

**Comprehensive Debt  
Restructuring  
BBD Debt Exchange Offer  
INDIVIDUALS**

**Government of Barbados**

14 September 2018



# Introduction

On 7 September 2018, the Government of Barbados (GoB) announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the GoB and certain state-owned enterprises (SOEs), as part of its Comprehensive Debt Restructuring. The restructuring is a central pillar of the economic reform and rehabilitation programme that is being supported by the International Monetary Fund through a four-year Extended Fund Facility.

This document sets out the terms of the exchange offer that apply to **Individuals** holding Treasury Bills, Treasury Notes, and Debentures issued by the GoB. Savings Bonds are excluded from this exchange offer as they do not fall within the scope of the Comprehensive Debt Restructuring.

All holders of Treasury Bills, Treasury Notes, Debentures, loans and bonds owed by the GoB, and loans and bonds owed by SOEs and other entities that receive transfers from the state budget ("**Affected Debt**") will receive letters during the course of the week commencing 10 September 2018 providing further details of the exchange offer, as well as instructions for participating in the exchange offer. The relevant acceptance forms must be submitted by holders of the Affected Debt no later than **5:00pm, on Friday 5 October 2018**. It is expected that the new debt instruments ("**Exchange Instruments**") will be issued to participating holders by the end of October 2018.

# Pensioners

<i>Definition:</i>	All individuals who are of a pensionable age, resident in Barbados AND are receiving pension benefits as of 1 September 2018
<i>Affected Debt:</i>	Holdings in ALL outstanding series of Treasury Bills, Treasury Notes, and Debentures issued by the Government of Barbados
<i>Exchange Instrument :</i>	Affected debt to be exchanged for 11 Series A amortising strips issued by the Government of Barbados with maturities of 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years; combined face value of strips will equal that of Affected Debt exchanged, plus accrued interest (see below)
<i>Accrued Interest:</i>	Capitalised through to 30 September 2018 and added to principal
<i>Interest Rate:</i>	<ul style="list-style-type: none"><li>❖ 1.0% per annum for first 3 years</li><li>❖ 2.5% per annum for year 4</li><li>❖ 3.75% to maturity</li></ul>
<i>Interest Payments:</i>	Quarterly, with first payment on 31 December 2018

# Pensioners (continued)

*Principal Repayments:* Each of the 11 strips will be repaid in equal quarterly principal installments beginning, for each strip, on 31 December 2019

*Allocation of Aggregate Principal Amount Amongst Strips:*

5-Year: 7.49%	11-Year: 9.37%
6-Year: 7.78%	12-Year: 9.72%
7-Year: 8.07%	13-Year: 10.10%
8-Year: 8.38%	14-Year: 10.48%
9-Year: 8.70%	15-Year: 10.88%
10-Year: 9.03%	

*Withholding Tax Treatment:* Interest payments to individuals who are of a pensionable age, resident in Barbados AND are receiving pension benefits as of 1 September 2018 will not be subject to withholding tax in Barbados

# All Other Individuals

- Definition:* 1) All individuals who are NOT of a pensionable age and 2) individuals who are of a pensionable age but are NOT receiving pension benefits as of 1 September 2018
- Affected Debt:* Holdings in ALL outstanding series of Treasury Bills, Notes, and Debentures issued by the Government of Barbados
- Exchange Instrument :* Affected debt to be exchanged for 11 Series B amortising strips issued by the Government of Barbados with maturities of 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15 years; combined face value of strips will equal that of Affected Debt exchanged, plus accrued interest (see below)
- Accrued Interest:* Capitalised through to 30 September 2018 and added to principal
- Interest Rate:*
- ❖ 1.0% per annum for first 3 years
  - ❖ 2.5% per annum for year 4
  - ❖ 3.75% to maturity
- Interest Payments:* Quarterly, with first payment on 31 December 2018

# All Other Individuals (continued)

*Principal Repayments:* The principal of each strip will be repaid in four equal quarterly instalments commencing one year prior to the maturity date of that strip

*Allocation of Aggregate  
Principal Amount  
Amongst Strips:*

5-Year:	7.49%
6-Year:	7.78%
7-Year:	8.07%
8-Year:	8.38%
9-Year:	8.70%
10-Year:	9.03%
11-Year:	9.37%
12-Year:	9.72%
13-Year:	10.10%
14-Year:	10.48%
15-Year:	10.88%

# Natural Disaster Clause

The Exchange Instruments to be issued to individuals as part of the GoB's exchange offer will include a clause that would offer both creditors and the Government some protection against future debt distress caused by a major natural disaster.

This 'natural disaster' clause would allow for the capitalisation of interest and the deferral of scheduled amortisations falling due over a two-year period following the occurrence of a major natural disaster. The trigger for a natural disaster 'event' would be a payout to the Government above US\$5 million by the Caribbean Catastrophe Risk Insurance Facility (CCRIF), under the Government's catastrophe insurance policy.

Full details will be provided in the letters to holders of the Affected Debt.