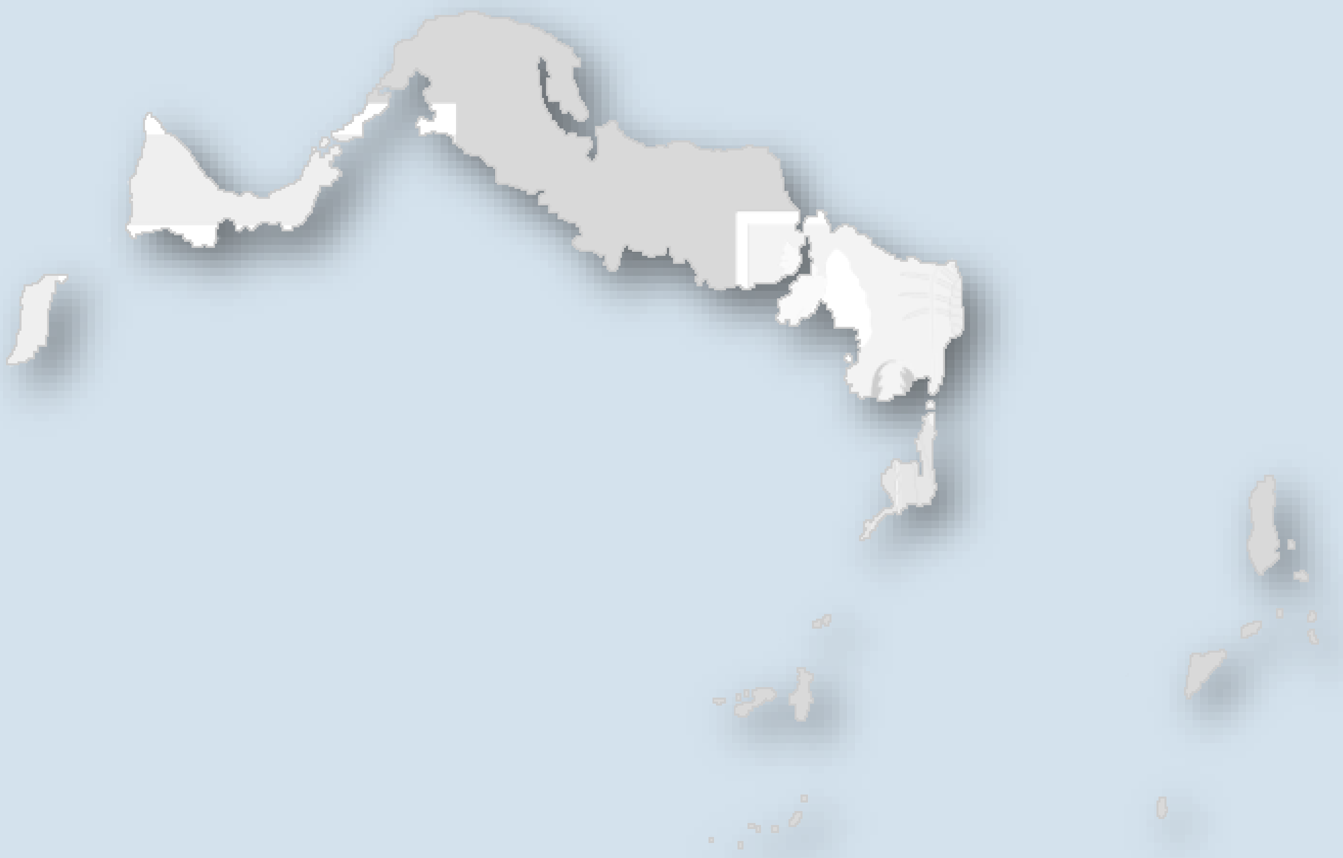
GOVERNMENT OF THE TURKS AND CAICOS ISLANDS

FINANCIAL SERVICES AND SUPPLIES MANAGEMENT DEPARTMENT

FINANCIAL REPORT

For the month ended 28 February, 2026

FY2025/2026



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KEY HIGHLIGHTS

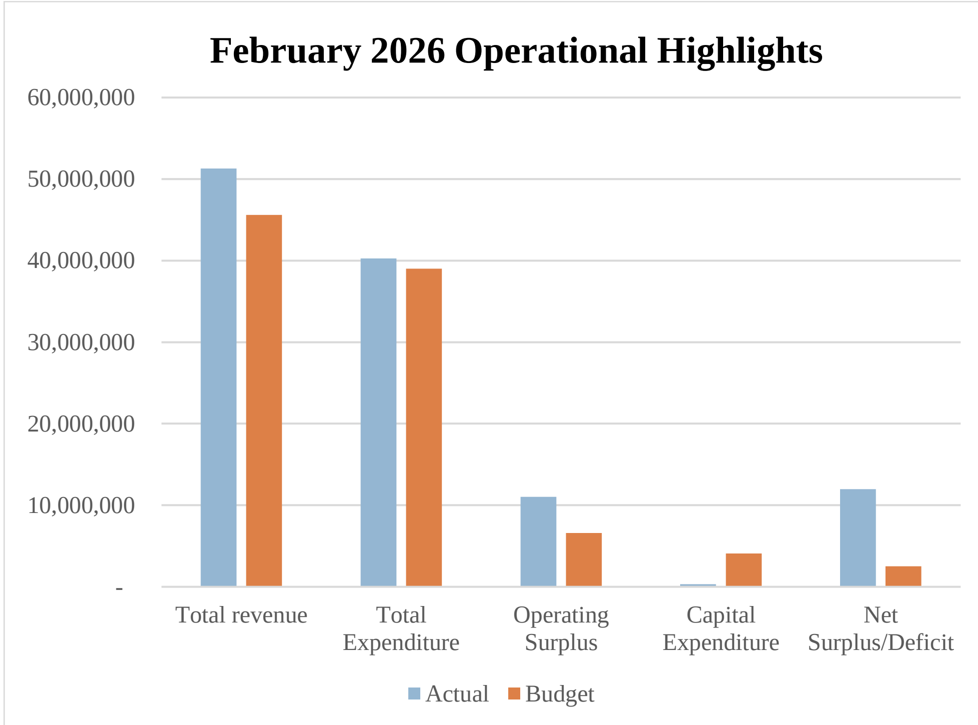
- **$51.3 million revenue for the month.** The aggregate revenue collections for February were $51.3 million against a budget of $45.6 million.

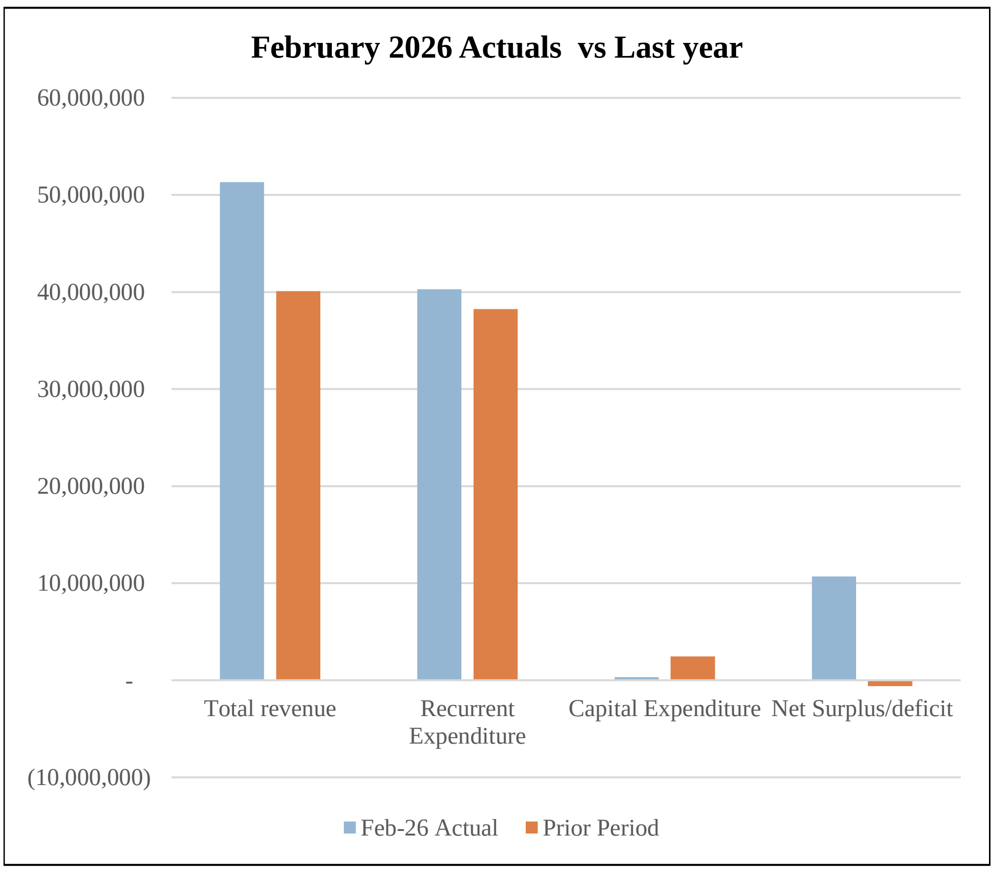
- **$40.3 million expenditure for the month.** The total expenditure for the month of February was $40.3 million compared to the budget of $39 million.

- **$19.4 million Capital expenditure year to date.** Capital expenditure for the month amounted to $0.3 million, representing an 87% decrease compared to the same month in the previous year and 92% underperformance on Budget.

- **$11 million operating surplus**. There was an operating surplus during the month of February of $11 million against the forecast surplus of $6.5 million.

- **Increase in the underlying Cash balances**. The underlying cash balance at the end of month showed a strong increase of $12 million resulting in a closing cash balance of $446.5 million.





1. ECONOMIC OVERVIEW

Tourism remains the foundation of economic activity in the Turks and Caicos Islands (TCI), continuing to drive GDP and employment. Visitor arrivals have remained strong through FY2025-26 (although slightly dipped form the prior year), supported by sustained investment in luxury accommodations and real estate. Construction activity, both private and public continues to reinforce domestic demand.

Despite this positive momentum, several structural challenges still remain. The economy remains heavily dependent on imported goods, leaving it vulnerable to global price movements. Rising healthcare costs, and inflationary pressures continue to shape fiscal priorities and may elevate the overall cost of living. Recent trade data show elevated import levels, reflecting strong domestic consumption but also underscoring the territory's exposure to external shocks.

According to the Turks and Caicos Islands Statistical Authority, real GDP grew by 5.6% in 2024, with nominal GDP estimated at US$1.37 billion and per-capita GDP around US$37,500. Growth in 2025 to 2026 is expected to moderate as global conditions soften and tourism normalizes from post-pandemic highs. Independent estimates place nominal GDP for 2025 at roughly US$1.38 billion, with inflation stabilizing near 2.5%. Standard & Poor's recent upgrade of TCI's long-term credit rating to A- reflects continued fiscal discipline, strong cash reserves, equivalent to roughly 24% of GDP and resilience in the tourism and financial services sectors.

Global conditions remain central to TCI's outlook. The IMF's January 2026 World Economic Outlook projects global growth easing slightly from 3.3% in 2026 to 3.2% in 2027, as economies adjust to persistent structural headwinds. Inflation is gradually declining but remains above target in several advanced economies, contributing to tight monetary policy. The United States which is TCI's primary tourism source market continues to perform well, supported by strong consumer spending and investment, though risks from trade tensions, labour shortages, and geopolitical uncertainty remain.

Within the Caribbean, regional growth is projected at 2.5% in 2025, supported by stronger private consumption and more accommodative monetary conditions. However, longstanding vulnerabilities including high public debt, dependence on tourism and fossil fuels, and exposure to natural disasters continue to constrain resilience. The World Bank highlights digital transformation, renewable energy investment, and improved disaster preparedness as critical to strengthening long-term sustainability.

Looking ahead, TCI is expected to maintain solid but moderating growth through FY 2025–26. Nominal GDP is projected to rise modestly, with per-capita income remaining slightly above US$35,000. Inflation is expected to stabilize between 2.5% and 3.5%, though imported inflation particularly in food, fuel and construction materials remains a key risk. Strong tourism demand and continued investment in real estate and infrastructure should support activity, but external shocks such as higher global commodity prices or a slowdown in the U.S. economy could weigh on performance. Domestically, rising healthcare costs, security-related expenditures, and ongoing infrastructure needs will require prudent fiscal management to preserve recent gains in liquidity and debt sustainability.

2. 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 improving the well-being of the people of the Turks and Caicos Islands while advancing social, economic, and environmental progress. The approved Budget included 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.

Two Supplementary Budgets have been approved to date.

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 receiving 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).

Supplementary Budget No. 2 was approved on January 16, 2026. The revisions provided for adjustments to the original budget estimates, including variations to allocated amounts, reductions in certain expenditure lines, and the reallocation of funds within the Consolidated Fund. These measures were undertaken to realign financial resources with emerging priorities, address funding gaps, and ensure the more efficient utilization of public funds in accordance with prevailing fiscal requirements and policy objectives.

The Supplementary Budget included an upward revision of revenue forecasts by $16.5 million and an increase in total expenditure of $27.4 million. Key areas receiving additional funding included Transfers to NHIB and Treatment Abroad ($13.8 million), Land Acquisition ($8.2 million), Claims against Government ($2.7 million), Grants and Contributions ($1.9 million), Social Welfare ($1.8 million), Professional and Consultancy Services ($1.8 million), Maintenance Expenses ($1 million), the Development Fund ($0.9 million), and Operating Expenses ($0.8 million). Reductions were made to Personal Emoluments ($3.6 million) and the Contingency Fund ($2.4 million).

As a result of these adjustments, updated projections for FY 2025-26 reflect planned revenues of approximately $566 million and total expenditures of $580.9 million, comprising $531.1 million in operating expenditure and $49.8 million in capital expenditure. The revised estimates project an operating surplus of $18.3 million but an overall deficit of $31.5 million due to higher levels of planned spending.

As at the end of February 2026, the Government recorded an operating surplus of $11 million for the month, contributing to a year-to-date operating surplus of $98 million. Revenue performance remains strong relative to prior-year levels, supported primarily by growth in key revenue streams including Hotel and Restaurant Tax, Work Permit fees, and excess revenues from statutory bodies. Despite ongoing inflationary pressures, the Turks and Caicos Islands Government continues to maintain strong cash balances and positive fiscal performance, driven largely by continued growth in the tourism and real estate sectors.

2.1 FISCAL SUMMARY

In February 2026, the Government recorded an operating surplus of $11 million, compared with a projected surplus of $6.6 million, representing a favourable variance of $4.4 million (68 %) relative to the budgeted position. This improved performance against budget was primarily driven by stronger-than-expected revenue collections, particularly from Hotel and Restaurant Tax and excess revenues from statutory bodies, coupled with lower-than-budgeted recurrent expenditure.

	February - 2026			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	51,087	45,296	39,939	5,791	13%	11,149	28%	508,538	484,423	436,221	24,115	5%	72,317	17%
Non-Recurrent Revenue	226	315	148	(89)	-28%	78	53%	5,466	5,353	869	113	2%	4,597	529%
Total Revenue	**51,313**	**45,611**	**40,086**	**5,702**	**13%**	**11,227**	**28%**	**514,004**	**489,776**	**437,089**	**24,228**	**5%**	**76,915**	**18%**
Recurrent Expenditure	34,171	33,472	38,246	699	2%	(4,075)	-11%	400,917	468,802	381,444	(67,885)	-14%	19,473	5%
Non-Recurrent Expenditure	6,113	5,557	475	555	10%	5,638	1187%	15,131	22,372	6,105	(7,242)	-32%	9,026	148%
Total Expenditure	**40,284**	**39,030**	**38,721**	**1,254**	**3%**	**1,563**	**4%**	**416,048**	**491,174**	**387,549**	**(75,127)**	**-15%**	**28,499**	**7%**
Net Operating Surplus	**11,030**	**6,582**	**1,366**	**4,448**	**68%**	**9,664**	**708%**	**97,956**	**(1,398)**	**49,541**	**99,355**	**-7104%**	**48,416**	**98%**

2.2 CASH FLOW

At the end of February 2026, the Government recorded a net cash inflow of $12 million for the month, compared with a budgeted inflow of $2.5 million, representing a favourable variance of approximately $9.5 million. Cash inflows from operations amounted to $11 million, reflecting the strong operating surplus recorded during the month.

	February- 2026			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	**11,030**	**6,582**	**1,366**	**4,448**	**68%**	**9,664**	**708%**	**97,956**	**(1,398)**	**49,541**	**99,355**	**-7104%**	**48,416**	**98%**
Less:														
Capital Expenditure	(322)	(4,077)	(2,456)	3,756	-92%	2,134	-87%	(19,437)	(44,852)	(35,828)	25,416	-57%	16,391	-46%
Debt Repayments	-	-	-	-	0%	-	0%	(294)	-	(263)	(294)	0%	(31)	0%
Net receipts	1,248	-	9,932	1,248	0%	8,684	87%	1,946	-	31,880	1,946	0%	29,934	94%
Net Cash Flow	**11,956**	**2,504**	**8,842**	**9,451**	**377%**	**3,114**	**35%**	**80,172**	**(46,251)**	**45,330**	**126,423**	**-273%**	**34,842**	**77%**
Opening cash balance	434,535		403,453					366,319		366,965				
Closing cash balance	**446,491**		**412,295**					**446,491**		**412,295**				
Attributable to:														
Consolidated Fund	263,199							263,199						
Development Fund	81,878							81,878						
National Wealth Fund	3,255							3,255						
NFF	96,616							96,616						
DEF	1,542							1,542						
Closing cash balance	**446,491**							**446,491**						

3. REVENUE

3.1. REVENUE BY ECONOMIC CLASSIFICATION

3.1.1. RECURRENT REVENUE

February 2026: $51 million, YTD: $508.5 Million

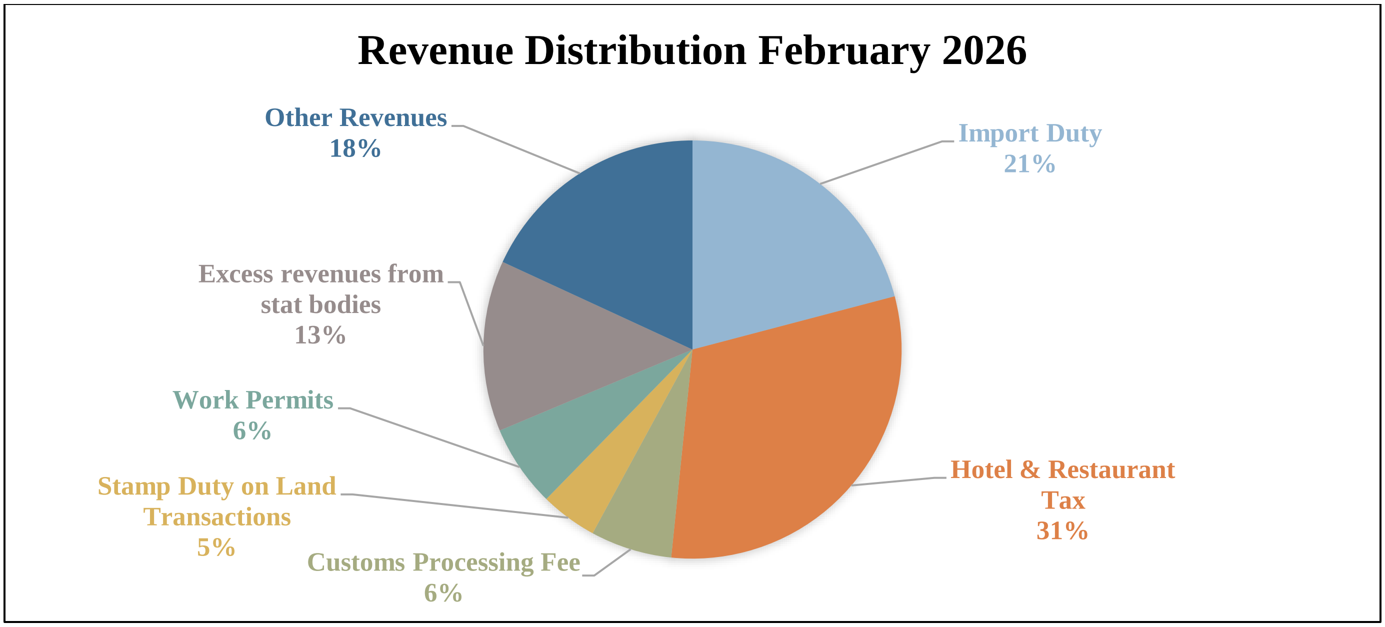
	February - 2026			Variances				Year to date			Variances			
	Actual	Budget	Prior	Budget		Last Year		Actual	Budget	Last Year	Budget		Last Year	
	$000	$000	$000	$000	%	$000	%	$000	$000	$000	$000	%	$000	%
Recurrent Revenues														
Hotel & Restaurant Tax	15,696	12,987	10,285	2,710	21%	5,411	53%	120,840	121,544	97,568	(704)	-1%	23,272	24%
Import Duty	10,679	10,567	11,842	112	1%	(1,163)	-10%	117,231	123,224	105,529	(5,994)	-5%	11,702	11%
Excess revenues from stat bodies	6,750	29	43	6,721	23043%	6,707	15766%	28,142	7,240	27,187	20,902	289%	954	4%
Work Permits	3,243	2,971	2,189	272	9%	1,053	48%	38,507	34,899	32,124	3,609	10%	6,384	20%
Customs Processing Fee	3,218	3,669	3,499	(451)	-12%	(281)	-8%	36,025	40,173	33,772	(4,148)	-10%	2,253	7%
Stamp Duty on Land Transactions	2,246	5,000	3,570	(2754)	-55%	(1,324)	-37%	44,307	57,167	53,186	(12,861)	-22%	(8,879)	-17%
Other Revenues	9,256	10,074	8,511	(818)	-8%	745	9%	123,486	100,176	86,855	23,310	23%	36,631	42%
Total Recurrent Revenue	**51,087**	**45,296**	**39,939**	**5,791**	**13%**	**11,149**	**28%**	**508,538**	**484,423**	**436,221**	**24,115**	**5%**	**72,317**	**17%**

Recurrent revenue for February 2026 totaled $51.1 million, exceeding the budgeted estimate of $45.3 million by $5.8 million (13%) and surpassing collections for the same period last year by $11.1 million (28%). The favourable variance was driven primarily by strong performance in Hotel and Restaurant Tax, Work Permit fees, and excess revenues from statutory bodies, partially offset by lower-than-budgeted receipts from Stamp Duty on Land Transactions, Customs Processing Fees, and Other Revenues.

The five major revenue streams of Hotel and Restaurant Tax, Import Duty, Stamp Duty on Land Transactions, Customs Processing Fees, and Work Permit Fees collectively accounted for approximately 69% of total recurrent revenue during the month.

On a year-to-date basis, recurrent revenue totaled $508.5 million, exceeding the budget by $24.1 million (5%) and surpassing the prior year by $72.3 million (17%). This strong performance reflects continued economic activity in the tourism and construction sectors, which support major revenue streams such as accommodation taxes, work permits, and import-related taxes. The chart below shows the %age distribution of recurrent Revenue for the period.

The chart below depicts the revenue distribution:



The Hotel, Restaurant, and Tourism Tax (HRTT) remained the largest contributor to recurrent revenue during the month, accounting for approximately 31 % of total recurrent revenue. HRTT receipts amounted to $15.7 million, exceeding the budgeted estimate by $2.7 million (21%) and surpassing collections in the same period last year by $5.4 million (53%). The favourable variance reflects continued strength in the tourism sector and strong visitor spending during the peak winter season.

On a year-to-date basis, HRTT collections totalled $120.8 million, which was $0.7 million (1%) below budget, but $23.3 million (24%) higher than the corresponding period last year. While performance relative to the prior year remains strong, the slight shortfall against budget is largely attributable to a marginally lower-than-anticipated volume of stayover arrivals during parts of the fiscal year.

Import duties was the second largest contributor to recurrent revenue, accounting for 21% of total collections during the month. Import duty performance continues to be influenced by several policy and legislative measures, including restrictions on the importation of older vehicles, continued duty waivers on selected breadbasket items, and reductions in additional charges on fuel imports.

During February 2026, import duty collections amounted to $10.7 million, which was $0.1 million (1%) above the budgeted estimate, but $1.2 million (10%) lower than collections in the same period last year.

On a year-to-date basis, import duty collections totalled $117.2 million, representing a shortfall of $6.0 million (5%) relative to budget, but $11.7 million (11%) higher than the prior year.

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.

Excess revenue from statutory bodies amounted to $6.8 million for the month, accounting for approximately 13% of recurrent revenue. This was $6.7 million above the budgeted estimate and significantly higher than the $43 thousand recorded in the same period last year and is attributed to remittances from the TCI Airpots Authority. On a year-to-date basis, excess revenue from statutory bodies totalled $28.1 million, exceeding the budget by $20.9 million (289%) and marginally surpassing the prior year by $1.0 million (4%). The significant favourable variance reflects improved financial performance among certain statutory bodies.

Work Permits fees were $3.2 million for the month, accounting for 6% of the total recurrent Revenue. This was 9% higher than budgeted estimates and 48% above the collections in the prior year. Year to date, work permit fees collections totaled $38.5 million which was $3.6 million or 10% higher than the Estimates and $6.4 million or 20% higher than the prior year. Work permit Revenue collection over time 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.

Customs Processing Fees (CPF) for the month amounted to $3.2 million, representing a shortfall of $0.5 million (12%) relative to the budget but $0.3 million (8%) lower than the prior year. On a year-to-date basis, CPF collections totalled $36.0 million, which was $4.1 million (10%) below budget, but $2.3 million (7%) higher than the prior year. As with import duties, the variance against budget largely reflects outstanding payments on assessed entries and timing differences in the settlement of declarations.

Stamp duty on land transactions is assessed based on the value of property transfers, with payments generally due within 30 days of the execution of an instrument. As such, collections in any given period are influenced by both the number and value of property transactions completed during that period.

During February 2026, stamp duty collections totalled $2.2 million, representing a shortfall of $2.8 million (55%) relative to the budget and $1.3 million (37%) lower than the same period last year. On a year-to-date basis, stamp duty collections amounted to $44.3 million, which was $12.9 million (22%) below budget and $8.9 million (17%) lower than the prior year.

It should be noted that property transactions tend to occur irregularly and may not follow predictable cyclical patterns, making short-term revenue projections difficult. Current factors influencing stamp duty collections include fluctuations in the real estate market, remission orders issued by Cabinet, and the implementation of the BOTC Stamp Duty Rate Reduction Policy, under which certain property transfers that would normally attract a stamp duty rate of 10 percent may be reduced to 6 percent.

3.1.2. OTHER RECURRENT REVENUE

Other recurrent revenues totaled $9.3 million during the month, falling below the budget estimate by $0.8 million (8%) but surpassing collections for the same period last year by $0.7 million (9%). The shortfall relative to budget was primarily driven by lower-than-anticipated receipts from Seaport Departure Tax and Vehicle License renewals.

The favourable year-to-date performance reflects over performance in Destination Management fees (37%) and Interest income (158%). However, a portion of this increase is attributable to transaction-driven and one-off receipts, including stamp duty on share transfers and crown land premiums, which may not be fully replicable in future periods.

The table below shows the breakdown of Other Revenue.

	Feb-26			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	%
Seaport Departure Tax	928	1,762	1,015	(834)	(47%)	(87)	(9%)	9,736	10,751	9,104	(1,015)	(9%)	631	7%
Destination Management Fees	687	500	-	187	37%	687	-	8,520	6,200	4,608	2,320	37%	3,912	85%
Business License renewal	71	272	256	(202)	(74%)	(185)	(72%)	3,066	3,490	3,142	(424)	(12%)	(76)	(2%)
Communication Tax	510	393	275	117	30%	235	85%	6,291	5,296	4,873	995	19%	1,418	29%
Gaming Machine Tax	430	519	771	(89)	(17%)	(341)	(44%)	5,667	5,449	5,348	219	4%	319	6%
Telecommunication Licenses	414	251	216	162	65%	198	92%	4,166	4,004	3,653	162	4%	513	14%
Overtime Costs Recovered	67	123	98	(57)	(46%)	(31)	(32%)	1,582	1,846	1,758	(265)	(14%)	(176)	(10%)
Fuel Tax	680	882	723	(202)	(23%)	(43)	(6%)	8,511	9,198	7,506	(688)	(7%)	1,004	13%
Vehicle License Renewals	700	1,500	586	(800)	(53%)	114	20%	6,694	7,275	6,119	(581)	(8%)	575	9%
Permanent Residency Fees	695	460	379	234	51%	316	83%	4,911	4,678	4,575	233	5%	336	7%
Insurance Premiums tax	138	145	136	(7)	(5%)	2	1%	2,890	1,974	1,758	917	46%	1,132	64%
Stamp duty - vehicle hire	343	266	251	76	29%	92	37%	2,386	2,312	2,161	74	3%	225	10%
Crown Land Premium	-	-	-	-	0%	-	0%	9,950	-	-	9,950	100%	9,950	100%
Interest Income	972	10	1,250	962	9625%	(278)	(22%)	10,320	3,999	1,635	6,321	158%	8,685	531%
PDA application fees	113	500	227	(387)	(77%)	(113)	(50%)	3,827	3,287	2,702	540	16%	1,125	42%
Work Permits Repatriation Program	217	288	152	(70)	(24%)	65	43%	2,776	3,391	3,161	(616)	(18%)	(386)	(12%)
Stamp duty - Share Transfer	-	-	-	-	0%	-	0%	7,191	-	-	7,191	100%	7,191	100%
Other Revenues	2,291	2,202	2,177	89	4%	114	5%	25,004	27,026	24,751	(2,022)	(7%)	253	1%
TOTAL OTHER REVENUE	**9,256**	**10,074**	**8,511**	**(818)**	**-8%**	**745**	**9%**	**123,486**	**100,176**	**86,855**	**23,310**	**23%**	**36,631**	**42%**

3.1.3. NON-RECURRENT REVENUE

Non-recurrent Revenue of $226 thousand relating to Land sales was recorded during the month. This was $89 thousand or 28% lower than Estimates and $78 thousand or 53% higher than the prior year. Year to date, Non-recurrent revenue totaled $5.5 million which exceeded the budget by 2% and this represented a year on year increase of 529%. The performance against budget expectations is attributable to increased revenue generated from land sales during the period.

4. EXPENDITURE

4.1. EXPENDITURE BY ECONOMIC CLASSIFICATION

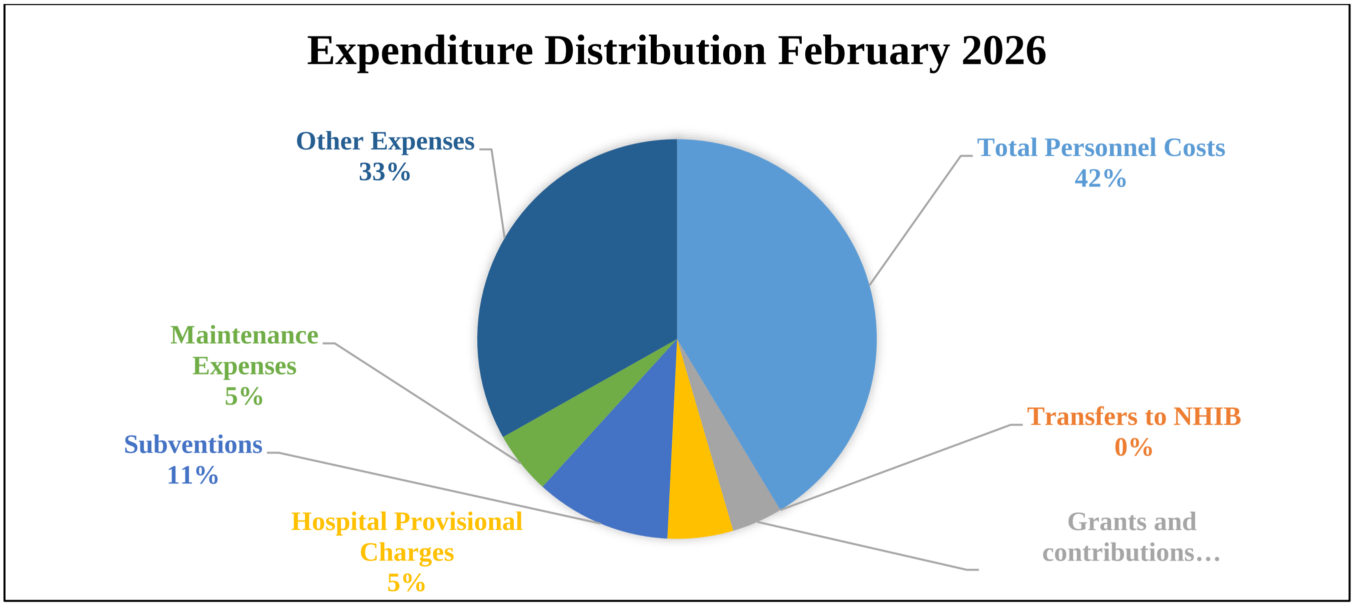
4.1.1. RECURRENT EXPENDITURE

Recurrent Expenditure: February *2026: $34.2 million, YTD: 400.9 million*

	February - 2026			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	14,129	15,344	13,865	(1,215)	-8%	265	2%	151,474	163,619	146,728	(12,145)	-7%	4,746	3%
Subventions	3,755	1,431	2,078	2,324	162%	1,677	81%	37,197	38,923	36,909	(1,725)	-4%	288	1%
Hospital Provisional Charges	1,816	1,867	251	(51)	-3%	1,565	624%	7,443	27,101	20,693	(19,659)	-73%	(13,250)	-64%
Maintenance Expenses	1,735	949	1,674	786	83%	62	4%	18,393	21,873	15,666	(3,480)	-16%	2,728	17%
Grants and contributions	1,405	2,047	1,546	(642)	-31%	(140)	-9%	20,264	21,303	30,316	(1,039)	-5%	(10,052)	-33%
Transfers to NHIB	-	3,963	8,947	(3,963)	-100%	(8,947)	-100%	55,161	55,347	40,884	(186)	0%	14,276	35%
Other Expenses	11,331	7,871	9,886	3,460	44%	1,444	15%	110,986	140,636	90,249	(29,650)	-21%	20,737	23%
Total Recurrent Expenditure	**34,171**	**33,472**	**38,246**	**699**	**2%**	**(4,075)**	**-11%**	**400,917**	**468,802**	**381,444**	**(67,885)**	**-14%**	**19,473**	**5%**

Total recurrent expenditure for February amounted to $34.2 million, which was $0.7 million (2%) above the budgeted estimate, but $4.1 million (11%) lower than expenditure recorded in the same period last year. The unfavorable variance relative to budget primarily reflects higher spending relates to Subventions and Maintenance Expenses during the reporting period. These variances are largely attributable to timing differences between the approved expenditure profile and actual disbursements. Year to date, total recurrent expenditure totaled to $400.9 million, which was 14% behind the Estimates and 5% higher than prior year.

Recurrent expenditures were distributed as shown below;



Subventions to Statutory Bodies totaled $3.8 million during the month, which was $2.3 million (162%) above the budget and $1.7 million (81%) higher than the expenditure recorded in the same period last year. The higher level of spending during the month reflects the catch-up of disbursements following lower-than-anticipated payments in January, as well as the timing of transfers to support the operational requirements of several statutory bodies. On a year-to-date basis, Subventions totaled $37.2 million, $1.7 million below approved estimates but $0.3 million (1%) higher than the prior year. The year on year variances are also primarily reflective of the timing differences between the budgeted profile and actual disbursements, which are expected to normalize as the fiscal year comes to a close next period.

Hospital Provisional Charges totaled $1.8 million during the month, which was $0.05 million (3%) below the approved estimate but $1.6 million (624%) higher than the same period last year, reflecting the resumption of payments following reconciliation activities. Year to date, the expenditure is $19.7 million or 73% lower than the budget and $13.3 million or 64% lower than prior year results. The underspend is as a result of halted payments to Interhealth Canada in previous reporting periods due to ongoing arbitration efforts.

Grants and Contributions for the month totaled $1.4 million, which was $0.6 million (31%) below the budget and $0.1 million (9%) lower than the same period last year. Year to date, grants and contributions amounted to $20.3 million, which was $1.0 million (5%) below budget and $10.1 million (33%) lower than the prior year. The decline relative to the prior year reflects the completion of several one-off support programmes in the previous fiscal year.

Maintenance Expenses for the month totaled $1.7 million, which exceeded the budgeted estimate and prior year performance by $0.8 million (83%) and $0.1 million (4%), respectively. On a year-to-date basis, Maintenance expenses totaled $18.4 million, which fell below the estimate by 16% but exceeded the same period's performance in the prior year by 17%, reflecting ongoing efforts to address deferred maintenance and infrastructure repairs.

NHIB Transfers for the month were nil, resulting in a $4.0 million (100%) shortfall relative to the approved Estimates. This is also $8.9 million (100%) below the corresponding period in the prior year. The absence of expenditure during the month is attributable to the timing differences between the budgeted profile and actual disbursements. Year-to-date, expenditure is $55.2 million broadly in line with approved budget but $14.3 million (35%) higher than the same period in the prior year.

Personnel Costs accounted for 42% of the recurrent expenditure, totaling $14.1 million during the month. The result was $1.2 million (8%) below estimates and but 2% higher than prior year's performance. The performance against budget is attributed to vacancies existing within the civil service.
Year to date, Personnel costs totaled $151.5 million which was $12.1 million or 7% lower than the budget but $4.7 million or 3% higher than the prior year.

Personnel Costs are further itemized below.

	February - 2026			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	10,348	11,489	10,381	(1,141)	-10%	(33)	0%	112,508	120,414	109,690	(7,906)	-7%	2,818	3%
Contribution to NIB and NHIB	894	996	867	(102)	-10%	28	3%	9,713	10,970	9,407	(1,257)	-11%	307	3%
Housing Allowances	550	724	525	(174)	-24%	25	5%	5,848	7,965	5,570	(2,117)	-27%	278	5%
Transport Allowances	82	158	92	(76)	-48%	(10)	-11%	953	1,655	975	(702)	-42%	(22)	-2%
Telephone Allowances	108	125	98	(18)	-14%	9	10%	1,131	1,380	1,065	(249)	-18%	66	6%
Other Allowances	518	361	531	158	44%	(13)	-2%	5,555	4,082	4,760	1,473	36%	795	17%
Total compensation of employees	**12,500**	**13,854**	**12,495**	**(1,354)**	**-10%**	**5**	**0%**	**135,708**	**146,466**	**131,467**	**(10,758)**	**-7%**	**4,241**	**3%**
Compensation to Ministers & MPs														
Salaries - Ministers and MPs	214	216	119	(2)	-1%	95	80%	2,352	2,435	2,123	(83)	-3%	228	11%
NIB and NHIB	10	12	4	(3)	-23%	5	129%	105	136	85	(31)	-23%	20	24%
Allowances for Ministers and MPs	55	57	37	(2)	-4%	18	48%	608	631	488	(23)	-4%	121	25%
Total	**279**	**286**	**160**	**(7)**	**-2%**	**119**	**74%**	**3,065**	**3,202**	**2,696**	**(137)**	**-4%**	**369**	**14%**
Pensions and gratuities														
Pensions –Civil servants (PSPP)*	387	700	478	(313)	-45%	(90)	-19%	5,306	6,256	5,142	(950)	-15%	164	3%
Employer's Contribution (PSEPF)*	244	328	284	(84)	-26%	(41)	-14%	2,921	3,659	2,990	(737)	-20%	(69)	-2%
Gratuities- Civil servants	248	-	272	248	0%	(24)	-9%	2,243	2,100	2,494	143	7%	(251)	-10%
Pensions – Legislators (RAP)*	176	176	175	-	0%	1	0%	1,936	1,936	1,939	-	0%	(3)	0%
Gratuities - Legislators	295	-	-	295	0%	295	0%	295	-	-	295	0%	295	0%
Total pensions and gratuities	**1,350**	**1,204**	**1,210**	**(148)**	**-12%**	**(154)**	**-13%**	**12,701**	**13,951**	**12,565**	**(1,544)**	**-11%**	**(159)**	**-1%**
Total Personnel Emoluments	**14,129**	**15,344**	**13,865**	**(1,509)**	**-10%**	**(30)**	**0%**	**151,474**	**163,619**	**146,728**	**(12,440)**	**-8%**	**4,451**	**3%**

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

4.1.2. OTHER RECURRENT EXPENDITURE

Other Recurrent Expenditure: ***February 2026: $11.3 million, YTD: 111 million***

	February - 2026			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	1,712	1,012	1,239	700	69%	474	38%	16,955	23,340	12,299	(6,384)	-27%	4,657	38%
Recurrent Sub Programmes and Projects	1,183	402	1,999	781	194%	(816)	-41%	8,795	11,715	13,536	(2,920)	-25%	(4,741)	-35%
Social Welfare	1,141	872	770	269	31%	372	48%	10,779	14,304	8,939	(3,525)	-25%	1,840	21%
Security expenses	946	759	262	188	25%	685	262%	6,277	6,577	3,137	(299)	-5%	3,140	100%
Rental of Assets	630	689	1,141	(59)	-9%	(511)	-45%	7,373	7,648	6,507	(275)	-4%	866	13%
Utilities	472	446	549	27	6%	(77)	-14%	5,122	5,902	4,950	(781)	-13%	172	3%
Local Travel and Subsistence	447	393	386	54	14%	61	16%	4,120	5,284	4,247	(1,164)	-22%	(128)	-3%
Hosting and Entertainment	271	317	393	(45)	-14%	(122)	-31%	2,473	3,374	2,643	(901)	-27%	(169)	-6%
Data Communication Costs	257	25	577	232	930%	(320)	-55%	2,157	2,366	2,297	(209)	-9%	(140)	-6%
Other supplies, material & Equipment	251	(79)	274	330	-418%	(23)	-8%	2,093	2,992	2,195	(899)	-30%	(102)	-5%
International Travel and Subsistence	242	249	173	(7)	-3%	69	40%	3,334	4,145	2,019	(811)	-20%	1,315	65%
Other Sundry Expenses	177	177	102	(0)	0%	75	73%	1,244	1,531	1,079	(287)	-19%	165	15%
Communication Expenses	165	235	145	(70)	-30%	20	14%	2,234	2,587	2,197	(353)	-14%	36	2%
Fuel	149	133	137	16	12%	12	9%	1,556	1,735	1,428	(179)	-10%	128	9%
Local Training	144	129	100	16	12%	44	44%	1,491	2,104	1,241	(614)	-29%	250	20%
Bank Charges	120	120	130	-	0%	(10)	-8%	1,287	1,269	1,433	18	1%	(146)	-10%
Insurance Expenses	71	326	1	(255)	-78%	70	5595%	2,376	4,870	2,265	(2,494)	-51%	111	5%
Repatriation and exportation expenses	26	1	257	25	2678%	(231)	-90%	31	75	5,253	(44)	-58%	(5,222)	-99%
Other Recurrent Expenditure	2,924	1,665	1,252	1,259	76%	1,672	134%	31,288	38,819	12,582	(7,531)	-19%	18,706	149%
TOTAL	**11,331**	**7,871**	**9,886**	**3,460**	**44%**	**1,444**	**66%**	**110,986**	**140,636**	**90,249**	**(29,650)**	**-21%**	**20,737**	**23%**

In the month of February, Other recurrent expenses totaled $11.3 million which was $3.5 million or 44% above the Estimates and $1.4 million or 66% higher than the prior year. Year to date, other expenses totaled approximately $111 million which was lower than the budgeted amount by 29.7 million or 21% but contrarily, 23% 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.

4.1.3. NON-RECURRENT EXPENDITURE

The results for the month totaled $6.1 million. This exceed the budget by $0.6 million or 10% and exceed prior year by 5.6 million. Year to date, Non-Recurrent Expenditure totaled $15.1 million which was lower than the Budget by $7.2 million or 32% but exceeded prior year's performance by $9 million or 148%.

5. OUTSTANDING PUBLIC DEBT

Statement of Outstanding Public Debt Financial Liabilities - Borrowings	Interest Rates %	Outstanding Balance 01-Apr-25 US$'000	New Drawdowns	Principal Repayment During 2025/26 US$'000	Outstanding Balance 28-Feb-26 US$'000
Further Education (04/SFR-OR-TCI)	2.5%	283	-	(87)	196
Integrated Solid Waste Management (5/OR-TCI)	4.90%	278	43	(207)	114
Total unsecured debts		**560**	**43**	**(294)**	**310**

TCIG holds two debt instruments with the Caribbean Development Bank (CDB). The outstanding debt as of February 28, 2026 was $0.3 million, $294k principal repayments were made, and $20k finance costs and commitment fees were paid.

6. DEVELOPMENT FUND

6.1. DEVELOPMENT FUND ANALYSIS

The development fund balance as of February, 2026 was $81.9 million, and the Capital expenditure year to date is $19.4 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)
FY 2025-26 Supplementary 2 Appropriation	861
Capex 2025-26 - YTD	(19,437)
As at 28 February 2026	**81,878**

6.2. 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	5696	Purchase of Patrol Vessel	1,054
4	5682	Highway and Road Improvements	1,035
5	5788	Ambulances for Islands	975
6	5624	Prison Works	967
7	5663	Boats for Police	927
8	5677	Purchase and Installation of New 1 million gallon Salt Water Reverse Osmosis (SWRO) Unit	791
9	5765	Redevelopment of Regatta Village - XSC	740
10	5566	Construction of New Primary School PLS- Phase 2	735
11	5807	Crown Land Project	643
12	5752	Furniture and Equipment for Primary Schools - LOT 6	563

7. 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.

7.1. STATEMENT OF NWF ACCOUNT

As of February 28, 2026, the National Wealth Fund balance was $96.6 million.

Opening NWF 01/04/2025 (US$' 000)	Interest income (US$' 000)	Closing NWF 28/02/2026 (US$' 000)
93,428	3,188	96,616

7.2. STATEMENT OF NWF FUNDS

The value of the National Wealth fund is attributable to;

(All figures in US$'000)	28-Feb-26 US$'000	31-Mar-25 US$'000
Stabilization Fund	48,730	46,499
Infrastructure and Competiveness Fund	13,923	13,285
Heritage Fund	6,704	6,417
Citizen's Empowerment Fund	7,132	7,116
Mortgage Corporation Fund	20,127	20,111
National Wealth Fund balance at the end of the period	**96,616**	**93,428**

Represented by		
Cash at Bank	64	10,357
Fixed deposit	96,552	82,887
Investment Property	-	184
	96,616	**93,428**

Fixed deposit totaling to $96.5 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 a month's notice when liquidity is required.

8. NATIONAL FORFEITURE FUND

The National Forfeiture Fund (NFF) has a balance of $3.3 million as at February 28, 2026. 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$'000)	**28-Feb-26 US$'000**	**31-Mar-25 US$'000**
Opening Balance	**3,440**	**6,832**
Receipts		
Other receipts	1,318	18
Total receipts	**1,318**	**18**
Payments		
AMLC expenses	466	599
Special project expenses	1,036	2,148
Transfers to consolidated Fund	-	663
Total payments	**1,502**	**3,410**
Net increase in National Forfeiture Fund balance	**(185)**	**(3,392)**
National Forfeiture Fund balance at the end of the period	**3,255**	**3,440**

9. 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.

9.1. STATEMENT OF DEF FUNDS

The Destination Enhancement Fund balance as at February 28, 2026 is shown below;

(All figures in US$'000)	**28-Feb-26**	**31-Mar-25**
Opening Balance	**-**	**1,164**
Receipts		
Destination management fees	8,520	5,412
Total receipts	**8,520**	**6,576**
Payments		
Subvention to the DMMO	(6,978)	(6,576)
Total payments	**(6,978)**	**(6,576)**
Destination Enhancement Fund balance at the end of the period	**1,542**	**-**

*DMMO- Destination Marketing and Management Organization

10. 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, $4.5 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 and funds to the Environmental Health department for floods relief and recovery.

The Contingency Fund balance as at February 28, 2026 is shown below;

	Amount US$ '000
Appropriation for FY 2025-26	9,000
FY 2025-26 Supplementary 1 Appropriation	-
Contingency Warrant 2025/26 - YTD	(4,518)
As at 28 February 2026	**4,482**

11. 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 $631k were paid to beneficiaries during the year to date. The Fund was reconciled as follows at February 28, 2026.

	31-Jan-26	**31-Mar-25**
	US$'000	**US$'000**
Opening balance at Apr 1	**29,711**	**21,179**
CONTRIBUTIONS MADE:		
Contributions by Statutory bodies	2,134	1,465
Employer's Contributions by TCIG- YTD	2,243	3,433
TCIG Employees' contributions- YTD	2,243	3,433
Ex-gratia funding	-	1,000
BENEFITS PAID:		
Payments to beneficiaries YTD	(647)	(799)
Closing PSEPF balance	**35,685**	**29,711**

12. HUMAN RESOURCE MANAGEMENT

Employees

There were 2,187 people employed by TCIG at the end of February 2026, consisting of 1,897 monthly paid employees and 290 waged employees, exclusive of the Royal Turks and Caicos Police Force. Excluding internal transfers, there are 25 new recruits and 10 attritions during the month.

Pensioners

The total number of Pensioners on the Public Service Pension and Retiring Allowance Plans by the end of the month was 321.

13. FINANCIAL OUTLOOK

The Turks and Caicos Islands Government (TCIG) has maintained a favourable fiscal position, recording an operating surplus during the month of February. Year-to-date revenue collections have exceeded budgeted expectations, reflecting continued strength in key economic sectors and improvements in revenue administration and compliance.

Despite this positive performance, uncertainty remains regarding the sustainability of full-year revenue targets, as several key streams, including Hotel and Restaurant Tax, Import Duty, Customs Processing Fees, and Stamp Duty on Land Transactions, have experienced periods of underperformance during the fiscal year. The Inland Revenue Department and the Border Force continue to strengthen compliance, enforcement, and monitoring measures to support the achievement of annual revenue objectives.

As it relates to expenditure, spending remains below the approved Estimates on a year-to-date basis, largely reflecting timing differences in programme implementation, personnel vacancies, and delayed payments in certain expenditure categories. As funds continue to be released, Ministries, Departments, and Agencies are expected to accelerate programme implementation, which may lead to increased spending in the latter part of the fiscal year. At the same time, rising healthcare costs and potential claims against the Government remain key fiscal risks, with the potential to place additional pressure on expenditure levels.

Tourism remains the primary driver of economic activity and government revenue performance. The recent credit rating upgrade by S&P Global from BBB+ to A- reflects the territory's strong fiscal management, resilient economic growth, and prudent debt management. Additionally, modest increases in winter airlift capacity from major U.S. carriers, along with a 24% increase in seat capacity from Air Canada, are expected to support continued growth in visitor arrivals.

The Government continues to implement targeted fiscal measures aimed at mitigating the impact of the global cost-of-living pressures on residents, which may exert short-term pressures on both revenue and expenditure. Overall, TCIG's financial outlook remains positive but subject to both domestic and external risks, including global economic conditions, tourism demand fluctuations, and healthcare-related fiscal pressures.

Continued vigilance in revenue mobilization, prudent expenditure management, and strategic investment in tourism and economic diversification will remain critical to sustaining fiscal stability and achieving the Government's year-end fiscal objectives.

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