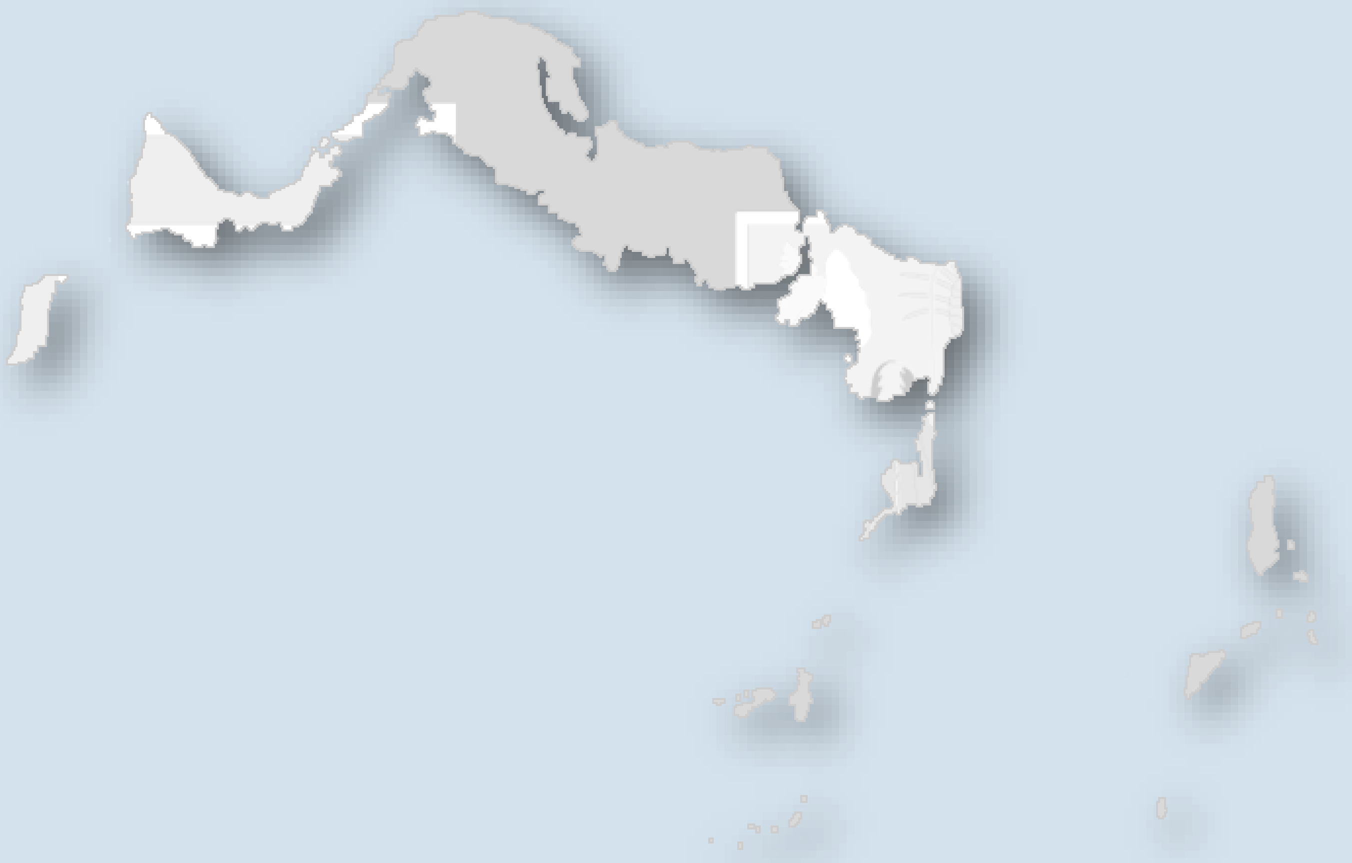
GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT

FINANCIAL REPORT
For the Third Quarter of FY2025/2026
(1 October 2025 to 31 December 2025)



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KEY HIGHLIGHTS

- **Strong revenue outturn for the Quarter**

Revenue collections for Q3 amounted to $128.2 million, exceeding the approved budget of $114.8 million by $13.4 million (12%) driven by new revenues from collections from share transfer duties and Crown land premiums.

- **Expenditure marginally above budget**

Total expenditure for the Quarter was $122.0 million, compared to a budgeted $115.4 million, representing an over-expenditure of $6.6 million (5.7%), reflecting the catch-up of spending that was deferred or under-executed in earlier quarters of the financial year.

- **Capital expenditure underperformance**

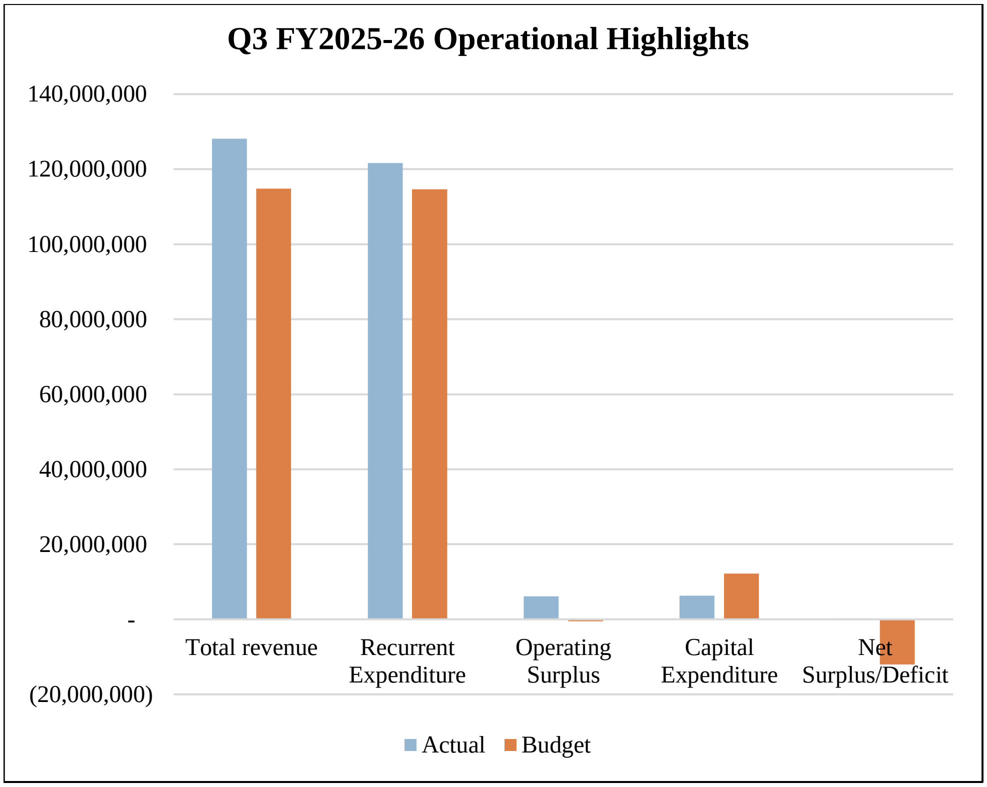
Capital expenditure for the Quarter totaled $6.3 million, representing a 15% decline compared to the same Quarter in the previous financial year and an underperformance of 49% against budget. This indicates continued challenges in the execution of capital projects.

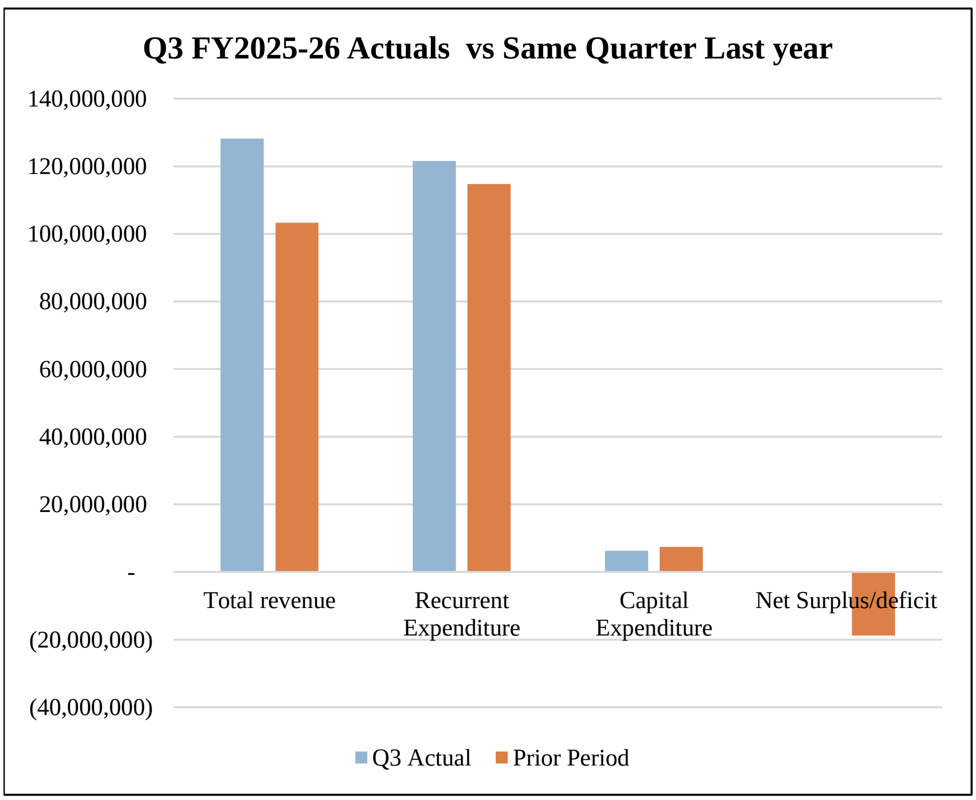
- **Operating surplus recorded**

An operating surplus of $6.1 million was achieved for the Quarter, compared to a forecast deficit of $0.5 million, driven primarily by stronger-than-budgeted revenue performance.

- **Slight reduction in underlying cash balances**

The underlying cash balance declined marginally by $1.6 million during the Quarter, resulting in a closing balance of $428.3 million at the end of Q3, indicating broadly stable cash management despite expenditure pressures.





1. FOREWORD

The Third Quarter of the FY2025-26 Financial Report (Unaudited) summarizes the Government of the Turks and Caicos Islands operational results for October to December 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 Ordinance 2014 (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. 3: October-December 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) *October 2025 World Economic Outlook Update* projects global growth slowing from 3.3% in 2024 to 3.2% in 2025 as economies adjust to persistent structural headwinds. Inflation continues easing but remains above target in several countries, keeping monetary policy relatively tight. The United States remains a key driver of global performance, supported by strong AI-driven investment, resilient consumer spending, and a temporarily weaker dollar that improves global financial conditions. However, renewed U.S. tariff actions, global trade fragmentation, declining development aid, and supply-side pressures including labour shortages continue to weigh on confidence and investment, leaving overall risks to the global economy tilted to the downside.

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 last quarter of fiscal year 2025-26, though at a slightly slower pace than in 2024-25. 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, operating 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 included: 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 expenditure and $48.9 million to capital expenditure. 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 third Quarter of FY2025-2026 with an operating surplus of $6.1 million and a net cash decrease of $1.6 million, bringing the total cash balance to $428.3 million. Revenue for the Quarter was 12% higher than Budget and 24% more than that of a similar period in the prior year. Despite ongoing inflationary pressures, the Turks and Caicos Islands Government continues to experience strong cash flow and robust employment levels, driven primarily by continued growth in the tourism and real estate sectors. These key industries continue to support strong performance in major revenue categories, including Hotel, Restaurant and Tourism Taxes, Import Duties, and Stamp Duty from land transactions.

3.1. FISCAL SUMMARY

The third quarter recorded an operating surplus of $6.1 million, compared to a projected deficit of $0.5 million, representing a favourable variance of $6.7 million, or approximately 1,340% relative to the forecast position. This strong performance against budget was driven primarily by higher-than-estimated revenue collections from Share transfer duties and Crown land Premiums, coupled with underspending on Personnel Costs.

	Quarter 3			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Recurrent Revenue	126,838	113,774	103,112	13,064	11%	23,725	23%	411,385	403,612	361,291	7,772	2%	50,093	14%
Non-Recurrent Revenue	1,313	1,060	226	253	24%	1,087	480%	5,166	4,902	721	263	5%	4,445	616%
Total Revenue	**128,151**	**114,834**	**103,338**	**13,317**	**12%**	**24,812**	**24%**	**416,550**	**408,515**	**362,012**	**8,035**	**2%**	**54,538**	**15%**
Recurrent Expenditure	121,615	114,611	114,731	7,004	6%	6,885	6%	326,236	373,386	301,524	(47,150)	-13%	24,712	8%
Non-Recurrent Expenditure	418	762	1,351	(345)	-45%	(933)	-69%	8,767	11,926	5,138	(3,159)	-26%	3,628	71%
Total Expenditure	**122,033**	**115,374**	**116,081**	**6,659**	**6%**	**5,952**	**5%**	**335,003**	**385,312**	**306,663**	**(50,309)**	**-13%**	**28,340**	**9%**
Net Operating Surplus	**6,118**	**(540)**	**(12,743)**	**6,658**	**-1233%**	**18,861**	**-148%**	**81,547**	**23,203**	**55,350**	**58,345**	**251%**	**26,198**	**47%**

3.2. CASH FLOW

The underlying cash balance at the end of the quarter declined by $1.6 million compared to the previous quarter. This reduced TCIG's cash and cash equivalents from $430 million at the end of Q2 (September 2025) to $428.3 million as of December 31, 2025. Cash balances consist of funds held in bank accounts and short-term fixed deposits.

	Quarter 3			Variance				Year to Date			Variance			
	Actual	Budget	Prior Year	Budget		Prior Year		Actual	Budget	Prior Year	Budget		Prior Year	
	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%	$ 000's	$ 000's	$ 000's	$ 000's	%	$ 000's	%
Cash Flow from Operations	**6,118**	**(540)**	**(12,743)**	**6,658**	**-1233%**	**18,861**	**-148%**	**81,547**	**23,203**	**55,350**	**58,345**	**251%**	**26,198**	**47%**
Less:														
Capital Expenditure	(6,296)	(12,232)	(7,439)	5,937	-49%	1,143	-15%	(18,421)	(36,697)	(26,437)	18,277	-50%	8,016	-30%
Debt Repayments	-	-	-	-	0%	-	0%	(215)	-	(205)	(215)	0%	(10)	0%
Net receipts	(1,461)	-	12,724	(1,461)	0%	14,185	111%	(884)	-	12,401	(884)	0%	13,285	107%
Net Cash Flow	**(1,639)**	**(12,772)**	**(7,458)**	**11,133**	**-87%**	**5,819**	**-78%**	**63,489**	**(13,495)**	**41,109**	**75,522**	**-560%**	**20,919**	**51%**
Opening cash balance	429,986		415,532					366,319		366,965				
Closing cash balance	**428,347**		**408,074**					**428,347**		**408,074**				
<u>Attributable to:</u>														
Consolidated Fund	246,633							246,633						
Development Fund	82,033							82,033						
National Wealth Fund	95,736							95,736						
NFF	3,415							3,415						
DEF	530							530						
Closing cash balance	**428,347**							**428,347**						

4. REVENUE

4.1. REVENUE BY ECONOMIC CLASSIFICATION

4.1.1. RECURRENT REVENUE

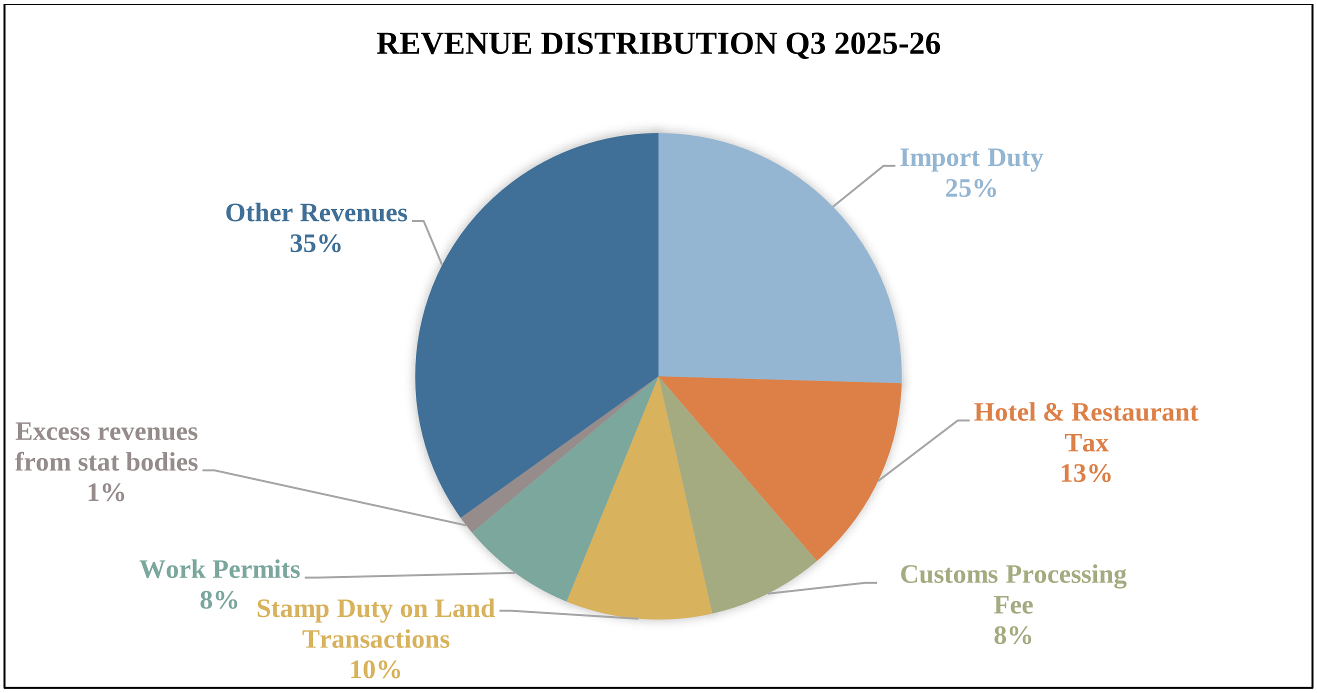
Q3 2025: $126.8 million, YTD: $411.4 Million

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Prior	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Recurrent Revenues														
Import Duty	32,280	35,012	30,382	(2,732)	-8%	1,898	6%	97,688	101,539	84,746	(3,850)	-4%	12,942	15%
Hotel & Restaurant Tax	16,833	18,155	12,897	(1,322)	-7%	3,936	31%	88,549	98,353	78,730	(9,804)	-10%	9,819	12%
Stamp Duty on Land Transactions	12,319	11,708	13,502	611	5%	(1,183)	-9%	38,578	46,267	44,650	(7,689)	-17%	(6,072)	-14%
Customs Processing Fee	9,810	11,744	11,222	(1,934)	-16%	(1,412)	-13%	30,021	33,459	27,976	(3,438)	-10%	2,045	7%
Work Permits	9,796	8,354	8,472	1,442	17%	1,323	16%	32,366	29,075	28,367	3,291	11%	4,000	14%
Excess revenues from stat bodies	1,556	5,394	5,373	(3,838)	-71%	(3,817)	-71%	21,053	16,181	26,895	4,872	30%	(5,842)	-22%
Other Revenues	44,244	23,407	21,264	20,837	89%	22,980	108%	103,128	78,738	69,927	24,390	31%	33,201	47%
Total Recurrent Revenue	**126,838**	**113,774**	**103,112**	**13,064**	**11%**	**23,725**	**23%**	**411,385**	**403,612**	**361,291**	**7,772**	**2%**	**50,093**	**14%**

Aggregate Revenue for the Quarter totaled $126.8 million. This result was 11% above the budget and 23% higher the prior year's collections. This is mainly attributed to higher-than-expected receipts from Share transfer duties, Crown Land Premium, Interest Income and Work permits offsetting unfavorable performance of Excess Revenue from Statutory Bodies, Import Duty, Customs Processing Fee and Hotel & Restaurant Tax. The five major revenue streams of Hotel & Restaurant Tax, Import Duty, Stamp Duty on Land Transactions, Customs Processing Fees and Work Permit Fees collectively accounted for 64% of total revenue during the period.

Year-to-date, recurrent revenue stands at $411.4 million, 2% above budget and 14% higher than the same period last year. The favorable variance against the budget is primarily driven by stronger-than-expected collections from Work Permits, Statutory Body contributions and Other Revenues particularly Crown Land premiums and Stamp Duty on Share Transfers partially offset by underperformance in Hotel and Restaurant Tax, Stamp Duty on Land Transactions, Import Duty and Customs Processing Fees.

The chart below shows the percentage distribution of recurrent Revenue for the period.



The Hotel, Restaurant, and Tourism Tax (HRTT) accounted for 13% of total revenue collections in the third quarter. HRTT receipts amounted to $16.8 million, representing a shortfall of $1.3 million (7%) against the budgeted estimate, but a year-on-year increase of $3.9 million (31%) compared with collections for the same period in the prior year.

On a year-to-date basis, HRTT collections totalled $88.5 million, which was $9.8 million (10%) below budget, but $9.8 million (12%) higher than the corresponding period last year. The adverse variance against budget is primarily attributable to a lower-than-projected volume of stayover arrivals during the quarter.

Data from Experience TCI indicates that stayover arrivals declined by approximately 3% compared to the same period last year. This contraction reflects the combined effects of ongoing geopolitical tensions and economic uncertainty in key source markets, alongside reduced airlift capacity. In particular, the suspension of Virgin Atlantic services and seasonal adjustments to JetBlue's flight schedule which began impacting arrivals from the first quarter contributed to the observed decline in visitor volumes during Q3.

Import duties remained the largest contributor to recurrent revenue, accounting for approximately 25% of total collections. Import duty performance continues to be influenced by several policy and legislative measures, including restrictions on the importation of older vehicles, extended duty waivers on breadbasket items, and reduced additional charges on fuel imports.

During the Quarter, import duty collections amounted to $32.3 million, representing a shortfall of $2.7 million (8%) against the budget, but an increase of $1.9 million (6%) compared to the same period last year. On a year-to-date basis, collections totalled $97.7 million, which was $3.8 million (4%) below budget, but $12.9 million (15%) above prior-year levels.

The underperformance relative to budget is largely attributable to outstanding payments on assessed entries, driven mainly by unpaid declarations from bulk oil importers operating under duty deferral arrangements. The Border Force has commenced recovery actions to address the outstanding balances and mitigate further revenue slippage. Continued reliance on duty deferral arrangements, particularly in respect of bulk fuel imports, exposes revenue collections to timing and credit risk, including the potential accumulation of arrears and adverse cash-flow impacts. Without strengthened monitoring, enforcement, and settlement timelines, these arrangements may continue to exert downward pressure on budget execution and increase collection risk.

Customs Processing Fees (CPF) for the Quarter amounted to $9.8 million, which was $1.9 million (16%) lower than the the Budget and $1.4 million or 13% lower than prior year's results. Customs processing fees revenue is sensitive to increases or decreases in import activities, particularly in the construction industry, and inflation on imports. Year-to-date, CPF collections totaled $30 million, coming in 10% below budget but 7% higher than the prior year. As with import duties, the shortfall against budget was mainly attributed to outstanding payments on assessed entries.

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 Quarter totaled $12.3 million. The collections were $0.6 million or 5% higher than the budget but $1.2 million or 9% below the prior year period. Year to date collections totaled $38.6 million which was $7.7 million or 17% lower than Estimates and $6.1 million or 14% less than the prior year. 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, remission orders issued by Cabinet, and implementation of 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.

Work Permits fees were $9.8 million for the Quarter, accounting for 8% of the total recurrent Revenue. This was $1.4 million or 17% higher than budget estimates and $1.3 million or 16% above the collections in the prior year. Year to date, work permit fees collections totaled $32.4 million which was $3.2 million or 11% higher than the Estimates and $4 million or 14% higher than the prior year. Work permit Revenue collection overtime is expected to increase as most work permit holders are employed in the tourism and hospitality sector, and hiring would increase with increased business activity.

Excess revenue from statutory bodies totaled $1.6 million for the quarter. This formed 1% of recurrent revenue. This was $3.8 million or 71% less than the Estimates and $3.8 million or 71% lower than the prior year results.

Year to date, Excess revenue from Statutory Bodies totaled $21.1 million which was $4.8 million or 30% more than Estimates but $5.8 million or 22% less than the prior year. The over performance year to date, is mainly due to windfall remittances from the Financial Services Commission, TCI Airports Authority and TCI Ports Authority.

4.1.2. OTHER RECURRENT REVENUE

Other recurrent revenues totaled $44.2 million during the Quarter, exceeding the budget estimate by $20.8 million (89%) and surpassing collections for the same period last year by $23.0 million (108%). This strong outturn was driven primarily by higher-than-anticipated receipts from newly introduced Crown land premiums and Stamp Duty on share transfers (previously administered by the Financial Services Commission), as well as increased collections from vehicle license renewals, Destination Management Fees, and interest earned on fixed deposits.

On a year-to-date basis, other recurrent revenue amounted to $103.1 million, representing an increase of 31% above Estimates and 47% above the prior year. While the overall performance reflects improved revenue mobilisation and expanded revenue sources, a portion of the variance is attributable to one-off and transaction-driven receipts, which may not be fully replicable in future periods.

The table below shows the breakdown of Other Revenue.

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Crown land Premium	9,950	-	-	9,950	100%	9,950	100%	9,950	-	-	9,950	100%	9,950	100%
Stamp duty - Share Transfer	5,609	-	-	5,609	-	5,609	-	6,739	-	-	6,739	-	6,739	-
Vehicle License Renewals	2,669	1,600	2,085	1,069	67%	584	28%	4,741	4,475	4,035	266	6%	705	17%
Destination Management Fees	2,441	1,800	2,270	641	36%	170	8%	5,762	5,200	4,397	562	11%	1,365	31%
Seaport Departure Tax	2,139	2,027	1,623	113	6%	517	32%	7,680	7,812	7,186	(132)	(2%)	493	7%
Fuel Tax	2,003	1,823	2,519	180	10%	(516)	(20%)	7,105	7,525	6,193	(419)	(6%)	912	15%
Communication Tax	1,724	1,267	1,002	457	36%	722	72%	5,200	4,550	4,085	649	14%	1,115	27%
Permanent Residency Fees	1,437	1,541	1,071	(103)	(7%)	366	34%	3,756	3,754	3,739	3	0%	18	0%
Gaming Machine Tax	1,418	1,522	1,372	(104)	(7%)	46	3%	4,644	4,425	4,141	219	5%	504	12%
Telecommunication Licenses	1,016	838	719	178	21%	297	41%	3,253	3,525	3,025	(272)	(8%)	227	8%
PDA application fees	675	1,200	809	(525)	(44%)	(134)	(17%)	3,602	2,587	2,132	1,014	39%	1,470	69%
Overtime Costs Recovered	651	529	412	122	23%	239	58%	1,428	1,495	1,510	(67)	(4%)	(82)	(5%)
Work Permits Repatriation Program	643	730	786	(87)	(12%)	(144)	(18%)	2,395	2,841	2,898	(446)	(16%)	(503)	(17%)
Insurance Premiums tax	532	314	207	219	70%	325	157%	2,588	1,752	1,558	835	48%	1,030	66%
Stamp duty - vehicle hire	334	351	287	(18)	(5%)	47	16%	1,805	1,966	1,810	(161)	(8%)	(5)	(0%)
Business License renewal	212	251	237	(40)	(16%)	(25)	(11%)	2,950	3,023	2,835	(74)	(2%)	115	4%
Stamp duty Miscellaneous	81	87	822	(6)	(7%)	(740)	(90%)	268	261	993	6	2%	(726)	(73%)
Other Revenues	10,711	7,528	5,045	3,183	42%	5,666	112%	29,263	23,546	19,388	5,717	24%	9,875	51%
OTHER REVENUE	**44,244**	**23,407**	**21,264**	**20,837**	**89%**	**22,980**	**108%**	**103,128**	**78,738**	**69,927**	**24,390**	**31%**	**33,201**	**47%**

4.1.3. NON-RECURRENT REVENUE

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Land Sales	1,204	668	226	536	80%	978	433%	1,781	972	717	809	83%	1,064	148%
Revenue From Grants	110	393	0	(283)	-72%	109	28202%	3,385	3,930	4	(546)	-14%	3,381	85535%
TOTAL NON-RECURRENT REVENUE	**1,313**	**1,060**	**226**	**253**	**24%**	**1,087**	**480%**	**5,166**	**4,902**	**721**	**263**	**5%**	**4,445**	**616%**

Non-recurrent Revenue of $1.3 million relating to Land sales and Revenue from Grants was recorded during the Quarter. This was $0.3 million or 24% higher than Estimates and $1.1 million or 480% higher than the prior year. Year to date, Non-recurrent revenue totaled $5.2 million which was 5% above budget and $4.4 million or 616% more than last year. The favorable variance against budget expectations is attributable to increased revenue generated from land sales during the period.

5. EXPENDITURE

5.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

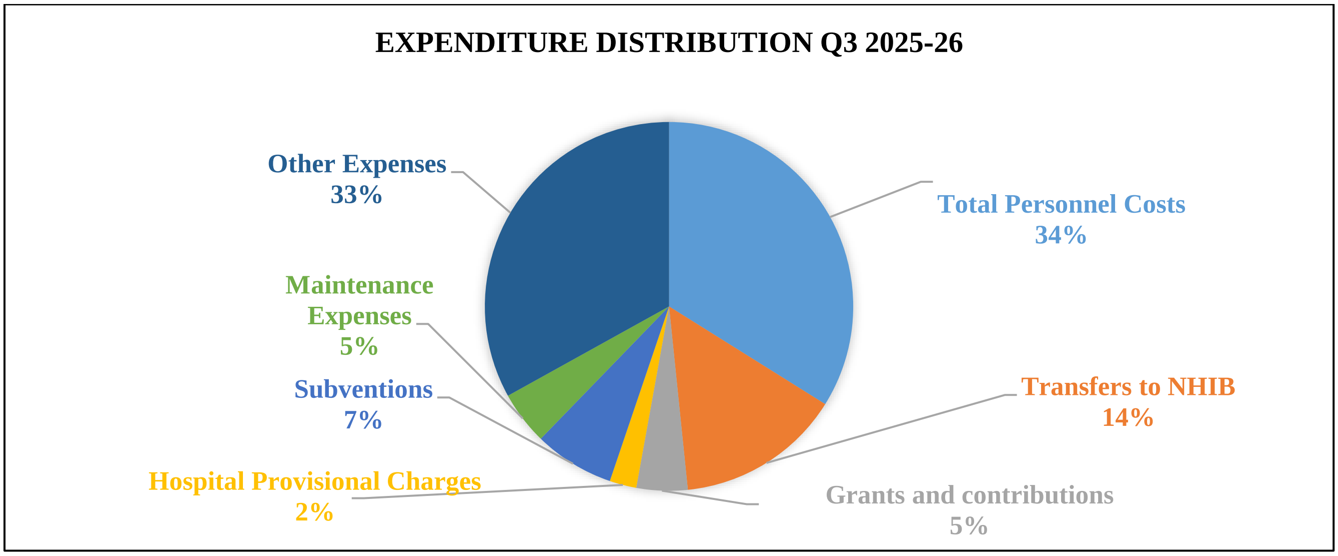
5.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: ***Q3 2025: $121.6 million, YTD: 326.2 million***

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Prior	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Total Personnel Costs	41,217	46,626	40,615	(5,410)	-12%	601	1%	123,860	136,280	119,636	(12,420)	-9%	4,224	4%
Transfers to NHIB	17,609	11,890	8,873	5,719	48%	8,736	98%	45,057	33,602	26,619	11,455	34%	18,438	69%
Subventions	8,574	10,497	10,906	(1,924)	-18%	(2,332)	-21%	30,610	30,494	28,337	116	0%	2,273	8%
Maintenance Expenses	5,706	4,122	5,041	1,584	38%	664	13%	15,445	18,370	12,805	(2,924)	-16%	2,641	21%
Grants and contributions	5,454	4,566	20,679	887	19%	(15,226)	-74%	14,738	15,865	26,849	(1,127)	-7%	(12,111)	-45%
Hospital Provisional Charges	2,867	5,602	4,403	(2,735)	-49%	(1,536)	-35%	5,625	23,367	18,328	(17,742)	-76%	(12,703)	-69%
Other Expenses	40,189	31,307	24,213	8,883	28%	15,977	66%	90,901	115,409	68,950	(24,508)	-21%	21,951	32%
Total Recurrent Expenditure	**121,615**	**114,611**	**114,731**	**7,004**	**6%**	**6,885**	**6%**	**326,236**	**373,386**	**301,524**	**(47,150)**	**-13%**	**24,712**	**8%**

Recurrent expenditure for the third quarter amounted to $121.6 million, reflecting a 6% overspend or $7 million relative to the approved Estimates, and a 6% increase or $6.9 million compared to the same period last year. The overspend against the budget is mainly attributed to more spending on Transfers to NHIB, Maintenance Expenses, Grants & Contributions and other Expenses offset by less spending on Hospital Provisional Charges, Subventions and Personnel costs due to the number of vacancies that remain unfilled. Year to date, total recurrent expenditure totaled to $326.2 million, which was 13% behind the Estimates and 8% higher than prior year.

Recurrent expenditures were distributed as shown below;



NHIB transfers for the quarter totaled $17.6 million, accounting for 14% of total recurrent expenditure. This was $5.7 million (48%) above the Estimates and $8.7 million (98%) higher than the same period last year. The increase resulted from the adoption of periodic invoicing, whereby the Ministry is billed based on actual Treatment Abroad Program expenditures rather than a standardized monthly amount. This adjustment was designed to ensure full cost transparency and support real-time monitoring of outstanding obligations. Year-to-date, expenditure is $45.1 million (34%) above budget and $18.4 million (69%) higher than the same period in the prior year. The Ministry of Health is currently seeking a supplementary budget to cover the shortfall.

Subventions to Statutory Bodies for the quarter totaled $8.6 million, which was $1.9 million (18%) below budget and $2.3 million (21%) lower than the expenditure recorded during the same period last year. On a year-to-date basis, Subventions totaled $30.6 million, $0.1 million above budget and $2.3 million (8%) 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 financial year progresses. The variance against prior reflects budgetary increases as a result of the pay and regrading exercise.

Hospital Provisional Charges for the quarter amounted to $2.9 million. The result was $2.7 million (49%) below the Estimates and 35% lower than the prior year's performance. Year to date, the expenditure is $17.7 million or 76% lower than the budget and $12.7 million or 69% lower than Prior year results. The underspend is as a result of delayed payments to Interhealth Canada due to ongoing reconciliations.

Grants and Contributions for the quarter totaled $5.5 million, which was $0.9 million (19%) above the budget, but $15.2 million (74%) lower than the same quarter last year. On a year-to-date basis, Grants and Contributions totaled $14.7 million, $1.1 million (7%) below budget and $12.1 million (45%) lower than the prior year. The variances primarily reflect timing differences between the budgeted profile and actual disbursements, which are expected to normalize as the financial year progresses.

Personnel Costs accounted for 34% of the recurrent expenditure, totaling $41.2 million during the quarter. The result was lower than the Estimates by $5.4 million or 12%. Compared to the prior year, the Personnel costs were $0.6 million or 1% higher. The performance against budget is attributed to vacancies existing within the civil service.

Year to date, Personnel costs totaled $123.9 million which was $12.4 million or 9% lower than the Budget and $4.2 million or 4% higher than the prior year.

Personnel Costs are further itemized below.

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Compensation of employees														
Salaries and Wages	30,558	34,488	30,656	(3,930)	-11%	(99)	0%	91,976	101,003	89,361	(9,026)	-9%	2,616	3%
Contribution to NIB and NHIB	2,660	2,989	2,619	(329)	-11%	41	2%	7,934	8,966	7,687	(1,033)	-12%	246	3%
Housing Allowances	1,657	2,172	1,563	(515)	-24%	94	6%	4,759	6,516	4,540	(1,758)	-27%	219	5%
Transport Allowances	264	426	268	(162)	-38%	(5)	-2%	796	1,349	802	(553)	-41%	(6)	-1%
Telephone Allowances	306	376	299	(71)	-19%	7	2%	918	1,129	871	(211)	-19%	47	5%
Other Allowances	1,456	1,124	1,341	332	30%	116	9%	4,554	3,347	3,806	1,206	36%	748	20%
Total compensation of employees	**36,901**	**41,575**	**36,747**	**(4,675)**	**-11%**	**154**	**0%**	**110,936**	**122,311**	**107,067**	**(11,375)**	**-9%**	**3,869**	**4%**
Ministers and MPs														
Salaries - Ministers and MPs	641	666	598	(24)	-4%	43	7%	1,924	1,997	1,886	(73)	-4%	38	2%
NIB and NHIB	29	37	25	(8)	-23%	3	13%	86	111	76	(25)	-23%	10	13%
Allowances for Ministers and MPs	166	172	137	(6)	-4%	29	21%	498	517	413	(19)	-4%	85	20%
Total	**836**	**875**	**761**	**(39)**	**-4%**	**75**	**10%**	**2,508**	**2,625**	**2,376**	**(117)**	**-4%**	**132**	**6%**
Pensions and gratuities														
Pensions (PSPP and RAP)*	1,559	1,900	1,399	(341)	-18%	160	11%	4,439	4,856	4,197	(417)	-9%	242	6%
Employer's Contribution (PSEPF)*	744	998	845	(254)	-25%	(101)	-12%	2,434	2,994	2,428	(560)	-19%	6	0%
Gratuities	649	750	338	(101)	-13%	312	92%	1,959	1,910	1,982	49	3%	(23)	-1%
Pensions - Legislators	528	528	526	-	0%	2	0%	1,584	1,584	1,588	-	0%	(4)	0%
Total pensions and gratuities	**3,480**	**4,176**	**3,107**	**(696)**	**-17%**	**373**	**12%**	**10,416**	**11,344**	**10,194**	**(928)**	**-8%**	**222**	**2%**
Total PE Cost	**41,217**	**46,626**	**40,615**	**(5,410)**	**-12%**	**601**	**1%**	**123,860**	**136,280**	**119,636**	**(12,420)**	**-9%**	**4,224**	**4%**

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

5.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: ***Q3 2025: $40.2 million, YTD: 90.9 million***

	Quarter 3			Variances				Year to date			Variances			
	Actual	Budget	Last Year	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Professional and Consultancy Services	4,980	5,804	3,712	(825)	-14%	1,268	34%	13,639	18,618	9,369	(4,980)	-27%	4,270	46%
Social welfare	2,816	3,825	2,252	(1,009)	-26%	564	25%	8,670	10,646	7,349	(1,976)	-19%	1,321	18%
Recurrent Sub Programmes and Projects	2,407	2,943	4,200	(536)	-18%	(1,793)	-43%	7,075	10,238	8,903	(3,162)	-31%	(1,827)	-21%
Rental of assets	2,109	2,051	1,347	58	3%	762	57%	5,893	6,281	4,729	(389)	-6%	1,164	25%
Security expenses	1,895	2,276	1,009	(381)	-17%	886	88%	4,723	5,322	2,401	(599)	-11%	2,322	97%
Local Travel and Subsistence	1,201	1,376	1,131	(175)	-13%	70	6%	3,330	4,435	3,513	(1,105)	-25%	(184)	-5%
Utilities	1,112	1,834	1,188	(722)	-39%	(76)	-6%	4,065	4,891	3,816	(826)	-17%	249	7%
Hosting and Entertainment	1,061	874	1,076	187	21%	(15)	-1%	1,992	2,775	1,903	(783)	-28%	89	5%
Other supplies, material & Equipment	675	618	707	57	9%	(32)	-5%	1,604	3,013	1,662	(1,409)	-47%	(58)	-4%
International Travel and Subsistence	648	798	517	(150)	-19%	131	25%	2,564	3,567	1,699	(1,003)	-28%	866	51%
Data Communication cost	620	309	147	311	101%	473	322%	1,466	1,502	1,414	(36)	-2%	52	4%
Communication Expenses	591	704	549	(112)	-16%	42	8%	1,856	2,090	1,625	(233)	-11%	231	14%
Fuel	575	401	359	174	43%	216	60%	1,264	1,414	1,147	(150)	-11%	117	10%
Local Training	392	413	348	(21)	-5%	44	13%	1,256	1,854	1,044	(598)	-32%	213	20%
Other Sundry Expenses	379	419	312	(40)	-10%	66	21%	953	1,240	874	(288)	-23%	79	9%
Bank charges	359	357	410	2	1%	(53)	-13%	1,054	1,029	1,205	25	2%	(151)	-13%
Insurance Expenses	109	720	218	(611)	-85%	(109)	-50%	2,304	4,049	2,197	(1,745)	-43%	107	5%
Repatriation and exportation expenses	5	3	1,578	3	94%	(1,573)	-100%	363	8	4,139	355	4225%	(3,776)	-91%
Other Recurrent Expenditure	18,256	5,582	3,152	12,675	227%	15,105	479%	26,831	32,436	9,963	(5,605)	-17%	16,867	169%
TOTAL	**40,189**	**31,307**	**24,213**	**8,883**	**28%**	**15,977**	**66%**	**90,901**	**115,409**	**68,950**	**(24,508)**	**-21%**	**21,951**	**32%**

In the third Quarter, Other recurrent expenses totaled $40.2 million that was $8.9 million or 28% above the Estimates and $16 million or 66% higher than the prior year. Year to date, other expenses totaled $90.9 million which was lower than the Budget by $24.5 million or 21% and 32% higher than the prior year. Budget performance was largely influenced by timing variances between the budget profile and expenditure execution, which are anticipated to align as the financial year progresses.

5.1.3. NON-RECURRENT EXPENDITURE

The results for quarter totaled $0.4 million. This was $0.3 million or 45% lower than Estimates and $0.9 million or 69% below the same period in the prior year. Year to date, Non-Recurrent Expenditure totaled $8.8 million which was lower than the Budget by $3.2 million or 26% and $3.6 million or 71% higher than 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 31-Dec-25 US$'000
Further Education (04/SFR-OR-TCI)	2.5%	283	(65)	217
Integrated Solid Waste Management (5/OR-TCI)	4.90%	278	(150)	171
Total unsecured debts		**560**	**(215)**	**389**

TCIG holds two debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of December 31, 2025 was $0.4 million, $215k principal repayments were made, and $16k finance costs and commitment fees were paid.

7. DEVELOPMENT FUND

7.1. DEVELOPMENT FUND ANALYSIS

The development fund balance as of December 31, 2025 was $82 million, and the Capital expenditure year to date is $18.4 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 2025-26 - YTD	(18,421)
As at 31 December 2025	**82,033**

7.2. TOP CAPITAL PROJECTS BY EXPENDITURE AMOUNT

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

	Project Number	Project Title	CAPEX YTD (US$’000)
1	5561	South Dock Port Redevelopment	3,620
2	5683	Remediation Works to Ponds and Bridges	1,221
3	5682	Highway and Road Improvements	1,035
4	5788	Ambulances for Islands	975
5	5624	Prison Works	967
6	5663	Boats for Police	927
7	5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	782
8	5696	Purchase of Patrol Vessel	755
9	5566	Construction of New Primary School PLS- Phase 2	736
10	5765	Redevelopment of Regatta Village - XSC	616
11	5752	Furniture and Equipment for Primary Schools - LOT 6	563
12	5754	Repairs to RGHS Art Block	551

8. NATIONAL WEALTH FUND (NWF)

Transfers to the National Wealth Fund are governed by Section 9 (1(a)) of the National Wealth Fund Ordinance. This ordinance 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.

8.1. STATEMENT OF NWF ACCOUNT

As of December 31, 2025, the National Wealth Fund balance was $95.9 million.

Opening NWF 01/04/2025 (US$' 000)	Interest income (US$' 000)	Closing NWF 31/12/2025 (US$' 000)
93,428	2,492	95,920

8.2. STATEMENT OF NWF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US$'000)	31-Dec-25 US$'000	31-Mar-25 US$'000
Stabilization Fund	48,244	46,499
Infrastructure and Competiveness Fund	13,783	13,285
Heritage Fund	6,641	6,417
Citizen's Empowerment Fund	7,128	7,116
Mortgage Corporation Fund	20,123	20,111
National Wealth Fund balance at the end of the period	**95,920**	**93,428**

Represented by		
Cash at Bank	64	10,357
Fixed deposit	95,672	82,887
Investment Property	184	184
	95,920	**93,428**

Fixed deposit totaling to $95.7 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 a 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 $3.4 million as at December 31, 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$'000)	31-Dec-25 US$'000	31-Mar-25 US$'000
Opening Balance	**3,440**	**6,832**
Receipts		
Transfers from Consolidated Fund	-	-
Other receipts	1,318	18
Total receipts	**1,318**	**18**
Payments		
AMLC expenses	283	599
Special project expenses	1,060	2,148
Transfers to consolidated Fund	-	663
Total payments	**1,343**	**3,410**
Net increase in National Forfeiture Fund balance	**(25)**	**(3,392)**
National Forfeiture Fund balance at the end of the period	**3,415**	**3,440**

10. DESTINATION ENHANCEMENT FUND (DEF)

Section 12 of the Destination Management Fee Ordinance stipulates the establishment of the Destination Enhancement Fund under the administration and control of the Permanent Secretary, 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.

10.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at December 31, 2025 is shown below;

(All figures in US$'000)	31-Dec-25	31-Mar-25
Opening Balance	**-**	**1,164**
Receipts		
Destination management fees	5,762	5,412
Total receipts	**5,762**	**6,576**
Payments		
Subvention to the DMMO	(5,232)	(6,576)
Total payments	**(5,232)**	**(6,576)**
Destination Enhancement Fund balance at the end of the period	**530**	**-**

*DMMO- Destination Marketing and Management Organization

11. CONTINGENCY FUND

Section 7(1) of the Public Finance Management Act (PFMA) authorizes the Minister of Finance, where satisfied that an urgent and unforeseen need for expenditure exists and such expenditure is not provided for, or is inadequately provided for, under an Appropriation Act or Supplementary Appropriation Act, to approve an advance from the Consolidated Fund by way of a Contingencies Warrant. Such advances are made in anticipation of subsequent legislative appropriation and are required to be reported to Cabinet without delay.

For this financial year, $9.0 million was appropriated to the Contingencies Fund. On a year-to-date basis, $2.1 million has been withdrawn and allocated through Contingency and Supplementary Warrants to various budget heads to address urgent and unforeseen requirements. These included expenditures related to the response to the hurricane affecting Jamaica, as well as emergency funding for the Office of the Director of Public Prosecutions and the Turks and Caicos Islands Integrity Commission.

The Contingency Fund balance as at December 31, 2025 is shown below;

	Amount US$ '000
Appropriation for FY 2025-26	9,000
FY 2025-26 Supplementary 1 Appropriation	-
Contingency Warrant 2025/26 - YTD	(2,118)
As at 31 December 2025	**6,882**

12. PUBLIC SECTOR EMPLOYEES PENSION FUND (PSEPF)

The Public Sector Employees Pension Fund Ordinance 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 Ordinance (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 $577k were paid to beneficiaries during the year to date.

The Fund was reconciled as follows at December 31, 2025.

	31-Dec-25	31-Mar-25
	US$'000	US$'000
Opening balance at Apr 1	**29,711**	**21,179**
CONTRIBUTIONS MADE:		
Contributions by Statutory bodies	1,890	1,465
Employer's Contributions by TCIG- YTD	2,434	3,433
TCIG Employees' contributions- YTD	2,434	3,433
Ex-gratia funding	-	1,000
BENEFITS PAID:		
Payments to beneficiaries YTD	(577)	(799)
Closing PSEPF balance	**35,892**	**29,711**

13. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,168 people employed by TCIG at the end of December 2025, consisting of 1,882 monthly paid employees and 286 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there are 71 new recruits and 42 attritions during the Quarter.

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

14. FINANCIAL OUTLOOK

The Turks and Caicos Islands Government (TCIG) has maintained strong financial performance, with an operating surplus in the third quarter. Year-to-date revenue collections have exceeded budget, reflecting improved mobilisation and compliance. However, uncertainty remains for full-year targets, as key streams like Hotel and Restaurant Tax, Import Duty, Customs Processing Fees, and Stamp Duty on Land Transactions are currently underperforming. The Inland Revenue Department and the Border force continue to strengthen compliance and enforcement to support the attainment of annual fiscal objectives.

On the expenditure side, as funds are released, MDAs are expected to accelerate programme activities, but the timing and efficiency of spending remain critical to meeting budgetary targets. Rising healthcare costs and claims against government also pose a risk, potentially increasing expenditure pressures as the financial year closes.

Tourism remains central to the economy and TCIG’s financial outlook. The recent S&P Global credit rating upgrade from BBB+ to A- reflects robust economic performance and fiscal prudence. Modest increases in winter airlift from U.S. carriers and a 24% increase in Air Canada seats are expected to support visitor arrivals. Marketing initiatives by ETCI including campaigns with British Airways and renewed partnerships with Air Canada Vacations, are expected to drive bookings for 2026, supporting tourism-driven revenues.

The Government continues to implement fiscal measures to provide relief amid the cost-of-living crisis, which may exert short-term pressure on revenue and expenditure. Overall, TCIG’s financial outlook is shaped by domestic performance and global conditions, with external and fiscal risks including healthcare obligations presenting potential downside pressures. Continued vigilance in revenue mobilisation, expenditure management, and strategic investment in tourism will be critical to sustaining fiscal stability and achieving year-end targets.

>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>END OF REPORT <<<<<<<<<<<<<<<<<<<<<<<<<<<<<