



MINISTRY OF FINANCE, ECONOMIC AFFAIRS & INVESTMENT

Press Release

For Immediate Release

October 15, 2018

Barbados Announces Overwhelming Creditor Support for the BBD Debt Exchange Offer

Bridgetown, Barbados:

The Government of Barbados announced today the near-universal participation of affected creditors in the BBD Debt Exchange Offer that was launched on 7 September 2018. Although the Central Bank of Barbados (CBB) continues to reconcile tenders in its role as exchange agent for the transaction, preliminary estimates indicate that holders of more than 90% of eligible claims have accepted the Government's restructuring offer. The Government announced that its exchange offer received the unanimous support of the commercial banks, the general and life and insurers, the National Insurance Scheme (NIS), the CBB, as well the support of almost an entirety of ordinary Barbadians and firms holding claims on the Government and its public sector. The CBB will provide final participation figures as soon as the reconciliation process has been completed.

The BBD Debt Exchange Offer is part of the Government's Comprehensive Debt Restructuring, which includes commercial and official bilateral claims denominated in foreign currency. The objective

of the Comprehensive Debt Restructuring is to place the country's debt and public finances on a sustainable footing after a decade of economic mismanagement, in conjunction with the reforms and adjustments contemplated under the Barbados Economic Reform and Transformation Plan (BERT). The BERT is being supported by a four-year Extended Fund Facility (EFF) from the International Monetary Fund (IMF), approved by its Executive Board on 1 October 2018.

The Government also announced that the remarkably strong participation is well in excess of the voting threshold required under the 'collective action' legislation introduced into Parliament on 25 September 2018. The Government will therefore now proceed to ask Parliament to enact the legislation, which converts all tendered claims into a single class of creditors for purposes of voting on the Comprehensive Debt Restructuring Programme. If approved in Parliament, the legislation would allow the Government to apply the restructuring terms supported by the considerable supermajority of creditors to the claims of those who did not tender or who chose not to accept the offer, thereby ensuring that no creditor is prejudiced by being left holding non-performing claims after the closing of the transaction.

Information on the terms that participating creditors have chosen to support can be found on the creditor portal on the Government Information Services (GIS) website. The terms applicable to individuals can be found at <http://gisbarbados.gov.bb/blog/bbd-debt-exchang...mary-individuals/>, whereas those applying to institutions are at <http://gisbarbados.gov.bb/blog/bbd-debt-exchang...mary-institutions/>

It is expected that the closing of the transaction will take place on or before 31 October 2018, at which point the new debt instruments that will be issued to all affected creditors, including the holders that did not tender. The closing of the transaction will mark the completion of

B\$11.9 billion in claims on the Government of Barbados and its public sector, which is equivalent to US\$5.95 billion. The claims being treated included Treasury Bills, Treasury Notes and Debentures, loans owed by the Government and certain State-Owned Enterprises (SOEs), as well a majority of the extensive arrears that had been allowed to accumulate by the time the Mia Mottley administration took office on 25 May 2018. The Government will also clear approximately B\$830 million of arrears, or just over half of the B\$1.6 billion total outstanding, and approximately 85% of the arrears owed to private sector firms and suppliers. The Government will also clear 100% of the arrears incurred to the NIS by the public sector during the previous administration.

Commenting on the results of the BBD debt exchange offer, Prime Minister and Minister of Finance, the Hon. Mia Amor Mottley, Q.C., M.P., said “I would like to extended my sincere appreciation and gratitude to all of those holders of Barbados dollar-denominated claims, both institutions and individuals alike, who have chosen to support the BBD Debt Exchange Offer in such a decisive and extraordinary manner. Today truly marks a turning point for Barbados, when we begin to throw off the shackles of an unsustainable debt burden that was thrust upon us by the reckless and uncontrolled borrowing and spending of the last 10 years. The overwhelming result says a lot about us as a people, that we can come together, making sacrifices and taking difficult decisions, when the future of our beloved country is at stake. This operation eradicates the greatest threat to the financial viability of Barbados, and transforms our economic outlook”.

The Government announced that its attention will now turn to progressing discussions with those creditors holding claims denominated in foreign currency.

White Oak Advisory LTD is acting as financial advisor to the Government on its Comprehensive Debt Restructuring Programme. Cleary, Gottlieb, Steen & Hamilton LLP is acting as legal advisor.

Information for creditors will continue to be posted periodically at <http://gisbarbados.gov.bb/creditors/>

For any questions on this press release, please contact the Director of Finance & Economic Affairs on +1 246-535-5668.

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