



MINISTRY OF FINANCE, ECONOMIC AFFAIRS & INVESTMENT

Press Release

For Immediate Release

September 7, 2018

**Barbados Launches Exchange Offer for its
Barbados Dollar-Denominated Debt**

Bridgetown, Barbados:

The Government of Barbados announced today that it has launched an offer to exchange the vast majority of Barbados dollar-denominated debt owed by the Government of Barbados and certain public sector obligors for new debt instruments issued by the Government of Barbados. The launch of the exchange offer follows the Government's 1 June 2018 announcement of its intention to seek a comprehensive restructuring of the country's unsustainable debt burden.

The launch of the exchange offer follows three months of extensive consultations between the Government and representatives of the several creditors and creditor groups that would be affected by the debt restructuring, including the country's banks, its insurance companies, the National Insurance Scheme (NIS), and the Central Bank of Barbados (CBB). During this consultative process, the Government shared extensive information about the Barbados Economic Recovery and Transformation Plan that the Government is pursuing to pull Barbados from the present economic crisis. It is expected that this Plan will be

supported with a four-year Extended Fund Facility (EFF) from the International Monetary Fund (IMF). The Government and the IMF announced a Staff-level agreement on an EFF to support the Barbados Economic Recovery and Transformation Plan earlier today.

In making its announcement, the Government confirmed that the following Barbados dollar-denominated instruments fall within the scope of the exchange offer (“**Affected Debt**”):

- Treasury Bills
- Treasury Notes
- Debentures
- Loans and bonds owed by the Government
- Loans and bonds owed by state-owned enterprises (SOEs) and other entities that receive transfers from the state budget
- Certain arrears owed by the Government and its public sector

In line with its earlier guidance, the Government confirmed that Savings Bonds do not fall within the scope of the exchange offer and will therefore not be restructured.

The terms that are available to holders of the Affected Debt can be found – together with further details on the offer – on the creditor portal on the Government Information Services (GIS) website using the following link:

<http://gisbarbados.gov.bb/blog/bbd-debt-exchange-offer-summary/>

Individuals and households holding items of Affected Debt will be offered a portfolio of new instruments maturing between 2022 and 2033 which have the shortest maturities being offered in the debt restructuring, with no reduction in the face amount (that is, no principal

haircut) of their claims. Items of Affected Debt held by the NIS and the CBB, however, will be subject to bespoke terms.

All holders of the Affected Debt will shortly receive letters with full details of the exchange offer, together with participation instructions. **The exchange offer will be open to holders of the affected debt until 5:00pm on Friday, 5 October 2018.**

At the same time, the Government announced that the payment of interest on the Affected Debt is to be suspended as of today.

The automatic roll-over of principal maturities due on the Affected Debt was announced by the Government on 1 June 2018. It is expected that the new Barbados dollar-denominated debt instruments that holders of the Affected Debt will receive if they participate in the exchange offer will be issued towards the end of October 2018. Normal debt servicing of the new debt instruments will commence upon issuance.

The Government also announced that it expects that holders of outstanding US dollar-denominated commercial debt issued or guaranteed by the Government of Barbados will be invited to participate in the comprehensive debt restructuring programme in a separate and subsequent transaction.

Commenting upon the launch of the exchange offer, the Prime Minister and Minister of Finance, the Hon. Mia Amor Mottley, Q.C., M.P., said “In launching today’s offer, the Government is asking holders of its domestic debt – the financial institutions and people of Barbados – to share in the sacrifices that we are all making as part of our national effort to get our country back on its feet after 10 years of gross economic mismanagement and negligence. We will only arrive safely at the end of this journey if we set out together. The fiscal laxity and borrowing spree

of the last decade have left the Government with an unsustainable debt burden that must be addressed decisively in order to allow the ambitious economic reforms that we are now introducing to take hold and bear fruit. Critically, the Barbados Economic Recovery and Transformation Plan is being supported by the International Monetary Fund.” The Prime Minister added: “Addressing our unsustainable public debt overhang in a credible way unavoidably implies a degree of pain for all. The sacrifice and support that is being asked of creditors today has a clear and proportionate counterpart in the efforts that ordinary Barbadian tax payers and workers are making, and will continue to make. This debt exchange and the IMF’s support for the Barbados Economic Recovery and Transformation Plan will help to create the conditions for a resurgence of Barbados as a proud and prosperous country”.

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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This press release has been amended from its current form to update the expiry date of the offer