qtr3, debt denominated in Kuwait Dinar, Euro and USD currency recorded increases in their stock positions.

Chart 5: External Debt by Currency

Source: DMU, Ministry of Finance

³ The Petro Caribe debt of \$109.5 million was accounted for as debt relief in our debt stock as at 30/9/22.

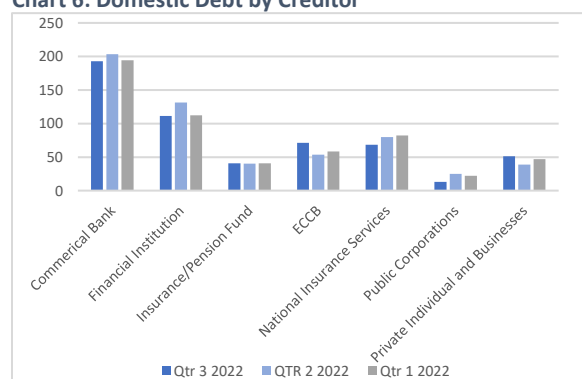
3.0 Domestic Debt

Total domestic debt stood at \$548.7 million (21.2 percent of GDP), an increase of 1.4 percent over Qtr2 and an increase of 4.2 percent over same period 2021. The most significant development in this portfolio includes this issuance of a \$25.0m ECCB advance, the reduction in the IADC payables by \$6.2 million⁴ by way of an amortized bond issuance for the amount. Finally, a 13.2 percent reduction in statutory deposits as a refund of \$2.8 million was issued to Lloyds Insurance as they have ceased operations.

3.0.1 Creditor Category

Commercial banks comprised the largest creditor category (36.9 percent); followed by financial institutions (20.1 percent); NIS (14.4 percent), ECCB (9.7 percent); private individuals and businesses (7.0 percent); Life insurance companies (7.3 percent) and public corporations (4.6 percent).

Chart 6: Domestic Debt by Creditor



Source: DMU, Ministry of Finance

⁴ This however did not reduce total debt as an amortized bond was issued in the amount of \$6.2 million

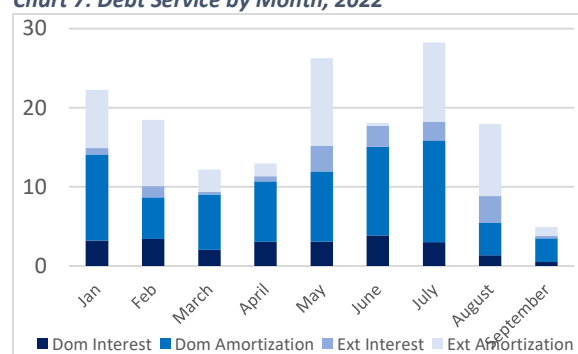
3.0.2 Currency Composition

All domestic debt is denominated in Eastern Caribbean dollars and contracted at fixed interest rates.

4.0 Total Debt Service

Preliminary Central Government debt service amounted to \$51.1 million, which represented 30.7 percent of current revenue and 30.2 percent of current expenditure. External and domestic debt service represented \$26.3 million and \$24.8 million of the total debt service respectively. Total interest payments amounted to \$11.0 million, amortization was \$40.2 million.

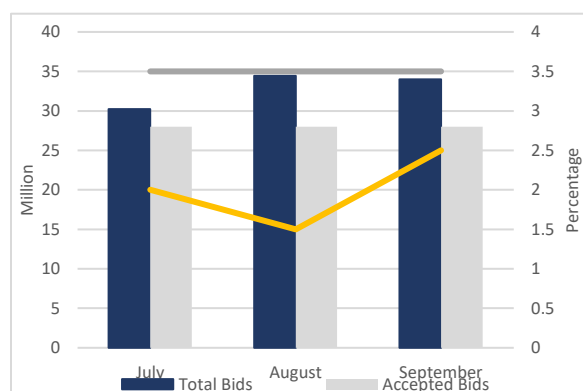
Chart 7: Debt Service by Month, 2022



Source: DMU, Ministry of Finance

5.0 Treasury Bill Activity for the Quarter

An amount of \$84.0 million (\$28m re-issuance monthly) was issued during the quarter. The average discount (interest rate) achieved was 2.0 percent (versus the ceiling benchmark of 3.5 percent) with an average bid to cover ratio of 1 to 1.17.

Chart 8: Treasury bill performance by month

Source: DMU, Ministry of Finance.

6.0 Loans and Securities Disbursement

Activity

A total of \$87.1 million was disbursed in loans during the 3rd quarter.

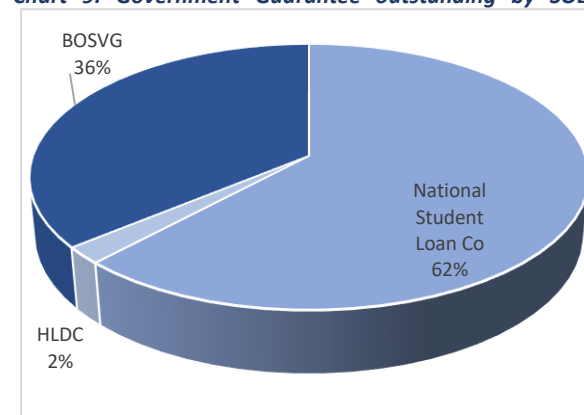
- \$25.0 million from ECCB;
- \$26.2 million from CDB;
- \$24.1 million from IDA;
- \$10.8 million from EXIM;
- \$0.135 million from Kuwait Fund for Arab Economic Development
- \$0.827 million from OPEC Fund for International Development.

7.0 State-Owned Enterprises/Guaranteed Debt

All Government state-owned enterprises debt is guaranteed. The total amount of explicit contingent liability in the form of state-owned guaranteed debt at the end of the Qtr was \$38.2 million. This represented a decrease of 74.5

percent due mainly to \$109.5 million in debt forgiveness received by Petro Caribe.

Indebtedness to the National Insurance Services by the Economically Disadvantaged Student Loan Company in the amount of \$23.7 million now represents the majority of outstanding state owned company guaranteed debt (61.0 percent).

Chart 9: Government Guarantee outstanding by SOE

Source: DMU, Ministry of Finance

8.0 Cost and Risk Indicators

8.0.1 Refinancing Risk

The overall ATM of the total portfolio remains unchanged with a negligible deterioration on the external component from 12.2 years to 12.1 years, while there was a slight improvement on the domestic component from 4.0 years to 4.3 years.

Debt maturing in one year however has increased on both debt profiles thereby increasing total debt maturing in one year from 16.7 percent to 17.2 percent. Therefore, refinancing risk remains medium.

8.0.2 Interest Rate Risk

The ATR of the domestic portfolio remains considerably low at 1.9 years when compared to the external portfolio at 10.2 years. The interest rate risk is therefore high on the domestic portfolio for instruments that would become due for re-fixing within one year, of which 52.1 percent of the domestic debt is due to be re-fixed vs. 36.4 percent of the total external debt. The portfolio's vulnerability to fluctuations in floating rates remains low as 79.6 percent of the portfolio is contracted at a fixed interest rate.

8.0.3 Foreign Currency Risk

Foreign currency risk is low as 85.7 percent of the portfolio's debt is denominated in local currency and United States dollars.

QTR 3 2022				
Preliminary Total Debt Portfolio Risk Indicators		Ext debt	Dom debt	Total debt
Total debt in XCD (\$M)		1,597.6	548.7	2,146.3
Total debt in USD (\$M)		591.7	203.2	794.9
Nominal debt as % GDP		61.7%	21.2%	82.9%
Refinancing risk	ATM (years)	12.1	4.3	10.4
	Debt maturing in 1yr (% of total)	11.4	46.9	17.2
	Debt maturing in 1yr (% of GDP)	7.0	9.9	14.2
Interest rate risk	ATR (years)	10.2	1.9	8.4
	Debt refixing in 1yr (% of total)	36.4	52.1	36.4
	Fixed rate debt (% of total)	72.6	100.0	79.6
FX risk	Non XCD or USD debt (% of total debt)			14.3