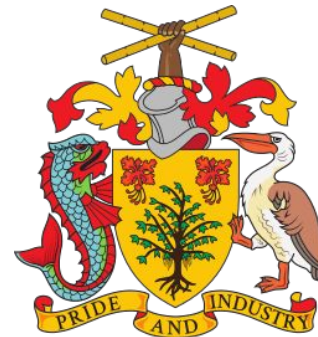


Indicative Restructuring Scenarios for USD Denominated Debt, and Updated Financing Projections



Government of Barbados

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Introduction

This document sets out some indicative debt restructuring scenarios for those USD-denominated claims on the Government of Barbados and its public sector that are subject to the Comprehensive Debt Restructuring Programme.

These indicative scenarios are not an offer to issue or exchange any debt instruments. Rather, they are intended to provide guidance on the types of restructuring terms that the Government of Barbados (GoB) would view as sustainable in the context of the Barbados Economic Recovery and Transformation (BERT) plan. The BERT plan is being supported by a four-year Extended Fund Facility (EFF) with the International Monetary Fund (IMF).

Following the indicative scenarios, the Government presents updated financing projections that take into account the impact of the recently-executed restructuring of BBD-denominated claims on the GoB and its public sector.

Guiding Principles

The following indicative scenarios are informed by certain guiding principles that are integral pillars of the BERT plan and, by extension, of the EFF with the IMF.

- The need to reduce the debt-to-GDP ratio to 90% or below by the end of the EFF, and to 60% by 2033
- No residual financing gaps during EFF period, and only moderate ones thereafter
- Smooth and manageable repayment profiles, free from spikes in future debt service commitments

The following indicative scenarios are also compatible with the terms recently agreed with holders of the BBD-denominated debt, and therefore comply with the GoB's commitment to equitable burden-sharing amongst stakeholders

Scenario 1: Face Value Reduction of 37.5% (USD)

<i>Structure:</i>	25-year amortising bond denominated in US dollars, issued at a discount of 37.5% to the aggregate face value of eligible claims tendered (to include 100% of past due and accrued interest)
<i>Grace Period on Principal:</i>	Five years
<i>Coupon:</i>	<ul style="list-style-type: none">❖ 4.0% per annum for first 3 years❖ 8.0% per annum thereafter
<i>Payment Frequency:</i>	Semiannual
<i>Natural Disaster Clause:</i>	Yes

Scenario 2: Face Value Reduction of 45% (USD)

<i>Structure:</i>	15-year amortising bond denominated in US dollars, issued at a discount of 45% to the aggregate face value of eligible claims tendered (to include 100% of past due and accrued interest)
<i>Grace Period on Principal:</i>	None
<i>Coupon:</i>	8.0% per annum
<i>Payment Frequency:</i>	Semiannual
<i>Natural Disaster Clause:</i>	Yes

Scenario 3: 35-Year Par Bond (BBD)

<i>Structure:</i>	35-year amortising bond denominated in Barbados dollars, issued at par with respect to the aggregate face value of eligible claims tendered (to include 100% of past due and accrued interest)
<i>Grace Period on Principal:</i>	15 years
<i>Coupon:</i>	<ul style="list-style-type: none">❖ 1.5% per annum for first 5 years❖ 4.25% per annum for years 6-10❖ 6.0% per annum for years 11-15❖ 7.5% per annum until maturity
<i>Payment Frequency:</i>	Quarterly for interest, and quarterly for principal following end of grace period
<i>Natural Disaster Clause:</i>	Yes

Natural Disaster Clause

Instruments to be issued 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.