



Ministry of  
Finance

## PRESS RELEASE

### THE COMMONWEALTH OF THE BAHAMAS SUCCESSFULLY PRICES US\$385 MILLION NOTES

Offering Takes Advantage of IDB US\$200 million Guarantee

Source: Ministry of Finance, The Bahamas

Date: 10 June 2022

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Yesterday, the Government of the Commonwealth of The Bahamas (“the Commonwealth” or “The Bahamas”) placed an oversubscribed US\$385 million dual-tranche 144A/Reg S debt offering in the international capital markets. The dual-tranche transaction consists of US\$135 million 3.850% notes due June 2036 (the “Series A Notes”) and US\$250 million 9.000% notes due June 2029 (the “Series B Notes”). The Inter-American Development Bank (the “IDB”) will provide a guarantee of US\$200 million for the benefit of the bondholders (the “Guarantee”). The Guarantee is for the primary benefit of holders of Series A Notes. The holders of the Series B Notes may benefit from the Guarantee only if a residual portion of the maximum guaranteed amount equal to our greater than US\$2 million remains available after all payments of scheduled principal and scheduled interest on the Series A Notes have been paid or provided for.

The successful financing marks the return of The Bahamas to the international debt capital markets since last placing US\$225 million via a reopening of its 8.950% notes due 2032 on December 2, 2020. The offering also represents a placement with an all-in yield substantially inside The Bahamas’ secondary market curve.

In recent times, market conditions have not been favourable for emerging market countries, like The Bahamas. The combination of increasing US Treasury rates, widening emerging market credit spreads, uncertainty regarding the outlook of inflation globally, rising commodity prices, among other considerations, have materially reduced market access for non-investment grade rated issuers globally.

The Guarantee, alongside the international market’s recognition of the ongoing recovery in the Bahamian economy and the Commonwealth’s commitment to responsible fiscal and debt management strategies, helped to catalyze investor demand for the dual-tranche offering which was driven primarily by investors located in the United States of America and continental Europe.

The Bahamas’ access to the Guarantee was contingent upon the Commonwealth’s confirmation of certain initiatives being underway to promote a healthier and more productive ocean in The Bahamas. These

include reforms and actions to foster business recovery for micro, small and medium sized enterprises in the Blue Economy and commitment to pursue investment projects suitable for future Blue Bond financing.

The proceeds from the dual-tranche offering will be used for general purposes, including the refinancing, repurchase or retirement of existing indebtedness and to finance general development in The Bahamas.

Commenting on the transaction, the Minister of Economic Affairs and Leader of Government Business in the Senate, the Hon. Michael B. Halkitis, said:

“The US\$385 million offering demonstrates The Bahamas’ continued access to the international debt markets, at a competitive all-in cost of funding, despite the challenging backdrop observed in the global capital markets. In meeting our budgetary financing requirements, the proceeds raised will also extend the average life of The Bahamas’ existing debt stock.

During the marketing process of the bond offering, we had the opportunity to reach over 80 investors globally and to discuss the ongoing recovery of the Bahamian economy, following the challenges posed by Hurricane Dorian and COVID-19. We also shared with them the key growth and employment promoting initiatives that the Government has implemented for the tourism and financial services sectors and our commitment to attaining the medium-term fiscal consolidation targets articulated in the Fiscal Responsibility Act of 2018 and our medium term fiscal and debt projections.

On behalf of the Commonwealth of The Bahamas, I would like to thank the IDB for their support in this bond offering and for their steady commitment to working with us to meet our financing and liability management needs within the context of our macroeconomic goals and development objectives.”

Goldman Sachs & Co acted as Sole Global Coordinator and Sole Bookrunner for the Series A Notes and as a Joint Bookrunner for the Series B Notes. Oppenheimer & Co acted as a Joint Bookrunner for the Series B Notes.

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