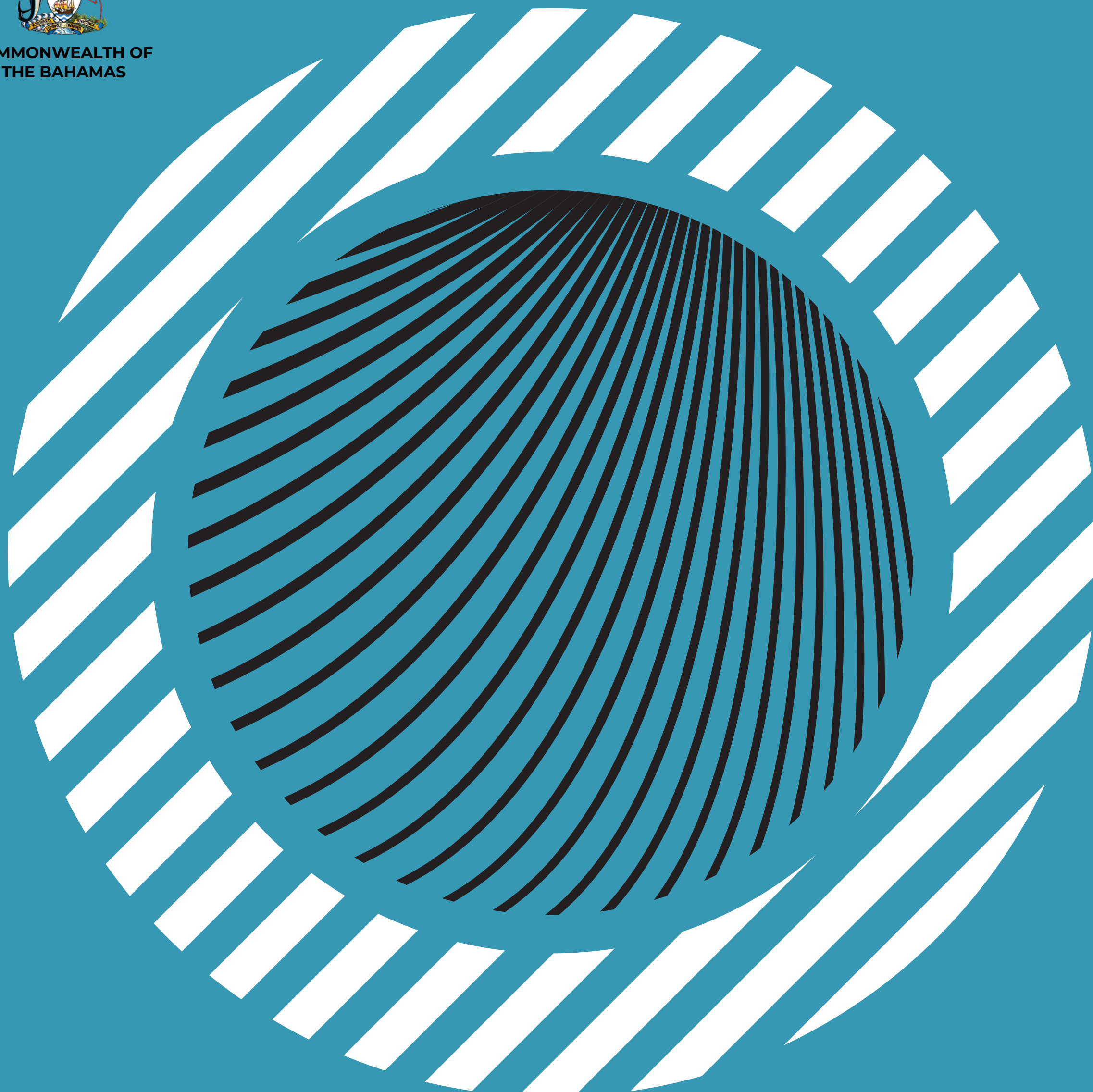
COMMONWEALTH OF THE BAHAMAS



Annual Borrowing Plan

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1. GENERAL STATEMENT

The Annual Borrowing Plan (ABP) for FY2026/27 sets out the government's borrowing strategy for the fiscal year ending June 30, 2027. It is published in fulfilment of the requirements of the Public Debt Management Act, 2021 (PDMA), the legal framework for public debt management, which grants, inter alia, the Minister of Finance the authority to borrow on behalf of the government within the limits approved by Parliament.

As required under section 13 of the PDMA, the ABP quantifies the government's gross financing needs for the year, incorporating both the net fiscal position and scheduled debt repayments. The report also articulates the categories and nominal amounts of debt instruments to be issued across domestic and external sources.

The 2026/27 ABP sits within a broader framework of fiscal planning that includes the FY2026/27 budget, the FY2026/27 – FY2028/29 Medium Term Debt Management Strategy, and the government's fiscal policy stance, as detailed in the 2026 Fiscal Strategy Report (FSR) tabled in Parliament on May 27, 2026. These strategic documents provide investors, creditors and the public with a coherent view of the government's financing intentions and the principles guiding its decisions.

Responsibility for preparing the ABP rests with the Debt Management Unit (DMU) within the Ministry of Finance. It is prepared in close coordination with the Central Bank of The Bahamas (the Central Bank) which, as fiscal agent, manages the domestic bond and Treasury bill auctions, publishes issuance calendars, and conducts weekly coordination meetings with the DMU. During the preparation process, input is also obtained from the Budget Unit in the Ministry of Finance on the approved annual budget figures, which anchor the Gross Financing Needs (GFN) calculation, and from the various International Financial Institution (IFI) creditors on indicative disbursement schedules for active and pipeline loans.

The PDMA requires that the ABP be made public within fourteen (14) calendar days of parliamentary approval of the annual budget, which reinforces the government's obligation for transparency in its financing intentions. Parliament approved the budget on June 24, 2026, and the 2026/27 ABP is being published within this statutory window.

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2. PUBLIC DEBT PORTFOLIO OVERVIEW (END- FY2025/26)

The financing strategy set out in the FY2026/27 ABP is a continuation of the government's medium-term debt management programme, and therefore best assessed within the context of the baseline debt stock. As at end-June 2026, the debt outstanding was provisionally estimated at $12,466.1 million, equivalent to approximately 70.7 per-cent of estimated GDP. This represents a modest improvement from the 70.9 percent at end-FY2024/25, in the context of continued fiscal consolidation and nominal GDP growth.

2.1. Portfolio Composition

As shown in Table 1a, external debt, at an estimated $5,404.2 million, comprised approximately 43.4% percent of the aggregate portfolio, with nearly 48.9 percent in outstanding euro bond obligations. Next were the IFIs, with 26.6 percent of the total, followed by financial institutions with 24.5 percent. The share of external debt secured at fixed rates was estimated at 56.2 percent.

Domestic debt amounted to an estimated $7,061.9 million, for 56.6 percent of the total. The bulk was denominated in Bahamian Dollars (96.5 percent), with government bonds constituting the largest instrument category, followed by Treasury Bills and Notes, commercial bank loans, and short-term advances from the Central Bank. The residual foreign currency component represented the SDR liabilities to the Central Bank (3.4 percent) and indebtedness to financial institutions (2.2 percent). The ongoing replacement of floating rate bonds with fixed rate instruments has progressively reduced exposure to interest rate risk, with fixed rate debt at an estimated 79.5 percent of the portfolio.

Table 1a: Debt Portfolio Snapshot (end-June 2026)

Description	B$M	% of Total
Total Debt	**12,466.1**	**100.0%**
External debt	**5,404.2**	**43.4%**
Bonds	2,641.4	48.9%
Loans	2,762.8	51.1%
Financial institutions	1,324.9	24.5%
International Financial Insfitutions	1,437.9	26.6%
Domestic debt	**7,061.9**	**56.6%**
Bonds	4,258.1	60.3%
Treasury bills & notes	2,371.8	33.6%
Loans	432.0	6.1%
Financial Institutions	145.4	33.7%
Central Bank (Advances)	49.5	11.5%
Central Bank (SDR P_Note)	237.1	54.9%
Fixed rate debt (% of External Debt)	56.2%	
Fixed rate debt (% of Domestic Debt)	79.5%	

2.2. Maturity Profile and Cost

Based on preliminary estimates for FY2025/26, the debt portfolio continued to move broadly toward the medium-term debt management objectives, although performance varied across key cost and risk indicators (see Table 1b). The portfolio's maturity and refixing profiles were below the annual and medium-term targets, with rollover and interest-rate risks being closely monitored. At the same time, the overall structure of the portfolio reflected ongoing efforts to strengthen domestic market financing and reduce exposure to variable-rate instruments.

At end-June 2026, the Average Time to Maturity (ATM) stood at 6.0 years, compared with the 7.4 years annual target and the 6.8 years medium-term target, while the Average Time to Refixing (ATR) was estimated at 4.5 years—less than both the annual and the medium-term targets. The percentage of debt maturing within one year, at 27.4 percent of the total, significantly exceeded the annual target, with efforts continued towards lengthening the maturity profile where market conditions permitted. Foreign-currency debt accounted for 45.3 percent of the portfolio, marginally above the annual target, while fixed-rate debt represented 69.4 percent of total debt, reflecting ongoing progress toward reducing interest-rate exposure over the medium term. Interest payments equated to approximately 4.2 percent of estimated GDP, compared with the annual 3.3 percent target.

Table 1.b: Portfolio Risk Indicators (end-FY2025/26 vs MTDS Targets)

	Estimates	Target	MTDS Target
Risk Indicator	**FY2025/26**	**FY2025/26**	**FY2028/29**
Weighted Average Interest Rate (%)	5.5	4.6	5.0
Average Time to Maturity — ATM (years)	6.0	7.4	6.8
Average Time to Refixing — ATR (years)	4.5	5.1	6.2
FX debt (as % of Total Debt)	45.3	44.4	55.4
Debt maturing within 1 year (% of Total Debt)	27.4	10.5	23.1
Debt Refixing within 1 Year (as % of Total Debt)	52.6	29.4	37.4
Fixed rate debt (as % of Total Debt)	69.4	80.0	83.1
Interest as % of GDP	4.2	3.3	3.0

2.3. Review of the FY2025/26 Borrowing Performance

Overall, FY2025/26 borrowing execution responded to market dynamics, especially in the domestic environment. On the external sided, the government's secured planned new borrowings from the IDB ($160.0 million) and the Development Bank of Latin America and the Caribbean or "CAF" ($100.0 million). Drawings on existing investment loans amounted to $17.7 million—below the projected $43.6 million, amid slower than anticipated implementation timelines. The government also kept credit rating agency relationships under active management.

Domestic bond issuances and T-Bill auctions were conducted in accordance with the published schedule. Market absorption was broadly supportive across the 2-year to 7-year tenors and the 30-year tranche.

Where final outturns deviate materially from the 2024/25 Plan, the Ministry of Finance will provide a reconciliation in the upcoming FY2027/28 to FY2029/30 MTDS report.

3. MACROECONOMIC ASSUMPTIONS AND KEY RISKS

Consistent with the FY2026/27 Budget and the 2026 FSR, the macroeconomic assumptions underlying the FY2026/27 ABP are grounded in a generally supportive, although still uncertain, global outlook. Global growth prospects remain moderately positive but carry meaningful downside risks, as trade tensions and the fragmentation of global supply chains remain a source of uncertainty with potential spillover effects on commodity prices, shipping costs and global demand.

On the domestic front, the Bahamian economy is expected to maintain a solid growth trajectory in FY2026/27. Robust tourism sector activity, together with ongoing investments in hotel and resort development and other construction activity, are expected to sustain domestic demand and employment.

The strengthened fiscal position, reflected in successive years of primary surpluses and declining debt-to-GDP ratios, is anticipated to support positive credit perceptions and contribute to favourable liquidity conditions in the domestic financial system. These factors, in turn are expect-ed to foster continued demand for government securities and underpin the government's ability to meet its financing needs on terms consistent with its medium-term debt management objectives.

However, the government remains attentive to the main risks to the ABP.

» **Market risk**: Adverse shifts in global interest rates or risk sentiment could increase the cost of external financing or reduce domestic investor appetite, particularly for longer tenors.

» **Re inancing risk:** Roll-over pressure from the large pool of T-Bill holdings require ongoing monitoring.

» **Fiscal risk:** Any material deviation from revenue or expenditure projections could alter the GFN, requiring an in-year revision to the ABP.

» **Climate and natural disaster risk:** As a small island state highly exposed to weather events, an unexpected disaster could trigger emergency financing needs, disrupt revenue collections, or accelerate recourse to contingency financing facilities.

The government's FY2026/27 financing strategy is designed to preserve flexibility in responding to potential contingencies, while maintaining adequate liquidity headroom and access to a diversified range of funding sources. Given the concentration of revenue receipts in the second half of the fiscal year, along with investor concentration at the short end of the yield curve, the Central Bank and the Ministry of Finance have jointly developed a cash buffer framework to manage in-year gross financing needs. This arrangement helps reduce liquidity risks associated with government securities auctions, provides greater scope to manage borrowing costs and, together with the active use of T-Bills, strengthens coordination between cash and debt management.

The government also retains the flexibility to adjust the timing and mix of funding sources in response to changing market conditions, cost-risk considerations, and unforeseen fiscal developments. Any material changes to the ABP will be communicated to the market in a timely manner.

4. OVERALL BORROWING REQUIREMENTS FOR FY2026/27

The FY2026/27 ABP is designed to ensure that the government's financing needs for the fiscal year are satisfied on a timely basis, at the lowest achievable cost and consistent with prudent risk management, while supporting the development of the domestic debt market.

The government foresees entering FY2026/27 from a position of improving fiscal strength, reflecting sustained commitment to fiscal discipline and consolidation. As approved by Parliament, the FY2026/27 budget[1] envisages an overall surplus of $223.1 million, to be used by the government to increase cash buffers. The GFN, therefore, is equivalent to the scheduled amortizations of loans and government securities of $1,024.0 million, which equates to an estimated 4.3 percent of GDP (see **Table 2**).

Table 2: FY2026/27 Borrowing Requirements

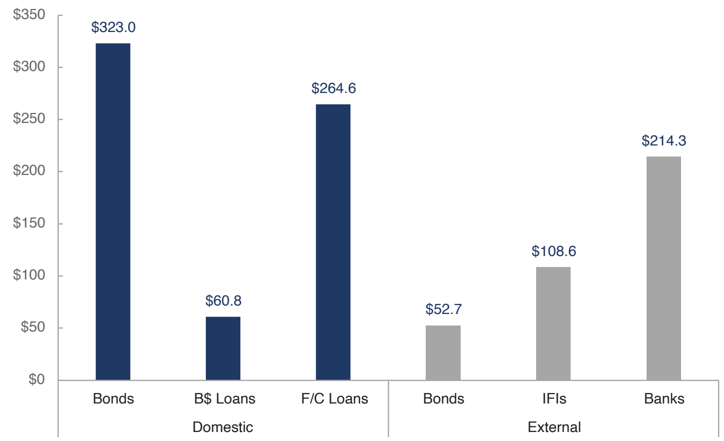
Description	B$M	% of GDP
Revenue	4,362.9	23.6%
Recurrent Expenditure	3,724.0	20.1%
of which: Interest Payments	711.2	3.8%
Domestic	344.0	1.9%
External	367.2	2.0%
Capital Expenditure	415.8	2.2%
Net Financing Needs	**223.1**	**1.2%**
Debt Repayment	**(1,024.0)**	**(5.5%)**
Domestic	(648.4)	(3.5%)
Bahamian Dollar	(383.8)	(2.1%)
Foreign Currency	(264.6)	(1.4%)
External	(375.6)	(2.0%)
Other Financing Needs (Cash Buffer)	(223.1)	(1.2%)
Gross Financing Needs	(1,024.0)	(5.5%)
Memo: Est. Nominal GDP (B$M)	18,515.7	

Source: Ministry of Finance

As depicted in Figure 1, approximately 49.8 percent of the $648.4 million in scheduled domestic amortization is in the form of Bahamian Dollar denominated bonds. Internal foreign currency obligations, at 40.8 percent, are dominated by the SDR liability to the Central Bank, and local currency loans from financial institutions represent a smaller 9.4 percent of the total. External loan repayments of $375.6 million are apportioned across commercial banks (57.1 percent), IFIs (28.9 percent), and private capital markets (14.0 percent).

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

Figure 1: FY2026/27 Debt Redemption Profile



As in prior years, the overarching financing strategy is designed to:

» lengthen the maturity profile of new borrowings to reduce the concentration of repayments and lower refinancing risk over the medium term.

» keep borrowing cost manageable by continuing to access concessional and semi-concessional financing from development partners, while remaining ready to pursue liability management opportunities, where market conditions are favorable.

» maintain the targeted split of roughly 70:30 between domestic and external debt, to limit the government's exposure to foreign currency risk.

5. PLANNED FUNDING SOURCES FOR FY2026/27

In keeping with the above strategy, the FY2026/27 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 consideration to market conditions, cost/risk factors and cash flow requirements.

Table 3. FY2026/27 Annual Borrowing Plan

Description	B$M	% of Total
Gross Financing Needs	**1,024.0**	**100.0%**
External borrowings	**380.5**	**37.2%**
a. Banks	200.0	19.5%
b. IFIs	180.5	17.6%
Loan drawings	80.5	7.9%
New Loans	100.0	9.8%
Domestic borrowings	**643.5**	**62.8%**
a. Bahamian Dollar	387.2	37.8%
Bonds	387.2	37.8%
T-Bills	0.0	0.0%
b. Foreign Currency Loans	256.3	25.0%

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

5.1. External Financing

a. Bonds

The government will monitor international capital market conditions to identify opportunities for liability management operations, including bond switches, buybacks and new issuances that improve the cost and risk profile of the external debt portfolio. Any new issuance will be contingent on market conditions, pricing levels and the government's overall liquidity position at the time of execution.

b. New Loans

Government intends to access up to $100.0 million in pol-icy-based loans from the IFI partners, in support of the government's reform agenda across priority sectors. The semi-concessional terms attached to these instruments make them an efficient source of external financing, consistent with the government's objective of minimizing the debt costs over the medium term.

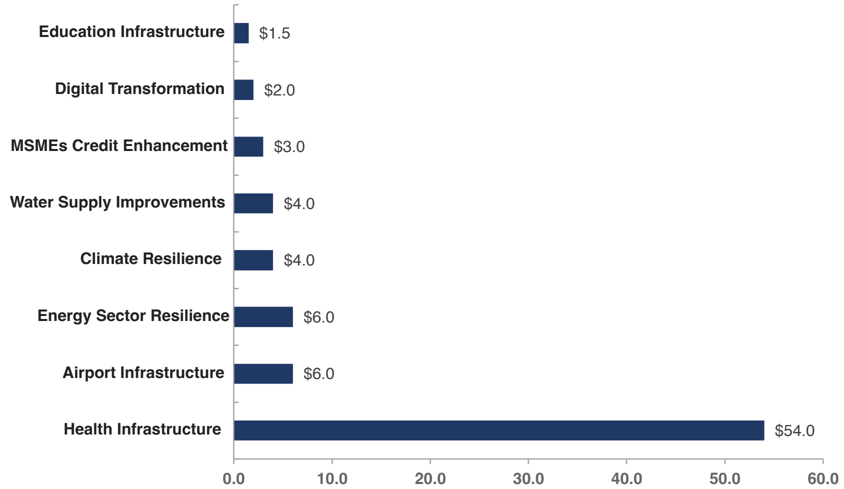
The government also plans to pursue policy-linked partial credit guarantees to help secure commercial loan facilities of up to $200.0 million.

c. Loan Disbursements

Drawings on existing investment loans from multilateral creditors are estimated at $80.5 million for FY2026/27, as project implementation milestones are reached across a portfolio of infrastructure, social, and governance initiatives. Drawings will be made in accordance with project agreements and subject to satisfaction of applicable conditions. The largest share, 62.1 percent, relates to a health infrastructure project financed by the Chinese Export Import Bank, with the balance drawn from the IDB (29.8 percent) and the CDB (8.1 percent) for various other priority projects (see **Figure 2**).

An additional $2.0 million is expected to be drawn in FY2026/27 from a $30.0 million IDB-funded Blue Economy investment facility currently in the pipeline, with the balance to be disbursed in later years as implementation progresses.

Figure 2: Loan Drawings (B$M)



5.2. Domestic Debt

a. Bond Maturities and New Issuances

Domestic bond issuance remains a central pillar of the government's financing strategy in FY2026/27. The Central Bank, in its capacity as fiscal agent, will conduct monthly auctions of fixed-rate bonds across tenors of 3, 5, 7, 10, 20, and 30 years under the benchmark programme. The government envisages bond issuance totaling $387.2 million—comprising the refinancing of $323.0 million in maturing bonds and an additional $64.2 million in new offerings. See **Table 2** for the FY2026/27 indicative issuance calendar.

The issuance strategy will prioritize the following initiatives:

» Replacing floating with fixed rate bonds to reduce interest rate risk exposure.

- »Extending average maturities to mitigate liquidity and refinancing risk and anchor a sustainable debt profile over the medium to long term.
- »Consolidating domestic market series through bond re-openings and build issue sizes toward benchmark levels that support secondary market liquidity.
- »Actively monitor market absorption metrics across each tenor to manage issuance costs and build a stable, well-defined yield curve that serves as a pricing reference for the broader financial system.
- »Applying a grow/shrink approach across maturity buckets to preserve flexibility aligned with investor appetite.
- »Finalizing a liability management framework encompassing call options, bond switches and buy back operations, to enhance secondary market liquidity and provide additional tools for managing refinancing risk as it falls due. Technical and system enhancements to support repo-arrangements were recently completed and undergoing final legal review, with a projected implementation date of the closing quarter of 2026.
- »Scaling up promotion of the recently launched savings bond to broaden participation of retail investors.
- »Continuing pursuit of other structural reforms to deepen the domestic debt market, over time.

Table 2: FY2026/27 Indicative Bahamian Dollar Bond Issuance Calendar

Month	Issuance (B$M)	Tenors offered	Auction Opens	Auction Closes	Settlement Date
Qtr. 1					
Jul-26	**$65.80**	3y, 5y, 7y, 10y, 20y, 30y	07-Jul-26	09-Jul-26	15-Jul-26
Aug-26	**$26.30**	3y, 5y, 7y, 10y, 20y, 30y	10-Aug-26	12-Aug-26	14-Aug-26
Sep-26	**$24.00**	3y, 5y, 7y, 10y, 20y, 30y	08-Sep-26	10-Sep-26	15-Sep-26
Qtr. 2					
Oct-26	**$75.20**	3y, 5y, 7y, 10y, 20y, 30y	07-Oct-26	09-Oct-26	15-Oct-26
Nov-26	**$20.00**	3y, 5y, 7y, 10y, 20y, 30y	09-Nov-26	11-Nov-26	16-Nov-26
Dec-26	**$20.00**	3y, 5y, 7y, 10y, 20y, 30y	07-Dec-26	09-Dec-26	14-Dec-26
Qtr. 3					
Jan-27	**$23.00**	3y, 5y, 7y, 10y, 20y, 30y	08-Jan-27	13-Jan-27	15-Jan-26
Feb-27	**$18.00**	3y, 5y, 7y, 10y, 20y, 30y	08-Feb-27	10-Feb-27	15-Feb-27
Mar-27	**$31.00**	3y, 5y, 7y, 10y, 20y, 30y	08-Mar-27	10-Mar-27	15-Mar-27
Qtr. 4					
Apr-27	**$18.30**	3y, 5y, 7y, 10y, 20y, 30y	12-Apr-27	14-Apr-27	16-Apr-27
May-27	**$47.70**	3y, 5y, 7y, 10y, 20y, 30y	11-May-27	13-May-27	15-May-27
Jun-27	**$18.00**	3y, 5y, 7y, 10y, 20y, 30y	09-Jun-27	11-Jun-27	16-Jun-27
Total	**$387.30**				

All auctions: fixed-rate reopenings | Settlement: 15th of each month (or nearest business day)

Source: Ministry of Finance and the Central Bank of The Bahamas

b. Loans

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

6. TREASURY BILL TENDERS AND TREASURY NOTE ROLLOVERS

T-Bill auctions and T-Note tenders will continue to serve as the primary tool for intra-year short-term cash flow management, helping to absorb seasonal patterns in revenue collections and expenditure disbursements. During FY2026/27, the intent is to rollover the combined $2,371.8 million in outstanding bills at end-June, 2026 (see **Table 3**), with maturities of 30, 91, 182, and 364 day tenors to be issued and a t+2 settlement date.

Table 3: FY2026/27 Indicative Auction Schedule for Treasury Bill and Note Maturities (B$M)[2]

Programme A				Programme B				Grand Total
Date	**91-Day**	**182-Day**	**364-Day**	**Date**	**30-Day**	**90-Day**	**180-Day**	
16-Jul-26	311.6	116.2	-	26-Jul-26	2.1	0.0	0.3	430.2
11-Aug-26	298.6	75.1	73.0	25-Aug-26	2.1	0.0	-	448.7
11-Sep-26	192.5	0.8	21.5	24-Sep-26	2.1	0.6	0.0	490.1
21-Sep-26	221.9	49.5	1.3					
15-Oct-26	311.6	104.8	74.0	24-Oct-26	2.1	0.1	0.3	701.2
30-Oct-26	-	-	208.4					
10-Nov-26	298.6	49.9	-	23-Nov-26	2.1	0.0	0.1	350.7
11-Dec-26	192.5	-	-	23-Dec-26	2.1	0.6	2.0	533.9
15-Dec-26	-	-	114.8					
21-Dec-26	221.9	-						
14-Jan-27	311.6	116.2	-	22-Jan-27	2.1	0.0	0.3	430.2
09-Feb-27	298.6	75.1	-	21-Feb-27	2.1	0.0	-	375.7
12-Mar-27	192.5	0.8	-	23-Mar-27	2.1	0.6	0.0	590.6
22-Mar-27	221.9	49.5	123.2					
15-Apr-27	311.6	104.8	-	22-Apr-27	2.1	0.0	0.3	418.7
03-May-27	-	-	119.7	22-May-27	2.1	0.0	0.1	470.4
11-May-27	298.6	49.9	-					
11-Jun-27	192.5	-	-	21-Jun-27	2.1	0.6	2.0	582.6
21-Jun-27	221.9	-	-					
28-Jun-27	-	-	163.4					
Total	**4,098.2**	**792.3**	**899.2**		**25.4**	**2.6**	**5.4**	**5,823.1**

Source: Ministry of Finance and the Central Bank of The Bahamas

[2] Programme A is issued under a fiscal agency arrangement with the Central Bank and via a tender exercise (end-June 2026: $2,366.4 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 2026: $5.4 million outstanding).

7. INVESTOR RELATIONS

The government remains committed to debt transparency, recognizing that investor confidence is built on timely, accurate and accessible disclosure of macro-fiscal performance and public debt operations. The dedicated investor relations platform serves as the primary repository for fiscal data, borrowing plans, budget performance reports and other related publications.

7.1. International Engagement

The government will pursue an active and structured market engagement strategy, designed to provide investors with a clear and up-to-date understanding of The Bahamas' credit story—covering macroeconomic developments, fiscal performance and financing plans.

Simultaneously, the government will maintain an open and proactive dialogue with its three credit rating agencies —Standard and Poor's Global Ratings, Moody's Investors Service, and Fitch Ratings, to ensure that rating assessments reflect current fiscal and economic data, and to promote understanding of the government's medium-term fiscal strategy and debt management objectives.

7.2. Domestic Market Engagement

The Ministry of Finance and the Central Bank in its capacity as fiscal agent will continue its active outreach with major participants in the government securities market. Existing quarterly forums will provide a dedicated platform to gauge market sentiment towards recent and upcoming issuances, to discuss developments in the domestic investment environment, and to solicit feedback that can inform the sequencing and calibration of issuances throughout the year. The traditional weekly coordination meetings between representatives of the Central Bank and the Ministry of Finance will be maintained as an important mechanism for reviewing the outcomes of recent issuances, refining plans for upcoming issuances and assessing market perspectives and developments that may affect government's financing activities.

The government recognizes the importance of broadening the domestic investor base beyond institutional participants, and in FY2026/27 concerted efforts will be extended to deepen the pool of retail investors in government paper. This will include a comprehensive and targeted educational campaign to raise public awareness of the range of instruments available, and exploration of digital and community-based distribution channels to expand access.

7.3. Disclosure Commitments

The government recognizes that predictability and transparency in debt operations are prerequisites for sustainable market confidence and ultimately for financing the government's operations at the lowest prudent cost to taxpayers, and therefore reaffirms its transparency commitments.

- The bond issuance schedule—detailing indicative volumes, tenors and offering dates—will be published fifteen (15) days before the start of each quarter.
- Full auction details (minimum, maximum, and average prices) will be released after finalizing the auction decisions. This will include the release of summary details on the various investor categories participating in each offering.
- Quarterly issuance calendars for T-Bills will be published on the Central Bank's website, accompanied by tenor, auction and settlement date information.

- Participation instructions for T-Bill tenders will be released on the Central Bank's website one week prior to each tender exercise.
- Post-auction results, including clearing rates, bid-to-cover ratios, and allotment amounts to be published promptly after each T-Bill tender.
- The government's investor relations website will be maintained with current fiscal, debt, and other macroeconomic data, including the ABP and the FSR. The content and accessibility of this platform will continue to expand in line with international best practices for sovereign debt transparency.

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