GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT

FINANCIAL REPORT
For the Second Quarter of FY2025/2026
(1 July 2025 to 30 September 2025)

Contents

KEY HIGHLIGHTS

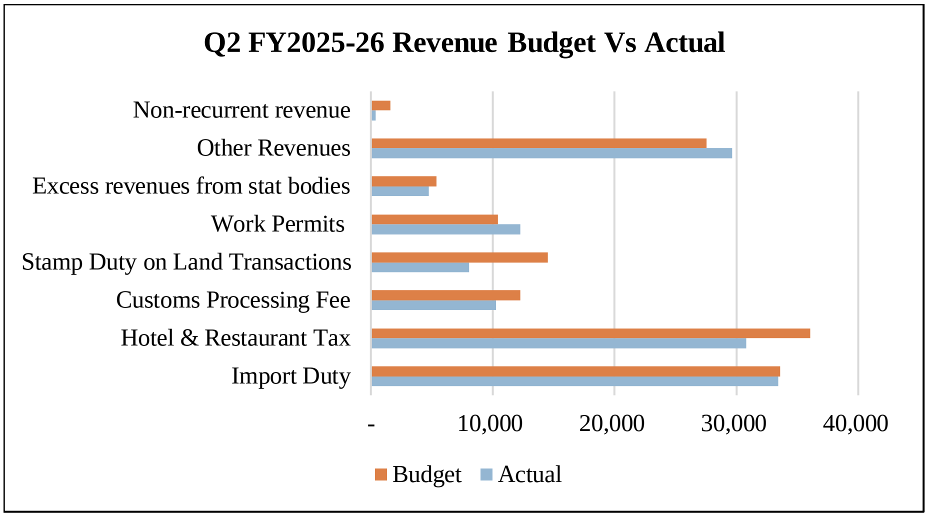
- **$129.6 million revenue for the Quarter.** The aggregate revenue collections for Q2 were $129.6 million against a budget of $141.4 million.

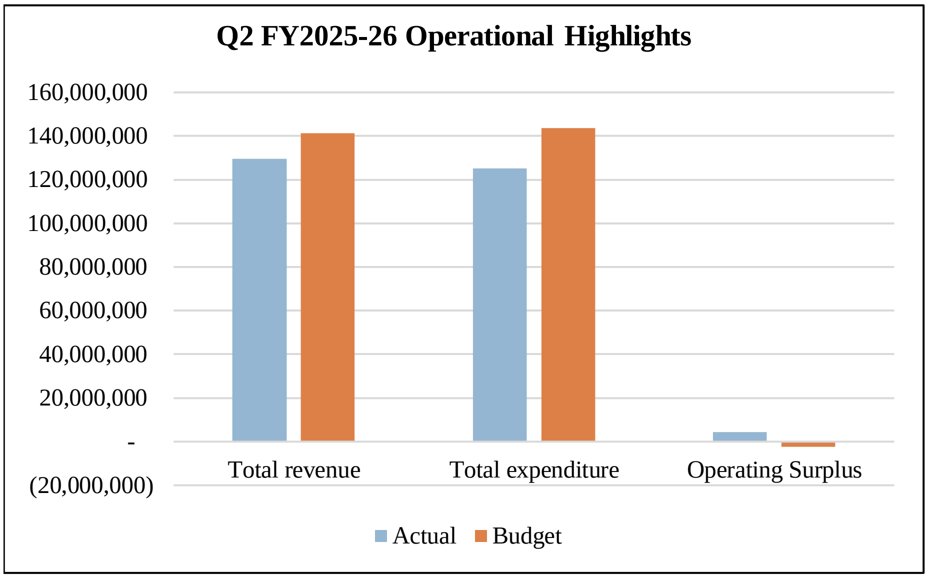
- **$125.3 million expenditure for the Quarter.** The total expenditure for Q2 was $125.3 million compared to the budget of $143.6 million.

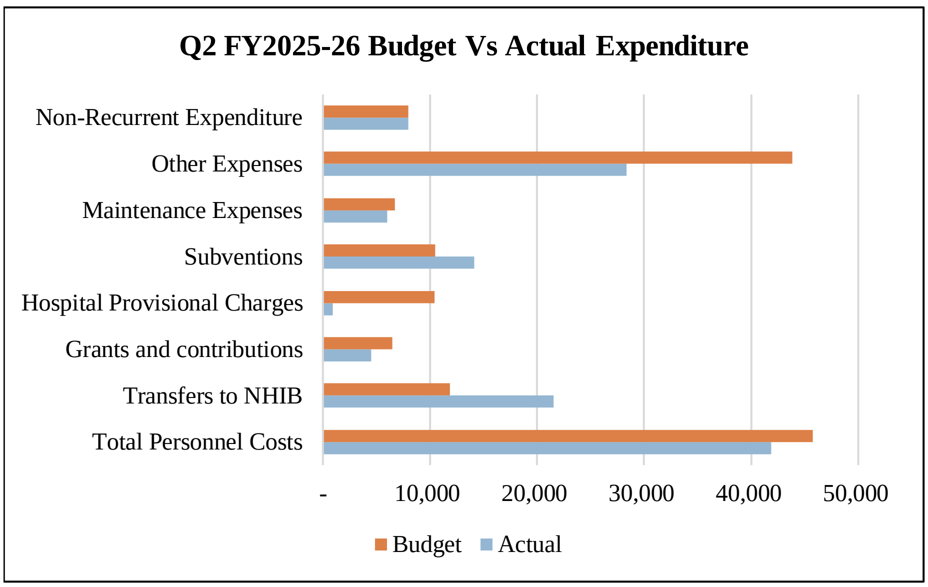
- **$12 million Capital expenditure during the year to date.** Capital expenditure for the quarter amounted to $5.9 million, representing a 4% decrease compared to the same quarter in the previous year and a 52% underperformance on Budget.

- **$4.3 million operating surplus**. The operating result $4.3 million was a surplus for the Quarter against the forecast deficit of $2.2 million.

- **Decrease in the underlying Cash balances**. The underlying cash balance at the end of the period showed a slight decrease of $0.7 million resulting in a closing cash balance of $430 million.







1. FOREWORD

The second Quarter of the FY2025-26 Financial Report (Unaudited) summarizes the results of operations for the Government of the Turks and Caicos Islands for July to September 2025.

The preparation and publication of this report represent the Government's continued commitment to transparent reporting of the Turks and Caicos Islands' finances, relevant and timely provision of financial information, and overall accountability and quality of governance for decision-making.

- ❖ Monitoring performance: The Quarterly financial report provides insights into the Government's financial performance over three months. By reviewing these reports, stakeholders can determine whether the Government is meeting its financial goals and make adjustments to improve performance if necessary.

- ❖ Transparency and accountability: The Quarterly financial report provides transparency and accountability to stakeholders. This report discloses a Government's financial condition, including its revenues, expenses, net cash flow, and losses (if any). It helps stakeholders make informed decisions about investing or borrowing.

- ❖ Compliance with regulations: The report has been prepared per the Amended Public Finance Management Act (Section 36. 01), which requires that the Accountant General prepares and submits an unaudited budget report within 28 days after the end of each Quarter.

- ❖ Planning and forecasting: The Quarterly financial report helps the Government and MDAs to plan and forecast their financial performance for future quarters. By analyzing trends and patterns in the data, MDAs can identify areas for improvement and adjust their strategies accordingly.

This report enables the Government to monitor the usage of public funds and the associated risks and challenges more closely and implement changes. Likewise, the public, financial institutions and other stakeholders can monitor the Government's finances to ensure that financial decisions are made according to prudent financial Management.

The budgetary data are prepared using a cash basis of accounting and guided by International Public Sector Accounting Standards (IPSAS) cash basis. Revenue is recognized when received and not earned; Expenditure is recorded when it is paid rather than when incurred.

PERIODICITY: Quarterly (Qtr. 2: July – September 2025)
TIMELINESS: Within 28 days after the end of the referenced Quarter as per PFMO section **36**(*1*)
PUBLICATION: To be released by the Department website (www.gov.tc/treasury)

2. ECONOMIC OVERVIEW

Tourism remains the cornerstone of TCI's economy, contributing significantly to GDP and employment. In 2025, the sector continues to perform strongly, supported by robust visitor arrivals and construction boom in the hospitality industry. At the same time, the economy faces headwinds including heavy reliance on imported goods, rising healthcare costs, inflationary pressures and growing security concerns, all of which could weigh on fiscal performance and the cost of living.

According to the Turks and Caicos Islands Statistical Authority, the economy expanded by about 5.6 percent in real terms in 2024, with nominal GDP estimated at US$1.37 billion and per capita GDP around US$37,500. Growth in 2025 is expected to continue, albeit at a more moderate pace than in 2024. Standard & Poor's recently upgraded TCI's credit rating to A-, citing sound fiscal management, strong cash reserves (equivalent to roughly 24 percent of GDP), and continued resilience in the tourism and financial services sectors.

Globally, economic conditions remain a key determinant of TCI's performance. The International Monetary Fund's (IMF) *July 2025 World Economic Outlook Update* projects global growth at 3.0 percent in 2025 and 3.1 percent in 2026, slightly above earlier forecasts. These gains reflect lower-than-expected U.S. tariffs and more favorable financial conditions. Global headline inflation is forecast to moderate to 4.2 percent in 2025 and 3.6 percent in 2026, though price pressures are likely to remain above target in the United States while easing in other large economies.

https://www.imf.org/en/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025

Within the Caribbean, growth is projected at around 2.5 percent in 2025, supported by stronger private consumption, more accommodative monetary policies, and improvements in export performance. Nevertheless, the region continues to face persistent structural challenges, including high public debt, dependency on tourism and fossil fuels, narrow tax bases, and vulnerability to supply chain disruptions and natural disasters. The World Bank stresses the need for digital transformation, investment in renewable energy and strengthened disaster preparedness as key pillars of long-term fiscal and financial resilience.[1]

Looking ahead, the Turks and Caicos Islands are expected to maintain solid growth momentum in the second half of 2025, though at a slightly slower pace than in 2024. Nominal GDP is projected to rise modestly, with per capita income remaining just above US$35,000. Inflation is anticipated to stabilize between 2.5 and 3.5 percent, although imported inflation, particularly in food, fuel, housing, and construction inputs remains a significant risk. While strong tourism demand and continued investment in real estate and infrastructure should continue to support the economy, external shocks such as higher global commodity prices, geopolitical instability and any deterioration in the U.S. economy could affect performance. Moreover, fiscal pressures from rising healthcare costs and the need to address security concerns may require careful management to preserve recent fiscal gains.

https://caribbean.un.org/en/287093-caribbean-economic-growth-hold-steady-2025-challenges-remain

3. FISCAL OVERVIEW

The Estimates of Revenue and Expenditure for the financial year 2025-26 were approved in the House of Assembly on May 27, 2025, with a focus on implementing strategies, development programs, and projects aimed at the well-being of the people of the Turks and Caicos Islands, as well as achieving social, economic, and environmental progress. The approved Budget includes revenues of $549.4 million, recurrent expenditures of $480.2 million, and capital expenditure estimated at $59.7 million, resulting in a projected surplus of $9.5 million.

A supplementary budget (No. 1) was approved on September 19, 2025, increasing recurrent and non-recurrent expenditures by $24.3 million and reducing capital expenditures by $10.8 million. Key areas of additional funding include: Claims against Government: $10 million, Statutory Land acquisition: $7 million, Hospital Provisional Charges: $4.8 million, Professional and Consultancy Services: $1 million, Subventions: $0.7 million and Maintenance Expenses $0.7 million.

Updated projections for FY 2025-26 reflect planned revenues of $549.4 million and total expenditures of $553.5 million. This includes $504.6 million allocated to operating expenses and $48.9 million to capital expenses. The revised estimates project an operating surplus of $44.8 million but a net deficit of $4.1 million due to increased spending.

The Government ended the Second Quarter with an operating surplus of $4.3 million and a slight cash decrease of $0.7 million to a closing cash balance of $430 million. Revenue for the Quarter was 8% lower than budget but 14% more than in a period similar to the prior year. It is imperative to closely monitor expenditures against revenues, budget, and the prior year while reinforcing the current macroeconomic strategies. Despite the inflationary pressures during the period, the Turks & Caicos Islands Government saw continued fiscal discipline and strong employment growth. The Turks & Caicos Islands' economic resilience is primarily attributable to the high volume of tourist arrivals, continued and growth in the construction and real estate market.

For the third Quarter, it remains imperative to closely monitor expenditure against both revenue performance and budget targets, while maintaining and reinforcing the current macroeconomic strategies that underpin stability and growth.

4.1. FISCAL SUMMARY

The second Quarter of FY 2025/26 recorded an operating surplus of $4.3 million against a projected deficit of $2.2 million. The result was 68% or $9.2 million lower than the prior year. The performance against budget is mainly driven by underspend on Personnel Costs, Hospital provision charges and other recurrent expenditure for the Quarter.

FISCAL SUMMARY	Quarter 2			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Recurrent Revenue	129,181	139,734	113,714	(10,553)	-8%	15,467	14%
Non-Recurrent Revenue	370	1,617	217	(1,248)	-77%	153	70%
Total Revenue	**129,550**	**141,351**	**113,931**	**(11,801)**	**-8%**	**15,620**	**14%**
Recurrent Expenditure	117,311	135,631	99,200	(18,320)	-14%	18,111	18%
Non-Recurrent Expenditure	7,960	7,955	1,294	6	0%	6,666	515%
Total Expenditure	**125,272**	**143,586**	**100,495**	**(18,315)**	**-13%**	**24,777**	**25%**
Net Operating Deficit/Surplus	**4,279**	**(2,236)**	**13,436**	**6,514**	**-291%**	**(9,157)**	**-68%**

4.2. CASH FLOW

The underlying cash balance at the end of the quarter declined slightly by $0.7 million compared to the previous quarter. This reduced TCIG's cash and cash equivalents from $430.7 million at the end of Q1 (June 2025) to $430.0 million as of September 30, 2025. Cash balances consist of funds held in bank accounts and short-term fixed deposits.

CASH FLOW SUMMARY	Quarter 2			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Cash Flow from Operations	**4,279**	**(2,236)**	**13,436**	**6,514**	**-291%**	**(9,157)**	**-68%**
Less:							
Development Fund Expenditure	(5,928)	(12,232)	(6,191)	6,305	-52%	263	-4%
Debt Repayments	-	-	-	-	0%	-	0%
Net receipts/(payments) of public accounts	921	-	(3,169)	921	0%	(4,090)	129%
Net Cash Flow	**(728)**	**(14,468)**	**4,076**	**13,740**	**-95%**	**(4,804)**	**-118%**
Opening cash balance	430,714		411,456				
Closing cash balance	**429,986**		**415,532**				
Attributable to:							
Consolidated Fund	243,847		214,151				
Development Fund	88,474		101,158				
National Forfeiture Fund	2,539		7,599				
National Wealth Fund	94,892		92,581				
Destination Enhancement Fund	234		43				
Closing cash balance	**429,986**		**415,532**				

4. REVENUE

5.1. REVENUE BY ECONOMIC CLASSIFICATION

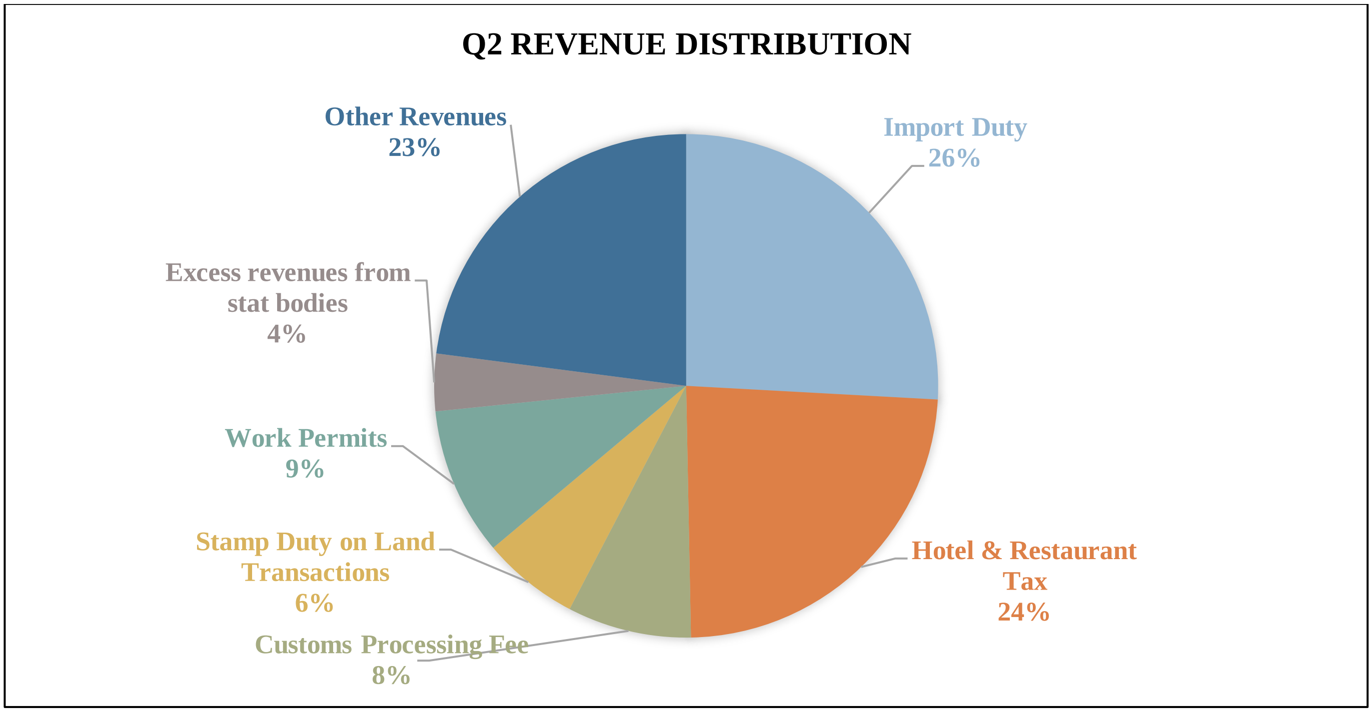
5.1.1. RECURRENT REVENUE

Q2: $129.2 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Recurrent Revenues							
Import Duty	33,411	33,582	27,812	(171)	-1%	5,599	20%
Hotel & Restaurant Tax	30,787	36,047	27,814	(5,260)	-15%	2,973	11%
Work Permits	12,275	10,405	10,031	1,870	18%	2,244	22%
Customs Processing Fee	10,278	12,260	8,606	(1,982)	-16%	1,672	19%
Stamp Duty on Land Transactions	8,043	14,500	11,765	(6,457)	-45%	(3,722)	-32%
Excess revenues from stat bodies	4,752	5,394	3,466	(642)	-12%	1,286	37%
Other Revenues	29,635	27,546	24,220	2,088	8%	5,415	22%
Total Recurrent Revenue	**129,181**	**139,734**	**113,714**	**(10,553)**	**-8%**	**15,467**	**14%**

Aggregate Revenue for the Quarter totaled $129.2 million. This result was 8% below the budget but 14% higher the prior year's collections. This is mainly attributed to lower-than-expected Hotel & Restaurant Tax, Stamp Duty on Land Transactions and Customs Processing Fee offset by favorable performance of receipts from Work permits. The five major revenue streams; Hotel & Restaurant Tax, Import Duty, Stamp Duty on Land Transactions, Customs Processing Fees, and Work Permit Fees collectively accounted for 73% of total revenue during the period.

The chart below shows the percentage distribution of Revenue for the Quarter.



Import Duties formed the largest portion of the Revenue collected (26%). Import duty collections totaled $33.4 million, which was $0.2 million or 1% lower than budget and $5.6 million or 20% higher than the prior year. Collections continued to be shaped by legislative measures such as restrictions on the importation of older vehicles, extended waivers on breadbasket items, and reduced surcharges on fuel imports and other concessions granted. The shortfall relative to budget was largely due to outstanding payments on assessed entries.

Hotel, Restaurant and Tourism Tax (HRTT) formed the second-largest portion of the Revenue collected (24%) during the Quarter. HRT collections of $30.8 million were $5.3 million or 15% below the Estimates but $3 million or 11% more than the prior year. The shortfall against budget reflects lower-than-expected stayover arrivals, consistent with data reported by Experience Turks and Caicos. At the same time, the Inland Revenue Department has strengthened compliance monitoring to address any possible underreporting by some entities in the hospitality sector.

Stamp duty on land transactions is collected based on the value of a transaction, and payments generally fall due within 30 days of the execution of an instrument. Accordingly, the rate of Stamp Duty collected in any given period is, in aggregate, a product of the volume and frequency of the property transactions within that period. Stamp Duty collected during the second Quarter totaled $8 million. The collections were $6.5 million or 45% lower than the Estimates and $3.7 million or 32% less than the prior year period. It is important to note that land transactions do not follow a cyclical pattern, and historical data may not accurately predict future revenue trends. Current factors affecting the Stamp duty from Land Transactions include booms and busts in the real estate market and implementing the BOTC Stamp Duty Rate Reduction Policy. A transfer with a consideration band that would normally attract a Stamp Duty rate of 10% may be reduced to 6% under the policy.

Customs Processing Fees (CPF) were $10.3 million, this was $2 million or 16% lower than the budget but $1.7 million or 19% higher than prior year results. Customs processing fees revenue can be affected by either increased or decrease in import activities especially in the construction industry, and inflation on imports. As with import duties, the shortfall against budget was mainly attributed to outstanding payments on assessed entries.

Receipts from Work Permits were $12.3 million for Q2, accounting for 9% of the total Revenue. These results were higher than the Estimates by $1.9 million or 18% and higher than prior year by $2.2 million or 22%. Revenue collection increased as most work permit holders are employed in the tourism and hospitality sector, and hiring would have increased with increased business activity.

Excess Revenue from Statutory bodies totaled $4.8 million. This was $0.6 million or 12% below the budget but $1.3 million or 37% more than the prior year results. This performance is attributed to remittances from TCI Airports Authority, Invest TC, Civil Aviation Authority and Port Administration. In accordance with Section 44 of the Public Finance Management Act, statutory bodies are required to remit unexpended funds to the Consolidated Fund at the end of each financial year.

5.1.2. OTHER RECURRENT REVENUE

Others revenues totaled $29.6 million for Q2 which was $2.1 million or 8% higher than Estimates and $5.4 million or 22% higher than the prior year. The favourable performance is attributed to PDA application fee, Stamp Duty – Share Transfer and Gaming Machine Tax offset by adverse performance of Fuel Tax, Seaport Departure tax, Vehicle License Renewals, Destination Management fees, Overtime Costs Recovered, Stamp Duty – Vehicle hire and Work Permits Repatriation Program.

The table below shows the breakdown of Other Revenue.

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Seaport Departure Tax	2,698	3,082	3,026	(384)	(12%)	(328)	(11%)
Fuel Tax	2,589	3,027	1,728	(438)	(14%)	861	50%
PDA application fees	2,348	921	617	1,428	155%	1,731	281%
Communication Tax	1,769	1,672	1,570	97	6%	199	13%
Gaming Machine Tax	1,635	1,308	1,298	327	25%	337	26%
Destination Management Fees	1,343	1,700	1,972	(357)	(21%)	(629)	(32%)
Telecommunication Licenses	1,317	1,374	1,180	(57)	(4%)	137	12%
Permanent Residency Fees	1,212	1,279	1,335	(67)	(5%)	(123)	(9%)
Stamp duty - Share Transfer	1,130	-	-	1,130	-	1,130	-
Vehicle License Renewals	967	1,350	936	(383)	(28%)	31	3%
Work Permits Repatriation Program	888	1,021	1,025	(132)	(13%)	(136)	(13%)
Insurance Premiums tax	717	658	618	58	9%	98	16%
Stamp duty - vehicle hire	589	749	703	(160)	(21%)	(114)	(16%)
Business License renewal	430	504	469	(74)	(15%)	(39)	(8%)
Overtime Costs Recovered	346	529	471	(183)	(35%)	(125)	(26%)
Stamp duty Miscellaneous	84	87	65	(3)	(4%)	19	30%
Other Revenues	9,573	8,285	7,209	1,288	16%	2,364	33%
TOTAL OTHER REVENUE	**29,635**	**27,546**	**24,220**	**2,088**	**8%**	**5,415**	**22%**

5.1.3. NON-RECURRENT REVENUE

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Non- Recurrent Revenues							
Land Sales	347	119	220	228	191%	127	58%
Revenue From Grants	22	1,498	(3)	(1,475)	-98%	26	-755%
	370	**1,617**	**217**	**(1,248)**	**-77%**	**153**	**70%**

Non-recurrent Revenue of $0.4 million mainly related to land sales: $0.3 million and Revenue from Grants: $22 thousands was recorded during the Quarter. This was 77% lower than Estimates but 70% higher than the prior year. The unfavorable variances are as result of Grant Income, expected but not received during the period.

5. EXPENDITURE

6.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

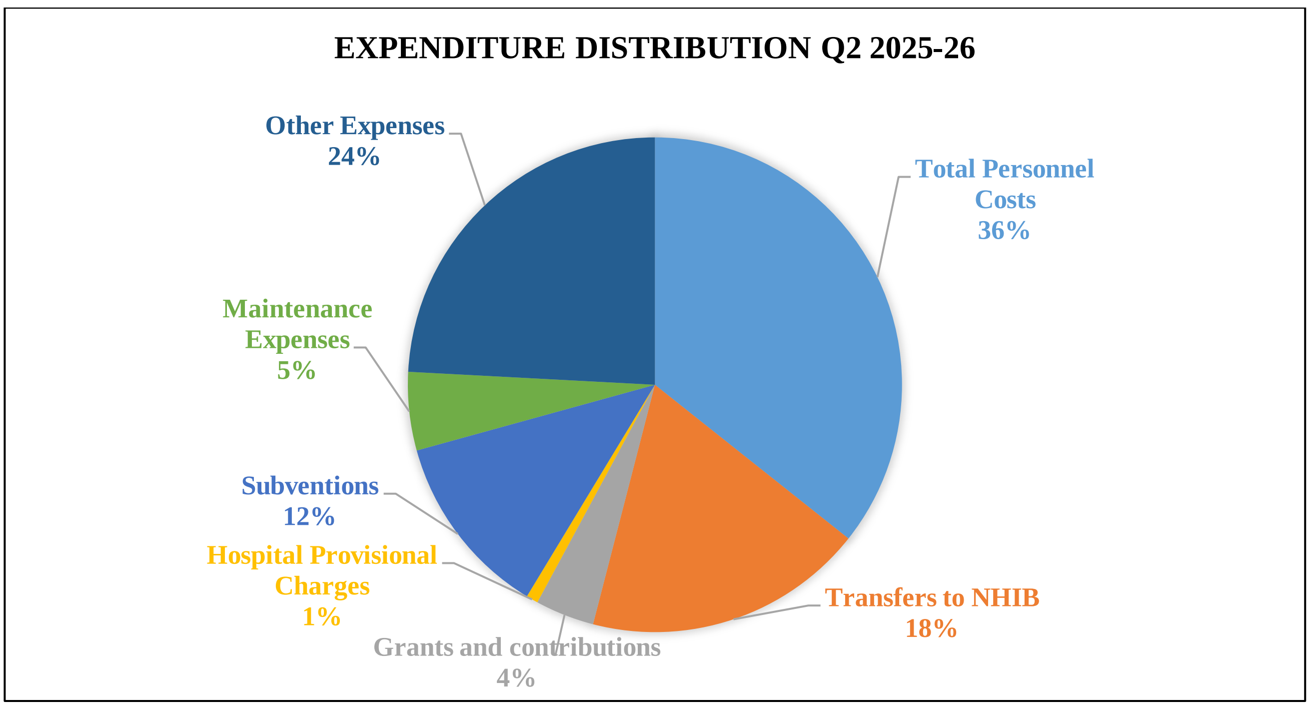
6.1.1. RECURRENT EXPENDITURE

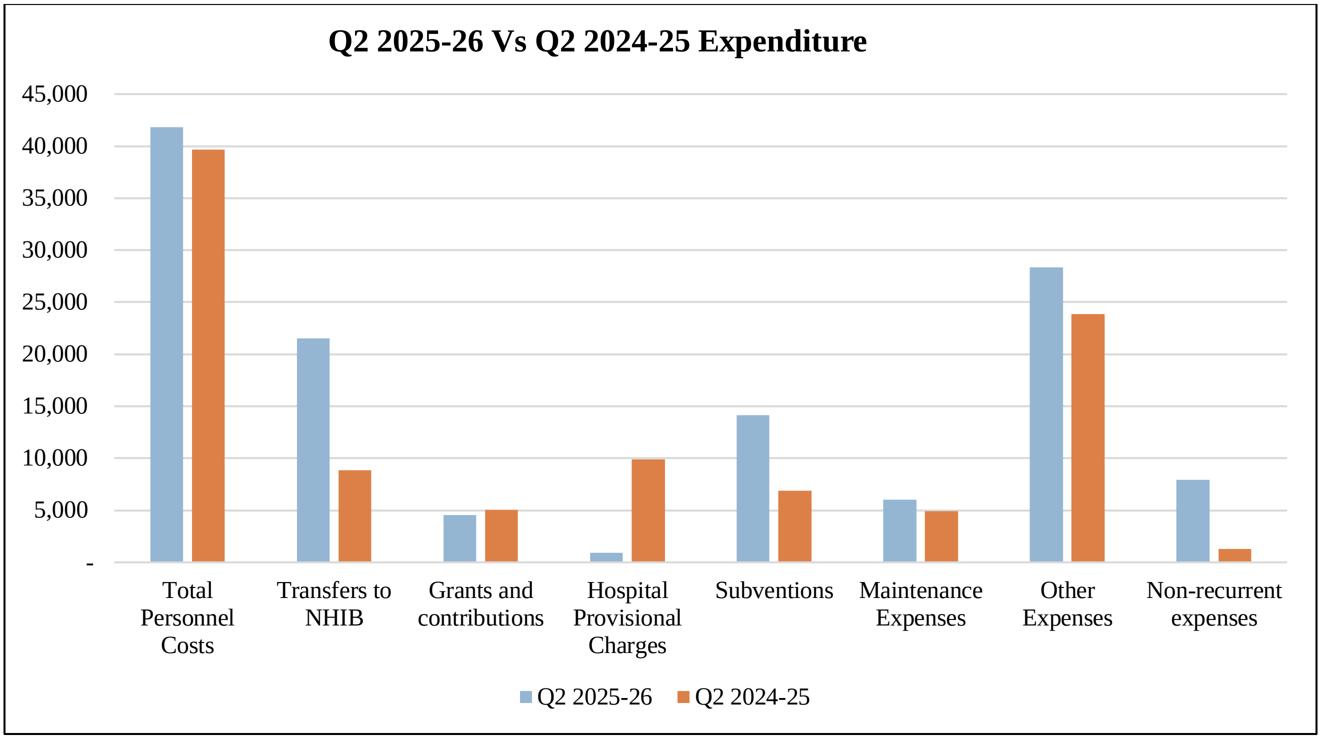
Recurrent Expenditure: ***Q2: $117.3 million***

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Recurrent Expenditure							
Total Personnel Costs	41,852	45,757	39,696	(3,904)	-9%	2,156	5%
Transfers to NHIB	21,533	11,890	8,873	9,642	81%	12,660	143%
Subventions	14,137	10,506	6,859	3,630	35%	7,278	106%
Maintenance Expenses	6,004	6,735	4,941	(731)	-11%	1,063	22%
Grants and contributions	4,529	6,473	5,016	(1,944)	-30%	(487)	-10%
Hospital Provisional Charges	911	10,414	9,924	(9,503)	-91%	(9,013)	-91%
Other Expenses	28,346	43,857	23,892	(15,511)	-35%	4,454	19%
Total Recurrent Expenditure	**117,311**	**135,631**	**99,200**	**(18,320)**	**-14%**	**18,111**	**18%**

Recurrent expenditure for Q2 totaled $117.3 million. The results were 14% or $18.3 million less than the Estimates but $18.1 million or 18% higher than the Prior Year. The underspend against the budget is mainly attributed to vacancies within the Civil Service and less than expected spending on Hospital Provisional Charges, Grants & Contributions and Maintenance Expenses offset by overspending on Transfers to NHIB and Subventions.

Recurrent expenditures were distributed as shown below;





$125.3 million was expended during the second Quarter ($117.3 million recurrent expenditure and $8 million non-recurrent expenditure). These results were $18.3 million or 13% lower than budget and $24.8 million or 25% higher than prior year.

NHIB transfers totaled $21.5 million representing 18% of total recurrent expenditure. This was $9.6 million (81%) above the Estimates and $12.7 million (143%) higher than the same period last year. The increase reflects invoicing changes agreed between the Ministry of Health and NHIB, whereby the Ministry is now billed for the actual expenditure of the Treatment Abroad Program rather than a standard monthly payment. This adjustment is intended to more accurately reflect the full cost of the program and to facilitate real-time monitoring of outstanding payments.

Subventions to Statutory Bodies totaled $14.1 million, which was $3.6 million or 35% more than the Q2 Estimates and $7.3 million or 106% higher than the prior year. The variances primarily reflect timing differences between the budgeted profile and actual disbursements, which are expected to normalize as the year progresses.

Maintenance expenses totaled $6 million. This was $0.7 million or 11% lower than the Estimates and $1.1 million or 22% higher than the prior year.

Grants and contributions totaled $4.5 million. This was $1.9 million or 30% less than Estimates and $0.5 million or 10% lower than the prior year. The variance reflect timing differences between the budgeted profile and actual spend for the Community enhancement and Public Works Programmes, which are expected to normalize in the subsequent Quarters.

Hospital Provisional Charges totaled $0.9 million, representing an underspend of $9.5 million (91%) against the Estimates and 91% lower than the corresponding period in the previous year. The variance is primarily due to delays in payments to InterHealth Canada pending the completion of ongoing reconciliations.

Personnel Costs accounted for 36% of the recurrent expenditure, totaling $41.9 million, compared to the Estimates of $45.8 million leading to $3.9 million or 9% underspend. The Personnel costs were $2.2 million or 5% higher than the prior year. The performance against budget results from existing vacancies that are yet to be filled throughout the civil service.

Personnel costs are further itemized below;

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Compensation of employees							
Salaries and Wages	30,767	34,012	29,413	(3,244)	-10%	1,354	5%
Contribution to NIB and NHIB	2,636	2,989	2,546	(353)	-12%	90	4%
Housing Allowances	1,503	2,172	1,490	(669)	-31%	13	1%
Transport Allowances	282	445	254	(163)	-37%	28	11%
Telephone Allowances	308	376	288	(68)	-18%	21	7%
Other Allowances	1,614	1,112	1,276	503	45%	338	27%
Total compensation of employees	**37,111**	**41,105**	**35,265**	**(3,995)**	**-10%**	**1,845**	**5%**
Compensation to Members of the House of Assembly							
Salaries - Ministers and Members	641	666	622	(24)	-4%	19	3%
Contribution to NIB and NHIB for Ministers and Members	29	37	25	(8)	-23%	3	13%
Allowances for Ministers and Members	166	172	137	(6)	-4%	29	21%
Total compensation of members of the House of Assembly	**836**	**875**	**785**	**(39)**	**-4%**	**51**	**7%**
Pensions and gratuities							
Pensions (PSPP and RAP)*	1,446	1,500	1,407	(54)	-4%	38	3%
Employer's Pension Contribution (PSEPF)*	841	998	783	(157)	-16%	58	7%
Gratuities	1,091	750	839	341	45%	251	30%
Pensions - Legislators	528	528	617	-	0%	(89)	-14%
Gratuities - Legislators	-	-	-	-	-	-	-
Total pensions and gratuities	**3,906**	**3,776**	**3,646**	**130**	**3%**	**259**	**7%**
Total Wages, Salaries and Employee benefits	**41,852**	**45,757**	**39,696**	**(3,904)**	**-9%**	**2,156**	**5%**

*PSPP and RAP – Public Service Pension Plan and Retiring Allowance Plan
*PSEPF-Public Sector Employees Pension Plan

6.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: *Q2: $28.3 million*

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Professional and Consultancy Services	5,516	6,752	3,040	(1,235)	-18%	2,476	81%
Social welfare	2,998	3,368	2,907	(370)	-11%	91	3%
Recurrent Sub Programmes and Projects	2,414	3,267	2,917	(853)	-26%	(503)	-17%
Rental of assets	1,880	2,135	1,704	(255)	-12%	176	10%
Security expenses	1,779	1,384	866	394	28%	913	106%
Utilities	1,627	1,509	1,476	118	8%	151	10%
International Travel and Subsistence	1,240	1,239	680	1	0%	560	82%
Local Travel and Subsistence	1,010	1,241	1,208	(231)	-19%	(198)	-16%
Communication Expenses	739	698	559	41	6%	180	32%
Local Training	702	866	499	(165)	-19%	202	41%
Other supplies, material & Equipment	671	715	559	(44)	-6%	112	20%
Data Communication cost	648	393	690	255	65%	(43)	-6%
Hosting and Entertainment	406	904	372	(498)	-55%	34	9%
Fuel	381	593	446	(212)	-36%	(65)	-15%
Bank charges	348	315	384	33	11%	(36)	-9%
Other Sundry Expenses	283	321	304	(39)	-12%	(21)	-7%
Insurance Expenses	240	967	63	(727)	-75%	177	282%
Repatriation and exportation expenses	0	(1,088)	1,283	1,088	-100%	(1,283)	-100%
Other Recurrent Expenditure	5,464	18,277	3,935	(12,813)	-70%	1,530	39%
TOTAL OTHER RECURRENT EXPENDITURE	**28,346**	**43,857**	**23,892**	**(15,511)**	**-35%**	**4,454**	**19%**

Other expenses totaled $28.3 million, which was $15.5 million or 35% below the Estimates and up $4.5 million or 19% in a year on year comparison. The variances in the budget are mainly due to timing differences between profiled and actual expenditure, and this gap should narrow as the year progresses.

6.1.3. NON RECURRENT EXPENDITURE

Non-Recurrent Expenditure: Q2: $8 million

	Quarter 2			Variances			
	Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%
Non-Recurrent Expenditure							
Statutory Land Acquisitions	6,650	7,150	50	(500)	-7%	6,600	13200%
SIPT	1,306	649	1,145	656	101%	161	14%
Finance costs	5	6	6	(1)	-11%	(1)	-17%
Civil Recovery Costs	-	150	93	(150)	-100%	(93)	-100%
Total Non-Recurrent Expenditure	**7,960**	**7,955**	**1,294**	**6**	**0%**	**6,666**	**515%**

Non-Recurrent Expenditure results for Q2 totaled $8 million mainly attributed to Statutory Land Acquisitions: $6.7 million and SIPT: $1.3 million. Non-recurrent expenditures were in line with the Estimates for the Quarter and 515% above the same period in the prior year.

6. OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt Financial Liabilities - Borrowings	Interest Rates %	Outstanding Balance 01-Apr-25 US$'000	Principal Repayment During 2025/26 US$'000	Outstanding Balance 30-Sep-25 US$'000
Further Education (04/SFR-OR-TCI)	2.5%	283	(43)	239
Integrated Solid Waste Management (5/OR-TCI)	4.90%	278	(93)	185
Total unsecured debts		**560**	**(136)**	**424**

As of September 30, 2025, TCIG's total public debt stood at US$0.4 million, comprising two active loan instruments with the Caribbean Development Bank (CDB). During the Year to Date period, the Government made principal repayments of $136k and paid interest and commitment fees totaling $11k.

A breakdown of outstanding public debt is shown below;

Source of funding	CDB	CDB	Total
Loan description	Further Education (04/SFR-OR-TCI)	Integrated Solid Waste Management (5/OR-TCI)	
Effective Interest Rate	2.50%	4.90%	
Total loan approved (US$)	2,000,000	672,500	**3,113,500**
Total Loan Disbursed (US$)	2,000,000	436,185	**2,863,085**
Outstanding Amount as at 30/09/2025 (US$)	**239,131**	**185,047**	**424,177**
Year of first disbursement	2000	2023	
Maturity Date	1-Apr-28	1-Jul-26	
Principal Repaid YTD (US$)	43,478.26	92,523.62	**136,002**
Interest Paid YTD (US$)	3,396.75	6,505.73	**9,902**
Commitment fees paid YTD (US$)	-	1,277.34	**1,277**
Other charges paid YTD (US$)	-	155.23	**155**
Total Debt Servicing YTD (US$)	46,875.01	100,306.69	**147,182**

7. DEVELOPMENT FUND

8.1. DEVELOPMENT FUND ANALYSIS

The development fund balance as of September 30, 2025 was $88.5 million, and the Capital expenditure Year to Date was $12 million. The movement in the fund balance is as shown below.

	Amount US$ '000
Opening balance 1/04/2025	**51,524**
Appropriation for FY 2025-26	59,702
FY 2025-26 Supplementary 1 Appropriation	(10,772)
Capex YTD	(11,980)
As at 30 September 2025	**88,474**

8.2. TOP CAPTIAL PROJECTS BY EXPENDITURE AMOUNT

The top 10 capital projects expended Year to Date are shown below.

	Project Number	Project Title	CAPEX YTD
			US$'000
1	5561	South Dock Port Redevelopment	1,230
2	5682	Highway and Road Improvements	1,035
3	5683	Remediation Works to Ponds and Bridges	1,023
4	5788	Ambulances for Islands	975
5	5624	Prison Works	968
6	5696	Purchase of Patrol Vessel	895
7	5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	668
8	5752	Furniture and Equipment for Primary Schools - LOT 6	563
9	5754	Repairs to RGHS Art Block	551
10	5566	Construction of New Primary School PLS- Phase 2	526

8. NATIONAL WEALTH FUND

Section 9 (1(a)) of the National Wealth Fund Act governs transfers to the National Wealth Fund. This Act stipulates that if, in any financial year, actual revenue exceeds estimated revenue by 5% but less than 20%, then 50% of the excess revenue must be withdrawn from the Consolidated Fund and deposited into the National Wealth Fund. Based on the actual results of FY 2024/25, no funds are expected to be transferred to NWF as only 3% of actual revenue was in excess of the estimates for the period.

9.1. STATEMENT OF ACCOUNT

As of September 30 2025, the National Wealth Fund balance was $95.1 million.

FY 2024-25 results (in US$' '000)				Transfer of (50%) excess revenue	Opening NWF 01/04/2025	Interest income	Closing NWF 30/09/2025
Actual revenue	Estimates	Excess	%	(US$' 000)	(US$' 000)	(US$' 000)	(US$' 000)
515,292	499,978	15,314	3%	-	93,428	1,648	95,076

9.2. STATEMENT OF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US$'000)	30-Sep-25 US$'000	31-Mar-25 US$'000
Stabilization Fund	47,652	46,499
Infrastructure and Competiveness Fund	13,614	13,285
Heritage Fund	6,565	6,417
Citizen's Empowerment Fund	7,124	7,116

Mortgage Corporation Fund	20,119	20,111
National Wealth Fund balance at the end of the period	**95,076**	**93,428**

Represented by		
Cash at Bank	10,363	10,357
Fixed deposit	84,529	82,887
Investment Property	184	184
	95,076	**93,428**

Fixed deposits totaling to $84.5 million is currently held by the National Wealth Fund with an interest rate of 3.9% per annum. The short-term deposit can be recalled at one month's notice when liquidity is required. The Fund also holds $184K as a deposit on an investment property.

9. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of $3.2 million as at September 30, 2025. The purpose of NFF is to fund the operational Budget of the Anti-Money Laundering Committee. Movement in the Fund is shown below;

(All figures in US$'000)	**30-Sep-25 US$'000**	**31-Mar-25 US$'000**
Opening Balance	**3,440**	**6,832**
Receipts		
Other receipts	943	18
Total receipts	**943**	**18**
Payments		
AMLC expenses	199	599
Special project expenses	1,033	2,148
Transfers to consolidated Fund	-	663
Total payments	**1,232**	**3,410**
Net increase in National Forfeiture Fund balance	**(289)**	**(3,392)**
National Forfeiture Fund balance at the end of the period	**3,151**	**3,440**

10. DESTINATION ENHANCEMENT FUND (DEF)

Section 12 of the Destination Management Fee Act stipulates the establishment of the Destination Enhancement Fund under the administration and control of the Permanent Secretary of Finance. All fees collected by carriers (Destination Management Fees) are to be deposited into the Fund. The Fund is intended for the following purposes: the protection and preservation of the natural, rural, agricultural, and marine environments; the promotion of sustainable tourism; the maintenance of historical and cultural heritage sites; tourism education and training of tourism businesses; the maintenance and development of tourist sites and other tourism-related activities throughout the Islands; and the marketing of the Islands as a premier tourist destination.

11.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at September 30, 2025 is shown below;

(All figures in US$'000)	30-Sep-25	31-Mar-25
Opening Balance	**-**	**1,164**
Receipts		
Destination management fees	3,321	5,412
Total receipts	**3,321**	**6,576**
Payments		
Subvention to the DMMO	(2,912)	(6,576)
Other payments	-	-
Total payments	**(2,912)**	**(6,576)**
Destination Enhancement Fund balance at the end of the period	**409**	**-**

*DMMO- Destination Marketing and Management Organization.

11. PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Public Sector Employees Pension Fund Act came into force on March 25, 2022 to establish a defined contribution pension fund for public sector employees. The Fund is mandatory for TCIG and Statutory bodies employees with the exception of employees covered under the Pensions Act (employed before 6 April 1992), temporary employees and contract employees entitled to a gratuity. An initial transfer of $7.9 million was seeded into the fund as per appropriation in FY 2021/22. Additional seed funding of $7 million was provided through appropriation in FY 2023-24 and the total seed funding was transferred to a separate bank account. The Fund balances are maintained in an escrow account with RBC bank and do not form part of the Consolidated Fund cash balances.

Payments totaling $169k were paid to beneficiaries during the Year to Date.

The Fund was reconciled as follows at September 30 2025.

	30-Sep-25	**31-Mar-25**
	US$'000	**US$'000**
Opening balance at Apr 1	**29,711**	**21,179**
CONTRIBUTIONS MADE:		
Contributions by Statutory bodies	880	1,465
Employer's Contributions by TCIG- YTD	1,690	3,433
TCIG Employees' contributions- YTD	1,690	3,433
Ex-gratia funding	-	1,000
BENEFITS PAID:		
Payments to beneficiaries YTD	(169)	(799)
Prior year adjustment on benefits paid	-	-
Bank charges YTD	-	-
Closing PSEPF balance	**33,802**	**29,711**

12. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,127 people employed by TCIG at the end of September 2025, consisting of 1,844 monthly paid employees and 285 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there were 123 new recruits and 154 attritions during the Year to Date.

Pensioners

The total number of Pensioners on the Public Service Pension and Retiring Allowance Plans at end of the Quarter was 328.

13. FINANCIAL OUTLOOK

TCIG recorded an operating surplus during the second Quarter of FY2025/26; however, revenue collections for the Quarter and Year to Date are running behind budget, and it remains uncertain whether full-year targets will be achieved. As additional funds are released, MDAs are expected to accelerate programme activities, though timing and expenditure execution will remain key.

Tourism continues to be the cornerstone of the economy, strongly influencing TCIG's financial performance. While S&P Global upgraded TCI's credit rating from BBB+ to A-, reflecting robust economic fundamentals and ongoing fiscal prudence, the Government's fiscal measures to mitigate the cost-of-living crisis may temporarily affect both revenue and expenditure. Rising healthcare costs and claims against government also pose a risk to the surplus, as these obligations could increase expenditure pressures in the subsequent period of the year.

Overall, TCIG's financial outlook remains positive but exposed to domestic and global risks, including fluctuations in tourism, international economic conditions, timing of budget execution, and rising contingent liabilities. Close monitoring of revenue trends and expenditure patterns will be critical to managing these uncertainties.

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