Fact Sheet: CDB Launches Historic Bond Offering in the Swiss CHF Market

The Aa1/AA/Stable-rated Caribbean Development Bank (CDB) has launched its inaugural bond offering in the Swiss Franc (CHF) market. The 12-year CHF145 mn bond offering carries the lowest coupon rate, 0.297%, achieved by an international public sector issuer for this tenor, in the CHF market.

Key Highlights

- The transaction is CDB's inaugural issuance in CHF. It marked the first time a borrower from the Caribbean region has successfully accessed the CHF market.
- Credit Suisse acted as sole bookrunner on the transaction, which was launched on **Wednesday June 15, 2016**.
- The bond offering followed meetings in Geneva and Zurich between investors and a delegation comprising of Dr. Warren Smith (President), Mrs. Yvette Lemonias-Seale (Vice President Corporate Services and Bank Secretary), Mr. Malcolm Buamah (Chief Risk Officer), Mr. Carlye Assue (Director Finance & Corporate Planning) and Mrs. Faye Hardy (Treasurer) to execute the transaction.
- Investor feedback was extremely positive, allowing for the execution of the transaction immediately afterwards. This was in spite of a less than optimal market backdrop, with CHF rates that had fallen on pre-Brexit concerns to reach all-time lows.
- The books opened at 9 a.m. for a CHF145m "no-grow" 12-year and with a price range of MS+50-55bps. Investors showed strong interest and the order book was **three times oversubscribed in 15 minutes,** allowing for a pricing through the range at MS+47. The final coupon of 0.297% **was the lowest ever in CHF by an international public sector issuer (i.e. sovereign, supranational or agency) in a maturity longer than 10 years.**
- CDB was able to achieve an all-in USD cost of funds of 6m Libor +1.70% which represents a ~75-100bps discount from where the Bank could have reopened its USD Bond due 2027 (average life of 9.3-years).
- With **over 60 accounts participating**, the investor base was dominated by asset managers and banks accounting for more than two-thirds of the distribution. The rest of the trade went to pension funds and insurance companies comprising mostly of the largest prominent CHF investors. The granularity of the book strongly reflected how well the trade was received by market participants.
- The extremely successful issue in the Swiss CHF issue was attributable to the inherent strength of the Bank reflected in its strong public rating. Earlier in 2016, the international credit rating agency, S&P Global Ratings, affirmed the Bank's rating as 'AA/A-1+' with a 'Stable' outlook. The Bank is also rated Aa1 with a stable outlook by Moody's Investors Service.
- The last public issue for the Bank was in 2012 where it successfully raised USD300mn in US markets.