



Press Release

Launch of Bahamas Government Savings Bond

In its effort to promote financial resilience and provide greater savings opportunities for Bahamians, the Bahamas Government will launch its Bahamas Government Savings Bond Programme during the fourth quarter 2024. The Central Bank of The Bahamas will act as the arranger and registrar.

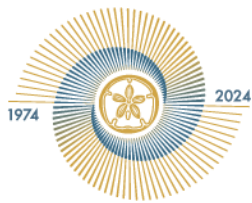
The Savings Bond Programme aims to incentivise increased personal savings, by paying interest rates that are competitive in comparison to the returns on deposits; facilitating affordable, incremental growth in savings over time; and by offering predictable access to liquidity in the event of urgent financial needs.

The savings bonds will be a low-risk, short- to medium-term product that can be purchased in increments as low as \$100. Bonds will pay interest at rates fairly close to those earned on Bahamas Registered Stocks of similar maturities, which exceed the returns that can be earned on similar amounts of savings at banks. The experience gained from holding savings bonds is also expected to modestly broaden the investor base for public sector funding and further develop the domestic market for Government paper. In particular, it is anticipated that some new investors will eventually outgrow the savings bonds and migrate to Bahamas Registered Stocks or Treasury Bills.

Although savings bonds will incorporate similar characteristics of the existing Bahamas Registered Stock, there are some key differences as outlined below:

- **Eligible Participants:** Only Bahamian citizens and permanent residents will be allowed to purchase Bahamas Government Savings Bonds. Institutional investors and institutions cannot hold savings bonds.
- **Tenors:** Savings bonds will be issued in four maturities: one, two, four and six years.
- **Coupon:** The interest rate paid on savings bonds will be fixed, issued at fifty basis points, or 0.5 percentage points, below the coupon rates on Bahamas Registered Stocks with the same or similar maturities.
- **Lock-in Period:** Participants are required to hold the bonds for a minimum of six to twenty-four months, depending on tenor.

Tenor	Lock-in Period
1 Year	6 Months
2 Years	12 Months
4 Years	18 Months
6 Years	24 Months



- **Redemption Window:** Savings bonds will be redeemable semi-annually on the interest payment date. *If an investor redeems a bond after the lock-in period but prior to maturity, a penalty equivalent to 91 days interest will be deducted from the settlement amount. No redemption is permitted during the lock-in period.*
- **Availability for Purchase:** Investors will be able to purchase the savings bond through initial public offerings, and subsequently over-the-counter at the Central Bank. Savings bonds will be non-transferable and will not trade on a secondary market.

Savings bonds will be issued electronically by the Bahamas Government through the Central Bank of The Bahamas and pay interest semi-annually.

"This statement amends the Central Bank's original press release of September 23rd, which stated that savings bond redemption during the lockout period incur a interest penalty. To clarify, during the lockout period, a savings bond may not be redeemed. Any redemption after the specified the lockout period for the savings, is subject to deduction of 90 days interest from the withdrawal proceeds."

**For more information, please contact us at domesticdebt@centralbankbahamas.com
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23rd September 2024 (Revised 7th October 2024)