COMMONWEALTH OF
THE BAHAMAS

ANNUAL BORROWING PLAN 2025/26

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1. GENERAL STATEMENT

The Public Debt Management Act, 2021 (the PDMA), which came into effect on July 1, 2021, provides the legal framework for management of the public debt and grants the Minister of Finance the authority to borrow money up to a maximum amount approved by Parliament.

The Annual Borrowing Plan (ABP) is an essential component of the government's debt management arrangements—promoting fiscal accountability and enhancing transparency and predictability in debt operations. As set out in section 13 of the PDMA, the Minister of Finance must ensure the ABP is published within fourteen (14) calendar days following the approval of the annual budget by Parliament. Parliament approved the FY2025/26 budget on June 27, 2025.

As specified in the PDMA, the ABP sets out:

- the government's projected borrowing needs, as outlined in the annual budget approved by Parliament for the current fiscal year; and
- the various categories of debt instruments to be issued by the government during the fiscal year, along with the estimated nominal amounts under each category.

The FY2025/26 ABP aligns with the approved FY2025/26 budget, the FY2025/26 – FY2027/28 Medium Term Debt Management Strategy and the government's fiscal policy stance as detailed in the 2025 Fiscal Strategy Report (2025 FSR) tabled in Parliament on May 28, 2025.

2. OVERALL BORROWING REQUIREMENTS FOR FY2025/26

The FY2025/26 ABP seeks to achieve the government's medium-term debt management objectives by ensuring that financing needs are met on a timely basis, at the lowest possible cost and consistent with prudent levels of risk. Financing activities also aim to promote the development of the domestic debt market. This overarching strategy aligns with the general principles of responsible fiscal management, and delivers accountability and transparency in debt operations.

Financing activities for FY2025/26 are favourably influenced by the government's ongoing progress in achieving fiscal consolidation through growth in the revenue base and prudent expenditure management. This outcome is expected to steer the debt to GDP ratio along a more sustainable trajectory.

Table 1: FY 2025/26 Borrowing Requirements

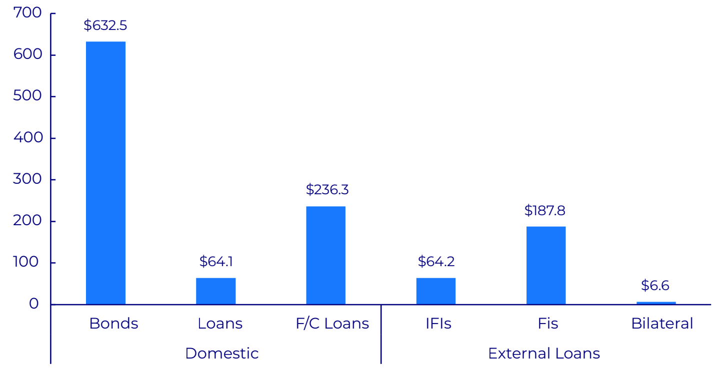
Description	B$M	% of GDP
Revenue	3,896.3	23.6%
Recurrent Expenditure	3,444.5	20.8%
Capital Expenditure	376.3	2.3%
Net Financing Needs	**75.5**	**0.5%**
Debt Repayment	-1,191.5	-7.2%
Domestic	-932.9	-5.6%
Bahamian Dollar	-696.6	-4.2%
Foreign Currency	-236.3	-1.4%
External	-258.6	-1.6%
Gross Financing Needs	**-1,116.0**	**-6.8%**

Source: Ministry of Finance
Memo: Est. Nominal GDP 16,525.7

As approved by Parliament, the FY2025/26 budget[1] projects an overall surplus of $75.5 million and scheduled amortizations of loans and government securities aggregating $1,191.5 million. The resulting $1,116.0 million in gross financing needs (GFN) is equivalent to an estimated 6.8 percent of GDP (see Table 1).

Approximately 58.5 percent of the total debt to be refinanced is in Bahamian Dollars, predominantly in the form of bonds. Internal foreign currency debt repayments constitute another 19.8 percent of the total, with the bulk represented by the SDR liabilities to the Central Bank. Scheduled external repayments, at 21.7 percent of the total, are primarily earmarked to financial institutions (FIs) and International Financial Institutions (IFIs) (see Figure 1).

. **Figure 1: FY2025/26 Debt Redemption Profile**



Consistent with the debt management objectives, the financing strategy aims to:

» extend the average maturity of the debt through portfolio selections to mitigate liquidity and refinancing risk;

» manage cost and risk by utilizing semi-concessional loans from multilateral lenders, maximizing the use of blended finance instruments and leveraging positive market conditions for possible liability management initiatives.

» maintain foreign currency exposure around the targeted 70:30 domestic to external debt ratio.

1 https://www.bahamasbudget.gov.bs/

3. MACROECONOMIC ASSUMPTIONS AND KEY RISKS

Macroeconomic conditions anchoring the FY2025/26 ABP are expected to stabilize as global growth prospects remain positive, although moderating, and with downside risks due to the persistence of trade tensions, protectionism measures and increased policy uncertainty. In this context, upside risks remain, on the back of persistently high global inflation, causing the prospect for key policy interest rates in advanced economies to remain, on balance, elevated.

Domestic macroeconomic activity is expected to benefit from the ongoing robust tourism performance and steady foreign investment-related construction activity. Together, these positive impulses are poised to provide positive contributions to domestic demand. The projected stability in domestic macroeconomic conditions and the improved fiscal and debt outcome are anticipated to contribute favourably to liquidity levels and credit perceptions, which should support the uptake in government paper.

4. PLANNED FUNDING SOURCES FOR FY2025/26

The government will maintain a prudent composition of domestic and external currency borrowings, to mitigate market risks.

The ABP proposes financing approximately $579.4 million (51.9 percent) of the GFN in Bahamian Dollars, and $536.6 million (48.1 percent) through a combination of internal foreign currency and external loans. However, the government retains discretion as to the final sequencing and composition of funding sources, which will be determined with due consideration to market conditions, cost/risk factors and cash flow requirements.

Table 2. FY2025/26 Annual Borrowing Plan

Description	B$M	% of Total
Gross Financing Needs	**1,116.0**	**100.0%**
External borrowings	**308.6**	**27.7%**
IFIs	308.6	27.7%
Loan drawings	43.6	3.9%
New Loans	265.0	23.7%
Domestic borrowings	**807.4**	**72.3%**
a. Bahamian Dollar	579.4	51.9%
Bonds	259.7	23.3%
T-Bills	319.7	28.6%
b. Foreign Currency Loans	228.0	20.4%

Source: Ministry of Finance
Note: Data excludes rollovers of Treasury Bills/Notes which are presented in Section 5.

4.1. External Financing

a. Bonds

The government intends to proactively monitor market conditions to determine opportunities for yield curve (liability) management initiatives that would secure improvements in the cost and risk profile of the debt portfolio and, at the same time, enhance liquidity and support positive trading dynamics.

b. New Loans

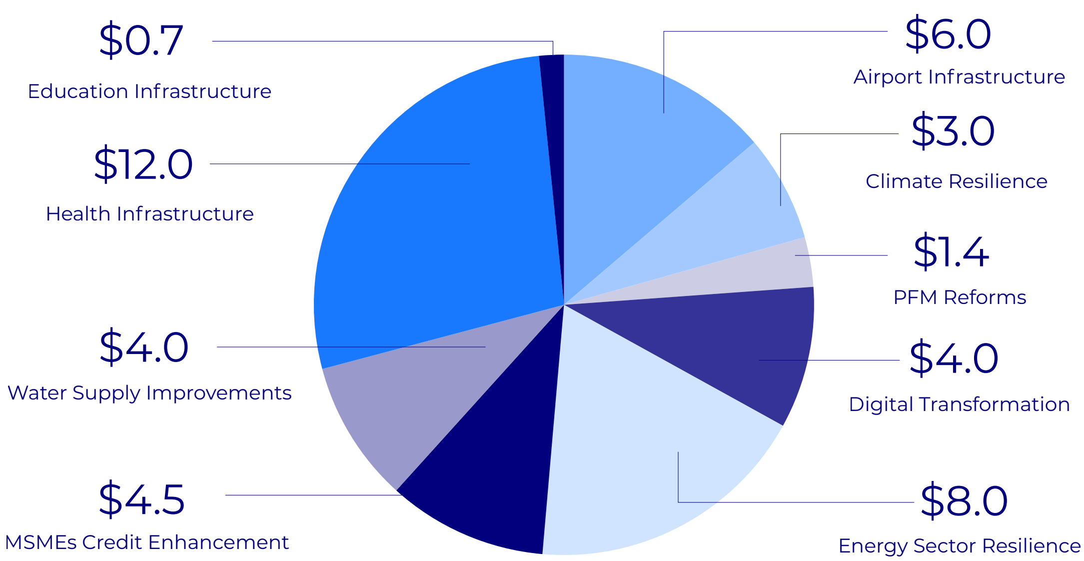
Government plans to fully draw down two approved policy-based loans from the IFIs aggregating $260.0 million. Of this total, $160.0 million represents the second component of the Inter-American Development Bank (IDB) programmatic loan intended to support governance improvements related to disaster risk management covering the general framework, risk identification and reduction, disaster preparedness, recovery planning and financial protection. A $100 million policy-based loan from the CAF, which is the development bank of Latin America and the Caribbean, is to support the implementation of key aspects of the National Energy Policy which encompasses strengthening the regulatory framework, modernizing infrastructure, promoting renewable energy, and improving energy efficiency.

Smaller disbursements, estimated at a combined $5.0 million, are expected to be drawn in FY2025/26 on two pipeline investment facilities: a $80.0 million loan from the IDB for climate resilient transport infrastructure and a $60.0 million loan for the blue economy (Phase 1: $30.0 million). The balance is to be disbursed in subsequent years based on project implementation milestones.

c. Loan Disbursements

Drawings under existing investment loans from multilateral creditors are estimated at $43.6 million. Of this total, approximately $38.9 million (89.2 percent) is associated with various IDB investment and budget support projects, and with the balance representing the education and water suppply infrastructure projects financed by the Caribbean Development Bank (see Figure 2).

Figure 2: Loan Drawings (B$M)



4.2 Domestic Debt

a. Bond Maturities and New Issuances

Domestic bond issuance remains integral to the government's financing strategy, with the $632.5 million in maturing bonds expected to be refinanced ($259.7 million) and reduced via planned conversions to Treasury Bills ($372.8 million). The Central Bank, in its capacity as fiscal agent of the government, will conduct auctions for fixed rate bonds with tenors of 3, 5, 7, 10, 20, and 30 years under the benchmark programme. See Table 2 for the FY2025/26 indicative issuance calendar.

The issuance strategy will continue to be informed by the following initiatives and approaches.

- Securities to be issued at competitive and non-competitive bidding at multiple price allotments.
- Ongoing reduction in exposure to interest rate risk by replacing floating rate with fixed rate bonds.
- Seek to achieve a gradual lengthening of the maturity structure of the bonds, to minimize refinancing risk and promote a sustainable debt profile over the medium to long-term.
- Continue bond re-openings to reduce the number of domestic bonds, consolidate domestic market series, and achieve progress towards the benchmarks.
- Monitor market absorption metrics for each tenor to gauge demand and adjust to achieve convergence with targeted raisings, as required, while managing the cost of debt by building out a stable yield curve.
- Employ a grow/shrink strategy across maturity buckets to maintain flexibility in allocations commensurate with investor demand along the yield curve.
- Finalize the framework to facilitate liability management strategies using call options, bond switches and buyback operations to enhance market liquidity and mitigate refinancing risk. The government is reengaging with the IMF on a technical assistance programme to operationalize this activity in the coming year.
- Complement the liquidity management tools of the banking sector and options for the government, through the ongoing replacement of the 1-year bond with a more traditional 364-day Treasury Bill.
- Continue to pursue reforms to deepen the domestic debt market.
- Scale-up promotion of the recently launched savings bond to broaden the uptake by retail investors in the domestic debt market.

In line with the principles of operational transparency, the Central Bank will reinforce the following publication activities.

- The bond issuance schedule, detailing indicative volumes and tenor of issues and corresponding dates of the upcoming offerings, will be published 15 days before the beginning of each quarter.
- Auction details (minimum, maximum, and average prices) will be published immediately after finalizing the auction decision. This will include the release of summary details on the various investor categories purchasing government securities, so as to enhance awareness of the breath of the market appetite across the various maturity buckets.

Table 3: FY2025/26 Indicative Bahamian Dollar Bond Issuance Calendar

	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Offering Type	Reopening	Reopening	Reopening	Reopening	Reopening
Amount	$22M	$30M	$47.37M	$11.43M	$13.45M
Tenors	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y
Coupon Type	Fixed	Fixed	Fixed	Fixed	Fixed
Opening Date	07-Jul-25	11-Aug-25	08-Sep-25	07-Oct-25	10-Nov-25
Closing Date	09-Jul-25	13-Aug-25	10-Sep-25	09-Oct-25	12-Nov-25
Settlement Date	15-Jul-25	15-Aug-25	15-Sep-25	15-Oct-25	14-Nov-25
	Dec-25	**Jan-26**	**Feb-26**	**Mar-26**	**Apr-26**
Offering Type	Reopening	Reopening	Reopening	Reopening	Reopening
Amount	$14.24M	$26M	$20.30M	$25M	$24.17M
Tenors	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y	3y, 5y, 7y, 10y, 20y & 30y	3Y, 5Y, 7Y, 10Y, 20Y & 30Y
Coupon Type	Fixed	Fixed	Fixed	Fixed	Fixed
Opening Date	08-Dec-25	07-Jan-26	09-Feb-26	09-Mar-26	08-Apr-26
Closing Date	10-Dec-25	09-Jan-26	11-Feb-26	11-Mar-26	10-Apr-26
Settlement Date	15-Dec-25	15-Jan-26	16-Feb-26	16-Mar-26	15-Apr-26
	May-26				
Offering Type	Reopening				
Amount	$25.68M				
Tenors	3Y, 5Y, 7Y, 10Y, 20Y & 30Y				
Coupon Type	Fixed				
Opening Date	11-May-26				
Closing Date	13-May-26				
Settlement Date	15-May-26				

4.3. Loans

The government contemplates a further roll-over of the promissory note arrangement with the CBOB for the FY2022/23 SDR facility.

5. TREASURY BILL TENDERS AND TREASURY NOTE ROLLOVERS

Treasury Bill auctions and Treasury Note rollovers will remain a central component of the ABP funding operations. Instruments on offer will include 30 days, 91 days, 182 days, and 364 day tenors to be issued with settlement date being t+2. During FY2025/26, the intent is to rollover the combined $1,839.2 million in outstanding bills and notes at end-June, 2025, together with the conversion of $372.8 million in 1-year bonds to 364-day Treasury Bills (see Table 4). Intra-year, T-Bill issuances will be utilized to smooth out short-term cash flow requirements. On balance, the outstanding amount is expected to be reduced by $61.4 million, in line with the GFN target.

Table 4: FY2025/26 Indicative Auction Schedule for Treasury Bill and Note Maturities[2]

								(B$M)
Programme A				**Programme B**				**Grand Total**
Date	**91-Day**	**182-Day**	**364-Day**	**Date**	**30-Day**	**90-Day**	**180-Day**	
17-Jul-25	432.3	108.2	-	01-Jul-25	2.1	0.6	1.9	**547.7**
				31-Jul-25	2.1	0.1	0.3	
12-Aug-25	319.6	59.2	100.0	30-Aug-25	2.1	0.0	-	**481.0**
12-Sep-25	-	1.3	-					**462.8**
13-Sep-25	267.5	-	-					
22-Sep-25	-	23.4	-					
23-Sep-25	167.9	-	-	30-Sep-25	2.1	0.6	0.0	
16-Oct-25	432.3	56.1	-					**569.7**
31-Oct-25	-	-	78.8	29-Oct-25	2.1	0.1	0.3	
11-Nov-25	319.6	20.1	-	28-Nov-25	2.1	0.0	0.1	**341.9**
13-Dec-25	267.5	-	-					**581.1**
16-Dec-25	-	-	140.9					
23-Dec-25	167.9	0.0		28-Dec-25	2.1	0.6	2.0	
15-Jan-26	432.3	108.2	-	27-Jan-26	2.1	0.1	0.3	**543.1**
10-Feb-26	319.6	59.2	-	26-Feb-26	2.2	0.0	-	**381.0**
14-Mar-26	267.5	1.3	-	28-Mar-26	2.2	0.6	0.0	**564.1**
24-Mar-26	167.9	23.4	101.3					
16-Apr-26	432.3	56.1	-	27-Apr-26	2.2	0.1	0.3	**490.9**
06-May-26	-	-	83.3	27-May-26	2.2	0.0	0.1	**425.3**
12-May-26	319.6	20.1	-					
13-Jun-26	267.5	-	-					**603.6**
23-Jun-26	167.9	0.0	-					
29-Jun-26	-	-	163.4	26-Jun-26	2.2	0.6	2.0	
Total	**4,749.4**	**536.6**	**667.7**		**27.9**	**3.4**	**7.2**	**5,992.3**

In keeping with transparency obligations, the government will continue to:

- Publish quarterly issuance calendars for Treasury Bills on the Central Bank's website—announcing the tenor and auction and settlement dates.
- Release instructions for participation in Treasury Bill tenders on the Central Bank's website one week prior to each tender.

[2] Programme A is issued under a fiscal agency arrangement with the CBOB and via a tender exercise (end-June 2025: $1,833.8 million outstanding); and Programme B is issued under a fiscal agency agreement with RF Bank & Trust (Bahamas) Limited and on a fixed rate basis (end-June 2025: $5.4 million outstanding).

6. INVESTOR RELATIONS

The government remains committed to debt transparency through the provision of timely and accurate disclosure of data on macro-fiscal performance and public debt operations to market participants, and the general public using, inter alia, its dedicated investor relations site.

Simultaneously, investor relations will be reinforced through a comprehensive market engagement strategy, including periodic conference calls, deal and non-deal roadshows, investor presentations and meetings throughout the year. The objective is provide updates on The Bahamas' credit story, including market developments, financing plans and macro-economic performance. The government also intends to maintain frequent communication with its credit rating agencies (i.e., Standard and Poor's Global Ratings, Moody's Ratings and Fitch Ratings).

On the domestic front, the government will proactively engage with major market players in the government securities market. Existing quarterly forums will be used to gauge market sentiment towards recent and upcoming issuances and to obtain and discuss updates on the investment environment.

The traditional weekly meetings between representatives of the Central Bank and the Ministry of Finance will continue to provide a strategic opportunity for reviewing the results of government security issuances and plans for pending issuances, and assessing updates on market perspectives and developments that could impact the government's financing activities. Initiatives will also be advanced to deepen the pool of retail investors in government securities through a comprehensive and targeted educational campaign.

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ANNUAL BORROWING PLAN

2025/26